



LAI FUNG HOLDINGS

Lai Fung Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1125)

Interim Report

For the six months ended 31 January 2019



Corporate Information

PLACE OF INCORPORATION

Cayman Islands

BOARD OF DIRECTORS

Executive Directors

Chew Fook Aun (*Chairman*)
Lam Kin Ming (*Deputy Chairman*)
Lam Kin Hong, Matthew (*Executive Deputy Chairman*)
Lam Hau Yin, Lester (*Chief Executive Officer*)
Cheng Shin How
Lee Tze Yan, Ernest
U Po Chu

Non-executive Directors

Lucas Ignatius Loh Jen Yuh
Puah Tze Shyang
(*also alternate director to Lucas Ignatius Loh Jen Yuh*)

Independent Non-executive Directors

Ku Moon Lun
Lam Bing Kwan
Law Kin Ho
Mak Wing Sum, Alvin
Shek Lai Him, Abraham

AUDIT COMMITTEE

Law Kin Ho (*Chairman*)
Lam Bing Kwan
Lucas Ignatius Loh Jen Yuh

REMUNERATION COMMITTEE

Lam Bing Kwan (*Chairman*)
Chew Fook Aun
Ku Moon Lun
Law Kin Ho
Lucas Ignatius Loh Jen Yuh

AUTHORISED REPRESENTATIVES

Chew Fook Aun
Lam Kin Ming

COMPANY SECRETARY

Yim Lai Wa

REGISTERED OFFICE

P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

PRINCIPAL PLACE OF BUSINESS

11th Floor
Lai Sun Commercial Centre
680 Cheung Sha Wan Road
Kowloon, Hong Kong

Tel: (852) 2741 0391
Fax: (852) 2741 9763

SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

SMP Partners (Cayman) Limited
Royal Bank House - 3rd Floor
24 Shedden Road
P.O. Box 1586
Grand Cayman, KY1-1110
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

INDEPENDENT AUDITOR

Ernst & Young
Certified Public Accountants

PRINCIPAL BANKERS

Agricultural Bank of China Limited
Bank of China Limited
The Bank of East Asia, Limited
China CITIC Bank Corporation Limited
DBS Bank Ltd., Hong Kong Branch
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China Limited
Oversea-Chinese Banking Corporation Limited
Shanghai Pudong Development Bank Co., Ltd.
United Overseas Bank Limited

LISTING INFORMATION

Shares

The issued shares of the Company are listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited

Stock Code/Board Lot

1125/400 shares

Notes

US\$350,000,000 5.65% guaranteed notes due 2023 (Stock Code: 5087) issued by Lai Fung Bonds (2018) Limited, a wholly-owned subsidiary of the Company, are listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited

AMERICAN DEPOSITARY RECEIPT

CUSIP Number:	50731L104
Trading Symbol:	LNGHY
ADR to Ordinary Share Ratio:	1:8
Depository Bank:	The Bank of New York Mellon

WEBSITE

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INVESTOR RELATIONS

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The board of directors (the “**Board**”) of Lai Fung Holdings Limited (the “**Company**”) is pleased to present the unaudited consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 31 January 2019 together with the comparative figures of the last corresponding period as follows:

Condensed Consolidated Income Statement

For the six months ended 31 January 2019

	Notes	For the six months ended 31 January	
		2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
TURNOVER	3	571,086	509,410
Cost of sales		(211,949)	(163,683)
Gross profit		359,137	345,727
Other income and gains	3	38,121	80,907
Selling and marketing expenses		(19,707)	(20,775)
Administrative expenses		(122,416)	(159,592)
Other operating expenses, net		(11,507)	(23,548)
Fair value gains on investment properties		109,692	351,180
PROFIT FROM OPERATING ACTIVITIES	4	353,320	573,899
Finance costs	5	(73,549)	(97,610)
Share of profits/(losses) of joint ventures		(18,305)	115,282
Share of profits/(losses) of associates		23	(101)
PROFIT BEFORE TAX		261,489	591,470
Tax	6	(178,803)	(191,238)
PROFIT FOR THE PERIOD		82,686	400,232
ATTRIBUTABLE TO:			
Owners of the Company		69,005	358,911
Non-controlling interests		13,681	41,321
		82,686	400,232
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY:	7		
Basic		HK\$0.211	HK\$1.102
Diluted		HK\$0.211	HK\$1.096

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 January 2019

	For the six months ended	
	2019	2018
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	82,686	400,232
OTHER COMPREHENSIVE INCOME/(EXPENSES) THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT IN SUBSEQUENT PERIODS, NET OF TAX		
Exchange differences:		
Exchange differences arising on translation to presentation currency	351,925	1,138,251
Reclassification adjustments upon deregistration of a subsidiary	(10,134)	—
	341,791	1,138,251
Share of other comprehensive income/(expenses) of joint ventures	(7,165)	100,715
Share of other comprehensive income/(expenses) of an associate	(7)	23
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the period	—	159,924
Reclassification adjustments for exchange loss included in the condensed consolidated income statement	—	(134,959)
	—	24,965
	334,619	1,263,954
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	417,305	1,664,186
ATTRIBUTABLE TO:		
Owners of the Company	392,401	1,592,407
Non-controlling interests	24,904	71,779
	417,305	1,664,186

Condensed Consolidated Statement of Financial Position

As at 31 January 2019

	Notes	31 January 2019 (Unaudited) HK\$'000	31 July 2018 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		3,075,024	2,409,449
Prepaid land lease payments		4,161	4,183
Investment properties		19,913,529	18,207,822
Properties under development		588,712	407,899
Investments in joint ventures		280,465	1,849,437
Investments in associates		6,018	5,932
Derivative financial instruments		—	2,531
Total non-current assets		23,867,909	22,887,253
CURRENT ASSETS			
Properties under development		1,625,237	1,718,163
Completed properties for sale		1,064,884	776,776
Debtors, deposits and prepayments	8	714,200	370,458
Prepaid tax		38,584	37,687
Pledged and restricted time deposits and bank balances		1,165,096	1,073,642
Cash and cash equivalents		2,525,259	1,364,285
Total current assets		7,133,260	5,341,011
CURRENT LIABILITIES			
Creditors and accruals	9	1,942,289	1,421,643
Contract liabilities, deposits received and deferred income	9	761,785	369,789
Dividend payable		65,409	—
Interest-bearing bank loans		414,225	200,669
Loan from a joint venture		277,648	218,542
Tax payable		92,864	112,982
Other borrowings		41,525	—
Total current liabilities		3,595,745	2,323,625
NET CURRENT ASSETS		3,537,515	3,017,386
TOTAL ASSETS LESS CURRENT LIABILITIES		27,405,424	25,904,639
NON-CURRENT LIABILITIES			
Long-term deposits received	9	139,061	144,235
Interest-bearing bank loans		4,998,999	3,572,464
Advances from a former substantial shareholder		54,599	53,719
Loans from a fellow subsidiary		266,326	248,509
Loans from a joint venture		—	426,156
Guaranteed notes		2,724,223	2,725,518
Derivative financial instruments		2,982	—
Deferred tax liabilities		3,076,692	2,945,714
Total non-current liabilities		11,262,882	10,116,315
		16,142,542	15,788,324

Condensed Consolidated Statement of Financial Position

(Continued)

As at 31 January 2019

	31 January 2019 (Unaudited) HK\$'000	31 July 2018 (Audited) HK\$'000
EQUITY		
Equity attributable to owners of the Company		
Issued capital	1,635,221	1,635,221
Reserves	14,196,960	13,867,646
	15,832,181	15,502,867
Non-controlling interests	310,361	285,457
	16,142,542	15,788,324

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 January 2019

	Attributable to owners of the Company								Non-controlling interests	Total
	Issued capital	Share premium account	Share option reserve	Exchange fluctuation reserve	Capital reserve	Statutory reserve	Retained earnings	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 31 July 2018 and 1 August 2018 (Audited)	1,635,221	4,085,811	29,529	489,186	137,165	373,345	8,752,610	15,502,867	285,457	15,788,324
Profit for the period	—	—	—	—	—	—	69,005	69,005	13,681	82,686
Other comprehensive income/(expenses) for the period, net of tax:										
Exchange differences	—	—	—	330,568	—	—	—	330,568	11,223	341,791
Share of other comprehensive expenses of joint ventures	—	—	—	(7,165)	—	—	—	(7,165)	—	(7,165)
Share of other comprehensive expenses of an associate	—	—	—	(7)	—	—	—	(7)	—	(7)
Total comprehensive income for the period, net of tax	—	—	—	323,396	—	—	69,005	392,401	24,904	417,305
Equity-settled share option arrangements	—	—	2,322	—	—	—	—	2,322	—	2,322
Transfer to statutory reserve	—	—	—	—	—	13,784	(13,784)	—	—	—
Reserve realised upon deregistration of a joint venture	—	—	—	—	—	(136,588)	136,588	—	—	—
Final 2018 dividend payable*	—	—	—	—	—	—	(65,409)	(65,409)	—	(65,409)
As at 31 January 2019 (Unaudited)	1,635,221	4,085,811[#]	31,851[#]	812,582[#]	137,165[#]	250,541[#]	8,879,010[#]	15,832,181	310,361	16,142,542

[#] These reserve accounts comprise the consolidated reserves of HK\$14,196,960,000 (31 July 2018: HK\$13,867,646,000) in the condensed consolidated statement of financial position.

^{*} On 21 December 2018, the Company's shareholders approved at the annual general meeting a final dividend of HK\$0.20 per share payable in cash with a scrip dividend alternative (the "2018 Scrip Dividend Scheme") for the year ended 31 July 2018.

Further details of the 2018 Scrip Dividend Scheme are set out in the Company's circular dated 10 January 2019.

Condensed Consolidated Statement of Changes in Equity

(Continued)

For the six months ended 31 January 2019

	Attributable to owners of the Company										
	Issued Capital [^]	Share premium account	Share option reserve	Hedge reserve	Exchange fluctuation reserve	Capital reserve	Statutory reserve	Retained earnings	Sub-total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 31 July 2017 and 1 August 2017 (Audited)	1,628,509	4,075,257	27,883	8,169	696,276	137,165	328,905	7,681,947	14,584,111	185,253	14,769,364
Profit for the period	—	—	—	—	—	—	—	358,911	358,911	41,321	400,232
Other comprehensive income for the period, net of tax:											
Exchange differences arising on translation to presentation currency	—	—	—	—	1,107,793	—	—	—	1,107,793	30,458	1,138,251
Share of other comprehensive income of joint ventures	—	—	—	—	100,715	—	—	—	100,715	—	100,715
Share of other comprehensive income of an associate	—	—	—	—	23	—	—	—	23	—	23
Net gain on cash flow hedges	—	—	—	24,965	—	—	—	—	24,965	—	24,965
Total comprehensive income for the period, net of tax	—	—	—	24,965	1,208,531	—	—	358,911	1,592,407	71,779	1,664,186
Issue of shares upon exercise of share options*	1,100	2,033	(625)	—	—	—	—	—	2,508	—	2,508
Equity-settled share option arrangements	—	—	2,441	—	—	—	—	—	2,441	—	2,441
Release of reserve upon lapse of share options	—	—	(170)	—	—	—	—	170	—	—	—
Transfer to statutory reserve	—	—	—	—	—	—	23,193	(23,193)	—	—	—
Share of statutory reserve of joint ventures	—	—	—	—	—	—	24,547	(24,547)	—	—	—
Shares issued in lieu of cash dividend**	5,612	8,521	—	—	—	—	—	—	14,133	—	14,133
Final 2017 dividend paid	—	—	—	—	—	—	—	(65,184)	(65,184)	—	(65,184)
As at 31 January 2018 (Unaudited)	1,635,221	4,085,811 [†]	29,529 [‡]	33,134 [‡]	1,904,807 [‡]	137,165 [‡]	376,645 [‡]	7,928,104 [‡]	16,130,416	257,032	16,387,448

These reserve accounts comprise the consolidated reserves of HK\$14,495,195,000 (31 July 2017: HK\$12,955,602,000) in the condensed consolidated statement of financial position.

* During the period ended 31 January 2018, 220,000 ordinary shares of HK\$5.0 each were issued in respect of share options exercised under the Company's share option scheme at an exercise price of HK\$11.40 per share and total cash consideration of HK\$2,508,000 was received. The share option reserve of HK\$625,000 was released to the share premium account.

** On 15 December 2017, the Company's shareholders approved at the annual general meeting a final dividend of HK\$0.20 per share payable in cash with a scrip dividend alternative (the "2017 Scrip Dividend Scheme") for the year ended 31 July 2017 (the "2017 Final Dividend"). During the period, 1,122,400 new shares were issued by the Company at a deemed price of HK\$12.592 per share, credited as fully paid, to shareholders of the Company who had elected to receive scrip shares in lieu of cash under the 2017 Scrip Dividend Scheme to settle HK\$14,133,000 of the 2017 Final Dividend. The remainder of the 2017 Final Dividend of HK\$51,051,000 was satisfied by cash.

Further details of the 2017 Scrip Dividend Scheme are set out in the Company's circular dated 3 January 2018.

[^] The shareholders of the Company approved at the extraordinary general meeting held on 14 August 2017 that every fifty issued and unissued ordinary shares of HK\$0.10 each in the share capital of the Company are consolidated into one ordinary share of HK\$5.00 each in the share capital of the Company which became effective on 15 August 2017 (the "Share Consolidation").

