LAI FUNG HOLDINGS

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

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 JANUARY 2017

RESULTS

The board of directors (the "**Board**") of Lai Fung Holdings 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 2017 together with the comparative figures of the last corresponding period as follows:

Condensed Consolidated Income Statement
For the six months ended 31 January 2017

		For the six months ended 31 January	
		2017	2016
		(Unaudited)	(Unaudited)
	Notes	**HK$'000**	HK$'000
TURNOVER	3	**479,022**	833,552
Cost of sales		**(138,617)**	(363,032)
Gross profit		**340,405**	470,520
Other income and gains		**76,642**	64,135
Selling and marketing expenses		**(55,801)**	(28,482)
Administrative expenses		**(141,130)**	(144,927)
Other operating expenses, net		**(30,086)**	(99,257)
Fair value gains on investment properties		**123,995**	226,381
PROFIT FROM OPERATING ACTIVITIES	4	**314,025**	488,370
Finance costs	5	**(78,024)**	(83,014)
Share of profits of joint ventures		**310,979**	88,641
PROFIT BEFORE TAX		**546,980**	493,997
Tax	6	**(200,364)**	(177,184)
PROFIT FOR THE PERIOD		**346,616**	316,813
ATTRIBUTABLE TO:			
Owners of the Company		**336,424**	303,213
Non-controlling interests		**10,192**	13,600
		346,616	316,813

Condensed Consolidated Income Statement (continued)
For the six months ended 31 January 2017

	Note	For the six months ended 31 January	
		2017	2016
		(Unaudited)	(Unaudited)
		HK$'000	HK$'000
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY:	7		
Basic		**HK$0.021**	HK$0.019
Diluted		**HK$0.021**	HK$0.019

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 31 January 2017

	For the six months ended 31 January	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
PROFIT FOR THE PERIOD	**346,616**	316,813
OTHER COMPREHENSIVE INCOME/(EXPENSES) TO BE RECLASSIFIED TO THE INCOME STATEMENT IN SUBSEQUENT PERIODS, NET OF TAX		
Exchange differences arising on translation to presentation currency	**(537,468)**	(859,775)
Share of other comprehensive expenses of joint ventures	**(29,521)**	(45,377)
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the period	**(101,887)**	(119,047)
Reclassification adjustments for exchange gain included in the condensed consolidated income statement	**69,653**	119,348
	(32,234)	301
	(599,223)	(904,851)
TOTAL COMPREHENSIVE EXPENSES FOR THE PERIOD	**(252,607)**	(588,038)
ATTRIBUTABLE TO:		
Owners of the Company	**(252,907)**	(587,144)
Non-controlling interests	**300**	(894)
	(252,607)	(588,038)

Condensed Consolidated Statement of Financial Position
As at 31 January 2017

	Notes	**31 January 2017 (Unaudited) HK$'000**	31 July 2016 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,509,650**	1,450,871
Prepaid land lease payments		**4,382**	4,623
Investment properties		**15,072,949**	14,661,728
Properties under development		**1,348,350**	1,184,375
Investments in joint ventures		**1,061,385**	804,431
Deposit for acquisition of an investment property		—	228,620
Total non-current assets		**18,996,716**	18,334,648
CURRENT ASSETS			
Properties under development		**864,503**	791,844
Completed properties for sale		**447,231**	503,187
Debtors, deposits and prepayments	8	**271,144**	367,068
Prepaid tax		**33,257**	32,575
Pledged and restricted time deposits and bank balances		**718,488**	1,066,374
Cash and cash equivalents		**1,882,144**	2,546,240
		4,216,767	5,307,288
Asset classified as held for sale		**249,622**	257,666
Total current assets		**4,466,389**	5,564,954
CURRENT LIABILITIES			
Creditors and accruals	9	**620,506**	797,512
Deposits received and deferred income		**661,182**	596,367
Interest-bearing bank loans, secured		**17,798**	287,548
Loans from a joint venture		**188,193**	350,328
Tax payable		**370,679**	399,326
Total current liabilities		**1,858,358**	2,431,081
NET CURRENT ASSETS		**2,608,031**	3,133,873
TOTAL ASSETS LESS CURRENT LIABILITIES		**21,604,747**	21,468,521

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

	Note	**31 January 2017 (Unaudited) HK$'000**	31 July 2016 (Audited) HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**21,604,747**	21,468,521
NON-CURRENT LIABILITIES			
Long-term deposits received		**132,954**	124,389
Interest-bearing bank loans, secured		**2,724,741**	2,747,970
Advances from a former substantial shareholder		**52,868**	54,675
Loans from a fellow subsidiary		**213,566**	221,714
Loans from a joint venture		**634,481**	222,430
Fixed rate senior notes	10	**2,027,122**	2,092,741
Derivative financial instruments		**319,880**	210,068
Deferred tax liabilities		**2,409,180**	2,406,920
Total non-current liabilities		**8,514,792**	8,080,907
		13,089,955	13,387,614
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**1,628,509**	1,619,770
Reserves		**11,388,299**	11,694,997
		13,016,808	13,314,767
Non-controlling interests		**73,147**	72,847
		13,089,955	13,387,614

Notes to Condensed Consolidated Financial Statements

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 January 2017 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**" and the "**Stock Exchange**") and the Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

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

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and basis of preparation adopted in the preparation of the unaudited condensed consolidated interim financial statements for the period under review are consistent with those used in the Group's audited consolidated financial statements for the year ended 31 July 2016. These unaudited condensed consolidated results should be read in conjunction with the Company's annual report for the year ended 31 July 2016.

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

3. OPERATING SEGMENT INFORMATION

	For the six months ended 31 January (Unaudited)					
	Property development		Property investment		Consolidated	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue/results:						
Segment revenue						
Sales to external customers	**133,192**	523,411	**345,830**	310,141	**479,022**	833,552
Other revenue	**1,132**	351	**59,945**	52,497	**61,077**	52,848
Total	**134,324**	523,762	**405,775**	362,638	**540,099**	886,400
Segment results	**31,447**	170,178	**304,699**	383,424	**336,146**	553,602
Interest income from bank deposits					**12,685**	8,572
Unallocated gains					**2,880**	2,715
Unallocated expenses, net					**(37,686)**	(76,519)
Profit from operating activities					**314,025**	488,370
Finance costs					**(78,024)**	(83,014)
Share of profits of joint ventures	**310,979**	88,641	**—**	—	**310,979**	88,641
Profit before tax					**546,980**	493,997
Tax					**(200,364)**	(177,184)
Profit for the period					**346,616**	316,813
Other segment information:						
Fair value gains on investment properties	**—**	—	**123,995**	226,381	**123,995**	226,381
Reversal of write-down/(write-down) of completed properties for sale to net realisable value	**(618)**	148	**—**	—	**(618)**	148
Loss on return of land use right to the local authority	**—**	23,493	**—**	—	**—**	23,493
Compensation received on return of land use right to the local authority	**6,813**	—	**—**	—	**6,813**	—
Loss on disposal of items of property, plant and equipment	**32**	8	**137**	81	**169**	89

