LAI FUNG HOLDINGS

Lai Fung Holdings Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1125)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 JULY 2017

RESULTS

The board of directors (the "**Board**") of Lai Fung Holdings Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 July 2017 together with the comparative figures for the previous year as follows:

Consolidated Income Statement
For the year ended 31 July 2017

	Notes	**2017 HK$'000**	2016 HK$'000
TURNOVER	3	**1,326,682**	2,043,530
Cost of sales		**(662,438)**	(954,724)
Gross profit		**664,244**	1,088,806
Other income and gains		**151,596**	133,476
Selling and marketing expenses		**(93,629)**	(61,498)
Administrative expenses		**(300,597)**	(289,680)
Other operating expenses, net		**(124,050)**	(124,930)
Fair value gains on cross currency swaps		**111,657**	-
Fair value gains on investment properties		**800,104**	528,015
PROFIT FROM OPERATING ACTIVITIES	4	**1,209,325**	1,274,189
Finance costs	5	**(166,083)**	(156,356)
Share of profits of joint ventures		**609,562**	167,752
PROFIT BEFORE TAX AND TAX INDEMNITY		**1,652,804**	1,285,585
Tax	6	**(556,156)**	(388,163)
Tax indemnity	6	**493,936**	-
PROFIT FOR THE YEAR		**1,590,584**	897,422
ATTRIBUTABLE TO:			
Owners of the Company		**1,477,452**	873,527
Non-controlling interests		**113,132**	23,895
		1,590,584	897,422
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY:	8		(Adjusted)
Basic		**HK$4.547**	HK$2.702
Diluted		**HK$4.542**	HK$2.702

Consolidated Statement of Comprehensive Income

For the year ended 31 July 2017

	2017	2016
	HK$'000	HK$'000
PROFIT FOR THE YEAR	**1,590,584**	897,422
OTHER COMPREHENSIVE INCOME/(EXPENSES) TO BE RECLASSIFIED TO THE INCOME STATEMENT IN SUBSEQUENT PERIODS, NET OF TAX		
Exchange differences arising on translation to presentation currency	**(134,482)**	(987,871)
Share of other comprehensive income/(expenses) of joint ventures	**2,934**	(52,223)
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the year	**(101,887)**	(88,697)
Reclassification adjustments for exchange gain included in the consolidated income statement	**69,653**	135,756
	(32,234)	47,059
	(163,782)	(993,035)
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE YEAR	**1,426,802**	(95,613)
ATTRIBUTABLE TO:		
Owners of the Company	**1,314,396**	(98,997)
Non-controlling interests	**112,406**	3,384
	1,426,802	(95,613)

Consolidated Statement of Financial Position
As at 31 July 2017

	Notes	**2017 HK$'000**	2016 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,703,731**	1,450,871
Prepaid land lease payments		**4,397**	4,623
Investment properties		**16,457,221**	14,661,728
Properties under development		**1,341,974**	1,184,375
Investments in joint ventures		**1,387,570**	804,431
Investments in associates		**343**	-
Deposit for acquisition of an investment property		**-**	228,620
Total non-current assets		**20,895,236**	18,334,648
CURRENT ASSETS			
Properties under development		**213,818**	791,844
Completed properties for sale		**904,811**	503,187
Debtors, deposits and prepayments	9	**256,671**	367,068
Prepaid tax		**42,844**	32,575
Pledged and restricted time deposits and bank balances		**571,022**	1,066,374
Cash and cash equivalents		**2,057,346**	2,546,240
		4,046,512	5,307,288
Asset classified as held for sale		**278,531**	257,666
Total current assets		**4,325,043**	5,564,954
CURRENT LIABILITIES			
Creditors and accruals	10	**957,047**	797,512
Deposits received and deferred income		**245,024**	596,367
Interest-bearing bank loans, secured		**82,031**	287,548
Fixed rate senior notes	11	**2,080,366**	-
Derivative financial instruments		**208,223**	-
Loans from a joint venture		**192,731**	350,328
Tax payable		**104,958**	399,326
Total current liabilities		**3,870,380**	2,431,081
NET CURRENT ASSETS		**454,663**	3,133,873
TOTAL ASSETS LESS CURRENT LIABILITIES		**21,349,899**	21,468,521

Consolidated Statement of Financial Position (continued)
As at 31 July 2017

	Note	**2017** **HK$'000**	2016 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**21,349,899**	21,468,521
NON-CURRENT LIABILITIES			
Long-term deposits received		**140,240**	124,389
Interest-bearing bank loans, secured		**2,814,062**	2,747,970
Advances from a former substantial shareholder		**54,143**	54,675
Loans from a fellow subsidiary		**218,279**	221,714
Loans from a joint venture		**649,779**	222,430
Fixed rate senior notes	11	**-**	2,092,741
Derivative financial instruments		**-**	210,068
Deferred tax liabilities		**2,704,032**	2,406,920
Total non-current liabilities		**6,580,535**	8,080,907
		14,769,364	13,387,614
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**1,628,509**	1,619,770
Reserves		**12,955,602**	11,694,997
		14,584,111	13,314,767
Non-controlling interests		**185,253**	72,847
		14,769,364	13,387,614

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for completed investment properties, certain investment properties under construction and derivative financial instruments, which have been measured at fair value. Non-current asset classified as held for sale is stated at the lower of its carrying amount and fair value less costs to sell. These financial statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards and new interpretation for the first time for the current year's financial statements:

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
HKFRS 14	*Regulatory Deferral Accounts*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Annual Improvements 2012-2014 Cycle	*Amendments to a number of HKFRSs*

The adoption of the above revised standards and new interpretation has had no significant financial effect on the financial statements.

3. OPERATING SEGMENT INFORMATION

	Property development		Property investment		Consolidated	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue/results:						
Segment revenue						
Sales to external customers	**624,592**	1,414,160	**702,090**	629,370	**1,326,682**	2,043,530
Other revenue	**1,617**	2,659	**120,634**	109,247	**122,251**	111,906
Total	**626,209**	1,416,819	**822,724**	738,617	**1,448,933**	2,155,436
Segment results	**44,340**	511,683	**1,167,066**	846,094	**1,211,406**	1,357,777
Interest income from bank deposits					**22,595**	15,339
Unallocated gains					**6,750**	6,231
Fair value gains on cross currency swaps					**111,657**	-
Unallocated expenses, net					**(143,083)**	(105,158)
Profit from operating activities					**1,209,325**	1,274,189
Finance costs					**(166,083)**	(156,356)
Share of profits of joint ventures	**609,562**	167,752	**-**	-	**609,562**	167,752
Profit before tax and tax indemnity					**1,652,804**	1,285,585
Tax					**(556,156)**	(388,163)
Tax indemnity					**493,936**	-
Profit for the year					**1,590,584**	897,422
Segment assets/liabilities:						
Segment assets	**2,502,894**	2,690,689	**18,240,394**	16,379,121	**20,743,288**	19,069,810
Investments in joint ventures	**1,387,570**	804,431	**-**	-	**1,387,570**	804,431
Investments in associates	-	-	**343**	-	**343**	-
Unallocated assets					**2,810,547**	3,767,695
Asset classified as held for sale					**278,531**	257,666
Total assets					**25,220,279**	23,899,602
Segment liabilities	**439,278**	830,687	**767,616**	541,816	**1,206,894**	1,372,503
Unallocated liabilities					**9,244,021**	9,139,485
Total liabilities					**10,450,915**	10,511,988

During the year, no single customer accounted for over 10% of the Group's total turnover (2016: Nil).

No further geographical segment information is presented as over 90% of the Group's revenue is derived from Mainland China.

