



**eSun Holdings Limited**

**豐德麗控股有限公司**

(Incorporated in Bermuda with limited liability)

(Stock Code: 571)

# **INTERIM REPORT**

For the six months ended 31 January 2013

## CORPORATE INFORMATION

### Place of Incorporation

Bermuda

### Board of Directors

#### *Executive Directors*

Lui Siu Tsuen, Richard (*Chief Executive Officer*)

Chew Fook Aun

Lam Hau Yin, Lester

Lam Kin Ngok, Peter

#### *Non-executive Directors*

U Po Chu

Andrew Y. Yan

#### *Independent Non-executive Directors*

Low Chee Keong (*Chairman*)

Lo Kwok Kwei, David

Ng Lai Man, Carmen

Alfred Donald Yap

### Audit Committee

Ng Lai Man, Carmen (*Chairwoman*)

Low Chee Keong

Alfred Donald Yap

### Remuneration Committee

Low Chee Keong (*Chairman*)

Chew Fook Aun

Lui Siu Tsuen, Richard

Ng Lai Man, Carmen

Alfred Donald Yap

### Authorised Representatives

Chew Fook Aun

Lui Siu Tsuen, Richard

### Registered Office

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

### Principal Office

11th Floor

Lai Sun Commercial Centre

680 Cheung Sha Wan Road

Kowloon, Hong Kong

Tel: (852) 2741 0391

Fax: (852) 2785 2775

### Company Secretary

Chung Yim Hung Eliza

### Share Registrars and Transfer Office in Bermuda

Butterfield Fulcrum Group (Bermuda) Limited

26 Burnaby Street

Hamilton HM 11

Bermuda

### Branch Share Registrars and Transfer Office in Hong Kong

Tricor Tengis Limited

26th Floor, Tesbury Centre

28 Queen's Road East

Wanchai, Hong Kong

### Independent Auditors

Ernst & Young

Certified Public Accountants

### Principal Bankers

The Bank of East Asia, Limited

China CITIC Bank Corporation Limited

DBS Bank Ltd., Hong Kong Branch

Hang Seng Bank Limited

The Hongkong and Shanghai Banking Corporation Limited

### Shares Information

#### *Place of Listing*

The Main Board of The Stock Exchange of Hong Kong Limited

#### *Stock Code*

571

#### *Board Lot*

2,000 shares

### Website

www.esun.com

### Investor Relations

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The board of directors (“**Board**”) of eSun Holdings Limited (“**Company**”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (“**Group**”) for the six months ended 31 January 2013 together with the comparative figures of the last corresponding period as follows:

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 January 2013

	Notes	Six months ended	
		31 January 2013 (Unaudited) HK\$'000	31 January 2012 (Unaudited) HK\$'000
<b>TURNOVER</b>	3	<b>1,115,115</b>	236,147
Cost of sales		<b>(779,819)</b>	(164,017)
Gross profit		<b>335,296</b>	72,130
Other revenue	4	<b>91,365</b>	13,456
Selling and marketing expenses		<b>(74,366)</b>	(24,196)
Administrative expenses		<b>(316,843)</b>	(163,583)
Other operating gains		<b>28,556</b>	8,675
Other operating expenses		<b>(108,874)</b>	(22,540)
Fair value gains on investment properties		<b>324,560</b>	—
Fair value loss on a forward contract		<b>—</b>	(112,580)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	5	<b>279,694</b>	(228,638)
Finance costs	6	<b>(89,161)</b>	(11,407)
Share of profits and losses of joint ventures		<b>(9,278)</b>	8,398
Share of profits and losses of associates		<b>(282)</b>	103,974
PROFIT/(LOSS) BEFORE TAX		<b>180,973</b>	(127,673)
Income tax expense	7	<b>(135,567)</b>	(861)
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b>45,406</b>	(128,534)
Attributable to:			
Owners of the Company		<b>(28,932)</b>	(58,844)
Non-controlling interests		<b>74,338</b>	(69,690)
		<b>45,406</b>	(128,534)
<b>LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	8		
Basic		<b>(HK\$0.023)</b>	(HK\$0.047)
Diluted		<b>(HK\$0.023)</b>	(HK\$0.047)

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 January 2013

	Six months ended	
	31 January 2013 (Unaudited) HK\$'000	31 January 2012 (Unaudited) HK\$'000
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>45,406</b>	(128,534)
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
Exchange realignment on translation of foreign operations	<b>105,448</b>	4,010
Fair value gain/(loss) of an available-for-sale investment	<b>23,324</b>	(4,766)
Share of other comprehensive income of joint ventures	<b>291</b>	2
Share of other comprehensive income of associates	<b>—</b>	76,423
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b>129,063</b>	75,669
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>	<b>174,469</b>	(52,865)
Attributable to:		
Owners of the Company	<b>41,041</b>	16,825
Non-controlling interests	<b>133,428</b>	(69,690)
	<b>174,469</b>	(52,865)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 January 2013

Notes	31 January 2013 (Unaudited) HK\$'000	31 July 2012 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	2,396,589	2,051,020
Properties under development	1,324,850	1,253,651
Investment properties	11,294,233	10,786,016
Film rights	45,921	47,317
Film products	114,852	74,235
Music catalogs	29,533	31,999
Goodwill	10,271	10,182
Other intangible assets	67,552	71,467
Investments in joint ventures	1,119,187	1,115,588
Investments in associates	14,366	6,035
Available-for-sale investments	189,545	166,209
Deposits, prepayments and other receivables	76,081	78,211
Total non-current assets	<b>16,682,980</b>	15,691,930
<b>CURRENT ASSETS</b>		
Properties under development	284,887	510,318
Completed properties for sale	2,225,077	2,683,650
Loans receivable	11,000	23,517
Films under production	181,990	134,771
Inventories	11,663	8,892
Debtors	146,763	160,799
Deposits, prepayments and other receivables	348,537	258,716
Options	33,542	32,491
Prepaid tax	51,414	49,513
Pledged and restricted time deposits and bank balances	936,538	952,875
Cash and cash equivalents	3,052,136	3,211,249
Total current assets	<b>7,283,547</b>	8,026,791
<b>CURRENT LIABILITIES</b>		
Creditors and accruals	995,029	944,512
Deposits received and deferred income	393,848	355,974
Tax payable	395,502	352,109
Finance lease payables	118	119
Interest-bearing bank loans, secured	1,429,321	1,559,357
Total current liabilities	<b>3,213,818</b>	3,212,071
<b>NET CURRENT ASSETS</b>	<b>4,069,729</b>	4,814,720
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>20,752,709</b>	20,506,650

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

31 January 2013

	Notes	31 January 2013 (Unaudited) HK\$'000	31 July 2012 (Audited) HK\$'000
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>20,752,709</b>	20,506,650
<b>NON-CURRENT LIABILITIES</b>			
Long-term deposits received		67,998	68,045
Finance lease payables		85	128
Interest-bearing bank loans, secured		415,393	358,342
Other borrowings		230,796	227,454
Convertible notes		239,151	227,232
Fixed rate senior notes		1,423,141	1,419,334
Deferred tax liabilities		2,363,477	2,339,330
Total non-current liabilities		4,740,041	4,639,865
Net assets		16,012,668	15,866,785
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Issued capital	12	621,606	621,606
Reserves		7,591,660	7,376,294
		8,213,266	7,997,900
<b>Non-controlling interests</b>		7,799,402	7,868,885
Total equity		16,012,668	15,866,785

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 January 2013

	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY										
	Issued capital	Share premium account	Contributed surplus	Share option reserve	Investment revaluation reserve	Exchange reserve	Other reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 August 2012 (Audited)	621,606	4,230,797	891,289	2,741	—	31,672	208,886	2,010,909	7,997,900	7,868,885	15,866,785
Profit/(loss) for the period	—	—	—	—	—	—	—	(28,932)	(28,932)	74,338	45,406
Other comprehensive income for the period:											
Exchange realignment on translation of foreign operations	—	—	—	—	—	46,358	—	—	46,358	59,090	105,448
Fair value gain of an available-for-sale investment	—	—	—	—	23,324	—	—	—	23,324	—	23,324
Share of other comprehensive income of joint ventures	—	—	—	—	—	291	—	—	291	—	291
Total comprehensive income/(loss) for the period	—	—	—	—	23,324	46,649	—	(28,932)	41,041	133,428	174,469
Equity-settled share option arrangements	—	—	—	12,330	—	—	—	—	12,330	26,390	38,720
Release of reserve upon lapse of share options granted by a subsidiary	—	—	—	—	—	—	—	2,741	2,741	(2,741)	—
Acquisition of additional interests in a subsidiary **	—	—	—	—	—	—	159,254	—	159,254	(203,748)	(44,494)
Dividend paid to non-controlling shareholders of a subsidiary	—	—	—	—	—	—	—	—	—	(22,812)	(22,812)
<b>At 31 January 2013 (Unaudited)</b>	<b>621,606</b>	<b>4,230,797*</b>	<b>891,289*</b>	<b>15,071*</b>	<b>23,324*</b>	<b>78,321*</b>	<b>368,140*</b>	<b>1,984,718*</b>	<b>8,213,266</b>	<b>7,799,402</b>	<b>16,012,668</b>

\* These reserve accounts comprise the consolidated reserves of HK\$7,591,660,000 (31 July 2012: HK\$7,376,294,000) in the consolidated statement of financial position.

\*\* During the six months ended 31 January 2013, the Group acquired additional shares of Lai Fung Holdings Limited ("Lai Fung") from the public shareholders and the shareholdings in Lai Fung increased from 47.87% to 49.39%. A change in interest in a subsidiary without loss of control is accounted for as an equity transaction.

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(continued)*

For the six months ended 31 January 2013

	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY										
	Issued capital HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Share option reserve HK\$'000	Investment revaluation reserve HK\$'000	Exchange reserve HK\$'000	Other reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 August 2011 (Audited)	621,606	4,230,797	891,289	2,145	—	223,458	21,015	847,176	6,837,486	138,245	6,975,731
Loss for the period	—	—	—	—	—	—	—	(58,844)	(58,844)	(69,690)	(128,534)
Other comprehensive income/(loss) for the period:											
Exchange realignment on translation of foreign operations	—	—	—	—	—	4,010	—	—	4,010	—	4,010
Fair value loss of an available-for-sale investment	—	—	—	—	(4,766)	—	—	—	(4,766)	—	(4,766)
Share of other comprehensive income of joint ventures	—	—	—	—	—	2	—	—	2	—	2
Share of other comprehensive income of associates	—	—	—	—	—	76,423	—	—	76,423	—	76,423
Total comprehensive income/(loss) for the period	—	—	—	—	(4,766)	80,435	—	(58,844)	16,825	(69,690)	(52,865)
Equity-settled share option arrangements	—	—	—	314	—	—	—	—	314	2,257	2,571
Deemed acquisition of partial interests in a subsidiary arising from conversion of convertible notes and placing of new shares of a subsidiary	—	—	—	—	—	—	135,338	—	135,338	155,499	290,837
Share of reserve movements of associates	—	—	—	—	—	—	2,772	—	2,772	—	2,772
At 31 January 2012 (Unaudited)	621,606	4,230,797	891,289	2,459	(4,766)	303,893	159,125	788,332	6,992,735	226,311	7,219,046



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 January 2013

	Six months ended	
	31 January 2013 (Unaudited) HK\$'000	31 January 2012 (Unaudited) HK\$'000
NET CASH FLOWS GENERATED FROM/(USED IN) OPERATING ACTIVITIES	<b>180,487</b>	(279,617)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	<b>(125,452)</b>	(116,873)
NET CASH FLOWS GENERATED FROM/(USED IN) FINANCING ACTIVITIES	<b>(224,075)</b>	278,128
NET DECREASE IN CASH AND CASH EQUIVALENTS	<b>(169,040)</b>	(118,362)
Cash and cash equivalents at beginning of period	<b>3,211,249</b>	2,311,490
Effect of foreign exchange rate changes, net	<b>9,927</b>	4,175
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<b>3,052,136</b>	2,197,303
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Non-pledged and non-restricted cash and bank balances	<b>1,160,510</b>	344,808
Non-pledged and non-restricted time deposits	<b>1,891,626</b>	1,852,495
Cash and cash equivalents as stated in the statement of financial position and the statement of cash flows	<b>3,052,136</b>	2,197,303

# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 January 2013

## 1. BASIS OF PREPARATION

The condensed consolidated interim financial statements of the Group (“**Financial Statements**”) for the six months ended 31 January 2013 have not been audited by the Company’s independent auditors but have been reviewed by the Company’s Audit Committee.

