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LAI SUN DEVELOPMENT

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

(Stock Code: 488)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 JULY 2017

RESULTS

The board of directors (the “Board”) of Lai Sun Development Company Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 July 2017 together with the comparative figures of the last year as follows:

Consolidated Income Statement

For the year ended 31 July 2017

| | Notes | 2017 HK\$'000 | 2016 HK\$'000 |
|----------------------------------------------------------------|-------|------------------|------------------|
| TURNOVER | 3 | 1,704,080 | 1,868,334 |
| Cost of sales | | (735,959) | (861,722) |
| Gross profit | | 968,121 | 1,006,612 |
| Other revenue | | 54,416 | 68,235 |
| Selling and marketing expenses | | (35,746) | (28,520) |
| Administrative expenses | | (280,214) | (249,995) |
| Other operating expenses | 4(b) | (293,003) | (219,826) |
| Fair value gains on investment properties, net | | 1,238,092 | 51,539 |
| Reversal of provision for tax indemnity | 4(c) | 142,451 | - |
| PROFIT FROM OPERATING ACTIVITIES | 4(a) | 1,794,117 | 628,045 |
| Finance costs | 5 | (175,608) | (178,290) |
| Share of profits and losses of associates | | 177,940 | 17,233 |
| Share of profits and losses of joint ventures | | 837,413 | 770,469 |
| Loss on deemed disposal of interest in an associate | 6 | (573,121) | - |
| Discount on acquisition of additional interest in an associate | 6 | 142,822 | - |
| PROFIT BEFORE TAX | | 2,203,563 | 1,237,457 |
| Tax | 7 | (76,450) | (57,691) |
| PROFIT FOR THE YEAR | | 2,127,113 | 1,179,766 |
| Attributable to: | | | |
| Owners of the Company | | 2,093,572 | 1,148,390 |
| Non-controlling interests | | 33,541 | 31,376 |
| | | 2,127,113 | 1,179,766 |
| EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY | 9 | | (Adjusted) |
| Basic | | HK\$3.465 | HK\$2.269 |
| Diluted | | HK\$3.455 | HK\$2.267 |

Consolidated Statement of Comprehensive Income

For the year ended 31 July 2017

| | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> |
|-----------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| PROFIT FOR THE YEAR | <u>2,127,113</u> | <u>1,179,766</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 | 205,655 | 131,108 |
| Exchange realignments | 9,692 | (174,440) |
| Share of other comprehensive expense of associates | (54,877) | (244,302) |
| Share of other comprehensive income of a joint venture | 908 | - |
| Release of reserves upon deemed disposal of interest in an associate | 49,192 | - |
| Release of reserves upon disposal of associates | <u>-</u> | <u>(31)</u> |
| OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR | <u>210,570</u> | <u>(287,665)</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | <u>2,337,683</u> | <u>892,101</u> |
| Attributable to: | | |
| Owners of the Company | 2,304,069 | 860,672 |
| Non-controlling interests | <u>33,614</u> | <u>31,429</u> |
| | <u>2,337,683</u> | <u>892,101</u> |

Consolidated Statement of Financial Position

As at 31 July 2017

| | <i>Notes</i> | 2017 HK\$'000 | 2016 HK\$'000 |
|------------------------------------------------|--------------|--------------------------------|-------------------|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 4,034,466 | 2,983,985 |
| Prepaid land lease payments | | 19,873 | 20,901 |
| Investment properties | | 16,447,014 | 15,147,376 |
| Properties under development for sale | | 1,571,635 | 1,322,403 |
| Goodwill | | 5,161 | 5,161 |
| Interests in associates | | 3,555,876 | 3,660,835 |
| Interests in joint ventures | | 7,224,183 | 6,754,353 |
| Available-for-sale financial assets | | 1,589,670 | 1,382,026 |
| Pledged bank balances and time deposits | | 69,675 | 216,241 |
| Deposits paid and other receivables | | 231,868 | 181,062 |
| Total non-current assets | | <u>34,749,421</u> | <u>31,674,343</u> |
| CURRENT ASSETS | | | |
| Completed properties for sale | | 252,121 | 321,509 |
| Inventories | | 31,327 | 25,899 |
| Debtors, deposits paid and other receivables | 10 | 530,416 | 177,008 |
| Pledged bank balances and time deposits | | 213,640 | - |
| Cash and cash equivalents | | 2,664,066 | 2,354,682 |
| Total current assets | | <u>3,691,570</u> | <u>2,879,098</u> |
| CURRENT LIABILITIES | | | |
| Creditors, deposits received and accruals | 11 | 452,005 | 460,588 |
| Tax payable | | 119,062 | 132,282 |
| Guaranteed notes | | 2,731,230 | - |
| Bank borrowings | | 157,582 | 126,709 |
| Total current liabilities | | <u>3,459,879</u> | <u>719,579</u> |
| NET CURRENT ASSETS | | <u>231,691</u> | <u>2,159,519</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>34,981,112</u> | <u>33,833,862</u> |
| NON-CURRENT LIABILITIES | | | |
| Bank borrowings | | 6,748,399 | 5,275,720 |
| Guaranteed notes | | - | 2,709,227 |
| Deferred tax | | 141,291 | 127,891 |
| Provision for tax indemnity | | 93,000 | 729,387 |
| Long term deposits received and other payables | | 886,435 | 90,063 |
| Deferred rental | | 7,448 | 9,724 |
| Total non-current liabilities | | <u>7,876,573</u> | <u>8,942,012</u> |
| | | <u>27,104,539</u> | <u>24,891,850</u> |
| EQUITY | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | | 4,063,736 | 4,050,252 |
| Investment revaluation reserve | | 1,442,513 | 1,241,566 |
| Share option reserve | | 64,693 | 65,633 |
| Hedging reserve | | 1,852 | 9,114 |
| Capital reduction reserve | | 4,692 | 4,692 |
| General reserve | | 646,700 | 646,700 |
| Other reserve | | 215,998 | 233,252 |
| Statutory reserve | | 46,240 | 28,996 |
| Exchange fluctuation reserve | | (382,327) | (399,139) |
| Retained profits | | 20,495,693 | 18,476,669 |
| | | <u>26,599,790</u> | <u>24,357,735</u> |
| Non-controlling interests | | 504,749 | 534,115 |
| | | <u>27,104,539</u> | <u>24,891,850</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and certain available-for-sale financial assets, which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

The financial information relating to the years ended 31 July 2017 and 31 July 2016 included in this preliminary announcement of annual results for the year ended 31 July 2017 does not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 July 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 July 2017 in due course.

