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## LAI SUN GARMENT

Lai Sun Garment (International) Limited  
(Incorporated in Hong Kong with limited liability)

(Stock Code: 191)

### ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 JANUARY 2018

#### RESULTS

The board of directors (the “**Board**”) of Lai Sun Garment (International) Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 31 January 2018 together with the comparative figures of the last corresponding period as follows:

#### Condensed Consolidated Income Statement

For the six months ended 31 January 2018

		Six months ended 31 January	
	Notes	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
TURNOVER	3	917,890	871,978
Cost of sales		<u>(374,257)</u>	<u>(340,852)</u>
Gross profit		543,633	531,126
Other revenue		79,479	36,284
Selling and marketing expenses		(10,901)	(17,307)
Administrative expenses		(213,371)	(154,924)
Other operating expenses		(161,036)	(132,336)
Fair value gains on investment properties		<u>655,144</u>	<u>607,850</u>
PROFIT FROM OPERATING ACTIVITIES	4	892,948	870,693
Finance costs	5	(183,740)	(130,691)
Share of profits and losses of associates		(6,881)	11,472
Share of profits and losses of joint ventures		<u>612,585</u>	<u>333,817</u>
PROFIT BEFORE TAX		1,314,912	1,085,291
Tax	6	<u>(44,704)</u>	<u>(47,609)</u>
PROFIT FOR THE PERIOD		<u>1,270,208</u>	<u>1,037,682</u>
Attributable to:			
Owners of the Company		674,672	673,776
Non-controlling interests		<u>595,536</u>	<u>363,906</u>
		<u>1,270,208</u>	<u>1,037,682</u>
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	7		(Adjusted)
Basic		<u>HK\$1.762</u>	<u>HK\$1.774</u>
Diluted		<u>HK\$1.738</u>	<u>HK\$1.760</u>

**Condensed Consolidated Statement of Comprehensive Income**  
*For the six months ended 31 January 2018*

	<b>Six months ended</b>	
	<b>31 January</b>	
	<b>2018</b>	<b>2017</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
PROFIT FOR THE PERIOD	<u><b>1,270,208</b></u>	<u>1,037,682</u>
OTHER COMPREHENSIVE INCOME/(EXPENSE) TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS:		
Changes in fair values of available-for-sale financial assets	<b>165,713</b>	49,928
Exchange realignments	<b>114,518</b>	(50,324)
Share of other comprehensive income/(expense) of associates	<b>267,994</b>	(135,542)
Share of other comprehensive income of a joint venture	<b>962</b>	-
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the period	<b>(5,728)</b>	-
Reclassification adjustments for exchange loss included in the condensed consolidated income statement	<u><b>(3,535)</b></u>	-
	<u><b>(9,263)</b></u>	-
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD	<u><b>539,924</b></u>	<u>(135,938)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u><b>1,810,132</b></u></u>	<u><u>901,744</u></u>
Attributable to:		
Owners of the Company	<b>961,821</b>	588,654
Non-controlling interests	<u><b>848,311</b></u>	<u>313,090</u>
	<u><u><b>1,810,132</b></u></u>	<u><u>901,744</u></u>

**Condensed Consolidated Statement of Financial Position**  
*As at 31 January 2018*

	<i>Notes</i>	<b>31 January 2018 (Unaudited) HK\$'000</b>	31 July 2017 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>5,025,106</b>	4,322,054
Prepaid land lease payments		<b>19,359</b>	19,873
Investment properties		<b>20,112,722</b>	19,245,714
Properties under development for sale		<b>890,697</b>	1,646,938
Goodwill		<b>5,161</b>	5,161
Interests in associates		<b>3,884,553</b>	3,628,138
Interests in joint ventures		<b>7,925,439</b>	7,224,183
Available-for-sale financial assets		<b>2,029,282</b>	1,717,665
Pledged and restricted bank balances and time deposits		<b>80,039</b>	86,892
Deposits paid and other receivables		<b>339,354</b>	232,664
Total non-current assets		<b><u>40,311,712</u></b>	<u>38,129,282</u>
<b>CURRENT ASSETS</b>			
Properties under development for sale		<b>965,856</b>	-
Completed properties for sale		<b>264,914</b>	264,914
Inventories		<b>33,549</b>	31,327
Debtors, deposits paid and other receivables	8	<b>656,959</b>	543,893
Pledged and restricted bank balances and time deposits		<b>312,351</b>	314,152
Cash and cash equivalents		<b>2,772,167</b>	3,176,636
Total current assets		<b><u>5,005,796</u></b>	<u>4,330,922</u>
<b>CURRENT LIABILITIES</b>			
Creditors, deposits received and accruals	9	<b>1,469,328</b>	477,301
Tax payable		<b>103,664</b>	127,541
Guaranteed notes	10	<b>800,275</b>	3,480,606
Bank borrowings		<b>186,486</b>	171,582
Total current liabilities		<b><u>2,559,753</u></b>	<u>4,257,030</u>
<b>NET CURRENT ASSETS</b>		<b><u>2,446,043</u></b>	<u>73,892</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b><u>42,757,755</u></b>	<u>38,203,174</u>
<b>NON-CURRENT LIABILITIES</b>			
Bank borrowings		<b>6,701,767</b>	7,503,652
Guaranteed notes	10	<b>3,105,184</b>	-
Other borrowing, note payable and interest payable		<b>390,009</b>	384,293
Derivative financial instruments		<b>5,728</b>	-
Deferred tax		<b>212,816</b>	207,962
Provision for tax indemnity		<b>344,251</b>	344,251
Long term deposits received and other payables		<b>679,618</b>	902,034
Deferred rental		<b>6,083</b>	7,448
Total non-current liabilities		<b><u>11,445,456</u></b>	<u>9,349,640</u>
		<b><u>31,312,299</u></b>	<u>28,853,534</u>
<b>EQUITY</b>			
Equity attributable to owners of the Company			
Share capital		<b>1,232,007</b>	1,198,360
Investment revaluation reserve		<b>460,710</b>	367,057
Share option reserve		<b>100,916</b>	70,925
Hedging reserve		<b>(1,138)</b>	1,210
Capital reduction reserve		<b>6,973</b>	6,973
Asset revaluation reserve		<b>55,494</b>	55,494
Other reserve		<b>1,159,282</b>	2,759,760
Statutory reserve		<b>30,405</b>	25,622
Exchange fluctuation reserve		<b>(32,901)</b>	(228,745)
Retained profits		<b>14,424,529</b>	13,780,780
		<b><u>17,436,277</u></b>	<u>18,037,436</u>
Non-controlling interests		<b>13,876,022</b>	10,816,098
		<b><u>31,312,299</u></b>	<u>28,853,534</u>