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

## 2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and basis of preparation adopted in the preparation of these unaudited Financial Statements for the period under review are the same as those used in the Group’s audited consolidated financial statements for the year ended 31 July 2012.

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

### Impact of issued but not yet effective HKFRSs

The Group has not applied the following new and revised HKFRSs, which are applicable to the Group, that have been issued but are not yet effective, in the Financial Statements:

HKAS 19 (2011)	Employee Benefits <sup>1</sup>
HKAS 32 Amendments	Amendments to HKAS 32 — Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities <sup>2</sup>
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine <sup>1</sup>
HKFRS 1 Amendments	Amendments to HKFRS 1 — First-time Adoption of Hong Kong Financial Reporting Standards — Government Loans <sup>1</sup>
HKFRS 7 Amendments	Amendments to HKFRS 7 — Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities <sup>1</sup>
HKFRS 9	Financial Instruments <sup>3</sup>
HKFRS 9 and HKFRS 7 Amendments	Amendments to HKFRS 9 Financial Instruments and HKFRS 7 Financial Instruments: Disclosures — Mandatory Effective Date of HKFRS 9 and Transition Disclosures <sup>3</sup>
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendment to HKFRS 10, HKFRS 12 and HKAS 27 (2011) — Investment Entities <sup>2</sup>
HKFRS 13	Fair Value Measurement <sup>1</sup>
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012 <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2013

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2014

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2015

For the new and revised HKFRSs which are issued but not yet effective, the Group is in the process of making an assessment of the impact upon initial application. The Group is not yet in a position to state whether they would have a significant impact on the Group’s results of operations and financial position.

### 3. SEGMENT INFORMATION

#### Segment revenue/results:

	Property development		Property investment		Media and entertainment		Film production and distribution		Corporate and others		Consolidated	
	Six months ended		Six months ended		Six months ended		Six months ended		Six months ended		Six months ended	
	31 January 2013 (Unaudited) HK\$'000	31 January 2012 (Unaudited) HK\$'000	31 January 2013 (Unaudited) HK\$'000	31 January 2012 (Unaudited) HK\$'000	31 January 2013 (Unaudited) HK\$'000	31 January 2012 (Unaudited) HK\$'000	31 January 2013 (Unaudited) HK\$'000	31 January 2012 (Unaudited) HK\$'000	31 January 2013 (Unaudited) HK\$'000	31 January 2012 (Unaudited) HK\$'000	31 January 2013 (Unaudited) HK\$'000	31 January 2012 (Unaudited) HK\$'000
Segment revenue:												
Sales to external customers	549,673	—	262,496	—	214,926	140,933	37,313	58,685	50,707	36,529	1,115,115	236,147
Other revenue	1,135	—	54,574	—	3,267	666	2,141	2,920	379	797	61,496	4,383
Total	550,808	—	317,070	—	218,193	141,599	39,454	61,605	51,086	37,326	1,176,611	240,530
Segment results	(62,545)	—	464,667	—	3,792	(21,990)	(11,827)	(12,183)	(144,262)	(96,084)	249,825	(130,257)
Unallocated interest and other gains											29,869	9,073
Fair value losses on equity investments at fair value through profit or loss	—	—	—	—	—	—	—	—	—	(408)	—	(408)
Gains on disposal of equity investments at fair value through profit or loss	—	—	—	—	—	—	—	—	—	5,534	—	5,534
Fair value loss on a forward contract	—	—	—	—	—	—	—	—	—	—	—	(112,580)
Profit/(loss) from operating activities											279,694	(228,638)
Finance costs											(89,161)	(11,407)
Share of profits and losses of joint ventures	9,600	—	—	—	(1,822)	484	(17,056)	7,914	—	—	(9,278)	8,398
Share of profits and losses of associates	—	—	—	—	(282)	(273)	—	—	—	104,247	(282)	103,974
Profit/(loss) before tax											180,973	(127,673)
Income tax expense											(135,567)	(861)
Profit/(loss) for the period											45,406	(128,534)

#### Other segment information:

	Property development		Property investment		Media and entertainment		Film production and distribution		Corporate and others		Consolidated	
	Six months ended		Six months ended		Six months ended		Six months ended		Six months ended		Six months ended	
	31 January 2013 (Unaudited) HK\$'000	31 January 2012 (Unaudited) HK\$'000	31 January 2013 (Unaudited) HK\$'000	31 January 2012 (Unaudited) HK\$'000	31 January 2013 (Unaudited) HK\$'000	31 January 2012 (Unaudited) HK\$'000	31 January 2013 (Unaudited) HK\$'000	31 January 2012 (Unaudited) HK\$'000	31 January 2013 (Unaudited) HK\$'000	31 January 2012 (Unaudited) HK\$'000	31 January 2013 (Unaudited) HK\$'000	31 January 2012 (Unaudited) HK\$'000
Fair value gains on investment properties	—	—	324,560	—	—	—	—	—	—	—	324,560	—
Impairment of properties under development *	36,124	—	—	—	—	—	—	—	—	—	36,124	—
Impairment of completed properties for sale *	9,669	—	—	—	—	—	—	—	—	—	9,669	—

\* Impairment of properties under development of HK\$36,124,000 (six months ended 31 January 2012: Nil) and impairment of completed properties for sale of HK\$9,669,000 (six months ended 31 January 2012: Nil) were recognised in profit or loss.

### 3. SEGMENT INFORMATION *(continued)*

#### Segment assets:

	Property development		Property investment		Media and entertainment		Film production and distribution		Corporate and others		Consolidated	
	31 January 2013	31 July 2012	31 January 2013	31 July 2012	31 January 2013	31 July 2012	31 January 2013	31 July 2012	31 January 2013	31 July 2012	31 January 2013	31 July 2012
	(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) HK\$'000
Segment assets	3,894,890	4,494,051	13,556,892	12,708,060	490,856	473,562	608,905	564,488	3,921,298	4,021,875	22,472,841	22,262,036
Investments in joint ventures	1,032,126	1,018,494	–	–	14,824	16,520	72,437	80,574	–	–	1,119,187	1,115,588
Investments in associates	–	–	–	–	732	179	13,634	5,856	–	–	14,366	6,035
Unallocated assets	–	–	–	–	–	–	–	–	–	–	360,133	335,062
Total assets											23,966,527	23,718,721

The cosmetic products business of the Group has ceased to constitute a reportable segment of the Group in accordance with the requirements of HKFRS 8 “Operating Segments” for the six months ended 31 January 2013. Accordingly, the financial information of the business is included in “corporate and others” segment for the purpose of segment information in the unaudited Financial Statements. Comparative figures of the business have been reclassified to conform to the current period’s presentation.

### 4. OTHER REVENUE

	Six months ended	
	31 January 2013 (Unaudited) HK\$'000	31 January 2012 (Unaudited) HK\$'000
Property management fee income	48,805	–
Bank interest income	17,674	6,980
Other interest income	1,639	453
Interest income from an amount due from a joint venture	1,416	1,571
Consultancy service income from a joint venture	1,996	2,031
Others	19,835	2,421
Total	91,365	13,456

## 5. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

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

	Six months ended	
	31 January 2013 (Unaudited) HK\$'000	31 January 2012 (Unaudited) HK\$'000
Cost of completed properties sold	519,133	—
Outgoings in respect of rental income	58,956	—
Cost of film rights, licence rights and film products	28,867	38,626
Cost of artiste management services, advertising agency services and services for entertainment events provided	152,479	109,916
Cost of inventories sold	20,384	15,475
<b>Total cost of sales</b>	<b>779,819</b>	<b>164,017</b>
Depreciation ##	54,869	4,944
Impairment of properties under development **	36,124	—
Impairment of completed properties for sale **	9,669	—
Fair value gain on options *	(1,051)	—
Gain on disposal of equity investments at fair value through profit or loss *	—	(5,534)
Fair value losses on equity investments at fair value through profit or loss **	—	408
Amortisation of film rights #	5,500	7,880
Amortisation of film products #	18,072	26,882
Amortisation of music catalogs #	2,467	3,541
Amortisation of other intangible assets #	4,516	—
Provision for doubtful debts **	—	1,094
Loss on disposal/write-off of items of property, plant and equipment **	173	228
Recovery of bad debts *	(118)	—
Reversal of provision for inventories #	—	(517)
Foreign exchange differences, net	(4,878)	4,995

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

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

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

## Depreciation charge of HK\$39,919,000 (six months ended 31 January 2012: Nil) for service apartments and related leasehold improvements are included in "Other operating expenses" on the face of the unaudited condensed consolidated income statement.

## 6. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended	
	31 January 2013 (Unaudited) HK\$'000	31 January 2012 (Unaudited) HK\$'000
Interest on:		
Bank loans wholly repayable within five years	46,851	213
Other borrowings wholly repayable within five years	2,840	2,845
Fixed rate senior notes, net	65,116	—
First Completion Convertible Notes	9,251	8,348
Second Completion Convertible Notes	2,668	—
Finance leases	—	1
Amortisation of fixed rate senior notes	3,806	—
Bank financing charges	3,233	—
	<b>133,765</b>	11,407
Less: Capitalised in properties under development	<b>(36,498)</b>	—
Capitalised in investment properties	<b>(8,106)</b>	—
	<b>(44,604)</b>	—
Total finance costs	<b>89,161</b>	11,407

## 7. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made during the current period as there were no assessable profits arising in Hong Kong for the six months ended 31 January 2013 (six months ended 31 January 2012: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Six months ended	
	31 January 2013 (Unaudited) HK\$'000	31 January 2012 (Unaudited) HK\$'000
Current		
— Hong Kong		
Overprovision in prior years	(1,738)	—
— Elsewhere	1,346	861
— Mainland China		
Corporate income tax		
Charge for the period	50,412	—
Land appreciation tax		
Charge for the period	79,032	—
	<b>129,052</b>	861
Deferred tax	<b>6,515</b>	—
Total tax charge for the period	<b>135,567</b>	861

## 8. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share amounts is based on the loss for the period attributable to owners of the Company and the ordinary shares of 1,243,212,165 (six months ended 31 January 2012: 1,243,212,165) in issue during the period.