	Property development		Property investment		Consolidated	
	31 January 2017	31 July 2016	**31 January 2017**	31 July 2016	**31 January 2017**	31 July 2016
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment assets/liabilities:						
Segment assets	**2,733,221**	2,690,689	**16,642,776**	16,379,121	**19,375,997**	19,069,810
Investments in joint ventures	**1,061,385**	804,431	**—**	—	**1,061,385**	804,431
Unallocated assets					**2,776,101**	3,767,695
Asset classified as held for sale					**249,622**	257,666
Total assets					**23,463,105**	23,899,602
Segment liabilities	**739,666**	830,687	**523,557**	541,816	**1,263,223**	1,372,503
Unallocated liabilities					**9,109,927**	9,139,485
Total liabilities					**10,373,150**	10,511,988

4. PROFIT FROM OPERATING ACTIVITIES

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

	For the six months ended 31 January	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Cost of completed properties sold	**61,184**	287,579
Outgoings in respect of rental income	**77,433**	75,453
Depreciation#	**35,292**	35,846
Ineffective portion of the effective hedge recognised in profit or loss##	**7,925**	22,568
Foreign exchange differences, net##	**(5,364)**	19,415
Loss on disposal of items of property, plant and equipment##	**169**	89
Amortisation of prepaid land lease payments	**89**	94
Loss on return of land use right to the local authority##	**—**	23,493
Compensation received on return of land use right to the local authority##	**(6,813)**	—
Write-down/(reversal of write-down) of completed properties for sale to net realisable value##	**618**	(148)

The depreciation charge of HK$29,935,000 (six months ended 31 January 2016: HK$30,399,000) for serviced apartments and related leasehold improvements is included in "Other operating expenses, net" on the face of the condensed consolidated income statement.

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

5. FINANCE COSTS

	For the six months ended 31 January	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interest on:		
Bank loans	**66,910**	71,024
2013 Notes (as defined and disclosed in note 10)	**70,958**	70,944
Loans from a joint venture	**11,592**	7,485
Amortisation of:		
Bank loans	**9,455**	6,407
2013 Notes	**4,034**	3,744
Bank financing charges and direct costs	**6,364**	9,263
	169,313	168,867
Less: Capitalised in properties under development	**(51,103)**	(45,014)
Capitalised in investment properties under construction	**(28,496)**	(34,736)
Capitalised in construction in progress	**(11,690)**	(6,103)
	(91,289)	(85,853)
Total finance costs	**78,024**	83,014

6. TAX

No provision for Hong Kong profits tax had been made as the Group had no estimated assessable profits arising in Hong Kong during the period (six months ended 31 January 2016: Nil). Taxes on profits assessable elsewhere had been calculated at the tax rates prevailing in the jurisdictions in which the Group operates.

	For the six months ended 31 January	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Current - Mainland China		
Corporate income tax	**10,670**	49,818
Land appreciation tax	**110,217**	72,472
Deferred	**79,477**	54,894
Total tax charge for the period	**200,364**	177,184

In connection with the listing of the Company on the Stock Exchange (currently on the Main Board), a tax indemnity deed was signed on 12 November 1997, pursuant to which Lai Sun Development Company Limited ("**LSD**") has undertaken to indemnify the Group in respect of certain potential Mainland China income tax and land appreciation tax payable or shared by the Group in consequence of the disposal of any of the property interests attributable to the Group through its subsidiaries and its joint ventures as at 31 October 1997. During the period, no tax indemnity was received by the Group under the aforesaid indemnities (six months ended 31 January 2016: Nil).

7. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per share amounts is based on the profit for the period attributable to owners of the Company of HK$336,424,000 (six months ended 31 January 2016: HK$303,213,000), and the weighted average number of ordinary shares of 16,209,686,506 (six months ended 31 January 2016: 16,130,783,452) in issue during the period.

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

The calculations of basic and diluted earnings per share are based on:

	For the six months ended 31 January	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Earnings		
Profit attributable to owners of the Company used in the basic earnings per share calculation	**336,424**	303,213
	Number of shares	
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**16,209,686,506**	16,130,783,452
Effect of dilution – weighted average number of ordinary shares:		
Share options	**12,211,091**	–
	16,221,897,597	16,130,783,452

8. DEBTORS, DEPOSITS AND PREPAYMENTS

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

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

	31 January 2017 (Unaudited) HK$'000	31 July 2016 (Audited) HK$'000
Trade receivables, net:		
Within one month	**116,240**	239,078
One to three months	**3,560**	6,466
Over three months	**3,288**	5,276
	123,088	250,820
Other receivables, deposits and prepayments	**148,056**	116,248
Total	**271,144**	367,068

9. CREDITORS AND ACCRUALS

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

	31 January 2017 (Unaudited) HK$'000	31 July 2016 (Audited) HK$'000
Trade payables:		
Within one month	**34,253**	81,680
One to three months	**10,169**	16,777
Over three months	**11**	72
	44,433	98,529
Accruals and other payables	**576,073**	698,983
Total	**620,506**	797,512

10. FIXED RATE SENIOR NOTES

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

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

INTERIM DIVIDEND

The Board has resolved not to pay an interim dividend for the six months ended 31 January 2017 (six months ended 31 January 2016: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Major economies around the world continue to tread cautiously during the period under review. The conclusion of the US presidential election and the passing of the initial shock from Brexit seem to have renewed optimism as suggested by the capital markets. However, it is far from clear how such optimism will be sustained by the fundamentals. The new US president and his officials are still attempting to establish themselves whilst the exit terms for Brexit remain unclear. The impending leadership elections in Europe and the protracted conflicts in the Middle East still cast a shadow on the global growth outlook.

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

The Group's regional focus and rental-led strategy has demonstrated resilience in recent years. The rental portfolio of approximately 3.2 million square feet, primarily in Shanghai and Guangzhou, delivered steady performance in rental income at close to full occupancies for the key assets. Lai Fung Tower in Guangzhou was completed in June 2016 and has been added to the rental portfolio of the Group. Up to the date of this result announcement, excluding the office area that is subject to the asset swap transaction as announced by the Company on 15 January 2015, approximately 99.0% of the gross floor area ("**GFA**") of the office building has been leased or has offers to lease and the commercial podium has been fully leased.