Auditor’s reports have been prepared on these financial statements of the Group for both years. The auditor’s reports were unqualified; did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised standards for the first time for the current year’s financial statements.

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

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

3. SEGMENT INFORMATION

Segment revenue and results

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

| | Property development and sales | | Property investment | | Hotel operation | | Restaurant operation | | Others | | Eliminations | | Consolidated | | |
|----------------------------------------------------------------|--------------------------------|------------------|---------------------|------------------|------------------|------------------|----------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------|
| | 2017 HK\$'000 | 2016 HK\$'000 | 2017 HK\$'000 | 2016 HK\$'000 | 2017 HK\$'000 | 2016 HK\$'000 | 2017 HK\$'000 | 2016 HK\$'000 | 2017 HK\$'000 | 2016 HK\$'000 | 2017 HK\$'000 | 2016 HK\$'000 | 2017 HK\$'000 | 2016 HK\$'000 | |
| Segment revenue: | | | | | | | | | | | | | | | |
| Sales to external customers | 89,245 | 468,691 | 686,748 | 701,643 | 412,343 | 391,683 | 481,529 | 280,664 | 34,215 | 25,653 | - | - | 1,704,080 | 1,868,334 | |
| Intersegment sales | - | - | 16,473 | 15,353 | 90 | 360 | 97 | - | 24,899 | 24,659 | (41,559) | (40,372) | - | - | |
| Other revenue | 4,813 | 3,997 | 2,310 | 1,085 | 280 | 15 | 426 | 8,525 | 11,120 | 8,409 | - | - | 18,949 | 22,031 | |
| Total | <u>94,058</u> | <u>472,688</u> | <u>705,531</u> | <u>718,081</u> | <u>412,713</u> | <u>392,058</u> | <u>482,052</u> | <u>289,189</u> | <u>70,234</u> | <u>58,721</u> | <u>(41,559)</u> | <u>(40,372)</u> | <u>1,723,029</u> | <u>1,890,365</u> | |
| Segment results | <u>(13,156)</u> | <u>103,524</u> | <u>556,098</u> | <u>573,239</u> | <u>70,697</u> | <u>76,173</u> | <u>(30,338)</u> | <u>(27,851)</u> | <u>(839)</u> | <u>3,846</u> | - | - | <u>582,462</u> | <u>728,931</u> | |
| Interest income from bank deposits - unallocated | | | | | | | | | | | | | | 10,211 | 4,872 |
| Unallocated revenue | | | | | | | | | | | | | | 25,256 | 41,332 |
| Fair value gains on investment properties, net | - | - | 1,238,092 | 51,539 | - | - | - | - | - | - | - | - | 1,238,092 | 51,539 | |
| Unallocated expenses | | | | | | | | | | | | | (204,355) | (198,629) | |
| Reversal of provision for tax indemnity | | | | | | | | | | | | | 142,451 | - | |
| Profit from operating activities | | | | | | | | | | | | | 1,794,117 | 628,045 | |
| Finance costs | | | | | | | | | | | | | (175,608) | (178,290) | |
| Share of profits and losses of associates | 33 | 986 | - | - | - | - | (3,330) | (7,670) | - | - | - | - | (3,297) | (6,684) | |
| Share of profits and losses of associates - unallocated | | | | | | | | | | | | | 181,237 | 23,917 | |
| Share of profits and losses of joint ventures | (28,638) | (4,127) | 859,570 | 774,596 | - | - | - | - | 6,481 | - | - | - | 837,413 | 770,469 | |
| Loss on deemed disposal of interest in an associate | | | | | | | | | | | | | (573,121) | - | |
| Discount on acquisition of additional interest in an associate | | | | | | | | | | | | | 142,822 | - | |
| Profit before tax | | | | | | | | | | | | | 2,203,563 | 1,237,457 | |
| Tax | | | | | | | | | | | | | (76,450) | (57,691) | |
| Profit for the year | | | | | | | | | | | | | <u>2,127,113</u> | <u>1,179,766</u> | |

