THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered institutions in securities, bank manager, solicitor, professional accountant or other professional adviser for independent advice.

If you have sold or transferred all your shares in **Lai Sun Development Company Limited**, you should at once hand this circular to the purchaser(s) or transferee(s), or to the licensed securities dealer, registered institutions in securities, bank or other agent through whom the sale or the transfer was effected for transmission to the purchaser(s) or the transferee(s).

LAI SUN DEVELOPMENT

Lai Sun Development Company Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 488)

VERY SUBSTANTIAL ACQUISITION

(ACQUISITION OF LAND USE RIGHTS)

A letter from the Board is set out on pages 4 to 9 of this circular.

26 February 2019

CONTENTS

This circular in both English and Chinese is available in printed form and published on the respective websites of the Company at http://www.laisun.com and Hong Kong Exchanges and Clearing Limited at http://www.hkexnews.hk. The English version will prevail in case of any inconsistency between the English and Chinese version of the circular.

In this circular, the following expressions shall have the following meanings unless the context otherwise requires:

"Board"	the board of Directors;
"Company"	Lai Sun Development Company Limited (麗新發展有限公司), a company incorporated in Hong Kong with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 488);
"connected person(s)"	has the meaning ascribed to it under the Listing Rules;
"Directors"	the directors of the Company;
"eSun"	eSun Holdings Limited (豐德麗控股有限公司), an exempted company incorporated in Bermuda with limited liability and the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 571);
"Greater Bay Area"	the Guangdong–Hong Kong–Macao Greater Bay Area;
"Group"	the Company and its subsidiaries;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Joint Announcement"	the joint announcement of the Company, LSG, eSun and Lai Fung dated 27 December 2018 in relation to the acquisition of land use rights of the Land;
"Lai Fung"	Lai Fung Holdings Limited (麗豐控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1125);
"Lai Fung Group"	Lai Fung and its subsidiaries;
"Land"	two parcels of land located at east side of Yiwener Road, south side of Xiangjiang Road, west side of Yiwenyi Road and north side of Zhishui Road, Hengqin New Area, Zhuhai City, Guangdong Province of the PRC* (中國廣東省珠海市橫琴新區藝文二道東側、香江路南側、藝文一道西側、智水路北側) with a total site area of 143,768.37 sq.m. and a maximum plot ratio of 2 times, being the land required for the Project;

"Land Acquisition"	the acquisition of land use rights of the Land through the Listing-For-Sale Process and the signing of the Land Use Rights Grant Contract;
"Land Use Rights Grant Contract"	the state-owned construction land use rights grant contract* (國有建設用地使用權出讓合同) in respect of the Land entered into between Zhuhai Land Bureau and Supreme Motion on 29 December 2018;
"Latest Practicable Date"	19 February 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
"Listing-For-Sale Process"	the online listing-for-sale process conducted by Zhuhai Land Bureau for the sale of the land use rights of the Land;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"LSG"	Lai Sun Garment (International) Limited (麗新製衣國際有限公司), a company incorporated in Hong Kong with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 191);
"LSG Group"	LSG and its subsidiaries;
"Macau"	the Macau Special Administrative Region of the PRC;
"Percentage Ratios"	has the meaning ascribed to it in Rule 14.07 of the Listing Rules;
"PRC"	the People's Republic of China (for the purpose of this circular, excluding Hong Kong, Macau and Taiwan);
"PRC Governmental Body"	has the meaning ascribed to it in Rule 19A.04 of the Listing Rules;
"PRC Law"	has the meaning ascribed to it in Rule 19A.04 of the Listing Rules;
"Project"	the development project, to be owned, undertaken and operated by the Project Company on the Land, which is currently expected to include the development of Real Madrid LBE and ILA Hengqin, subject to finalisation of the development proposal;
"Project Company"	珠海橫琴麗新創新方發展有限公司, a company established as a wholly-foreign-owned enterprise in the PRC and a direct wholly-owned subsidiary of Supreme Motion;
"Qualified Property Acquisition"	has the meaning ascribed to it in Rule 14.04(10C) of the Listing Rules;

"RMB"	Renminbi, the lawful currency of the PRC;
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
"Share(s)"	share(s) in the issued share capital of the Company;
"Shareholder(s)"	the duly registered holder(s) of the Shares;
"sq.m."	square metre;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules;
"Supreme Motion"	Supreme Motion Limited (卓動有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Lai Fung;
"US$" or "USD"	the United States dollars, the lawful currency of the United States of America;
"Zhuhai Land Bureau"	The Land and Resources Bureau of Zhuhai (珠海市國土資源局); and
"%"	per cent.

In this circular, amounts in RMB are converted into HK$ on the basis of RMB1=HK$1.1327. The conversion rate is for illustrative purpose only and should not be taken as a representation that RMB could actually be converted in HK$ at such rate or at all.

* *All the English translation of certain Chinese names or words in this circular is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

LAI SUN DEVELOPMENT

Lai Sun Development Company Limited
(Incorporated in Hong Kong with limited liability)

(Stock Code: 488)

Executive Directors:
Dr. Lam Kin Ngok, Peter *(Chairman)*
Mr. Chew Fook Aun *(Deputy Chairman)*
Mr. Lau Shu Yan, Julius *(Chief Executive Officer)*
Mr. Lam Hau Yin, Lester

Non-executive Directors:
Dr. Lam Kin Ming
Madam U Po Chu

Independent Non-executive Directors:
Mr. Ip Shu Kwan, Stephen
Mr. Lam Bing Kwan
Mr. Leung Shu Yin, William
Mr. Leung Wang Ching, Clarence

Registered office/Principal office:
11th Floor
Lai Sun Commercial Centre
680 Cheung Sha Wan Road
Kowloon
Hong Kong

26 February 2019

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITION

(ACQUISITION OF LAND USE RIGHTS)

INTRODUCTION

Reference is made to the Joint Announcement, where it was announced that, among other things, Supreme Motion, an indirect wholly-owned subsidiary of Lai Fung, succeeded in the bid of land use rights of the Land offered for sale by Zhuhai Land Bureau through the Listing-For-Sale Process on 26 December 2018.

The purpose of this circular is to provide you with, among other things, further details of the Land Acquisition for information purposes.

THE LAND ACQUISITION

On 26 December 2018, Supreme Motion, an indirect wholly-owned subsidiary of Lai Fung, succeeded in the bid of land use rights of the Land offered for sale by Zhuhai Land Bureau through the Listing-For-Sale Process for RMB761,972,361 (equivalent to approximately HK$863,086,000). On 29 December 2018, Supreme Motion entered into the Land Use Rights Grant Contract with Zhuhai Land Bureau. The Project Company was established as a wholly-foreign-owned enterprise in the PRC within 1 month after the date of successful bid of the land use rights of the Land, and is wholly-owned by Supreme Motion, for holding the land use rights of the Land and owning, undertaking and operating the Project.

PRINCIPAL TERMS OF THE LAND USE RIGHTS GRANT CONTRACT

Date

29 December 2018

Parties

(1) Supreme Motion (an indirect wholly-owned subsidiary of Lai Fung); and

(2) Zhuhai Land Bureau.

To their best knowledge, information and beliefs having made all reasonable enquiries, the Directors confirm that Zhuhai Land Bureau and its ultimate beneficial owners are independent of Lai Fung and its connected persons under the Listing Rules.

Information about the Land

The Land is situated at east side of Yiwener Road, south side of Xiangjiang Road, west side of Yiwenyi Road and north side of Zhishui Road, Hengqin New Area, Zhuhai City, Guangdong Province of the PRC* (中國廣東省珠海市横琴新區藝文二道東側、香江路南側、藝文一道西側、智水路北側) with a total site area of 143,768.37 sq.m. and a maximum plot ratio of 2 times.

The Land is for cultural facilities, retail and commercial, as well as business and financial uses. The land use rights of the Land have been granted for a term of 50 years for cultural facility use, 40 years for retail and commercial use and 40 years for business and financial use.

Prior to the establishment of the Project Company, Supreme Motion entered into the Land Use Rights Grant Contract with Zhuhai Land Bureau. The Project Company has entered into an amendment contract with Supreme Motion and Zhuhai Land Bureau for the change of the grantee of the land use rights of the Land from Supreme Motion to the Project Company on 31 January 2019.

Land Premium and Payment

The land premium payable for the land use rights of the Land is RMB761,972,361 (equivalent to approximately HK$863,086,000) with accommodation value of approximately RMB2,650 per sq.m. (equivalent to approximately HK$3,000 per sq.m.).

The land premium was arrived at as a result of successful bidding of the land use rights of the Land by Supreme Motion through the Listing-For-Sale Process. In tendering the bid, Supreme Motion has taken into account, among other matters, the initial bidding price required under the listing-for-sale documents, prevailing market conditions, location of the Land and land price in the surrounding area.

A deposit in the amount of RMB380,990,000 (equivalent to approximately HK$431,547,000), representing the deposit required in order for Supreme Motion to qualify for tendering the bid through the Listing-For-Sale Process, has been paid by Supreme Motion on 21 December 2018 before the bid was awarded.

The relevant listing-for-sale documents provide that the deposit mentioned above will be applied towards payment of the land premium payable for the land use rights of the Land. The relevant listing-for-sale documents further provide that the land premium payable can be settled in full within 1 month from the date of signing of the Land Use Rights Grant Contract, or in two instalments whereby the first instalment has to be paid within 1 month from the date of signing of the Land Use Rights Grant Contract, and the second instalment being the remaining balance of the land premium payable has to be paid within 6 months from the date of signing of the Land Use Rights Grant Contract. If the land premium payable is not settled in full within 1 month from the date of signing of the Land Use Rights Grant Contract, interest will be charged against the remaining balance of the land premium payable at an interest rate equivalent to the interest rate of loans published by People's Bank of China (中國人民銀行) on the day whereby the first instalment of the land premium payable is paid and for the period commencing on the first day of the second month from the date of signing of the Land Use Rights Grant Contract and ending on the date of full payment of the second instalment, which shall be settled together with the payment of the second instalment. On 31 January 2019, the Project Company, Supreme Motion and Zhuhai Land Bureau entered into an amendment contract to the Land Use Rights Grant Contract (國有建設用地使用權出讓變更合同) for the change of the grantee of the land use rights of the Land from Supreme Motion to the Project Company ("**Amendment Contract**"). The Project Company paid on 1 February 2019 the land premium in full (excluding the above-mentioned deposit which was already paid on 21 December 2018). As the Project Company settled the remaining balance of the land premium in accordance with the time prescribed in the Amendment Contract, the Project Company is not required to pay the interest arising from the overdue payment of land premium.

The Directors consider that the terms and conditions of the Land Acquisition are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Other Commitments

According to the Land Use Rights Grant Contract, Supreme Motion undertakes, among other things, that the total amount of investment for the Project, including the land premium, shall not be less than RMB3,500,000,000 (equivalent to approximately HK$3,964,450,000).

The sources of funding by Lai Fung to finance the Project will be internal and external resources including but not limited to bank financing.

The Lai Fung Group is in the process of finalising the master layout plan for the Project with the PRC government. As such, the development plan and therefore the total development costs of the Project have yet to be finalised. Details of the development plan for the Project will be formulated and the Lai Fung Group will provide an update on the development plan when appropriate.

INFORMATION OF THE PROJECT COMPANY, SUPREME MOTION, LAI FUNG, eSUN, THE COMPANY AND LSG

The Project Company is established as a wholly-foreign-owned enterprise in the PRC and is principally engaged in the holding of the land use rights of the Land and owning, undertaking and operating the Project. It is wholly-owned by Supreme Motion.

Supreme Motion is incorporated in Hong Kong with limited liability and is principally engaged in investment holding.

Lai Fung is an exempted company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange. The principal activity of Lai Fung is investment holding. The principal activities of Lai Fung's subsidiaries include property development for sale and property investment for rental purposes, and development and operation of and investment in cultural, leisure, entertainment and related facilities in the PRC.

eSun is an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange. eSun acts as an investment holding company and the principal activities of its subsidiaries include the development, operation of and investment in media and entertainment, music production and distribution, the investment in and production and distribution of television program, films and video format products, cinema operation, property development for sale and property investment for rental purposes, as well as the development, operation of and investment in cultural, leisure, entertainment and related facilities. As at the Latest Practicable Date, eSun owns approximately 50.55% of the total issued shares of Lai Fung.

The Company is a company incorporated in Hong Kong with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange. The principal activities of the Group include property investment, property development, investment in and operation of hotels and restaurants and investment holding. As at the Latest Practicable Date, the Company owns approximately 74.62% of the total issued shares of eSun.

LSG is a company incorporated in Hong Kong with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange. The principal activities of the LSG Group include property investment, property development, investment in and operation of hotels and restaurants and investment holding. As at the Latest Practicable Date, LSG owns approximately 56.07% of the total issued shares of the Company.

INFORMATION OF ZHUHAI LAND BUREAU

Zhuhai Land Bureau is a PRC Governmental Body.

REASONS FOR AND BENEFITS OF THE LAND ACQUISITION

Lai Fung successfully secured the land use rights of the land for Phase I of the Novotown project in Hengqin (“**Novotown**”) in September 2013. The construction work of Phase I of Novotown which is 80% owned by Lai Fung and 20% by eSun is now progressing at a good pace and expected to complete in the first half of 2019. The Land is situated adjacent to Phase I and has been designated for the development of Phase II of Novotown.

The Lai Fung Group is in the process of finalising the master layout plan for the Project with the PRC government. As such, the development plan of the Project and therefore the total development costs of the Project have yet to be finalised. Lai Fung has secured certain key partners for Novotown Phase II subject to the successful acquisition of the land use rights of the Land. In June 2017, the Lai Fung Group entered into a licence agreement with Real Madrid Club de Futbol (“**Real Madrid**”) in relation to the development and operation of a location based entertainment centre, namely Real Madrid World in Novotown. The Real Madrid World is expected to consist of three floors with over 20 attractions spanning across a total area of approximately 12,000 sq.m., and will be made up of several signature experiences including the Flying Theatre and the Stuntpit, an array of interactive training games, a walkthrough of Real Madrid history, plus dining and retail outlets. In November 2017, the Lai Fung Group entered into a cooperation agreement with Harrow International (China) Management Services Limited and ILA Holdings Limited to introduce Harrow International China Group, the world’s leading learning institution, to set up Innovation Leadership Academy Hengqin (“**ILA Hengqin**”) in Hengqin. The curriculum at ILA Hengqin is structured to bring together the very best of British and Chinese educational philosophies and when it first opens in September 2020, the ILA Hengqin will initially offer grade 7-12 education for approximately 900 students as well as facilities for boarding students. The Lai Fung Group entered into a license agreement on 27 December 2018 with Ducati Motor Holding S.p.A (“**Ducati**”) in relation to the development and operation of a motorcycle themed experience centre (“**Ducati Experience Centre**”) in Novotown. The Ducati Experience Centre expects to cover an area of no less than 4,500 sq.m. and will offer experiential attractions including immersive racing experiences, exclusive Ducati exhibits and retail concessions. Real Madrid World, ILA Hengqin and Ducati Experience Centre are expected to be the key elements in Novotown Phase II. Details of the development plan for the Project will be formulated and upon finalisation of the master layout plan for the Project with the PRC government, the Lai Fung Group will provide an update on the development plans when appropriate.

With the opening of the Hong Kong-Zhuhai-Macau Bridge and the close proximity of the Land with Hong Kong, Macau and other cities in the Greater Bay Area, Novotown is expected to benefit from the strong momentum of the tourism development in the Greater Bay Area.

FINANCIAL EFFECTS OF THE LAND ACQUISITION

Immediately upon completion of Land Acquisition and as the remaining balance of the land premium of RMB380,982,361 (equivalent to approximately HK$431,539,000) payable under the Land Use Rights Grant Contract is satisfied by the internal resources of the Lai Fung Group, the Directors considers that there will not be any material effect on the total assets, total liabilities and earnings of the Group.

LISTING RULES IMPLICATIONS

As the applicable Percentage Ratios in respect of the Land Acquisition may be greater than 100% for the Company, the Land Acquisition may constitute a very substantial acquisition for the Company under the Listing Rules.

The Land Acquisition is a Qualified Property Acquisition under Rule 14.04(10C) of the Listing Rules as it involves an acquisition of governmental land in the PRC from a PRC Governmental Body through a tender, auction or listing-for-sale governed by the PRC Law. The Board confirms that the Land Acquisition is in the Group's ordinary and usual course of business and is on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole. Under Rule 14.33A of the Listing Rules, the Land Acquisition is exempt from shareholders' approval of the Company as it was undertaken on a sole basis by the Company (through its subsidiaries) in its ordinary and usual course of business.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board of
Lai Sun Development Company Limited
Lam Kin Ngok, Peter
Executive Director and Chairman

FINANCIAL INFORMATION OF THE GROUP

By way of reference, the financial information of the Group for the three years ended 31 July 2018 are disclosed in the following documents which have been published on the respective websites of the Stock Exchange at http://www.hkexnews.hk and the Company at http://www.laisun.com:

- the annual report of the Company for the year ended 31 July 2016 published on 16 November 2016, from pages 69 to 163;
- the annual report of the Company for the year ended 31 July 2017 published on 15 November 2017, from pages 85 to 183; and
- the annual report of the Company for the year ended 31 July 2018 published on 21 November 2018, from pages 89 to 195.

INDEBTEDNESS

Indebtedness of the Group

As at 31 December 2018, the Group had total borrowings of approximately HK$19,058 million. Details of the total borrowings were summarised below:

	HK$'million
Guaranteed notes – unsecured	5,834
Bank borrowings – secured	11,791
Bank borrowings – unsecured but guaranteed	1,173
Other borrowings, note payable and interest payable – unsecured and unguaranteed	260
	19,058

Charge of Assets

As at 31 December 2018, certain properties (including investment properties, property, plant and equipment, properties under development, serviced apartments and related properties and construction in progress) and certain bank balances were pledged to banks to secure bank loan facilities granted to the Group. Equity interests in certain subsidiaries and joint ventures were also pledged to banks to secure certain bank loan facilities granted to the Group.