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 January 2019

	For the six months ended	
	2019	2018
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES	(82,079)	93,034
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	11,564	10,539
Additions to property, plant and equipment	(654,281)	(211,727)
Additions to investment properties	(903,166)	(291,975)
Repayment/(advances) of loans to a joint venture	657	(691)
Advances of a loan to an associate	—	(540)
Dividend received from a joint venture	1,540,176	—
Increase in pledged and restricted time deposits and bank balances	(74,895)	(401,613)
NET CASH FLOW USED IN INVESTING ACTIVITIES	(79,945)	(896,007)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	—	2,508
Proceeds from issue of guaranteed notes, net of issue expenses	—	2,712,758
New bank loans, net of direct costs	3,549,658	493,099
Repayment of bank loans	(1,974,999)	(307,636)
Loans from a fellow subsidiary	63,762	19,200
Repayment of loans from a fellow subsidiary	(48,171)	(19,200)
Loans from a joint venture	462,834	—
Repayment of loans from a joint venture	(825,225)	—
Increase in other borrowings	41,560	—
Increase in put option liabilities	280,532	—
Interest and bank financing charges paid	(244,006)	(175,022)
Dividend paid	—	(51,051)
NET CASH FLOW FROM FINANCING ACTIVITIES	1,305,945	2,674,656
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,143,921	1,871,683
Cash and cash equivalents at beginning of period	1,364,285	2,057,346
Effect of foreign exchange rate changes, net	17,053	104,120
CASH AND CASH EQUIVALENTS AT END OF PERIOD	2,525,259	4,033,149
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Non-pledged and non-restricted cash and bank balances	1,823,465	1,262,828
Non-pledged and non-restricted time deposits	701,794	2,770,321
Cash and cash equivalents as stated in the condensed consolidated statement of financial position and the condensed consolidated statement of cash flows	2,525,259	4,033,149

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 2019 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 2018. These unaudited condensed consolidated results should be read in conjunction with the Company’s annual report for the year ended 31 July 2018.

In addition, the Group has adopted the following new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”, which also include HKASs and interpretations) for the first time for the current period’s unaudited financial statements:

Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i>
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts</i>
HKFRS 9	<i>Financial Instruments</i>
HKFRS 15	<i>Revenue from Contracts with Customers</i>
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers</i>
Amendments HKAS 40	<i>Transfers of Investment Properties</i>
HK(IFRIC)-Int 22	<i>Foreign Currency Transactions and Advance Consideration</i>
Annual Improvements 2014-2016 Cycle	<i>Amendments to HKFRS 1 and HKAS 28</i>

Except for HKFRS 9 and HKFRS 15, the application of these new and revised HKFRSs has had no impact on the financial performance or financial position of the Group.

HKFRS 9 Financial Instruments

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment, and hedge accounting. The Group commences to adopt HKFRS 9 from 1 August 2018. The Group has not restated comparative information and has recognised any transition adjustments against the opening balance of equity at 1 August 2018.

The impacts from adopting HKFRS 9 related to the classification and measurement and the impairment requirements are summarised as follows:

Classification and measurement

Under HKFRS 9, financial assets are subsequently measured at fair value through profit or loss, amortised cost, or fair value through other comprehensive income. The classification for the Group’s financial assets remains largely the same as it was under HKAS 39. Therefore, the adoption of HKFRS 9 does not have a significant impact on the classification and measurement of the Group’s financial assets.

The accounting for the Group’s financial liabilities remains largely the same as it was under HKAS 39.

Notes to Condensed Consolidated Financial Statements

(Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

HKFRS 9 Financial Instruments (Continued)

Impairment of financial assets

The adoption of HKFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing HKAS 39's incurred loss approach with a forward-looking expected credit loss ("ECL") approach.

HKFRS 9 requires the Group to record an allowance for ECLs for all debt instruments not held at fair value through profit or loss.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The adoption of the ECL requirements of HKFRS 9 does not have a significant financial effect on the condensed consolidated financial statements.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 and its amendments supersede HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations and apply, with limited exceptions, to all revenue arising from contracts with customers. HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group has adopted HKFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1 August 2018.

The cumulative effect of the initial application of HKFRS 15 was recognised as an adjustment to the opening balance of retained earnings as at 1 August 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 11, HKAS 18 and related interpretations.

Presentation of contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Consideration received from customers in advance which was previously included in "deposits received and deferred income" are now recognised as contract liabilities (as included in "contract liabilities, deposits received and deferred income") to reflect the terminology of HKFRS 15.

Notes to Condensed Consolidated Financial Statements

(Continued)

3. TURNOVER, OTHER INCOME AND GAINS AND OPERATING SEGMENT INFORMATION

The Group's turnover represents proceeds from the sale of properties, rental income from investment properties and income from serviced apartment and building management operations for the period ended 31 January 2019.

An analysis of the Group's turnover, other income and gains is as follows:

	For the six months ended 31 January	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Turnover	571,086	509,410
Other income and gains	38,121	80,907
Total turnover, other income and gains	609,207	590,317
Turnover, other income and gains from contracts with customers		
Sales of properties	145,668	129,883
Serviced apartment operation	80,072	84,558
Building management operation	55,551	57,379
	281,291	271,820
Turnover, other income and gains from other sources		
Rental income from investment properties	289,795	294,969
Interest income from bank deposits	11,564	10,539
Others	26,557	12,989
	327,916	318,497
Total turnover, other income and gains	609,207	590,317
Timing of recognition of turnover, other income and gains from contracts with customers		
At a point in time	145,668	129,883
Over time	135,623	141,937
Total	281,291	271,820

Notes to Condensed Consolidated Financial Statements

(Continued)

3. TURNOVER, OTHER INCOME AND GAINS AND OPERATING SEGMENT INFORMATION (CONTINUED)

	For the six months ended 31 January (Unaudited)					
	Property development		Property investment		Consolidated	
	2019	2018	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue/results:						
Segment revenue						
Sales to external customers	145,668	129,883	425,418	379,527	571,086	509,410
Other revenue	194	1,387	22,634	64,940	22,828	66,327
Total	145,862	131,270	448,052	444,467	593,914	575,737
Segment results	72,905	28,112	294,783	610,341	367,688	638,453
Interest income from bank deposits					11,564	10,539
Unallocated gains					3,729	4,041
Unallocated expenses, net					(29,661)	(79,134)
Profit from operating activities					353,320	573,899
Finance costs					(73,549)	(97,610)
Share of profits/(losses) of joint ventures	(18,305)	115,282	—	—	(18,305)	115,282
Share of profits/(losses) of associates	—	—	23	(101)	23	(101)
Profit before tax					261,489	591,470
Tax					(178,803)	(191,238)
Profit for the period					82,686	400,232
Other segment information:						
Fair value gains on investment properties	—	—	109,692	351,180	109,692	351,180
Reversal of write-down of completed properties for sale to net realisable value	—	692	—	—	—	692
Gain on swap of properties	—	—	—	41,379	—	41,379
Loss on disposal of items of property, plant and equipment	2	11	142	145	144	156

Notes to Condensed Consolidated Financial Statements

(Continued)

3. TURNOVER, OTHER INCOME AND GAINS AND OPERATING SEGMENT INFORMATION (CONTINUED)

	Property development		Property investment		Consolidated	
	31 January 2019 (Unaudited) HK\$'000	31 July 2018 (Audited) HK\$'000	31 January 2019 (Unaudited) HK\$'000	31 July 2018 (Audited) HK\$'000	31 January 2019 (Unaudited) HK\$'000	31 July 2018 (Audited) HK\$'000
Segment assets/liabilities:						
Segment assets	3,330,964	2,937,785	23,299,127	20,702,350	26,630,091	23,640,135
Investments in joint ventures	280,465	1,849,437	—	—	280,465	1,849,437
Investments in associates	—	—	6,018	5,932	6,018	5,932
Unallocated assets					4,084,595	2,732,760
Total assets					31,001,169	28,228,264
Segment liabilities	786,645	685,496	1,690,705	1,133,938	2,477,350	1,819,434
Unallocated liabilities					12,381,277	10,620,506
Total liabilities					14,858,627	12,439,940

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	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Depreciation [#]	36,438	39,023
Fair value losses on cross currency swaps ^{**}	5,513	—
Foreign exchange differences, net ^{**}	(24,727)	33,423
Loss on disposal of items of property, plant and equipment ^{**}	144	156
Amortisation of prepaid land lease payments	89	92
Gain on swap of properties ^{**}	—	(41,379)
Reversal of write-down of completed properties for sale to net realisable value ^{**}	—	(692)

[#] The depreciation charge of HK\$29,027,000 (six months ended 31 January 2018: HK\$30,472,000) 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.

Notes to Condensed Consolidated Financial Statements

(Continued)

5. FINANCE COSTS

	For the six months ended 31 January	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Interest on:		
Bank loans	151,343	77,216
Fixed rate senior notes	—	71,415
Guaranteed notes	74,126	5,237
Loans from a joint venture	7,112	15,272
Amortisation of:		
Bank loans	15,881	9,337
Fixed rate senior notes	—	4,333
Guaranteed notes	2,206	152
Bank financing charges and direct costs	4,919	6,759
	255,587	189,721
Less: Capitalised in properties under development	(59,683)	(36,059)
Capitalised in investment properties under construction	(69,688)	(37,435)
Capitalised in construction in progress	(52,667)	(18,617)
	(182,038)	(92,111)
Total finance costs	73,549	97,610

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 2018: 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	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Current — Mainland China		
Corporate income tax	41,435	35,311
Land appreciation tax	54,468	18,554
Deferred	82,900	137,373
Total tax charge for the period	178,803	191,238

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 certain 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 2018: Nil).

Notes to Condensed Consolidated Financial Statements

(Continued)

7. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per share amounts was based on the profit for the period attributable to owners of the Company of HK\$69,005,000 (six months ended 31 January 2018: HK\$358,911,000), and the weighted average number of ordinary shares of 327,044,134 (six months ended 31 January 2018: 325,820,865, as adjusted to reflect the effect of the Share Consolidation) in issue during the period.

The calculation of diluted earnings per share amounts was 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	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Earnings		
Profit attributable to owners of the Company used in the basic earnings per share calculation	69,005	358,911
	Number of shares	
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	327,044,134	325,820,865
Effect of dilution — weighted average number of ordinary shares: Share options	376,452	1,629,347
	327,420,586	327,450,212

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.

Notes to Condensed Consolidated Financial Statements

(Continued)

8. DEBTORS, DEPOSITS AND PREPAYMENTS (CONTINUED)

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

	31 January 2019 (Unaudited) HK\$'000	31 July 2018 (Audited) HK\$'000
Trade receivables, net:		
Within one month	89,174	87,563
One to three months	4,688	2,784
Over three months	3,535	3,334
	97,397	93,681
Other receivables, deposits and prepayments	616,803	276,777
Total	714,200	370,458

9. CREDITORS AND ACCRUALS AND CONTRACT LIABILITIES, DEPOSITS RECEIVED AND DEFERRED INCOME

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

	Note	31 January 2019 (Unaudited) HK\$'000	31 July 2018 (Audited) HK\$'000
Trade payables:			
Within one month		215,514	178,907
One to three months		121	46,067
Over three months		256	264
		215,891	225,238
Accruals and other payables		1,446,106	1,196,405
Put option liabilities	10	280,292	—
Total		1,942,289	1,421,643

An analysis of the contract liabilities, deposits received and deferred income as at the end of the reporting period is as follows:

	31 January 2019 (Unaudited) HK\$'000	31 July 2018 (Audited) HK\$'000
Contract liabilities	431,551	—
Deposits received and deferred income	469,295	514,024
	900,846	514,024
Amount classified as current liabilities	(761,785)	(369,789)
Non-current portion	139,061	144,235

Notes to Condensed Consolidated Financial Statements

(Continued)

10. PUT OPTION LIABILITIES

On 31 December 2018, Rosy Commerce Holdings Limited ("**Rosy Commerce**", a company indirectly owned by the Company and eSun Holdings Limited ("**eSun**") as to 80% and 20%, respectively) and China Cinda (HK) Asset Management Co., Limited ("**Cinda**"), an independent third party, entered into two investment agreements (the "**Agreements**"). Pursuant to the Agreements, Cinda agrees to invest, by way of share subscription and/or share sale, in two wholly-owned subsidiaries of Rosy Commerce, namely Harmonic Run Limited ("**HRL**") and Glorious Stand Limited ("**GSL**") at a total consideration (the "**Consideration**") of approximately US\$35,752,000 (the "**Transaction**"). The Transaction was completed on 25 January 2019 (the "**Completion Date**") and constituted a deemed disposal of 30% equity interests in HRL and GSL to Cinda by Rosy Commerce.

On the Completion Date, Rosy Commerce and Cinda further entered into two shareholders' agreements, pursuant to the buy-back clause contained therein, upon the occurrence of certain triggering events during the six-year investment period, Rosy Commerce has a contractual obligation to buy-back the 30% equity interests in each of HRL and GSL from Cinda at an aggregate amount equals to the Consideration. Accordingly, financial liabilities of approximately US\$35,752,000 (equivalent to approximately HK\$280,292,000) are recorded as put option liabilities under "creditors and accruals" of the condensed consolidated statement of financial position as at the end of the reporting period.

Further details of the Transaction are set out in a joint announcement of the Company, LSD, Lai Sun Garment (International) Limited ("**LSG**") and eSun dated 2 January 2019.