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 January 2018 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants.

The financial information relating to the year ended 31 July 2017 that is included in the condensed consolidated statement of financial position as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 July 2017 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

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

### 2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and basis of presentation used in the preparation of these interim financial statements are the same as those used in the Group’s audited consolidated financial statements for the year ended 31 July 2017.

The Group has adopted the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”, which also include HKASs and Interpretations) which are applicable to the Group and are effective in the current period. The adoption of these new and revised HKFRSs has had no material impact on the reported results or financial position of the Group.

### 3. SEGMENT INFORMATION

The following table presents revenue and results for the Group's reportable segments:

	Six months ended 31 January (Unaudited)													
	Property development and sales		Property investment		Hotel operation		Restaurant operation		Others		Eliminations		Consolidated	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Segment revenue:														
Sales to external customers	-	-	405,715	400,399	231,933	209,081	268,469	248,653	11,773	13,845	-	-	917,890	871,978
Intersegment sales	-	-	10,978	11,736	-	90	-	-	15,679	13,565	(26,657)	(25,391)	-	-
Other revenue	2,041	3,637	548	757	85	16	168	180	7,193	4,683	-	-	10,035	9,273
Total	<u>2,041</u>	<u>3,637</u>	<u>417,241</u>	<u>412,892</u>	<u>232,018</u>	<u>209,187</u>	<u>268,637</u>	<u>248,833</u>	<u>34,645</u>	<u>32,093</u>	<u>(26,657)</u>	<u>(25,391)</u>	<u>927,925</u>	<u>881,251</u>
Segment results	<u>(6,711)</u>	<u>(18,751)</u>	<u>321,973</u>	<u>331,505</u>	<u>33,921</u>	<u>33,884</u>	<u>(5,872)</u>	<u>(7,967)</u>	<u>10,825</u>	<u>(7,945)</u>	<u>-</u>	<u>-</u>	<u>354,136</u>	<u>330,726</u>
Interest income from bank deposits - unallocated													40,607	15,880
Unallocated revenue													28,837	11,131
Fair value gains on investment properties	-	-	655,144	607,850	-	-	-	-	-	-	-	-	655,144	607,850
Unallocated expenses													(185,776)	(94,894)
Profit from operating activities													892,948	870,693
Finance costs													(183,740)	(130,691)
Share of profits and losses of associates	28	16	5,092	4,653	(251)	-	(1,288)	(2,147)	-	1,749	-	-	3,581	4,271
Share of profits and losses of associates - unallocated													(10,462)	7,201
Share of profits and losses of joint ventures	(2,314)	(26,026)	623,873	359,843	-	-	(577)	-	(8,397)	-	-	-	612,585	333,817
Profit before tax													1,314,912	1,085,291
Tax													(44,704)	(47,609)
Profit for the period													<u>1,270,208</u>	<u>1,037,682</u>

### 3. SEGMENT INFORMATION (continued)

The following table presents the total assets and liabilities for the Group's reportable segments:

	Property development and sales		Property investment		Hotel operation		Restaurant operation		Others		Consolidated	
	31 January 2018 (Unaudited) HK\$'000	31 July 2017 (Audited) HK\$'000	31 January 2018 (Unaudited) HK\$'000	31 July 2017 (Audited) HK\$'000	31 January 2018 (Unaudited) HK\$'000	31 July 2017 (Audited) HK\$'000	31 January 2018 (Unaudited) HK\$'000	31 July 2017 (Audited) HK\$'000	31 January 2018 (Unaudited) HK\$'000	31 July 2017 (Audited) HK\$'000	31 January 2018 (Unaudited) HK\$'000	31 July 2017 (Audited) HK\$'000
Segment assets	<b>2,695,411</b>	2,321,573	<b>20,352,388</b>	19,456,032	<b>5,106,134</b>	4,261,731	<b>593,399</b>	601,724	<b>264,984</b>	242,782	<b>29,012,316</b>	26,883,842
Interests in associates	<b>5,876</b>	5,890	<b>72,065</b>	66,973	<b>172,957</b>	159,478	<b>(10,992)</b>	(9,078)	-	-	<b>239,906</b>	223,263
Interests in associates - unallocated											<b>3,644,647</b>	3,404,875
Interests in joint ventures	<b>1,188,983</b>	1,116,246	<b>6,610,320</b>	5,986,447	-	-	<b>(577)</b>	-	<b>126,713</b>	121,490	<b>7,925,439</b>	7,224,183
Unallocated assets											<b>4,495,200</b>	4,724,041
Total assets											<b>45,317,508</b>	42,460,204
Segment liabilities	<b>1,482,643</b>	777,431	<b>213,418</b>	229,379	<b>247,390</b>	279,216	<b>40,772</b>	43,158	<b>9,198</b>	9,932	<b>1,993,421</b>	1,339,116
Bank borrowings											<b>6,888,253</b>	7,675,234
Guaranteed notes											<b>3,905,459</b>	3,480,606
Other borrowing, note payable and interest payable											<b>390,009</b>	384,293
Other unallocated liabilities											<b>828,067</b>	727,421
Total liabilities											<b>14,005,209</b>	13,606,670