Contingent Liabilities

As at 31 December 2018, the Group also had the following contingent liabilities:

(i) Guarantee given to a bank in connection with the facility granted to and utilised by a joint venture of HK$650 million.

(ii) The Group had provided guarantees to certain banks in respect of mortgage loan facilities granted by such banks to certain end-buyers of property units developed by the Group. Pursuant to the terms of the guarantees, upon default in mortgage payments by these end-buyers, the Group will be responsible to repay the outstanding mortgage loan principals together with accrued interest owed by the end-buyers in default. The Group's obligation in relation to such guarantees has been gradually relinquished along with the settlement of the mortgage loans granted by the banks to the end-buyers. Such obligation will also be relinquished when the property ownership certificates for the relevant properties are issued and/or the end-buyers have fully repaid the mortgage loans. As at 31 December 2018, in respect of these guarantees, the contingent liabilities of the Group were estimated to be amounted to approximately HK$516 million.

Save as disclosed above and apart from intra-group liabilities and normal trade payables in the ordinary course of business of the Group, as at 31 December 2018, the Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptance (other than normal trade bills), acceptance credits, hire purchase commitments, mortgages, charges or other material contingent liabilities or guarantees.

MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 July 2018, being the date to which the latest published audited financial statements of the Company were made up.

WORKING CAPITAL

The Directors are of the opinion that, in the absence of any unforeseen circumstances and after taking into account (i) the internal resources of the Group; (ii) the Group's presently available banking facilities and other borrowings; (iii) the expected refinancing of certain bank loans; and (iv) completion of the Land Acquisition including settlement of the remaining balance of the land premium of RMB380,982,361 (equivalent to approximately HK$431,539,000) which has been made on 1 February 2019, the Group has sufficient working capital for its requirements for at least 12 months from the date of this circular.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Major economies around the world continue to navigate in uncertain waters during the year under review. The capital markets has demonstrated steadiness backed by cautious optimism despite a delicate economic outlook, punctuated by global events such as elections in Europe, uncertainties surrounding the terms of Brexit, domestic terror events in the United States of America ("**USA**") and Europe, and the more recent trade disputes between the USA and the PRC. Some of these events are likely to linger in the near future and continue to cast a shadow on the outlook.

The property sector in Hong Kong as a whole continued to show resilience and robustness despite an increasingly uncertain global economic outlook. During the year under review, the retail segment has showed a strong recovery as demonstrated by improving visitor numbers and retail sales. However, rent growth has been mixed due to re-alignment of tenant mix which resulted in rent reduction in certain tourist hotspots. The office leasing market remained tight despite new supply from completion of new office buildings and resulted in modest rent increases. Central business district continued to be underpinned by the PRC and financial corporations and other commercial areas continued to benefit from the decentralisation and consolidation of space. The residential market continued to be robust and demonstrated modest price increases driven by limited supply despite interest rates concerns. However, we observed a softening of the market in recent months due to the increasing uncertain economic outlook. Labour supply shortages in the construction industry continues to drive wage inflation and pose a challenge on the cost management side.

The Group as a whole performed steadily against this challenging environment. The rental portfolio comprises of approximately 1.8 million square feet attributable to the Group, of which about 1.3 million square feet is located in Hong Kong. Despite the softened economic sentiment and weakened retail activity, the Group's Hong Kong properties performed steadily at nearly full occupancy levels.

The City of London's Planning and Transportation Committee has approved a resolution to grant planning consent ("**Planning Consent**") to the Group to redevelop the three properties on Leadenhall Street in London, comprising 100, 106 and 107 Leadenhall Street ("**Leadenhall Properties**"). The Leadenhall Properties currently have a combined gross floor area ("**GFA**") of approximately 344,230 square feet. The Planning Consent would allow the Group to redevelop the Leadenhall Properties into a 56 storey tower with i) approximately 1,068,510 square feet gross internal area of office space as well as new retail space of approximately 8,730 square feet; ii) a free, public viewing gallery of approximately 19,967 square feet at levels 55 and 56 of the building which offers 360 degree views across London; and iii) new pedestrian routes between Leadenhall Street, Bury Street and St Mary Axe, and new public spaces around the base of the building. The total gross internal area of the proposed tower is expected to be approximately 1,275,642 square feet including ancillary facilities upon completion. All leases of the Leadenhall Properties have been aligned to expire in 2023. The Group will continue to monitor the market conditions in London closely.

The disposals of 36 Queen Street in London, United Kingdom and the 50% interest in No. 8 Observatory Road, Kowloon, Hong Kong in July 2018 represented good opportunities for the Group to realise its investment in the rental properties. The disposal of 36 Queen Street in London was completed in July 2018 and the completion of the disposal of No.8 Observatory Road is expected to be in March 2019.

Construction of the Hong Kong Ocean Park Marriott Hotel ("**Ocean Hotel**"), to be operated by the Marriott group has been completed and the hotel license was issued by the Hotel and Guesthouse Accommodation Authority in October 2018. With its soft opening on 29 October 2018, the Ocean Hotel provides a total of 471 rooms and approximately 365,974 square feet of attributable rental space to the existing rental portfolio attributable to the Group of approximately 1.8 million square feet. The hotel project in Phuket, Thailand that the Group invested in June 2017 is at the start of the development stage and the Group will provide material updates on this project as and when available.

The pre-sale of 209 residential units of 93 Pau Chung Street has been completed, achieving an average selling price of approximately HK$16,400 per square foot. The Group released the commercial units of 93 Pau Chung Street for sale in July 2018. Up to 14 October 2018, 5 out of 7 commercial units with saleable area of approximately 14,000 square feet have been pre-sold and the average selling price was approximately HK$23,000 per square foot. The construction works of 93 Pau Chung Street have been completed with the Occupation Permit issued by the Buildings Department in July 2018 and the Certificate of Compliance issued by the Lands Department in November 2018. Handover of pre-sold units is in progress.

The Ki Lung Street project in Sham Shui Po, Kowloon, named "Novi" and the joint venture project in Tseung Kwan O named "Alto Residences" are well received. Up to 14 October 2018, the Group has pre-sold 137 units in Novi with saleable area of approximately 28,500 square feet and 541 units in Alto Residences with saleable area of approximately 304,700 square feet, at average selling prices of approximately HK$18,800 per square foot and HK$15,700 per square foot, respectively. Construction works of Alto Residences have been completed with the Occupation Permit issued by the Buildings Department in May 2018 and the Certificate of Compliance was issued by the Lands Department in September 2018. Handover of the pre-sold units is in progress. Construction of Novi is expected to be completed in the third quarter of 2019.

The Sai Wan Ho Street project with the Urban Renewal Authority in Shau Kei Wan, Hong Kong, named "Monti" providing 144 residential units with a total saleable area of 45,822 square feet was launched for pre-sale in August 2018. Up to 14 October 2018, the Group has pre-sold 10 units in Monti with saleable area of approximately 3,160 square feet at an average selling price of approximately HK$21,200 per square foot. Construction of Monti is expected to be completed in the third quarter of 2019.

The Group is encouraged by the property sales during the year ended 31 July 2018 which will be recognised in coming financial years and will continue to participate in government tenders to grow the pipeline.

In June 2018, the Group acquired an additional 49.96% equity interest in Camper & Nicholsons International S.A. ("**CNI**"). CNI is currently owned as to 99.92% by the Group. CNI is a global leader in luxury yachting activities, specialising in the brokerage, charter, marketing, management and crew placement of luxury yachts and it is a long established and internationally recognised brand associated with a luxury lifestyle. The Group believes that the consolidation of interest in CNI will bolster its offering of high-end hospitality services further.

The share consolidation on a 1-for-50 basis and change in board lot size from 15,000 shares to 300 shares announced by the Group on 27 April 2017 was effective from 15 August 2017 ("**Share Consolidation**"). 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.

The voluntary general cash offer ("**eSun Offer**") made by the Company in May 2018 to acquire all shares of eSun that are not already owned by the Company closed on 22 August 2018. The mandatory general offer ("**Lai Fung Offer**") to Lai Fung triggered by the eSun Offer closed on 13 September 2018. The Group's interest in eSun increased from that of 36.94% as at 31 July 2018 to 77.38% and eSun has become a subsidiary of the Group post year end and its financial results will be consolidated into the accounts of the Company. Lai Fung remains a 50.60%-owned subsidiary of eSun. Upon completion of the sale of 2.76% shares of eSun by the Company to an independent third party on 11 February 2019, the Company currently owns approximately 74.62% interest in eSun.

The Group's strong cash position of HK$4,339.8 million of cash on hand and HK$1,554.7 million of undrawn facilities with a net debt to equity ratio of 24.6% as at 31 July 2018 provides the Group with full confidence and the means to review opportunities more actively. The Group's gearing excluding the net debt of the London portfolio all of which have a positive carry net of financing costs is 21.6%. The financial liquidity of the Group has been bolstered by the US$400 million guaranteed notes issued in September 2017 which is listed on the Stock Exchange. The proceeds from this new bond helped to refinance the US$350 million guaranteed notes issued by the Group in 2013 which matured in January 2018. However, the Group will continue its prudent and flexible approach in growing the landbank and managing its financial position.

MANAGEMENT DISCUSSION AND ANALYSIS ON THE GROUP FOR THE YEAR ENDED 31 JULY 2018

Set out is the management discussion and analyses of the Group as extracted from the annual report of the Company for the year ended 31 July 2018. Terms used below shall have the same meanings as defined in the said annual report.

Property Portfolio Composition

As at 31 July 2018, the Group maintained a property portfolio with attributable GFA of approximately 2.7 million square feet. Approximate attributable GFA (in '000 square feet) of the Group's major properties and number of car-parking spaces is as follows:

	Commercial/ Retail	Office	Industrial	Residential	Hotel	Total (excluding car-parking spaces & ancillary facilities)	No. of car-parking spaces attributable to the Group
Completed Properties Held for Rental[1]	536	1,067	64	–	–	1,667[2]	1,027
Completed Hotel Properties	–	–	–	–	98	98	–
Properties Under Development	80	–	–	421	366	867	196
Completed Properties Held for Sale	27	–	–	7	–	34	10
Total GFA of major properties of the Group	**643**	**1,067**	**64**	**428**	**464**	**2,666**	**1,233**

1. *Completed and rental generating properties*

2. *Including attributable GFA of 8 Observatory Road, Kowloon, Hong Kong that were disposed by the Group in July 2018, the completion of which is expected to be in March 2019.*

The above table does not include GFA of properties held by Lai Fung.

Property Investment

Rental Income

During the year under review, the Group's rental operations recorded a turnover of HK$704.5 million (2017: HK$686.7 million), representing a 2.6% increase over last year.

The Group wholly owns three major investment properties in Hong Kong, namely Cheung Sha Wan Plaza, Causeway Bay Plaza 2 and Lai Sun Commercial Centre. Performance of the Group's 50:50 joint venture with China Construction Bank Corporation ("**CCB**") in Central, Hong Kong and the 50:50 joint venture with Henderson Land Development Company Limited ("**Henderson Land**") at 8 Observatory Road, Kowloon is recognised as "Share of profits and losses of joint ventures" in the consolidated income statement. Breakdown of rental turnover by major investment properties is as follows:

	For the year ended 31 July			**Year end**
	2018	**2017**	**% Change**	**occupancy**
	HK$ million	*HK$ million*		*(%)*
Hong Kong				
Cheung Sha Wan Plaza (including car-parking spaces)	311.9	302.1	3.2	96.3
Causeway Bay Plaza 2 (including car-parking spaces)	181.1	181.4	-0.2	98.8
Lai Sun Commercial Centre (including car-parking spaces)	49.9	54.6	-8.6	84.1
Others	12.8	12.3	4.1	
Subtotal:	555.7	550.4	1.0	
London, United Kingdom				
36 Queen Street#	24.1	23.1	4.3	100.0
107 Leadenhall Street	55.6	45.6	21.9	100.0
100 Leadenhall Street	62.8	61.9	1.5	100.0
106 Leadenhall Street	6.3	5.7	10.5	100.0
Subtotal:	148.8	136.3	9.2	
Total:	704.5	686.7	2.6	
Rental proceeds from joint venture projects				
Hong Kong				
CCB Tower## (50% basis)	135.2	122.4	10.5	100.0
8 Observatory Road### (50% basis)	52.4	55.0	-4.7	94.9
Total:	187.6	177.4	5.7	

36 Queen Street was disposed by the Group in July 2018 and the transaction was completed in July 2018.

CCB Tower is a joint venture project with CCB in which each of the Group and CCB has an effective 50% interest. For the year ended 31 July 2018, the rental proceeds recorded by the joint venture is HK$270.4 million (2017: HK$244.8 million).

8 Observatory Road is a joint venture project with Henderson Land in which each of the Group and Henderson Land has an effective 50% interest. For the year ended 31 July 2018, the rental proceeds recorded by the joint venture is HK$104.8 million (2017: HK$110.0 million). The Group disposed its 50% interest in this property in July 2018 and the completion is expected to be in March 2019.

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

	For the year ended 31 July 2018			For the year ended 31 July 2017		
	Group interest	Turnover (HK$ million)	Attributable GFA (square feet)	Group interest	Turnover (HK$ million)	Attributable GFA (square feet)
Hong Kong						
Cheung Sha Wan Plaza	100%			100%		
Commercial		162.6	233,807		159.7	233,807
Office		129.6	409,896		124.7	409,896
Car-parking spaces		19.7	N/A		17.7	N/A
Subtotal:		311.9	643,703		302.1	643,703
Causeway Bay Plaza 2	100%			100%		
Commercial		120.5	109,770		124.1	109,770
Office		55.6	96,268		52.3	96,268
Car-parking spaces		5.0	N/A		5.0	N/A
Subtotal:		181.1	206,038		181.4	206,038
Lai Sun Commercial Centre	100%			100%		
Commercial		23.9	95,063		27.5	95,063
Office		7.2	74,181		9.2	74,181
Car-parking spaces		18.8	N/A		17.9	N/A
Subtotal:		49.9	169,244		54.6	169,244
Others		12.8	63,592*		12.3	63,592*
Subtotal:		555.7	1,082,577*		550.4	1,082,577*
London, United Kingdom						
36 Queen Street**	100%			100%		
Office		24.1	60,816		23.1	60,816
107 Leadenhall Street	100%			100%		
Commercial		4.4	48,182		4.6	48,149
Office		51.2	98,424		41.0	98,457
Subtotal:		55.6	146,606		45.6	146,606
100 Leadenhall Street	100%			100%		
Office		62.8	177,700		61.9	177,700
106 Leadenhall Street	100%			100%		
Commercial		1.2	3,540		1.2	4,404
Office		5.1	16,384		4.5	15,518
Subtotal:		6.3	19,924		5.7	19,922
Subtotal:		148.8	405,046		136.3	405,044
Total:		704.5	1,487,623*		686.7	1,487,621*

	For the year ended 31 July 2018			For the year ended 31 July 2017		
	Group interest	Turnover *(HK$ million)*	Attributable GFA *(square feet)*	Group interest	Turnover *(HK$ million)*	Attributable GFA *(square feet)*
Joint Venture Projects						
Hong Kong						
CCB Tower## (50% basis)	50%			50%		
Office		134.6	114,603***		121.9	114,555***
Car-parking spaces		0.6	N/A		0.5	N/A
Subtotal:		135.2	114,603***		122.4	114,555***
8 Observatory Road### (50% basis)	50%			50%		
Commercial		41.5	45,312#		44.4	45,312#
Office		8.5	37,273#		8.3	37,273#
Car-parking spaces		2.4	N/A		2.3	N/A
Subtotal:		52.4	82,585#		55.0	82,585#
Total:		187.6	197,188		177.4	197,140

* *Excluding 10% interest in AIA Central.*

** *36 Queen Street was disposed by the Group in July 2018 and the transaction was completed in July 2018.*

*** *Referring to GFA attributable to the Group. The total GFA of CCB Tower is 229,206 square feet.*

\# *Referring to GFA attributable to the Group. The total GFA of 8 Observatory Road is 165,170 square feet.*

\## *CCB Tower is a joint venture project with CCB in which each of the Group and CCB has an effective 50% interest. For the year ended 31 July 2018, the rental proceeds recorded by the joint venture is HK$270.4 million (2017: HK$244.8 million).*

\### *8 Observatory Road is a joint venture project with Henderson Land in which each of the Group and Henderson Land has an effective 50% interest. For the year ended 31 July 2018, the rental proceeds recorded by the joint venture is HK$104.8 million (2017: HK$110.0 million). The Group disposed its 50% interest in this property in July 2018 and the completion is expected to be in March 2019.*

The average Sterling exchange rate for the year under review appreciated by approximately 6.9% compared with the last year. Excluding the effect of currency translation, the Sterling denominated turnover from London properties increased by 2.2% during the year under review. Breakdown of rental turnover of London portfolio for the year ended 31 July 2018 is as follows:

	2018 *HK$'000*	2017 *HK$'000*	% Change	2018 *GBP'000*	2017 *GBP'000*	% Change
36 Queen Street	24,092	23,119	4.2	2,275	2,333	-2.5
107 Leadenhall Street	55,627	45,581	22.0	5,253	4,599	14.2
100 Leadenhall Street	62,826	61,938	1.4	5,933	6,250	-5.1
106 Leadenhall Street	6,304	5,666	11.3	595	572	4.0
Total:	148,849	136,304	9.2	14,056	13,754	2.2

Review of Major Investment Properties

Hong Kong Properties

Cheung Sha Wan Plaza

The asset comprises of a 8-storey and a 7-storey office towers erected on top of a retail podium which was completed in 1989. It is located on top of the Lai Chi Kok MTR station with a total GFA of 643,703 square feet (excluding car-parking spaces). The arcade is positioned to serve the local communities nearby with major banks and recognised restaurants chains as the key tenants.