3. OPERATING SEGMENT INFORMATION (continued)

	Property development		Property investment		Consolidated	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Other segment information:						
Depreciation	**2,248**	2,964	**65,090**	63,501	**67,338**	66,465
Corporate and other unallocated depreciation					**4,888**	4,736
					72,226	71,201
Capital expenditure	**1,142**	616	**1,340,700**	678,582	**1,341,842**	679,198
Corporate and other unallocated capital expenditure					**2,022**	367
					1,343,864	679,565
Fair value gains on investment properties	**-**	-	**800,104**	528,015	**800,104**	528,015
Reversal of write-down / (write-down) of completed properties for sale to net realisable value	**3,829**	(3,485)	**-**	-	**3,829**	(3,485)
Loss on return of land use right to the local authority	**-**	19,929	**-**	-	**-**	19,929
Compensation received on return of land use right to the local authority	**6,801**	-	**-**	-	**6,801**	-
Loss on disposal of items of property, plant and equipment	**34**	8	**208**	91	**242**	99

4. PROFIT FROM OPERATING ACTIVITIES

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

	2017 HK$'000	2016 HK$'000
Property management fee income[ϕ]	**(108,194)**	(98,128)
Interest income from bank deposits[ϕ]	**(22,595)**	(15,339)
Cost of completed properties sold	**509,032**	806,304
Outgoings in respect of rental income	**153,406**	148,420
Total cost of sales	**662,438**	954,724
Depreciation[#]	**72,226**	71,201
Ineffective portion of the effective hedge recognised in profit or loss*	**7,925**	9,717
Amortisation of prepaid land lease payments	**15,413**	17,528
Capitalised in properties under development	**(15,235)**	(17,342)
	178	186
Foreign exchange differences, net*	**58,715**	24,513
Loss on disposal of items of property, plant and equipment[#]	**242**	99
Loss on return of land use right to the local authority*	**-**	19,929
Compensation received on return of land use right to the local authority*	**(6,801)**	-
Contingent rents	**(13,112)**	(4,109)
Write-down / (reversal of write-down) of completed properties for sale to net realisable value*	**(3,829)**	3,485

ϕ *These items are included in "Other income and gains" on the face of the consolidated income statement.*

\# *The depreciation charge of HK$59,380,000 (2016: HK$60,310,000) for serviced apartments and related leasehold improvements and the loss on disposal of items of property, plant and equipment of HK$242,000 (2016: HK$99,000) are included in "Other operating expenses, net" on the face of the consolidated income statement.*

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

5. FINANCE COSTS

	2017 **HK$'000**	2016 HK$'000
Interest on:		
Bank loans	**138,726**	139,501
2013 Notes (as defined and disclosed in note 11)	**140,957**	141,117
Loans from a joint venture	**25,668**	15,138
Amortisation of:		
Bank loans	**19,055**	12,844
2013 Notes	**8,145**	7,583
Bank financing charges and direct costs	**12,689**	18,857
	345,240	335,040
Less: Capitalised in properties under development	**(91,480)**	(97,536)
Capitalised in investment properties under construction	**(62,586)**	(68,596)
Captialised in construction in progress	**(25,091)**	(12,552)
	(179,157)	(178,684)
Total finance costs	**166,083**	156,356

6. TAX AND TAX INDEMNITY

(a) Tax

No provision for Hong Kong profits tax had been made as the Group had no estimated assessable profits arising in Hong Kong during the year (2016: Nil). Taxes on profits assessable elsewhere had been calculated at the tax rates prevailing in the jurisdictions in which the Group operates.

	2017 **HK$'000**	2016 HK$'000
Current - Mainland China		
Corporate income tax ("**CIT**")		
Charge for the year	**59,843**	130,622
Underprovision in prior years	**-**	21,029
	59,843	151,651
Land appreciation tax ("**LAT**")		
Charge for the year	**58,391**	176,315
Underprovision / (overprovision) in prior years	**122,258**	(84,115)
	180,649	92,200
Deferred	**315,664**	144,312
Total tax charge for the year	**556,156**	388,163

6. TAX AND TAX INDEMNITY (CONTINUED)

(b) Tax indemnity

In connection with the listing of the Company on the Stock Exchange (currently on the Main Board), a tax indemnity deed was signed on 12 November 1997, pursuant to which Lai Sun Development Company Limited ("**LSD**") has undertaken to indemnify the Group in respect of certain potential Mainland China CIT and LAT payable or shared by the Group in consequence of the disposal of certain property interests attributable to the Group through its subsidiaries and its joint ventures as at 31 October 1997. During the year, tax indemnity of HK$493,936,000 (2016: Nil) was received from LSD in relation to the CIT and LAT incurred and paid by the Group which is attributable to the disposal of certain properties located in Guangzhou, Mainland China.

7. DIVIDEND

	2017 **HK$'000**	2016 HK$'000
Final dividend paid in respect of the year ended 31 July 2016 (2016: final dividend paid in respect of the year ended 31 July 2015)	**58,420**	53,228
Proposed final – HK$0.20 per ordinary share (2016: HK$0.0036 per ordinary share before the effect of the Share Consolidation (as defined in note 8) or HK$0.18 per ordinary share after the effect of the Share Consolidation)	**65,148**	58,312

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

On 16 December 2016, the Company's shareholders approved at the annual general meeting a final dividend of HK$0.0036 per share payable in cash with a scrip dividend alternative (the "**2016 Scrip Dividend Scheme**") for the year ended 31 July 2016 (the "**2016 Final Dividend**"). During the year ended 31 July 2017, 57,394,650 new shares of HK$0.10 each were issued by the Company at a deemed price of HK$0.1634 per share, credited as fully paid, to shareholders of the Company who had elected to receive scrip shares in lieu of cash under the 2016 Scrip Dividend Scheme to settle HK$9,378,000 of the 2016 Final Dividend. The remainder of the 2016 Final Dividend of HK$49,042,000 was satisfied by cash.

Further details of the 2016 Scrip Dividend Scheme are set out in the Company's circular dated 4 January 2017.

8. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per share amounts was based on the profit for the year attributable to owners of the Company of HK$1,477,452,000 (2016: HK$873,527,000), and the weighted average number of ordinary shares of 324,941,534 (2016: adjusted as 323,281,099) in issue during the year, as adjusted to reflect the share consolidation (i.e. every fifty issued and unissued shares of HK$0.10 each are consolidated into one share of HK$5.00 each in the share capital of the Company as approved by the shareholders of the Company in an Extraordinary General Meeting with effect from 15 August 2017) (the "**Share Consolidation**"). Comparative figures have also been adjusted on the assumption that the Share Consolidation had been effective in the prior year. Further details of the Share Consolidation are set out in an announcement and circular of the Company dated 18 July 2017 and 26 July 2017, respectively.

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

No adjustment has been made to the basic earnings per share amount presented for the year ended 31 July 2016 in respect of a dilution as the share options had an anti-dilutive effect on the basic earnings per share amount presented. The calculations of basic and diluted earnings per share are based on:

	2017	2016
	HK$'000	HK$'000
Earnings		
Profit attributable to owners of the Company used in the basic earnings per share calculation	**1,477,452**	873,527

	Number of shares	
	2017	2016
		(Adjusted)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**324,941,534**	323,281,099
Effect of dilution – weighted average number of ordinary shares:		
Share options	**357,669**	-
	325,299,203	323,281,099

9. DEBTORS, DEPOSITS AND PREPAYMENTS

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

The Group did not hold any collateral or other credit enhancements over these balances.

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

	2017	2016
	HK$'000	HK$'000
Trade receivables, net:		
Within one month	**103,530**	239,078
One to three months	**2,897**	6,466
Over three months	**3,794**	5,276
	110,221	250,820
Other receivables, deposits and prepayments	**146,450**	116,248
Total	**256,671**	367,068

10. CREDITORS AND ACCRUALS

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

	2017	2016
	HK$'000	HK$'000
Trade payables:		
Within one month	**201,075**	81,680
One to three months	**4,244**	16,777
Over three months	**552**	72
	205,871	98,529
Accruals and other payables	**751,176**	698,983
Total	**957,047**	797,512

11. FIXED RATE SENIOR NOTES

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

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

FINAL DIVIDEND AND BOOK CLOSE DATES

The Board has recommended a final dividend of HK$0.20 per share for the year ended 31 July 2017 (2016 (adjusted): HK$0.18 per share) payable to shareholders ("**Shareholders**") whose names appear on the Hong Kong Branch Register of Members of the Company ("**Register of Members**") at the close of business on Friday, 22 December 2017. Subject to the approval of Shareholders at the forthcoming annual general meeting of the Company ("**AGM**"), the proposed final dividend, will be payable in cash, with an option for the Shareholders to receive new fully paid shares of par value of HK$5.00 each in the share capital of the Company in lieu of cash, or partly in cash and partly in new shares under the scrip dividend scheme (the "**Scrip Dividend Scheme**").