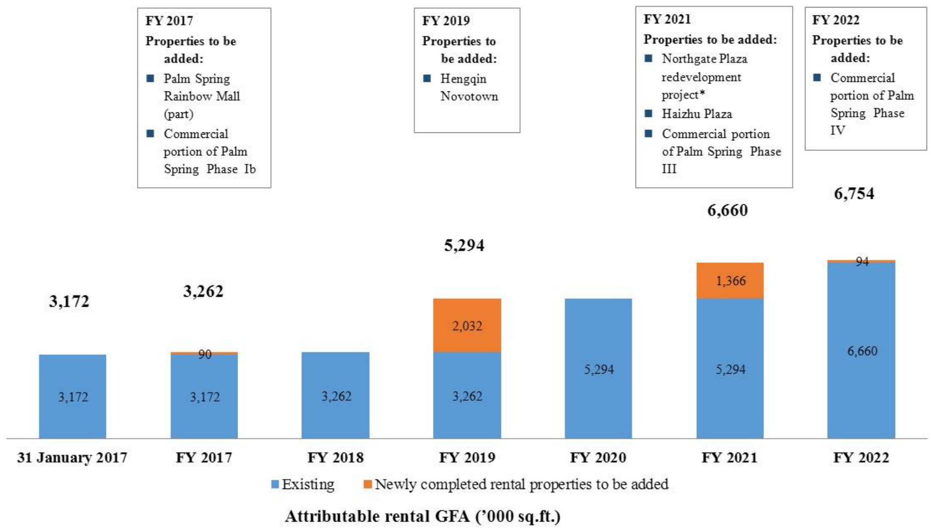
During the six months ended 31 January 2017, the Group performed steadily but suffered from currency translation against a depreciating Renminbi on a reported basis. The sale of residential units in Guangzhou Dolce Vita, Guangzhou Eastern Place Phase V and Zhongshan Palm Spring underpinned this set of results.

The Group has a number of projects in various stages of development in Shanghai, Guangzhou, Zhongshan and Hengqin. The rental portfolio is expected to increase from approximately 3.2 million square feet to approximately 6.8 million square feet through developing the existing projects on hand over the next few years. The acquisition of the 6th to 11th floors of Hui Gong Building that is physically connected to Northgate Plaza I in Shanghai, together with the right to use 20 car-parking spaces in the basement ("**Hui Gong Building**") was completed in September 2016. This will facilitate the redevelopment plan of Northgate Plaza I and the adjacent Northgate Plaza II and enhance the overall value of the combined development once they are redeveloped. The Group is currently finalising the redevelopment proposal with professional consultants and local authorities. Northgate Plaza I has been vacated and demolition has commenced. It is expected that the demolition will be completed before the end of this financial year. The Group expects to obtain the building approval from local authorities in the second half of 2017 and construction works will commence afterwards.

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

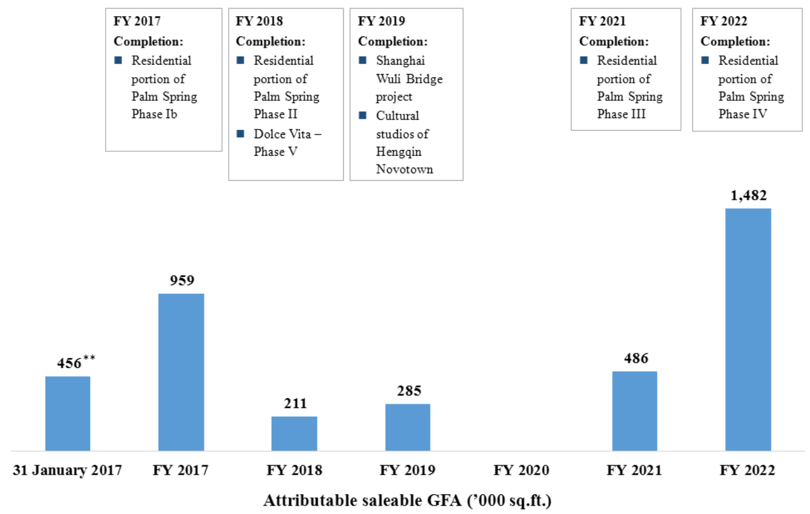
Set out below is the expected growth of the rental portfolio of the Group and pipeline of development projects of the Group as at 31 January 2017:

Rental Portfolio



** In September 2016, the Group completed the acquisition of the 6th to 11th floors of Hui Gong Building with a total GFA of approximately 111,400 square feet which is physically connected to Northgate Plaza I, together with the right to use 20 car-parking spaces in the basement. The Group plans to redevelop Shanghai Northgate Plaza I, Northgate Plaza II and the Hui Gong Building together under a comprehensive redevelopment plan.*

For-sale Projects



*** Excluding commercial portion of the Zhongshan Palm Spring which will be reclassified as completed properties held for rental purposes as it is being leased out over time and Guangzhou Paramount Centre which is subject to the asset swap transaction that is now pending for completion.*

As at 31 January 2017, the Group has a landbank of 6.9 million square feet. The Group's strong cash position of HK$2,600.6 million of cash on hand and undrawn facilities of HK$3,636.4 million with a net debt to equity ratio of 25.0% as at 31 January 2017 provides the Group with full confidence and the means to review opportunities more actively.

OVERVIEW OF INTERIM RESULTS

For the six months ended 31 January 2017, the Group recorded a turnover of HK$479.0 million (2016: HK$833.6 million) and a gross profit of HK$340.4 million (2016: HK$470.5 million), representing a decrease of approximately 42.5% and 27.7%, respectively over the same period last year. The decrease in turnover and gross profit was primarily due to the substantial sale of residential units and serviced apartment units, where relevant, in Guangzhou Eastern Place Phase V, Guangzhou King's Park, Shanghai May Flower Plaza and Zhongshan Palm Spring having been recognised during the six months ended 31 January 2016 and fewer properties being available for sale during the period under review. The average Renminbi exchange rate for the period under review depreciated by over 5% over the same period last year. Excluding the effect of currency translation against a depreciating Renminbi, the decrease in Renminbi denominated turnover was 39.2%. Set out below is the turnover by segment:

	Six months ended 31 January			**Six months ended 31 January**		
	2017 (HK$ million) @0.8762	2016 (HK$ million) @0.8285	**% change**	**2017 (RMB million)**	2016 (RMB million)	**% change**
Rental income	**345.8**	310.1	**11.5%**	**303.0**	256.9	**17.9%**
Sales of properties	**133.2**	523.5	**-74.6%**	**116.7**	433.7	**-73.1%**
Total:	**479.0**	833.6	**-42.5%**	**419.7**	690.6	**-39.2%**

Net profit attributable to owners of the Company was approximately HK$336.4 million (2016: HK$303.2 million), representing an increase of approximately 11.0% over the same period last year. The increase is primarily due to increased profit contribution from the sales of Guangzhou Dolce Vita, the joint venture project with CapitaLand China Holdings Pte. Ltd. ("**CapitaLand China**") as compared to the same period last year. This is recognised as a component of "Share of profits of joint ventures" in the condensed consolidated income statement. Basic earnings per share was HK$0.021 (2016: HK$0.019).