3. SEGMENT INFORMATION (continued)

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

| | Property development and sales | | Property investment | | Hotel operation | | Restaurant operation | | Others | | Consolidated | |
|----------------------------------------------|--------------------------------|------------------|---------------------|------------------|------------------|------------------|----------------------|------------------|------------------|------------------|------------------|------------------|
| | 2017 HK\$'000 | 2016 HK\$'000 | 2017 HK\$'000 | 2016 HK\$'000 | 2017 HK\$'000 | 2016 HK\$'000 | 2017 HK\$'000 | 2016 HK\$'000 | 2017 HK\$'000 | 2016 HK\$'000 | 2017 HK\$'000 | 2016 HK\$'000 |
| <u>Segment assets and liabilities</u> | | | | | | | | | | | | |
| Segment assets | 2,233,477 | 1,690,614 | 16,657,105 | 15,312,609 | 4,076,803 | 3,070,692 | 586,663 | 626,357 | 242,782 | 152,583 | 23,796,830 | 20,852,855 |
| Interests in associates | 5,890 | 7,343 | - | - | 159,478 | - | (9,078) | (1,061) | - | - | 156,290 | 6,282 |
| Interests in associates - unallocated | | | | | | | | | | | 3,399,586 | 3,654,553 |
| Interests in joint ventures | 1,116,246 | 990,385 | 5,986,447 | 5,763,968 | - | - | - | - | 121,490 | - | 7,224,183 | 6,754,353 |
| Unallocated assets | | | | | | | | | | | 3,864,102 | 3,285,398 |
| Total assets | | | | | | | | | | | 38,440,991 | 34,553,441 |
| Segment liabilities | 777,431 | 62,467 | 194,047 | 187,129 | 279,216 | 195,510 | 43,158 | 47,472 | 9,932 | 6,163 | 1,303,784 | 498,741 |
| Bank borrowings | | | | | | | | | | | 6,905,981 | 5,402,429 |
| Guaranteed notes | | | | | | | | | | | 2,731,230 | 2,709,227 |
| Other unallocated liabilities | | | | | | | | | | | 395,457 | 1,051,194 |
| Total liabilities | | | | | | | | | | | 11,336,452 | 9,661,591 |
| <u>Other segment information</u> | | | | | | | | | | | | |
| Amortisation of prepaid land lease payments | - | - | - | - | 1,028 | 1,027 | - | - | - | - | 1,028 | 1,027 |
| Depreciation | - | 225 | 147 | 137 | 18,075 | 17,205 | 47,136 | 33,773 | 217 | 95 | 65,575 | 51,435 |
| Depreciation - unallocated | | | | | | | | | | | 11,416 | 10,684 |
| | | | | | | | | | | | 76,991 | 62,119 |
| Capital expenditure | - | - | 54,263 | 261,888 | 1,075,824 | 565,472 | 48,257 | 96,217 | 3,019 | 155 | 1,181,363 | 923,732 |
| Capital expenditure - unallocated | | | | | | | | | | | 4,244 | 4,488 |
| | | | | | | | | | | | 1,185,607 | 928,220 |

3. SEGMENT INFORMATION *(continued)*

Geographical information

The following table presents revenue and assets by geographical location of the assets:

| | Hong Kong | | United Kingdom | | Vietnam | | Others | | Consolidated | |
|-----------------------------|--------------------------|-------------------|-------------------------|------------------|-----------------------|------------------|---------------------|------------------|--------------------------|-------------------|
| | 2017 HK\$'000 | 2016 HK\$'000 | 2017 HK\$'000 | 2016 HK\$'000 | 2017 HK\$'000 | 2016 HK\$'000 | 2017 HK\$'000 | 2016 HK\$'000 | 2017 HK\$'000 | 2016 HK\$'000 |
| Segment revenue | | | | | | | | | | |
| Sales to external customers | 1,156,603 | 1,328,949 | 136,304 | 149,713 | 407,257 | 385,903 | 3,916 | 3,769 | 1,704,080 | 1,868,334 |
| Other revenue | 18,317 | 21,626 | 493 | 391 | 81 | - | 58 | 14 | 18,949 | 22,031 |
| Total | <u>1,174,920</u> | <u>1,350,575</u> | <u>136,797</u> | <u>150,104</u> | <u>407,338</u> | <u>385,903</u> | <u>3,974</u> | <u>3,783</u> | <u>1,723,029</u> | <u>1,890,365</u> |
| Segment assets | | | | | | | | | | |
| Non-current assets | 19,295,802 | 16,876,046 | 2,703,275 | 2,512,864 | 264,244 | 263,781 | 621 | 985 | 22,263,942 | 19,653,676 |
| Current assets | 1,133,371 | 820,506 | 72,756 | 30,247 | 323,208 | 345,692 | 3,553 | 2,734 | 1,532,888 | 1,199,179 |
| Total | <u>20,429,173</u> | <u>17,696,552</u> | <u>2,776,031</u> | <u>2,543,111</u> | <u>587,452</u> | <u>609,473</u> | <u>4,174</u> | <u>3,719</u> | <u>23,796,830</u> | <u>20,852,855</u> |

Information about major customers

For both the years ended 31 July 2017 and 31 July 2016, there was no revenue derived from a single customer which contributed more than 10% of the Group's revenue for the respective years.

4. PROFIT FROM OPERATING ACTIVITIES

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

| | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> |
|-------------------------------------------------------------------------|-------------------------|-------------------------|
| Cost of inventories sold | 169,622 | 111,809 |
| Cost of completed properties sold | 69,395 | 336,139 |
| Depreciation [#] | 76,991 | 62,119 |
| Amortisation of prepaid land lease payments [*] | 1,028 | 1,027 |
| Loss on disposal of items of property, plant and equipment [*] | <u>1,222</u> | <u>100</u> |

[#] Depreciation charge of approximately HK\$71,793,000 (2016: HK\$57,482,000) for property, plant and equipment is included in "other operating expenses" on the consolidated income statement.

^{*} These items are included in "other operating expenses" on the 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\$64,337,000 (2016: HK\$64,616,000).

(c) Pursuant to the indemnity deed entered into between the Company and Lai Fung Holdings Limited ("**Lai Fung**") on 12 November 1997, the Company has undertaken to indemnify Lai Fung in respect of certain potential Mainland China corporate income tax and land appreciation tax payable or shared by Lai Fung in consequence of the disposal of certain properties interest attributable to Lai Fung through its subsidiaries and joint ventures as at 31 October 1997. During the year, the Company settled tax indemnity of approximately HK\$493,936,000 (2016: Nil) in relation to the taxes incurred and paid by Lai Fung. The Company also reversed an overprovision in prior years of approximately HK\$142,451,000 (2016: Nil) which is credited to the consolidated income statement.

5. FINANCE COSTS

| | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> |
|-------------------------------------------------------------|-------------------------|-------------------------|
| Interest on bank borrowings | 116,995 | 111,396 |
| Interest on guaranteed notes | 159,507 | 159,085 |
| Bank financing charges | <u>55,402</u> | <u>41,839</u> |
| | 331,904 | 312,320 |
| Less: Amount capitalised in a hotel development project | (100,317) | (91,097) |
| Amount capitalised in properties under development for sale | <u>(55,979)</u> | <u>(42,933)</u> |
| | <u>175,608</u> | <u>178,290</u> |

6. INTEREST IN eSUN HOLDINGS LIMITED

On 9 February 2017, the Group's associate, eSun Holdings Limited ("**eSun**"), completed a share placement which resulted in a dilution in the Group's interest in eSun from 41.92% to 34.94%. The Group recorded a loss on deemed disposal of interest in eSun of approximately HK\$573,121,000 in the consolidated income statement and released reserves of approximately HK\$49,192,000 in the consolidated statement of comprehensive income from this transaction.