A circular containing details of the Scrip Dividend Scheme and the relevant election form are expected to be sent to the Shareholders on or about Wednesday, 3 January 2018.

The Scrip Dividend Scheme is conditional upon the passing of the resolution relating to the payment of final dividend at the AGM and the granting of the listing of and permission to deal in new shares to be issued under the Scrip Dividend Scheme by the Listing Committee of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**").

Final dividend will be distributed, and the share certificates to be issued under the Scrip Dividend Scheme will be sent on Tuesday, 30 January 2018 to the Shareholders whose names appear on the Register of Members on Friday, 22 December 2017.

The Register of Members will be closed on Thursday, 21 December 2017 and Friday, 22 December 2017, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all relevant transfer document(s) and share certificate(s) must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 20 December 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Major economies around the world continue to navigate in uncertain waters during the year under review. The capital markets have demonstrated resilience and robustness despite a precarious economic outlook, punctuated by global events such as elections in Europe, uncertainties surrounding the terms of Brexit, domestic terror events in the United States and Europe, and geopolitical tensions in the Korean peninsula. Some of these events are likely to linger in the near future and cast a shadow on the outlook.

Notwithstanding the seemingly turbulent environment, the Central Government continued to forge ahead and delivered stable economic growth through a combination of proactive fiscal policy and prudent monetary policy. Whilst it is clear that some of the sectors, such as exports, continued to weaken as a result of lackluster global economic performance. Some of the slowdown has been countered by promoting other sectors and raising domestic consumption. The property sector has been a beneficiary of this as observed in various land auctions and transaction values recently. We have continued to benefit from this as seen in the results, mitigated by a depreciating Renminbi during the corresponding periods. We believe the property sector will remain an important economic pillar and continues to be shaped significantly by government policies. The Central Government's approach to the economy is certainly good news to the sector in the long run and supportive fiscal policy would be beneficial to investors and developers alike.

The Group's regional focus and rental-led strategy has demonstrated resilience in recent years. The rental portfolio of approximately 3.2 million square feet, primarily in Shanghai and Guangzhou, delivered steady performance in rental income at close to full occupancies for the key assets. The asset swap transaction as announced on 15 January 2015 in relation to Guangzhou Lai Fung Tower, the office block of Guangzhou Eastern Place Phase V, has been completed in August 2017 post year end. This enables the Group to consolidate its ownership of Guangzhou Lai Fung Tower completely and provide additional flexibility and strategic value to the Group. As at the date of this results announcement, the total GFA of this property owned by the Group increased to approximately 707,800 square feet excluding car-parking spaces from that of approximately 626,700 square feet as at 31 July 2017 and the commercial area and the office building of this property have been fully leased.

For the year ended 31 July 2017, the Group performed steadily and underpinned by a full year's rental contribution from Guangzhou Lai Fung Tower and recognition of sales from the joint venture project with CapitaLand China Holdings Pte. Ltd. ("**CapitaLand China**"), Guangzhou Dolce Vita. However this good performance was countered by currency translation against a depreciating Renminbi on a reported basis. The sale of residential units in Guangzhou Dolce Vita, Guangzhou Eastern Place Phase V and Zhongshan Palm Spring underpinned this set of results.

The Group has a number of projects in various stages of development in Shanghai, Guangzhou, Zhongshan and Hengqin. The rental portfolio is expected to increase from approximately 3.2 million square feet to approximately 6.7 million square feet through developing the existing projects on hand over the next few years. The acquisition of the 6th to 11th floors of Hui Gong Building that is physically connected to Northgate Plaza I in Shanghai, together with the right to use 20 car-parking spaces in the basement ("**Hui Gong Building**") was completed in September 2016. The Group plans to redevelop Shanghai Northgate Plaza I, Northgate Plaza II and the Hui Gong Building together under a comprehensive redevelopment plan and therefore enhance the overall value of the combined development. Demolition of Northgate Plaza I and Hui Gong Building has been completed in May 2017 and foundation works commenced in September 2017.

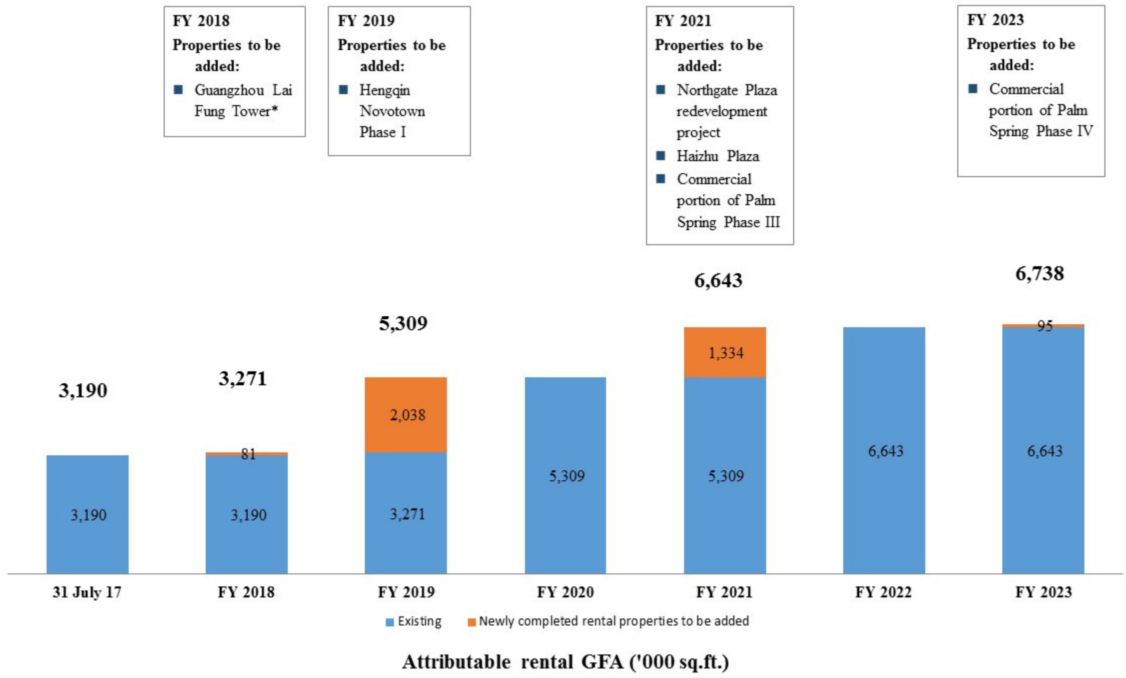
The construction works of Phase I of the Novotown project in Hengqin ("**Novotown**") commenced at the end of 2015 and is now progressing at a good pace. In January 2017, the Group entered into a shareholders' agreement with Sanitas Management Company Limited, which owns the Taipei Beitou Health Management Hospital in Taiwan to form a joint venture company co-developing a healthcare and beauty center in the Phase I of Novotown. This healthcare tourism destination is expected to have an area of approximately 86,000 square feet, providing visitors with comprehensive medical check-ups, beauty consultation and wellness services.

In June 2017, the Group entered into a licence agreement with Real Madrid Club de Fútbol ("**Real Madrid**") in relation to the development and operation of a location based entertainment centre ("**Real Madrid LBE**") in Novotown and subsequent to the year end, the Group entered into a framework agreement in September 2017 with Dr. Ing. h.c. F. Porsche AG ("**Porsche**") in relation to the development and operation of an auto experience theme centre ("**Porsche Experience Centre**") in Novotown. Both Real Madrid LBE and the Porsche Experience Centre are planned to be launched in Phase II of the Novotown project in Hengqin, subject to the acquisition of the land for Phase II. Discussions between the Group and the Hengqin government regarding the land concession and the Phase II development of the Novotown are ongoing.