11. COMMITMENTS

The Group had the following capital commitments as at the end of the reporting period:

	31 January 2019 (Unaudited) HK\$'000	31 July 2018 (Audited) HK\$'000
Contracted, but not provided for:		
Construction, development and resettlement costs	1,647,138	2,060,785

Notes to Condensed Consolidated Financial Statements

(Continued)

12. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

	Notes	For the six months ended	
		31 January 2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
LSG and its subsidiaries excluding eSun and its subsidiaries:			
Rental and management fee expenses paid or payable	(i)	1,350	1,344
Rental and management fee income received or receivable	(ii)	32	33
Sharing of corporate salaries on a cost basis allocated from		13,461	12,956
Sharing of administrative expenses on a cost basis allocated from		2,119	1,813
Sharing of corporate salaries on a cost basis allocated to		1,959	1,637
Sharing of administrative expenses on a cost basis allocated to		974	276
eSun and its subsidiaries excluding the Group:			
Rental and management fee income received or receivable	(iii)	4,167	4,292
Advance of loans received	(iv)	63,762	19,200
Repayment of loans	(iv)	48,171	19,200
Sharing of corporate salaries on a cost basis allocated from		1,253	1,229
Sharing of administrative expenses on a cost basis allocated from		3	61
Sharing of corporate salaries on a cost basis allocated to		557	529
Sharing of administrative expenses on a cost basis allocated to		278	11
A subsidiary of CapitaLand Limited:			
Management and other service fees paid or payable	(v)	5,015	5,140

Notes to Condensed Consolidated Financial Statements

(Continued)

12. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties (Continued)

	Notes	For the six months ended	
		31 January 2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Joint ventures of the Group:			
Advance of loans received	(vi)	462,834	—
Advance of a loan repaid	(vi)	825,225	—
Repayment/(advances) of loans		657	(691)
Interest expenses paid or payable	(vi)	7,112	15,272
Dividend received	(vii)	1,540,176	—

Notes:

- (i) The related companies are LSD and a subsidiary of LSD, which are the subsidiaries of LSG (the ultimate holding company of the Company since 8 August 2018). During the period ended 31 January 2018, eSun (the then ultimate holding company of the Company) was an associate of LSD, therefore the Company was also an associate of LSD. The terms of the rent and management fee were determined based on the agreements entered into between the Group and the related companies.
- (ii) The related company is a subsidiary of LSD. The terms of the rent and management fee were determined based on the agreements entered into between the Group and the related company.
- (iii) The related companies are subsidiaries of eSun (an intermediate holding company of the Company) where the Company does not hold, directly or indirectly, any equity interest in the related companies. The terms of the rent and management fee were determined based on the agreements entered into between the Group and the related companies.
- (iv) The related company is a subsidiary of eSun where the Company does not hold, directly or indirectly, any equity interest in the related company. The related company is a 20% shareholder of Rosy Commerce. During the period, the related company advanced loans amounting to HK\$63,762,000 (six months ended 31 January 2018: HK\$19,200,000) and received repayment of loans amounting to HK\$48,171,000 (six months ended 31 January 2018: HK\$19,200,000) according to its percentage of interest in Rosy Commerce.
- (v) The related company is a subsidiary of CapitaLand Limited and the Company is an associate of CapitaLand Limited. The related company provides management and other services on the serviced apartment operation of the Group. The terms of the management and other service fees were determined based on the agreement entered into between the Group and the related company.
- (vi) The related companies are joint ventures of the Group, Guangzhou Beautiwin Real Estate Development Company Limited and Beautiwin Limited. The terms of the interest-bearing and interest-free loans are determined based on the agreements entered into between the Group and the related companies. During the period, interest expenses were charged at fixed interest rates of 3.045%-4.20% per annum (six months ended 31 January 2018: 3.045%-4.20% per annum) for the interest-bearing loans advanced from the related companies to the Group.
- (vii) The related company is a joint venture of the Group, Beautiwin Limited. During the period, dividend of HK\$1,540,176,000 was received from the related company.

Notes to Condensed Consolidated Financial Statements

(Continued)

12. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Compensation of key management personnel of the Group

	For the six months ended	
	31 January 2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Short term employee benefits	14,283	14,041
Pension scheme contributions	65	65
Total	14,348	14,106

13. FAIR VALUES AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	31 January 2019 (Unaudited) HK\$'000	31 July 2018 (Audited) HK\$'000	31 January 2019 (Unaudited) HK\$'000	31 July 2018 (Audited) HK\$'000
Financial assets				
Derivative financial instruments	—	2,531	—	2,531
Financial liabilities				
Derivative financial instruments	2,982	—	2,982	—
Guaranteed notes	2,724,223	2,725,518	2,548,380	2,580,772
	2,727,205	2,725,518	2,551,362	2,580,772

Each year, the Group's management appoints external valuers to be responsible for the external valuations of the Group's derivative financial instruments (the "Financial Instrument Valuers"). Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has discussions with the Financial Instrument Valuers on the valuation assumptions and valuation results twice a year when the valuation is performed for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- (i) The fair values of guaranteed notes are based on quoted market prices; and
- (ii) Derivative financial instruments, being the cross currency swaps ("CCS"), are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot rates and interest rate curves. The carrying amounts of the derivative financial instruments are the same as their fair values.

Other than the above financial assets and liabilities, the carrying amounts of the Group's financial instruments carried at amortised cost are not materially different from their fair values as at 31 January 2019 and 31 July 2018.

Notes to Condensed Consolidated Financial Statements

(Continued)

13. FAIR VALUES AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

Below is a summary of significant unobservable inputs to the valuation of financial instruments:

31 January 2019

	Valuation techniques	Significant unobservable inputs	Value of unobservable inputs	Notes
Derivative financial instruments	Discounted cash flow with swaption approach	Expected exposure at default — counterparty	HK\$2.20 million to HK\$16.55 million	1
		Expected exposure at default — the Company	HK\$8.01 million to HK\$30.50 million	2
		Credit spread — counterparty	17.86 basis point to 129.19 basis point	3
		Credit spread — the Company	363.82 basis point to 600.46 basis point	4
		Loss given default ratio — counterparty non-performance risk	80%	5
		Loss given default ratio — own credit risk	60%	6

31 July 2018

	Valuation techniques	Significant unobservable inputs	Value of unobservable inputs	Notes
Derivative financial instruments	Discounted cash flow with swaption approach	Expected exposure at default — counterparty	HK\$4.91 million to HK\$20.00 million	1
		Expected exposure at default — the Company	HK\$8.57 million to HK\$33.95 million	2
		Credit spread — counterparty	17.36 basis point to 129.32 basis point	3
		Credit spread — the Company	423.62 basis point to 703.18 basis point	4
		Loss given default ratio — counterparty non-performance risk	80%	5
		Loss given default ratio — own credit risk	60%	6

Notes:

1. The higher the expected exposure at default — counterparty, the lower the fair value of CCS
2. The higher the expected exposure at default — the Company, the higher the fair value of CCS
3. The higher the credit spread — counterparty, the lower the fair value of CCS
4. The higher the credit spread — the Company, the higher the fair value of CCS
5. The higher the loss given default ratio — counterparty, the lower the fair value of CCS
6. The higher the loss given default ratio — the Company, the higher the fair value of CCS

Notes to Condensed Consolidated Financial Statements

(Continued)

13. FAIR VALUES AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Assets/(liabilities) measured at fair value

As at 31 January 2019

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Derivative financial instruments	—	—	(2,982)	(2,982)

As at 31 July 2018

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Derivative financial instruments	—	—	2,531	2,531

Save as disclosed above, the Group did not have any financial assets/(liabilities) measured at fair value as at 31 January 2019 and 31 July 2018.

During the period and the year ended 31 July 2018, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

Liabilities for which fair values are disclosed

The Group's financial liabilities for which fair values are disclosed includes guaranteed notes, fair value of which are based on quoted market prices and are categorised in Level 1 as at 31 January 2019 and 31 July 2018.

14. SHARE OPTION SCHEME

On 18 December 2012, the Company adopted a new share option scheme and terminated the share option scheme previously adopted on 21 August 2003 (as amended on 8 August 2018). Subsisting options granted prior to the termination will continue to be valid and exercisable in accordance with the terms of the previous scheme.

The table below disclosed movement of the Company's share options held by the Company's directors and other eligible participants:

	Number of underlying shares comprised in share options
Outstanding as at 1 August 2018	10,234,117
Granted during the period	580,000
Outstanding as at 31 January 2019	10,814,117

The closing price of the Company's shares immediately before the date of grant of share options granted during the period was HK\$10.12.

Notes to Condensed Consolidated Financial Statements

(Continued)

14. SHARE OPTION SCHEME (CONTINUED)

The fair value of the share options granted during the period was approximately HK\$2,322,000, HK\$4.0033 each (six months ended 31 January 2018: HK\$2,441,000, HK\$5.4236 each) which was recognised as a share option expense of approximately HK\$2,322,000 (six months ended 31 January 2018: HK\$2,441,000) and HK\$743,000 (six months ended 31 January 2018: HK\$806,000) (before and after capitalisation to properties under development/investment properties under construction/construction in progress, respectively) for the six months ended 31 January 2019.

The fair value of equity-settled share options granted during the period was estimated as at the date of grant using the Binomial Option Pricing Model ("**Binomial Model**"), taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Date of grant	22 January 2019	19 January 2018
Closing share price of the date of grant (HK\$ per share)	10.18	13.52
Exercise price (HK\$ per share)	10.18	13.52
Option life (years)	10	10
Risk-free interest rate (%)	2.0202	2.0181
Dividend yield (%)	2.0202	1.5129
Expected volatility (%)	46.8070	47.6430
Historical volatility (%)	46.8070	47.6430
Forfeiture rate (%)	2.5329	2.7848

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. The value of the share options is subject to a number of assumptions and with regard to the limitation of the Binomial Model. Therefore, the value may be subjective and would change should any of the assumptions change.

15. APPROVAL OF THE FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were approved and authorised for issue by the Board on 26 March 2019.

Interim Dividend

The Board has resolved not to pay an interim dividend for the six months ended 31 January 2019 (six months ended 31 January 2018: Nil).

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

Global economies around the world continue to progress along a precarious path against a backdrop of familiar uncertainties during the period under review. The capital market has demonstrated steadiness backed by cautious optimism despite a delicate economic outlook, most notably the protracted situation of Brexit and the intermittent trade disputes between the USA and China. Some of these events are likely to linger in the near future and continue to cast a shadow on the outlook.

Notwithstanding the seemingly turbulent environment, the Chinese Government continued to forge ahead and delivered stable economic growth through a combination of proactive fiscal policy and prudent monetary policy. The determination of maintaining a stable economy is observed in the latest round of meetings in Beijing declaring a GDP growth of 6-6.5% at the time of this Interim Report. The effects of the trade disputes with the USA can be felt in certain parts of the Chinese economy such as exports. The weaknesses in parts of the economy are going to continue as a result of lackluster global economic performance and trade disputes with the USA. However, we believe this may present an opportunity for domestic consumption plays. We believe the property sector being one of the main pillars could benefit from more favourable policies as a result. We have observed the same in various parts of China where the government has eased its control on the construction and the sale of property projects. The Chinese 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. Under the current leadership of the Chinese Government, we can expect continued stability and continuity going forward.

The Group's regional focus and rental-led strategy has demonstrated resilience in recent years. The rental portfolio of approximately 3.3 million square feet, primarily in Shanghai and Guangzhou, delivered steady performance in rental income at close to full occupancies for the key assets.

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 3.3 million square feet to approximately 9.7 million square feet through developing the existing projects on hand over the next few years. Construction works of the combined redevelopment of Shanghai Northgate Plaza I, Northgate Plaza II and the Hui Gong Building is expected to complete in the second quarter of 2022 and will add a total gross floor area ("GFA") of approximately 693,600 square feet excluding car-parking spaces to the rental portfolio of the Group. The redevelopment plan includes an office tower, a shopping arcade and underground car-parking spaces. Construction work of Guangzhou Haizhu Plaza is expected to commence in the second quarter of 2019 and the completion is expected to be in the first half of 2023, providing a total rental GFA of approximately 580,500 square feet.

The construction works of Phase I of the Novotown project in Hengqin ("**Novotown**") is expected to be completed in the first half of 2019 with the opening in phases in the second half of 2019. On 31 December 2018, the Group entered into investment agreements with China Cinda (HK) Asset Management Co., Limited ("**Cinda**") and Cinda has invested 30% equity interests in two subsidiaries of the Company, the core businesses of which are the internal buildout, fitting, preparation and operation of themed indoor experience centres in Phase I of the Novotown project under the intellectual property licenses granted by "National Geographic" and "Lionsgate".