Subsequently, the Group acquired 2% additional interest in eSun from the public shareholders at a cost of approximately HK\$25,426,000 and the Group's interest in eSun increased from 34.94% to 36.94%. A discount on acquisition of approximately HK\$142,822,000 arose from this acquisition.

7. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

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.

| | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> |
|-----------------------------------------------|-------------------------|-------------------------|
| Current tax | | |
| Hong Kong | 38,608 | 38,494 |
| Overseas | <u>21,630</u> | <u>26,724</u> |
| | 60,238 | 65,218 |
| Deferred tax | 13,714 | 6,933 |
| Prior years' underprovision / (overprovision) | | |
| Hong Kong | 632 | (20) |
| Overseas | <u>1,866</u> | <u>(14,440)</u> |
| | <u>2,498</u> | <u>(14,460)</u> |
| Tax charge for the year | <u><u>76,450</u></u> | <u><u>57,691</u></u> |

8. DIVIDEND

| | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Final dividend paid in respect of the year ended 31 July 2016 (2016: final dividend paid in respect of the year ended 31 July 2015) | <u><u>57,340</u></u> | <u><u>50,236</u></u> |
| Proposed final dividend – HK10.00 cents per ordinary share (2016: HK0.19 cent per ordinary share before the effect of the Share Consolidation (as defined in note 9) or HK9.50 cents per ordinary share after the effect of the Share Consolidation) | <u><u>60,509</u></u> | <u><u>57,302</u></u> |

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

9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

| | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Earnings | | |
| Earnings for the purpose of basic earnings per share | 2,093,572 | 1,148,390 |
| Effect of dilutive potential ordinary shares arising from adjustment to the share of profit of an associate based on dilution of its earnings per share | <u>(76)</u> | <u>-</u> |
| Earnings for the purpose of diluted earnings per share | <u><u>2,093,496</u></u> | <u><u>1,148,390</u></u> |

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

| | 2017 '000 | 2016 '000 (Adjusted) |
|------------------------------------------------------------------------------------------|-----------------------|----------------------------|
| Number of shares | | |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | 604,123 | 506,113 |
| Effect of dilutive potential ordinary shares arising from share options | <u>1,772</u> | <u>348</u> |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share | <u><u>605,895</u></u> | <u><u>506,461</u></u> |

The exercise of share options of an associate and the conversion of the outstanding convertible notes issued by an associate have an anti-dilutive effect on the basic earnings per share as presented during the year ended 31 July 2016.

The number of shares for the purpose of earnings per share were calculated to reflect the share consolidation (i.e. every fifty 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 year. 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.

10. 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 the payment due date, as at the end of the reporting period is as follows:

| | 2017 HK\$'000 | 2016 HK\$'000 |
|-------------------------------------------|-----------------------|-----------------------|
| Trade debtors: | | |
| Not yet due or less than 30 days past due | 11,468 | 15,653 |
| 31 – 60 days past due | 2,269 | 2,102 |
| 61 – 90 days past due | 655 | 853 |
| Over 90 days past due | <u>4,611</u> | <u>3,492</u> |
| | 19,003 | 22,100 |
| Other receivables | 436,939 | 78,776 |
| Deposits paid and prepayments | <u>74,474</u> | <u>76,132</u> |
| | <u><u>530,416</u></u> | <u><u>177,008</u></u> |

11. CREDITORS, DEPOSITS RECEIVED AND ACCRUALS

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

| | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> |
|-------------------------------------------|--------------------------------|-------------------------|
| Trade creditors: | | |
| Not yet due or less than 30 days past due | 18,966 | 19,288 |
| 31 – 60 days past due | 865 | 1,176 |
| 61 – 90 days past due | 120 | 143 |
| Over 90 days past due | 74 | 1,148 |
| | <hr/> | <hr/> |
| | 20,025 | 21,755 |
| Other payables and accruals | 267,498 | 285,696 |
| Deposits received and other provisions | 164,482 | 153,137 |
| | <hr/> | <hr/> |
| | 452,005 | 460,588 |
| | <hr/> | <hr/> |

12. EVENT AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in the announcements, on 13 September 2017, LSD Bonds (2017) Limited, a wholly-owned subsidiary of the Company, issued guaranteed notes in an aggregate principal amount of US\$400 million (the “**2017 Notes**”). The 2017 Notes are guaranteed by the Company, have a maturity term of five years and bear a fixed interest rate of 4.6% per annum with interest payable semi-annually in arrears.

The net proceeds from the offering of the 2017 Notes were approximately US\$396 million and will be used for refinancing the existing guaranteed notes of US\$350 million and general corporate purposes.

FINAL DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of HK10.00 cents per share (2016: HK0.19 cent per share before the effect of the Share Consolidation or HK9.50 cents per share after the effect of the Share Consolidation), amounting to approximately HK\$60,509,000 for the financial year ended 31 July 2017 to shareholders of the Company (“**Shareholders**”) whose names appear on the Register of Members of the Company on Friday, 22 December 2017 subject to the approval of Shareholders at the forthcoming annual general meeting of the Company to be held on Friday, 15 December 2017 (“**AGM**”).

No interim dividend was declared during the year (2016: Nil).

The Directors propose that shareholders be given the option to receive the final dividend in new shares in lieu of cash. The scrip dividend proposal is subject to: (1) the approval of the proposed final dividend at the AGM; and (2) The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) granting the listing of and permission to deal in the new shares to be issued pursuant to this proposal.

A circular containing details of the scrip dividend proposal will be despatched to shareholders together with the form of election for scrip dividend on or about Wednesday, 3 January 2018. It is expected that the final dividend warrants and share certificates for the scrip dividend will be despatched to Shareholders on or about Tuesday, 30 January 2018.