#### 4. PROFIT FROM OPERATING ACTIVITIES

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

	Six months ended 31 January	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Depreciation <sup>#</sup>	47,342	42,197
Interest income from bank deposits	(40,607)	(15,880)
Other interest income	(12,733)	(7,977)
Dividend income from unlisted available-for-sale financial assets	(10,700)	(7,740)
Foreign exchange losses, net <sup>*</sup>	<u>7,069</u>	<u>3,610</u>

<sup>#</sup> Depreciation charge of approximately HK\$44,793,000 (Six months ended 31 January 2017: HK\$40,029,000) for property, plant and equipment is included in "other operating expenses" on the condensed consolidated income statement.

<sup>\*</sup> Foreign exchange losses, net is included in "other operating expenses" on the condensed consolidated income statement.

(b) Other than those mentioned in note 4(a) above, "other operating expenses" also included service fee for operation of a club in the Group's hotel operation in Vietnam of approximately HK\$36,664,000 (Six months ended 31 January 2017: HK\$31,994,000).

#### 5. FINANCE COSTS

	Six months ended 31 January	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Interest on bank borrowings	79,899	65,776
Interest on guaranteed notes	159,397	110,306
Interest on other borrowing and note payable	5,716	5,702
Interest on other payable	849	-
Bank financing charges	<u>23,607</u>	<u>25,521</u>
	269,468	207,305
Less: Amount capitalised in a hotel development project	(60,306)	(48,441)
Amount capitalised in properties under development for sale	<u>(25,422)</u>	<u>(28,173)</u>
	<u>183,740</u>	<u>130,691</u>

## 6. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (Six months ended 31 January 2017: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the places in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	<b>Six months ended</b>	
	<b>31 January</b>	
	<b>2018</b>	2017
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Current tax		
Hong Kong	<b>24,233</b>	26,213
Overseas	<b>16,101</b>	14,041
	<b>40,334</b>	40,254
Deferred tax	<b>4,302</b>	7,542
Prior years' underprovision/(overprovision)		
Hong Kong	<b>75</b>	(85)
Overseas	<b>(7)</b>	(102)
	<b>68</b>	(187)
Tax charge for the period	<b>44,704</b>	47,609

## 7. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

	<b>Six months ended</b>	
	<b>31 January</b>	
	<b>2018</b>	2017
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Earnings		
Earnings for the purpose of basic earnings per share	<b>674,672</b>	673,776
Effect of dilutive potential ordinary shares arising from adjustment to the share of profit of a subsidiary based on dilution of its earnings per share	<b>(2,927)</b>	(1,177)
Earnings for the purpose of diluted earnings per share	<b>671,745</b>	672,599
	<b>'000</b>	'000
Number of shares		(Adjusted)
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>382,864</b>	379,703
Effect of dilutive potential ordinary shares arising from share options	<b>3,637</b>	2,498
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>386,501</b>	382,201



## 7. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (continued)

The number of shares for the purpose of earnings per share were calculated to reflect the share consolidation (i.e. every five issued shares are consolidated into one share in the share capital of the Company as approved by the shareholders of the Company in the General Meeting with effect from 15 August 2017) (the “Share Consolidation”). Comparative figures have also been adjusted on the assumption that the Share Consolidation had been effective in the prior period. Further details of the Share Consolidation are set out in the Company’s announcements dated 27 April 2017 and 18 July 2017, and the Company’s circular dated 26 July 2017.

## 8. DEBTORS, DEPOSITS PAID AND OTHER RECEIVABLES

The Group maintains various credit policies for different business operations in accordance with business practices and market conditions in which the respective subsidiaries operate. Sales proceeds receivable from the sale of properties are settled in accordance with the terms of the respective contracts. Rent and related charges in respect of the leasing of properties are receivable from tenants, and are normally payable in advance with rental deposits received in accordance with the terms of the tenancy agreements. Hotel and restaurant charges are mainly settled by customers on a cash basis except for those corporate clients who maintain credit accounts with the respective subsidiaries, the settlement of which is in accordance with the respective agreements.

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

	<b>31 January 2018 (Unaudited) HK\$’000</b>	31 July 2017 (Audited) HK\$’000
Trade debtors:		
Not yet due or less than 30 days past due	<b>14,382</b>	11,749
31 - 60 days past due	<b>3,436</b>	2,270
61 - 90 days past due	<b>1,562</b>	655
Over 90 days past due	<b>5,991</b>	6,792
	<b>25,371</b>	21,466
Other receivables	<b>511,711</b>	444,611
Deposits paid and prepayments	<b>119,877</b>	77,816
	<b>656,959</b>	543,893

## 9. CREDITORS, DEPOSITS RECEIVED AND ACCRUALS

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

	<b>31 January 2018 (Unaudited) HK\$’000</b>	31 July 2017 (Audited) HK\$’000
Trade creditors:		
Not yet due or less than 30 days past due	<b>26,264</b>	20,592
31 - 60 days past due	<b>2,428</b>	2,119
61 - 90 days past due	<b>420</b>	950
Over 90 days past due	<b>433</b>	75
	<b>29,545</b>	23,736
Other payables and accruals	<b>181,334</b>	274,095
Deposits received and other provisions	<b>1,258,449</b>	179,470
	<b>1,469,328</b>	477,301