Excluding the effect of property revaluations, net profit attributable to owners of the Company was approximately HK$246.3 million (2016: HK$134.9 million). Basic earnings per share excluding the effect of property revaluations increased to HK$0.0152 (2016: HK$0.0084).

Profit attributable to owners of the Company (HK$ million)	**Six months ended 31 January** **2017**	2016
Reported	**336.4**	303.2
Adjustments in respect of investment properties		
Revaluation of properties	**(124.0)**	(226.4)
Deferred tax on investment properties	**31.0**	56.6
Non-controlling interests' share of revaluation movements less deferred tax	**2.9**	1.5
Net profit after tax excluding revaluation gains of investment properties	**246.3**	134.9
Adjustments in respect of ineffective portion of the effective hedge recognised in profit or loss	**7.9**	22.6
Net profit after tax excluding adjustments in respect of investment properties and ineffective portion of the effective hedge recognised in profit or loss	**254.2**	157.5

Net assets attributable to owners of the Company as at 31 January 2017 amounted to HK$13,016.8 million, representing a 2.2% decrease from HK$13,314.8 million as at 31 July 2016. Net asset value per share attributable to owners of the Company decreased to HK$0.799 per share as at 31 January 2017 from HK$0.822 per share as at 31 July 2016. The slight decrease in net asset value is primarily due to the depreciation of Renminbi over the six months ended 31 January 2017 by over 5% partially offset by net profits earned during the period under review.

PROPERTY PORTFOLIO COMPOSITION

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

	Commercial/ Retail	**Office**	**Serviced Apartments**	**Residential**	**Total (excluding car-parking spaces & ancillary facilities)**	**No. of car-parking spaces**
Completed Properties Held for Rental[1]	1,609	966	-	-	2,575	695
Completed Hotel Properties and Serviced Apartments	-	-	598	-	598	-
Properties Under Development[2]	1,162	1,746	816	3,214	6,938	5,056
Completed Properties Held for Sale	79[3]	76	-	452	607	1,320
Total GFA of major properties of the Group	**2,850**	**2,788**	**1,414**	**3,666**	**10,718**	**7,071**

1. *Completed and rental generating properties*
2. *All properties under construction*
3. *Completed properties for sale, including 69,000 square feet of shopping arcade space in Zhongshan Palm Spring Rainbow Mall which is expected to be reclassified as completed properties held for rental purpose as it is being leased out over time.*

PROPERTY INVESTMENT

Rental Income

For the six months ended 31 January 2017, the Group's rental operations recorded a turnover of HK$345.8 million (2016: HK$310.1 million), representing an 11.5% increase over the same period last year. The increase is primarily due to the contributions from Guangzhou Lai Fung Tower, the office block of Guangzhou Eastern Place Phase V completed in June 2016. Breakdown of rental turnover by major rental properties is as follows:

	Six months ended 31 January			**Six months ended 31 January**			
	2017 (HK$ million) @0.8762	2016 (HK$ million) @0.8285	% Change	**2017 (RMB million)**	2016 (RMB million)	% Change	**Period ended occupancy (%)**
Shanghai							
Shanghai Hong Kong Plaza	**201.3**	197.6	1.9	**176.4**	163.7	7.8	Retail: 98.2% Office: 96.6% Serviced Apartments: 67.4%
Shanghai May Flower Plaza	**37.8**	34.7	8.9	**33.1**	28.7	15.3	Retail: 99.6% Hotel: 66.5%
Shanghai Regents Park	**7.0**	6.6	6.1	**6.1**	5.5	10.9	100.0%
Shanghai Northgate Plaza I*	**-**	4.1	-100.0	**-**	3.4	-100.0	0.0%
Guangzhou							
Guangzhou May Flower Plaza	**55.8**	54.6	2.2	**48.9**	45.2	8.2	98.0%
Guangzhou Lai Fung Tower	**30.3**	-	N/A	**26.5**	-	N/A	Retail: 100.0% Office: 81.8%**
Guangzhou West Point	**9.1**	8.7	4.6	**8.0**	7.2	11.1	97.8%
Zhongshan							
Zhongshan Palm Spring	**4.5**	3.8	18.4	**4.0**	3.2	25.0	Retail: 84.8%*** Serviced Apartments: 41.3%
Total:	**345.8**	310.1	11.5	**303.0**	256.9	**17.9**	

* *All tenants have been vacated for project redevelopment and demolition is in progress*

** *Excluding the office area that is subject to the asset swap transaction as announced by the Company on 15 January 2015*