Causeway Bay Plaza 2

The asset comprises of a 28-storey commercial/office building with car-parking facilities at basement levels which was completed in 1992. It is located at the heart of Causeway Bay with a total GFA of 206,038 square feet (excluding car-parking spaces). Key tenants include a HSBC branch and commercial offices and major restaurants.

Lai Sun Commercial Centre

The asset comprises a 13-storey commercial/carpark complex completed in 1987. It is located near the Lai Chi Kok MTR station with a total GFA of 169,244 square feet (excluding car-parking spaces).

CCB Tower

The Group has a 50:50 interest with CCB in the joint redevelopment project of the former Ritz-Carlton Hotel in Central. This 27-storey office tower is a landmark property in Central featuring underground access to the Central MTR station. The property has a total GFA of 229,206 square feet (excluding car-parking spaces). CCB Tower was completed in 2012 and added 114,603 square feet of attributable GFA to the rental portfolio of the Group. CCB Tower is now fully leased out with 20 floors of the office floors and 2 banking hall floors leased to CCB for its Hong Kong operations.

8 Observatory Road

The Group has a 50:50 interest with Henderson Land in this joint development project at Observatory Road, Kowloon. The property is a 19-storey commercial building with a total GFA of 165,170 square feet (excluding car-parking spaces). The Group disposed its 50% interest in this property in July 2018 and the completion is expected to be in March 2019.

AIA Central

The Group has 10% interest in AIA Central which is situated in the central business district of Hong Kong and commands spectacular views over Victoria Harbour, to Kowloon Peninsula to the north, and across Charter Garden and The Peak to the south. This 38-storey office tower provides prime office space with a total GFA of approximately 428,962 square feet (excluding car-parking spaces).

Overseas Properties

107 Leadenhall Street, London EC3, United Kingdom

In April 2014, the Group acquired a property located at the core of the insurance district in the City of London, surrounded by 30 St Mary Axe (commonly known as the Gherkin), Lloyd's of London and the Willis Building at 51 Lime Street. It is a freehold commercial property housing commercial, offices and retail space. The building comprises 146,606 square feet gross internal area of office accommodation extending over basement, ground, mezzanine and seven upper floors. The building is currently fully leased out.

100 Leadenhall Street, London EC3, United Kingdom

Following the acquisition of 107 Leadenhall Street in April 2014, the Group announced the acquisition of 100 Leadenhall Street in November 2014 which was completed in January 2015. This property comprises a basement, a lower ground floor, ground floor and nine upper floors and provides 177,700 square feet gross internal area of offices and ancillary accommodation. The property is currently fully let to Chubb Market Company Limited.

106 Leadenhall Street, London EC3, United Kingdom

In December 2015, the Group acquired the property located adjacent to 100 and 107 Leadenhall Street, namely 106 Leadenhall Street, which is a multi-tenanted asset with approximately 19,924 square feet gross internal area of commercial and offices including ancillary space. The property is currently fully leased out.

The City of London's Planning and Transportation Committee has approved a resolution to grant Planning Consent to the Group to redevelop the Leadenhall Properties. The Leadenhall Properties currently have a combined GFA of approximately 344,230 square feet. The Planning Consent would allow the Group to redevelop the Leadenhall Properties into a 56 storey tower with i) approximately 1,068,510 square feet gross internal area of office space as well as new retail space of approximately 8,730 square feet; ii) a free, public viewing gallery of approximately 19,967 square feet at levels 55 and 56 of the building which offers 360 degree views across London; and iii) new pedestrian routes between Leadenhall Street, Bury Street and St Mary Axe, and new public spaces around the base of the building. The total gross internal area of the proposed tower is expected to be approximately 1,275,642 square feet including ancillary facilities upon completion. All leases of the Leadenhall Properties have been aligned to expire in 2023. The Group will continue to monitor the market conditions in London closely.

Property Development

For the year ended 31 July 2018, recognised turnover from sales of properties was HK$0.4 million (2017: HK$89.2 million).

Review of Major Projects for Sale

339 Tai Hang Road, Hong Kong

The Group wholly owns the development project located at 339 Tai Hang Road, Hong Kong. The development project is a luxury residential property with a total GFA of approximately 30,400 square feet (excluding car-parking spaces). The total development cost (including land cost and lease modification premium) is approximately HK$670 million. Up to the date of this Annual Report, 8 out of 9 units of this project have been sold.

Ocean One, 6 Shung Shun Street, Yau Tong

The Group wholly owns this development project, namely "Ocean One" located at No. 6 Shung Shun Street, Yau Tong, Kowloon. This property is a residential-cum-commercial property with a total GFA of about 122,000 square feet (excluding car-parking spaces) or 124 residential units and 2 commercial units. All units have been sold other than 2 shops and 7 car-parking spaces.

Review of Major Projects under Development

Hong Kong Ocean Park Marriott Hotel

The Group was named the most preferred proponent by Ocean Park for the Ocean Hotel project in October 2013 and was officially awarded the project in May 2014. The Ocean Hotel, to be operated by the Marriott group, will provide a total of 471 rooms and add 365,974 square feet of attributable rental space to the existing rental portfolio of the Group of approximately 1.8 million square feet. The total development cost is estimated to be approximately HK$4.4 billion. Its construction was completed in March 2018 and the hotel license was issued by the Hotel and Guesthouse Accommodation Authority in October 2018. The soft opening has been scheduled on 29 October 2018.

Alto Residences

In November 2012, the Group successfully tendered for and secured a site located at Area 68A2, Tseung Kwan O, New Territories, through a 50% joint venture vehicle. The lot has an area of 229,338 square feet with a total GFA of 573,268 square feet split into 458,874 square feet for residential use and 114,394 square feet for commercial use. Construction has been completed with the Occupation Permit issued by the Buildings Department in May 2018. The Certificate of Compliance was issued by the Lands Department in September 2018. Handover of the pre-sold units is in progress.

This project providing 605 flats, including 23 detached houses was named "Alto Residences" and was launched for pre-sale in October 2016. Up to 14 October 2018, the Group has pre-sold 541 units in Alto Residences with saleable area of approximately 304,700 square feet at an average selling price of approximately HK$15,700 per square foot.

93 Pau Chung Street

In April 2014, the Group was successful in its bid for the development right to the San Shan Road/Pau Chung Street project from the Urban Renewal Authority in Ma Tau Kok, Kowloon, Hong Kong. The lot has an area of 12,599 square feet with a total GFA of 111,354 square feet split into 94,486 square feet for residential use and 16,868 square feet for commercial use. The total development cost is estimated to be approximately HK$1 billion. The construction was completed with the Occupation Permit issued by the Buildings Department in July 2018. As of the date of this Annual Report, the application for the Certificate of Compliance from the Lands Department is in progress.

This project was named "93 Pau Chung Street" and launched for pre-sale in September 2016. The pre-sale of 209 residential units has been completed, achieving an average selling price of approximately HK$16,400 per square foot. The Group released the commercial units of 93 Pau Chung Street for sale in July 2018. Up to 14 October 2018, 5 out of 7 commercial units with saleable area of approximately 14,000 square feet have been pre-sold and the average selling price was approximately HK$23,000 per square foot.

Novi

On 16 May 2016, the Group has completed the purchase of the remaining unit for the proposed development on Ki Lung Street in Sham Shui Po, Kowloon. The site comprises numbers 48–56 on Ki Lung Street and has a combined site area of 5,054 square feet. It is planned to be developed primarily into a commercial/residential development for sale with a total GFA of 42,851 square feet. The total development cost is expected to be approximately HK$0.4 billion and construction is expected to be completed in the third quarter of 2019.

This project was named "Novi" and launched for pre-sale in July 2017, offering 138 flats in total, including studios, one and two-bedroom units. Up to 14 October 2018, the Group has pre-sold 137 units in this project with saleable area of approximately 28,500 square feet at an average selling price of HK$18,800 per square foot.

Monti

The Group was successful in September 2015 in its bid for the development rights to the Sai Wan Ho Street project from the Urban Renewal Authority in Shau Kei Wan, Hong Kong. The project site covers an area of 7,642 square feet. Upon completion, it is planned to provide about 144 residential units with a total residential GFA of 59,799 square feet. The total development cost is estimated to be approximately HK$0.9 billion and construction is expected to be completed in the third quarter of 2019.

This project was named "Monti" and launched for pre-sale in August 2018. Up to 14 October 2018, the Group has pre-sold 10 units in Monti with saleable area of approximately 3,160 square feet at an average selling price of approximately HK$21,200 per square foot.

Restaurant Operations

For the year ended 31 July 2018, restaurant operations contributed HK$514.0 million to the Group's turnover (2017: HK$481.5 million), representing an increase of approximately 6.7% from last year.

Up to the date of this Annual Report, restaurant operations include the Group's interests in 17 restaurants in Hong Kong and mainland China and 2 restaurants in Macau and Las Vegas under management.

Cuisine	Restaurant	Location	Attributable interest to the Group	Award
Owned restaurants				
Western Cuisine	8½ Otto e Mezzo BOMBANA Hong Kong	Hong Kong	37%	Three Michelin stars (2012–2018)
	8½ Otto e Mezzo BOMBANA Shanghai	Shanghai	13%	Two Michelin stars (2017–2018)
	Opera BOMBANA	Beijing	20%	
	CIAK – In The Kitchen	Hong Kong	62%	One Michelin star (2015–2017)
	CIAK – All Day Italian	Hong Kong	67%	Michelin Bib Gourmand (2017–2018)
	Beefbar	Hong Kong	62%	One Michelin star (2017–2018)
	Grubers	Hong Kong	34%	
Asian Cuisine	China Tang Landmark	Hong Kong	50%	
	China Tang Harbour City	Hong Kong	60%	
	Howard's Gourmet	Hong Kong	50%	
	Beijing Howard's Gourmet	Beijing	67%	
	Chiu Tang Central	Hong Kong	67%	
	Old Bazaar Kitchen	Hong Kong	63%	
	Sun's Bazaar	Hong Kong	67%	
Japanese Cuisine	Kaiseki Den by Saotome (formally known as "**Wagyu Kaiseki Den**")	Hong Kong	59%	One Michelin star (2010–2018)
	Takumi by Daisuke Mori (formally known as "**Wagyu Takumi**")	Hong Kong	63%	One Michelin star (2017–2018)
	Sushi Masataka (formally known as "**Rozan**")	Hong Kong	63%	
Managed restaurants				
Western Cuisine	8½ Otto e Mezzo BOMBANA, Macau	Macau	N/A	One Michelin star (2016–2018)
Asian Cuisine	China Tang Las Vegas	Las Vegas	N/A	

Hotel Operations

Turnover from hotel operations was mainly derived from the Group's operation of the Caravelle Hotel in Ho Chi Minh City, Vietnam. For the year ended 31 July 2018, the hotel operation contributed HK$424.0 million to the Group's turnover (2017: HK$412.3 million).

Caravelle Hotel is a leading international 5-star hotel in the centre of the business, shopping and entertainment district in Vietnam. It is an elegant 24-storey tower with a mixture of French colonial and traditional Vietnamese style and has 335 superbly appointed rooms, suites, exclusive Signature Floors, Signature Lounge and a specially equipped room for the disabled. Total GFA attributable to the Group is 98,376 square feet.

The Group was awarded the hotel tender at Ocean Park in May 2014 and the Ocean Hotel, to be operated by the Marriott group, will provide a total of 471 rooms upon its soft opening on 29 October 2018. The Group is optimistic about the prospects of the Ocean Hotel project given the strong popularity of Ocean Park, which is underpinned by robust growth in visitor numbers to Hong Kong coinciding with its expansion.

The hotel operation team has extensive experience in providing consultancy and management services to hotels in Mainland China, Hong Kong and other Asian countries. The division's key strategy going forward will continue to focus on providing management services, particularly to capture opportunities arising from the developments of Lai Fung in Shanghai, Guangzhou, Zhongshan and Hengqin. The hotel division manages Lai Fung's serviced apartments in Shanghai and Zhongshan under the "STARR" brand. STARR Resort Residence Zhongshan soft opened in August 2013 and comprises two 16-storey blocks with 90 fully furnished serviced apartment units located in the Palm Lifestyle complex in Zhongshan Western district at Cui Sha Road, opposite to the new Zhongshan traditional Chinese medical centre. STARR Hotel Shanghai soft opened in November 2013 and is a 17-storey hotel with 239 fully furnished and equipped hotel units with kitchenette 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.

Liquidity and Financial Resources

As at 31 July 2018, cash and bank balances and undrawn facilities held by the Group amounted to HK$4,339.8 million and HK$1,554.7 million, respectively. The Group's sources of funding comprise mainly internal funds generated from the Group's business operations, loan facilities provided by banks and guaranteed notes issued to investors.

As at 31 July 2018, the Group had bank borrowings of approximately HK$8,884.7 million and guaranteed notes of approximately HK$3,118.6 million. The gearing ratio, expressed as a percentage of the total outstanding net debt (being the total outstanding bank borrowings and guaranteed notes less the pledged and unpledged bank balances and time deposits) to consolidated net assets attributable to owners of the Company, was approximately 24.6%. The Group's gearing excluding the net debt of the London portfolio all of which had a positive carry net of financing costs was approximately 21.6%. As at 31 July 2018, the maturity profile of the bank borrowings of HK$8,884.7 million was spread over a period of less than 5 years with HK$1,186.3 million repayable within 1 year, HK$4,392.4 million repayable in the second year and HK$3,306.0 million repayable in the third to fifth years. Approximate 74% and 26% of the Group's borrowings carried interest on a floating rate basis and fixed rate basis, respectively.

On 13 September 2017, the Group issued guaranteed notes in an aggregate principal amount of US$400 million ("**2017 Notes**"). The 2017 Notes are guaranteed by the Company, have a term of five years and bear a fixed interest rate of 4.6% per annum with interest payable semi-annually in arrears. The net proceeds from the offering of the 2017 Notes are approximately US$397 million. Apart from refinancing the guaranteed notes of US$350 million issued in 2013, the proceeds would be used for general corporate purposes. In September 2017, the Group entered into cross currency swap agreements with financial institutions for the purpose of hedging the foreign currency risk arising from the 2017 Notes.

As at 31 July 2018, certain investment properties with carrying amounts of approximately HK$18,090.3 million, certain property, plant and equipment with carrying amounts of approximately HK$4,706.8 million, certain property under development for sale of approximately HK$667.7 million, and certain bank balances and time deposits with banks of approximately HK$381.4 million were pledged to banks to secure banking facilities granted to the Group. In addition, certain shares in subsidiaries held by the Group were also pledged to banks to secure banking facilities granted to the Group. Certain shares in joint ventures held by the Group were pledged to banks to secure banking facilities granted to joint ventures of the Group. The Group's secured bank borrowings were also secured by floating charges over certain assets held by the Group.

The Group's major assets and liabilities and transactions were denominated in Hong Kong dollars and United States dollars. Considering that Hong Kong dollars are pegged against United States dollars, the Group believes that the corresponding exposure to exchange rate risk arising from United States dollars is nominal. In addition, the Group has investments in United Kingdom with the assets and liabilities denominated in Pounds Sterling. These investments were primarily financed by bank borrowings denominated in Pounds Sterling in order to minimise the net foreign exchange exposure. Other than the abovementioned, the remaining monetary assets and liabilities of the Group were denominated in Renminbi, Malaysian Ringgit and Vietnamese Dong which were also insignificant as compared with the Group's total assets and liabilities. The Group manages its foreign currency risk by closely reviewing the movement of the foreign currency rate and considers hedging significant foreign currency exposure should the additional need arise.

Contingent Liabilities

Save as disclosed elsewhere in the financial statements, the Group also had the following contingent liabilities at the end of the reporting period:

(a) Contingent liabilities not provided for in the financial statements:

	2018	**2017**
	HK$'000	*HK$'000*
Guarantees given to banks in connection with facilities granted to and utilised by joint ventures	650,000	1,092,000

(b) Pursuant to an indemnity deed (the "**Lai Fung Tax Indemnity Deed**") dated 12 November 1997 entered into between the Company and Lai Fung Holdings Limited ("**Lai Fung**"), the Company has undertaken to indemnify Lai Fung in respect of certain potential PRC income tax and land appreciation tax ("**LAT**") payable or shared by Lai Fung in consequence of the disposal of any of the property interests attributable to Lai Fung through its subsidiaries and its joint ventures as at 31 October 1997 (the "**Property Interests**"). These tax indemnities given by the Company apply in so far as such tax is applicable to the difference between (i) the value of the Property Interests in the valuation thereon by Chesterton Petty Limited (currently known as "**Knight Frank Petty Limited**"), independent professionally qualified valuers, as at 31 October 1997 (the "**Valuation**"); and (ii) the aggregate costs of such Property Interests incurred up to 31 October 1997, together with the amount of unpaid land costs, unpaid land premium and unpaid costs of resettlement, demolition and public utilities and other deductible costs in respect of the Property Interests. The Lai Fung Tax Indemnity Deed assumes that the Property Interests are disposed of at the values attributed to them in the Valuation, computed by reference to the rates and legislation governing PRC income tax and LAT prevailing at the time of the Valuation.

The indemnities given by the Company do not cover (i) new properties acquired by Lai Fung subsequent to the listing of the shares of Lai Fung on the Stock Exchange (the "**Listing**"); (ii) any increase in the relevant tax which arises due to an increase in tax rates or changes to the legislation prevailing at the time of the Listing; and (iii) any claim to the extent that provision for deferred tax on the revaluation surplus has been made in the calculation of the adjusted net tangible asset value of Lai Fung as set out in Lai Fung's prospectus dated 18 November 1997.

After taking into account the Property Interests currently held by Lai Fung as at 31 July 2018 which are covered under the Lai Fung Tax Indemnity Deed and the prevailing tax rates and legislation governing PRC income tax and LAT, the total amount of tax indemnity given by the Company is estimated to be approximately HK$0.7 billion (2017: HK$0.8 billion).