The remaining residential units in Guangzhou Dolce Vita and Zhongshan Palm Spring are expected to contribute to the income statement of the Group in the coming financial years. The Group will continue its prudent and flexible approach in growing its landbank.

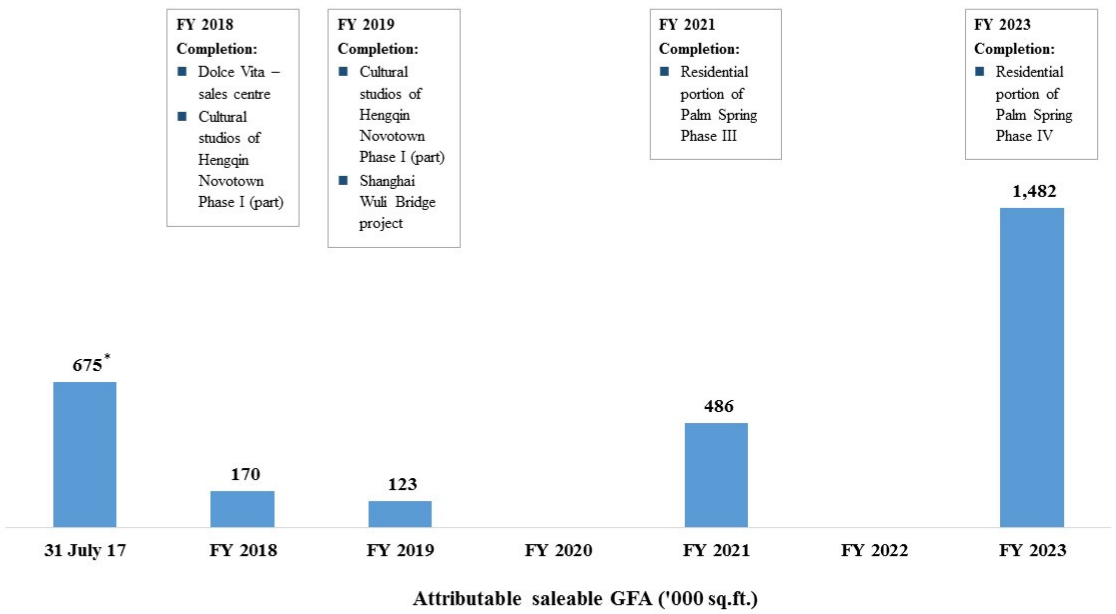
Set out below is the expected growth of the rental portfolio of the Group and the pipeline of development projects of the Group as at 31 July 2017:

Rental Portfolio



* *Upon completion of the asset swap transaction announced by the Company on 15 January 2015 in August 2017 post year end, the total GFA of Guangzhou Lai Fung Tower owned by the Group increased to approximately 707,800 square feet excluding car-parking spaces from that of approximately 626,700 square feet as at 31 July 2017.*

For-sale Projects



* *Excluding commercial portion of the Zhongshan Palm Spring for self-use and Guangzhou Paramount Centre which is subject to the asset swap transaction announced by the Company on 15 January 2015 that has been completed in August 2017 post year end.*

The share consolidation on a 1-for-50 basis ("**Share Consolidation**") and change in board lot size from 20,000 shares to 400 shares announced by the Group on 18 July 2017 is effective from 15 August 2017. It is hoped that this will make investing in the shares of the Group more attractive to a broader range of investors, in particular to institutional investors whose house rules might otherwise prohibit or restrict trading in securities that are priced below a prescribed floor, and thus help to further broaden the shareholder base of the Company.

As at 31 July 2017, the Group has a landbank of 5.7 million square feet. The Group's strong cash position of HK$2,628.4 million of cash on hand and undrawn facilities of HK$3,528.0 million with a net debt to equity ratio of 24% as at 31 July 2017 provides the Group with full confidence and the means to review opportunities more actively.

OVERVIEW OF FINAL RESULTS

For the year ended 31 July 2017, the Group recorded a turnover of HK$1,326.7 million (2016: HK$2,043.5 million) and a gross profit of HK$664.2 million (2016: HK$1,088.8 million), representing a decrease of approximately 35.1% and 39.0%, respectively over last year. The decrease in turnover and gross profit was primarily due to projects such as Guangzhou Eastern Place Phase V, Guangzhou King's Park and Shanghai May Flower Plaza having been sold and substantially recognised during the year ended 31 July 2016 and fewer properties being available for sale during the year under review. The average Renminbi exchange rate for the year under review depreciated by approximately 4.7% over last year. Excluding the effect of currency translation against a depreciating Renminbi, the decrease in Renminbi denominated turnover was 31.9%. Set out below is the turnover by segment:

	For the year ended 31 July			**For the year ended 31 July**		
	2017* **(HK$ million)**	2016* (HK$ million)	**% change**	**2017** **(RMB million)**	2016 (RMB million)	**% change**
Rental income	**702.1**	629.4	11.6%	616.2	526.6	17.0%
Sales of properties	**624.6**	1,414.1	-55.8%	548.2	1,183.2	-53.7%
Total:	**1,326.7**	2,043.5	-35.1%	1,164.4	1,709.8	-31.9%

* *The exchange rates adopted for the years ended 31 July 2017 and 2016 are 0.8777 and 0.8367, respectively.*

Net profit attributable to owners of the Company was approximately HK$1,477.5 million (2016: HK$873.5 million), representing an increase of approximately 69.1% over last year. The increase is due to a mix of:

(a) lower operating profit due to lower recognised property sales from subsidiaries of the Group;

(b) increased profit contribution from the sales of Guangzhou Dolce Vita, the joint venture project with CapitaLand China as compared to last year, which is recognised as a component of "Share of profits of joint ventures" in the consolidated income statement;

(c) a higher revaluation gain arising from the revaluation of the Group's investment properties for the year ended 31 July 2017 as compared to last year;

(d) the fair value gain arising on the cross currency swaps which were entered into in relation to the Company's RMB1.8 billion senior notes issued in 2013; and

(e) tax indemnity amount received by the Group from Lai Sun Development Company Limited pursuant to the tax indemnity deed in connection with the listing of the Company on the Stock Exchange in 1997.

Basic earnings per share was HK$4.547 (2016 (adjusted): HK$2.702).

Excluding the effect of property revaluations, net profit attributable to owners of the Company was approximately HK$987.9 million (2016: HK$484.3 million), representing an increase of approximately 104.0% over last year. Basic earnings per share excluding the effect of property revaluations increased to HK$3.040 (2016 (adjusted): HK$1.498).

Excluding the effect of property revaluations' fair value gains on cross currency swaps and ineffective portion of the effective hedge recognised in profit or loss , net profit attributable to owners of the Company was approximately HK$884.1 million (2016: HK$494.0 million), representing an increase of approximately 79.0% over last year. Basic earnings per share excluding the effect of property revaluations' fair value gains on cross currency swaps and ineffective portion of the effective hedge recognised in profit or loss increased to HK$2.721 (2016 (adjusted): HK$1.528).

Adjustments have been made to the weighted average number of issued shares of the Company for the year ended 31 July 2017 and 31 July 2016, respectively for the calculations of basic earnings per share and adjusted basic earnings per share as above due to the Share Consolidation of the Company being effective on 15 August 2017 post year end.

	For the year ended 31 July	
Profit attributable to owners of the Company (HK$ million)	**2017**	2016
Reported	**1,477.5**	873.5
Adjustments in respect of investment properties		
Revaluation of properties	**(800.1)**	(528.0)
Deferred tax on investment properties	**200.0**	132.0
Non-controlling interests' share of revaluation movements less deferred tax	**110.5**	6.8
Net profit after tax and tax indemnity excluding revaluation gains of investment properties	**987.9**	484.3
Adjustment in respect of fair value gains on cross currency swaps	**(111.7)**	-
Adjustment in respect of ineffective portion of the effective hedge recognised in profit or loss	**7.9**	9.7
Net profit after tax and tax indemnity excluding adjustments in respect of investment properties, fair value gains on cross currency swaps and ineffective portion of the effective hedge recognised in profit or loss	**884.1**	494.0

Net assets attributable to owners of the Company as at 31 July 2017 amounted to HK$14,584.1 million (2016: HK$13,314.8 million). Adjusted net asset value per share attributable to owners of the Company increased to HK$44.78 per share as at 31 July 2017 from HK$41.10 per share (adjusted) as at 31 July 2016. Adjustments have been made to the total number of issued shares of the Company as at 31 July 2017 and 31 July 2016, respectively due to the Share Consolidation of the Company being effective on 15 August 2017 post year end.