ANNUAL GENERAL MEETING

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

CLOSURE OF REGISTER OF MEMBERS

In order to be eligible to attend and vote at the AGM, Shareholders should ensure that all transfers accompanied by the relevant share certificates are lodged with the Company’s share registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 12 December 2017.

The proposed final dividend is subject to the approval of the Shareholders at the AGM. The record date for the proposed final dividend is at the close of business on Friday, 22 December 2017. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Thursday, 21 December 2017 and Friday, 22 December 2017, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all relevant transfer document(s) and share certificate(s) must be lodged with the Company’s share registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 20 December 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

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

The property sector in Hong Kong as a whole has shown resilience and robustness after an extended period of softening. During the year under review, the slowdown in the luxury end of the retail market has been recovering due to improving visitor numbers. The office leasing market continues to stabilise due to tight supply and demand to consolidate office space in Central, but a slight softening of rent in areas outside the Central area was observed. 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 earlier this 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:

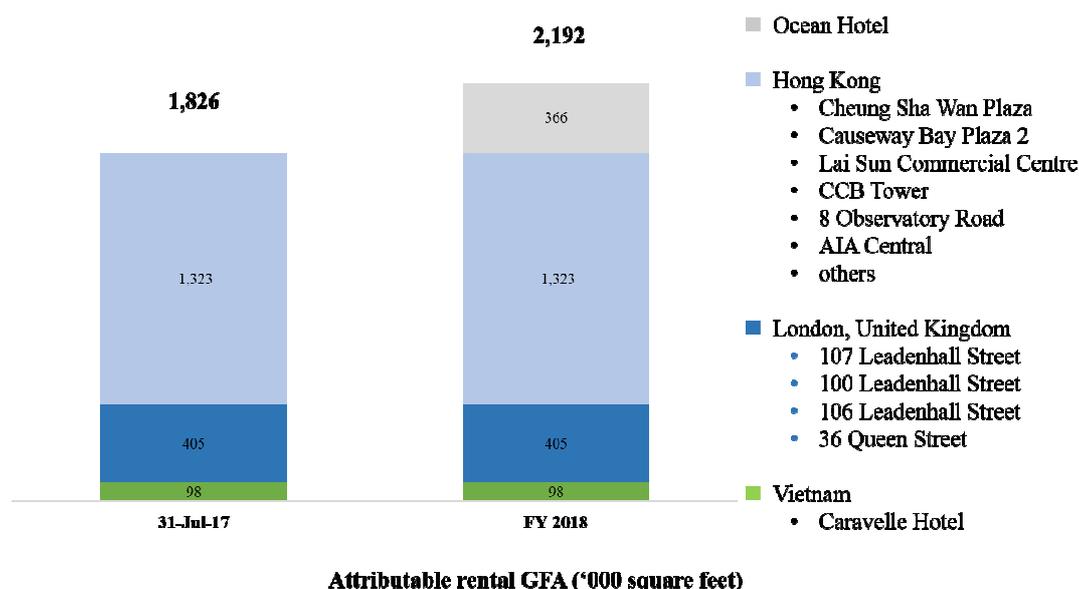
| Date | Secured Projects | Total Gross Floor Area (“GFA”) (square feet) | Use | Expected Construction Completion Date |
|-------------------------------|-----------------------------------------------------|-----------------------------------------------------|----------------------------|----------------------------------------------|
| Hong Kong | | | | |
| Development Properties | | | | |
| November 2012 | Alto Residences | 573,154 | Commercial/ Residential | Q1 2018 |
| April 2014 | 93 Pau Chung Street | 111,354 | Commercial/ Residential | Q1 2018 |
| May 2014 | Hong Kong Ocean Park Marriott Hotel (“Ocean Hotel”) | 366,000 | Hotel | Q2 2018 |
| September 2015 | Sai Wan Ho Street Project | 61,099 | Residential | Q4 2019 |
| May 2016 | Novi | 42,847 | Commercial/ Residential | Q3 2019 |
| London, United Kingdom | | | | |
| Investment Properties | | | | |
| 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 | 19,922 | Commercial/ Office | N/A |

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

The London properties weathered the uncertainties of Brexit well during the year under review if the currency translation effect of a depreciated Sterling was excluded. 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. 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. The Group is encouraged that the adjacent building situated at 122 Leadenhall Street, commonly known as the “The Cheesegrater” was sold for £1.135 billion in March 2017.

The Ocean Hotel, to be operated by the Marriott group, will provide a total of 471 rooms and approximately 366,000 square feet of attributable rental space to the existing rental portfolio attributable to the Group of approximately 1.8 million square feet. Its construction is expected to be completed in the second quarter of 2018. In June 2017, the Group invested a total of HK\$159.6 million for an effective interest of 38.635% in a parcel of land in Phuket, Thailand for a resort hotel development and villas project. The hotel project consists of luxury resort villas that will be managed by an international hotel manager. This project is at the start of the development stage and the Group will provide material updates on this project as and when available.

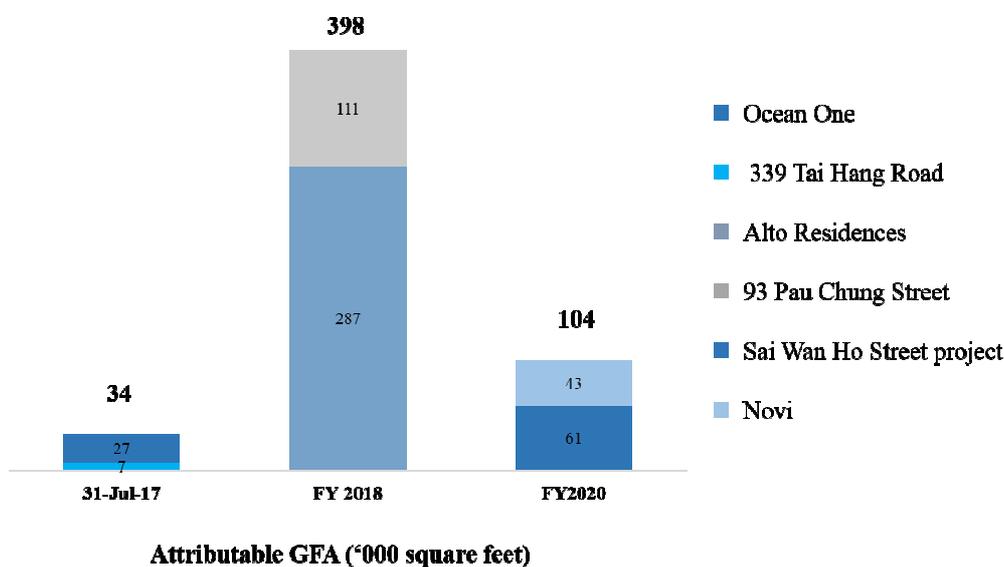
Set out below is the expected growth of the rental portfolio of the Group:



The Urban Renewal Authority project in Ma Tau Kok, Kowloon, “93 Pau Chung Street” (“**93 Pau Chung Street**”) and the joint venture project in Tseung Kwan O named “Alto Residences” (“**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 15 October 2017, the Group has pre-sold 197 units in 93 Pau Chung Street with saleable area of approximately 70,100 square feet at an average selling price of approximately HK\$16,100 per square foot. The Alto Residences project provides 605 flats, including 23 detached houses. Up to 15 October 2017, the Group has pre-sold 512 units in Alto Residences with saleable area of approximately 283,000 square feet at an average selling price of approximately HK\$15,200 per square foot. The Ki Lung Street project in Sham Shui Po, Kowloon, named “Novi”, offering 138 flats in total was launched for pre-sale in July 2017. Up to 15 October 2017, the Group has pre-sold 134 units in Novi with saleable area of approximately 27,700 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 61,099 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.

Set out below is the pipeline of development projects for sale based on construction completion timetable of the Group:



In September 2016, the Group acquired an approximately 49.96% interest in Camper & Nicholsons International S.A. (“CNI”), a long established and internationally recognised brand for luxury yachts. The Group believed that the acquisition of CNI in partnership with Fincantieri S.p.A., one of the major shipbuilding companies in the world, will bolster its offering of high-end hospitality services.

The placing (“**eSun Placing**”) of 248,642,433 new shares of eSun Holdings Limited (“**eSun**”, an associate of the Group) under its general mandate was completed on 9 February 2017, resulting in a dilution of the Group’s interest in eSun from 41.92% to 34.94%. In February 2017, the Group acquired a 2% additional interest in eSun from public shareholders and the Group’s interest in eSun increased from 34.94% to 36.94%.

The Company was selected as a constituent of the Hang Seng Global Composite Index and Hang Seng Composite Index Series in February 2017 and has become one of the eligible stocks for southbound trading under Shenzhen – Hong Kong Stock Connect.

The share consolidation on a 1-for-50 basis (“**Share Consolidation**”) and change in board lot size from 15,000 shares to 300 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.

The Group’s strong cash position of HK\$2,947.4 million of cash on hand and HK\$3,818.5 million of undrawn facilities with a net debt to equity ratio of 25.1% as at 31 July 2017 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 19.3%. The financial liquidity of the Group has been bolstered by the US\$400 million guaranteed notes issued in September 2017 which is listed on the Stock Exchange. The proceeds from this new bond will help to refinance the US\$350 million guaranteed notes issued by the Company on 18 January 2013 which will expire in January 2018. However, the Group will continue its prudent and flexible approach in growing the landbank and managing its financial position.

OVERVIEW OF FINAL RESULTS

For the year ended 31 July 2017, the Group recorded turnover of HK\$1,704.1 million (2016: HK\$1,868.3 million) and a gross profit of HK\$968.1 million (2016: HK\$1,006.6 million), representing a decrease of approximately 8.8% and 3.8%, respectively over last year. The decrease is primarily due to lower turnover from sale of properties during the year under review as compared to last year. Set out below is the turnover by segment:

| | For the year ended 31 July | | Difference (HK\$ million) | % change |
|--------------------------------|----------------------------|------------------------|------------------------------|--------------|
| | 2017 (HK\$ million) | 2016 (HK\$ million) | | |
| Property Investment | 686.7 | 701.6 | -14.9 | -2.1% |
| Property development and sales | 89.2 | 468.7 | -379.5 | -81.0% |
| Restaurant operation | 481.5 | 280.7 | 200.8 | 71.5% |
| Hotel operation and others | 446.7 | 417.3 | 29.4 | 7.0% |
| Total | 1,704.1 | 1,868.3 | -164.2 | -8.8% |

For the year ended 31 July 2017, net profit attributable to owners of the Company was approximately HK\$2,093.6 million (2016: HK\$1,148.4 million), representing an increase of approximately 82.3% over last year. The increase during the year under review as compared to last year consists a mix of:

- (a) lower operating profit due to lower property sales;
- (b) a substantial increase in revaluation of the investment properties held by the Group, its joint ventures and associates;
- (c) loss on deemed disposal of the Group's interest in eSun due to eSun Placing;
- (d) reversal of the provision for tax indemnity pursuant to the tax indemnity deed in connection with the listing of Lai Fung Holdings Limited ("**Lai Fung**") on the Stock Exchange in 1997; and
- (e) discount on acquisition of additional 2% interest in eSun.

Basic earnings per share was HK\$3.465 (Adjusted 2016: HK\$2.269).

Excluding the effect of property revaluations, net loss attributable to owners of the Company was approximately HK\$37.0 million (2016: net profit of HK\$329.8 million). Net loss per share excluding the effect of property revaluations was HK\$0.061 (Adjusted 2016: net profit of HK\$0.652 per share).

Excluding the effect of property revaluations and non-recurring transactions during the year under review, net profit attributable to owners of the Company was approximately HK\$250.8 million (2016: HK\$329.8 million). Net profit per share excluding the effect of property revaluations and non-recurring transactions during the year under review was HK\$0.415 (Adjusted 2016: HK\$0.652 per share).