During the year, the Company settled tax indemnity of approximately HK$92,695,000 (2017: HK$493,936,000) in relation to PRC income tax and LAT incurred and paid/borne by Lai Fung. The Company also reversed an overprovision in prior years of approximately HK$305,000 (2017: HK$142,451,000) which was credited to the consolidated income statement. As at the end of the reporting period, the Company had no provision for tax indemnity (2017: HK$93,000,000).

Employees and Remuneration Policies

As at 31 July 2018, the Group employed a total of approximately 1,900 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.

MANAGEMENT DISCUSSION AND ANALYSIS ON THE GROUP FOR THE YEAR ENDED 31 JULY 2017

Set out is the management discussion and analyses of the Group as extracted from the annual report of the Company for the year ended 31 July 2017. Terms used below shall have the same meanings as defined in the said annual report.

Overview

Despite the challenging operating environment during the year under review, the Group weathered the challenging conditions and delivered an encouraging set of results underpinned by the steady and growing recurrent rental income base from investment properties of the Group.

Property Portfolio Composition

As at 31 July 2017, the Group maintained a property portfolio with attributable GFA of approximately 2.7 million square feet. Approximate attributable GFA (in '000 square feet) of the Group's major properties and number of car-parking spaces is as follows:

	Commercial/ Retail	Office	Industrial	Residential	Hotel	Total (excluding car-parking spaces & ancillary facilities)	No. of car-parking spaces attributable to the Group
Completed Properties Held for Rental[1]	536	1,128	64	–	–	1,728	1,027
Completed Hotel Properties	–	–	–	–	98	98	–
Properties Under Development[2]	79	–	–	423	366	868	196
Completed Properties Held for Sale	27	–	–	7	–	34	10
Total GFA of major properties of the Group	**642**	**1,128**	**64**	**430**	**464**	**2,728**	**1,233**

1. *Completed and rental generating properties*

2. *All properties under construction*

The above table does not include GFA of properties held by Lai Fung Holdings Limited ("**Lai Fung**").

Property Investment

Rental Income

During the year under review, the Group's rental operations recorded a turnover of HK$686.7 million (2016: HK$701.6 million), representing a 2.1% decrease over last year. The decrease is primarily due to the lower contributions from London properties post Brexit in June 2016. The average Sterling exchange rate for the year under review depreciated by approximately 11.4% compared with last year. Excluding the effect of currency translation against a depreciating Sterling, the change in the turnover from London properties went from a decrease of 9.0% to an increase of 2.8%.

The Group wholly owns three major investment properties in Hong Kong, namely Cheung Sha Wan Plaza, Causeway Bay Plaza 2 and Lai Sun Commercial Centre. The 50:50 joint venture with Henderson Land Development Company Limited ("**Henderson Land**") at 8 Observatory Road, Kowloon is now fully leased. This is recognised as a component of "Share of profits and losses of joint ventures" in the consolidated income statement. Breakdown of rental turnover by major investment properties is as follows:

	For the year ended 31 July			Year end
	2017	**2016**	**% Change**	**occupancy**
	HK$ million	*HK$ million*		*(%)*
Hong Kong				
Cheung Sha Wan Plaza (including car-parking spaces)	302.1	302.6	-0.2	91.1
Causeway Bay Plaza 2 (including car-parking spaces)	181.4	178.0	1.9	98.8
Lai Sun Commercial Centre (including car-parking spaces)	54.6	59.8	-8.7	85.4
Others	12.3	11.5	7.0	
Subtotal:	550.4	551.9	-0.3	
London, United Kingdom				
36 Queen Street	23.1	25.9	-10.8	100.0
107 Leadenhall Street	45.6	50.2	-9.2	100.0
100 Leadenhall Street	61.9	70.1	-11.7	100.0
106 Leadenhall Street	5.7	3.5	62.9	73.6
Subtotal:	136.3	149.7	-9.0	
Total:	686.7	701.6	-2.1	
Rental proceeds from joint venture projects				
Hong Kong				
CCB Tower# (50% basis)	122.4	113.7	7.7	100.0
8 Observatory Road## (50% basis)	55.0	30.0	83.3	100.0
Total:	177.4	143.7	23.5	

\# *CCB Tower is a joint venture project with China Construction Bank Corporation ("**CCB**") in which each of the Group and CCB has an effective 50% interest. For the year ended 31 July 2017, the rental proceeds recorded by the joint venture is HK$244.8 million (2016: HK$227.5 million).*

\## *8 Observatory Road is a joint venture project with Henderson Land in which each of the Group and Henderson Land has an effective 50% interest. For the year ended 31 July 2017, the rental proceeds recorded by the joint venture is HK$110.0 million (2016: HK$60.0 million).*

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)*
Hong Kong						
Cheung Sha Wan Plaza	100%			100%		
Commercial		159.7	233,807		163.2	233,807
Office		124.7	409,896		122.6	409,896
Car-parking spaces		17.7	N/A		16.8	N/A
Subtotal:		302.1	643,703		302.6	643,703
Causeway Bay Plaza 2	100%			100%		
Commercial		124.1	109,770		122.3	109,770
Office		52.3	96,268		50.9	96,268
Car-parking spaces		5.0	N/A		4.8	N/A
Subtotal:		181.4	206,038		178.0	206,038
Lai Sun Commercial Centre	100%			100%		
Commercial		27.5	95,063		34.8	95,063
Office		9.2	74,181		8.2	74,181
Car-parking spaces		17.9	N/A		16.8	N/A
Subtotal:		54.6	169,244		59.8	169,244
Others		12.3	63,592*		11.5	63,592*
Subtotal:		550.4	1,082,577*		551.9	1,082,577*
London, United Kingdom						
36 Queen Street	100%			100%		
Office		23.1	60,816		25.9	60,816
107 Leadenhall Street	100%			100%		
Commercial		4.6	48,149		6.0	48,149
Office		41.0	98,457		44.2	98,457
Subtotal:		45.6	146,606		50.2	146,606
100 Leadenhall Street	100%			100%		
Office		61.9	177,700		70.1	177,700
106 Leadenhall Street	100%			100%		
Commercial		1.2	4,404		0.6	4,404
Office		4.5	15,518		2.9	15,518
Subtotal:		5.7	19,922		3.5	19,922
Subtotal:		136.3	405,044		149.7	405,044
Total:		686.7	1,487,621*		701.6	1,487,621*

	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)*
Joint Venture Projects						
Hong Kong						
CCB Tower# (50% basis)	50%			50%		
Office		121.9	114,555**		113.3	114,555**
Car-parking spaces		0.5	N/A		0.4	N/A
Subtotal:		122.4	114,555**		113.7	114,555**
8 Observatory Road## (50% basis)	50%			50%		
Commercial		44.4	45,312***		21.0	45,312***
Office		8.3	37,273***		7.1	37,273***
Car-parking spaces		2.3	N/A		1.9	N/A
Subtotal:		55.0	82,585***		30.0	82,585***
Total:		177.4	197,140		143.7	197,140

* *Excluding 10% interest in AIA Central.*

** *Referring to GFA attributable to the Group. The total GFA of CCB Tower is 229,110 square feet.*

*** *Referring to GFA attributable to the Group. The total GFA of 8 Observatory Road is 165,170 square feet.*

CCB Tower is a joint venture project with CCB in which each of the Group and CCB has an effective 50% interest. For the year ended 31 July 2017, the rental proceeds recorded by the joint venture is HK$244.8 million (2016: HK$227.5 million).

8 Observatory Road is a joint venture project with Henderson Land in which each of the Group and Henderson Land has an effective 50% interest. For the year ended 31 July 2017, the rental proceeds recorded by the joint venture is HK$110.0 million (2016: HK$60.0 million).

Breakdown of rental turnover of London portfolio is as follows:

	2017 *HK$'000*	2016 *HK$'000*	% Change	2017 *GBP'000*	2016 *GBP'000*	% Change
36 Queen Street	23,119	25,862	-10.6	2,333	2,311	1.0
107 Leadenhall Street	45,581	50,192	-9.2	4,599	4,485	2.5
100 Leadenhall Street	61,938	70,129	-11.7	6,250	6,267	-0.3
106 Leadenhall Street	5,666	3,529	60.6	572	315	81.6
Total:	136,304	149,712	-9.0	13,754	13,378	2.8

Review of Major Investment Properties

Hong Kong Properties

Cheung Sha Wan Plaza

The asset comprises of a 8-storey and a 7-storey office towers erected on top of a retail podium which was completed in 1989. It is located on top of the Lai Chi Kok MTR station with a total GFA of 643,703 square feet (excluding car-parking spaces). The arcade is positioned to serve the local communities nearby with major banks and recognised restaurants chains as the key tenants.

Causeway Bay Plaza 2

The asset comprises of a 28-storey commercial/office building with car-parking facilities at basement levels which was completed in 1992. It is located at the heart of Causeway Bay with a total GFA of 206,038 square feet (excluding car-parking spaces). Key tenants include a HSBC branch and commercial offices and major restaurants.

Lai Sun Commercial Centre

The asset comprises a 13-storey commercial/carpark complex completed in 1987. It is located near the Lai Chi Kok MTR station with a total GFA of 169,244 square feet (excluding car-parking spaces).

CCB Tower

The Group has a 50:50 interest with CCB in the joint redevelopment project of the former Ritz-Carlton Hotel in Central. This 27-storey office tower is a landmark property in Central featuring underground access to the Central MTR station. The property has a total GFA of 229,110 square feet (excluding car-parking spaces). CCB Tower was completed in 2012 and added 114,555 square feet of attributable GFA to the rental portfolio of the Group. CCB Tower is now fully leased out with 18 floors of the office floors and 2 banking hall floors leased to CCB for its Hong Kong operations.

8 Observatory Road

The Group has a 50:50 interest with Henderson Land in this joint development project at Observatory Road, Kowloon. The property is a 19-storey commercial building with a total GFA of 165,170 square feet (excluding car-parking spaces). The property was completed in June 2015 and is now fully leased out.

AIA Central

The Group has 10% interest in AIA Central which is situated in the central business district of Hong Kong and commands spectacular views over Victoria Harbour, to Kowloon Peninsula to the north, and across Charter Garden and The Peak to the south. This 39-storey office tower provides prime office space with a total GFA of approximately 428,962 square feet (excluding car-parking spaces).

Overseas Properties

36 Queen Street, London EC4, United Kingdom

In February 2011, the Group acquired an office building in the City in central London located at 36 Queen Street. Completed in 1986, it comprises 60,816 square feet gross internal area of office accommodation extending over basement, ground and six upper floors. The building is currently fully leased out.

107 Leadenhall Street, London EC3, United Kingdom

In April 2014, the Group acquired a property located at the core of the insurance district in the City of London, surrounded by 30 St Mary Axe (commonly known as the Gherkin), Lloyd's of London and the Willis Building at 51 Lime Street. It is a freehold commercial property housing commercial, offices and retail space. The building comprises 146,606 square feet gross internal area of office accommodation extending over basement, ground, mezzanine and seven upper floors. The building is currently fully leased out.

100 Leadenhall Street, London EC3, United Kingdom

Following the acquisition of 107 Leadenhall Street in April 2014, the Group announced the acquisition of 100 Leadenhall Street in November 2014 which was completed in January 2015. This property comprises a basement, a lower ground floor, ground floor and nine upper floors and provides 177,700 square feet gross internal area of commercial, offices and ancillary accommodation. The property is currently fully let to Chubb Market Company Limited (formerly known as "**ACE Global Markets Limited**").

106 Leadenhall Street, London EC3, United Kingdom

In December 2015, the Group acquired the property located adjacent to 100 and 107 Leadenhall Street, namely 106 Leadenhall Street, which is a multi-tenanted asset with approximately 19,922 square feet gross internal area of commercial and offices including ancillary space. Up to the date of this Annual Report, over 70% floor area of the property has been leased out.

Property Development

For the year ended 31 July 2017, recognised turnover from sales of properties was HK$89.2 million (2016: HK$468.7 million), contributed by the sale of one residential unit in 339 Tai Hang Road. The significant decrease was mainly due to fewer properties being available for sale during the year under review.

Review of Major Projects for Sale

339 Tai Hang Road, Hong Kong

The Group wholly owns the development project located at 339 Tai Hang Road, Hong Kong. The development project is a luxury residential property with a total GFA of approximately 30,400 square feet (excluding car-parking spaces). The total development cost (including land cost and lease modification premium) is approximately HK$670 million. Up to the date of this Annual Report, 8 out of 9 units of this project have been sold.

Ocean One, 6 Shung Shun Street, Yau Tong

The Group wholly owns this development project, namely "Ocean One" located at No. 6 Shung Shun Street, Yau Tong, Kowloon. This property is a residential-cum-commercial property with a total GFA of about 122,000 square feet (excluding car-parking spaces) or 124 residential units and 2 commercial units. All units have been sold other than 2 shops and 7 car-parking spaces.

Review of Major Projects under Development

Ocean Hotel project

The Group was named the most preferred proponent by Ocean Park for the Ocean Hotel project in October 2013 and was officially awarded the project in May 2014. The Ocean Hotel, to be operated by the Marriott group, will provide a total of 471 rooms and add 366,000 square feet of attributable rental space to the existing rental portfolio of the Group of approximately 1.8 million square feet. The total development cost is estimated to be approximately HK$4.4 billion. Construction is expected to be completed in the second quarter of 2018.

Alto Residences

In November 2012, the Group successfully tendered for and secured a site located at Area 68A2, Tseung Kwan O, New Territories, through a 50% joint venture vehicle. The lot has an area of 229,338 square feet with a total GFA of 573,154 square feet split into 458,630 square feet for residential use and 114,524 square feet for commercial use. Construction is expected to be completed in the first quarter of 2018.

This project providing 605 flats, including 23 detached houses was named "Alto Residences" and was launched for pre-sale in October 2016. Up to 15 October 2017, the Group has pre-sold 512 units in Alto Residences with saleable area of approximately 283,000 square feet at an average selling price of approximately HK$15,200 per square foot.

93 Pau Chung Street

In April 2014, the Group was successful in its bid for the development right to the San Shan Road/Pau Chung Street project from the Urban Renewal Authority in Ma Tau Kok, Kowloon, Hong Kong. The lot has an area of 12,599 square feet with a total GFA of 111,354 square feet split into 94,486 square feet for residential use and 16,868 square feet for commercial use. The total development cost is estimated to be approximately HK$1 billion and construction is expected to be completed in the first quarter of 2018.

This project was named "93 Pau Chung Street" and launched for pre-sale in September 2016, offering 209 flats in total, including studios, one and two-bedroom units. Up to 15 October 2017, the Group has pre-sold 197 units in this project with saleable area of approximately 70,100 square feet at an average selling price of HK$16,100 per square foot.

Novi

On 16 May 2016, the Group has completed the purchase of the remaining unit for the proposed development on Ki Lung Street in Sham Shui Po, Kowloon. The site comprises numbers 48–56 on Ki Lung Street and has a combined site area of 5,054 square feet. It is planned to be developed primarily into a commercial/residential development for sale with a total GFA of 42,847 square feet. The total development cost is expected to be approximately HK$0.4 billion and construction is expected to be completed in the third quarter of 2019.

This project was named "Novi" and launched for pre-sale in July 2017, offering 138 flats in total, including studios, one and two-bedroom units. Up to 15 October 2017, the Group has pre-sold 134 units in this project with saleable area of approximately 27,700 square feet at an average selling price of HK$18,700 per square foot.

Sai Wan Ho Street project

The Group was successful in September 2015 in its bid for the development rights to the Sai Wan Ho Street project from the Urban Renewal Authority in Shau Kei Wan, Hong Kong. The project site covers an area of 7,642 square feet. Upon completion, it is planned to provide about 144 residential units with a total residential GFA of 61,099 square feet. The total development cost is estimated to be approximately HK$0.9 billion and construction is expected to be completed in the fourth quarter of 2019.

Restaurant Operation

For the year ended 31 July 2017, the restaurant operation contributed HK$481.5 million to the Group's turnover (2016: HK$280.7 million), representing an increase of approximately 71.5% from last year. The turnover from the restaurants segment was primarily boosted by contributions from the newly opened restaurants, including China Tang Harbour City in Hong Kong, Howard's Gourmet in CCB Tower, Hong Kong, CIAK – All Day Italian in Cityplaza, Hong Kong, Operetta in Pacific Place, Hong Kong, Beefbar in Central, Hong Kong and Old Bazaar Kitchen in Wanchai, Hong Kong.

Up to the date of this Annual Report, the restaurant operation includes the Group's interests in 16 restaurants in Hong Kong and mainland China.

Cuisine	Restaurant	Location	Award
Western Cuisine	8½ Otto e Mezzo BOMBANA Hong Kong	Hong Kong	Three Michelin stars (2012–2017)
	Otto e Mezzo BOMBANA Shanghai	Shanghai	Two Michelin stars (2017)
	Opera BOMBANA	Beijing	
	CIAK – In The Kitchen	Hong Kong	One Michelin star (2015–2017)
	CIAK – All Day Italian	Hong Kong	Michelin Bib Gourmand (2017)
	Beefbar	Hong Kong	One Michelin star (2017)
	Operetta	Hong Kong	
Chinese Cuisine	China Tang Landmark	Hong Kong	
	China Tang Harbour City	Hong Kong	
	Howard's Gourmet	Hong Kong	
	Chiu Tang Central	Hong Kong	
	Tang^2	Hong Kong	
	Old Bazaar Kitchen	Hong Kong	
Japanese Cuisine	Kaiseki Den by Saotome (formally known as "**Wagyu Kaiseki Den**")	Hong Kong	One Michelin star (2010–2017)
	Takumi by Daisuke Mori (formally known as "**Wagyu Takumi**")	Hong Kong	One Michelin star (2017)
	Sushi Masataka (formally known as "**Rozan**")	Hong Kong	

Hotel Operation

Turnover from hotel operation was mainly derived from the Group's operation of the Caravelle Hotel in Ho Chi Minh City, Vietnam. For the year ended 31 July 2017, the hotel operation contributed HK$412.3 million to the Group's turnover (2016: HK$391.7 million).