Management Discussion and Analysis *(Continued)*

BUSINESS REVIEW AND OUTLOOK *(CONTINUED)*

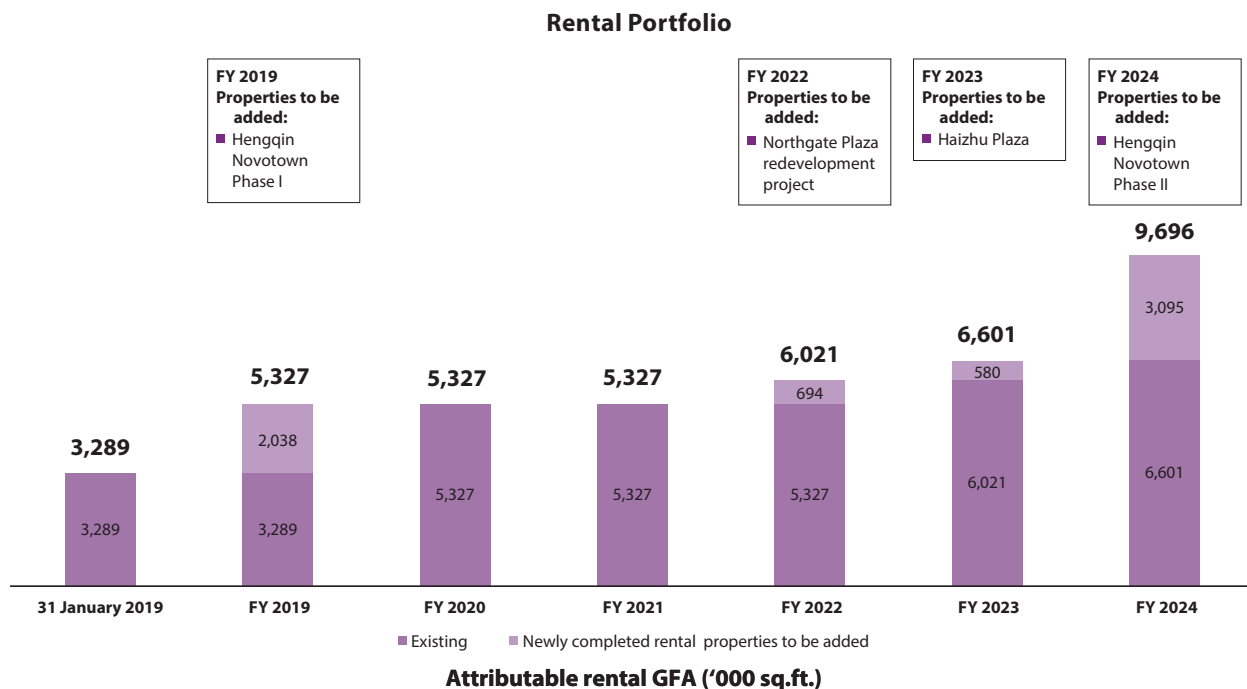
The Group succeeded in bidding for the land use rights of the land offered for sale by The Land and Resources Bureau of Zhuhai ("**Zhuhai Land Bureau**") through the listing-for-sale process in December 2018 and the land is situated adjacent to Phase I of the Novotown project with a total site area of approximately 143,800 square meters and a maximum plot ratio of 2 times and has been designated for the development of the Phase II of the Novotown project. Apart from Real Madrid Club de Fútbol ("**Real Madrid Club**"), Harrow International (China) Management Services Limited and ILA Holdings Limited that have been secured as key partners for Novotown Phase II, the Group entered into a license agreement on 27 December 2018 with Ducati Motor Holding S.p.A ("**Ducati**") in relation to the development and operation of a motorcycle themed experience centre ("**Ducati Experience Centre**") in Novotown Phase II. The Ducati Experience Centre expects to cover an area of no less than 4,500 square meters and will offer experiential attractions including immersive racing experiences, exclusive Ducati exhibits and retail concessions. Real Madrid World, ILA Hengqin and Ducati Experience Centre are expected to be the key elements in Novotown Phase II and details of the development plan will be formulated upon finalisation of the master layout plan with the Chinese Government. The Group is in the process of finalising the master layout plan for the Novotown Phase II with the Chinese Government.

The remaining residential units in Zhongshan Palm Spring and the cultural studios of Hengqin Novotown Phase I, as well as residential units in Shanghai Wuli Bridge project to be completed during the financial year ending 31 July 2019 are expected to contribute to the income of the Group in the coming financial years. The Group will continue its prudent and flexible approach in growing its landbank.

Management Discussion and Analysis (Continued)

BUSINESS REVIEW AND OUTLOOK (CONTINUED)

Set out below is the expected growth of the rental portfolio of the Group and the pipeline of development projects of the Group as at 31 January 2019:



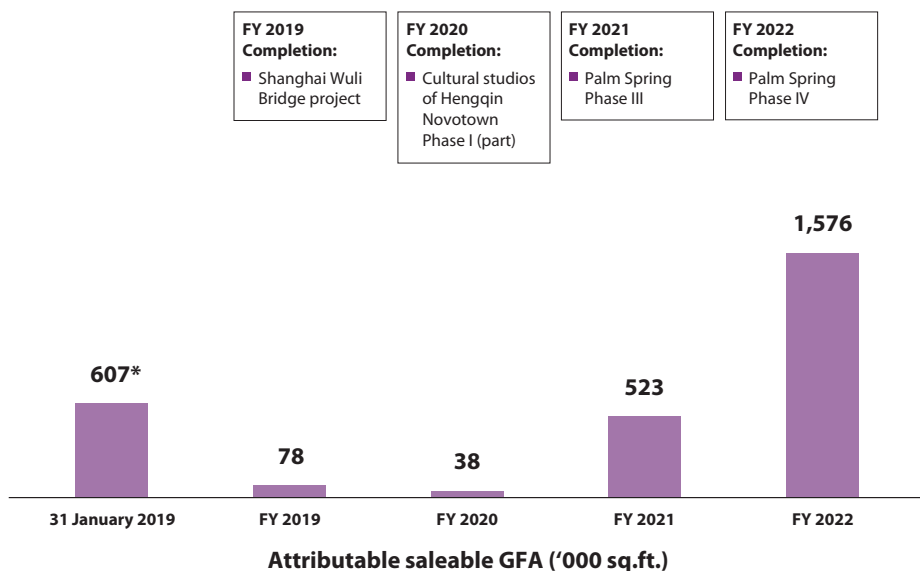
FY 2019 Properties to be added:
 ■ Hengqin Novotown Phase I

FY 2022 Properties to be added:
 ■ Northgate Plaza redevelopment project

FY 2023 Properties to be added:
 ■ Haizhu Plaza

FY 2024 Properties to be added:
 ■ Hengqin Novotown Phase II

For-sale Projects



FY 2019 Completion:
 ■ Shanghai Wuli Bridge project

FY 2020 Completion:
 ■ Cultural studios of Hengqin Novotown Phase I (part)

FY 2021 Completion:
 ■ Palm Spring Phase III

FY 2022 Completion:
 ■ Palm Spring Phase IV

* Excluding commercial portion of the Zhongshan Palm Spring for self-use.

Management Discussion and Analysis (Continued)

BUSINESS REVIEW AND OUTLOOK (CONTINUED)

From August to September 2018, the Company went through a mandatory general offer (“Lai Fung Offer”) triggered by Lai Sun Development Company Limited (“LSD”) making a voluntary general offer to acquire shares of eSun Holdings Limited (“eSun”) that were not owned by LSD (“eSun Offer”). Upon close of the eSun Offer on 22 August 2018, eSun became a subsidiary of LSD and its financial results will be consolidated into the results of LSD. The Lai Fung Offer closed on 13 September 2018. As at the date of this Interim Report, the Company is a 50.55%-owned subsidiary of eSun.

The supplemental deed executed by the Company on 8 March 2019 aims to contribute to a more pragmatic and flexible approach for investment decisions to be made by the Lai Sun Group and will be subject to independent shareholders’ approval of each of the Company, eSun, LSD and Lai Sun Garment (International) Limited and the shareholders’ meetings have been scheduled for 30 April 2019.

As at 31 January 2019, the Group has a landbank of 8.6 million square feet. The Group’s strong cash position of HK\$3,690.4 million of cash on hand and undrawn facilities of HK\$3,592.3 million with a net debt to equity ratio of 32% as at 31 January 2019 provides the Group with full confidence and the means to review opportunities more actively. The Group will continue its prudent and flexible approach in growing the landbank and managing its financial position.

OVERVIEW OF INTERIM RESULTS

For the six months ended 31 January 2019, the Group recorded a turnover of HK\$571.1 million (2018: HK\$509.4 million) and a gross profit of HK\$359.1 million (2018: HK\$345.7 million).

Further to the close of eSun Offer during the period under review, financial results of the Group, being a 50.60%-owned subsidiary of eSun as at 31 January 2019, have been consolidated into the results of LSD. As part of the consolidation, the treatment of property management income have been re-classified from “Other income and gains” on the face of the condensed consolidated income statement into income from building management operation under turnover for the six months ended 31 January 2019. Comparative information for the same period in 2018 have not been restated to reflect this change. For ease of comparison, the turnover by segment on an “as reported” basis and on an “adjusted” basis have been set out below.

	For the six months ended 31 January			For the six months ended 31 January		
	2019 ¹	2018 ¹	% change	2019	2018	% change
	(As reported) (HK\$ million)	(As reported) (HK\$ million)		(RMB million)	(RMB million)	
Rental income	425.4	379.5	12.1%	373.5	320.1	16.7%
Sales of properties	145.7	129.9	12.2%	127.9	109.5	16.8%
Total:	571.1	509.4	12.1%	501.4	429.6	16.7%

	For the six months ended 31 January			For the six months ended 31 January		
	2019 ¹	2018 ¹	% change	2019	2018	% change
	(As reported) (HK\$ million)	(Adjusted) (HK\$ million)		(RMB million)	(RMB million)	
Rental income - lease of properties	369.9	379.5	-2.5%	324.8	320.1	1.5%
Rental income - building management	55.5	57.4 ²	-3.3%	48.7	48.4 ²	0.6%
Sales of properties	145.7	129.9	12.2%	127.9	109.5	16.8%
Total:	571.1	566.8	0.8%	501.4	478.0	4.9%

1. The exchange rates adopted for the six months ended 31 January 2019 and 2018 are 0.8780 and 0.8433, respectively.
2. Being included in “Other income and gains” on the face of the condensed consolidated income statement for the six months ended 31 January 2018.

Management Discussion and Analysis (Continued)

OVERVIEW OF INTERIM RESULTS (CONTINUED)

Net profit attributable to owners of the Company was approximately HK\$69.0 million (2018: HK\$358.9 million), representing a decrease of approximately 80.8% over the same period last year. The decrease is primarily due to: (i) lower fair value gain arising from the revaluation of the Group's investment properties for the six months ended 31 January 2019 as compared to the same period last year; and (ii) decreased 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, which is recognised as a component of "Share of profits/(losses) of joint ventures" in the condensed consolidated income statement.

Basic earnings per share was HK\$0.211 (2018: HK\$1.102).

Excluding the effect of property revaluations, net loss attributable to owners of the Company was approximately HK\$12.9 million (2018: net profit of HK\$132.7 million). Net loss per share excluding the effect of property revaluations was approximately HK\$0.0395 (2018 (adjusted): net profit of HK\$0.4075 per share).

Profit/(loss) attributable to owners of the Company (HK\$ million)	Six months ended 31 January	
	2019	2018
Reported	69.0	358.9
Adjustments in respect of investment properties		
Revaluation of properties	(109.7)	(351.2)
Deferred tax on investment properties	27.4	87.8
Non-controlling interests' share of revaluation movements less deferred tax	0.4	37.2
Net profit/(loss) after tax excluding revaluation gains of investment properties	(12.9)	132.7

Net assets attributable to owners of the Company as at 31 January 2019 amounted to HK\$15,832.2 million (31 July 2018: HK\$15,502.9 million). Net asset value per share attributable to owners of the Company increased slightly to HK\$48.41 per share as at 31 January 2019 from HK\$47.40 per share as at 31 July 2018.

PROPERTY PORTFOLIO COMPOSITION

Approximate attributable GFA (in '000 square feet) and number of car-parking spaces as at 31 January 2019:

	Commercial/ Retail	Office	Serviced apartments	Residential	Total (excluding car-parking spaces & ancillary facilities)	No. of car-parking spaces
Completed Properties Held for Rental ¹	1,643	1,048	—	—	2,691	799
Completed Hotel Properties and Serviced Apartments	—	—	598	—	598	—
Properties under Development ²	4,207	1,548	821	2,046	8,622	5,824
Completed Properties Held for Sale	33 ³	—	—	607	640	2,118
Total GFA of major properties of the Group	5,883	2,596	1,419	2,653	12,551	8,741

1. Completed and rental generating properties

2. All properties under construction

3. Completed properties for sale, including 33,699 square feet of commercial space in Zhongshan Palm Spring Rainbow Mall which is currently for self-use.

Management Discussion and Analysis (Continued)

PROPERTY INVESTMENT

Rental Income

For the six months ended 31 January 2019, the Group's rental operations recorded a turnover of HK\$425.4 million, which including revenue of HK\$369.9 million from lease of properties and HK\$55.5 million from building management operation. The income from building management operation of approximately HK\$57.4 million for the same period last year was included in "Other income and gains" on the face of the condensed consolidated income statement for the six months ended 31 January 2018.

Excluding the income from building management operation, the revenue from lease of properties for the period under review decreased slightly by 2.5% from HK\$379.5 million of the same period last year. The average Renminbi exchange rate for the period under review depreciated by approximately 4.0% over the same period last year. Excluding the effect of currency translation, the growth for Renminbi denominated revenue from lease of properties was 1.5%.