## 10. GUARANTEED NOTES

### **US\$350,000,000 5.7% Guaranteed Notes due 2018**

On 18 January 2013, Lai Sun International Finance (2012) Limited, a wholly-owned subsidiary of Lai Sun Development Company Limited (“**LSD**”), issued guaranteed notes in an aggregate principal amount of US\$350,000,000 (the “**LSD 2013 Notes**”). The LSD 2013 Notes were guaranteed by LSD, had a maturity term of five years and bear a fixed interest rate of 5.7% per annum with interest payable semi-annually in arrears. The LSD 2013 Notes were listed on the Stock Exchange and have been fully redeemed in January 2018 upon maturity.

### **US\$400,000,000 4.6% Guaranteed Notes due 2022**

On 13 September 2017, LSD Bonds (2017) Limited, a wholly-owned subsidiary of LSD, issued guaranteed notes in an aggregate principal amount of US\$400,000,000 (the “**LSD 2017 Notes**”). The LSD 2017 Notes are guaranteed by LSD, 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 LSD 2017 Notes are listed on the Stock Exchange.

The net proceeds from the offering of the LSD 2017 Notes are approximately US\$397,000,000. Apart from refinancing the LSD 2013 Notes, the proceeds will be used for general corporate purposes of LSD.

## INTERIM DIVIDEND

The Board of the Company has resolved not to declare the payment of an interim dividend for the financial year ending 31 July 2018. No interim dividend was declared in respect of the last corresponding period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND OUTLOOK

Major economies around the world continue to navigate in uncertain waters during the period under review. The capital markets has demonstrated robustness 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 US and Europe, and geopolitical situation in the Korean peninsula. 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. During the period under review, the slowdown in the luxury end of the retail market has been recovering due to improving visitor numbers while rent has yet to catch up with improved sales. The office leasing market continues to stabilise due to tight supply and continuing demand to consolidate office space in Central as well as a general improvement in business sentiment and therefore the need to expand. The residential market was robust, underpinned by a lack of supply with record prices being achieved in recent land tenders, as well as a sustained period of low interest rates. The effect of the recent rate hike since the beginning of last year has yet to be seen, however, interest rates remain low relative to recent history. Labour supply shortages in the construction industry continues to drive wage inflation and pose a challenge on the cost management side.

The management believes it is paramount to prepare the Group for the challenges and opportunities ahead. The Group completed a series of corporate activities as part of the new strategy to improve funding sources, execution capabilities and overall coordination with the wider Lai Sun Group since refocusing the strategy in 2012. Set out below are the projects the Group secured after the implementation of the new rental focused strategy:

<b>Date</b>	<b>Secured Projects</b>	<b>Total Gross Floor Area ("GFA") (square feet)</b>	<b>Use</b>	<b>Expected Construction Completion Date</b>
<b>Hong Kong</b>				
<b>Development Properties</b>				
November 2012	Alto Residences	573,268	Commercial/ Residential	Q2 2018
April 2014	93 Pau Chung Street	111,354	Commercial/ Residential	Q2 2018
May 2014	Hong Kong Ocean Park Marriott Hotel	365,974	Hotel	Q2 2018
September 2015	Sai Wan Ho Street Project	59,799	Residential	Q3 2019
May 2016	Novi	42,851	Commercial/ Residential	Q3 2019
<b>London, United Kingdom</b>				
<b>Investment Properties</b>				
April 2014	107 Leadenhall Street	146,606	Commercial/ Office	N/A
November 2014	100 Leadenhall Street	177,700	Office	N/A
December 2015	106 Leadenhall Street	19,924	Commercial/ Office	N/A

The Group as a whole performed steadily against this challenging environment. The rental portfolio comprises of approximately 1.2 million square feet attributable to the Group, of which about 1.0 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 London properties weathered the uncertainties of Brexit well during the period under review. As at the date of this results announcement, over 70% of the floor area of 106 Leadenhall Street in London has been leased out. This multi-tenanted property located adjacent to our other two wholly-owned properties, namely 100 and 107 Leadenhall Street, is expected to enhance and enlarge the Group's strategic property investment portfolio in the City of London. All leases of 100, 106 and 107 Leadenhall Street in London has been aligned to expire in 2023. The Group has appointed DP9, one of the leading professional consultancies in planning, development and regeneration in the United Kingdom to advise on the redevelopment of the site comprising 100, 106 and 107 Leadenhall Street. Skidmore, Owings & Merrill LLP has also been engaged as architect for this project. A planning application was submitted to the City of London Corporation in February 2018 and the proposed new building will rise to 263 meters above ordnance datum, made up of basement storeys, a ground floor and 56 floors above and is expected to provide up to 1.2 million square feet gross external area of high quality, flexible office accommodation to meet forecast demands in the City of London.