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

| Profit attributable to owners of the Company | For the year ended 31 July | |
|---------------------------------------------------------------------------------------------------------------------------|-----------------------------------|---------------------|
| | 2017 | 2016 |
| | HK\$ million | HK\$ million |
| Reported | 2,093.6 | 1,148.4 |
| Less: Adjustments in respect of revaluation gains of investment properties held by | | |
| - the Company and subsidiaries | (1,238.1) | (51.5) |
| - associates and joint ventures | (892.5) | (767.1) |
| Net (loss)/profit after tax excluding revaluation gains of investment properties | (37.0) | 329.8 |
| Less: Adjustments in respect of non-recurring transactions | | |
| - reversal of provision for tax indemnity | (142.5) | - |
| - loss on deemed disposal of interest in eSun | 573.1 | - |
| - discount on acquisition of additional interest in eSun | (142.8) | - |
| Net profit after tax excluding revaluation gains of investment properties and excluding non-recurring transactions | 250.8 | 329.8 |

Equity attributable to owners of the Company as at 31 July 2017 amounted to HK\$26,599.8 million, up from HK\$24,357.7 million as at 31 July 2016. Net asset value per share attributable to owners of the Company increased by 8.9% to HK\$43.965 per share as at 31 July 2017 from HK\$40.382 per share (adjusted) as at 31 July 2016. Adjustments have been made to the total number of issued shares of the Company as at 31 July 2017 and 31 July 2016, respectively due to the Share Consolidation of the Company being effective on 15 August 2017 post year end.

PROPERTY PORTFOLIO COMPOSITION

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

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

1. Completed and rental generating properties

2. All properties under construction

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

PROPERTY INVESTMENT

Rental Income

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

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

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

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

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

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

| | For the year ended 31 July 2017 | | | For the year ended 31 July 2016 | | |
|-----------------------------------|---------------------------------|-------------------------|--------------------------------|---------------------------------|-------------------------|--------------------------------|
| | Group interest | Turnover (HK\$ million) | Attributable GFA (square feet) | Group interest | Turnover (HK\$ million) | Attributable GFA (square feet) |
| Hong Kong | | | | | | |
| Cheung Sha Wan Plaza | 100% | | | 100% | | |
| Commercial | | 159.7 | 233,807 | | 163.2 | 233,807 |
| Office | | 124.7 | 409,896 | | 122.6 | 409,896 |
| Car-parking spaces | | 17.7 | N/A | | 16.8 | N/A |
| Subtotal: | | 302.1 | 643,703 | | 302.6 | 643,703 |
| Causeway Bay Plaza 2 | 100% | | | 100% | | |
| Commercial | | 124.1 | 109,770 | | 122.3 | 109,770 |
| Office | | 52.3 | 96,268 | | 50.9 | 96,268 |
| Car-parking spaces | | 5.0 | N/A | | 4.8 | N/A |
| Subtotal: | | 181.4 | 206,038 | | 178.0 | 206,038 |
| Lai Sun Commercial Centre | 100% | | | 100% | | |
| Commercial | | 27.5 | 95,063 | | 34.8 | 95,063 |
| Office | | 9.2 | 74,181 | | 8.2 | 74,181 |
| Car-parking spaces | | 17.9 | N/A | | 16.8 | N/A |
| Subtotal: | | 54.6 | 169,244 | | 59.8 | 169,244 |
| Others | | 12.3 | 63,592* | | 11.5 | 63,592* |
| Subtotal: | | 550.4 | 1,082,577* | | 551.9 | 1,082,577* |
| London, United Kingdom | | | | | | |
| 36 Queen Street | 100% | | | 100% | | |
| Office | | 23.1 | 60,816 | | 25.9 | 60,816 |
| 107 Leadenhall Street | 100% | | | 100% | | |
| Commercial | | 4.6 | 48,149 | | 6.0 | 48,149 |
| Office | | 41.0 | 98,457 | | 44.2 | 98,457 |
| Subtotal: | | 45.6 | 146,606 | | 50.2 | 146,606 |
| 100 Leadenhall Street | 100% | | | 100% | | |
| Office | | 61.9 | 177,700 | | 70.1 | 177,700 |
| 106 Leadenhall Street | 100% | | | 100% | | |
| Commercial | | 1.2 | 4,404 | | 0.6 | 4,404 |
| Office | | 4.5 | 15,518 | | 2.9 | 15,518 |
| Subtotal: | | 5.7 | 19,922 | | 3.5 | 19,922 |
| Subtotal: | | 136.3 | 405,044 | | 149.7 | 405,044 |
| Total: | | 686.7 | 1,487,621* | | 701.6 | 1,487,621* |
| Joint Venture Projects | | | | | | |
| Hong Kong | | | | | | |
| CCB Tower** (50% basis) | 50% | | | 50% | | |
| Office | | 121.9 | 114,555** | | 113.3 | 114,555** |
| Car-parking spaces | | 0.5 | N/A | | 0.4 | N/A |
| Subtotal: | | 122.4 | 114,555** | | 113.7 | 114,555** |
| 8 Observatory Road### (50% basis) | 50% | | | 50% | | |
| Commercial | | 44.4 | 45,312*** | | 21.0 | 45,312*** |
| Office | | 8.3 | 37,273*** | | 7.1 | 37,273*** |
| Car-parking spaces | | 2.3 | N/A | | 1.9 | N/A |
| Subtotal: | | 55.0 | 82,585*** | | 30.0 | 82,585*** |
| Total: | | 177.4 | 197,140*** | | 143.7 | 197,140*** |

* Excluding 10% interest in AIA Central.