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

	Six months ended 31 January			Six months ended 31 January			Period end occupancy (%)
	2019 [#]	2018 [#]	%	2019	2018	%	
	HK\$ million	HK\$ million	Change	RMB million	RMB million	Change	
Shanghai							
Shanghai Hong Kong Plaza	227.9	206.3	10.5	200.1	174.0	15.0	Retail: 97.8% Office: 94.6% Serviced Apartments: 76.2%
Shanghai May Flower Plaza	32.7	38.8	-15.7	28.7	32.7	-12.2	Retail: 82.1% Hotel: 64.8%
Shanghai Regents Park	10.6	12.4	-14.5	9.3	10.5	-11.4	81.0%
Guangzhou							
Guangzhou May Flower Plaza	65.1	55.0	18.4	57.2	46.4	23.3	98.9%
Guangzhou West Point	13.2	9.9	33.3	11.6	8.3	39.8	99.9%
Guangzhou Lai Fung Tower	62.9	51.9	21.2	55.2	43.8	26.0	Retail: 100.0% Office: 100.0%*
Zhongshan							
Zhongshan Palm Spring	6.0	5.2	15.4	5.3	4.4	20.5	Retail: 71.2%* Serviced Apartments: 45.3%
Others	7.0	—	N/A	6.1	—	N/A	N/A
Total:	425.4	379.5	12.1	373.5	320.1	16.7	

[#] The exchange rates adopted for the six months ended 31 January 2019 and 2018 are 0.8780 and 0.8433, respectively

* Excluding self-use area

Management Discussion and Analysis (Continued)

PROPERTY INVESTMENT (CONTINUED)

Rental Income (Continued)

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

	Six months ended 31 January 2019			Six months ended 31 January 2018		
	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		106.9	468,434		90.4	468,434
Office		57.9	362,096		50.0	362,096
Serviced Apartments (room revenue and F&B)		60.0	355,267		62.0	355,267
Car-parking Spaces		3.1	N/A		3.9	N/A
		227.9	1,185,797		206.3	1,185,797
Shanghai May Flower Plaza	100%			100%		
Retail		13.5	320,314		17.3	320,314
Hotel (room revenue and F&B)		17.3	143,846		19.4	143,846
Car-parking Spaces		1.9	N/A		2.1	N/A
		32.7	464,160		38.8	464,160
Shanghai Regents Park	95%			95%		
Retail		8.9	77,959		10.3	77,959
Car-parking Spaces		1.7	N/A		2.1	N/A
		10.6	77,959		12.4	77,959
Guangzhou						
Guangzhou May Flower Plaza	100%			100%		
Retail		57.2	357,424		47.8	357,424
Office		6.6	79,431		5.7	79,431
Car-parking Spaces		1.3	N/A		1.5	N/A
		65.1	436,855		55.0	436,855
Guangzhou West Point	100%			100%		
Retail		13.2	171,968		9.9	171,968
Guangzhou Lai Fung Tower	100%			100%		
Retail		8.1	99,054		6.3	99,399
Office		52.1	606,495		42.7	606,495
Car-parking Spaces		2.7	N/A		2.9	N/A
		62.9	705,549		51.9	705,894
Zhongshan						
Zhongshan Palm Spring	100%			100%		
Retail*		3.2	147,408		2.1	127,884
Serviced Apartments (room revenue)		2.8	98,556		3.1	98,556
		6.0	245,964		5.2	226,440
Others		7.0	N/A		N/A	N/A
Total:		425.4	3,288,252		379.5	3,269,073

* Excluding self-use area

Management Discussion and Analysis (Continued)

PROPERTY INVESTMENT (CONTINUED)

Rental Income (Continued)

Rental income performed steadily as a whole with almost full occupancy in all the major properties. The drop in the rental income from Shanghai May Flower Plaza is due to the early termination of the lease of Lotte Mart in July 2018. The Group has signed up Hema Fresh (“盒馬鮮生”), the prototype supermarket invested by Alibaba Group, to take up part of that site and is discussing with several prospective tenants to fill the vacancy.

Review of Major Rental Properties

Shanghai Hong Kong Plaza

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

The property's total GFA is approximately 1.19 million square feet excluding 350 car-parking spaces. The property comprises an office tower, shopping arcades and a serviced apartment tower with total GFA of approximately 362,100 square feet, 468,400 square feet and 355,300 square feet, respectively. The property is directly above the Huangpi South Road Metro Station and is within walking distance of Xintiandi, a well-known landmark in Shanghai. The shopping arcades are now one of the most visible high-end retail venues for global luxury brands in the area. Anchor tenants include The Apple Store, Tiffany, Genesis Motor, Coach, Tasaki and internationally renowned luxury brands and a wide array of dining options.

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. The lease of Lotte Mart, the anchor tenant in the retail podium was terminated early in July 2018. The Group has signed up Hema Fresh (“盒馬鮮生”), the prototype supermarket invested by Alibaba Group, to take up part of that site and is discussing with several prospective tenants to fill the vacancy.

Shanghai Regents Park

Shanghai Regents Park is a large-scale residential/commercial composite development located in the Zhongshan Park Commercial Area at the Changning District, Shanghai. It is situated within walking distance of the Zhongshan Park Metro Station. The Group retains a 95% interest in the commercial portion which has a total GFA of approximately 82,000 square feet (GFA attributable to the Group is approximately 77,900 square feet).

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.

Management Discussion and Analysis (Continued)

PROPERTY INVESTMENT (CONTINUED)

Review of Major Rental Properties (Continued)

Guangzhou West Point

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

Guangzhou Lai Fung Tower

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

The asset swap transaction with Guangzhou Light Industry Real Estate Development Company as announced on 15 January 2015 was completed in August 2017. The total GFA of this property owned by the Group increased to approximately 705,500 square feet excluding car-parking spaces and the commercial area and the office building excluding self-use area have been fully leased.

Zhongshan Palm Spring Rainbow Mall

Zhongshan Palm Spring Rainbow Mall is the commercial element of the wholly owned residential project, Zhongshan Palm Spring. Zhongshan Palm Spring is located in Caihong Planning Area, Western District of Zhongshan. It has a total GFA of approximately 181,100 square feet and excluding self-use area, the occupancy rate as at period end was approximately 71.2%.

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 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 86.7% was achieved during the period under review and the average room tariff was approximately HK\$1,183.

STARR Hotel Shanghai

STARR Hotel Shanghai 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 73.2% was achieved during the period under review and the average room tariff was approximately HK\$515.

STARR Resort Residence Zhongshan

STARR Resort Residence Zhongshan comprises two 16-storey blocks located in the Palm Lifestyle complex in Zhongshan Western District at Cui Sha Road. It is 30 minutes away from Zhongshan ferry pier and an ideal place for weekend breaks with a wide range of family oriented facilities such as an outdoor Swimming Pool, Gym, Yoga Room, Reading Room, Wine Club, Card Game/Mahjong Room, Tennis Court, etc. There are 90 fully furnished serviced apartment units with kitchenette, unit type one- and two-bedroom suite and the total GFA is approximately 98,600 square feet. The resort also has an F&B outlet of 80 seats, suitable for private party and BBQ, etc. An average occupancy rate of 52.4% was achieved during the period under review and the average room tariff was approximately HK\$375.

Management Discussion and Analysis (Continued)

PROPERTY DEVELOPMENT

Recognised Sales

For the six months ended 31 January 2019, the Group's property development operations recorded a turnover of HK\$145.7 million (2018: HK\$129.9 million) from sale of properties, representing a 12.2% increase in sales revenue over the same period last year. Total recognised sales was primarily driven by the sales performance of residential units of Zhongshan Palm Spring and car-parking spaces of Shanghai Regents Park.

For the six months ended 31 January 2019, the average selling price of residential units of Zhongshan Palm Spring amounted to approximately HK\$1,520 per square foot (2018: HK\$1,131 per square foot). Sales of residential units and retail units of Guangzhou Dolce Vita has been completed and the last retail unit sold and recognised during the period under review achieved an average selling price of HK\$3,361 per square foot. This is recognised as a component of "Share of profits/(losses) of joint ventures" in the condensed consolidated income statement.

Breakdown of turnover for the six months ended 31 January 2019 from sales of properties is as follows:

Recognised basis	No. of units	Approximate GFA (square feet)	Average selling price# (HK\$/square foot)	Turnover* (HK\$ million##)	(RMB million)
Zhongshan Palm Spring Residential High-rise Units	32	37,653	1,520	54.6	47.9
Subtotal	32	37,653	1,520	54.6	47.9
Shanghai Regents Park Car-parking Spaces	128			83.3	73.1
Guangzhou Eastern Place Car-parking Spaces	3			3.4	3.0
Guangzhou King's Park Car-parking Space	1			0.7	0.6
Zhongshan Palm Spring Car-parking Spaces	20			3.7	3.3
Total				145.7	127.9
Recognised sales from joint venture project					
Guangzhou Dolce Vita Retail Unit**(47.5% basis)	1	8,932	3,361	28.3	24.8
Subtotal	1	8,932	3,361	28.3	24.8
Car-parking Spaces**(47.5% basis)	6			1.9	1.7
Total				30.2	26.5

Before business tax and value-added tax inclusive

The exchange rate adopted for the six months ended 31 January 2019 is 0.8780

* 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 2019, the recognised sales (after business tax and value-added tax exclusive) attributable to the project on 100% basis is HK\$59.5 million (excluding car-parking spaces) and approximately 18,805 square feet (excluding car-parking spaces) of GFA were recognised. The recognised sales from car-parking spaces attributable to the project on 100% basis is HK\$4.0 million.

Management Discussion and Analysis (Continued)

PROPERTY DEVELOPMENT (CONTINUED)

Contracted Sales

As at 31 January 2019, the Group's property development operations has contracted but not yet recognised sales of HK\$601.9 million, comprising HK\$361.1 million and HK\$233.7 million from sales of residential units in Zhongshan Palm Spring and cultural studios in Hengqin Novotown Phase I, respectively and HK\$7.1 million from sales of car-parking spaces in Shanghai Regents Park, Guangzhou Eastern Place, Guangzhou King's Park and Zhongshan Palm Spring. Sales of the cultural studios of Hengqin Novotown Phase I were strong and achieved an average selling price of HK\$4,929 per square foot. Excluding the effect of currency translation, the Renminbi denominated contracted but not yet recognised sales of residential units, cultural studios and car-parking space as at 31 January 2019 amounted to RMB528.5 million (31 July 2018: RMB251.0 million).

Breakdown of contracted but not yet recognised sales as at 31 January 2019 is as follows:

Contracted basis	No. of units	Approximate GFA (square feet)	Average selling price# (HK\$/square foot)	Turnover# (RMB million)	
				(HK\$ million##)	
Zhongshan Palm Spring					
Residential High-rise Units	104	130,127	1,605	208.8	183.3
Residential House Units	27	57,261	2,660	152.3	133.7
Hengqin Novotown Phase I					
Cultural Studios	11	47,420	4,929	233.7	205.2
Subtotal	142	234,808	2,533	594.8	522.2
Shanghai Regents Park					
Car-parking Spaces	7			4.8	4.2
Guangzhou Eastern Place					
Car-parking Space	1			1.1	1.0
Guangzhou King's Park					
Car-parking Space	1			0.8	0.7
Zhongshan Palm Spring					
Car-parking Spaces	2			0.4	0.4
Subtotal				7.1	6.3
Total				601.9	528.5

Before business tax and value-added tax inclusive

The exchange rate adopted for the six months ended 31 January 2019 is 0.8780

Management Discussion and Analysis (Continued)

PROPERTY DEVELOPMENT (CONTINUED)

Review of Major Properties Completed for Sale and under Development

Shanghai Northgate Plaza redevelopment project

Shanghai Northgate Plaza I is located on Tian Mu Road West in the Jing'an District of Shanghai near the Shanghai Railway Terminal and comprises office units, a retail podium and car-parking spaces. Shanghai Northgate Plaza II is a vacant site adjacent to Northgate Plaza I. In September 2016, the Group completed the acquisition of the 6th to 11th floors of Hui Gong Building which is physically connected to Northgate Plaza I, together with the right to use 20 car-parking spaces in the basement. The Group plans to redevelop Shanghai Northgate Plaza I, Northgate Plaza II and the Hui Gong Building together under a comprehensive redevelopment plan which includes an office tower, a shopping arcade and underground car-parking spaces and is expected to add a total GFA of approximately 693,600 square feet excluding car-parking spaces to the rental portfolio of the Group. Demolition of Northgate Plaza I and Hui Gong Building was completed in May 2017 and foundation works commenced in September 2017. This project is expected to complete in the second quarter of 2022.

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 77,900 square feet and is intended to be developed into a high end luxury residential project. Construction works commenced in August 2017. This project is expected to complete in the second quarter of 2019.

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. As of 31 January 2019, 458 car-parking spaces of this development remained unsold with a carrying amount of approximately HK\$105.1 million.

Shanghai Regents Park

Shanghai Regents Park is a large-scale residential/commercial composite development located in the Zhongshan Park Commercial Area at the Changning District, Shanghai. It is situated within walking distance of the Zhongshan Park Metro Station. As at 31 January 2019, a total of 278 car-parking spaces of this development remained unsold with a carrying amount of approximately HK\$69.0 million.

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. During the period under review, the sales of 1 car-parking space contributed HK\$0.7 million to the turnover. As at 31 January 2019, the contracted but not yet recognised sales of the 1 car-parking space amounted to approximately HK\$0.8 million and the 13 unsold car-parking spaces have a total carrying amount of approximately HK\$9.9 million.

Guangzhou Haizhu Plaza

Guangzhou Haizhu Plaza is located on Chang Di Main Road in Yuexiu District, Guangzhou along the Pearl River. The Group owns the entire project. The proposed development has a total project GFA of approximately 580,500 square feet and is intended to be developed for rental purposes. The construction is expected to commence in the second quarter of 2019 and the completion is expected to be in the first half of 2023.