PROPERTY PORTFOLIO COMPOSITION

Approximate attributable GFA (in '000 square feet) and number of car-parking spaces as at 31 July 2017:

	Commercial/ Retail	Office	Serviced Apartments	Residential	Total (excluding car-parking spaces & ancillary facilities)	No. of car-parking spaces
Completed Properties Held for Rental[1]	1,625	967	-	-	2,592	799
Completed Hotel Properties and Serviced Apartments	-	-	598	-	598	-
Properties under Development[2]	1,109	1,745	821	2,051	5,726	4,402
Completed Properties Held for Sale	63[3]	77	-	671	811	2,319
Total GFA of major properties of the Group	**2,797**	**2,789**	**1,419**	**2,722**	**9,727**	**7,520**

1. *Completed and rental generating properties*
2. *All properties under construction*
3. *Completed properties for sale, including 53,223 square feet of commercial space in Zhongshan Palm Spring which is currently for self-use and expected to be reclassified as completed properties held for rental purpose as it is being leased out over time.*

PROPERTY INVESTMENT

Rental Income

For the year ended 31 July 2017, the Group's rental operations recorded a turnover of HK$702.1 million (2016: HK$629.4 million), representing an 11.6% increase over last year. Excluding the effect of currency translation against a depreciated Renminbi, the growth for Renminbi denominated rental income was 17.0%. Breakdown of rental turnover by major rental properties is as follows:

	For the year ended 31 July			**For the year ended 31 July**			
	2017#	2016#	**%**	**2017**	2016	**%**	**Year end**
	HK$ million	HK$ million	**Change**	**RMB million**	RMB million	**Change**	**occupancy (%)**
Shanghai							
Shanghai Hong Kong Plaza	**399.4**	398.2	0.3	**350.6**	333.2	5.2	Retail: 95.2% Office: 91.8% Serviced Apartments: 85.3%
Shanghai May Flower Plaza	**75.4**	71.4	5.6	**66.2**	59.7	10.9	Retail: 100.0% Hotel: 81.6%
Shanghai Regents Park	**20.0**	14.3	39.9	**17.5**	12.0	45.8	100.0%
Shanghai Northgate Plaza I	**-**	4.9	-100.0	**-**	4.1	-100.0	0.0%*
Guangzhou							
Guangzhou May Flower Plaza	**105.5**	109.5	-3.7	**92.6**	91.6	1.1	99.2%
Guangzhou West Point	**18.4**	17.2	7.0	**16.1**	14.4	11.8	99.6%
Guangzhou Lai Fung Tower	**74.9**	6.2	1,108.1	**65.7**	5.2	1,163.5	Retail: 100.0% Office: 100.0%**
Zhongshan							
Zhongshan Palm Spring	**8.5**	7.7	10.4	**7.5**	6.4	17.2	Retail: 86.4%*** Serviced Apartments: 56.9%
Total:	**702.1**	629.4	11.6	**616.2**	526.6	17.0	

\# *The exchange rates adopted for the years ended 31 July 2017 and 2016 are 0.8777 and 0.8367, respectively*

* *All tenants were vacated for project redevelopment and demolition has been completed in May 2017*

** *Excluding the office area that is subject to the asset swap transaction as announced by the Company on 15 January 2015 and the asset swap transaction has been completed in August 2017*

*** *Excluding self-use area*

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

	For the year ended 31 July 2017			For the year ended 31 July 2016		
	Group interest	**Turnover (HK$ million)**	**Attributable GFA (square feet)**	Group interest	Turnover (HK$ million)	Attributable GFA (square feet)
Shanghai						
Shanghai Hong Kong Plaza	100%			100%		
Retail		**181.7**	**468,434**		175.4	468,434
Office		**93.4**	**362,096**		93.0	360,687
Serviced Apartments (room revenue and F&B)		**117.1**	**355,267**		123.3	354,239
Car-parking spaces		**7.2**	**N/A**		6.5	N/A
		399.4	**1,185,797**		**398.2**	**1,183,360**
Shanghai May Flower Plaza	100%			100%		
Retail		**35.1**	**320,314**		30.1	320,314
Hotel (room revenue and F&B)		**36.6**	**143,846**		38.3	143,846
Car-parking spaces		**3.7**	**N/A**		3.0	N/A
		75.4	**464,160**		**71.4**	**464,160**
Shanghai Regents Park	95%			95%		
Retail		**16.6**	**77,959**		10.7	77,959
Car-parking spaces		**3.4**	**N/A**		3.6	N/A
		20.0	**77,959**		**14.3**	**77,959**
Shanghai Northgate Plaza I*	100%			100%		
Retail		**-**	**-**		-	192,348
Office		**-**	**-**		4.7	130,233
Car-parking spaces		**-**	**-**		0.2	N/A
		-	**-**		**4.9**	**322,581**
Guangzhou						
Guangzhou May Flower Plaza	100%			100%		
Retail		**91.3**	**357,424**		94.5	357,424
Office		**10.9**	**79,431**		11.4	79,431
Car-parking spaces		**3.3**	**N/A**		3.6	N/A
		105.5	**436,855**		**109.5**	**436,855**
Guangzhou West Point	100%			100%		
Retail		**18.4**	**171,968**		**17.2**	**171,968**
Guangzhou Lai Fung Tower	100%			100%		
Retail		**9.4**	**101,283**		0.7	100,341
Office		**62.5**	**525,463**		5.1	525,463
Car-parking spaces		**3.0**	**N/A**		0.4	N/A
		74.9	**626,746**		**6.2**	**625,804**
Zhongshan						
Zhongshan Palm Spring	100%			100%		
Retail		**3.3**	**127,844**		2.9	112,124
Serviced Apartments (room revenue)		**5.2**	**98,556**		4.8	98,556
		8.5	**226,440**		**7.7**	**210,680**
Total:		**702.1**	**3,189,925**		**629.4**	**3,493,367**

* *Demolition of this property has been completed in May 2017and foundation works for the redevelopment of Shanghai Northgate Plaza I, Northgate Plaza II and Hui Gong Building in Shanghai commenced in September 2017*

Rental income performed steadily as a whole with almost full occupancy in all the major properties. Rental income growth was partially offset by depreciation of Renminbi during the year under review.

The asset swap transaction with Guangzhou Light Industry Real Estate Limited ("**Guangzhou Light Industry**") as announced on 15 January 2015 in relation to Guangzhou Lai Fung Tower, the office block of Guangzhou Eastern Place Phase V, has been completed in August 2017 post year end. This enables the Group to consolidate its ownership of Guangzhou Lai Fung Tower completely and provide additional flexibility and strategic value to the Group. As at the date of this results announcement, the total GFA of this property owned by the Group increased to approximately 707,800 square feet excluding car-parking spaces from that of approximately 626,700 square feet as at 31 July 2017 and the commercial area and the office building of this property have been fully leased.

The acquisition of Hui Gong Building was completed in September 2016. The Group plans to redevelop Shanghai Northgate Plaza I, Northgate Plaza II and the Hui Gong Building together under a comprehensive redevelopment plan which includes an office tower, a shopping arcade and underground car-parking spaces and is expected to add a total GFA of approximately 693,600 square feet excluding car-parking spaces to the rental portfolio of the Group. Demolition of Shanghai Northgate Plaza I and Hui Gong Building has been completed in May 2017 and foundation works commenced in September 2017.

Excluding self-use area of approximately 53,223 square feet, all commercial area of Zhongshan Palm Spring Rainbow Mall has been reclassified as rental properties.