*** *Excluding self-use area*

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

	Six months ended 31 January 2017			Six months ended 31 January 2016		
	Group interest	**Turnover (HK$ million)**	**Attributable GFA (square feet)**	Group interest	Turnover (HK$ million)	Attributable GFA (square feet)
Shanghai						
Shanghai Hong Kong Plaza	100%			100%		
Retail		91.8	468,434		83.6	468,434
Office		48.2	360,687		48.3	360,687
Serviced Apartments (room revenue and F&B)		58.1	355,267		62.3	354,239
Car-parking spaces		3.2	N/A		3.4	N/A
		201.3	**1,184,388**		**197.6**	**1,183,360**
Shanghai May Flower Plaza	100%			100%		
Retail		17.6	320,314		14.7	320,314
Hotel (room revenue and F&B)		18.3	143,846		18.8	143,846
Car-parking spaces		1.9	N/A		1.2	N/A
		37.8	**464,160**		**34.7**	**464,160**
Shanghai Regents Park	95%			95%		
Retail		5.5	77,959		5.4	77,959
Car-parking spaces		1.5	N/A		1.2	N/A
		7.0	**77,959**		**6.6**	**77,959**
Shanghai Northgate Plaza I*	100%			99%		
Retail		-	-		-	190,425
Office		-	-		3.9	128,931
Car-parking spaces		-	-		0.2	N/A
		-	**-**		**4.1**	**319,356**
Guangzhou						
Guangzhou May Flower Plaza	100%			100%		
Retail		48.8	357,424		47.1	357,424
Office		5.3	79,431		5.6	79,431
Car-parking spaces		1.7	N/A		1.9	N/A
		55.8	**436,855**		**54.6**	**436,855**
Guangzhou Lai Fung Tower	100%			100%		
Retail		24.7	100,701		-	23,326
Office**		4.6	525,463		-	-
Car-parking spaces		1.0	N/A		-	-
		30.3	**626,164**		**-**	**23,326**
Guangzhou West Point	100%			100%		
Retail		**9.1**	**171,968**		**8.7**	**171,968**
Zhongshan						
Zhongshan Palm Spring	100%			100%		
Retail***		2.0	112,124		1.4	86,842
Serviced Apartments (room revenue)		2.5	98,556		2.4	98,556
		4.5	**210,680**		**3.8**	**185,398**
Total:		**345.8**	**3,172,174**		**310.1**	**2,862,382**

* *All tenants have been vacated for project redevelopment and demolition is in progress*

** *Upon completion of the asset swap transaction as announced on 15 January 2015, the total GFA of Guangzhou Lai Fung Tower is expected to be approximately 707,000 square feet excluding car-parking spaces.*

*** *Excluding self-use area*

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

Guangzhou Lai Fung Tower, the office block of Guangzhou Eastern Place Phase V, was completed and added to the rental portfolio of the Group in June 2016 and has started to contribute to the rental income of the Group. Up to the date of this results announcement, excluding the office area that is subject to the asset swap transaction as announced by the Company on 15 January 2015, approximately 99.0% of the GFA of the office building has been leased or has offers to lease and the commercial podium has been fully leased.

The Group is currently finalising the proposal for redevelopment of Shanghai Northgate Plaza I, Northgate Plaza II and the 6th to 11th floors of Hui Gong Building acquired by the Group in September 2016 with professional consultants and local authorities. Northgate Plaza I has been vacated and demolition has commenced. It is expected that the demolition will be completed before the end of this financial year. The Group expects to obtain the building approval from local authorities in the second half of 2017 and construction works will commence afterwards.

Excluding self-use area of approximately 53,200 square feet, a portion of the Zhongshan Palm Spring Rainbow Mall, amounting to approximately 87.7% of total GFA, has been reclassified as rental properties as the floor space was leased out. Further reclassification and rental income recognition will take place in due course as the property becomes fully leased.

REVIEW OF MAJOR RENTAL PROPERTIES

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

The property's total GFA is approximately 1.18 million square feet excluding 350 car-parking spaces. The property comprises an office tower, shopping arcades and a serviced apartment tower with total GFA of approximately 360,700 square feet, 468,400 square feet and 355,300 square feet, respectively. The property is directly above the Huangpi South Road Metro Station and is within walking distance of Xintiandi, a well-known landmark in Shanghai. The shopping arcades are now one of the most visible high-end retail venues for global luxury brands in the area. Anchor tenants include The Apple Store, Cartier, Coach, GAP, MCM, Tiffany, Y3 and internationally renowned luxury brands and a wide array of dining options. Asset enhancement aimed at improving foot traffic at the higher levels of the retail podium of the Shanghai Hong Kong Plaza has been completed and new tenants have moved in by the end of 2014.

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

The Group owns 100% of this property.

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

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

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

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

The Group owns 100% of this property.

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

Guangzhou Lai Fung Tower
Guangzhou Lai Fung Tower is the office block of Phase V of Guangzhou Eastern Place, which is a multi-phase project located on Dongfeng East Road, Yuexiu District, Guangzhou. This 38-storey office building was completed in June 2016. The Group currently owns a total GFA of approximately 626,200 square feet of this property excluding 209 car-parking spaces.

The asset swap transaction with Guangzhou Light Industry Real Estate Limited ("**Guangzhou Light Industry**") as announced on 15 January 2015 was approved by the shareholders of eSun Holdings Limited ("**eSun**"), the ultimate holding company of the Company, on 5 March 2015 and is now pending for completion. This would enable the Group to consolidate its ownership of Guangzhou Lai Fung Tower completely and provide additional flexibility and strategic value to the Group. Upon completion of the asset swap transaction, the total GFA of Guangzhou Lai Fung Tower is expected to be approximately 707,000 square feet excluding car-parking spaces.

Up to the date of this result announcement, excluding the office area that is subject to the asset swap transaction, approximately 99.0% of the gross floor area ("**GFA**") of the office building has been leased or has offers to lease and the commercial podium has been fully leased.

Zhongshan Palm Spring Rainbow Mall
Zhongshan Palm Spring Rainbow Mall is the commercial element of the wholly owned residential project, Zhongshan Palm Spring. Zhongshan Palm Spring is located in Caihong Planning Area, Western District of Zhongshan. It has a total GFA of approximately 181,100 square feet and excluding self-use area, the occupancy rate as at period end was approximately 84.8%.

Hotel and Serviced Apartments

Ascott Huaihai Road Shanghai
Ascott Huaihai Road in Shanghai Hong Kong Plaza is managed by the Ascott Group and it is one of a premier collection of the Ascott Limited's serviced residences in over 70 cities in Asia Pacific, Europe and the Gulf region. The residence with total GFA of approximately 357,000 square feet and approximately 355,300 square feet GFA attributable to the Group has 308 contemporary apartments of various sizes: studios (640-750 sq.ft.), one-bedroom apartments (915-1,180 sq.ft.), two-bedroom apartments (1,720 sq.ft.), three-bedroom apartments (2,370 sq.ft.) and two luxurious penthouses on the highest two floors (4,520 sq.ft.). An average occupancy rate of 81.8% was achieved during the period under review and the average room tariff was approximately HK$1,210.

STARR Hotel Shanghai
STARR Hotel Shanghai soft opened in November 2013 and is a 17-storey hotel located in the Mayflower Lifestyle complex in Jing'an District, within walking distance to Lines 1, 3 and 4 of the Shanghai Metro Station with easy access to major motorways. There are 239 fully furnished and equipped hotel units with stylish separate living room, bedroom, fully-equipped kitchenette and luxurious bathroom amenities for short or extended stays to meet the needs of the business travelers from around the world and the total GFA is approximately 143,800 square feet. The GFA attributable to the Group is approximately 143,800 square feet. An average occupancy rate of 78.3% was achieved during the period under review since its soft opening in November 2013 and the average room tariff was approximately HK$504.