The exercise of share options of the Company has an anti-dilutive effect on the basic loss per share amounts presented during the periods ended 31 January 2013 and 31 January 2012.

As the impact of diluted potential ordinary shares of Lai Fung Holdings Limited ("**Lai Fung**") is insignificant for the six months ended 31 January 2013 (six months ended 31 January 2012: Nil), the diluted earnings per share of Lai Fung for the period ended 31 January 2013 is approximately the same as the basic earnings per share of Lai Fung.

The calculation of diluted loss per share for the six months ended 31 January 2013 and 31 January 2012 had not assumed the exercise of share options of Media Asia Group Holdings Limited ("**MAGHL**") and conversion of the First Completion Convertible Notes and/or Second Completion Convertible Notes issued by MAGHL as they had an anti-dilutive effect during the periods.

## 9. INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 31 January 2013 (six months ended 31 January 2012: Nil).

## 10. DEBTORS

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

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

An ageing analysis of the trade debtors, net of provision for doubtful debts, based on payment due date, as at 31 January 2013 and 31 July 2012 is as follows:

	31 January 2013 (Unaudited) HK\$'000	31 July 2012 (Audited) HK\$'000
Trade debtors:		
Neither past due nor impaired	103,052	114,043
1 – 90 days past due	21,502	29,411
Over 90 days past due	22,209	17,345
Total	146,763	160,799

## 11. CREDITORS AND ACCRUALS

An ageing analysis of the trade creditors, prepared based on the date of receipt of the goods and services purchased/payment due date, as at 31 January 2013 and 31 July 2012 is as follows:

	<b>31 January 2013 (Unaudited) HK\$'000</b>	31 July 2012 (Audited) HK\$'000
Trade creditors:		
Less than 30 days	<b>23,827</b>	46,553
31 — 60 days	<b>12,585</b>	7,600
61 — 90 days	<b>3</b>	117
Over 90 days	<b>1,400</b>	1,687
	<b>37,815</b>	55,957
Other creditors and accruals	<b>957,214</b>	888,555
Total	<b>995,029</b>	944,512

## 12. SHARE CAPITAL

	<b>31 January 2013</b>		31 July 2012	
	<b>Number of shares (Unaudited) '000</b>	<b>Nominal value (Unaudited) HK\$'000</b>	Number of shares (Audited) '000	Nominal value (Audited) HK\$'000
Authorised:				
Ordinary shares of HK\$0.50 each	<b>2,500,000</b>	<b>1,250,000</b>	2,500,000	1,250,000
Issued and fully paid:				
Ordinary shares of HK\$0.50 each	<b>1,243,212</b>	<b>621,606</b>	1,243,212	621,606

## 13. SHARE OPTION SCHEMES

### The Company

The Company adopted a share option scheme on 23 December 2005 and became effective on 5 January 2006 for the purpose of providing incentives to, rewarding, remunerating, compensating and/or providing benefits to the eligible participants.

The table below disclosed movement of the Company's share options held by the Group's directors and employees:

	<b>Number of underlying shares comprised in share options</b>
Outstanding as at 1 August 2012	<b>6,216,060</b>
Granted during the period	<b>25,834,605</b>
Outstanding as at 31 January 2013	<b>32,050,665</b>

The closing price of the Company's shares immediately before 18 January 2013, the date of grant, was HK\$1.55 per share.



### 13. SHARE OPTION SCHEMES (continued)

#### The Company (continued)

The fair value of the share options granted during the period was HK\$12,330,000 (six months ended 31 January 2012: Nil), which the Group recognised as a share option expense during the period.

The fair value of equity-settled share options granted during the period was estimated as at the date of grant using the Binomial Option Pricing Model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Date of grant	18 January 2013
Dividend yield (%)	—
Expected volatility (%)	78.493
Historical volatility (%)	78.493
Risk-free interest rate (%)	1.012
Expected life of options (years)	10
Closing share price (HK\$ per share)	1.54

The expected life of the options is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

#### Lai Fung

On 18 December 2012, Lai Fung adopted a new share option scheme and terminated the share option scheme previously adopted on 21 August 2003. Subsisting options granted prior to the termination will continue to be valid and exercisable in accordance with the terms of the previous scheme.

The table below disclosed movement of Lai Fung share options held by Lai Fung Group's directors, employees and eligible participants:

	Number of underlying Lai Fung's shares comprised in Lai Fung's share options
Outstanding as at 1 August 2012	80,479,564
Granted during the period	458,726,430
Outstanding as at 31 January 2013	539,205,994

The closing price of Lai Fung's shares immediately before 18 January 2013, the date of grant, was HK\$0.227 per Lai Fung's share.

The fair value of the share options granted by Lai Fung during the period was HK\$26,056,000 (six months ended 31 January 2012: Nil) of which Lai Fung recognised as a share option expense of HK\$26,056,000 and HK\$12,376,000 (before and after capitalisation to properties under development/investment properties under construction, respectively) during the period.

The fair value of equity-settled share options granted by Lai Fung during the period was estimated as at the date of grant using the Binomial Option Pricing Model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Date of grant	18 January 2013
Dividend yield (%)	1.795
Expected volatility (%)	55.355
Historical volatility (%)	55.355
Risk-free interest rate (%)	1.012
Expected life of options (years)	10
Closing share price (HK\$ per Lai Fung's share)	0.228

The expected life of the options of Lai Fung is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

## 14. COMMITMENTS

The Group had the following capital commitments at the end of the reporting periods:

	<b>31 January 2013 (Unaudited) HK\$'000</b>	31 July 2012 (Audited) HK\$'000
Contracted but not provided for:		
Capital contribution to joint ventures to be established	<b>12,601</b>	12,492
Shareholder's loan to an associate	<b>5,782</b>	13,561
Construction and compensation costs	<b>53,348</b>	51,424
Acquisition of property, plant and equipment	<b>2,440</b>	3,144
	<b>74,171</b>	80,621
Authorised, but not contracted for:		
Construction and resettlement costs	<b>694,385</b>	618,835

## 15. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in the Financial Statements, the Group had the following material transactions with related parties during the period under review:

### (a) Transactions with related parties

		<b>Six months ended</b>	
		<b>31 January 2013 (Unaudited) HK\$'000</b>	31 January 2012 (Unaudited) HK\$'000
	Notes		
Lai Sun Development Company Limited and its subsidiaries, a major shareholder of the Company:			
Rental expense and building management fee paid	(i)	<b>2,846</b>	3,703
Joint ventures:			
Consultancy and production service fee paid	(ii)	<b>1,350</b>	2,050
Consultancy service income	(ii)	<b>2,151</b>	2,031
Interest income received	(iii)	<b>1,562</b>	1,571
Management fee and other service fees paid or payable to a related company	(iv)	<b>4,920</b>	—

## 15. RELATED PARTY TRANSACTIONS *(continued)*

### (a) Transactions with related parties *(continued)*

Notes:

- (i) The rental expense and building management fee were charged with reference to market rates.
- (ii) The consultancy and production service fee and consultancy service income were charged on bases mutually agreed by the respective parties.
- (iii) The interest income was charged with reference to the People's Bank of China's base interest rate per annum.
- (iv) The related company is a subsidiary of CapitalLand Limited, a substantial shareholder of Lai Fung. The related company provides management and other services to the service apartment operation of the Group.

The terms of the management and other service fees were determined based on the agreement entered into between the Group and the related company.

### (b) Compensation of key management personnel of the Group

	Six months ended	
	31 January 2013 (Unaudited) HK\$'000	31 January 2012 (Unaudited) HK\$'000
Short-term employee benefits	16,251	11,055
Equity-settled share option expense	18,360	—
Post-employment benefits	28	121
Total compensation paid to key management personnel	34,639	11,176

## 16. LITIGATION

### Litigation with Passport Special Opportunities Master Fund, LP and Passport Global Master Fund SPC Limited ("Passport")

Between 2008 and 2012, Passport, a substantial shareholder of the Company at the time, commenced litigation against the Company, alleging an improper purpose of diluting Passport's shareholding in the Company in respect of a placement exercise and alternatively, alleging a breach of fiduciary duty by the directors of the Company by failing to have proper regard to the interest of the minority shareholders when making the decision to enter into the placement. After a trial, the court dismissed Passport's claims against the Company and the directors and further ordered Passport to pay the Company's costs of the trial despite Passport's objections.

Although Passport filed a notice to appeal the judgment, this was subsequently withdrawn and the appeal was dismissed by consent of the parties on the terms that Passport had agreed to pay the Company's legal costs (to be taxed if not agreed). On or around December 2012, the legal costs have been settled in full by Passport.

## INTERIM DIVIDEND

The Board has resolved not to pay an interim dividend for the six months ended 31 January 2013 (six months ended 31 January 2012: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group has early adopted a number of new and revised Hong Kong Financial Reporting Standards (“**HKFRS**”) for the year ended 31 July 2012. One of which, HKFRS 10 *Consolidated Financial Statements*, allowed the Group to consolidate the results of Lai Fung Holdings Limited (“**Lai Fung**”) from 11 June 2012 onwards while Lai Fung remained as an associate for the six months ended 31 January 2012.

The Group’s interest in Lai Fung has been increased to 49.39% as at 31 January 2013. Subsequent to 31 July 2012, the Group purchased additional shares of Lai Fung from the open market and were made within the limit prescribed under the creeper provision of the Codes on Takeovers and Mergers and Share Repurchases (“**Takeovers Code**”).

### Overview of Interim Results

For the six months ended 31 January 2013, the business delivered an encouraging set of results underpinned by a steady improvement in the media and entertainment business. The Group’s major subsidiary, Lai Fung, also performed steadily despite a challenging operating environment.

For the six months ended 31 January 2013, the Group recorded a turnover of HK\$1,115.1 million (2012: HK\$236.1 million), representing an increase of over 370% primarily due to the consolidation of Lai Fung.

Profit from operating activities was HK\$279.7 million (2012: Loss of HK\$228.6 million). An one-off gain on bargain purchase of HK\$1,350.4 million due to the increase in interest in Lai Fung was recognised in the second half of the financial year ended 31 July 2012 and substantially increased the profit from operating activities for that period. Subsequently, Lai Fung was consolidated into the Group and became a subsidiary and therefore any gains from purchases of shares in Lai Fung would not be recorded as a profit and loss item in the consolidated income statement. Furthermore, purchases of shares in Lai Fung by the Group need to have regards to the creeper provision limit under the Takeovers Code and may or may not occur in the future and will not have any impact to the consolidated income statement. As such, the gain of HK\$1,350.4 million recorded in the second half of the financial year ended 31 July 2012 will not be repeated in this financial year.

The Group recorded a share of losses of associates and joint ventures totaling HK\$9.6 million (2012: Profit of HK\$112.4 million). This is primarily due to the fact that Lai Fung was accounted for as an associate for the six months ended 31 January 2012.

Overall profitability of the Group improved as a result. Profit before tax improved from a loss of HK\$127.7 million to a profit of HK\$181.0 million. Loss attributable to owners of the Company also narrowed from HK\$58.8 million to HK\$28.9 million. Loss per share attributable to owners of the Company correspondingly improved from HK\$0.047 per share to HK\$0.023 per share.

Equity attributable to owners of the Company as at 31 January 2013 amounted to HK\$8,213.3 million (31 July 2012: HK\$7,997.9 million). Net asset value per share attributable to owners of the Company similarly increased to HK\$6.607 (31 July 2012: HK\$6.433).