Review of Major Rental Properties

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

The property's total GFA is approximately 1.19 million square feet excluding 350 car-parking spaces. The property comprises an office tower, shopping arcades and a serviced apartment tower with total GFA of approximately 362,100 square feet, 468,400 square feet and 355,300 square feet, respectively. The property is directly above the Huangpi South Road Metro Station and is within walking distance of Xintiandi, a well-known landmark in Shanghai. The shopping arcades are now one of the most visible high-end retail venues for global luxury brands in the area. Anchor tenants include The Apple Store, Cartier, Coach, GAP, Tiffany and internationally renowned luxury brands and a wide array of dining options. Asset enhancement aimed at improving foot traffic at the higher levels of the retail podium of the Shanghai Hong Kong Plaza has been completed and new tenants have moved in by the end of 2014.

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

The Group owns 100% of this property.

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

The Group owns 100% in the retail podium which has approximately 320,300 square feet of GFA including the basement commercial area. The asset is positioned as a community retail facility.

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

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

The Group owns 100% of this property.

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

Guangzhou Lai Fung Tower
Guangzhou Lai Fung Tower is the office block of Phase V of Guangzhou Eastern Place, which is a multi-phase project located on Dongfeng East Road, Yuexiu District, Guangzhou. This 38-storey office building was completed in June 2016.

The asset swap transaction with Guangzhou Light Industry as announced on 15 January 2015 has been completed in August 2017 post year end. As at the date of this results announcement, the total GFA of this property owned by the Group increased to approximately 707,800 square feet excluding car-parking spaces from that of approximately 626,700 square feet as at 31 July 2017 and the commercial area and the office building have been fully leased.

Zhongshan Palm Spring Rainbow Mall
Zhongshan Palm Spring Rainbow Mall is the commercial element of the wholly owned residential project, Zhongshan Palm Spring. Zhongshan Palm Spring is located in Caihong Planning Area, Western District of Zhongshan. It has a total GFA of approximately 181,100 square feet and excluding self-use area, the occupancy rate as at year end was approximately 86.4%.

Hotel and Serviced Apartments

Ascott Huaihai Road Shanghai
Ascott Huaihai Road in Shanghai Hong Kong Plaza is managed by the Ascott Group and it is one of a premier collection of the Ascott Limited's serviced residences in over 70 cities in Asia Pacific, Europe and the Gulf region. The residence with total GFA of approximately 357,000 square feet and approximately 355,300 square feet GFA attributable to the Group has 308 contemporary apartments of various sizes: studios (640-750 sq.ft.), one-bedroom apartments (915-1,180 sq.ft.), two-bedroom apartments (1,720 sq.ft.), three-bedroom apartments (2,370 sq.ft.) and two luxurious penthouses on the highest two floors (4,520 sq.ft.). An average occupancy rate of 83.1% was achieved during the year under review and the average room tariff was approximately HK$1,220.

STARR Hotel Shanghai
STARR Hotel Shanghai soft opened in November 2013 and is a 17-storey hotel located in the Mayflower Lifestyle complex in Jing'an District, within walking distance to Lines 1, 3 and 4 of the Shanghai Metro Station with easy access to major motorways. There are 239 fully furnished and equipped hotel units with stylish separate living room, bedroom, fully-equipped kitchenette and luxurious bathroom amenities for short or extended stays to meet the needs of the business travelers from around the world and the total GFA is approximately 143,800 square feet. The GFA attributable to the Group is approximately 143,800 square feet. An average occupancy rate of 79.1% was achieved during the year under review since its soft opening in November 2013 and the average room tariff was approximately HK$507.

STARR Resort Residence Zhongshan
STARR Resort Residence Zhongshan comprises two 16-storey blocks located in the Palm Lifestyle complex in Zhongshan Western District at Cui Sha Road. It is 30 minutes away from Zhongshan ferry pier and an ideal place for weekend breaks with a wide range of family oriented facilities such as an outdoor Swimming Pool, Gym, Yoga Room, Reading Room, Wine Club, Card Game/Mahjong Room, Tennis Court, etc. There are 90 fully furnished serviced apartment units with kitchenette, unit type one- and two-bedroom suite and the total GFA is approximately 98,600 square feet. The resort also has an F&B outlet of 80 seats, suitable for private party and BBQ, etc. An average occupancy rate of 50.0% was achieved during the period under review and the average room tariff was approximately HK$354.

PROPERTY DEVELOPMENT

Recognised Sales
For the year ended 31 July 2017, the Group's property development operations recorded a turnover of HK$624.6 million (2016: HK$1,414.1 million) from sale of properties, representing a 55.8% decrease in sales revenue over last year.

Total recognised sales was primarily driven by the sales performance of residential units of Guangzhou Eastern Place Phase V and Zhongshan Palm Spring of which approximately 21,364 and 641,366 square feet of residential GFA were sold, respectively, achieving sales revenue of HK$129.2 million and HK$485.3 million, respectively.

For the year ended 31 July 2017, average selling price recognised as a whole (excluding Guangzhou Dolce Vita and car-parking spaces) amounted to approximately HK$983 per square foot (2016: HK$4,207 per square foot). Sales of residential units of Guangzhou Dolce Vita performed well and achieved an average selling price of HK$2,584 per square foot (2016: HK$2,915 per square foot). This is recognised as a component of "Share of profits of joint ventures" in the consolidated income statement.

Breakdown of turnover for the year ended 31 July 2017 from property sales is as follows:

Recognised basis	No. of units	Approximate GFA (Square feet)	Average Selling Price# (HK$/square foot)	Turnover* (HK$ million##)	Turnover* (RMB million)
Guangzhou Eastern Place					
Residential Units – Phase V	19	21,364	6,481	129.2	113.4
Zhongshan Palm Spring					
Residential High-Rise Units	479	597,959	743	420.1	368.7
Residential House Units	15	43,407	1,582	65.2	57.2
Others				0.4	0.4
Subtotal	**513**	**662,730**	**983**	**614.9**	**539.7**
Guangzhou King's Park					
Car-parking Spaces	14			9.0	7.9
Guangzhou West Point					
Car-parking Spaces	1			0.7	0.6
Total				**624.6**	**548.2**
Recognised sales from joint venture project					
Guangzhou Dolce Vita					
Residential Units**(47.5% basis)	514	737,122	2,570	1,794.7	1,575.2
Retail Units**(47.5% basis)	2	2,521	6,521	15.6	13.7
Subtotal	**516**	**739,643**	**2,584**	**1,810.3**	**1,588.9**
Car-parking Spaces**(47.5% basis)	373			122.4	107.4
Total				**1,932.7**	**1,696.3**

\# *Before business tax and value-added tax inclusive*

\## *The exchange rates adopted for the year ended 31 July 2017 is 0.8777*

* *After business tax and value-added tax exclusive*

** *Guangzhou Dolce Vita is a joint venture project with CapitaLand China in which each of the Group and CapitaLand China has an effective 47.5% interest. For the year ended 31 July 2017, the recognised sales (after business tax and value-added tax exclusive) attributable to the full project was HK$3,811.2 million (excluding car-parking spaces) and approximately 1,557,142 square feet (excluding car-parking spaces) of GFA were recognised. The recognised sales from car-parking spaces attributable to the full project was HK$257.7 million.*

Contracted Sales

As at 31 July 2017, the Group's property development operations, excluding Guangzhou Dolce Vita, has contracted but not yet recognised sales of HK$91.1 million and HK$49.7 million from sales of residential units in Zhongshan Palm Spring and Guangzhou Eastern Place Phase V, respectively and HK$2.3 million from sales of 3 car-parking spaces in Guangzhou King's Park. Sales of the remainder of the completed residential units of Zhongshan Palm Spring were strong and achieved an average selling price of HK$1,087 per square foot. Excluding the effect of currency translation against a depreciated Renminbi, the Renminbi denominated contracted but not yet recognised sales of residential units and car-parking spaces, excluding Guangzhou Dolce Vita as at 31 July 2017 amounted to RMB125.7 million (31 July 2016: RMB484.4 million).

The total contracted but not yet recognised sales of the Group as at 31 July 2017 including Guangzhou Dolce Vita and car-parking spaces amounted to HK$402.8 million (31 July 2016: HK$2,249.1 million). The Renminbi denominated contracted but not yet recognised sales of residential units and car-parking spaces, including Guangzhou Dolce Vita as at 31 July 2017 amounted to RMB353.6 million (31 July 2016: RMB1,881.8 million).