Caravelle Hotel is a leading international 5-star hotel in the centre of the business, shopping and entertainment district in Vietnam. It is an elegant 24-storey tower with a mixture of French colonial and traditional Vietnamese style and has 335 superbly appointed rooms, suites, exclusive Signature Floors, Signature Lounge and a specially equipped room for the disabled. Total GFA attributable to the Group is 98,376 square feet.

The Group was awarded the hotel tender at Ocean Park in May 2014 and the Ocean Hotel, to be operated by the Marriott group, will provide a total of 471 rooms upon its completion in 2018. The Group is optimistic about the prospects of the Ocean Hotel project given the strong popularity of Ocean Park, which is underpinned by robust growth in visitor numbers to Hong Kong coinciding with its expansion. In June 2017, the Group invested a total of HK$159.6 million for an effective interest of 38.635% in a parcel of land in Phuket, Thailand for a resort hotel development and villas project. The hotel project consists of luxury resort villas that will be managed by an international hotel manager. This project is at the start of the development stage and the Group will provide material updates on this project as and when available.

The hotel operation has extensive experience in providing consultancy and management services to hotels in Mainland China, Hong Kong and other Asian countries. The division's key strategy going forward will continue to focus on providing management services, particularly to capture opportunities arising from the developments of Lai Fung in Shanghai, Guangzhou, Zhongshan and Hengqin. The hotel division manages Lai Fung's serviced apartments in Shanghai and Zhongshan under the "STARR" brand. STARR Resort Residence Zhongshan soft opened in August 2013 and comprises two 16-storey blocks with 90 fully furnished serviced apartment units located in the Palm Lifestyle complex in Zhongshan Western district at Cui Sha Road, opposite to the new Zhongshan traditional Chinese medical centre. STARR Hotel Shanghai soft opened in November 2013 and is a 17-storey hotel with 239 fully furnished and equipped hotel units with kitchenette located in the Mayflower Lifestyle complex right in the heart of the Zhabei inner ring road district, within walking distance to Lines 1, 3 and 4 of the Shanghai Metro Station with easy access to major motorways.

Interest in Associates (eSun)

The placing of 248,642,433 new shares of eSun Holdings Limited ("**eSun**") under its general mandate was completed on 9 February 2017, resulting in a dilution of the Group's interest in eSun from 41.92% to 34.94%. In February 2017, the Group acquired 2% additional interest in eSun from the public shareholders and the Group's interest in eSun increased from 34.94% to 36.94%. As of the date of this Annual Report, the Group's interest in eSun is 36.94%.

During the year under review, share of profits of eSun amounting to HK$191.3 million (2016: HK$33.9 million). The increase is a mix of (a) lower operating profit due to lower recognised property sales from subsidiaries of Lai Fung; (b) increased profit contribution from the property sales of Lai Fung's joint venture project; (c) tax indemnity amount received by Lai Fung from the Company pursuant to the Tax Indemnity Deed; and (d) gain on disposal of eSun's entire interest in 1,480,994 Series C Preferred shares in Pony Media Holdings Inc. in March 2017.

Interests in Joint Ventures

During the year ended 31 July 2017, contribution from joint ventures amounted to HK$837.4 million (2016: HK$770.5 million), representing an increase of 8.7%. This is primarily due to strong revaluation gains of CCB Tower and 8 Observatory Road being recognised during the year under review as compared to last year.

	For the year ended 31 July	
	2017	**2016**
	(HK$ million)	*(HK$ million)*
Revaluation gains	752.9	682.4
Operating profits	84.5	88.1
Contribution from joint ventures	837.4	770.5

Liquidity and Financial Resources

As at 31 July 2017, cash and bank balances and undrawn facilities held by the Group amounted to HK$2,947.4 million and HK$3,818.5 million, respectively.

The Group's sources of funding comprise mainly internal funds generated from the Group's business operations, loan facilities provided by banks, guaranteed notes issued to investors and rights issue.

As at 31 July 2017, the Group had bank borrowings of approximately HK$6,906.0 million and guaranteed notes of approximately HK$2,731.2 million. The gearing ratio, expressed as a percentage of the total outstanding net debt (being the total outstanding bank borrowings and guaranteed notes less the pledged and unpledged bank balances and time deposits) to consolidated net assets attributable to owners of the Company, was approximately 25.1%. The Group's gearing excluding the net debt of the London portfolio all of which had a positive carry net of financing costs was approximately 19.3%. As at 31 July 2017, the maturity profile of the bank borrowings of HK$6,906.0 million was spread over a period of less than 5 years with HK$157.6 million repayable within 1 year, HK$1,233.5 million repayable in the second year and HK$5,514.9 million repayable in the third to fifth years. All the Group's borrowings carried interest on a floating rate basis except for the guaranteed notes issued in January 2013 which has a fixed rate of 5.7% per annum.

As at 31 July 2017, certain investment properties with carrying amounts of approximately HK$16,204.9 million, certain property, plant and equipment with carrying amounts of approximately HK$3,445.8 million, certain properties under development for sale of approximately HK$810.0 million and certain bank balances and time deposits with banks of approximately HK$283.3 million were pledged to banks to secure banking facilities granted to the Group and its joint venture. In addition, certain shares in subsidiaries held by the Group were also pledged to banks to secure banking facilities granted to the Group. Certain shares in joint ventures held by the Group were pledged to banks to secure banking facilities granted to joint ventures of the Group. The Group's secured bank borrowings were also secured by floating charges over certain assets held by the Group.

The Group's major assets and liabilities and transactions were denominated in Hong Kong dollars and United States dollars. Considering that Hong Kong dollars are pegged against United States dollars, the Group believes that the corresponding exposure to exchange rate risk arising from United States dollars is nominal. In addition, the Group has investments in United Kingdom with the assets and liabilities denominated in Pounds Sterling. Majority of the investments were partly financed by bank borrowings denominated in Pounds Sterling in order to minimise the net foreign exchange exposure. Other than the abovementioned, the remaining monetary assets and liabilities of the Group were denominated in Renminbi and Vietnamese Dong which were also insignificant as compared with the Group's total assets and liabilities. During the year, no hedging instruments were employed to hedge for the foreign exchange exposure. The Group manages its foreign currency risk by closely reviewing the movement of the foreign currency rate and considers hedging significant foreign currency exposure should the need arise.

On 13 September 2017, the Group issued guaranteed notes in an aggregate principal amount of US$400 million ("**2017 Notes**"). The 2017 Notes are guaranteed by the Company, have a maturity term of five years and bear a fixed interest rate of 4.6% per annum with interest payable semi-annually in arrears. The net proceeds from the offering of the 2017 Notes were approximately US$396 million and will be used for refinancing the existing guaranteed notes of US$350 million and general corporate purposes.

Contingent Liabilities

Save as disclosed elsewhere in the financial statements, the Group also had the following contingent liabilities at the end of the reporting period:

(a) Contingent liabilities not provided for in the financial statements:

	2017	**2016**
	HK$'000	*HK$'000*
Guarantees given to banks in connection with facilities granted to and utilised by joint ventures	1,092,000	897,000

(b) Pursuant to an indemnity deed (the "**Lai Fung Tax Indemnity Deed**") dated 12 November 1997 entered into between the Company and Lai Fung Holdings Limited ("**Lai Fung**"), the Company has undertaken to indemnify Lai Fung in respect of certain potential PRC income tax and land appreciation tax ("**LAT**") payable or shared by Lai Fung in consequence of the disposal of certain property interests attributable to Lai Fung through its subsidiaries and its joint ventures as at 31 October 1997 (the "**Property Interests**"). These tax indemnities given by the Company apply in so far as such tax is applicable to the difference between (i) the value of the Property Interests in the valuation thereon by Chesterton Petty Limited (currently known as "**Knight Frank Petty Limited**"), independent professionally qualified valuers, as at 31 October 1997 (the "**Valuation**"); and (ii) the aggregate costs of such Property Interests incurred up to 31 October 1997, together with the amount of unpaid land costs, unpaid land premium and unpaid costs of resettlement, demolition and public utilities and other deductible costs in respect of the Property Interests. The Lai Fung Tax Indemnity Deed assumes that the Property Interests are disposed of at the values attributed to them in the Valuation, computed by reference to the rates and legislation governing PRC income tax and LAT prevailing at the time of the Valuation.

The indemnities given by the Company do not cover (i) new properties acquired by Lai Fung subsequent to the listing of the shares of Lai Fung on the Stock Exchange (the "**Listing**"); (ii) any increase in the relevant tax which arises due to an increase in tax rates or changes to the legislation prevailing at the time of the Listing; and (iii) any claim to the extent that provision for deferred tax on the revaluation surplus has been made in the calculation of the adjusted net tangible asset value of Lai Fung as set out in Lai Fung's prospectus dated 18 November 1997.

After taking into account the Property Interests currently held by Lai Fung as at 31 July 2017 which are covered under the Lai Fung Tax Indemnity Deed and the prevailing tax rates and legislation governing PRC income tax and LAT, the total amount of tax indemnity given by the Company is estimated to be approximately HK$0.8 billion (2016: HK$1.3 billion).

During the year, the Company settled tax indemnity of approximately HK$493,936,000 (2016: Nil) in relation to PRC income tax and LAT incurred and paid by Lai Fung. The Company also reversed an overprovision in prior years of approximately HK$142,451,000 (2016: Nil) which was credited to the consolidated income statement. As at the end of the reporting period, the Company recorded an aggregate provision for tax indemnity of approximately HK$93,000,000 (2016: HK$729,387,000).

Employees and Remuneration Policies

As at 31 July 2017, the Group employed a total of approximately 1,600 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.

MANAGEMENT DISCUSSION AND ANALYSIS ON THE GROUP FOR THE YEAR ENDED 31 JULY 2016

Set out is the management discussion and analyses of the Group as extracted from the annual report of the Company for the year ended 31 July 2016. Terms used below shall have the same meanings as defined in the said annual report.

Overview

Despite the challenging operating environment during the year under review, the Group weathered the challenging conditions and delivered an encouraging set of results underpinned by the steady and growing recurrent rental income base from investment properties of the Group.

Property Portfolio Composition

As at 31 July 2016, the Group maintained a property portfolio with attributable GFA of approximately 2.7 million square feet. Approximate attributable GFA (in '000 square feet) of the Group's major properties and number of car-parking spaces is as follows:

	Commercial/ Retail	Office	Industrial	Residential	Hotel	Total (excluding car-parking spaces & ancillary facilities)	No. of car-parking spaces attributable to the Group
Completed Properties Held for Rental[1]	485	1,172	64	–	–	1,721	1,027
Completed Hotel Properties	–	–	–	–	98	98	–
Properties Under Development[2]	79	–	–	423	366	868	196
Completed Properties Held for Sale	27	–	–	10	–	37	11
Total GFA of major properties of the Group	**591**	**1,172**	**64**	**433**	**464**	**2,724**	**1,234**

1. *Completed and rental generating properties*

2. *All properties under construction*

The above table does not include GFA of properties held by Lai Fung Holdings Limited ("**Lai Fung**").

Property Investment

Rental Income

During the year under review, the Group's rental operations recorded a turnover of HK$701.6 million (2015: HK$655.5 million), representing a 7.0% increase over last year. The increase is primarily due to the contributions from newly acquired rental properties in London, as well as continued management of tenant mix and rental reversion at major investment properties during the year under review.

The Group wholly owns three major investment properties in Hong Kong, namely Cheung Sha Wan Plaza, Causeway Bay Plaza 2 and Lai Sun Commercial Centre. The 50:50 joint venture with Henderson Land Development Company Limited ("**Henderson Land**") at 8 Observatory Road, Kowloon was completed in June 2015 and has started to contribute to the Group's results in the year under review. This is recognised as a component of "Share of profits of joint ventures" in the consolidated income statement.

Breakdown of rental turnover by major investment properties is as follows:

	For the year ended 31 July			Year end
	2016	**2015**	**% Change**	**occupancy**
	HK$ million	*HK$ million*		*(%)*
Hong Kong				
Cheung Sha Wan Plaza (including car-parking spaces)	302.6	293.9	3.0	93.3
Causeway Bay Plaza 2 (including car-parking spaces)	178.0	170.9	4.2	96.5
Lai Sun Commercial Centre (including car-parking spaces)	59.8	56.4	6.0	98.0
Subtotal:	540.4	521.2	3.7	
London, United Kingdom				
36 Queen Street	25.9	26.7	-3.0	100.0
107–112 Leadenhall Street	50.2	53.7	-6.5	100.0
100 Leadenhall Street	70.1	42.5	64.9	100.0
106 Leadenhall Street	3.5	–	N/A	94.7
Subtotal:	149.7	122.9	21.8	
Others	11.5	11.4	0.9	
Total:	701.6	655.5	7.0	
Rental proceeds from joint venture project				
Hong Kong				
CCB Tower# (50% basis)	113.7	113.6	0.1	100.0
8 Observatory Road## (50% basis)	30.0	–	N/A	Office: 86.5 Retail: 90.4

\# *CCB Tower is a joint venture project with China Construction Bank Corporation ("**CCB**") in which each of the Group and CCB has an effective 50% interest. For the year ended 31 July 2016, the rental proceeds recorded by the joint venture is HK$227.5 million (2015: HK$227.2 million).*

\## *8 Observatory Road is a joint venture project with Henderson Land in which each of the Group and Henderson Land has an effective 50% interest. For the year ended 31 July 2016, the rental proceeds recorded by the joint venture is HK$60.0 million.*

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

	For the year ended 31 July 2016			For the year ended 31 July 2015		
	Group interest	Turnover *(HK$ million)*	Attributable GFA *(square feet)*	Group interest	Turnover *(HK$ million)*	Attributable GFA *(square feet)*
Hong Kong						
Cheung Sha Wan Plaza	100%			100%		
Commercial		163.2	233,807		158.1	233,807
Office		122.6	409,896		118.5	409,896
Car-parking spaces		16.8	N/A		17.3	N/A
Subtotal:		302.6	643,703		293.9	643,703
Causeway Bay Plaza 2	100%			100%		
Commercial		122.3	109,770		114.1	109,770
Office		50.9	96,268		52.1	96,268
Car-parking spaces		4.8	N/A		4.7	N/A
Subtotal:		178.0	206,038		170.9	206,038
Lai Sun Commercial Centre	100%			100%		
Commercial		34.8	95,063		33.4	95,063
Office		8.2	74,181		7.7	74,181
Car-parking spaces		16.8	N/A		15.3	N/A
Subtotal:		59.8	169,244		56.4	169,244
Others		11.5	63,592*		11.4	59,302*
Subtotal:		551.9	1,082,577*		532.6	1,078,287*
London, United Kingdom						
36 Queen Street	100%			100%		
Office		25.9	60,816		26.7	60,816
107–112 Leadenhall Street	100%			100%		
Office		50.2	146,606		53.7	146,606
100 Leadenhall Street	100%			100%		
Office		70.1	177,700		42.5	177,700
106 Leadenhall Street	100%			–		
Office		3.5	12,687		–	–
Subtotal:		149.7	397,809		122.9	385,122
Total:		701.6	1,480,386*		655.5	1,463,409*

	For the year ended 31 July 2016			For the year ended 31 July 2015		
	Group interest	Turnover *(HK$ million)*	Attributable GFA *(square feet)*	Group interest	Turnover *(HK$ million)*	Attributable GFA *(square feet)*
Joint Venture Project						
Hong Kong						
CCB Tower# (50% basis)	50%			50%		
Office		113.3	114,555**		113.6	114,555#
Car-parking spaces		0.4	N/A			N/A
Subtotal:		113.7	114,555**		113.6	114,555#
8 Observatory Road## (50% basis)	50%			–		
Commercial		21.0	46,064***		–	–
Office		7.1	36,521***		–	–
Car-parking spaces		1.9	N/A		–	–
Subtotal:		30.0	82,585***		–	–

* *Excluding 10% interest in AIA Central.*

** *Referring to GFA attributable to the Group. The total GFA of CCB Tower is 229,110 square feet.*

*** *Referring to GFA attributable to the Group. The total GFA of 8 Observatory Road is 165,170 square feet.*

CCB Tower is a joint venture project with CCB in which each of the Group and CCB has an effective 50% interest. For the year ended 31 July 2016, the rental proceeds recorded by the joint venture is HK$227.5 million (2015: HK$227.2 million).

8 Observatory Road is a joint venture project with Henderson Land in which each of the Group and Henderson Land has an effective 50% interest. For the year ended 31 July 2016, the rental proceeds recorded by the joint venture is HK$60.0 million.

Review of Major Investment Properties

Hong Kong Properties

Cheung Sha Wan Plaza

The asset comprises of a 8-storey and a 7-storey office towers erected on top of a retail podium which was completed in 1989. It is located on top of the Lai Chi Kok MTR station with a total GFA of 643,703 square feet (excluding car-parking spaces). The arcade is positioned to serve the local communities nearby with major banks and recognised restaurants chains as the key tenants.

Causeway Bay Plaza 2

The asset comprises of a 28-storey commercial/office building with car-parking facilities at basement levels which was completed in 1992. It is located at the heart of Causeway Bay with a total GFA of 206,038 square feet (excluding car-parking spaces). Key tenants include a HSBC branch and commercial offices and major restaurants.

Lai Sun Commercial Centre

The asset comprises a 13-storey commercial/carpark complex completed in 1987. It is located near the Lai Chi Kok MTR station with a total GFA of 169,244 square feet (excluding car-parking spaces).