## Overview of Interim Results *(continued)*

### *Media and Entertainment/Film Production and Distribution*

For the six months ended 31 January 2013, these segments recorded a total turnover of HK\$252.2 million (2012: HK\$199.6 million).

#### *Live Entertainment*

For the six months ended 31 January 2013, the Group organised and invested in 60 (2012: 65) shows by popular local, Asian and internationally renowned artistes, including Jennifer Lopez, David Foster, Sally Yeh, Kay Tse, Denise Ho, Janice M. Vidal, Justin Lo, Soft Hard and Grasshopper and Tat Ming Pair.

The Group has scheduled a further 77 shows before 31 July 2013.

#### *Music Production, Distribution and Publishing*

The Group's music production and distribution division demonstrated good momentum and released 42 albums during the period under review (2012: 50), including titles by Andy Lau, Sammi Cheng, Miriam Yeung, Andy Hui, Denise Ho, Ivana Wong, Janice M. Vidal, Jan Lamb, Tat Ming Pair, Shine, Super Junior M, C All Star and Ellen Loo.

The Group is scheduled to release another 26 albums before 31 July 2013. The Group is expected to continue to increase its music licensing revenue from the exploitation of the music library through new media distribution.

#### *Television Drama, Content Production and Distribution*

The Group has made investments, via content directors, producers and artistes from Mainland China ("**China**"), to produce renowned television dramas and content. The Group will continue its production and distribution expansion strategy through mergers and acquisitions.

#### *Film Production and Distribution*

For the six months ended 31 January 2013, the Group recorded a turnover of HK\$37.3 million (2012: HK\$58.7 million). The decrease in turnover was due to fewer titles released during the period under review compared to the same period last year. During the period under review, several films of the Group have won various awards from different institutions/film festivals: *Life Without Principle* won Best Supporting Actor and Best Film in the Asia Pacific Film Festival, and Best Director, Best Leading Actor as well as Best Original Screenplay in the Taiwan Golden Horse Awards; *Romancing In Thin Air* won Best Original Theme Song in the Taiwan Golden Horse Awards, and Film of Merit as well as Best Screenplay in the Hong Kong Film Critics Society Awards; *Motorway* won Best Action Choreography in the Taiwan Golden Horse Awards, and Best Film as well as Best Director in the Hong Kong Film Critics Society Awards. During the period under review, the Group principally completed the photography of 4 films, with 9 other films in the production pipeline or under development.

## Overview of Interim Results *(continued)*

### Property Investment

The following details are extracted from Lai Fung's interim report and comparative figures are presented on a six-month basis for the six months ended 31 January 2013 and 31 January 2012.

#### Rental Income

For the six months ended 31 January 2013, Lai Fung's rental operations recorded a turnover of HK\$262.5 million (2012: HK\$227.0 million), representing a 16% increase over the same period last year. Breakdown of rental turnover by major rental properties is as follows:

	Six months ended 31 January		% Change	Period end occupancy (%)
	2013 HK\$ million	2012 HK\$ million		
Shanghai Hong Kong Plaza	<b>182.9</b>	168.2	9	Retail: 99.9 Office: 95.0 Service Apartments: 80.9
Shanghai Regents Park (commercial podium and car-parking spaces)	<b>6.1</b>	5.2	17	99.7
Shanghai Northgate Plaza I	<b>4.9</b>	2.8	75	89.9
Shanghai May Flower Plaza (commercial podium and car-parking spaces)	<b>13.8</b>	0	N/A	89.2
Guangzhou May Flower Plaza	<b>46.8</b>	43.0	9	Retail: 99.8 Office: 100.0
Guangzhou West Point (commercial podium and car-parking spaces)	<b>8.0</b>	7.8	3	97.0
<b>Total</b>	<b>262.5</b>	227.0	16	

Rental income performed steadily as a whole with almost full occupancy in the major properties. The increase is primarily attributable to rental reversion and change in tenant mix across the portfolio, as well as contribution from the retail podium of Shanghai May Flower Plaza since the end of the financial year 2012.

A portion of Palm Spring Rainbow Mall 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.

## Overview of Interim Results *(continued)*

### Property Development

The following details are extracted from Lai Fung's interim report and comparative figures are presented on a six-month basis for the six months ended 31 January 2013 and 31 January 2012.

#### Recognised Sales

For the six months ended 31 January 2013, Lai Fung's property development operations recorded a turnover of HK\$549.7 million (2012: HK\$604.3 million) from sale of properties, representing a 9% decrease in value and 197,303 square feet increase in gross floor area ("GFA") over the same period last year. The decrease in recognised sales was due to recognition of sales of Shanghai May Flower Plaza being lower compared to the same period last year and recognition of sales of Palm Spring Phase I which has a lower average selling price, which led to an overall reduction in average selling price. Total recognised sales was primarily driven by the sales performance of Shanghai May Flower Plaza and Zhongshan Palm Spring of which approximately 94,883 and 233,035 square feet of residential GFA were sold respectively.

Sales of Dolce Vita Phase I performed well and achieved an average selling price of HK\$1,779 per square foot. This is recognised as a component of "Share of profits of joint ventures" in the condensed consolidated income statement.

For the six months ended 31 January 2013, average selling price recognised as a whole (excluding Dolce Vita) decreased by HK\$2,513 to approximately HK\$1,664 per square foot (2012: HK\$4,177 per square foot).

Breakdown of turnover for the six months ended 31 January 2013 from property sales is as follows:

Recognised Basis	Approximate	Average	Turnover *
	Gross Floor Area	Selling Price #	
	Square feet	HK\$/square foot	HK\$ million
Shanghai May Flower Plaza			
Residential Units	94,883	3,889	348.1
Office Apartment Units	572	2,573	1.4
Zhongshan Palm Spring			
Residential Units — High-rise	230,490	585	127.1
Residential Units — Townhouses	2,545	2,017	4.8
Shanghai Regents Park Phase II			
Residential Units	7,697	4,820	35.0
Guangzhou West Point			
Residential Units	4,854	2,587	11.8
Office Units	9,229	2,464	21.5
<b>Total</b>	<b>350,270</b>	<b>1,664</b>	<b>549.7</b>

#### Recognised sales from joint venture project

Guangzhou Dolce Vita			
Residential Units ** (47.5% basis)	226,939	1,779	380.7

# Before business tax

\* After business tax

\*\* Guangzhou Dolce Vita is a joint venture project with CapitaLand China Holdings Pte. Ltd. ("CapitaLand") in which each of Lai Fung and CapitaLand has an effective 47.5% interest. For the six months ended 31 January 2013, the recognised sales (after business tax) attributable to the full project is HK\$801.4 million and approximately 477,766 square feet of GFA were recognised.

## Overview of Interim Results *(continued)*

### Property Development *(continued)*

#### Contracted Sales

As at 31 January 2013, Lai Fung's property development operations has contracted but not yet recognised sales of HK\$1,060.8 million from sale of properties.

Breakdown of contracted but not yet recognised sales as at 31 January 2013 is as follows:

<b>Contracted Basis</b>	<b>Approximate Gross Floor Area</b> Square feet	<b>Average Selling Price #</b> HK\$/square foot	<b>Turnover #</b> HK\$ million
Shanghai May Flower Plaza			
Residential Units	85,264	3,926	334.8
Office Apartment Units	36,778	2,937	108.0
Shanghai Regents Park Phase II			
Residential Units	3,648	4,951	18.1
Guangzhou West Point			
Residential Units	1,213	2,679	3.2
Zhongshan Palm Spring			
Residential Units — High-rise	78,089	579	45.2
Residential Units — Townhouses	34,255	1,366	46.8
Sub-total	239,247	2,324	556.1
<b>Contracted sales from joint venture project</b>			
Guangzhou Dolce Vita			
Residential Units ** (47.5% basis)	271,260	1,861	504.7
<b>Total</b>	<b>510,507</b>	<b>2,078</b>	<b>1,060.8</b>

# Before business tax

\*\* Guangzhou Dolce Vita is a joint venture project with CapitaLand in which each of Lai Fung and CapitaLand has an effective 47.5% interest. As at 31 January 2013, the contracted but not yet recognised sales attributable to the full project is HK\$1,062.5 million and approximately 571,074 square feet of GFA were sold.



## Outlook

### *Media and Entertainment/Film Production and Distribution*

The Group continues to expand its media and entertainment businesses in China, maximising income from its film, television, music, live entertainment, talent management and new media businesses in this fast growing market.

The Group has enlarged its movie development and production slate, working with renowned directors, writers and artistes in Greater China. A number of the Group's films under production will be released in the current financial year and distributed worldwide by our distribution teams in Beijing and Hong Kong. The Group is actively seeking to acquire materials and intellectual properties suitable for adaptation into films appealing to the China market and working with emerging talents in the region, with the objective of expanding market share and increasing our film revenue.

The Group has been increasing its investment in and production of concerts and live entertainment in China with popular local and international artistes. In addition, the Group has widened the appeal of the Group's Hong Kong artistes by producing more concerts in major cities of China such as Guangzhou, Chengdu, Beijing and Shanghai, thereby elevating the commercial potential of the Group's musical talent.

The Group believes that a strong artiste roster will complement our media and entertainment businesses. In addition to having one of the largest pool of successful artistes in Hong Kong and China, the Group continues to look for opportunities in cooperating with high profile Asian artistes and explore new talent in Asia. The Group's 360 degree approach of developing projects spanning film, television, music and live entertainment for our artistes ensures the maximum commercial value and appeal in attracting talent. In view of the continued strong demand for good quality television drama from television stations and online video websites in China, the Group plans on increasing its investment in premium quality programmes with well-known producers and artistes. Additionally, the Group is looking to work with renowned television producers on other types of programmes such as variety shows, singing contests and reality series.

In light of the enormous and rapidly growing China market, the Group endeavors to continue expansion of its integrated entertainment platform with the view to provide the highest quality and most comprehensive Chinese language content. The Group will also continue to explore strategic alliance and investment opportunities to enrich its portfolio and broaden its income stream with primary focus on the China market.

### *China Property Investment and Development*

The fiscal and monetary stimuli from the major governments and central banks around the world provided the basic conditions for upholding economic stability. However, the global economy is still in a delicate state and much work is still needed to ensure it stays on track for long-term recovery. As such, the international financial and economic conditions are expected to remain challenging in the near future without meaningful structural reform. The Group expects the PRC Government to monitor and manage the property sector actively with a view to addressing underlying demand and curbing speculation. The Group strongly believes in the long-term prospects of the property market in China, underpinned by sustainable long-term economic growth, continuous urbanisation, strong underlying demand and a high savings ratio.

## Outlook *(continued)*

### *China Property Investment and Development (continued)*

The Group will continue its strategy of prudent expansion. The Group will continue its stated intention to retain any sizeable commercial and retail elements to grow its rental property portfolio thus increasing the recurrent rental income base while residential projects will be built primarily for sale. The Group will continue to improve the recurring income base through upgrading existing rental properties and adding new commercial properties from development projects, such as the upcoming Eastern Place Phase V office and retail tower providing approximately 594,287 square feet of rental GFA attributable to the Lai Fung and its subsidiaries ("**Lai Fung Group**"). Phase 1 of the Palm Spring project in Zhongshan will add approximately another 187,656 square feet of rental GFA to the Lai Fung Group when it is fully leased. The three service apartments with a total attributable GFA to the Lai Fung Group of approximately 315,521 square feet in Shanghai, Guangzhou and Zhongshan are progressing as planned. This will provide a solid foundation to mitigate the revenue volatility from residential development projects which are more susceptible to government policies. The Group will continue to strengthen its businesses in China focusing on core cities such as Shanghai, Guangzhou and Zhongshan while leveraging those operational hubs to explore opportunities in the nearby cities and areas. With some of the projects due for completion in the current and following years, the Group is actively reviewing opportunities to replenish its land bank should the right opportunities arise. The key for the Group is to remain nimble and retain sufficient financial flexibility to adapt its growth plans according to market conditions in different areas with a view to delivering long-term value to shareholders.

