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## LAI FUNG HOLDINGS

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

### ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 JULY 2016

#### RESULTS

The board of directors (the "**Board**") of Lai Fung Holdings Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 July 2016 together with the comparative figures for the previous year as follows:

#### Consolidated Income Statement

For the year ended 31 July 2016

	Notes	2016 HK\$'000	2015 HK\$'000
TURNOVER	3	2,043,530	1,901,394
Cost of sales		( 954,724)	( 864,887)
Gross profit		1,088,806	1,036,507
Other income and gains		133,476	142,686
Selling and marketing expenses		( 61,498)	( 54,273)
Administrative expenses		( 289,680)	( 289,724)
Other operating expenses, net		( 124,930)	( 73,862)
Fair value losses on cross currency swaps		-	( 86,492)
Fair value gains on investment properties		528,015	948,654
PROFIT FROM OPERATING ACTIVITIES	4	1,274,189	1,623,496
Finance costs	5	( 156,356)	( 199,067)
Share of profits of joint ventures		167,752	154,817
PROFIT BEFORE TAX		1,285,585	1,579,246
Tax	6	( 388,163)	( 571,197)
PROFIT FOR THE YEAR		897,422	1,008,049
ATTRIBUTABLE TO:			
Owners of the Company		873,527	1,004,901
Non-controlling interests		23,895	3,148
		897,422	1,008,049
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY:	8		
Basic		HK\$0.054	HK\$0.062
Diluted		HK\$0.054	HK\$0.062

Consolidated Statement of Comprehensive Income  
For the year ended 31 July 2016

	<b>2016</b> <b>HK\$'000</b>	2015 HK\$'000
PROFIT FOR THE YEAR	<b>897,422</b>	1,008,049
OTHER COMPREHENSIVE INCOME/(EXPENSES) TO BE RECLASSIFIED TO THE INCOME STATEMENT IN SUBSEQUENT PERIODS, NET OF TAX		
Reversal of impairment of investment properties under construction	-	6,353
Exchange differences arising on translation to presentation currency	( 987,871)	( 147,834)
Share of other comprehensive expenses of joint ventures	( 52,223)	( 7,677)
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the year	( 88,697)	-
Reclassification adjustments for exchange gain included in the consolidated income statement	135,756	-
	<u>47,059</u>	<u>-</u>
	<u>( 993,035)</u>	<u>( 149,158)</u>
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE YEAR	<u>( 95,613)</u>	<u>858,891</u>
ATTRIBUTABLE TO:		
Owners of the Company	( 98,997)	859,079
Non-controlling interests	3,384	( 188)
	<u>( 95,613)</u>	<u>858,891</u>

## Consolidated Statement of Financial Position

As at 31 July 2016

	Notes	2016 HK\$'000	2015 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>1,450,871</b>	1,326,096
Prepaid land lease payments		<b>4,623</b>	5,115
Investment properties		<b>14,661,728</b>	14,479,603
Properties under development		<b>1,184,375</b>	1,617,398
Investments in joint ventures		<b>804,431</b>	739,028
Deposit for acquisition of an investment property		<b>228,620</b>	-
Total non-current assets		<b><u>18,334,648</u></b>	<u>18,167,240</u>
<b>CURRENT ASSETS</b>			
Properties under development		<b>791,844</b>	278,459
Completed properties for sale		<b>503,187</b>	1,341,754
Debtors, deposits and prepayments	9	<b>367,068</b>	327,379
Prepaid tax		<b>32,575</b>	36,254
Pledged and restricted time deposits and bank balances		<b>1,066,374</b>	1,292,830
Cash and cash equivalents		<b>2,546,240</b>	1,571,281
		<b>5,307,288</b>	4,847,957
Asset classified as held for sale		<b>257,666</b>	265,432
Total current assets		<b><u>5,564,954</u></b>	<u>5,113,389</u>
<b>CURRENT LIABILITIES</b>			
Creditors and accruals	10	<b>797,512</b>	650,843
Deposits received and deferred income		<b>596,367</b>	220,549
Interest-bearing bank loans, secured		<b>287,548</b>	2,487,367
Loans from a joint venture		<b>350,328</b>	372,897
Tax payable		<b>399,326</b>	339,194
Total current liabilities		<b><u>2,431,081</u></b>	<u>4,070,850</u>
NET CURRENT ASSETS		<b><u>3,133,873</u></b>	<u>1,042,539</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<b><u>21,468,521</u></b>	<u>19,209,779</u>