Management Discussion and Analysis (Continued)

PROPERTY DEVELOPMENT (CONTINUED)

Review of Major Properties Completed for Sale and under Development (Continued)

Zhongshan Palm Spring

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

During the period under review, 37,653 square feet of high-rise residential units were recognised at average selling prices of HK\$1,520 per square foot, which contributed a total of HK\$54.6 million to the sales turnover. As at 31 January 2019, contracted but not yet recognised sales for residential high-rise units and house units amounted to HK\$208.8 million and HK\$152.3 million, at average selling prices of HK\$1,605 and HK\$2,660 per square foot, respectively. As at 31 January 2019, completed units held for sale in this development amounted to 448,800 square feet with a carrying amount of approximately HK\$376.3 million. The remaining GFA under development was approximately 2,099,200 square feet. Set out below is the current expectation on the development of the remaining phases:

Phase	Description	Approximate GFA* (square feet)	Expected completion
III	High-rise residential units including commercial units	523,100	Q3 2020
IV	High-rise residential units including commercial units	1,576,100	Q3 2021

* 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

Phase I

On 25 September 2013, the Company announced it had successfully won the bid of the land use rights of the land for Phase I of the Novotown project in Hengqin which is 80% owned by the Group and 20% owned by eSun. The Phase I of Novotown has a total GFA of 4.0 million square feet including car-parking spaces and ancillary facilities. The total development cost is estimated to be approximately RMB5,447 million (equivalent to approximately HK\$6,368 million). Construction work is expected to be completed in the first half of 2019 with the opening in phases in the second half of 2019.

The expected GFA breakdown by usage is set out below:

Usage	GFA (square feet)
Cultural themed hotel	596,727
Cultural workshop	429,641
Cultural commercial area	523,843
Performance halls	160,937
Cultural attractions	293,292
Office	542,447
Cultural studios (for sale)	244,936
Car-parking spaces	507,215
Ancillary facilities and others	736,217
Total:	4,035,255

Management Discussion and Analysis (Continued)

PROPERTY DEVELOPMENT (CONTINUED)

Review of Major Properties Completed for Sale and under Development (Continued)

Hengqin Novotown (Continued)

Phase I (Continued)

Hyatt group was engaged as the manager for the cultural themed hotel in March 2015. On 30 October 2015, a licensing agreement was entered into with Lionsgate LBE, Inc. for the development and operation of the Lionsgate Entertainment World™ in one of the two performance halls in the Phase I of 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, oversee its preopening and to operate the Lionsgate Entertainment World™ for a minimum of ten years. The Lionsgate Entertainment World™ is expected to feature attractions, retail, and dining experiences themed around Lionsgate's most captivating global film franchises, including The Hunger Games, The Twilight Saga, The Divergent Series, Now You See Me, Gods of Egypt and Escape Plan.

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 called National Geographic Ultimate Explorer, the size of which is expected to be approximately 50,200 square feet, containing 18 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 June 2017, the Group entered into a cooperation agreement with Trans-Island Limousine Service Limited, a wholly-owned subsidiary of Kwoon Chung Bus Holdings Limited for the development of a cross-border bus service between Hong Kong and Hengqin. The sole and exclusive bus terminus in Hengqin will be located at the Novotown.

In January 2017, the Group entered into a shareholders agreement with Sanitas Management Company Limited, which owns the Taipei Beitou Health Management Hospital in Taiwan to form a joint venture company co-developing a healthcare and beauty center in the Phase I of Novotown. This healthcare tourism destination is expected to have an area of approximate 80,000 square feet, providing visitors with comprehensive medical check-ups, beauty consultation and wellness services.

Sales of the cultural studios of Hengqin Novotown Phase I were strong. As at 31 January 2019, contracted but not yet recognised sales for cultural studios amounted to HK\$233.7 million, at an average selling price of HK\$4,929 per square foot. Completed cultural studios held for sale in this development as at 31 January 2019 amounted to approximately 197,000 square feet with a carrying amount of approximately HK\$336.0 million.

Phase II

In June 2017, the Group entered into a licence agreement with Real Madrid Club in relation to the development and operation of a location based entertainment centre, namely Real Madrid World in Novotown. The Real Madrid World is expected to consist of three floors with over 20 attractions spanning across a total area of approximately 12,000 square meters, and will be made up of several signature experiences including the Flying Theatre and the Stuntpit, an array of interactive training games, a walkthrough of Real Madrid history, plus dining and retail outlets.

In November 2017, the Group entered into a cooperation agreement with Harrow International (China) Management Services Limited and ILA Holdings Limited to introduce Harrow International China Group, the world's leading learning institution, to set up ILA Hengqin in Hengqin. The curriculum at ILA Hengqin is structured to bring together the very best of British and Chinese educational philosophies and when it first opens in September 2020, the ILA Hengqin will initially offer grade 7-12 education for approximately 900 students as well as facilities for boarding students.

Management Discussion and Analysis (Continued)

PROPERTY DEVELOPMENT (CONTINUED)

Review of Major Properties Completed for Sale and under Development (Continued)

Hengqin Novotown (Continued)

Phase II (Continued)

The Group entered into a license agreement in December 2018 with Ducati in relation to the development and operation of the Ducati Experience Centre in Novotown. The Ducati Experience Centre expects to cover an area of no less than 4,500 square meters and will offer experiential attractions including immersive racing experiences, exclusive Ducati exhibits and retail concessions.

The Group succeeded in bidding for the land use rights of the land offered for sale by Zhuhai Land Bureau through the listing-for-sale process in December 2018 and the land is situated adjacent to Phase I of the Novotown project with a total site area of approximately 143,800 square meters and a maximum plot ratio of 2 times and has been designated for the development of phase II of the Novotown project. Real Madrid World, ILA Hengqin and Ducati Experience Centre are expected to be the key elements in Novotown Phase II and details of the development plan will be formulated upon finalisation of the master layout plan with the Chinese Government. The Group is in the process of finalising the master layout plan for the Novotown Phase II with the Chinese Government.

CAPITAL STRUCTURE, LIQUIDITY AND DEBT MATURITY PROFILE

As at 31 January 2019, cash and bank balances held by the Group amounted to HK\$3,690.4 million and undrawn facilities of the Group was HK\$3,592.3 million.

As at 31 January 2019, the Group had total borrowings amounting to HK\$8,777.5 million (as at 31 July 2018: HK\$7,445.6 million), representing an increase of HK\$1,331.9 million from 31 July 2018. The consolidated net assets attributable to the owners of the Company amounted to HK\$15,832.2 million (as at 31 July 2018: HK\$15,502.9 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 32% (as at 31 July 2018: 32%). The maturity profile of the Group's borrowings of HK\$8,777.5 million is well spread with HK\$733.4 million repayable within 1 year, HK\$863.5 million repayable in the second year, HK\$6,082.8 million repayable in the third to fifth years and HK\$1,097.8 million repayable beyond the fifth year.

Approximately 31% and 62% of the Group's borrowings were on a fixed rate basis and floating rate basis, respectively, and the remaining 7% of the Group's borrowings were interest free.

Apart from the guaranteed notes, the Group's other borrowings of HK\$6,053.3 million were 50% denominated in Renminbi ("RMB"), 42% in Hong Kong dollars ("HKD") and 8% in United States Dollars ("USD").

The Group's guaranteed notes of HK\$2,724.2 million were denominated in USD. The Group has entered into cross currency swap agreements with financial institutions and the guaranteed notes have been effectively converted into HKD denominated debts.

The Group's cash and bank balances of HK\$3,690.4 million were 69% denominated in RMB, 15% in HKD and 16% 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.

Management Discussion and Analysis *(Continued)*

CAPITAL STRUCTURE, LIQUIDITY AND DEBT MATURITY PROFILE *(CONTINUED)*

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\$12,078.4 million, properties under development with a total carrying amount of approximately HK\$1,545.8 million, serviced apartments and related leasehold improvements with a total carrying amount of approximately HK\$442.9 million, construction in progress with a total carrying amount of approximately HK\$1,169.4 million and bank balances of approximately HK\$979.8 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 2018.

Particulars of Major Properties

COMPLETED PROPERTIES HELD FOR RENTAL

Property name	Location	Group interest	Tenure	Approximate attributable GFA (square feet)			No. of car-parking spaces attributable to the Group
				Commercial/Retail	Office	Total (excluding car-parking spaces & ancillary facilities)	
Shanghai							
Shanghai Hong Kong Plaza	282 & 283 Huaihaizhong Road, Huangpu District	100%	The property is held for a term of 50 years commencing on 16 September 1992	468,434	362,096	830,530	350
May Flower Plaza	Sujiaxiang, Jing'an District	100%	The property is held for a term of 40 years for commercial use commencing on 5 February 2007	320,314	—	320,314	—
Regents Park	88 Huichuan Road, Changning District	95%	The property is held for a term of 70 years commencing on 4 May 1996	77,959	—	77,959	—
Subtotal of major completed properties held for rental in Shanghai:				866,707	362,096	1,228,803	350
Guangzhou							
May Flower Plaza	68 Zhongshanwu Road, Yuexiu District	100%	The property is held for a term of 40 years for commercial use and 50 years for other uses commencing on 14 October 1997	357,424	79,431	436,855	136
West Point	Zhongshan Qi Road, Liwan District	100%	The property is held for a term of 40 years for commercial use and 50 years for other uses commencing on 11 January 2006	171,968	—	171,968	—
Lai Fung Tower	787 Dongfeng East Road, Yuexiu District	100%	The property is held for a term of 40 years for commercial uses and 50 years for other uses commencing on 21 October 1997	99,054	606,495	705,549	313
Subtotal of major completed properties held for rental in Guangzhou:				628,446	685,926	1,314,372	449
Zhongshan							
Palm Spring	Caihong Planning Area, Western District	100%	The property is held for a term expiring on 30 March 2075 for commercial/residential uses	147,408	—	147,408	—
Subtotal of major completed properties held for rental in Zhongshan:				147,408	—	147,408	—
Total of major completed properties held for rental:				1,642,561	1,048,022	2,690,583	799

Particulars of Major Properties (Continued)

COMPLETED HOTEL PROPERTIES AND SERVICED APARTMENTS

Property name	Location	Group interest	Tenure	No. of rooms	Approximate attributable GFA (square feet)	No. of car-parking spaces attributable to the Group
Shanghai						
Ascott Huaihai Road Shanghai	282 Huaihaizhong Road, Huangpu District	100%	The property is held for a term of 50 years commencing on 16 September 1992	300	355,267	—
STARR Hotel Shanghai	Sujiaxiang, Jing'an District	100%	The property is held for a term of 50 years for commercial use commencing on 5 February 2007	239	143,846	—
Subtotal of major completed hotel properties and serviced apartments in Shanghai:				539	499,113	—
Zhongshan						
STARR Resort Residence Zhongshan	Caihong Planning Area, Western District	100%	The property is held for a term expiring on 23 October 2073	90	98,556	—
Subtotal of major completed hotel properties and serviced apartments in Zhongshan:				90	98,556	—
Total of major completed hotel properties and serviced apartments:				629	597,669	—

Particulars of Major Properties (Continued)

PROPERTIES UNDER DEVELOPMENT

Property name	Location	Group interest	Stage of construction	Expected completion date	Approximate site area (square feet) (Note 1)	Approximate attributable GFA (square feet)				Total (excluding car-parking spaces & ancillary facilities)	No. of car-parking spaces attributable to the Group
						Commercial/ Retail	Office	Serviced apartments	Residential		
Guangzhou											
Haizhu Plaza	Chang Di Main Road, Yuexiu District	100%	Development under planning	H1 2023	90,708	103,797	476,662	—	—	580,459	305
Subtotal of major properties under development in Guangzhou:						103,797	476,662	—	—	580,459	305
Zhongshan											
Palm Spring	Caihong Planning Area, Western District	100%	Construction work in progress	Phase III: Q3 2020 Phase IV: Q3 2021	2,547,298 (Note 2)	131,493	—	—	1,967,670	2,099,163	1,761
Subtotal of major properties under development in Zhongshan:						131,493	—	—	1,967,670	2,099,163	1,761
Shanghai											
Northgate Plaza redevelopment project	Tian Mu Road West, Jing'an District	100%	Construction work in progress	Q2 2022	107,223	94,174	599,426	—	—	693,600	554
Wuli Bridge project	Wulijiao Road, 104 Jie Fang, Huangpu District	100%	Construction work in progress	Q2 2019	74,112	—	—	—	77,943	77,943	96
Subtotal of major properties under development in Shanghai:						94,174	599,426	—	77,943	771,543	650
Hengqin											
Novotown Phase I	East side of Yiwener Road, south side of Caihong Road, west side of Tianyu Road and north side of Hengqin Road, Hengqin New Area, Zhuhai City	80%	Construction work in progress	H1 2019	1,401,184 (Note 2)	782,458	471,957	821,094	—	2,075,509	1,670
Novotown Phase II	East side of Yiwener Road, south side of Xiangjiang Road, west side of Yiwenyi Road and north side of Zhishui Road, Hengqin New Area, Zhuhai City	100%	Development under planning	2023	1,547,523	3,095,038	—	—	—	3,095,038	1,438
Subtotal of major properties under development in Hengqin:						3,877,496	471,957	821,094	—	5,170,547	3,108
Total of major properties under development:						4,206,960	1,548,045	821,094	2,045,613	8,621,712	5,824

Note 1: On project basis

Note 2: Including portions of the projects that have been completed for sale/lease

Particulars of Major Properties (Continued)

COMPLETED PROPERTIES HELD FOR SALE

Property name	Location	Group interest	Approximate attributable GFA (square feet)				Total (excluding car-parking spaces & ancillary facilities)	No. of car-parking spaces attributable to the Group
			Commercial/Retail	Residential	Office			
Zhongshan								
Palm Spring	Caihong Planning Area, Western District	100%	33,699	448,795	—	482,494	1,219	
Subtotal of major completed properties held for sale in Zhongshan:			33,699	448,795	—	482,494	1,219	
Hengqin								
Novotown Phase I	East side of Yiwener Road, south side of Caihong Road, west side of Tianyu Road and north side of Hengqin Road, Hengqin New Area, Zhuhai City	80%	—	157,950	—	157,950	—	
Subtotal of major completed properties held for sale in Hengqin:			—	157,950	—	157,950	—	
Shanghai								
May Flower Plaza	Sujiaxiang, Jing'an District	100%	—	—	—	—	458	
Regents Park, Phase II	88 Huichuan Road, Changning District	95%	—	—	—	—	264	
Subtotal of major completed properties held for sale in Shanghai:			—	—	—	—	722	
Guangzhou								
Eastern Place Phase V	787 Dongfeng East Road, Yuexiu District	100%	—	—	—	—	17	
Dolce Vita	Jinshazhou, Heng Sha, Baiyun District	47.5%	—	—	—	—	20	
King's Park	Donghua Dong Road, Yuexiu District	100%	—	—	—	—	13	
West Point	Zhongshan Qi Road, Liwan District	100%	—	—	—	—	127	
Subtotal of major completed properties held for sale in Guangzhou:			—	—	—	—	177	
Total of major completed properties held for sale:			33,699	606,745	—	640,444	2,118	

Corporate Governance and Other Information

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 (“**Listing Rules**” and “**Stock Exchange**”, respectively) throughout the six months ended 31 January 2019 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 Amended and Restated 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 (“**Shareholders**”) and the retiring Directors are eligible for re-election. In addition, in accordance with the provisions of the Articles of Association, any person appointed by the Board as a Director (including a NED) either to fill a casual vacancy or as an addition to the Board will hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board) and will then be eligible for re-election. In view of these, the Board considers that such requirements are sufficient to meet the underlying objective of the said code provision A.4.1 and, therefore, does not intend to take any remedial steps in this regard.