The Group's interest in Lai Fung has increased to 49.39% as at 31 January 2013. The gain on bargain purchase of HK\$1,350.4 million in the second half of the financial year ended 31 July 2012 as a result of part of this ownership increase through underwriting the Lai Fung open offer in 2012 will not be repeated. Further purchases of shares in Lai Fung by the Group, if any, need to have regards to the creeper provision limit under the Takeovers Code. Shareholders and investors should note that such purchases may or may not occur in the future and will not have any impact to the consolidated income statement as Lai Fung has been consolidated into the Group.

## Liquidity, Financial Resources, Charge on Assets and Gearing

### *Cash and Bank Balances*

As at 31 January 2013, cash and bank balances held by the Group amounted to HK\$3,988.7 million of which approximately 50% was denominated in Hong Kong dollar and United States dollar currencies, and 50% was denominated in Renminbi ("**RMB**"). As Hong Kong dollars ("**HKD**") are pegged to United States dollars ("**USD**"), the Group considers that the corresponding exposure to exchange rate risk is nominal. The conversion of RMB denominated cash and bank balances into foreign currencies and the remittance of such foreign currencies denominated balances out of China are subject to the relevant rules and regulations of foreign exchanges control promulgated by the government authorities concerned.

### *Borrowings*

As at 31 January 2013, the Group had outstanding consolidated total borrowings (after intra-group elimination) in the amount of HK\$3,738.0 million. The borrowings of the Group, which comprises the Company, Media Asia Group Holdings Limited ("**MAGHL**") and Lai Fung, are as follows:

#### *Company*

As at 31 January 2013, there existed unsecured other borrowings due to the late Mr. Lim Por Yen in the principal amount of HK\$113.0 million which is interest-bearing at the HSBC prime rate per annum. The Group's recorded interest accruals were HK\$60.1 million for the said unsecured other borrowings as at 31 January 2013. At the request of the Group, the executor of Mr. Lim Por Yen's estate confirmed that no demand for the repayment of the outstanding other borrowings or the related interest would be made within one year from 31 January 2013.

## Liquidity, Financial Resources, Charge on Assets and Gearing *(continued)*

### *Borrowings (continued)*

#### *MAGHL*

As at 31 January 2013, MAGHL had unsecured and unguaranteed First Completion Convertible Notes with an aggregate principal amount of approximately HK\$346.4 million, comprising approximately HK\$138.1 million and HK\$208.3 million, issued to the Group and other subscribers, respectively. Unless previously converted, redeemed, purchased or cancelled in accordance with the terms and conditions of the First Completion Convertible Notes, it will be redeemed by MAGHL on the maturity date of 8 June 2014 at the principal amount outstanding. As at 31 January 2013, MAGHL had unsecured and unguaranteed Second Completion Convertible Notes with an aggregate principal amount of approximately HK\$224.9 million, comprising approximately HK\$153.2 million and HK\$71.7 million, issued to the Group and other subscribers, respectively. Unless previously converted, redeemed, purchased or cancelled in accordance with the terms and conditions of the Second Completion Convertible Notes, it will be redeemed by MAGHL on the maturity date of 8 June 2015 at the principal amount outstanding. For accounting purposes, after deducting the equity portion of the convertible notes from the principal amount, the resultant carrying amount of the First Completion Convertible Notes and the Second Completion Convertible Notes after adjusting for (i) accrued interest and (ii) intra-group elimination was HK\$239.2 million as at 31 January 2013.

#### *Lai Fung*

As at 31 January 2013, Lai Fung Group had total borrowings in the amount of HK\$3,333.5 million comprising bank loans of HK\$1,844.7 million, fixed rate senior notes of HK\$1,431.1 million and other borrowing of HK\$57.7 million. The maturity profile of Lai Fung Group's borrowings of HK\$3,333.5 million is well spread with HK\$1,429.3 million repayable within 1 year, HK\$1,728.3 million repayable in the second year and HK\$175.9 million repayable in the third to fifth years. Included in the fixed rate senior notes liability of Lai Fung, a carrying amount of HK\$8.0 million is held by a subsidiary of the Company.

Approximately 43% and 55% of Lai Fung Group's borrowings were on a fixed rate basis and floating rate basis, respectively, and the remaining 2% of the Lai Fung Group's borrowings were interest-free. Apart from the fixed rate senior notes which were denominated in USD, Lai Fung Group's other borrowings of HK\$1,902.4 million were 71% denominated in RMB, 28% in USD and 1% in HKD.

Lai Fung Group's cash and bank balances of HK\$2,643.2 million were 67% denominated in RMB, 31% in HKD and 2% in USD. Lai Fung Group's presentation currency is denominated in HKD. Lai Fung Group's monetary assets, liabilities and transactions are principally denominated in RMB, USD and HKD. Lai Fung Group, with HKD as its presentation currency, is exposed to foreign currency risk arising from the exposure of HKD against USD and RMB, respectively. Considering that HKD is pegged against USD, Lai Fung Group believes that the corresponding exposure to USD exchange rate fluctuation is nominal. However, Lai Fung Group has a net exchange exposure to RMB as Lai Fung Group's assets are principally located in China and the revenues are predominantly in RMB.

### *Charge Over Assets and Gearing*

Certain assets of the Group have been pledged to secure borrowings of the Group, including rental properties with a total carrying amount of approximately HK\$8,351.1 million, completed properties for sale with a total carrying amount of approximately HK\$1,078.7 million, properties under development with a total carrying amount of approximately HK\$1,327.2 million, service apartments and related properties with a total carrying amount of approximately HK\$2,132.1 million, a property with carrying amount of approximately HK\$98.7 million and bank balances of approximately HK\$147.5 million.

## Liquidity, Financial Resources, Charge on Assets and Gearing *(continued)*

### *Charge Over Assets and Gearing (continued)*

In addition, as at 31 January 2013, a revolving term loan facility in the amount of HK\$60.0 million was granted by a bank to the Group. The said loan facility is subject to an annual review by the bank for renewal and is secured by a pledge of the Group's land and buildings with a carrying amount of HK\$53.0 million as at 31 January 2013. Such bank loan facility had not been utilised by the Group as at 31 January 2013. As at 31 January 2013, an unsecured revolving loan facility in the amount of HK\$20.0 million was granted by another bank to the Group. The said unsecured loan facility is subject to an annual review by the bank for renewal and such bank loan facility had not been utilised by the Group as at 31 January 2013.

As at 31 January 2013, the consolidated net assets attributable to the owners of the Company amounted to HK\$8,213.3 million (31 July 2012: HK\$7,997.9 million). As regards gearing, the Group has a consolidated net cash position amounting to HK\$250.7 million (cash and bank balances of HK\$3,988.7 million less total borrowings of HK\$3,738.0 million) as at 31 January 2013. No financial instruments for hedging purposes were employed by the Group during the period under review.

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

### **Contingent Liabilities**

There has been no material change in contingent liabilities of the Group since 31 July 2012.

## PARTICULARS OF PROPERTIES

### Major Rental Properties

Location	Group interest	Tenure	Approximate Attributable Gross Floor Area (square feet)				Total (excluding car-parking spaces & ancillary facilities)	No. of car-parking spaces attributable to the Group
			Commercial/Retail	Office	Service apartments			
<b>Shanghai</b>								
Commercial podium and certain office and service apartment units of Hong Kong Plaza, 282 & 283 Huaihaizhong Road, Huangpu District	46.92%	The property is held for a term of 50 years commencing on 16 September 1992	219,791	169,236	65,859	454,886	164	
Service apartment units in the North Tower of Hong Kong Plaza, 282 Huaihaizhong Road, Huangpu District	49.39%	The property is held for a term of 50 years commencing on 16 September 1992	—	—	104,587	104,587	—	
Commercial podium and certain service apartment units of May Flower Plaza, Sujiaxiang, Zhabei District	46.92%	The property is held for a term of 40 years for commercial use and 50 years for office use commencing on 5 February 2007	150,293	—	67,493	217,786	—	
Northgate Plaza I, 99 Tian Mu Road West, Zhabei District	47.91%	The property is held for a term of 50 years commencing on 15 June 1993	92,151	62,392	—	154,543	49	
Commercial portion of Regents Park, 88 Huichuan Road, Changning District	46.92%	The property is held for a term of 70 years commencing on 4 May 1996	38,504	—	—	38,504	—	
<b>Guangzhou</b>								
May Flower Plaza, 68 Zhongshanwu Road, Yuexiu District	38.28%	The property is held for a term of 40 years for commercial use and 50 years for other uses commencing on 14 October 1997	127,992	39,224	—	167,216	52	
Commercial podium of West Point, Zhongshan Qi Road, Liwan District	49.39%	The property is held for a term of 40 years for commercial use and 50 years for other uses commencing on 3 July 2005	83,921	—	—	83,921	—	
<b>Zhongshan</b>								
Portion of commercial center of Stage 1 of Palm Spring	49.39%	The property is held for a term expiring on 23 October 2073 for commercial/residential uses	5,854	—	—	5,854	—	
<b>Subtotal of major rental properties</b> <sup>(Note)</sup> :			<b>718,506</b>	<b>270,852</b>	<b>237,939</b>	<b>1,227,297</b>	<b>265</b>	

Note: Completed and rental generating properties

## Major Properties Under Development

Location	Group interest	Stage of construction	Expected completion date	Approximate site area (square feet) <i>(Note 3)</i>	Approximate Attributable Gross Floor Area (square feet)					
					Commercial/Retail	Office	Service apartments	Residential	Total (excluding car-parking spaces & ancillary facilities)	No. of car-parking spaces attributable to the Group
<b>Guangzhou</b>										
Eastern Place Phase V, 787 Dongfeng East Road, Yuexiu District	49.39%	Construction work in progress	Residential: Third quarter of 2013 Office: Third quarter of 2014	212,587	27,932	265,589	—	158,102	451,623	179
Haizhu Plaza, Chang Di Main Road, Yuexiu District	49.39%	Resettlement in progress	2017 - 2018 <i>(Note 1)</i>	90,708	70,064	289,102	191,192	—	550,358	136
King's Park, Donghua Dong Road, Yuexiu District	49.39%	Construction work in progress	Second quarter of 2013	35,123	1,250	—	—	46,066	47,316	29
Paramount Centre, Da Sha Tou Road, Yuexiu District	49.39%	Construction work in progress	Fourth quarter of 2013	23,788	2,642	—	37,028	—	39,670	23
Guan Lu Road Project, Guan Lu Road, Yuexiu District	49.39%	Development under planning	Second quarter of 2017	26,178	1,579	—	—	68,841	70,420	47
Various portions of Dolce Vita Jinshazhou, Heng Sha, Baiyun District	23.46%	Construction work in progress	Stage 1b: Fourth quarter of 2013 Stage 2: Third quarter of 2014 Stage 3: Third quarter of 2014 Stage 4: Second quarter of 2015 Stage 5: Third quarter of 2017	3,217,769 <i>(Note 4)</i>	12,627	—	—	747,182	759,809	369
<b>Zhongshan</b>										
Various portions of Zhongshan Palm Spring, Caihong Planning Area, Western District	49.39%	Construction work in progress	Phase 1b: Fourth quarter of 2016 Phase 2: Third quarter of 2016 Phase 3: First quarter of 2018 Phase 4: Fourth quarter of 2018	2,547,298 <i>(Note 4)</i>	441,219	—	202,021	1,992,155	2,635,395	2,527
<b>Shanghai</b>										
Northgate Plaza II, Tian Mu Road West, Zhabei District	48.90%	Development under planning	2017 - 2018 <i>(Note 2)</i>	44,293	30,495	96,590	—	—	127,085	87
<b>Subtotal of major properties under development</b> <i>(Note 5)</i> :					<b>587,808</b>	<b>651,281</b>	<b>430,241</b>	<b>3,012,346</b>	<b>4,681,676</b>	<b>3,397</b>