## Consolidated Statement of Financial Position (continued)

As at 31 July 2016

	Note	2016 HK\$'000	2015 HK\$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		<b>21,468,521</b>	19,209,779
NON-CURRENT LIABILITIES			
Long-term deposits received		<b>124,389</b>	103,369
Interest-bearing bank loans, secured		<b>2,747,970</b>	533,780
Advances from a former substantial shareholder		<b>54,675</b>	58,198
Loans from a fellow subsidiary		<b>221,714</b>	229,244
Loan from a joint venture		<b>222,430</b>	-
Fixed rate senior notes	11	<b>2,092,741</b>	2,220,914
Derivative financial instruments		<b>210,068</b>	111,654
Deferred tax liabilities		<b>2,406,920</b>	2,407,392
Total non-current liabilities		<b>8,080,907</b>	5,664,551
		<b>13,387,614</b>	13,545,228
EQUITY			
Equity attributable to owners of the Company			
Issued capital		<b>1,619,770</b>	1,612,968
Reserves		<b>11,694,997</b>	11,853,385
		<b>13,314,767</b>	13,466,353
Non-controlling interests		<b>72,847</b>	78,875
		<b>13,387,614</b>	13,545,228

## Notes to Consolidated Financial Statements

### 1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for completed investment properties, certain investment properties under construction and derivative financial instruments, which have been measured at fair value. Non-current asset classified as held for sale is stated at the lower of its carrying amount and fair value less costs to sell. These financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand except when otherwise indicated.

### 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

There were no new or revised standards adopted for the first time for the current year's financial statements.

### 3. OPERATING SEGMENT INFORMATION

	<u>Property development</u>		<u>Property investment</u>		<u>Consolidated</u>	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
<b>Segment revenue/results:</b>						
Segment revenue						
Sales to external customers	<b>1,414,160</b>	1,275,352	<b>629,370</b>	626,042	<b>2,043,530</b>	1,901,394
Other revenue	<b>2,659</b>	1,459	<b>109,247</b>	112,295	<b>111,906</b>	113,754
Total	<b>1,416,819</b>	1,276,811	<b>738,617</b>	738,337	<b>2,155,436</b>	2,015,148
Segment results	<b>511,683</b>	489,261	<b>846,094</b>	1,287,051	<b>1,357,777</b>	1,776,312
Interest income from bank deposits					<b>15,339</b>	20,621
Unallocated gains					<b>6,231</b>	8,311
Fair value losses on cross currency swaps					-	( 86,492)
Impairment of asset classified as held for sale					-	( 33,177)
Unallocated expenses, net					<b>( 105,158)</b>	( 62,079)
Profit from operating activities					<b>1,274,189</b>	1,623,496
Finance costs					<b>( 156,356)</b>	( 199,067)
Share of profits of joint ventures	<b>167,752</b>	154,817	-	-	<b>167,752</b>	154,817
Profit before tax					<b>1,285,585</b>	1,579,246
Tax					<b>( 388,163)</b>	( 571,197)
Profit for the year					<b>897,422</b>	1,008,049
<b>Segment assets/liabilities:</b>						
Segment assets	<b>2,690,689</b>	3,462,149	<b>16,379,121</b>	15,809,833	<b>19,069,810</b>	19,271,982
Investments in joint ventures	<b>804,431</b>	739,028	-	-	<b>804,431</b>	739,028
Unallocated assets					<b>3,767,695</b>	3,004,187
Asset classified as held for sale					<b>257,666</b>	265,432
Total assets					<b>23,899,602</b>	23,280,629
Segment liabilities	<b>830,687</b>	479,129	<b>541,816</b>	350,757	<b>1,372,503</b>	829,886
Unallocated liabilities					<b>9,139,485</b>	8,905,515
Total liabilities					<b>10,511,988</b>	9,735,401

During the year, no single customer accounted for over 10% of the Group's total turnover (2015: Nil).

No further geographical segment information is presented as over 90% of the Group's revenue is derived from Mainland China.

### 3. OPERATING SEGMENT INFORMATION (continued)

	Property development		Property investment		Consolidated	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
<b>Other segment information:</b>						
Depreciation	2,964	3,001	63,501	66,201	66,465	69,202
Corporate and other unallocated depreciation					4,736	5,050
					<u>71,201</u>	<u>74,252</u>
Capital expenditure	616	1,822	678,582	469,612	679,198	471,434
Corporate and other unallocated capital expenditure					367	1,598
					<u>679,565</u>	<u>473,032</u>
Fair value gains on investment properties	-	-	528,015	948,654	528,015	948,654
Reversal of impairment of investment properties under construction*	-	-	-	8,471	-	8,471
Write-down of completed properties for sale to net realisable value	3,485	7,436	-	-	3,485	7,436
Loss on return of land use right to the local authority	19,929	-	-	-	19,929	-
Loss on disposal of items of property, plant and equipment	8	-	91	145	99	145

\* During the year ended 31 July 2015, reversal of impairment of investment properties under construction of HK\$8,471,000 was recognised in other comprehensive income.