STARR Resort Residence Zhongshan
STARR Resort Residence Zhongshan comprises two 16-storey blocks located in the Palm Lifestyle complex in Zhongshan Western District at Cui Sha Road. It is 30 minutes away from Zhongshan ferry pier and an ideal place for weekend breaks with a wide range of family oriented facilities such as an outdoor Swimming Pool, Gym, Yoga Room, Reading Room, Wine Club, Card Game / Mahjong Room, Tennis Court, etc. There are 90 fully furnished serviced apartment units with kitchenette, unit type one- and two-bedroom suite and the total GFA is approximately 98,600 square feet. The resort also has a F&B outlet of 80 seats, suitable for private party and BBQ, etc. An average occupancy rate of 52.2% was achieved during the period under review and the average room tariff was approximately HK$345.

PROPERTY DEVELOPMENT

Recognised Sales
For the six months ended 31 January 2017, the Group's property development operations recorded a turnover of HK$133.2 million (2016: HK$523.5 million) from sale of properties, representing a 74.6% decrease in sales revenue over the same period last year.

Total recognised sales was primarily driven by the sales performance of Guangzhou Eastern Place Phase V and Zhongshan Palm Spring of which approximately 13,340 and 29,254 square feet of GFA were sold, respectively, achieving sales revenue of HK$82.1 million and HK$42.4 million, respectively.

For the six months ended 31 January 2017, average selling price recognised as a whole (excluding Guangzhou Dolce Vita and car-parking spaces) amounted to approximately HK$3,075 per square foot (2016: HK$3,598 per square foot) against a depreciated Renminbi. Sales of residential units of Guangzhou Dolce Vita performed well and achieved an average selling price of HK$2,416 per square foot (2016: HK$3,100 per square foot). This is recognised as a component of "Share of profits of joint ventures" in the condensed consolidated income statement.

Breakdown of turnover for the six months ended 31 January 2017 from property sales is as follows:

Recognised basis	**No. of Units**	**Approximate GFA Square feet**	**Average Selling Price# HK$/square foot**	**Turnover* HK$ million**	**Turnover* RMB million @0.8762**
Guangzhou Eastern Place					
Residential Units - Phase V	12	13,340	6,465	82.1	71.9
Zhongshan Palm Spring					
Residential House Units	10	29,254	1,529	42.4	37.2
Subtotal	**22**	**42,594**	**3,075**	**124.5**	**109.1**
Guangzhou King's Park					
Car-parking Spaces	12			8.0	7.0
Guangzhou West Point					
Car-parking Spaces	1			0.7	0.6
Total				**133.2**	**116.7**
Recognised sales from joint venture project					
Guangzhou Dolce Vita					
Residential Units**(47.5% basis)	314	409,722	2,390	926.5	811.8
Retail Units**(47.5% basis)	2	2,521	6,532	15.6	13.7
Subtotal	**316**	**412,243**	**2,416**	**942.1**	**825.5**
Car-parking Spaces**(47.5% basis)	292			98.8	86.6
Total				**1,040.9**	**912.1**

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

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

** *Guangzhou Dolce Vita is a joint venture project with CapitaLand China in which each of the Group and CapitaLand China has an effective 47.5% interest. For the six months ended 31 January 2017, the recognised sales (after business tax and value-added tax exclusive) attributable to the full project is HK$1,983.4 million (excluding car-parking spaces) and approximately 867,880 square feet (excluding car-parking spaces) of GFA were recognised. The recognised sales (after business tax and value-added tax exclusive) from car-parking spaces attributable to the full project is HK$208.0 million.*

Breakdown of turnover for the six months ended 31 January 2016 from property sales is as follows:

Recognised basis	No. of Units	Approximate GFA Square feet	Average Selling Price# HK$/square foot	Turnover* HK$ million @0.8285	RMB million
Shanghai May Flower Plaza					
Residential Units	6	5,083	5,170	24.8	20.5
Office Apartment Units	18	11,994	3,704	41.9	34.7
Guangzhou Eastern Place					
Residential Units - Phase V	61	57,943	5,892	322.0	266.8
Guangzhou King's Park					
Residential Units	5	9,569	4,789	43.2	35.8
Zhongshan Palm Spring					
Residential High-rise Units	8	9,160	707	6.1	5.1
Residential House Units	22	60,482	1,498	85.5	70.8
Total	**120**	**154,231**	**3,598**	**523.5**	**433.7**
Recognised sales from joint venture project					
Guangzhou Dolce Vita					
Residential Units**(47.5% basis)	53	118,954	3,081	345.8	286.5
Retail Units**(47.5% basis)	1	798	5,971	4.5	3.7
Subtotal	**54**	**119,752**	**3,100**	**350.3**	**290.2**
Car-parking Spaces**(47.5% basis)	45			13.2	10.9
Total				**363.5**	**301.1**

\# *Before business tax*

* *After business tax*

** *Guangzhou Dolce Vita is a joint venture project with CapitaLand China in which each of the Group and CapitaLand China has an effective 47.5% interest. For the six months ended 31 January 2016, the recognised sales (after business tax) attributable to the full project is HK$737.4 million (excluding car-parking spaces) and approximately 252,111 square feet (excluding car-parking spaces) of GFA were recognised. The recognised sales from car-parking spaces attributable to the full project is HK$27.8 million.*

Contracted Sales

As at 31 January 2017, the Group's property development operations, excluding Guangzhou Dolce Vita, has contracted but not yet recognised sales of HK$558.9 million and HK$20.6 million from sales of residential units in Zhongshan Palm Spring and Guangzhou Eastern Place Phase V, respectively and HK$1.9 million from sales of 3 car-parking spaces in Guangzhou King's Park. Sales of the remainder of the completed residential units of Zhongshan Palm Spring were strong and achieved an average selling price of HK$805 per square foot. Excluding the effect of currency translation against a depreciated Renminbi, the Renminbi denominated contracted but not yet recognised sales of residential units and car-parking spaces, excluding Guangzhou Dolce Vita as at 31 January 2017 amounted to RMB509.4 million (31 July 2016: RMB484.4 million).