The Hong Kong Ocean Park Marriott Hotel ("**Ocean Hotel**"), to be operated by the Marriott group, will provide a total of 471 rooms and approximately 194,845 square feet of attributable rental space to the existing rental portfolio attributable to the Group of approximately 1.2 million square feet. Its construction is expected to be completed in the second quarter of 2018. The hotel project in Phuket, Thailand that LSD 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 Urban Renewal Authority project in Ma Tau Kok, Kowloon, named "93 Pau Chung Street" and the joint venture project in Tseung Kwan O named "Alto Residences" were launched for pre-sale in September 2016 and October 2016, respectively. The 93 Pau Chung Street project offers 209 flats in total, including studios, one and two-bedroom units. Up to 18 March 2018, the Group has pre-sold 207 units in 93 Pau Chung Street with saleable area of approximately 74,500 square feet at an average selling price of approximately HK\$16,300 per square foot. The Alto Residences project provides 605 flats, including 23 detached houses. Up to 18 March 2018, the Group has pre-sold 532 units in Alto Residences with saleable area of approximately 298,600 square feet at an average selling price of approximately HK\$15,600 per square foot. The Ki Lung Street project in Mong Kok, Kowloon, named "Novi", offering 138 flats in total was launched for pre-sale in July 2017. Up to 18 March 2018, the Group has pre-sold 135 units in Novi with saleable area of approximately 28,000 square feet at an average selling price of approximately HK\$18,700 per square foot. The Sai Wan Ho Street project from the Urban Renewal Authority in Shau Kei Wan, Hong Kong is planned to provide about 144 residential units upon completion with a total GFA of 59,799 square feet.

The Group is encouraged by the sales of 93 Pau Chung Street, Alto Residences and Novi which will be recognised in coming financial years. The Group will continue to participate in government tenders to grow the pipeline.

The share consolidation on a 1-for-5 basis ("**Share Consolidation**") and change in board lot size from 5,000 shares to 1,000 shares announced by the Group on 27 April 2017 is effective from 15 August 2017. It is hoped that this will make investing in the shares of the Group more attractive to a broader range of investors, in particular to institutional investors whose house rules might otherwise prohibit or restrict trading in securities that are priced below a prescribed floor and thus help to further broaden the shareholder base of the Company.

On 16 August 2017, the Company entered into a secondary block trade agreement with CLSA Limited on to sell up to 50,934,000 shares of LSD held by the Company at a placing price of HK\$13.05 per share (“**LSG Placing**”). The net proceeds of approximately HK\$655.4 million (after deduction of placing commission and other expenses of the LSG Placing) are intended to be applied for the repayment of the Company’s debt obligations in the near term. The LSG Placing represents an opportunity to raise capital and enhanced the cash position and working capital of the Company. The LSG Placing has been completed and immediately after the completion of the LSG Placing, the number of the LSD’s shares held by the Company decreased to 322,602,572 shares, representing approximately 53.32% of the issued share capital of the LSD. LSD remains as a subsidiary of the Company.

The Group’s strong cash position of HK\$3,164.6 million of cash on hand and HK\$4,779.5 million of undrawn facilities with a net debt to equity ratio of 46.4% as at 31 January 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 36.6%. However, the Group will continue its prudent and flexible approach in growing the landbank and managing its financial position.

## OVERVIEW OF INTERIM RESULTS

For the six months ended 31 January 2018, the Group recorded turnover of HK\$917.9 million (2017: HK\$872.0 million) and a gross profit of HK\$543.6 million (2017: HK\$531.1 million), representing an increase of approximately 5.3% and 2.4%, respectively over the same period last year.

Set out below is the turnover by segment:

	Six months ended 31 January		Difference (HK\$ million)	% change
	2018 (HK\$ million)	2017 (HK\$ million)		
Property investment	405.7	400.4	5.3	1.3%
Property development and sales	-	-	-	N/A
Restaurant operation	268.5	248.7	19.8	8.0%
Hotel operation and others	243.7	222.9	20.8	9.3%
<b>Total</b>	<b>917.9</b>	<b>872.0</b>	<b>45.9</b>	<b>5.3%</b>

For the six months ended 31 January 2018, net profit attributable to owners of the Company was approximately HK\$674.7 million (2017: HK\$673.8 million). Basic earnings per share was HK\$1.762 (Adjusted 2017: HK\$1.774).

Excluding the effect of property revaluations, net loss attributable to owners of the Company was approximately HK\$46.7 million (2017: net profit attributable to owners of the Company: HK\$48.4 million). Net loss per share excluding the effect of property revaluations was HK\$0.122 (Adjusted 2017: net profit per share: HK\$0.127 per share).

Adjustment has been made to the weighted average number of issued shares of the Company for the six months ended 31 January 2017 for the calculation of basic earnings per share and adjusted net profit/loss per share as above due to the Share Consolidation of the Company being effective on 15 August 2017.

	Six months ended 31 January	
	2018	2017
<b>Profit attributable to owners of the Company</b>	<b>HK\$ million</b>	<b>HK\$ million</b>
Reported	<b>674.7</b>	673.8
Less: Adjustments in respect of revaluation gains of investment properties held by		
- the Company and subsidiaries	<b>(386.7)</b>	(416.4)
- associates and joint ventures	<b>(334.7)</b>	(209.0)
<b>Net (loss)/profit after tax excluding revaluation gains of investment properties</b>	<b>(46.7)</b>	48.4

Equity attributable to owners of the Company as at 31 January 2018 amounted to HK\$17,436.3 million, slightly decreased from HK\$18,037.4 million as at 31 July 2017. Net asset value per share attributable to owners of the Company decreased by 4.1% to HK\$45.273 per share as at 31 January 2018 from HK\$47.223 per share (adjusted) as at 31 July 2017. Adjustment has been made to the total number of issued shares of the Company as at 31 July 2017 due to the Share Consolidation of the Company being effective on 15 August 2017.