### Notes:

1. In the process of negotiating the buildable area for the site with the city government
2. In the process of discussing a comprehensive redevelopment proposal with the district government
3. On project basis
4. Including portions of the projects that have been completed for sale/lease
5. All properties under construction (including investment properties under construction)

## Major Completed Properties for Sale

Location	Group interest	Approximate Attributable Gross Floor Area (square feet)				Total (excluding car-parking spaces & ancillary facilities)	No. of car-parking spaces attributable to the Group
		Commercial/Retail	Service apartments	Residential			
<b>Shanghai</b>							
Certain residential & service apartment units and car-parking spaces in May Flower Plaza, Sujiaxiang, Zhabei District	46.92%	—	26,704	150,936	177,640	215	
Certain residential units and car-parking spaces in Regents Park, Phase II, 88 Huichuan Road, Changning District	46.92%	—	—	1,712	1,712	191	
<b>Guangzhou</b>							
Certain residential units and car-parking spaces in West Point, Zhongshan Qi Road, Liwan District	49.39%	—	—	599	599	70	
Certain residential units and car-parking spaces in Eastern Place, 787 Dongfeng East Road, Yuexiu District	49.39%	—	—	440	440	1	
Certain residential units in Dolce Vita Jinshazhou, Heng Sha, Baiyun District	23.46%	—	—	17,911	17,911	—	
<b>Zhongshan</b>							
Certain residential units and portion of commercial centres of Stage I of Zhongshan Palm Spring, Caihong Planning Area, Western District	49.39%	86,830 <i>(Note 2)</i>	48,677	232,634	368,141	110	
<b>Subtotal of major properties completed for sale</b> <i>(Note 1):</i>		<b>86,830</b>	<b>75,381</b>	<b>404,232</b>	<b>566,443</b>	<b>587</b>	

Notes:

1. Completed properties for sale/lease
2. Portion of the property leased out to third parties will be redesignated to investment properties

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## Share Option Schemes

### (1) The Company

An employee share option scheme (“**Scheme**”) was adopted by the Company on 23 December 2005 (“**Date of Adoption**”) and became effective on 5 January 2006. The Scheme will remain in force for a period of 10 years from the effective date. Pursuant to the terms of the Scheme and in compliance with Chapter 17 of the Rules Governing the Listing of Securities (“**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”), the initial maximum number of shares of HK\$0.50 each in the capital of the Company (“**Shares**”) in respect of which options may be granted under the Scheme shall not exceed 10% of the total number of the issued Shares as at the Date of Adoption (“**Scheme Limit**”) without the approval of the shareholders of the Company (“**Shareholders**”). At a special general meeting of the Company held on 27 May 2011, Shareholders resolved to refresh the Scheme Limit, thereby allowing the Company to grant further options for subscription of up to a total of 124,321,216 Shares, being 10% of the 1,243,212,165 Shares in issue at the date of passing the relevant resolution. As at 31 January 2013 and the date of approval of this report, the Company had 32,050,665 underlying Shares comprised in options outstanding under the Scheme, which represented approximately 2.58% of the Shares in issue as at those dates. The Company might grant further options under the Scheme to subscribe for a maximum of 92,270,551 Shares (representing about 7.42% of the issued Shares as at 31 January 2013).

Information on the movements of share options under the Scheme during the six months ended 31 January 2013 is set out below:

Category/Name of participants	Date of grant <i>(Note 1)</i>	Number of underlying Shares comprised in share options			Exercise period	Exercise price per Share HK\$ <i>(Note 2)</i>
		As at 1 August 2012	Granted during the period	As at 31 January 2013		
<b>Directors</b>						
Chew Fook Aun	05/06/2012	6,216,060	—	6,216,060	05/06/2012-04/06/2022	0.92
Lam Hau Yin, Lester	18/01/2013	—	12,432,121	12,432,121	18/01/2013-17/01/2023	1.612
Lam Kin Ngok, Peter	18/01/2013	—	1,243,212	1,243,212	18/01/2013-17/01/2023	1.612
Lui Siu Tsuen, Richard	18/01/2013	—	3,729,636	3,729,636	18/01/2013-17/01/2023	1.612
Total		6,216,060	17,404,969	23,621,029		
<b>Other employees</b>						
In aggregate	18/01/2013	—	8,429,636	8,429,636	18/01/2013-17/01/2023	1.612
Total		—	8,429,636	8,429,636		
<b>Grand Total</b>		<b>6,216,060</b>	<b>25,834,605</b>	<b>32,050,665</b>		

Notes:

- The above share options were vested on the date of grant.
- The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other specific changes in the Company's share capital.
- The closing prices of the Shares immediately before the dates on which the share options were granted (i.e. 5 June 2012 and 18 January 2013) were HK\$0.90 and HK\$1.55 per Share, respectively.

During the period under review, no share options were exercised, cancelled, or lapsed in accordance with the terms of the Scheme.



## Share Option Schemes *(continued)*

### (2) *Media Asia Group Holdings Limited (“MAGHL”)*

On 18 December 2012, MAGHL, a company listed on the Growth Enterprise Market of the Stock Exchange (“GEM”) and a subsidiary of the Company, adopted a new share option scheme (“New MAGHL Scheme”) and terminated its share option scheme adopted on 19 November 2009 (“Old MAGHL Scheme”). The New MAGHL Scheme will remain in force for a period of 10 years commencing on its adoption date. The initial maximum number of shares of MAGHL of HK\$0.01 each (“MAGHL Shares”) issuable pursuant to the New MAGHL Scheme is 1,314,025,761, being 10% of the total number of MAGHL Shares in issue on the date of approval of the New MAGHL Scheme. Other details of the New MAGHL Scheme are set out in the respective circulars of the Company and MAGHL both dated 1 December 2012.

The adoption of the New MAGHL Scheme and the termination of the Old MAGHL Scheme were also approved by the Shareholders at a special general meeting of the Company held on 18 December 2012 pursuant to the requirements of Rule 17.01(4) of the Listing Rules and Rule 23.01(4) of the GEM Listing Rules.

No share options had been granted under the New MAGHL Scheme during the six months ended 31 January 2013.

During the period under review, no share options had been granted, exercised or cancelled under the Old MAGHL Scheme. Details on movements of the share options under the Old MAGHL Scheme are as follows:

Name of grantee	Date of grant	Number of underlying MAGHL Shares comprised in share options			Exercise period	Exercise price per MAGHL Share HK\$
		As at 1 August 2012	Lapsed during the period	As at 31 January 2013		
<b>Director of MAGHL</b>						
Tang Jun <i>(Note)</i>	26/08/2011	31,341,666	(31,341,666)	—	06/08/2012-05/08/2013	0.20420
	26/08/2011	31,341,666	(31,341,666)	—	06/08/2013-05/08/2014	0.24504
	26/08/2011	31,341,668	(31,341,668)	—	06/08/2014-05/09/2015	0.26546
	17/01/2012	2,359,192	(2,359,192)	—	06/08/2012-05/08/2013	0.14480
	17/01/2012	2,359,192	(2,359,192)	—	06/08/2013-05/08/2014	0.17376
	17/01/2012	2,359,192	(2,359,192)	—	06/08/2014-05/09/2015	0.18824
<b>Total</b>		<b>101,102,576</b>	<b>(101,102,576)</b>	<b>—</b>		

*Note:* Mr. Tang resigned as an executive director and the chief executive officer of MAGHL on 15 September 2012. The abovementioned share options granted to him lapsed one month after his resignation pursuant to the terms of the Old MAGHL Scheme.

## Share Option Schemes *(continued)*

### (3) *Lai Fung Holdings Limited (“Lai Fung”)*

On 18 December 2012, Lai Fung, a subsidiary of the Company listed on the Main Board of the Stock Exchange, adopted a new share option scheme (“**New Lai Fung Scheme**”) and terminated its share option scheme adopted on 21 August 2003 (“**Old Lai Fung Scheme**”). The New Lai Fung Scheme will remain in force for a period of 10 years commencing on its adoption date. The initial maximum number of shares of Lai Fung of HK\$0.10 each (“**Lai Fung Shares**”) issuable pursuant to the New Lai Fung Scheme is 1,609,591,295, being 10% of the total number of Lai Fung Shares in issue on the date of approval of the New Lai Fung Scheme. Other details of the New Lai Fung Scheme are set out in the respective circulars of the Company and Lai Fung both dated 1 December 2012.

The adoption of the New Lai Fung Scheme and the termination of the Old Lai Fung Scheme were also approved by the Shareholders at a special general meeting of the Company held on 18 December 2012 pursuant to the requirement of Rule 17.01(4) of the Listing Rules.

As at 31 January 2013, share options comprising a total of 539,205,994 underlying Lai Fung Shares remained outstanding, of which a share option comprising 80,479,564 underlying Lai Fung Shares was granted under the Old Lai Fung Scheme and share options comprising 458,726,430 underlying Lai Fung Shares were granted under the New Lai Fung Scheme.