The total contracted but not yet recognised sales of the Group as at 31 January 2017 including Guangzhou Dolce Vita and car-parking spaces amounted to HK$1,601.7 million (31 July 2016: HK$2,249.1 million). The Renminbi denominated contracted but not yet recognised sales of residential units and car-parking spaces, including Guangzhou Dolce Vita as at 31 January 2017 amounted to RMB1,403.4 million (31 July 2016: RMB1,881.8 million).

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

Contracted basis	**No. of units**	**Approximate GFA Square feet**	**Average Selling Price# HK$/square foot**	**Turnover# HK$ million**
Guangzhou Eastern Place				
Residential Units - Phase V	3	3,114	6,615	20.6
Zhongshan Palm Spring				
Residential High-rise Units	547	680,443	786	534.8
Residential House Units	5	14,142	1,704	24.1
Subtotal	**555**	**697,699**	**831**	**579.5**
Guangzhou King's Park				
Car-parking Spaces	3			1.9
Subtotal				**581.4**
Contracted sales from joint venture project				
Guangzhou Dolce Vita				
Residential Units**(47.5% basis)	228	369,967	2,736	1,012.2
Car-parking Spaces**(47.5% basis)	22			8.1
Subtotal				**1,020.3**
Total (excluding car-parking spaces)	**783**	**1,067,666**	**1,491**	**1,591.7**

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

** *Guangzhou Dolce Vita is a joint venture project with CapitaLand China in which each of the Group and CapitaLand China has an effective 47.5% interest. As at 31 January 2017, the contracted but not yet recognised sales attributable to the full project is HK$2,130.9 million (excluding car-parking spaces) and approximately 778,878 square feet of GFA (excluding car-parking spaces) were sold. The contracted but not yet recognised sales from car-parking spaces attributable to the full project is HK$17.0 million.*

Review of major properties completed for sale and under development

Shanghai Northgate Plaza redevelopment project
Shanghai Northgate Plaza I is located on Tian Mu Road West in the Jing'an District of Shanghai near the Shanghai Railway Terminal and comprises office units, a retail podium and car-parking spaces. Shanghai Northgate Plaza II is a vacant site adjacent to Northgate Plaza I. In September 2016, the Group completed the acquisition of the 6th to 11th floors of Hui Gong Building which is physically connected to Northgate Plaza I, together with the right to use 20 car-parking spaces in the basement. The Group plans to redevelop Shanghai Northgate Plaza I, Northgate Plaza II and the Hui Gong Building together under a comprehensive redevelopment plan. The redeveloped project will include an office tower, a shopping arcade and underground car-parking spaces. The Group is currently finalising the redevelopment proposal with professional consultants and local authorities. Northgate Plaza I has been vacated and demolition has commenced. It is expected that the demolition will be completed before the end of this financial year. The Group expects to obtain the building approval from local authorities in the second half of 2017 and construction works will commence afterwards.

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

The residential portion of Shanghai May Flower Plaza is branded "The Mid-town" which comprises 628 residential units and approximately 627,500 square feet of GFA. As of 31 January 2017, 458 car-parking spaces of this development remained unsold with a carrying amount of approximately HK$101.8 million.

Shanghai Wuli Bridge Project
In July 2014, the Group succeeded in the auction for the land use rights of a piece of land located by Huangpu River in Huangpu District in Shanghai with a site area of approximately 74,100 square feet. The proposed development has attributable GFA of approximately 84,600 square feet and is intended to be developed into a high end luxury residential project. Construction work is expected to commence in the second quarter of 2017. This project is expected to complete in the fourth quarter of 2018.

Guangzhou Eastern Place Phase V
Guangzhou Eastern Place is a multi-phase project located on Dongfeng East Road, Yuexiu District, Guangzhou. The current Phase V development will have a total GFA attributable to the Group of approximately 945,600 square feet, comprising two residential blocks (GFA 319,400 square feet approximately), an office block and ancillary retail spaces (GFA 626,200 square feet approximately). Construction work of residential blocks was completed during the year ended 31 July 2015 and the office block was completed in June 2016.

The residential portion of the Guangzhou Eastern Place Phase V comprised of 317 units. For the six months ended 31 January 2017, 13,340 square feet was recognised at an average selling price of HK$6,465 per square foot, which contributed HK$82.1 million to the turnover. As at 31 January 2017, completed residential units held for sale in this development amounted to approximately 15,500 square feet with a carrying amount of approximately HK$40.8 million.

Guangzhou Dolce Vita
The Guangzhou Dolce Vita is a joint venture project with CapitaLand China in which each of the Group and CapitaLand China has a 47.5% interest. This development in Jinshazhou, Hengsha, Baiyun District, Guangzhou will have a total project GFA of approximately 5.860 million square feet. The project will comprise of approximately 2,796 low-rise and high-rise residential units and shopping amenities totaling 3.820 million square feet excluding ancillary facilities and car-parking spaces. It is conveniently located near the business centre of Jinshazhou as well as several shopping and entertainment areas and is easily accessible via Guangzhou Subway Line 6 and other transport modes. Praised as the model metropolis for Guangzhou and Foshan, Jinshazhou is located in northwest Guangzhou.

During the period under review, 412,243 square feet attributable to the Group was recognised and generated attributable sale proceeds of HK$942.1 million. As at 31 January 2017, contracted but not yet recognised sales excluding car-parking spaces amounted to HK$1,012.2 million at average selling prices of HK$2,736. Up to the period end, constructions of this project have been completed except for the commercial units with a total GFA of approximately 19,400 square feet that are currently used by the Group as a sales centre for the project. These commercial units are expected to be refurbished for sale by end of 2017.

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

During the period under review, the sales of 12 car-parking spaces contributed HK$8.0 million to the turnover. As at 31 January 2017, the contracted but not yet recognised sales of the 3 car-parking spaces amounted to approximately HK$1.9 million.

Guangzhou Paramount Centre
This property locates at the junction of Da Sha Tou Road and Yan Jiang Dong Road in Yuexiu District. The attributable GFA is approximately 83,000 square feet excluding 46 car-parking spaces and ancillary facilities. This project is subject to the asset swap transaction that was announced by the Group on 15 January 2015 and the transaction was approved by the shareholders of eSun on 5 March 2015 and is now pending for completion.

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

Zhongshan Palm Spring
The project is located in Caihong Planning Area, Western District of Zhongshan. The overall development has a total planned GFA of approximately 6.037 million square feet. The project will comprise of high-rise residential towers, townhouses, serviced apartments and commercial blocks totaling 4.466 million square feet.