Breakdown of contracted but not yet recognised sales as at 31 July 2017 is as follows:

Contracted basis	No. of Units	Approximate GFA Square feet	Average Selling Price# HK$/square foot	Turnover# HK$ million##	Turnover# RMB million
Guangzhou Eastern Place					
Residential Units - Phase V	7	7,522	6,607	49.7	43.6
Zhongshan Palm Spring					
Residential High-rise Units	69	83,791	1,087	91.1	80.0
Subtotal	**76**	**91,313**	**1,542**	**140.8**	**123.6**
Guangzhou King's Park					
Car-parking Spaces	3			2.3	2.1
Subtotal				**143.1**	**125.7**
Contracted sales from joint venture project					
Guangzhou Dolce Vita					
Residential Units**(47.5% basis)	38	80,140	3,203	256.6	225.2
Car-parking Spaces**(47.5% basis)	9			3.1	2.7
Subtotal				**259.7**	**227.9**
Total (excluding car-parking spaces)	**114**	**171,453**	**2,318**	**397.4**	**348.8**

\# *Before business tax and value-added tax inclusive*

\## *The exchange rates adopted for the year ended 31 July 2017 is 0.8777*

** *Guangzhou Dolce Vita is a joint venture project with CapitaLand China in which each of the Group and CapitaLand China has an effective 47.5% interest. As at 31 July 2017, the contracted but not yet recognised sales attributable to the full project was HK$540.2 million (excluding car-parking spaces) and approximately 168,715 square feet of GFA (excluding car-parking spaces) were sold. The contracted but not yet recognised sales from car-parking spaces attributable to the full project was HK$6.5 million.*

Review of Major Properties Completed for Sale and under Development

Shanghai Northgate Plaza redevelopment project

Shanghai Northgate Plaza I is located on Tian Mu Road West in the Jing'an District of Shanghai near the Shanghai Railway Terminal and comprises office units, a retail podium and car-parking spaces. Shanghai Northgate Plaza II is a vacant site adjacent to Northgate Plaza I. In September 2016, the Group completed the acquisition of the 6th to 11th floors of Hui Gong Building which is physically connected to Northgate Plaza I, together with the right to use 20 car-parking spaces in the basement. The Group plans to redevelop Shanghai Northgate Plaza I, Northgate Plaza II and the Hui Gong Building together under a comprehensive redevelopment plan which includes an office tower, a shopping arcade and underground car-parking spaces and is expected to add a total GFA of approximately 693,600 square feet excluding car-parking spaces to the rental portfolio of the Group. Demolition of Northgate Plaza I and Hui Gong Building has been completed in May 2017 and foundation works commenced in September 2017.

Shanghai May Flower Plaza

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

The residential portion of Shanghai May Flower Plaza is branded "The Mid-town" which comprises 628 residential units and approximately 627,500 square feet of GFA. As of 31 July 2017, 458 car-parking spaces of this development remained unsold with a carrying amount of approximately HK$104.2 million.

Shanghai Wuli Bridge Project
In July 2014, the Group succeeded in the auction for the land use rights of a piece of land located by Huangpu River in Huangpu District in Shanghai with a site area of approximately 74,100 square feet. The proposed development has attributable GFA of approximately 83,700 square feet and is intended to be developed into a high end luxury residential project. Construction work commenced in August 2017. This project is expected to complete in the first quarter of 2019.

Guangzhou Eastern Place Phase V
Guangzhou Eastern Place is a multi-phase project located on Dongfeng East Road, Yuexiu District, Guangzhou. The current Phase V development will have a total GFA attributable to the Group of approximately 946,100 square feet, comprising two residential blocks (GFA 319,400 square feet approximately), an office block and ancillary retail spaces (GFA 626,700 square feet approximately). Construction work of residential blocks was completed during the year ended 31 July 2015 and the office block was completed in June 2016.

The residential portion of the Guangzhou Eastern Place Phase V comprised of 317 units. For the year ended 31 July 2017, 21,364 square feet was recognised at an average selling price of HK$6,481 per square foot, which contributed HK$129.2 million to the turnover. As at 31 July 2017, completed residential units held for sale in this development amounted to approximately 7,522 square feet with a carrying amount of approximately HK$19.9 million.

Guangzhou Dolce Vita
The Guangzhou Dolce Vita is a joint venture project with CapitaLand China in which each of the Group and CapitaLand China has a 47.5% interest. This development in Jinshazhou, Hengsha, Baiyun District, Guangzhou will have a total project GFA of approximately 5.459 million square feet. The project will comprise of approximately 2,796 low-rise and high-rise residential units and shopping amenities totaling 3.833 million square feet excluding ancillary facilities and car-parking spaces. It is conveniently located near the business centre of Jinshazhou as well as several shopping and entertainment areas and is easily accessible via Guangzhou Subway Line 6 and other transport modes. Praised as the model metropolis for Guangzhou and Foshan, Jinshazhou is located in northwest Guangzhou.

During the year under review, 739,643 square feet attributable to the Group was recognised and generated attributable sale proceeds of HK$1,810.3 million. As at 31 July 2017, contracted but not yet recognised sales excluding car-parking spaces amounted to HK$256.6 million at average selling prices of HK$3,203. Up to the year end, constructions of this project have been completed except for the commercial units with a total GFA of approximately 18,900 square feet that are currently used by the Group as a sales centre for the project. These commercial units are expected to be refurbished for sale by end of 2017.

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

During the year under review, the sales of 14 car-parking spaces contributed HK$9.0 million to the turnover. As at 31 July 2017, the contracted but not yet recognised sales of the 3 car-parking spaces amounted to approximately HK$2.3 million.

Guangzhou Haizhu Plaza
Guangzhou Haizhu Plaza is located on Chang Di Main Road in Yuexiu District, Guangzhou along the Pearl River. The Group owns the entire project. The proposed development has a total project GFA of approximately 602,800 square feet and is intended to be developed for rental purposes. The completion is expected to be in the first half of 2021.

Zhongshan Palm Spring
The project is located in Caihong Planning Area, Western District of Zhongshan. The overall development has a total planned GFA of approximately 6.075 million square feet. The project will comprise of high-rise residential towers, townhouses, serviced apartments and commercial blocks totaling 4.466 million square feet.

During the year under review, 43,407 square feet of house units and 597,959 square feet of residential units were recognised at average selling prices of HK$1,582 and HK$743 per square foot, respectively, which contributed a total of HK$485.3 million to the sales turnover. As at 31 July 2017, contracted but not yet recognised sales for high-rise residential units amounted to HK$91.1 millon, at average selling prices of HK$1,087 per square foot. As at 31 July 2017, completed residential units held for sale in this development amounted to 571,600 square feet with a carrying amount of approximately HK$456.3 million. The remaining GFA under development was approximately 2,099,200 square feet. Set out below is the current expectation on the development of the remaining phases:

Phase	**Description**	**Approximate GFA* (square feet)**	**Expected completion**
III	High-rise residential units including commercial units	523,100	Q3 2020
IV	High-rise residential units including commercial units	1,576,100	Q3 2022

** Excluding car-parking spaces and ancillary facilities*

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

Hengqin Novotown
On 25 September 2013, the Company announced it had successfully won Phase I of the Novotown project in Hengqin which is 80% owned by the Group and 20% owned by eSun. The Phase I of Novotown has a total GFA of 4.2 million square feet including car-parking spaces and ancillary facilities. The minimum investment requirement for the Phase I of Novotown is approximately RMB3.0 billion (equivalent to approximately HK$3.5 billion), of which approximately RMB523.3 million (equivalent to approximately HK$606.7 million) is land cost as per the land grant contract entered into between the Group and The Land and Resources Bureau of Zhuhai on 27 September 2013. The master layout plan for Phase I of Novotown has been approved in January 2015 and construction work commenced at the end of 2015.