Movements of the share options granted under the Old Lai Fung Scheme and the New Lai Fung Scheme during the six months ended 31 January 2013 are as follows:

Category/Name of participants	Date of grant <i>(Note 1)</i>	Number of underlying Lai Fung Shares comprised in share options			Exercise period	Exercise price per Lai Fung Share HK\$ <i>(Note 2)</i>
		As at 1 August 2012	Granted during the period	As at 31 January 2013		
<b>Directors of Lai Fung</b>						
Chew Fook Aun (“ <b>Mr. Chew</b> ”) <i>(Note 3)</i>	12/06/2012	80,479,564	—	80,479,564	12/06/2012-11/06/2020	0.133
Cheng Shin How	18/01/2013	—	32,191,825	32,191,825	18/01/2013-17/01/2023	0.228
Lam Hau Yin, Lester (“ <b>Mr. Lam</b> ”) <i>(Note 4)</i>	18/01/2013	—	160,959,129	160,959,129	18/01/2013-17/01/2023	0.228
Lau Shu Yan, Julius	18/01/2013	—	48,287,738	48,287,738	18/01/2013-17/01/2023	0.228
Total		80,479,564	241,438,692	321,918,256		
<b>Employees &amp; other eligible participant</b>						
Lam Kin Ngok, Peter (“ <b>Dr. Peter Lam</b> ”) <i>(Note 5)</i>	18/01/2013	—	16,095,912	16,095,912	18/01/2013-17/01/2023	0.228
Employees (In aggregate)	18/01/2013	—	201,191,826	201,191,826	18/01/2013-17/01/2023	0.228
Total		—	217,287,738	217,287,738		
<b>Grand Total</b>		<b>80,479,564</b>	<b>458,726,430</b>	<b>539,205,994</b>		

## Share Option Schemes *(continued)*

### (3) *Lai Fung Holdings Limited (“Lai Fung”)* *(continued)*

Notes:

1. *The above share options were vested on the date of grant.*
2. *The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other specific changes in Lai Fung’s share capital.*
3. *Mr. Chew was appointed an executive director of Lai Fung with effect from 5 June 2012 and subsequently elected as the chairman of Lai Fung on 1 November 2012.*
4. *Mr. Lam is the chief executive officer and an executive director of Lai Fung.*
5. *Dr. Peter Lam, a substantial shareholder of Lai Fung, was the chairman and an executive director of Lai Fung from 25 November 1993 to 31 October 2012.*
6. *The closing prices of each Lai Fung share immediately before the dates on which the share options were granted (i.e. 12 June 2012 and 18 January 2013) were HK\$0.135 and HK\$0.227, respectively.*

No share options had been granted, exercised, cancelled, or lapsed under the Old Lai Fung Scheme during the period under review.

Save as disclosed above, no other share options were granted, exercised, cancelled, or lapsed under the New Lai Fung Scheme during the period under review.

## Corporate Governance

The Company has complied with all the code provisions set out in the Corporate Governance Code (“**CG Code**”) contained in Appendix 14 to the Listing Rules throughout the six months ended 31 January 2013 save for the deviations from code provisions A.4.1, A.5.1 and A.6.7 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 Bye-laws of the Company, which require that the Directors for the time being shall retire from office by rotation once every three years since their last election by the Shareholders and the retiring Directors are eligible for re-election. In addition, any person appointed by the board of Directors (“**Board**”) as an additional Director (including a NED) will hold office only until the next annual general meeting of the Company (“**AGM**”) and will then be eligible for re-election. Further, in line with the relevant code provision of the CG Code, each of the Directors appointed to fill a casual vacancy has been/will be subject to election by the Shareholders at the first general meeting after his/her appointment. In view of these, the Board considers that such requirements are sufficient to meet the underlying objective of the said code provision A.4.1 and, therefore, does not intend to take any remedial steps in this regard.

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

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

*Under code provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of the shareholders.*

Due to other pre-arranged business commitments which must be attended to by Mr. Andrew Y. Yan and Madam U Po Chu (both NEDs), they were not present at the AGM and the special general meeting of the Company, both held on 18 December 2012. The aforesaid Directors were neither the chairmen nor the members of any Board committees.

## Securities Transactions by Directors and Designated Employees

The Company has adopted a Code of Practice for Securities Transactions by Directors and Designated Employees (“**Securities Code**”) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules. The Company has made specific enquiry of all Directors and they have confirmed in writing their compliance with the required standard set out in the Securities Code during the six months ended 31 January 2013.

## Directors' Interests

The following Directors and chief executive of the Company who held office on 31 January 2013 and their respective associates (as defined in the Listing Rules) were interested, or were deemed to be interested, in the following long and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("**SFO**") on that date as required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they were taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to Section 352 of Part XV of the SFO ("**Register of Directors and Chief Executive**"); or (c) to be notified to the Company and the Stock Exchange pursuant to the Securities Code; or (d) as otherwise known by the Directors:

### (I) Interests in the Company

Name of Directors	Capacity	Long positions in the Shares and underlying Shares				Approximate percentage of total issued Shares
		Number of Shares		Share options	Total	
		Personal interests	Corporate interests	Personal interests		
Lam Kin Ngok, Peter	Beneficial owner/ Owner of controlled corporations	2,794,443	496,404,186 <i>(Note 1)</i>	1,243,212 <i>(Note 1)</i>	500,441,841	40.25%
Andrew Y. Yan ("Mr. Yan")	Owner of controlled corporations	Nil	125,000,000 <i>(Note 2)</i>	Nil	125,000,000	10.05%
Lam Hau Yin, Lester	Beneficial owner	2,794,443	Nil	12,432,121 <i>(Note 3)</i>	15,226,564	1.22%
Chew Fook Aun	Beneficial owner	Nil	Nil	6,216,060 <i>(Note 3)</i>	6,216,060	0.50%
Lui Siu Tsuen, Richard ("Mr. Lui")	Beneficial owner	Nil	Nil	3,729,636 <i>(Note 3)</i>	3,729,636	0.30%

Notes:

- As at 31 January 2013, Dr. Peter Lam was deemed to be interested in 496,404,186 Shares (approximately 39.93% of the issued shares of the Company) indirectly owned by Lai Sun Development Company Limited ("**LSD**") by virtue of his personal and deemed controlling shareholding interests of approximately 38.06% in Lai Sun Garment (International) Limited ("**LSG**"). LSD was approximately 49.97% directly and indirectly owned by LSG. LSG was approximately 8.07% owned by Dr. Peter Lam and approximately 29.99% owned by Wisdoman Limited, which was in turn 50% beneficially owned by Dr. Peter Lam.

Details of the share option granted to Dr. Peter Lam under the share option scheme of the Company are shown in the section headed "Share Option Schemes" of this Report.

- Mr. Yan was deemed to be interested in 125,000,000 Shares owned by SAIF Partners IV LP, as the said limited partnership was indirectly controlled by Mr. Yan as a director and the sole shareholder of SAIF IV GP Capital Limited which was the sole general partner of SAIF IV GP LP which in turn is the sole general partner of SAIF Partners IV LP.
- Details of the share options granted to Mr. Lam (who was appointed as an Executive Director on 1 November 2012), Mr. Chew and Mr. Lui under the share option scheme of the Company are shown in the section headed "Share Option Schemes" of this Report.

## Directors' Interests *(continued)*

### (II) *Interests in Associated Corporations*

#### (i) *MAGHL*

By virtue of his deemed controlling shareholding interests in the Company as described in Note 1 of paragraph (I) "Interests in the Company" above, Dr. Peter Lam was deemed to be interested in the following shares and underlying shares of MAGHL which were held by Perfect Sky Holdings Limited ("**Perfect Sky**", a wholly-owned subsidiary of the Company):

Name of Director	Long positions in the ordinary shares of MAGHL of HK\$0.01 each ("MAGHL Shares") and underlying MAGHL Shares					Total	Approximate percentage of total issued MAGHL Shares <i>(Note 1)</i>
	Number of MAGHL Shares		Number of underlying MAGHL Shares				
	Corporate interests	Other interests	Corporate interests	Other interests			
Lam Kin Ngok, Peter	6,712,925,500	1,521,093,209 <i>(Note 2)</i>	14,132,500,000 <i>(Note 3)</i>	9,650,479,894 <i>(Note 2)</i>	32,016,998,603	243.66%	

Notes:

1. The total number of issued shares of MAGHL as at 31 January 2013 (that is, 13,140,257,612 MAGHL Shares) has been used in the calculation of the approximate percentage.
2. Pursuant to Section 317 of the SFO and by virtue of his deemed controlling shareholding interests in the Company, Dr. Peter Lam was deemed to be interested in 1,521,093,209 MAGHL Shares and 9,650,479,894 underlying MAGHL Shares (i.e. totalling 11,171,573,103 MAGHL Shares) held by the parties (other than MAGHL) to a subscription agreement dated 23 March 2011 ("**Subscription Agreement**") and entered into amongst Perfect Sky and such parties for the subscription of certain shares in and convertible notes of MAGHL.
3. This represents, in aggregate, the 8,632,500,000 underlying MAGHL Shares comprised in the first completion convertible notes issued to Perfect Sky by MAGHL on 9 June 2011 ("**First Completion Date**") and 5,500,000,000 underlying MAGHL Shares comprised in the second completion convertible notes issued to Perfect Sky by MAGHL on 9 June 2012, i.e. the first anniversary of the First Completion Date, pursuant to the Subscription Agreement described in Note 2 just above.

## Directors' Interests *(continued)*

### (II) *Interests in Associated Corporations (continued)*

#### (ii) *Lai Fung*

**Long positions in the ordinary shares of Lai Fung of HK\$0.10  
each ("Lai Fung Shares") and underlying Lai Fung Shares**

Name of Directors	Capacity	Number of Lai Fung Shares		Lai Fung share options		Approximate percentage of total issued Lai Fung Shares
		Personal interests	Corporate interests	Personal interests	Total	
Lam Kin Ngok, Peter	Beneficial owner/ Owner of controlled corporations	Nil	7,949,276,422 <i>(Note 1)</i>	16,095,912 <i>(Note 1)</i>	7,965,372,334	49.49%
Lam Hau Yin, Lester	Beneficial owner	Nil	Nil	160,959,129 <i>(Note 2)</i>	160,959,129	1.00%
Chew Fook Aun	Beneficial owner	Nil	Nil	80,479,564 <i>(Note 3)</i>	80,479,564	0.50%

Notes:

- As at 31 January 2013, by virtue of his deemed controlling shareholding interests in the Company as described in Note 1 of paragraph (I) "Interests in the Company" above, Dr. Peter Lam (who was the chairman and an executive director of Lai Fung from 25 November 1993 to 31 October 2012) was deemed to be interested in 7,949,276,422 Lai Fung Shares (approximately 49.39% of the Lai Fung Shares in issue) indirectly held by the Company.

*Details of the share option granted to Dr. Peter Lam under the share option scheme of Lai Fung are shown in the section headed "Share Option Schemes" of this Report.*

- Details of the share option granted to Mr. Lam (who is the chief executive officer and an executive director of Lai Fung) under the share option scheme of Lai Fung are shown in the section headed "Share Option Schemes" of this Report.*
- Details of the share option granted to Mr. Chew (who is the chairman and an executive director of Lai Fung) under the share option scheme of Lai Fung are shown in the section headed "Share Option Schemes" of this Report.*

By virtue of his deemed controlling shareholding interests in the Company as described in Note 1 of paragraph (I) "Interests in the Company" above, as at 31 January 2013, Dr. Peter Lam was also deemed to be interested in a principal amount of US\$1,025,000 in the 9.125% Senior Notes due 2014 issued by Lai Fung, which was beneficially owned by a wholly-owned subsidiary of the Company.

Save as disclosed above, as at 31 January 2013, none of the Directors and the chief executive of the Company and their respective associates was interested, or was deemed to be interested, in the long and short positions in the shares, underlying shares and/or debentures of the Company or any of its associated corporations which were required to be notified to the Company and the Stock Exchange under the SFO, recorded in the Register of Directors and Chief Executive, notified under the Securities Code or otherwise known by the Directors.