#### PROPERTY PORTFOLIO COMPOSITION

As at 31 January 2018, the Group maintained a property portfolio with attributable GFA of approximately 1.7 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 <sup>1</sup>	376	601	193	-	-	1,170	584
Completed Hotel Properties	-	-	-	-	52	52	-
Properties Under Development <sup>2</sup>	42	-	-	224	195	461	105
Completed Properties Held for Sale	15	-	-	3	-	18	6
<b>Total GFA of major properties of the Group</b>	<b>433</b>	<b>601</b>	<b>193</b>	<b>227</b>	<b>247</b>	<b>1,701</b>	<b>695</b>

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 period under review, the Group's rental operations recorded a turnover of HK\$405.7 million (2017: HK\$400.4 million), representing a 1.3% increase over the same period last year.

The Group wholly owns five major investment properties in Hong Kong, namely Cheung Sha Wan Plaza, Causeway Bay Plaza 2, Lai Sun Commercial Centre, commercial podium of Crocodile Center and Por Yen Building. LSD's 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 condensed consolidated income statement.

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

	Six months ended 31 January		% Change	Period end occupancy (%)
	2018 HK\$ million	2017 HK\$ million		
<b>Hong Kong</b>				
Cheung Sha Wan Plaza (including car-parking spaces)	153.7	151.5	1.5	95.0
Causeway Bay Plaza 2 (including car-parking spaces)	89.0	90.2	-1.3	98.2
Lai Sun Commercial Centre (including car-parking spaces)	25.4	29.3	-13.3	84.1
Crocodile Center (commercial podium)	47.4	45.7	3.7	92.6
Por Yen Building	7.4	7.3	1.4	92.6
Others	7.7	7.8	-1.3	
Subtotal:	330.6	331.8	-0.4	
<b>London, United Kingdom</b>				
36 Queen Street	12.6	11.5	9.6	100.0
107 Leadenhall Street	27.4	22.8	20.2	100.0
100 Leadenhall Street	32.4	31.6	2.5	100.0
106 Leadenhall Street	2.7	2.7	-	73.6
Subtotal:	75.1	68.6	9.5	
<b>Total:</b>	<b>405.7</b>	<b>400.4</b>	<b>1.3</b>	
<b>Rental proceeds from joint venture projects</b>				
<b>Hong Kong</b>				
CCB Tower <sup>#</sup> (50% basis)	66.1	60.4	9.4	100.0
8 Observatory Road <sup>##</sup> (50% basis)	28.4	26.3	8.0	100.0
<b>Total:</b>	<b>94.5</b>	<b>86.7</b>	<b>9.0</b>	

<sup>#</sup> CCB Tower is a joint venture project with China Construction Bank Corporation ("**CCB**") in which each of LSD and CCB has an effective 50% interest. For the six months ended 31 January 2018, the rental proceeds recorded by the joint venture is HK\$132.2 million (2017: HK\$120.7 million).

<sup>##</sup> 8 Observatory Road is a joint venture project with Henderson Land in which each of LSD and Henderson Land has an effective 50% interest. For the six months ended 31 January 2018, the rental proceeds recorded by the joint venture is HK\$56.8 million (2017: HK\$52.6 million).

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

	Six months ended 31 January 2018			Six months ended 31 January 2017		
	Group interest	Turnover (HK\$ million)	Total GFA (square feet)	Group interest	Turnover (HK\$ million)	Total GFA (square feet)
<b>Hong Kong</b>						
Cheung Sha Wan Plaza	53.24%			61.75%		
Commercial		80.4	233,807		79.1	233,807
Office		63.7	409,896		63.8	409,896
Car-parking spaces		9.6	N/A		8.6	N/A
<b>Subtotal:</b>		153.7	643,703		151.5	643,703
Causeway Bay Plaza 2	53.24%			61.75%		
Commercial		60.1	109,770		61.5	109,770
Office		26.4	96,268		26.2	96,268
Car-parking spaces		2.5	N/A		2.5	N/A
<b>Subtotal:</b>		89.0	206,038		90.2	206,038
Lai Sun Commercial Centre	53.24%			61.75%		
Commercial		11.9	95,063		15.6	95,063
Office		4.2	74,181		5.0	74,181
Car-parking spaces		9.3	N/A		8.7	N/A
<b>Subtotal:</b>		25.4	169,244		29.3	169,244
Crocodile Center	100%			100%		
Commercial		47.4	91,201		45.7	91,201
Por Yen Building	100%			100%		
Industrial		7.3	109,010		7.2	109,010
Car-parking spaces		0.1	N/A		0.1	N/A
<b>Subtotal:</b>		7.4	109,010		7.3	109,010
Others		7.7	108,810*		7.8	108,810*
<b>Subtotal:</b>		330.6	1,328,006*		331.8	1,328,006*
<b>London, United Kingdom</b>						
36 Queen Street	53.24%			61.75%		
Office		12.6	60,816		11.5	60,816
107 Leadenhall Street	53.24%			61.75%		
Commercial		2.5	48,182		2.0	48,149
Office		24.9	98,424		20.8	98,457
<b>Subtotal:</b>		27.4	146,606		22.8	146,606
100 Leadenhall Street	53.24%			61.75%		
Office		32.4	177,700		31.6	177,700
106 Leadenhall Street	53.24%			61.75%		
Commercial		0.6	3,540		0.5	3,540
Office		2.1	16,384		2.2	16,384
<b>Subtotal:</b>		2.7	19,924		2.7	19,924
<b>Subtotal:</b>		75.1	405,046		68.6	405,046
<b>Total:</b>		405.7	1,733,052*		400.4	1,733,052*
<b>Joint Venture Projects</b>						
<b>Hong Kong</b>						
CCB Tower <sup>#</sup> (50% basis)	26.62%			30.88%		
Office		65.8	114,603**		60.1	114,555**
Car-parking spaces		0.3	N/A		0.3	N/A
<b>Subtotal:</b>		66.1	114,603**		60.4	114,555**
8 Observatory Road <sup>###</sup> (50% basis)	26.62%			30.88%		
Commercial		23.0	45,312***		21.1	45,312***
Office		4.2	37,273***		4.0	37,273***
Car-parking spaces		1.2	N/A		1.2	N/A
<b>Subtotal:</b>		28.4	82,585***		26.3	82,585***
<b>Total:</b>		94.5	197,188		86.7	197,140

\* Excluding 10% interest in AIA Central.