CCB Tower, 3 Connaught Road Central

The Group has a 50:50 interest with CCB in the joint redevelopment project of the former Ritz-Carlton Hotel in Central. This 27-storey office tower is a landmark property in Central featuring underground access to the Central MTR station. The property has a total GFA of 229,110 square feet (excluding car-parking spaces). CCB Tower was completed in 2012 and added 114,555 square feet of attributable GFA to the rental portfolio of the Group. CCB Tower is now fully leased out with 18 floors of the office floors and 2 banking hall floors leased to CCB for its Hong Kong operations.

8 Observatory Road

The Group has a 50:50 interest with Henderson Land in this joint development project at Observatory Road, Kowloon. The property is a 19-storey commercial building with a total GFA of 165,170 square feet (excluding car-parking spaces). The property was completed in June 2015 and as at 18 October 2016, approximately 97% of the floor area of the building has been leased or has offers to lease with another approximately 3% of floor area under negotiation.

AIA Central

The Group has 10% interest in AIA Central which is situated in the central business district of Hong Kong and commands spectacular views over Victoria Harbour, to Kowloon Peninsula to the north, and across Chater Garden and The Peak to the south. This 39-storey office tower provides prime office space with a total GFA of approximately 428,962 square feet (excluding car-parking spaces).

Overseas Properties

36 Queen Street, London EC4, United Kingdom

In February 2011, the Group acquired an office building in the City in central London located at 36 Queen Street. Completed in 1986, it comprises 60,816 square feet gross internal area of office accommodation extending over basement, ground and six upper floors. The building is currently fully leased out.

107–112 Leadenhall Street, London EC3, United Kingdom

In April 2014, the Group acquired a property located at the core of the insurance district in the City of London, surrounded by 30 St Mary Axe (commonly known as the Gherkin), Lloyd's of London and the Willis Building at 51 Lime Street. It is a freehold commercial property housing commercial, offices and retail space. The building comprises 146,606 square feet gross internal area of office accommodation extending over basement, ground, mezzanine and seven upper floors. The building is currently fully leased out.

100 Leadenhall Street, London EC3, United Kingdom

Following the acquisition of 107–112 Leadenhall Street in April 2014, the Group announced the acquisition of 100 Leadenhall Street in November 2014 which was completed in January 2015. This property comprises a basement, a lower ground floor, ground floor and nine upper floors and provides 177,700 square feet gross internal area of offices and ancillary accommodation. The property is currently fully let to ACE Global Markets Limited.

106 Leadenhall Street, London EC3, United Kingdom

In December 2015, the Group acquired the property located adjacent to 100 and 107 Leadenhall Street, namely 106 Leadenhall Street, which is a multi-tenanted asset with approximately 12,687 square feet net internal area of office space.

Property Development

For the year ended 31 July 2016, recognised turnover from sales of properties was HK$468.7 million (2015: HK$277.8 million), representing an increase of 68.7% over last year. The significant increase was mainly contributed by the sale of residential units in 339 Tai Hang Road during the year under review.

Review of Major Projects for Sale

339 Tai Hang Road, Hong Kong

The Group wholly owns the development project located at 339 Tai Hang Road, Hong Kong. The development project is a luxury residential property with a total GFA of approximately 30,400 square feet (excluding car-parking spaces). The total development cost (including land cost and lease modification premium) is approximately HK$670 million.

The property is now open for sale. For the year ended 31 July 2016, the Group has completed the sale of 4 residential units with total saleable area of 10,920 square feet. Total sales proceeds of HK$468.7 million were recognised during the year under review and the average selling price based on saleable area is approximately HK$42,900 per square foot. Up to 18 October 2016, 7 out of 9 units of this project have been sold.

Ocean One, 6 Shung Shun Street, Yau Tong

The Group wholly owns this development project, namely "Ocean One" located at No. 6 Shung Shun Street, Yau Tong, Kowloon. This property is a residential-cum-commercial property with a total GFA of about 122,000 square feet (excluding car-parking spaces) or 124 residential units and 2 commercial units. All units have been sold other than 2 shops and 7 car-parking spaces.

Review of Major Projects under Development

Alto Residences, Tseung Kwan O

In November 2012, the Group successfully tendered for and secured a site located at Area 68A2, Tseung Kwan O, New Territories, through a 50% joint venture vehicle. The lot has an area of 229,338 square feet with a total GFA of 573,422 square feet split into 458,914 square feet for residential use and 114,508 square feet for commercial use. Completion is expected to be in the first quarter of 2018.

Subsequent to the year end, this project providing 605 flats, including 23 detached houses was named "Alto Residences" and was launched for pre-sale in October 2016. Up to 18 October 2016, the first, second and the third price lists of the Alto Residences were released on 11 October 2016, 15 October 2016 and 18 October 2016, respectively for a total of 363 units with listed prices based on saleable area range from HK$12,373 to HK$27,508 per square foot.

Ocean Hotel project

The Group was named the most preferred proponent by Ocean Park for the Ocean Hotel project in October 2013 and was officially awarded the project in May 2014. The Ocean Hotel, to be operated by the Marriott group, will provide a total of 471 rooms and add 366,000 square feet of attributable rental space to the existing rental portfolio of the Group of approximately 1.8 million square feet. The total development cost is estimated to be approximately HK$4.4 billion. Completion is expected to be in the fourth quarter of 2017.

93 Pau Chung Street

In April 2014, the Group was successful in its bid for the development right to the San Shan Road/Pau Chung Street project from the Urban Renewal Authority in Ma Tau Kok, Kowloon, Hong Kong. The lot has an area of 12,599 square feet with a total GFA of 111,354 square feet split into 94,486 square feet for residential use and 16,868 square feet for commercial use. The total development cost is estimated to be approximately HK$1 billion and completion is expected to be in the first quarter of 2018.

Subsequent to the year end, this project was named "93 Pau Chung Street" and launched for pre-sale in September 2016, offering 209 flats in total, including studios, one and two-bedroom units. Up to 18 October 2016, the Group has pre-sold 75 units in this project with saleable area of approximately 26,400 square feet at an average selling price of HK$15,900 per square foot.

Sai Wan Ho Street project

The Group was successful in September 2015 in its bid for the development rights to the Sai Wan Ho Street project from the Urban Renewal Authority in Shau Kei Wan, Hong Kong. The project site covers an area of 7,642 square feet. Upon completion, it is planned to provide about 144 residential units with a total residential GFA of 61,139 square feet. The total development cost is estimated to be approximately HK$0.9 billion and completion is expected to be in the fourth quarter of 2019.

Ki Lung Street project

On 16 May 2016, the Group has completed the purchase of the remaining unit for the proposed development on Ki Lung Street in Sham Shui Po, Kowloon. The site comprises numbers 48–56 on Ki Lung Street and has a combined site area of 5,053 square feet. It is planned to be developed primarily into a commercial/residential development for sale with a total GFA of 42,873 square feet. The total development cost is expected to be approximately HK$0.4 billion and construction is expected to be completed in the second quarter of 2020.

Restaurant Operations

For the year ended 31 July 2016, the restaurant operations contributed HK$280.7 million to the Group's turnover (2015: HK$201.7 million), representing an increase of approximately 39.2% from last year. The contribution from the restaurants segment was boosted by contributions from the newly opened restaurants, including Tang^2 in Cheung Sha Wan Plaza, Beefbar in Central, Howard's Gourmet in CCB Tower, Hong Kong, CIAK – All Day Italian in Cityplaza, Hong Kong and China Tang Harbour City in Hong Kong.

Up to the date of this Annual Report, the restaurant operations include the Group's interests in 16 restaurants in Hong Kong and mainland China.

Cuisine	Restaurant	Location	Award
Western Cuisine	8½ Otto e Mezzo BOMBANA Hong Kong	Hong Kong	Three Michelin stars (2012–2016)
	Otto e Mezzo BOMBANA Shanghai	Shanghai	Two Michelin stars (2017)
	Opera BOMBANA	Beijing	
	CIAK – In The Kitchen	Hong Kong	One Michelin star (2015–2016)
	CIAK – All Day Italian	Hong Kong	
	Beefbar	Hong Kong	
	Operetta	Hong Kong	
Chinese Cuisine	China Tang Landmark	Hong Kong	
	China Tang Harbour City	Hong Kong	
	Howard's Gourmet	Hong Kong	
	Chiu Tang	Hong Kong	
	Tang^2	Hong Kong	
	Kowloon Tang	Hong Kong	
Japanese Cuisine	Wagyu Takumi	Hong Kong	Two Michelin stars (2014–2016)
	Wagyu Kaiseki Den	Hong Kong	One Michelin star (2010–2016)
	Rozan	Hong Kong	

Hotel Operations

Turnover from hotel operation was mainly derived from the Group's operation of the Caravelle Hotel in Ho Chi Minh City, Vietnam. For the year ended 31 July 2016, the hotel operation contributed HK$391.7 million to the Group's turnover (2015: HK$384.0 million).

Caravelle Hotel is a leading international 5-star hotel in the centre of the business, shopping and entertainment district in Vietnam. It is an elegant 24-storey tower with a mixture of French colonial and traditional Vietnamese style and has 335 superbly appointed rooms, suites, exclusive Signature Floors, Signature Lounge and a specially equipped room for the disabled. Total GFA attributable to the Group is 98,376 square feet.

The Group was awarded the hotel tender at Ocean Park in May 2014 and the Ocean Hotel, to be operated by the Marriott group, will provide a total of 471 rooms upon its completion in 2017. The Group is optimistic about the prospects of the Ocean Hotel project given the strong popularity of Ocean Park, which is underpinned by robust growth in visitor numbers to Hong Kong coinciding with its expansion.

The hotel operation has extensive experience in providing consultancy and management services to hotels in Mainland China, Hong Kong and other Asian countries. The division's key strategy going forward will continue to focus on providing management services, particularly to capture opportunities arising from the developments of Lai Fung in Shanghai, Guangzhou, Zhongshan and Hengqin. The hotel division manages Lai Fung's serviced apartments in Shanghai and Zhongshan under the "STARR" brand. STARR Resort Residence Zhongshan comprises two 16-storey blocks with 90 fully furnished serviced apartment units located in the Palm Lifestyle complex in Zhongshan Western district at Cui Sha Road, opposite to the new Zhongshan traditional Chinese medical centre. STARR Hotel Shanghai is a 17-storey hotel with 239 fully furnished and equipped hotel units with kitchenette located in the Mayflower Lifestyle complex right in the heart of the Zhabei inner ring road district, within walking distance to Lines 1, 3 and 4 of the Shanghai Metro Station with easy access to major motorways.

Interests in Associates (eSun)

As at 31 July 2016, the Group's interest in eSun Holdings Limited ("**eSun**") is 41.92%.

Share of profits of eSun amounting to HK$33.9 million (2015: HK$108.3 million). The decrease is primarily due to a lower revaluation gain rising in the revaluation of Lai Fung's investment properties during the year under review and decrease in results of Media Asia Group Holdings Limited ("**MAGHL**") and its subsidiaries (collectively, "**MAGHL Group**") which is primarily attributable to (i) decrease in both the turnover and the gross profit ratio due to the decrease in the number of large-scale films released and events held by MAGHL Group during the year under review and (ii) increase in other operating expenses of MAGHL Group which is mainly due to the exchange loss arising from the depreciation in Renminbi.

Interests in Joint Ventures

During the year under review, contribution from joint ventures increased to HK$770.5 million (2015: HK$354.2 million), representing an increase of 117.5%. This is primarily due to stronger revaluation gains of 8 Observatory Road and CCB Tower.

	For the year ended 31 July	
	2016	**2015**
	(HK$ million)	*(HK$ million)*
Revaluation gains	682.4	282.9
Operating profits	88.1	71.3
Contribution from joint ventures	770.5	354.2

Liquidity and Financial Resources

As at 31 July 2016, cash and bank balances and undrawn facilities held by the Group amounted to HK$2,570.9 million and HK$6,115.0 million, respectively.

The Group's sources of funding comprise mainly internal funds generated from the Group's business operations, loan facilities provided by banks, guaranteed notes issued to investors and rights issue.

As at 31 July 2016, the Group had bank borrowings of approximately HK$5,402.4 million and guaranteed notes of approximately HK$2,709.2 million. The gearing ratio, expressed as a percentage of the total outstanding net debt (being the total outstanding bank borrowings and guaranteed notes less the pledged and unpledged bank balances and time deposits) to consolidated net assets attributable to owners of the Company, was approximately 22.7%. The Group's gearing excluding the net debt of the London portfolio all of which had a positive carry net of financing costs was approximately 16.2%. As at 31 July 2016, the maturity profile of the bank borrowings of HK$5,402.4 million was spread over a period of less than 5 years with HK$126.7 million repayable within 1 year, HK$154.2 million repayable in the second year and HK$5,121.5 million repayable in the third to fifth years.

All the Group's borrowings carried interest on a floating rate basis except for the guaranteed notes issued in January 2013 which has a fixed rate of 5.7% per annum.

As at 31 July 2016, certain investment properties with carrying amounts of approximately HK$14,912.7 million, certain property, plant and equipment with carrying amounts of approximately HK$2,390.4 million, certain properties under development for sale of approximately HK$634.6 million and certain bank balances and time deposits with banks of approximately HK$216.2 million were pledged to banks to secure banking facilities granted to the Group. In addition, certain shares in subsidiaries held by the Group were also pledged to banks to secure banking facilities granted to the Group. Certain shares in joint ventures held by the Group were pledged to banks to secure banking facilities granted to joint ventures of the Group. The Group's secured bank borrowings were also secured by floating charges over certain assets held by the Group.

The Group's major assets and liabilities and transactions were denominated in Hong Kong dollars and United States dollars. Considering that Hong Kong dollars are pegged against United States dollars, the Group believes that the corresponding exposure to exchange rate risk arising from United States dollars is nominal. In addition, the Group has investments in United Kingdom with the assets and liabilities denominated in Pounds Sterling. Majority of the investments were partly financed by bank borrowings denominated in Pounds Sterling in order to minimise the net foreign exchange exposure. Other than the abovementioned, the remaining monetary assets and liabilities of the Group were denominated in Renminbi and Vietnamese Dong which were also insignificant as compared with the Group's total assets and liabilities. No hedging instruments were employed to hedge for the foreign exchange exposure. The Group manages its foreign currency risk by closely reviewing the movement of the foreign currency rate and considers hedging significant foreign currency exposure should the need arise.

Contingent Liabilities

Save as disclosed elsewhere in the financial statements, the Group also had the following contingent liabilities at the end of the reporting period:

(a) Contingent liabilities not provided for in the financial statements:

	2016	**2015**
	HK$'000	*HK$'000*
Guarantees given to banks in connection with facilities granted to and utilised by a joint venture	897,000	703,000

(b) Pursuant to an indemnity deed (the "**Lai Fung Tax Indemnity Deed**") dated 12 November 1997 entered into between the Company and Lai Fung Holdings Limited ("**Lai Fung**"), the Company has undertaken to indemnify Lai Fung in respect of certain potential PRC income tax and land appreciation tax ("**LAT**") payable or shared by Lai Fung in consequence of the disposal of any of the property interests attributable to Lai Fung through its subsidiaries and its joint ventures as at 31 October 1997 (the "**Property Interests**"). These tax indemnities given by the Company apply in so far as such tax is applicable to the difference between (i) the value of the Property Interests in the valuation thereon by Chesterton Petty Limited (currently known as "**Knight Frank Petty Limited**"), independent professionally qualified valuers, as at 31 October 1997 (the "**Valuation**"); and (ii) the aggregate costs of such Property Interests incurred up to 31 October 1997, together with the amount of unpaid land costs, unpaid land premium and unpaid costs of resettlement, demolition and public utilities and other deductible costs in respect of the Property Interests. The Lai Fung Tax Indemnity Deed assumes that the Property Interests are disposed of at the values attributed to them in the Valuation, computed by reference to the rates and legislation governing PRC income tax and LAT prevailing at the time of the Valuation.

The indemnities given by the Company do not cover (i) new properties acquired by Lai Fung subsequent to the listing of the shares of Lai Fung on the Stock Exchange (the "**Listing**"); (ii) any increase in the relevant tax which arises due to an increase in tax rates or changes to the legislation prevailing at the time of the Listing; and (iii) any claim to the extent that provision for deferred tax on the revaluation surplus has been made in the calculation of the adjusted net tangible asset value of Lai Fung as set out in Lai Fung's prospectus dated 18 November 1997.

After taking into account the Property Interests currently held by Lai Fung as at 31 July 2016 which are covered under the Lai Fung Tax Indemnity Deed and the prevailing tax rates and legislation governing PRC income tax and LAT, the total amount of tax indemnity given by the Company is estimated to be approximately HK$1,350,000,000 (2015: HK$1,350,000,000).

After taking into account the plans and the status of the Property Interests held by Lai Fung as at 31 July 2016 and 31 July 2015 which are covered under the Lai Fung Tax Indemnity Deed and the prevailing tax rates and legislation governing PRC income tax and LAT, the Group recorded an aggregate provision for tax indemnity of approximately HK$729,387,000 as at the end of the reporting period (2015: HK$729,387,000).