## Substantial Shareholders' and Other Persons' Interests

As at 31 January 2013, so far as it was known by or otherwise notified by any Director or the chief executive of the Company, the particulars of the corporations or individuals (two being Directors), who had 5% or more interests in the following long positions in the Shares and underlying Shares as recorded in the register required to be kept under Section 336 of the SFO ("**Register of Shareholders**") or were entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company ("**Voting Entitlements**") (i.e. within the meaning of substantial shareholders of the Listing Rules) were as follows:

<b>Long positions in the Shares and underlying Shares</b>			
<b>Name</b>	<b>Capacity</b>	<b>Number of Shares held</b>	<b>Approximate percentage of total issued Shares</b>
<b>Substantial Shareholders</b>			
Lai Sun Development Company Limited <i>(Note 1)</i>	Owner of controlled corporation	496,404,186	39.93% <i>(Note 3)</i>
Lai Sun Garment (International) Limited <i>(Note 2)</i>	Owner of controlled corporations	496,404,186	39.93% <i>(Note 3)</i>
Dr. Lam Kin Ngok, Peter	Beneficial owner/Owner of controlled corporations	500,441,841	40.25% <i>(Note 3)</i>
SAIF Partners IV LP	Beneficial Owner	125,000,000	10.05% <i>(Note 4)</i>
SAIF IV GP LP	Owner of controlled corporation	125,000,000	10.05% <i>(Note 4)</i>
SAIF IV GP Capital Limited	Owner of controlled corporations	125,000,000	10.05% <i>(Note 4)</i>
Mr. Andrew Y. Yan	Owner of controlled corporations	125,000,000	10.05% <i>(Note 4)</i>
<b>Other Persons</b>			
Atlantis Capital Holdings Limited	Owner of controlled corporations	120,000,000	9.65% <i>(Note 5)</i>
Ms. Liu Yang	Owner of controlled corporations	120,000,000	9.65% <i>(Note 5)</i>

**Notes:**

- As at 31 January 2013, Dr. Peter Lam, Mr. Chew and Mr. Lam, all Executive Directors, were also executive directors of LSD. Madam U Po Chu ("**Madam U**"), a NED, was also a non-executive director of LSD.
- As at 31 January 2013, Dr. Peter Lam, Mr. Chew and Mr. Lam, all Executive Directors, and Madam U, a NED, were also executive directors of LSG.
- Dr. Peter Lam and LSG were deemed to be interested in the same 496,404,186 Shares held by LSD. Please refer to Note 1 of paragraph (l) in the "Directors' Interests" section above for further details.
- Mr. Yan, a NED, was deemed to be interested in the same 125,000,000 Shares owned by SAIF Partners IV LP, SAIF IV GP LP and SAIF IV GP Capital Limited. Please refer to Note 2 of paragraph (l) in the "Directors' Interests" section above for further details.
- Ms. Liu was deemed to be interested in the same 120,000,000 Shares controlled by Atlantis Capital Holdings Limited by virtue of her directorship/controlling interest in such company.

Save as disclosed above, the Directors are not aware of any other corporation or individual (other than a Director or the chief executive of the Company) who, as at 31 January 2013, had the Voting Entitlements or 5% or more interests or short positions in the Shares or underlying Shares as recorded in the Register of Shareholders.



## Purchase, Sale or Redemption of Listed Securities

During the six months ended 31 January 2013, the Company did not redeem any of the Shares listed and traded on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such Shares.

## Update on Directors' Information

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the Directors' information since the disclosure made in the Company's annual report 2011-2012 are set out as follows:

- (a) The Group usually makes annual adjustment to basic salaries and pays discretionary bonuses in January. The basic salaries of Mr. Chew Fook Aun ("**Mr. Chew**") and Mr. Lui Siu Tsuen, Richard ("**Mr. Lui**") have been adjusted upward by 4.5% with effect from 1 January 2013. The basic salary of Mr. Lam Hau Yin, Lester under the employment of Lai Fung Holdings Limited ("**Lai Fung**") has also been adjusted upward by 4.5% with effect from 1 January 2013. On 18 January 2013, the Company and Lai Fung granted share options to certain Directors under the share option schemes of the Company and Lai Fung, to subscribe for ordinary shares of HK\$0.50 each in the share capital of the Company and HK\$0.10 each in the share capital of Lai Fung, respectively. Directors' remuneration for the six months ended 31 January 2013 and 2012 are as follows:

	Fees HK\$'000	Basic salaries, allowances and benefits in kind HK\$'000	Equity- settled share option benefits HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
<b>Six months ended 31 January 2013</b>					
<i>Executive directors ("<b>Executive Directors</b>"):</i>					
Lam Kin Ngok, Peter	60	5,000	1,507	–	6,567
Lui Siu Tsuen, Richard	60	1,885	1,779	7	3,731
Chew Fook Aun	–	4,273	–	15	4,288
Lam Hau Yin, Lester (appointed on 1 November 2012)	–	739	15,074	4	15,817
Cheung Sum, Sam (resigned on 1 September 2012)	–	1,009	–	2	1,011
	120	12,906	18,360	28	31,414
<i>Non-executive directors ("<b>NEDs</b>"):</i>					
U Po Chu	–	2,172	–	–	2,172
Andrew Y. Yan	120	10	–	–	130
	120	2,182	–	–	2,302
<i>Independent non-executive directors ("<b>INEDs</b>"):</i>					
Low Chee Keong	338	45	–	–	383
Alfred Donald Yap	120	45	–	–	165
Ng Lai Man, Carmen	170	45	–	–	215
Lo Kwok Kwei, David	120	40	–	–	160
	748	175	–	–	923
<b>Total</b>	<b>988</b>	<b>15,263</b>	<b>18,360</b>	<b>28</b>	<b>34,639</b>

## Update on Directors' Information *(continued)*

(a) *(continued)*

	Fees HK\$'000	Basic salaries, allowances and benefits in kind HK\$'000	Equity- settled share option benefits HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
Six months ended 31 January 2012					
<i>Executive directors:</i>					
Lam Kin Ngok, Peter	60	4,000	—	—	4,060
Lui Siu Tsuen, Richard	60	2,079	—	6	2,145
Cheung Wing Sum, Ambrose (retired on 21 December 2011)	—	2,650	—	109	2,759
Cheung Sum, Sam (resigned on 1 September 2012)	—	884	—	6	890
	120	9,613	—	121	9,854
<i>Non-executive directors ("NEDs"):</i>					
U Po Chu	—	—	—	—	—
Andrew Y. Yan (appointed on 1 September 2011)	100	10	—	—	110
Albert Thomas da Rosa, Junior (resigned on 1 May 2012)	120	30	—	—	150
	220	40	—	—	260
<i>Independent non-executive directors ("INEDs"):</i>					
Low Chee Keong (re-designated from a NED to an INED on 1 September 2011)	333	60	—	—	393
Alfred Donald Yap	120	65	—	—	185
Ng Lai Man, Carmen	170	65	—	—	235
Lo Kwok Kwei, David (re-designated from a NED to an INED on 1 September 2011)	120	50	—	—	170
Tong Ka Wing, Carl (resigned on 1 September 2011)	44	35	—	—	79
	787	275	—	—	1,062
<b>Total</b>	<b>1,127</b>	<b>9,928</b>	<b>—</b>	<b>121</b>	<b>11,176</b>

## Update on Directors' Information *(continued)*

- (b) Mr. Chew has been appointed a member of the Remuneration Committee of the Company with effect from 1 November 2012.
- (c) The Company has been informed by the following Directors of their respective changes:
- (i) Dr. Lam Kin Ngok, Peter, an Executive Director,
    - stepped down as the chairman of the board of directors and an executive director of Lai Fung with effect from 1 November 2012;
    - was appointed a member of the 12th National Committee of the Chinese People's Political Consultative Conference on 1 February 2013 following completion of his previous term of membership; and
    - has accepted the appointment as the chairman of the Hong Kong Tourism Board for 3 years from 1 April 2013 to 31 March 2016 and by virtue of such appointment will become an ex officio member of the Hong Kong Trade Development Council for the same period:
  - (ii) Mr. Lui resigned as an executive director of each of Lai Sun Garment (International) Limited ("**LSG**"), Lai Sun Development Company Limited ("**LSD**") and Lai Fung on 1 November 2012;
  - (iii) Mr. Chew has been elected the chairman of Lai Fung with effect from 1 November 2012;
  - (iv) Madam U Po Chu, a NED, has been re-designated as an executive director from a non-executive director of LSG with effect from 27 November 2012; and
  - (v) Mr. Andrew Y. Yan, a NED, has been appointed an independent non-executive director of China Mengniu Dairy Company Limited (a company listed and traded on the Main Board of the Stock Exchange (Stock Code: 2319)) with effect from 10 January 2013.

## Disclosure Pursuant to Paragraph 13.21 of Chapter 13 of the Listing Rules

Pursuant to the covenants of the loan agreements and the supplemental loan agreements dated 20 December 2007, 27 July 2010 and 14 September 2010, respectively, Lai Fung and its certain subsidiaries shall procure that (i) LSG, LSD and the Company will together hold not less than 30% of the total issued share capital of Lai Fung at all times throughout the terms of facilities; (ii) LSG and/or LSD and/or the Company shall together remain as the single largest shareholder of Lai Fung; and (iii) LSG will maintain management control of Lai Fung.

As at 31 January 2013, the aggregate outstanding loan balances of these facilities amounted to approximately HK\$1,047,889,000 with the last instalment repayment falling due in July 2013.

## Directors, Employees and Remuneration Policies

As at 31 January 2013, the Group employed a total of around 1,670 employees. The Group recognises the importance of maintaining a stable staff force in its continued success. Under the Group's existing policies, employee pay rates are maintained at competitive levels whilst promotion and salary increments are assessed on a performance-related basis. Discretionary bonuses are granted to employees based on their merit and in accordance with industry practice. Other benefits including share option scheme, mandatory provident fund scheme, free hospitalisation insurance plan, subsidised medical care and sponsorship for external education and training programmes are offered to eligible employees.

The Group is delighted to welcome Mr. Lam Hau Yin, Lester who has joined the Board as an Executive Director with effect from 1 November 2012. The Group would also like to thank Mr. Cheung Sum, Sam, who left the Board during the period under review, for his valuable contributions to the Company during his tenure.

## Investor Relations

To ensure our investors have a better understanding of the Company, our management has begun engaging in a proactive investor relations programme. Our Executive Directors and the 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 business strategy.

For the six months ended 31 January 2013, the Company has met with a number of research analysts and investors, as well as attended conferences and non-deal roadshows as follows:

Month	Event	Organiser	Location
September 2012	UBS Hong Kong/China Property Conference 2012	UBS	Hong Kong
September 2012	JP Morgan Hong Kong Property Corporate Access Days	JP Morgan	Hong Kong
October 2012	Post full year results non-deal roadshow	UBS	Hong Kong
November 2012	Post full year results non-deal roadshow	DBS	Singapore
November 2012	Post full year results non-deal roadshow/ HSBC Asia Corporate Day	HSBC	London
November 2012	Post full year results non-deal roadshow	JP Morgan	New York/Philadelphia/ San Francisco
December 2012	Investors luncheon	Daiwa Securities	Hong Kong
January 2013	Investors luncheon	Bank of China International	Hong Kong
January 2013	Non-deal roadshow	UOB Kay Hian	Taipei

The Company is keen on promoting good 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 email at [ir@esun.com](mailto:ir@esun.com).

## Review of Interim Report

The Audit Committee of the Company currently comprises three INEDs, namely Dr. Ng Lai Man, Carmen (Chairwoman), Mr. Low Chee Keong and Mr. Alfred Donald Yap. The Audit Committee has reviewed the interim report (containing the unaudited condensed consolidated interim financial statements) of the Company for the six months ended 31 January 2013.

By Order of the Board

**Low Chee Keong**

*Chairman*

Hong Kong, 28 March 2013