\*\* 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 LSD and CCB has an effective 50% interest. For the six months ended 31 January 2018, the rental proceeds recorded by the joint venture is HK\$132.2 million (2017: HK\$120.7 million).

### 8 Observatory Road is a joint venture project with Henderson Land in which each of LSD and Henderson Land has an effective 50% interest. For the six months ended 31 January 2018, the rental proceeds recorded by the joint venture is HK\$56.8 million (2017: HK\$52.6 million).



The average Sterling exchange rate for the period under review appreciated by approximately 4.4% compared with the same period last year. Excluding the effect of currency translation, the Sterling denominated turnover from London properties increased by 4.8% during the period under review. Breakdown of rental turnover of London portfolio for the six months ended 31 January 2018 is as follows:

	<b>2018</b> <b>HK\$'000</b>	2017 HK\$'000	% Change	<b>2018</b> <b>GBP'000</b>	2017 GBP'000	% Change
36 Queen Street	<b>12,612</b>	11,514	9.5	<b>1,206</b>	1,149	5.0
107 Leadenhall Street	<b>27,370</b>	22,818	19.9	<b>2,617</b>	2,277	14.9
100 Leadenhall Street	<b>32,344</b>	31,570	2.5	<b>3,092</b>	3,151	-1.9
106 Leadenhall Street	<b>2,734</b>	2,721	0.5	<b>261</b>	272	-4.0
<b>Total:</b>	<b>75,060</b>	68,623	9.4	<b>7,176</b>	6,849	4.8

## 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).

#### *Por Yen Building*

The Por Yen Building, being a 14-storey industrial building with total GFA of 109,010 square feet (excluding carparking spaces), is located at the hub of Cheung Sha Wan Business Area and is near to the Lai Chi Kok MTR station.

#### *Crocodile Center*

Crocodile Center is a 25-storey commercial/office building which was completed in 2009 and located near the Kwun Tong MTR station. The Group owns the commercial podium which has a total GFA of 91,201 square feet (excluding car-parking spaces). Tenants dominated by local restaurant groups.

#### *CCB Tower*

LSD 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 18 floors of the office floors and 2 banking hall floors leased to CCB for its Hong Kong operations.

### *8 Observatory Road*

LSD 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*

LSD 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 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. Up to the date of this results announcement, over 70% floor area of the property has been leased out.

## PROPERTY DEVELOPMENT

No turnover from sales of properties was recognised for the six months ended 31 January 2018 (2017: Nil).

### **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 results announcement, 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*

LSD 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 194,845 square feet of attributable rental space to the existing rental portfolio of the Group of approximately 1.2 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, LSD 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 is expected to be completed in the second 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 18 March 2018, the Group has pre-sold 532 units in Alto Residences with saleable area of approximately 298,600 square feet at an average selling price of approximately HK\$15,600 per square foot.

### *93 Pau Chung Street*

In April 2014, LSD 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 second 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 18 March 2018, the Group has pre-sold 207 units in this project with saleable area of approximately 74,500 square feet at an average selling price of HK\$16,300 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 Mong Kok, 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 18 March 2018, the Group has pre-sold 135 units in this project with saleable area of approximately 28,000 square feet at an average selling price of HK\$18,700 per square foot.

### Sai Wan Ho Street project

LSD 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.

### RESTAURANT OPERATIONS

For the six months ended 31 January 2018, restaurant operations contributed HK\$268.5 million to the Group's turnover (2017: HK\$248.7 million), representing an increase of approximately 8.0% from the same period last year. The turnover from the restaurants segment was primarily boosted by contributions from the newly opened restaurants, including Chiu Tang in Central, Hong Kong and Old Bazaar in Wanchai, Hong Kong.

Up to the date of this results announcement, restaurant operations include the LSD's interests in 18 restaurants in Hong Kong and mainland China and 2 restaurants in Macau and Las Vegas under management.

Cuisine	Restaurant	Location	Attributable interest to the LSD	Award
<b>Owned restaurants</b>				
Western Cuisine	8 <sup>1/2</sup> Otto e Mezzo BOMBANA Hong Kong	Hong Kong	37%	Three Michelin stars (2012-2018)
	8 <sup>1/2</sup> Otto e Mezzo BOMBANA Shanghai	Shanghai	13%	Two Michelin stars (2017)
	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)
	Beefbar	Hong Kong	62%	One Michelin star (2017-2018)
	Operetta	Hong Kong	67%	
	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%	
	Tang <sup>2</sup>	Hong Kong	67%	
	Old Bazaar Kitchen	Hong Kong	63%	
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 "Roza")	Hong Kong	63%	
<b>Managed restaurants</b>				
Western Cuisine	8 <sup>1/2</sup> 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 six months ended 31 January 2018, the hotel operation contributed HK\$231.9 million to the Group's turnover (2017: HK\$209.1 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 52,376 square feet.

LSD 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.

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 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)

As at 31 January 2018, the LSD's interest in eSun Holdings Limited ("eSun") is 36.94%.