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

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

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

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

Breakdown of rental turnover of London portfolio for the year ended 31 July 2017 is as follows:

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

Review of major investment properties

Hong Kong Properties

Cheung Sha Wan Plaza

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

Causeway Bay Plaza 2

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

Lai Sun Commercial Centre

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

CCB Tower

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

8 Observatory Road

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

AIA Central

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

Overseas Properties

36 Queen Street, London EC4, United Kingdom

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

107 Leadenhall Street, London EC3, United Kingdom

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

100 Leadenhall Street, London EC3, United Kingdom

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

106 Leadenhall Street, London EC3, United Kingdom

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

PROPERTY DEVELOPMENT

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

Review of major projects for sale

339 Tai Hang Road, Hong Kong

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

Alto Residences

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

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

Ocean Hotel project

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

93 Pau Chung Street

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

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

Novi

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

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

Sai Wan Ho Street project

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

RESTAURANT OPERATION

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

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

| Cuisine | Restaurant | Location | Award |
|------------------|----------------------------------------------------------------|-----------|----------------------------------|
| Western Cuisine | 8 ^{1/2} Otto e Mezzo BOMBANA Hong Kong | Hong Kong | Three Michelin stars (2012-2017) |
| | Otto e Mezzo BOMBANA Shanghai | Shanghai | Two Michelin stars (2017) |
| | Opera BOMBANA | Beijing | |
| | CIAK - In The Kitchen | Hong Kong | One Michelin star (2015-2017) |
| | CIAK - All Day Italian | Hong Kong | Michelin Bib Gourmand (2017) |
| | Beefbar | Hong Kong | One Michelin star (2017) |
| | Operetta | Hong Kong | |
| Chinese Cuisine | China Tang Landmark | Hong Kong | |
| | China Tang Harbour City | Hong Kong | |
| | Howard's Gourmet | Hong Kong | |
| | Chiu Tang Central | Hong Kong | |
| | Tang ² | Hong Kong | |
| | Old Bazaar Kitchen | Hong Kong | |
| Japanese Cuisine | Kaiseki Den by Saotome (formally known as "Wagyu Kaiseki Den") | Hong Kong | One Michelin star (2010-2017) |
| | Takumi by Daisuke Mori (formally known as "Wagyu Takumi") | Hong Kong | One Michelin star (2017) |
| | Sushi Masataka (formally known as "Rozan") | Hong Kong | |

HOTEL OPERATION

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

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

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

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

INTEREST IN ASSOCIATES (eSun)

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

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

INTERESTS IN JOINT VENTURES

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

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

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

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 July 2017, the Company did not redeem any of its shares listed and traded on the 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 (“**Listing Rules**”) 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 year ended 31 July 2017 save for the deviations from code provisions A.4.1, A.5.1 and E.1.2.

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 Shareholders and the retiring Directors are eligible for re-election. In addition, any person appointed by the board of Directors (“**Board**”) as an additional Director (including a NED) will hold office only until the next AGM and will then be eligible for re-election. Further, in line with the relevant code provision of the CG Code, each of the Directors appointed to fill a casual vacancy 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 the independent non-executive directors should be established and chaired by the chairman of the board or an independent non-executive director.

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

Under code provision E.1.2, the chairman of the board should attend the annual general meeting.

Due to other pre-arranged business commitments which must be attended to by Dr. Lam Kin Ngok, Peter, the Chairman, Dr. Lam was not present at the AGM held on 16 December 2016. However, Mr. Chew Fook Aun, the Deputy Chairman and an ED present at that AGM took the chair of that AGM pursuant to Article 71 of the Articles of Association to ensure an effective communication with the Shareholders thereat.

SECURITIES TRANSACTIONS BY DIRECTORS AND DESIGNATED EMPLOYEES

The Company has adopted a Code of Practice for Securities Transactions by Directors and Designated Employees (“**Securities Code**”) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules. The Company has made specific enquiry of all Directors and they have confirmed in writing their compliance with the required standard set out in the Securities Code throughout the year ended 31 July 2017.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 July 2017, the Group employed a total of approximately 1,600 employees. The Group recognises the importance of maintaining a stable staff force in its continued success. Under the Group’s existing policies, employee pay rates are maintained at competitive levels whilst promotion and salary increments are assessed on a performance-related basis. Discretionary bonuses are granted to employees based on their merit and in accordance with industry practice. Other benefits including share option scheme, mandatory provident fund scheme, free hospitalisation insurance plan, subsidised medical care and sponsorship for external education and training programmes are offered to eligible employees.

INVESTOR RELATIONS

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

During the year ended 31 July 2017, the Company has met with a number of research analysts and investors and attended 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 |
| March 2017 | Post results non-deal roadshow | Daiwa | Hong Kong |
| March 2017 | Post results non-deal roadshow | Daiwa | New York/San Francisco |
| April 2017 | Post results non-deal roadshow | DBS | Singapore |
| April 2017 | Post results non-deal roadshow | BNP | London |
| June 2017 | Post results non-deal roadshow | HSBC | Taipei |
| June 2017 | Deal roadshow – LSD USD guaranteed notes | BNP/DBS/HSBC/ Standard Chartered Bank | Hong Kong/Singapore |

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

| Firm | Analyst | Publication Date |
|------|--------------------|------------------|
| HSBC | Keith CHAN | 24 October 2016 |
| DBS | Jeff YAU, Ian CHUI | 24 March 2017 |

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.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company (“**Audit Committee**”) currently comprises two INEDs, namely Mr. Leung Shu Yin, William (Chairman of the Audit Committee) and Mr. Lam Bing Kwan, and a NED, Dr. Lam Kin Ming. The Audit Committee has reviewed the annual results (including the consolidated financial statements) of the Company for the year ended 31 July 2017.

REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY INDEPENDENT AUDITORS

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

OTHER INFORMATION

The Annual Report of the Company for the year ended 31 July 2017 containing all the information required by the Listing Rules will be published on the websites of the Stock Exchange at www.hkex.com.hk and the Company at www.laisun.com and despatched to shareholders in mid-November 2017.

On behalf of the Board
Lam Kin Ngok, Peter
Chairman

Hong Kong, 19 October 2017

As at the date of this announcement, the Board comprises the following members:

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

Non-Executive Directors: Dr. Lam Kin Ming and Madam U Po Chu; and

Independent Non-Executive Directors: Messrs. Lam Bing Kwan, Leung Shu Yin, William and Ip Shu Kwan, Stephen.