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

The Company has not established a nomination committee whose functions are assumed by the full Board. Potential new Directors will be recruited based on their knowledge, skills, experience and expertise and the requirements of the Company at the relevant time and candidates for the INEDs must meet the independence criterion. The process of identifying and selecting appropriate candidates for consideration and approval by the Board has been, and will continue to be, carried out by the executive Directors (“**EDs**”). In January 2019, the Company adopted the Nomination Policy which set out the criteria, process and procedures by which the Company will select candidates for possible inclusion in the Board. As the Nomination Policy has 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.

Board

The Board oversees the overall management of the Company’s business and affairs. The Board’s primary duty is to ensure the viability of the Company and to ascertain that it is managed in the best interests of its Shareholders as a whole while taking into account the interests of other stakeholders.

The Board has delegated the day-to-day management of the Company’s business to the management and the Executive Committee, and focuses its attention on matters affecting the Company’s long-term objectives and plans for achieving these objectives, the Group’s overall business and commercial strategy as well as overall policies and guidelines.

The Board currently comprises 14 members, of whom seven are EDs, two are NEDs and the remaining five are INEDs. The current composition of the Board is characterised by diversity, whether considered in terms of gender, nationality, professional background and skills. The current Board comprises individuals who are professionals with real estate, investment, banking, accounting, financial, general management and legal backgrounds.

The Board meets at least four times a year with meeting dates scheduled prior to the beginning of the year. Additional board meetings will be held when warranted. Directors also participate in the consideration and approval of matters of the Company by way of written resolutions circulated to Directors together with supporting explanatory materials as and when required.

Corporate Governance and Other Information *(Continued)*

CORPORATE GOVERNANCE *(CONTINUED)*

Board *(Continued)*

All Directors have been provided, on a monthly basis, with the Group's management information updates, giving a balanced and understandable assessment of the Group's performance, position, recent developments and prospects in sufficient detail to keep them abreast of the Group's affairs and facilitate them to discharge their duties under the relevant requirements of the Listing Rules.

Chairman and Chief Executive

During the six months ended 31 January 2019 and up to the date of this Interim Report, Mr. Chew Fook Aun was the Chairman of the Board while Mr. Lam Hau Yin, Lester acted as the Chief Executive Officer of the Company. This segregation ensures a clear distinction between the Chairman's responsibilities to manage the Board and the Chief Executive Officer's responsibilities to manage the Company's business. The division of responsibilities between the Chairman and the Chief Executive Officer is defined.

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 contained 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 during the six months ended 31 January 2019.

Corporate Governance and Other Information (Continued)

SHARE OPTION SCHEMES

On 18 December 2012, the Shareholders approved the adoption of a new share option scheme (“**2012 Share Option Scheme**”) and the termination of the share option scheme adopted by the Company on 21 August 2003 (“**2003 Share Option Scheme**”) to the effect that no more share options will be granted under the 2003 Share Option Scheme but the subsisting options granted prior to the termination will continue to be valid and exercisable in accordance with the terms of the 2003 Share Option Scheme.

On 8 August 2018, the Shareholders approved certain amendments to the 2003 Share Option Scheme and the affirmation of the continuing effectiveness of the share options granted pursuant to the 2003 Share Option Scheme.

As at 31 January 2019, share options comprising a total of 10,814,117 underlying shares were outstanding, of which a share option comprising 1,009,591 underlying shares was granted under the 2003 Share Option Scheme (as amended on 8 August 2018) and share options comprising 9,804,526 underlying shares were granted under the 2012 Share Option Scheme.

The movement of the share options granted under the 2003 Share Option Scheme (as amended on 8 August 2018) and the 2012 Share Option Scheme during the six months ended 31 January 2019 is as follows:

Name or category of participants	Date of grant (Note 1)	Number of underlying shares comprised in share options				As at 31 January 2019	Exercise period	Exercise price per share (HK\$) (Note 2)
		As at 1 August 2018	Granted during the period	Exercised during the period	Lapsed during the period			
Directors								
Chew Fook Aun	12/06/2012	1,009,591	—	—	—	1,009,591	12/06/2012 — 11/06/2020	6.65
Lam Hau Yin, Lester	18/01/2013	3,219,182	—	—	—	3,219,182	18/01/2013 — 17/01/2023	11.40
Cheng Shin How	18/01/2013	643,836	—	—	—	643,836	18/01/2013 — 17/01/2023	11.40
Lee Tze Yan, Ernest	18/01/2013	640,000	—	—	—	640,000	18/01/2013 — 17/01/2023	11.40
Subtotal		5,512,609	—	—	—	5,512,609		
Other Eligible Participants (in aggregate)								
Batch 1	18/01/2013	3,871,508 (Note 3)	—	—	—	3,871,508	18/01/2013 — 17/01/2023	11.40
Batch 2	26/07/2013	220,000	—	—	—	220,000	26/07/2013 — 25/07/2023	9.50
Batch 3	16/01/2015	180,000	—	—	—	180,000	16/01/2015 — 15/01/2025	8.00
Batch 4	19/01/2018	450,000	—	—	—	450,000	19/01/2018 — 18/01/2028	13.52
Batch 5 (Note 4)	22/01/2019	—	580,000	—	—	580,000	22/01/2019 — 21/01/2029	10.18
Subtotal		4,721,508	580,000	—	—	5,301,508		
Total		10,234,117	580,000	—	—	10,814,117		

Notes:

- The share options vested on the date of grant.
- The exercise price of the share options is subject to adjustment in the case of rights or bonus issues or other similar changes in the Company's share capital.
- Dr. Lam Kin Ngok, Peter (a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong) was granted a share option to subscribe for a total of 321,918 shares of the Company on 18 January 2013.
- The closing price of the Company's shares immediately before the date of grant of the share options was HK\$10.12.

Save as disclosed above, no share options were granted, exercised, cancelled, or lapsed in accordance with the terms of the 2003 Share Option Scheme (as amended on 8 August 2018) and the 2012 Share Option Scheme during the period under review.

Corporate Governance and Other Information (Continued)

DIRECTORS' INTERESTS

The following Directors and chief executive of the Company who held office on 31 January 2019 and their respective close associates (as defined in the Listing Rules) were interested or were deemed to be interested in the following interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (“SFO”)) on that date (a) as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they were taken or deemed to have under such provisions of the SFO); or (b) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO (“Register of Directors and Chief Executive”); or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Securities Code adopted by the Company; or (d) as known to the Directors:

(1) The Company

Long positions in the ordinary shares of HK\$5.00 each of the Company (“Shares”) and underlying Shares

Name of Director	Capacity	Number of Shares		Number of underlying Shares	Total	Approximate percentage of total issued Shares (Note 2)
		Personal interests	Corporate interests	Personal interests (Note 1)		
Chew Fook Aun	Beneficial owner/ Owner of controlled corporation	Nil	600,000 (Note 3)	1,009,591	1,609,591	0.49%
Lam Hau Yin, Lester	Beneficial owner	Nil	Nil	3,219,182	3,219,182	0.98%
Cheng Shin How	Beneficial owner	Nil	Nil	643,836	643,836	0.20%
Lee Tze Yan, Ernest	Beneficial owner	Nil	Nil	640,000	640,000	0.20%

Notes:

1. These interests in underlying shares represented interests in share options granted to the Directors under the share option schemes of the Company. Particulars of which are contained in the section headed “Share Option Schemes” of this Interim Report.
2. The percentage has been compiled based on the total number of issued Shares as at 31 January 2019 (i.e. 327,044,134 Shares).

On 13 February 2019, the Company allotted and issued 342,831 new ordinary shares pursuant to its scrip dividend scheme in relation to the final dividend for the year ended 31 July 2018, thereby increasing the total number of issued Shares from 327,044,134 to 327,386,965.

3. Mr. Chew Fook Aun was deemed to be interested in these 600,000 Shares owned by The Orchid Growers Association Limited by virtue of his 100% shareholding interest in the said company.

Corporate Governance and Other Information (Continued)

DIRECTORS' INTERESTS (CONTINUED)

(2) Associated corporations of the Company

(i) eSun Holdings Limited (“eSun”)

Long positions in the ordinary shares of HK\$0.50 each of eSun (“eSun Shares”)

Name of Director	Capacity	Number of eSun Shares		Approximate percentage of total issued eSun Shares (Note)
		Personal interests	Total	
Lam Hau Yin, Lester	Beneficial owner	2,794,443		0.19%

Note: The percentage has been compiled based on the total number of issued eSun Shares as at 31 January 2019 (i.e. 1,491,854,598 eSun Shares).

(ii) Lai Sun Development Company Limited (“LSD”)

Long positions in the ordinary shares of LSD (“LSD Shares”) and underlying LSD Shares

Name of Director	Capacity	Number of LSD Shares			Number of underlying LSD Shares		Approximate percentage of total issued LSD Shares (Note 2)
		Personal interests	Family interests	Corporate interests	Personal interests (Note 1)	Total	
Chew Fook Aun	Beneficial owner/ Owner of controlled corporation	Nil	Nil	400,000 (Note 3)	3,773,081	4,173,081	0.69%
Lam Hau Yin, Lester	Beneficial owner	Nil	Nil	Nil	4,173,081	4,173,081	0.69%
U Po Chu	Beneficial owner	26,919	Nil	Nil	Nil	26,919	0.01%
Lee Tze Yan, Ernest	Beneficial owner	Nil	4,000 (Note 4)	Nil	832,000	836,000	0.14%

Notes:

1. These interests in underlying LSD Shares represented interests in share options granted to the Directors under the share option schemes of LSD, particulars of which are as follows:

Name of Director	Date of grant	Number of underlying LSD Shares comprised in share options	Option period	Exercise price per LSD Share (HK\$)
Chew Fook Aun	05/06/2012	3,773,081	05/06/2012 – 04/06/2022	5.35
Lam Hau Yin, Lester	18/01/2013	4,173,081	18/01/2013 – 17/01/2023	16.10
Lee Tze Yan, Ernest	18/01/2013	832,000	18/01/2013 – 17/01/2023	16.10

Corporate Governance and Other Information (Continued)

DIRECTORS' INTERESTS (CONTINUED)

(2) Associated corporations of the Company (Continued)

(ii) Lai Sun Development Company Limited (“LSD”) (Continued)

Notes: (Continued)

2. The percentage has been compiled based on the total number of issued LSD Shares as at 31 January 2019 (i.e. 606,076,614 LSD Shares).

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

3. Mr. Chew Fook Aun was deemed to be interested in these 400,000 LSD Shares owned by The Orchid Growers Association Limited by virtue of his 100% shareholding interest in the said company.
4. Mr. Lee Tze Yan, Ernest was taken to be interested in 4,000 LSD Shares which were held by his spouse. Such deemed interest has been disposed of by his spouse subsequent to the reporting period.

(iii) Lai Sun Garment (International) Limited (“LSG”)

Long positions in the ordinary shares of LSG (“LSG Shares”) and underlying LSG Shares

Name of Director	Capacity	Number of LSG Shares		Number of underlying LSG Shares	Total	Approximate percentage of total issued LSG Shares
		Personal interests	Corporate interests	Personal interests		
Lam Kin Ming	Beneficial owner	1,007,075 (Note 3)	Nil	Nil (Note 1)	1,007,075	0.26%
Chew Fook Aun	Beneficial owner/ Owner of controlled corporation	Nil	202,422 (Note 4)	3,819,204	4,021,626	1.04%
U Po Chu	Beneficial owner	825,525	Nil	Nil	825,525	0.21%
Lam Hau Yin, Lester	Beneficial owner	12,283,938 (Note 5)	Nil	7,571,626	19,855,564	5.16%

Notes:

1. These interests in underlying LSG Shares represented interests in share options granted to the Directors under the share option schemes of LSG, particulars of which are as follows:

Name of Director	Date of grant	Number of underlying LSG Shares comprised in share options	Option period	Exercise price per LSG Share (HK\$)
Chew Fook Aun	19/06/2017	3,819,204	19/06/2017 – 18/06/2027	15.00
Lam Hau Yin, Lester	18/01/2013	3,752,422	18/01/2013 – 17/01/2023	6.05
Lam Hau Yin, Lester	19/06/2017	3,819,204	19/06/2017 – 18/06/2027	15.00

Corporate Governance and Other Information (Continued)

DIRECTORS' INTERESTS (CONTINUED)

(2) Associated corporations of the Company (Continued)

(iii) Lai Sun Garment (International) Limited (“LSG”) (Continued)

Notes: (Continued)

2. The percentage has been compiled based on the total number of issued LSG Shares as at 31 January 2019 (i.e. 385,137,657 LSG Shares).