During the period under review, share of loss of eSun amounting to HK\$5.4 million (2017: share of profit of HK\$11.4 million). The decrease is primarily due to (a) a consolidated loss from Media Asia Group Holdings Limited ("MAGHL") owing to unsatisfactory performance of the films released by MAGHL Group during the period under review and (b) lower profit contribution from a joint venture of Lai Fung as sale of the project has been substantially completed, despite a higher fair value gain arising from the revaluation of Lai Fung's investment properties during the period under review.

## INTERESTS IN JOINT VENTURES

During the period ended 31 January 2018, contribution from joint ventures amounted to HK\$612.6 million (2017: HK\$333.8 million), representing an increase of 83.5%. This is primarily due to strong revaluation gains of CCB Tower and 8 Observatory Road being recognised during the period under review as compared to the same period last year.

	Six months ended 31 January	
	2018 (HK\$ million)	2017 (HK\$ million)
Revaluation gains	562.6	303.0
Operating profits	50.0	30.8
Contribution from joint ventures	612.6	333.8

## LIQUIDITY AND FINANCIAL RESOURCES

As at 31 January 2018, cash and bank balances and undrawn facilities held by the Group amounted to HK\$3,164.6 million and HK\$4,779.5 million, respectively. Cash and bank balances and undrawn facility held by the Group excluding LSD as at 31 January 2018 were HK\$837.1 million and HK\$650.0 million, respectively.

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

As at 31 January 2018, the Group had bank borrowings of approximately HK\$6,888.3 million, guaranteed notes of approximately HK\$3,905.5 million, a note of HK\$195.0 million and a loan of HK\$31.7 million payable to the late Mr. Lim Por Yen ("Mr. Lim"), accrued interest of HK\$163.3 million in relation to the abovementioned note and loan payable to the late Mr. Lim. The gearing ratio, expressed as a percentage of the total outstanding net debt (being mainly the total outstanding bank borrowings, guaranteed notes and note and loan and related accrued interest payable to the late Mr. Lim less the pledged and restricted and unpledged bank balances and time deposits) to consolidated net assets attributable to owners of the Company, was approximately 46.4%. Excluding the net debt of LSD, the gearing ratio was approximately 4.2%. 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 36.6%. As at 31 January 2018, the maturity profile of the bank borrowings of HK\$6,888.3 million was spread over a period of less than 5 years with HK\$186.5 million repayable within 1 year, HK\$690.7 million repayable in the second year and HK\$6,011.1 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 2017 and 2014 which have fixed rates of 4.6% and 7.7% per annum, respectively.

On 13 September 2017, LSD issued guaranteed notes in an aggregate principal amount of US\$400 million (the "LSD 2017 Notes"). The LSD 2017 Notes are guaranteed by LSD, 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 LSD 2017 Notes are approximately US\$397 million. Apart from refinancing the guaranteed notes of US\$350 million issued by LSD in 2013, the proceeds will be used for general corporate purposes. LSD entered into cross currency swap agreements with financial institutions for the purpose of hedging the foreign currency risk arising from the LSD 2017 Notes.

As at 31 January 2018, certain investment properties with carrying amounts of approximately HK\$19,687.3 million, certain property, plant and equipment with carrying amounts of approximately HK\$4,173.2 million and certain bank balances and time deposits with banks of approximately HK\$392.4 million were pledged to banks to secure banking facilities granted to the Group and its joint venture as well as guaranteed notes issued by the Group. In addition, certain shares in subsidiaries held by the Group were also pledged to secure banking facilities granted to and guaranteed notes issued by 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. All the 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 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 need arise.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the six months ended 31 January 2018, the Company did not redeem any of its shares listed and traded on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) nor did the Company or any of its subsidiaries purchase or sell any of such shares.

## **CORPORATE GOVERNANCE**

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

The Company has complied with all the code provisions set out in the CG Code throughout the six months ended 31 January 2018 save for the deviations from code provisions A.4.1 and A.5.1.

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

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

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

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

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 January 2018, 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.

## INVESTOR RELATIONS

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

During the six months ended 31 January 2018, the Company has met with a number of research analysts and investors and attended roadshows as follows:

<b>Month</b>	<b>Event</b>	<b>Organiser</b>	<b>Location</b>
October 2017	Post results non-deal roadshow	CLSA	Hong Kong
October 2017	Post results non-deal roadshow	DBS	Singapore
November 2017	Post results non-deal roadshow	BNP	London
November 2017	Post results non-deal roadshow	BNP	New York/ Los Angeles
January 2018	The Pulse of Asia Conference	DBS	Singapore

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



## REVIEW OF INTERIM RESULTS

The audit committee of the Company (“**Audit Committee**”) currently comprises three INEDs, namely Messrs. Leung Shu Yin, William, Lam Bing Kwan and Chow Bing Chiu. The Audit Committee has reviewed the unaudited interim results (including the unaudited condensed consolidated financial statements) of the Company for the six months ended 31 January 2018.

By Order of the Board  
**Lam Kin Ming**  
Chairman

Hong Kong, 22 March 2018

*As at the date of this announcement, the Board comprises six executive directors, namely Dr. Lam Kin Ming (Chairman), Dr. Lam Kin Ngok, Peter (Deputy Chairman), Mr. Chew Fook Aun (Deputy Chairman), Madam U Po Chu, Mr. Lam Hau Yin, Lester (also alternate to Madam U Po Chu) and Mr. Lam Kin Hong, Matthew; and three independent non-executive directors, namely Messrs. Chow Bing Chiu, Lam Bing Kwan and Leung Shu Yin, William.*