Employees and Remuneration Policies

As at 31 July 2016, the Group employed a total of approximately 1,500 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.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or its Associated Corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) 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 (ii) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO ("**Register of Directors and Chief Executive**"); or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the Code of Practice for Securities Transactions by Directors and Designated Employees adopted by the Company ("**Securities Code**") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of the Listed Issuers contained in Appendix 10 of the Listing Rules; or (iv) as known by the Directors were as follows:

(1) The Company

Long Positions in the Ordinary Shares of the Company ("Shares") and the Underlying Shares

Name of Director	Capacity	Personal interests	Family interests	Corporate interests	Other interests	Total interests	Approximate % of total interests to total issued Shares
Dr. Lam Kin Ngok, Peter ("**Dr. Peter Lam**")	Beneficial owner/ Owner of controlled corporations	429,232 *(Note 1)*	Nil	340,023,572 *(Note 1)*	417,308 *(Note 5)*	340,870,112	56.21%
Mr. Chew Fook Aun ("**Mr. FA Chew**")	Beneficial owner/ Owner of controlled corporations	Nil	Nil	400,000 *(Note 3)*	3,773,081 *(Note 5)*	4,173,081	0.69%
Mr. Lau Shu Yan, Julius ("**Mr. Julius Lau**")	Beneficial owner	263,500 *(Note 4)*	Nil	Nil	2,086,540 *(Note 5)*	2,350,040	0.39%
Mr. Lam Hau Yin, Lester ("**Mr. Lester Lam**")	Beneficial owner	Nil	Nil	Nil	4,173,081 *(Note 5)*	4,173,081	0.69%
Madam U Po Chu ("**Madam U**") *(Note 2)*	Beneficial owner	26,919 *(Note 2)*	Nil	Nil	Nil	26,919	0.01%

Notes:

*(1) LSG and two of its wholly-owned subsidiaries, namely Zimba International Limited ("**Zimba International**") and Joy Mind Limited ("**Joy Mind**"), beneficially owned 340,023,572 Shares, representing approximately 56.07% of the issued share capital of the Company. Dr. Peter Lam was deemed to be interested in the same 340,023,572 Shares by virtue of, in aggregate, his personal and deemed interests of approximately 42.17% in the issued share capital of LSG. LSG is approximately 12.71% owned by Dr. Peter Lam and is approximately 29.46% owned by Wisdoman Limited which in turn is 100% beneficially owned by Dr. Peter Lam.*

*On 15 August 2017, the Company implemented the Share Consolidation on the basis that every fifty (50) issued shares in the share capital of the Company were consolidated into one (1) consolidated share in the share capital of the Company ("**Share Consolidation**"). The issued share capital of the Company was decreased from 30,251,304,984 to 605,026,099 as a result of the Share Consolidation.*

The personal interests of Dr. Peter Lam changed from 21,461,617 Shares to 429,232 Shares following the completion of the Share Consolidation.

*LSG placed up to 50,934,000 Shares of the Company under the secondary block trade agreement dated 16 August 2017 which was completed on 21 August 2017 ("**Placing**").*

During the year ended 31 July 2018, 60,000 ordinary shares were issued in respect of share options exercised under the Company's shares option scheme increasing the number of issued shares from 605,026,099 to 605,086,099.

On 30 January 2018, the Company allotted and issued 990,515 new ordinary shares pursuant to its Scrip Dividend Scheme in relation to the final dividend for the year ended 31 July 2017, increasing the total number of issued shares in the Company from 605,086,099 to 606,076,614.

On 13 February 2019, the Company allotted and issued 387,511 new ordinary shares pursuant to its Scrip Dividend Scheme in relation to the final dividend for the year ended 31 July 2018, increasing the total number of issued shares in the Company from 606,076,614 to 606,464,125.

LSG pledged approximately 208,513,987 Shares (10,425,699,353 issued shares of the Company before the Share Consolidation) held by LSG, Zimba International and Joy Mind as security pursuant to its 7.70% secured guaranteed notes due 2018 under a Share Charge dated 24 July 2014. The amount has been repaid in full.

LSG and Joy Mind acquired in aggregate 17,319,000 shares of the Company on the market in May, June and July 2018, thereby increasing their shareholding interests in the Company from 322,704,572 to 340,023,572 Shares.

(2) Madam U is the widow of the late Mr. Lim Por Yen whose estate includes an interest of 3,957,189 Shares (197,859,550 Shares before the Share Consolidation), representing approximately 0.65% of the issued share capital of the Company.

The personal interests of Madam U changed from 1,345,974 Shares to 26,919 Shares following the completion of the Share Consolidation.

(3) The 20,000,000 Shares owned by The Orchid Growers Association Limited changed to 400,000 Shares following the completion of the Share Consolidation. By virtue of his 100% interest in the issued share capital of The Orchid Growers Association Limited, Mr. FA Chew was deemed to be interested in these 400,000 shares.

(4) The personal interests of Mr. Julius Lau changed from 13,175,000 Shares to 263,500 Shares following the completion of the Share Consolidation.

(5) A share option was granted by the Company to each of Dr. Peter Lam, Mr. FA Chew, Mr. Julius Lau, and Mr. Lester Lam, the particulars of which are set out below:

Registered Name	*Date of grant*	*Number of underlying shares comprised in the option before the Share Consolidation*	*Number of underlying shares comprised in the option after the Share Consolidation*	*Option period*	*Subscription price before the Share Consolidation*	*Subscription price after the Share Consolidation*
Dr. Peter Lam	*18/01/2013*	*20,865,408*	*417,308*	*18/01/2013–17/01/2023*	*HK$0.322 per Share*	*HK$16.100 per Share*
Mr. FA Chew	*05/06/2012*	*188,654,089*	*3,773,081*	*05/06/2012–04/06/2022*	*HK$0.107 per Share*	*HK$5.350 per Share*
Mr. Julius Lau	*18/01/2013*	*104,327,044*	*2,086,540*	*18/01/2013–17/01/2023*	*HK$0.322 per Share*	*HK$16.100 per Share*
Mr. Lester Lam	*18/01/2013*	*208,654,089*	*4,173,081*	*18/01/2013–17/01/2023*	*HK$0.322 per Share*	*HK$16.100 per Share*

(2) Associated Corporations

(i) LSG – the Ultimate Holding Company of the Company

Long positions in the ordinary shares and the underlying shares in LSG

Name of Director	Capacity	Personal interests	Family interests	Corporate interests	Other interests	Total interests	Approximate % of total interests to total issued shares
Dr. Peter Lam	Beneficial owner/ Owner of controlled corporations	48,411,476 *(Note 1)*	Nil	113,891,650 *(Note 1)*	708,575 *(Note 6)*	163,041,701	42.17%
Mr. FA Chew	Owner of controlled corporations	Nil	Nil	202,422 *(Note 2)*	3,819,204 *(Note 6)*	4,021,626	1.04%
Mr. Lester Lam	Beneficial owner	12,366,937 *(Note 3)*	Nil	Nil	7,571,626 *(Note 6)*	19,938,563	5.16%
Dr. Lam Kin Ming	Beneficial owner	1,013,879 *(Note 4)*	Nil	Nil	Nil	1,013,879	0.26%
Madam U	Beneficial owner	825,525 *(Note 5)*	Nil	Nil	Nil	825,525	0.21%

Notes:

*(1) On 15 August 2017, LSG implemented the Share Consolidation on the basis that every five (5) issued shares in the share capital of LSG were consolidated into one (1) consolidated share in the share capital of LSG ("**LSG Share Consolidation**").*

*On 30 January 2018, LSG allotted and issued 1,917,209 new ordinary shares ("**Scrip Shares**") pursuant to its Scrip Dividend Scheme in relation to the final dividend for the year ended 31 July 2017, increasing the total number of issued shares in LSG from 383,220,448 to 385,137,657.*

On 13 February 2019, LSG allotted and issued 1,467,165 Scrip Shares pursuant to its Scrip Dividend Scheme in relation to the final dividend for the year ended 31 July 2018, increasing the total number of issued shares in LSG from 385,137,657 to 386,604,822.

The interests of Wisdoman Limited were changed from 562,590,430 shares to 112,518,086 shares following the completion of the LSG Share Consolidation. On 30 January 2018, Wisdoman Limited has elected to receive a total of 609,191 Scrip Shares in lieu of cash dividend pursuant to the Scrip Dividend Scheme of LSG, increasing Wisdoman's interests in LSG from 112,518,086 shares to 113,127,277 shares. On 13 February 2019, Wisdoman Limited has elected to receive a total of 764,373 Scrip Shares in lieu of cash dividend pursuant to the Scrip Dividend Scheme of LSG, increasing Wisdoman's interests in LSG from 113,127,277 shares to 113,891,650 shares. Dr. Peter Lam was deemed to be interested in 113,891,650 shares (representing approximately 29.46% of LSG's issued share capital) by virtue of his 100% interests in the issued share capital of Wisdoman Limited.

The personal interests of Dr. Peter Lam were changed from 239,286,305 shares to 47,857,260 shares following the completion of the LSG Share Consolidation. On 30 January 2018, Dr. Peter Lam has elected to receive a total of 259,106 Scrip Shares in lieu of cash dividend pursuant to the Scrip Dividend Scheme of LSG, increasing his personal interests in LSG from 47,857,260 shares to 48,116,366 shares. On 13 February 2019, Dr. Peter Lam has elected to receive a total of 325,110 Scrip Shares in lieu of cash dividend pursuant to the Scrip Dividend Scheme of LSG, increasing his personal interests in LSG from 48,116,366 shares to 48,441,476 shares.

(2) *The 1,012,111 shares held by The Orchid Growers Association Limited, a company wholly-owned by Mr. FA Chew changed to 202,422 shares following the completion of the LSG Share Consolidation. Mr. FA Chew ws deemed to be interested in these 202,422 shares.*

(3) *The personal interests of Mr. Lester Lam were changed from 61,088,946 shares to 12,217,789 shares following the completion of the LSG Share Consolidation. On 30 January 2018, Mr. Lester Lam has elected to receive a total of 66,149 Scrip Shares in lieu of cash dividend pursuant to the Scrip Dividend Scheme of LSG, increasing his personal interests in LSG from 12,217,789 shares to 12,283,938 shares. On 13 February 2019, Mr. Lester Lam has elected to receive a total of 82,999 Scrip Shares in lieu of cash dividend pursuant to the Scrip Dividend Scheme of LSG, increasing his personal interests in LSG from 12,283,938 shares to 12,366,937 shares.*

(4) *The personal interests of Dr. Lam Kin Ming were changed from 5,008,263 shares to 1,001,652 shares following the completion of the LSG Share Consolidation. On 30 January 2018, Dr. Lam Kin Ming has elected to receive a total of 5,423 Scrip Shares in lieu of cash dividend pursuant to the Scrip Dividend Scheme of LSG, increasing his personal interests in LSG from 1,001,652 shares to 1,007,075 shares. On 13 February 2019, Dr. Lam Kin Ming has elected to receive a total of 6,804 Scrip Shares in lieu of cash dividend pursuant to the Scrip Dividend Scheme of LSG, increasing his personal interests in LSG from 1,007,075 shares to 1,013,879 shares.*

(5) *The personal interests of Madam U were changed from 4,127,625 shares to 825,525 shares following the completion of the LSG Share Consolidation.*

(6) *Share options were granted by LSG to each of Dr. Peter Lam, Mr. FA Chew and Mr. Lester Lam, the particulars of which are set out below:*

Registered Name	*Date of grant*	*Number of underlying shares comprised in the option before the LSG Share Consolidation*	*Number of underlying shares comprised in the option after the LSG Share Consolidation*	*Option period*	*Subscription price before the LSG Share Consolidation*	*Subscription price after the LSG Share Consolidation*
Dr. Peter Lam	18/01/2013	1,876,211	375,242	18/01/2013–17/01/2023	HK$1.21 per share	HK$6.05 per share
	19/06/2017	1,666,666	333,333	19/06/2017–18/06/2027	HK$3.00 per share	HK$15.00 per share
Mr. FA Chew	19/06/2017	19,096,022	3,819,204	19/06/2017–18/06/2027	HK3.00 per share	HK15.00 per share
Mr. Lester Lam	18/01/2013	18,762,111	3,752,422	18/01/2013–17/01/2023	HK$1.21 per share	HK$6.05 per share
	19/06/2017	19,096,022	3,819,204	19/06/2017–18/06/2027	HK3.00 per share	HK15.00 per share

(ii) eSun – a subsidiary of the Company

Long positions in the ordinary shares and the underlying shares in eSun

Name of Director	Capacity	Personal interests	Family interests	Corporate interests	Other interests	Total interests	Approximate % of total interests to total issued shares
Dr. Peter Lam,	Beneficial owner/ Owner of controlled corporations	2,794,443	Nil	1,113,260,072 *(Note 1)*	Nil *(Note 2&3)*	1,116,054,515	74.81%
Mr. Lester Lam	Beneficial owner	2,794,443	Nil	Nil	Nil *(Note 2&3)*	2,794,443	0.19%

Notes:

*(1) LSG was interested in 340,023,572 Shares in the Company, representing approximately 56.07% of the issued share capital of the Company. Transtrend Holdings Limited ("**Transtrend**") a wholly-owned subsidiary of the Company, was interested in 1,113,260,072 shares in eSun ("**eSun Shares**"), representing approximately 74.62% of the issued share capital of eSun. As such, Dr. Peter Lam was deemed to be interested in the same 1,113,260,072 shares in eSun by virtue of, in aggregate, his personal (including underlying shares) and deemed interests of approximately 42.17% and 56.21% in the issued share capital of LSG and the Company, respectively.*

*With reference to the Company's announcements dated 27 May 2018, 22 July 2018, 25 July 2018, 8 August 2018 and 22 August 2018 ("**Announcements**") and the composite offer and response document jointly issued by the Company, Transtrend and eSun dated 23 July 2018 ("**eSun Composite Document**"), the eSun Offers (as defined in the Announcements) had become unconditional in all respects on 8 August 2018.*

Transtrend received valid acceptances in respect of 603,369,886 eSun Shares in relation to its offer for eSun Shares from 23 July 2018 to 22 August 2018, which increased the total number of eSun Shares in which the Company is deemed to be interested to 1,154,410,072.

On 11 February 2019, Transtrend has completed the sale of an aggregate of 41,150,000 eSun Shares, which decreased the total number of eSun Shares in which the Company is deemed to be interested to 1,113,260,072. As such, Dr. Peter Lam was deemed to be interested in the same 1,113,260,072 eSun Shares, representing approximately 74.62% of the issued share capital of eSun.

(2) *A share option was granted by eSun to each of Dr. Peter Lam, Mr. FA Chew and Mr. Lester Lam, the particulars of which are set out below:*

Registered Name	***Date of grant***	***Number of underlying shares comprised in the option***	***Option period***	***Subscription price***
Dr. Peter Lam	*18/01/2013*	*1,243,212*	*18/01/2013–17/01/2023*	*HK$1.612 per share*
Mr. FA Chew	*05/06/2012*	*6,216,060*	*05/06/2012–04/06/2022*	*HK$0.92 per share*
Mr. Lester Lam	*18/01/2013*	*12,432,121*	*18/01/2013–17/01/2023*	*HK$1.612 per share*

(3) *The 1,243,212 eSun share options of Dr. Peter Lam have been cancelled on 22 August 2018 pursuant to the eSun offers.*

Mr. FA Chew tendered acceptances to the eSun offer on 27 July 2018 in respect of these 6,216,060 share options which have been cancelled on 8 August 2018.

The 12,432,121 eSun share options of Mr. Lester Lam have been cancelled on 22 August 2018 pursuant to the eSun offers.

(iii) Lai Fung – a subsidiary of eSun

Long positions in the ordinary shares and the underlying shares in Lai Fung

Name of Director	**Capacity**	**Personal interests**	**Family interests**	**Corporate interests**	**Other interests**	**Total interests**	**Approximate % of total interests to total issued shares**
Dr. Peter Lam	Beneficial owner/ Owner of controlled corporations	Nil	Nil	165,502,573 *(Note 1)*	321,918 *(Note 4)*	165,824,491	50.65%
Mr. FA Chew	Beneficial owner/ Owner of controlled corporations	Nil	Nil	600,000 *(Note 2)*	1,009,591 *(Note 4)*	1,609,591	0.49%
Mr. Julius Lau	Beneficial owner	235 *(Note 3)*	Nil	Nil	965,754 *(Note 4)*	965,989	0.30%
Mr. Lester Lam	Beneficial owner	Nil	Nil	Nil	3,219,182 *(Note 4)*	3,219,182	0.98%

Notes:

*(1) On 15 August 2017, Lai Fung implemented the Share Consolidation on the basis that every fifty (50) issued shares in the share capital of Lai Fung were consolidated into one (1) consolidated share in the share capital of Lai Fung ("**Lai Fung Share Consolidation**").*

On 30 January 2018, Lai Fung allotted and issued 1,122,400 new ordinary shares pursuant to its Scrip Dividend Scheme in relation to the final dividend for the year ended 31 July 2017, increasing the total number of issued shares in Lai Fung from 325,921,734 to 327,044,134.

On 13 February 2019, Lai Fung allotted and issued 342,831 new ordinary shares pursuant to its Scrip Dividend Scheme in relation to the final dividend for the year ended 31 July 2018, increasing the total number of issued shares in Lai Fung from 327,044,134 to 327,386,965.

The 8,274,270,422 shares held by eSun were changed to 165,485,406 shares in Lai Fung following the completion of the Lai Fung Share Consolidation. Dr. Peter Lam was deemed to be interested in the same 165,485,406 shares in Lai Fung by virtue of, in aggregate, his personal and deemed shareholding interests of approximately 74.81% in the issued share capital of eSun.

*Transtrend received valid acceptances in respect of 17,167 shares ("**Lai Fung Shares**") in relation to its offer for Lai Fung Shares from 15 August 2018 to 13 September 2018, which increased the total number of Lai Fung Shares in which Dr. Peter Lam, was deemed to be interested to 165,502,573, representing approximately 50.55% of the issued share capital of Lai Fung.*

(2) The deemed interests of Mr. FA Chew were changed from 30,000,000 shares to 600,000 shares following the completion of the Lai Fung Share Consolidation. These shares were held by The Orchid Growers Association Limited, a company wholly-owned by Mr. FA Chew.

(3) The personal interests of Mr. Julius Lau were changed from 11,772 shares to 235 shares following the completion of the Lai Fung Share Consolidation.