Phase Ia of the project, which was completed during the first half of the financial year ended 31 July 2013, comprises of high-rise residential towers and house units. During the period under review, 29,254 square feet of house units were recognised at average selling prices of HK$1,529 per square foot, which contributed a total of HK$42.4 million to the sales turnover. As at 31 January 2017, contracted but not yet recognised sales for high-rise residential units and houses amounted to HK$534.8 million and HK$24.1 million, at average selling prices of HK$786 and HK$1,704 per square foot, respectively. As at 31 January 2017, completed units held for sale in this development amounted to 22,600 square feet with a carrying amount of approximately HK$22.9 million. The remaining GFA under development was approximately 3,306,300 square feet.

Set out below is the current expectation on the development of the remaining phases:

Phase	**Description**	**Approximate GFA* (square feet)**	**Expected completion**
Ib	High-rise residential units	980,100	Q2 2017
II	Townhouses	201,500	Q3 2017
III	High-rise residential units including commercial units	548,500	Q3 2020
IV	High-rise residential units including commercial units	1,576,200	Q1 2022

* *Excluding car-parking spaces and ancillary facilities*

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

Hengqin Novotown
On 25 September 2013, the Company announced it had successfully won Phase I of the Novotown project in Hengqin ("**Novotown**") which is 80% owned by the Group and 20% owned by eSun. The Novotown has a total GFA of 4.2 million square feet including car-parking spaces and ancillary facilities. The minimum investment requirement for the Novotown is approximately RMB3.0 billion (equivalent to approximately HK$3.4 billion), of which approximately RMB523.3 million (equivalent to approximately HK$592.4 million) is land cost as per the land grant contract entered into between the Group and The Land and Resources Bureau of Zhuhai on 27 September 2013. The master layout plan for Novotown has been approved in January 2015 and construction work commenced at the end of 2015.

The expected GFA breakdown by usage is set out below:

Usage	GFA (square feet)
Cultural themed hotel	590,182
Cultural workshop	429,641
Cultural commercial area	523,843
Performance halls	167,982
Cultural attractions	286,247
Office	542,447
Cultural studios (for sale)	250,553
Car-parking spaces	593,797
Ancillary facilities and others	835,345
Total:	**4,220,037**

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

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

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

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

CAPITAL STRUCTURE, LIQUIDITY AND DEBT MATURITY PROFILE

As at 31 January 2017, cash and bank balances held by the Group amounted to HK$2,600.6 million and undrawn facilities of the Group was HK$3,636.4 million.

As at 31 January 2017, the Group had total borrowings amounting to HK$5,858.8 million (as at 31 July 2016: HK$5,977.4 million), representing a decrease of HK$118.6 million from 31 July 2016. The consolidated net assets attributable to the owners of the Company amounted to HK$13,016.8 million (as at 31 July 2016: HK$13,314.8 million). The gearing ratio, being net debt (total borrowings less cash and bank balances) to net assets attributable to the owners of the Company was approximately 25% (as at 31 July 2016: 18%). The maturity profile of the Group's borrowings of HK$5,858.8 million is well spread with HK$206.0 million repayable within 1 year, HK$2,356.5 million repayable in the second year, HK$3,175.3 million repayable in the third to fifth years and HK$121.0 million repayable beyond the fifth year.

Approximately 48% and 47% of the Group's borrowings were on a fixed rate basis and floating rate basis, respectively, and the remaining 5% of the Group's borrowings were interest free.

Apart from the fixed rate senior notes, the Group's other borrowings of HK$3,831.7 million were 49% denominated in Renminbi ("**RMB**"), 39% in Hong Kong dollars ("**HKD**") and 12% in United States Dollars ("**USD**").

The Group's fixed rate senior notes of HK$2,027.1 million were denominated in RMB. On 25 April 2013, issue date of the RMB denominated senior notes ("**2013 Notes**"), the Group entered into cross currency swap agreements with financial institutions for the purpose of hedging the foreign currency risk arising from such notes. Accordingly, the 2013 Notes have been effectively converted into USD denominated loans.

The Group's cash and bank balances of HK$2,600.6 million were 81% denominated in RMB, 10% in HKD and 9% in USD.

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

Certain assets of the Group have been pledged to secure borrowings of the Group, including investment properties with a total carrying amount of approximately HK$8,657.4 million, properties under development with a total carrying amount of approximately HK$501.6 million, serviced apartments and related properties with a total carrying amount of approximately HK$536.7 million, completed properties for sale with a total carrying amount of approximately HK$54.1 million, construction in progress with a total carrying amount of approximately HK$515.7 million and bank balances of approximately HK$260.7 million.

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

CONTINGENT LIABILITIES

There has been no material change in contingent liabilities of the Group since 31 July 2016.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out from time to time in the Corporate Governance Code ("**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the six months ended 31 January 2017 save for the deviations from code provisions A.4.1 and A.5.1 as follows:

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

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

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

The Company has not established a nomination committee whose functions are assumed by the full Board. Potential new Directors will be recruited based on their knowledge, skills, experience and expertise and the requirements of the Company at the relevant time and candidates for the INEDs must meet the independence criterion. The process of identifying and selecting appropriate candidates for consideration and approval by the Board has been, and will continue to be, carried out by the executive Directors. 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 2017, the Group employed a total of around 1,300 employees. The Group recognises the importance of maintaining a stable staff force in its continued success. Under the Group's existing policies, employee pay rates are maintained at competitive levels whilst promotion and salary increments are assessed on a performance-related basis. Discretionary bonuses are granted to employees based on their merit and in accordance with industry practice. Other benefits including share option scheme, mandatory provident fund scheme, free hospitalisation insurance plan, subsidised medical care and sponsorship for external education and training programmes are offered to eligible employees.

INVESTOR RELATIONS

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

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

Month	Event	Organiser	Location
October 2016	Post results non-deal roadshow	DBS	Hong Kong
November 2016	Post results non-deal roadshow	DBS	Singapore
November 2016	Post results non-deal roadshow	Daiwa	New York/Philadelphia/ Los Angeles/San Francisco
November 2016	Post results non-deal roadshow	Daiwa	London/Amsterdam/Zurich

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

Firm	Analyst	Publication Date
Credit Suisse	Daniel TAM	3 November 2016

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

REVIEW OF INTERIM RESULTS

The audit committee of the Company ("**Audit Committee**") currently comprises two of the INEDs, namely Mr. Law Kin Ho and Mr. Lam Bing Kwan, and a NED, Mr. Lucas Ignatius Loh Jen Yuh (alternate: Mr. Chan Boon Seng). 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 2017.

By Order of the Board
Chew Fook Aun
Chairman

Hong Kong, 23 March 2017

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