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

3. Subsequent to the reporting period, Dr. Lam Kin Ming has elected to receive a total of 6,804 scrip shares in lieu of cash dividend pursuant to the LSG 2018 Scrip Dividend Scheme, increasing his interests in LSG Shares from 1,007,075 to 1,013,879.
4. Mr. Chew Fook Aun was deemed to be interested in these 202,422 LSG Shares owned by The Orchid Growers Association Limited by virtue of his 100% shareholding interest in the said company.
5. Subsequent to the reporting period, Mr. Lam Hau Yin, Lester has elected to receive a total of 82,999 scrip shares in lieu of cash dividend pursuant to the LSG 2018 Scrip Dividend Scheme, increasing his interests in LSG Shares from 12,283,938 to 12,366,937.

(iv) LSD Bonds (2017) Limited

Long position in the 4.6% guaranteed notes due 2022

Name of Director	Capacity	Nature of interests	Principal amount
Mak Wing Sum, Alvin	Beneficial owner	Personal	US\$200,000 (Note)

Note: These notes were jointly held by Mr. Mak Wing Sum, Alvin and his spouse.

Save as disclosed above, as at 31 January 2019, none of the Directors and chief executive of the Company and their respective close associates was interested or was deemed to be interested in the long and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations, which were required to be notified to the Company and the Stock Exchange, recorded in the Register of Directors and Chief Executive, notified under the Securities Code, or otherwise known to the Directors.

Corporate Governance and Other Information (Continued)

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS

As at 31 January 2019, so far as is known or otherwise notified to any Director or the chief executive of the Company, the particulars of the corporations or individuals who had 5% or more interests in the following long positions in the Shares and underlying Shares as recorded, other than a Director or the chief executive of the Company, in the register required to be kept under section 336 of the SFO ("**Register of Shareholders**") or were entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company ("**Voting Entitlements**") (i.e. within the meaning of substantial shareholders of the Listing Rules) were as follows:

(A) Long positions in the Shares of the Company

Name	Capacity	Nature of interests	Number of Shares	Approximate percentage of total issued Shares (Note 1)
Substantial Shareholders				
eSun Holdings Limited (" eSun ")	Owner of controlled corporations	Corporate	165,485,406 (Note 2)	50.60%
Lai Sun Development Company Limited (" LSD ")	Owner of controlled corporations	Corporate	165,502,573 (Note 3)	50.61%
Lai Sun Garment (International) Limited (" LSG ")	Owner of controlled corporations	Corporate	165,502,573 (Note 3)	50.61%
Lam Kin Ngok, Peter	Owner of controlled corporations	Corporate	165,502,573 (Note 4)	50.61%
Merit Worth Limited (" MWL ")	Beneficial owner and owner of controlled corporation	Corporate	165,485,406 (Note 5)	50.60%
Silver Glory Securities Limited (" SGS ")	Beneficial owner	Corporate	77,780,773 (Note 5)	23.78%
CapitaLand China Holdings Pte. Ltd. (" CapitaLand China ")	Owner of controlled corporation	Corporate	64,400,000 (Note 6)	19.69%
CapitaLand China Investments Limited (" CapitaLand Investments ")	Owner of controlled corporations	Corporate	64,400,000 (Note 6)	19.69%
CapitaLand LF (Cayman) Holdings Co., Ltd. (" CapitaLand Cayman ")	Beneficial owner	Corporate	64,400,000	19.69%
CapitaLand Limited	Owner of controlled corporations	Corporate	64,400,000 (Note 6)	19.69%
Temasek Holdings (Private) Limited (" Temasek ")	Owner of controlled corporations	Corporate	64,400,000 (Note 6)	19.69%

Corporate Governance and Other Information (Continued)

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS (CONTINUED)

(A) Long positions in the Shares of the Company (Continued)

Name	Capacity	Nature of interests	Number of Shares	Approximate percentage of total issued Shares (Note 1)
Other Persons				
Moerus Capital Management LLC	Investment manager	Corporate	27,661,771 (Note 7)	8.46%
Yu Cheuk Yi	Beneficial owner	Personal	29,544,237 (Note 8)	9.03%
Yu Siu Yuk	Beneficial owner	Personal	29,544,237 (Note 8)	9.03%

Notes:

- The percentage has been compiled based on the total number of issued Shares as at 31 January 2019 (i.e. 327,044,134 Shares). As at the date of this Interim Report, the total number of issued Shares is 327,386,965 Shares.
- These interests in the Company represented all the Shares beneficially owned by MWL (87,704,633 Shares or approximately 26.82% of the total issued Shares) and SGS (77,780,773 Shares or approximately 23.78% of the total issued Shares), both being wholly-owned subsidiaries of eSun. As at the date of this Interim Report, MWL and SGS owned approximately 26.79% and approximately 23.76% of the total issued Shares respectively.
- LSG owned approximately 56.10% shareholding interests in LSD while LSD owned approximately 74.62% shareholding interests in eSun. As such, LSG and LSD were both deemed to be interested in the same 165,485,406 Shares in which eSun had interests.

Transtrend Holdings Limited ("**Transtrend**", a wholly-owned subsidiary of LSD) received valid acceptances in respect of 17,167 Shares in relation to its mandatory general offer for the shares of the Company from 15 August 2018 to 13 September 2018. LSG and LSD were both deemed to be interested in the same 17,167 Shares owned by Transtrend.
- Dr. Lam Kin Ngok, Peter was deemed to be interested in 165,485,406 Shares held by eSun and 17,167 Shares held by Transtrend in the issued share capital of the Company by virtue of his personal and deemed interests in approximately 41.87% (excluding share option) of the issued share capital of LSG. As at the date of this Interim Report, Dr. Lam Kin Ngok, Peter was deemed to be interested in approximately 41.99% (excluding share option) of the issued share capital of LSG which in turn owned approximately 56.07% shareholding interests in LSD while LSD owned approximately 74.62% shareholding interests in eSun which in turn owned approximately 50.55% shareholding interests in the Company.
- SGS is wholly owned by MWL which in turn is wholly owned by eSun. Therefore, MWL was deemed to be interested in the 77,780,773 Shares held by SGS and eSun was deemed to be interested in the 165,485,406 Shares held and deemed to be held by MWL.
- These interests in the Company represented the Shares beneficially owned by CapitaLand Cayman which is wholly owned by CapitaLand China which in turn is wholly owned by CapitaLand Investments while CapitaLand Investments is wholly owned by CapitaLand Limited. Temasek was deemed to be interested in the same 64,400,000 Shares held by CapitaLand Cayman by virtue of its approximate 40.79% interest in the issued share capital of CapitaLand Limited.
- Subsequent to the reporting period, Moerus Capital Management LLC held 26,189,425 Shares in the capacity of investment manager.
- Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk were both taken to be interested in the same 29,544,237 Shares which were held jointly by them.

Corporate Governance and Other Information (Continued)

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS (CONTINUED)

(B) Long positions in the underlying Shares of the Company

Name	Capacity	Number of underlying Shares	Approximate percentage of total issued Shares (Note 1)
Lam Kin Ngok, Peter	Beneficial owner	321,918 (Note 2)	0.10%

Notes:

1. The percentage has been compiled based on the total number of issued Shares as at 31 January 2019 (i.e. 327,044,134 Shares). As at the date of this Interim Report, the total number of issued Shares is 327,386,965 Shares.
2. The interests in underlying Shares represented interests in a share option granted to Dr. Lam Kin Ngok, Peter under the share option scheme of the Company. Particulars of which are set out in the section headed "Share Option Schemes" of this Interim Report.

Save as disclosed above, the Directors are not aware of any other corporation or individual who, as at 31 January 2019, had the Voting Entitlements or 5% or more interests or short positions in the Shares or underlying Shares as recorded in the Register of Shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 January 2019, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

DISCLOSURE PURSUANT TO PARAGRAPH 13.21 OF CHAPTER 13 OF THE LISTING RULES

On 27 October 2017, two non-wholly owned subsidiaries of the Company, as borrowers, entered into facility agreements pursuant to which two 10-year term loan facilities of amounts up to RMB670,000,000 and RMB68,000,000 were granted to the two borrowers, respectively. Pursuant to these agreements, eSun shall not reduce its 20% holding interest (excluding the portion indirectly held through the Company) in the two borrowers without the lender's consent. Upon a breach of this covenant, the lender may, inter alia, declare that the outstanding liabilities under the facilities become immediately due and cancel the remaining undrawn facilities. Upon completion of a deemed disposal of 30% equity interests in the two borrowers to an independent third party on 25 January 2019, eSun's holding interest in the two borrowers has been reduced from 20% to 14%. In this connection, the two borrowers has obtained prior written consent from the lender on 29 December 2018.

On 30 October 2018, a non-wholly owned subsidiary of the Company, as borrower, entered into a facility agreement pursuant to which a 5-year term loan facility of an amount up to HK\$700,000,000 was granted to the borrower. Pursuant to this agreement, eSun shall maintain its 20% direct or indirect holding interest (excluding the portion indirectly held through the Company) in the borrower. Upon a breach of this covenant, the lender may, inter alia, declare that the outstanding liability under the facility becomes immediately due.

Corporate Governance and Other Information (Continued)

UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the Directors' information since the disclosure made in the Company's annual report 2017-2018 are set out as follows:

- (a) Mr. Lam Kin Hong, Matthew has been appointed a member of the Consumer Council with effect from 1 January 2019.
- (b) The Group usually makes annual adjustment to basic salaries and pays discretionary bonuses in January. The basic salaries of Messrs. Chew Fook Aun, Lam Hau Yin, Lester, Cheng Shin How and Lee Tze Yan, Ernest have been adjusted upward within the range from 3.0% to 3.5% with effect from 1 January 2019. Directors' remuneration for the six months ended 31 January 2019 and 2018 are as follows:

	Fees HK\$'000	Salaries, allowances, and benefits in kind HK\$'000	Pension Scheme contributions HK\$'000	Total remuneration HK\$'000
For the six months ended 31 January 2019				
<i>Executive directors:</i>				
Chew Fook Aun	—	2,591	9	2,600
Lam Kin Ming	—	570	—	570
Lam Kin Hong, Matthew	—	570	29	599
Lam Hau Yin, Lester	—	938	9	947
Cheng Shin How	—	4,131	9	4,140
Lee Tze Yan, Ernest	—	899	9	908
U Po Chu	—	2,137	—	2,137
		11,836	65	11,901
<i>Non-executive directors:</i>				
Lucas Ignatius Loh Jen Yuh	—	—	—	—
Puah Tze Shyang	—	—	—	—
	—	—	—	—
<i>Independent non-executive directors:</i>				
Ku Moon Lun	150	—	—	150
Lam Bing Kwan	150	—	—	150
Law Kin Ho	150	—	—	150
Mak Wing Sum, Alvin	150	—	—	150
Shek Lai Him, Abraham	150	—	—	150
	750	—	—	750
Total	750	11,836	65	12,651

Corporate Governance and Other Information *(Continued)*

UPDATE ON DIRECTORS' INFORMATION *(CONTINUED)*

(b) *(Continued)*

	Fees HK\$'000	Salaries, allowances, and benefits in kind HK\$'000	Pension Scheme contributions HK\$'000	Total remuneration HK\$'000
For the six months ended 31 January 2018				
<i>Executive directors:</i>				
Chew Fook Aun	—	2,493	9	2,502
Lam Kin Ming	—	570	—	570
Lam Kin Hong, Matthew	—	570	29	599
Lam Hau Yin, Lester	—	879	9	888
Cheng Shin How	—	4,009	9	4,018
Lee Tze Yan, Ernest	—	873	9	882
U Po Chu	—	2,156	—	2,156
		11,550	65	11,615
<i>Non-executive directors:</i>				
Lucas Ignatius Loh Jen Yuh	—	—	—	—
Puah Tze Shyang	—	—	—	—
	—	—	—	—
<i>Independent non-executive directors:</i>				
Ku Moon Lun	150	—	—	150
Lam Bing Kwan	150	—	—	150
Law Kin Ho	150	—	—	150
Mak Wing Sum, Alvin	150	—	—	150
Shek Lai Him, Abraham	150	—	—	150
	750	—	—	750
Total	750	11,550	65	12,365

EMPLOYEES AND REMUNERATION POLICIES

As at 31 January 2019, the Group employed a total of around 1,400 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.

Corporate Governance and Other Information *(Continued)*

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.

Since 1 August 2018, the Company has met with a number of research analysts and investors and attended non-deal roadshows as follows:

Month	Event	Organiser	Location
September 2018	2018 SCB Annual Investor Reverse Roadshow	Standard Chartered Bank	Hong Kong
October 2018	Post results non-deal roadshow	DBS	Singapore
November 2018	Post results non-deal roadshow	Maybank Kim Eng	Hong Kong
November 2018	Post results non-deal roadshow	DBS	London
November 2018	Post results non-deal roadshow	DBS	New York/San Francisco

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 REPORT

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. Puah Tze Shyang). The Audit Committee has reviewed the interim report (including the unaudited condensed consolidated financial statements) of the Company for the six months ended 31 January 2019.

By Order of the Board
Chew Fook Aun
Chairman

Hong Kong, 26 March 2019