(4) A share option was granted by Lai Fung to each of Dr. Peter Lam, Mr. FA Chew, Mr. Julius Lau and Mr. Lester Lam, the particulars of which are set out below:

Registered Name	*Date of grant*	*Number of underlying shares comprised in the option before the Lai Fung Share Consolidation*	*Number of underlying shares comprised in the option after the Lai Fung Share Consolidation*	*Option period*	*Subscription price before the Lai Fung Share Consolidation*	*Subscription price after the Lai Fung Share Consolidation*
Dr. Peter Lam	*18/01/2013*	*16,095,912*	*321,918*	*18/01/2013–17/01/2023*	*HK$0.228 per share*	*HK$11.400 per share*
Mr. FA Chew	*12/06/2012*	*50,479,564*	*1,009,591*	*12/06/2012–11/06/2020*	*HK$0.133 per share*	*HK$6.650 per share*
Mr. Julius Lau	*18/01/2013*	*48,287,738*	*965,754*	*18/01/2013–17/01/2023*	*HK$0.228 per share*	*HK$11.400 per share*
Mr. Lester Lam	*18/01/2013*	*160,959,129*	*3,219,182*	*18/01/2013–17/01/2023*	*HK$0.228 per share*	*HK$11.400 per share*

(iv) *Media Asia Group Holdings Limited ("MAGHL") – a subsidiary of eSun*

Long positions in the ordinary shares and underlying shares in MAGHL

Name of Director	Capacity	Number of ordinary shares held	Number of underlying shares held	Total number of issued shares and underlying shares	Approximate % of total interests to total issued shares
Dr. Peter Lam	Owner of controlled corporations	1,443,156,837 *(Note 1)*	Nil	1,443,156,837	67.56%

Note:

(1) As at the Latest Practicable Date, these interests in MAGHL represented the shares beneficially owned by Perfect Sky Holdings Limited, a wholly-owned subsidiary of eSun, representing approximately 67.56% of the issued share capital of MAGHL. eSun is owned as to approximately 74.62% by the Company which in turn is owned as to approximately 56.07% by LSG. As LSG is approximately 12.71 owned by Dr. Peter Lam and approximately 29.46% owned by Wisdoman Limited which is turn 100% beneficially owned by Dr. Peter Lam, he was deemed to be interested in the said 1,443,156,837 shares in MAGHL.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company and their respective close 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, recorded in the Register of Directors and Chief Executive as aforesaid, notified under the Securities Code or otherwise known by the Directors.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS

As at the Latest Practicable Date, so far as was known by or otherwise notified by any Director or the chief executive of the Company, the particulars of the corporations or individuals (are being a Director), who had 5% or more interests in the following long positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were 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:

Long Positions in the Shares and the Underlying Shares of the Company

Name	Capacity	Nature of interests	Number of Shares and underlying Shares	Approximate % of Shares in issue
LSG	Beneficial owner	Corporate	340,023,572 *(Note 1)*	56.07%
Dr. Peter Lam	Beneficial owner/ Owner of controlled corporations	Personal and corporate	340,870,112 *(Note 1)*	56.21%
Mr. Yu Cheuk Yi	Beneficial owner	Personal	96,944,010 *(Note 2)*	16.00%
Ms. Yu Siu Yuk	Beneficial owner	Personal	96,944,010 *(Note 2)*	16.00%

Notes:

(1) LSG and two of its wholly-owned subsidiaries, namely Zimba International and Joy Mind beneficially owned 340,023,572 Shares, representing approximately 56.07% of the issued share capital of the Company following the completion of the Share Consolidation and the Placing. Dr. Peter Lam was deemed to be interested in the same 340,023,572 Shares by virtue of, in aggregate, his personal and deemed interests of approximately 42.17% in the issued share capital of LSG.

(2) Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk jointly held 96,944,010 Shares (16.00%) according to shareholding shown in last Individual Substantial Notice (Form 1) filed for an event on 21 November 2018.

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 the Latest Practicable Date, had the Voting Entitlements or 5% or more interests or short positions in the Shares or underlying Shares of the Company recorded in the Register of Shareholders.

3. DIRECTORS' SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which will not expire or be determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

4. LITIGATION

As at the Latest Practicable Date, none of the members of the Groups was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

5. COMPETING INTERESTS

As at the Latest Practicable Date, the following Directors are considered to have interests in businesses which compete or may compete, either directly or indirectly, with the businesses of the Group (which would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them were treated as a controlling shareholder of the Company):

Dr. Peter Lam, Dr. Lam Kin Ming, Mr. FA Chew, Madam U and Mr. Lester Lam (together, "**Interested Directors**") held shareholding interests and/or directorships in companies/entities engaged in the businesses of property investment and development in Hong Kong including Crocodile Garments Limited.

Dr. Peter Lam held shareholding or other interests and/or directorships in companies or entities engaged in the business of investment in and operation of restaurants in Hong Kong.

Dr. Lam Kin Ming held shareholding or other interests and/or directorships in companies or entities engaged in the production of pop concerts, music production and distribution and management of artistes.

The Directors do not consider the interests held by the Interested Directors to be competing in practice with the relevant business of the Group in view of:

(1) different locations and different uses of the properties owned by the above companies and those of the Group; and

(2) different target customers of the restaurant operations as well as the concerts and albums of the above companies and those of the Group.

However, the Board is independent from the boards of directors/governing committees of the aforesaid companies/entities and none of the Interested Directors can personally control the Board. Further, each of the Interested Directors is fully aware of, and has been discharging his/her fiduciary duty to the Company and has acted and will continue to act in the best interest of the Company and the Shareholders as a whole. Therefore, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of such companies/entities.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and their respective close associates had any interest in a business which competes or may compete with the businesses of the Group (which would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them were treated as a controlling shareholder of the Company).

6. INTERESTS IN ASSETS AND CONTRACTS

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which had been, since 31 July 2018 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any of the Directors are materially interested and which is significant to the business of the Group.

7. MATERIAL CONTRACTS

The following material contracts (not being contracts entered into the ordinary course of business) had been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date:

(a) the Amendment Contract;

(b) a shareholders' agreement dated 25 January 2019 entered into among Rosy Commerce Holdings Limited (業佳控股有限公司) ("**Rosy Commerce**", a company owned by Lai Fung and eSun as to 80% and 20%, respectively), China Cinda (HK) Asset Management Co., Limited (中國信達(香港)資產管理有限公司) ("**Investor**", an indirect wholly-owned subsidiary of China Cinda Asset Management Co., Ltd. (中國信達資產管理股份有限公司), a joint stock company incorporated in the PRC and whose shares and preference shares are listed on the Main Board of the Stock Exchange (Stock Code: 1359; Preference Shares Stock Code: 4607)), Glorious Stand Limited (榮立有限公司) ("**Glorious Stand**", an indirect wholly-owned subsidiary of Lai Fung), Lai Fung and eSun in relation to Glorious Stand upon completion of the sale and purchase and subscription of shares in Glorious Stand ("**GSL Investment Agreement**");

(c) a shareholders' agreement dated 25 January 2019 entered into among Rosy Commerce, the Investor and Harmonic Run Limited (和運有限公司) ("**Harmonic Run**", an indirect wholly-owned subsidiary of Lai Fung), Lai Fung and eSun in relation to Harmonic Run upon completion of the subscription of shares in Harmonic Run ("**HRL Investment Agreement**");

(d) an agreement dated 31 December 2018 made among Rosy Commerce, the Investor and Glorious Stand in relation to the GSL Investment Agreement, whereby:

    (1) Rosy Commerce agreed to subscribe for nine new shares in Glorious Stand at the aggregate subscription price of US$9;

(2) the Investor agreed to acquire three shares in Glorious Stand from Rosy Commerce at the USD equivalent of approximately RMB7 million;

(3) the Investor agreed to subscribe for 27 new shares in Glorious Stand at the aggregate subscription price of the USD equivalent of approximately RMB50 million; and

(4) Rosy Commerce agreed to subscribe for 63 new shares in Glorious Stand at the aggregate subscription price of US$63;

(e) an agreement dated 31 December 2018 made among Rosy Commerce, the Investor and Harmonic Run in relation to the HRL Investment Agreement, whereby:

(1) the Investor agreed to subscribe for 30 new shares in Harmonic Run at the aggregate subscription price of the USD equivalent of RMB186 million; and

(2) Rosy Commerce agreed to subscribe for 69 new shares in Harmonic Run at the aggregate subscription price of the USD equivalent of approximately RMB314 million;

(f) the Land Use Rights Grant Contract;

(g) a licence agreement dated 27 December 2018 entered into between Wealth Creation Limited (富威基業有限公司) ("**Wealth Creation**", a wholly-owned subsidiary of Lai Fung) (as the licensee) and Ducati (as the licensor) in relation to the development and operation of a motorcycle-themed experience centre ("**Centre**") which is planned to be launched in Phase II of the Novotown project, whereby Ducati shall license its licensed intellectual property rights to Wealth Creation in return for payments, largely in the form of royalties against various revenue streams of the Centre payable on a yearly basis (subject to adjustments pursuant to the terms of the licence agreement);

(h) a share sale and purchase agreement entered into between eSun (as buyer) and Lai's Holdings Limited (as seller) on 28 November 2018, pursuant to which eSun purchased 5,000 shares in Intercontinental Group Holdings Limited ("**IGHL**") (representing 10% of the total issued shares of IGHL) at a total consideration of HK$37,500,000;

(i) the sale and purchase agreement ("**SPA**") dated 27 July 2018 in relation to the transactions contemplated under the offer letter dated 27 June 2018 and the SPA, being the disposal of the entire issued share capital of Best Value International Limited ("**Best Value**") ("**Sale Shares**") by Luck Reach Limited (a wholly-owned subsidiary of the Company) and Financial Express International Limited to Treasure Ascend Global Limited ("**Purchaser**") at the consideration to be paid by the Purchaser for the Sale Shares and for assuming the obligation of full repayment of the existing loans owed by Best Value to certain financing parties (after repayment);

(j) a loan agreement entered into between eSun as borrower and Hibright Limited ("**Hibright**", a wholly-owned subsidiary of the Company) as lender on 27 July 2018 (as supplemented) in respect of the term loan facility in the principal amount of up to HK$700,000,000 to be granted by Hibright to eSun;

(k) a preferred stock purchase agreement entered into by Nice Sound Limited ("**Nice Sound**", a wholly-owned subsidiary of eSun), on 29 June 2018 and Stampede Entertainment, Inc. ("**Stampede**") in respect of the subscription by Nice Sound of 333,161 Series A-2 preferred stock of Stampede at a consideration of US$1,999,998.80;

(l) a loan agreement dated 29 June 2018 (as supplemented) entered into between eSun (as lender) and Media Asia Group Holdings Limited ("**MAGHL**", an exempted company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued shares of which are listed and traded on GEM of the Stock Exchange (Stock Code: 8075, an 67.56%-owned subsidiary of eSun)) (as borrower) in respect of a term loan facility in the amount of HK$100,000,000 provided by eSun to MAGHL;

(m) a share purchase and loan assignment agreement dated 28 June 2018 entered into among Vicper Holdings Limited (a wholly-owned subsidiary of the Company) as purchaser, Fincantieri S.p.A as the seller, the Company as the guarantor and Camper & Nicholsons International SA ("**CNI**") in relation to the sale and purchase of 607 shares of CNI and the assignment of an intercompany loan granted by Fincantieri S.p.A to CNI, for an aggregate consideration of EUR17,134,781.63;

(n) a loan agreement entered into between MAGHL as borrower and Hibright as lender on 10 May 2018 in respect of the term loan facility in the principal amount of up to HK$200 million granted by Hibright to MAGHL;

(o) a subscription agreement dated 10 January 2018 entered into between Lai Fung, Lai Fung Bonds (2018) Limited ("**Lai Fung Bonds**", a wholly-owned subsidiary of Lai Fung), the Company and the joint lead managers (being DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited, Oversea-Chinese Banking Corporation Limited and UBS AG Hong Kong Branch) in relation to the issue and distribution of the 5.65% guaranteed notes due 2023 in the principal amount of US$350,000,000 to be issued by Lai Fung Bonds;

(p) a cooperation agreement dated 14 December 2017 entered into between eSun Cinema Holdings (PRC) Limited (an indirect wholly-owned subsidiary of eSun) and Zhejiang Xinmu Cinema Management Co. Ltd.* (浙江新幕影院經營管理有限公司) in relation to the development of cinemas in the Tier One, Tier Two and Tier Three cities in the PRC through a 50:50 joint venture company;

(q) a sale and purchase agreement dated 13 December 2017 entered into between eSun (as seller) and Ms. Zhai Madalina-Elena (as purchaser) for the sale and purchase of all issued shares of Biu Kei Investments Limited (a wholly-owned subsidiary of eSun, holding a PRC subsidiary which engaged in cosmetic business in the PRC) at a consideration of HK$800,000;

(r) a shareholders agreement dated 6 December 2017 entered into between Marvel Day Ventures Limited ("**Marvel Day**", an indirect non-wholly-owned subsidiary of eSun), Cosmic Dragon Limited ("**Cosmic Dragon**", an indirect non-wholly-owned subsidiary of the Company) and Love Grubers Limited ("**Love Grubers**", which is beneficially owned as to 50% by Marvel Day and 50% by Cosmic Dragon) pursuant to which the parties agreed to procure Love Grubers to incorporate a wholly-owned subsidiary, Grubers Telford Limited, for the purpose of operating a cafe within the premises of MCL Telford Cinema located at Level 2 (Portion) and Level 3, Telford Gardens, No. 33 Wai Yip Street, Kowloon Bay, Kowloon, Hong Kong, whereby Marvel Day and Cosmic Dragon shall contribute all working or investment funding or capital which is required for the business or operations of Love Grubers (including an initial share capital funding amount being US$2 and a shareholders' loan in the amount of HK$8 million) pro rata to their shareholding in Love Grubers;

(s) a cooperation agreement dated 22 November 2017 (as supplemented) entered into between Supreme Motion, Harrow International (China) Management Services Limited ("**HICMS**") and ILA Holdings Limited ("**ILA**") in relation to the setting up of the Innovation Leadership Academy Hengqin ("**School**") in Phase II of the Novotown project, subject to, among other things, the successful acquisition of the relevant Phase II lands by Lai Fung for the Novotown project, whereby Supreme Motion shall acquire the relevant land use right and develop the relevant land for the setting up of the School ("**Development**") and HICMS and ILA shall pay Supreme Motion the total costs and expenses incurred by it for the Development in annual instalment of 7% of the gross revenue of the School and/or such other amounts as may be paid by HICMS and ILA pursuant to the cooperation agreement;

(t) a subscription agreement dated 6 September 2017 entered into among LSD Bonds (2017) Limited ("**Issuer**", a company wholly-owned by the Company), the Company and BNP Paribas, DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited and Standard Chartered Bank (as the joint lead managers) in relation to the subscription for the 4.60% guaranteed notes due 2022 in the principal amount of U.S.$400,000,000 issued by the Issuer ("**Notes**") and the offering of the Notes;

(u) the secondary block trade agreement dated 16 August 2017 entered into between LSG as seller and CLSA Limited as manager in relation to the placing of up to 50,934,000 Shares at the price of HK$13.05 per Share of the Company;

(v) a licence agreement dated 30 June 2017 entered into between Fortunate Century Limited (福運世紀有限公司) ("**Fortunate Century**", a wholly-owned subsidiary of Lai Fung) (as the licensee) and Real Madrid Club (as the licensor) in relation to the development and operation of a location based entertainment centre ("**Real Madrid LBE**") which is planned to be launched in Phase II of the Novotown project, subject to the successful acquisition of the relevant Phase II lands by Lai Fung for the Novotown project, whereby Real Madrid shall license its licensed intellectual property rights to Fortunate Century in return for payments, largely in the form of royalties against various revenue streams of the Real Madrid LBE payable on a yearly basis (subject to adjustments pursuant to the terms of the licence agreement);

(w) a cooperation agreement dated 1 June 2017 entered into between Zhuhai Hengqin Laisun Creative Culture City Co. Ltd.* (珠海橫琴麗新文創天地有限公司) ("**ZH**", a company owned as to 20% by eSun and 80% by Lai Fung) and Trans-Island Limousine Service Limited (環島旅運有限公司) ("**Trans-Island**") to develop cross-border bus services, whereby ZH shall lease a retail space with gross floor area of approximately 119.37 sq.m. in Phase I of the Novotown project at a monthly rental rate of RMB67 per sq.m. to Trans-Island as customer service centre together with six bus parking spaces for its provision of the aforementioned cross-border bus services, and Trans-Island shall provide the cross-border bus services and other tourist services as set out in the cooperation agreement; and

(x) a share purchase agreement dated 21 March 2017 entered into between Nice Sound (an indirect wholly-owned subsidiary of eSun) as vendor, Alibaba Investment Limited as purchaser and Pony Media Holdings Inc. in respect of the sale of the entire shareholding interest of Nice Sound in Pony Media Holdings Inc, being 1,480,994 Series C Preferred Shares of Pony Media Holdings Inc, to Alibaba Investment Limited at a consideration of US$14,902,230.

8. GENERAL

(a) The address of the registered office of the Company is 11th Floor, Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong.

(b) Mr. Chow Kwok Wor is the company secretary of the Company. He is a fellow member of The Institute of Chartered Secretaries and Administrators, The Hong Kong Institute of Chartered Secretaries and The Hong Kong Institute of Certified Public Accountants.

(c) The share registrar of the Company is Tricor Tengis Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(d) In case of inconsistency, the English text of this circular shall prevail over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during the following business hours (i.e. from 9:30 a.m. to 12:30 p.m. and from 2:30 p.m. to 5:30 p.m.) on any weekday (Saturdays, Sundays and public holidays excepted) unless (i) a tropical cyclone warning signal number 8 or above is hoisted; or (ii) a black rainstorm warning signal is issued at 11th Floor, Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong for 14 days from the date of this circular:

(a) the Articles of Association of the Company;

(b) the material contracts referred to under the paragraph headed "Material Contracts" in this Appendix III;

(c) the annual reports of the Company for the three years ended 31 July 2016, 31 July 2017 and 31 July 2018; and

(d) this circular.