The expected GFA breakdown by usage is set out below:

Usage	**GFA (square feet)**
Cultural themed hotel	596,727
Cultural workshop	429,641
Cultural commercial area	523,843
Performance halls	167,982
Cultural attractions	286,247
Office	542,447
Cultural studios (for sale)	250,553
Car-parking spaces	593,797
Ancillary facilities and others	828,800
Total:	**4,220,037**

Hyatt group was engaged as the manager for the cultural themed hotel in March 2015. On 30 October 2015, a licensing agreement was entered into with Lionsgate LBE, Inc. for the development and operation of an immersive experience center in one of the two performance halls in Novotown. Village Roadshow Theme Parks, the world renowned theme park operator with attractions across Australia and America, was appointed in July 2016 to consult during the construction phase of the Lionsgate-themed immersive experience center in Phase I of Novotown, oversee the preopening and to operate the immersive experience center for a minimum of ten years. The immersive experience center is expected to feature attractions, retail, and dining experiences themed around some of Lionsgate's most captivating global film franchises, including The Hunger Games, The Divergent Series, Now You See Me and three additional film franchises yet to be announced.

The Group also entered into licensing agreements on 30 October 2015 with a master license holder of National Geographic Society to develop a Family Edutainment Center. The size of the Family Edutainment Center is expected to be approximately 50,200 square feet, containing no less than 5 individual attractions including rides, F&B facilities, retail premises, virtual reality and/or 4-D interactive experiences, and other types of entertainment and educational attractions.

In April 2016, the Group entered into a cooperation framework agreement with Trans-Island Limousine Service Limited, a wholly-owned subsidiary of Kwoon Chung Bus Holdings Limited for the development of a cross-border bus service between Hong Kong and Hengqin. The sole and exclusive bus terminus in Hengqin will be located at the Novotown.

In January 2017, the Group entered into a shareholders' agreement with Sanitas Management Company Limited, which owns the Taipei Beitou Health Management Hospital in Taiwan to form a joint venture company co-developing a healthcare and beauty center in the Phase I of Novotown. This healthcare tourism destination is expected to have an area of approximately 86,000 square feet, providing visitors with comprehensive medical check-ups, beauty consultation and wellness services.

In June 2017, the Group entered into a licence agreement with Real Madrid in relation to the development and operation of a location based entertainment centre in Novotown and subsequent to the year end, the Group entered into a framework agreement in September 2017 with Porsche in relation to the development and operation of an auto experience theme centre in Novotown. Both Real Madrid LBE and the Porsche Experience Centre are planned to be launched in Phase II of the Novotown project in Hengqin, subject to the acquisition of the land for Phase II. Discussions between the Group and the Hengqin government regarding the land concession and the Phase II development of the Novotown are ongoing.

CAPITAL STRUCTURE, LIQUIDITY AND DEBT MATURITY PROFILE

As at 31 July 2017, cash and bank balances held by the Group amounted to HK$2,628.4 million and undrawn facilities of the Group was HK$3,528.0 million.

As at 31 July 2017, the Group had total borrowings amounting to HK$6,091.4 million (2016: HK$5,977.4 million), representing an increase of HK$114.0 million from 2016. The consolidated net assets attributable to the owners of the Company amounted to HK$14,584.1 million (2016: HK$13,314.8 million). The gearing ratio, being net debt (total borrowings less cash and bank balances) to net assets attributable to the owners of the Company was approximately 24% (2016: 18%). The maturity profile of the Group's borrowings of HK$6,091.4 million is well spread with HK$2,355.1 million repayable within 1 year, HK$692.9 million repayable in the second year, HK$2,954.2 million repayable in the third to fifth years and HK$89.2 million repayable beyond the fifth year.

Approximately 48% and 48% of the Group's borrowings were on a fixed rate basis and floating rate basis, respectively, and the remaining 4% of the Group's borrowings were interest free.

Apart from the fixed rate senior notes, the Group's other borrowings of HK$4,011.0 million were 55% denominated in Renminbi ("**RMB**"), 33% in Hong Kong dollars ("**HKD**") and 12% in United States dollars ("**USD**").

The Group's fixed rate senior notes of HK$2,080.4 million were denominated in RMB. On 25 April 2013, issue date of the RMB denominated senior notes ("**2013 Notes**"), the Group entered into cross currency swap agreements with financial institutions for the purpose of hedging the foreign currency risk arising from such notes. Accordingly, the 2013 Notes have been effectively converted into USD denominated loans.

The Group's cash and bank balances of HK$2,628.4 million were 81% denominated in RMB, 11% in HKD and 8% in USD.

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

Certain assets of the Group have been pledged to secure borrowings of the Group, including investment properties with a total carrying amount of approximately HK$10,401.2 million, properties under development with a total carrying amount of approximately HK$497.2 million, serviced apartments and related properties with a total carrying amount of approximately HK$517.6 million, construction in progress with a total carrying amount of approximately HK$726.1 million and bank balances of approximately HK$401.3 million.

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 July 2017, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company is committed to achieving and maintaining high standards of corporate governance and has established policies and procedures for compliance with the principles and code provisions set out from time to time in the Corporate Governance Code ("**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**").

The Company has complied with all the code provisions set out in the CG Code for the year ended 31 July 2017 save for the deviations from code provisions A.4.1 and A.5.1 as follows:

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

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

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

The Company has not established a nomination committee whose functions are assumed by the full Board. Potential new Directors will be recruited based on their knowledge, skills, experience and expertise and the requirements of the Company at the relevant time and candidates for the INEDs must meet the independence criterion. The process of identifying and selecting appropriate candidates for consideration and approval by the Board has been, and will continue to be, carried out by the executive Directors ("**EDs**"). As the above selection and nomination policies and procedures have already been in place and the other duties of the nomination committee as set out in the CG Code have long been performed by the full Board effectively, the Board does not consider it necessary to establish a nomination committee at the current stage.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 July 2017, the Group employed a total of around 1,300 employees. The Group recognises the importance of maintaining a stable staff force in its continued success. Under the Group's existing policies, employee pay rates are maintained at competitive levels whilst promotion and salary increments are assessed on a performance-related basis. Discretionary bonuses are granted to employees based on their merit and in accordance with industry practice. Other benefits including share option scheme, mandatory provident fund scheme, free hospitalisation insurance plan, subsidised medical care and sponsorship for external education and training programmes are offered to eligible employees.

INVESTOR RELATIONS

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

During the year ended 31 July 2017, the Company has met with a number of research analysts and investors and attended non-deal roadshows as follows:

Month	Event	Organizer	Location
October 2016	Post results non-deal roadshow	DBS	Hong Kong
November 2016	Post results non-deal roadshow	DBS	Singapore
November 2016	Post results non-deal roadshow	Daiwa	New York/Philadelphia/ Los Angeles/San Francisco
November 2016	Post results non-deal roadshow	Daiwa	London/Amsterdam/Zurich
March 2017	Post results non-deal roadshow	Daiwa	Hong Kong
March 2017	Post results non-deal roadshow	Daiwa	New York/San Francisco
April 2017	Post results non-deal roadshow	DBS	Singapore
April 2017	Post results non-deal roadshow	BNP	London
June 2017	Post results non-deal roadshow	HSBC	Taipei

During the year under review, the Company also had research reports published as follows:

Firm	Analyst	Publication Date
Credit Suisse	Daniel TAM	3 November 2016

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

REVIEW OF ANNUAL RESULTS

The audit committee of the Company currently comprises two of the INEDs, namely Mr. Law Kin Ho and Mr. Lam Bing Kwan, and a NED, Mr. Lucas Ignatius Loh Jen Yuh (alternate: Mr. Puah Tze Shyang). The committee has reviewed the consolidated results (including the consolidated financial statements) of the Company for the year ended 31 July 2017.

REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY THE INDEPENDENT AUDITORS

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 July 2017 as set out in the preliminary announcement have been agreed by the Company's auditors to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the Company's auditors, Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

ANNUAL GENERAL MEETING

The AGM will be held on Friday, 15 December 2017. Notice of the AGM together with the Company's Annual Report for the year ended 31 July 2017 will be published on the respective websites of the Stock Exchange and the Company and despatched to Shareholders in mid-November 2017.

By Order of the Board
Chew Fook Aun
Chairman

Hong Kong, 19 October 2017

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