#### 4. PROFIT FROM OPERATING ACTIVITIES

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

	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
Property management fee income <sup>φ</sup>	( 98,128)	( 95,721)
Interest income from bank deposits <sup>φ</sup>	( 15,339)	( 20,621)
Cost of completed properties sold	<b>806,304</b>	705,031
Outgoings in respect of rental income	<b>148,420</b>	159,856
Total cost of sales	<b>954,724</b>	864,887
Depreciation <sup>#</sup>	<b>71,201</b>	74,252
Ineffective portion of the effective hedge recognised in profit or loss*	<b>9,717</b>	-
Amortisation of prepaid land lease payments Capitalised in properties under development	<b>17,528</b> ( 17,342)	11,156 ( 10,961)
	<b>186</b>	195
Foreign exchange differences, net*	<b>24,513</b>	( 31,863)
Loss on disposal of items of property, plant and equipment <sup>#</sup>	<b>99</b>	145
Impairment of asset classified as held for sale*	-	33,177
Loss on return of land use right to the local authority**	<b>19,929</b>	-
Write-down of completed properties for sale to net realisable value*	<b>3,485</b>	7,436

<sup>φ</sup> These items are included in "Other income and gains" on the face of the consolidated income statement.

<sup>#</sup> The depreciation charge of HK\$60,310,000 (2015: HK\$62,612,000) for serviced apartments and related leasehold improvements and the loss on disposal of items of property, plant and equipment of HK\$99,000 (2015: HK\$145,000) are included in "Other operating expenses, net" on the face of the consolidated income statement.

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

\*\* During the year ended 31 July 2016, a site located on Guan Lu Road in Yuexiu District of Guangzhou in the PRC was returned to the local authority with a cash consideration of HK\$247,149,000 received. A loss on return of land use right to the local authority of HK\$19,929,000 was included in "Other operating expenses, net" on the face of the consolidated income statement.



## 5. FINANCE COSTS

	2016 HK\$'000	2015 HK\$'000
Interest on:		
Bank loans	139,501	141,926
2013 Notes (as defined and disclosed in note 11)	141,117	141,486
Loans from a joint venture	15,138	9,397
Amortisation of:		
Bank loans	12,844	14,736
2013 Notes	7,583	7,060
Bank financing charges and direct costs	<u>18,857</u>	<u>26,133</u>
	<b>335,040</b>	<b>340,738</b>
Less: Capitalised in properties under development	( 97,536)	( 61,065)
Capitalised in investment properties under construction	( 68,596)	( 76,661)
Capitalised in construction in progress	( 12,552)	( 3,945)
	<u>(178,684)</u>	<u>(141,671)</u>
Total finance costs	<u><b>156,356</b></u>	<u><b>199,067</b></u>

## 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 year (2015: Nil). Taxes on profits assessable elsewhere had been calculated at the tax rates prevailing in the jurisdictions in which the Group operates.

	2016 HK\$'000	2015 HK\$'000
Current - Mainland China		
Corporate income tax		
Charge for the year	130,622	158,673
Underprovision in prior years	<u>21,029</u>	<u>-</u>
	<u><b>151,651</b></u>	<u><b>158,673</b></u>
Land appreciation tax		
Charge for the year	176,315	165,161
Overprovision in prior years	<u>(84,115)</u>	<u>-</u>
	<u><b>92,200</b></u>	<u><b>165,161</b></u>
Deferred	<u><b>144,312</b></u>	<u><b>247,363</b></u>
Total tax charge for the year	<u><b>388,163</b></u>	<u><b>571,197</b></u>

## 7. DIVIDEND

	<b>2016</b> <b>HK\$'000</b>	2015 HK\$'000
Proposed final – HK\$0.0036 (2015: HK\$0.0033) per ordinary share	<u>58,312</u>	<u>53,228</u>

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

On 11 December 2015, the Company's shareholders approved at the annual general meeting a final dividend of HK\$0.0033 per share payable in cash with a scrip dividend alternative (the "**2015 Scrip Dividend Scheme**") for the year ended 31 July 2015 (the "**2015 Final Dividend**"). During the year ended 31 July 2016, 68,017,617 new shares were issued by the Company at a deemed price of HK\$0.1172 per share, credited as fully paid, to shareholders of the Company who had elected to receive scrip shares in lieu of cash under the 2015 Scrip Dividend Scheme to settle HK\$7,972,000 of the 2015 Final Dividend. The remainder of the 2015 Final Dividend of HK\$45,256,000 was satisfied by cash.

Further details of the 2015 Scrip Dividend Scheme are set out in the Company's circular dated 30 December 2015.

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

The calculation of basic earnings per share amounts was based on the profit for the year attributable to owners of the Company of HK\$873,527,000 (2015: HK\$1,004,901,000), and the weighted average number of ordinary shares of 16,164,054,959 (2015: 16,115,824,911) in issue during the year.

The calculation of diluted earnings per share amounts was based on the profit for the year 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 year, 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.

No adjustment has been made to the basic earnings per share amounts presented for the year ended 31 July 2016 in respect of a dilution as the share options had an anti-dilutive effect on the basic earnings per share amounts presented. The calculations of basic and diluted earnings per share are based on:

	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
<u>Earnings</u>		
Profit attributable to owners of the Company used in the basic earnings per share calculation	<u><b>873,527</b></u>	<u>1,004,901</u>
	Number of shares	
	<b>2016</b>	2015
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	<b>16,164,054,959</b>	16,115,824,911
Effect of dilution – weighted average number of ordinary shares:		
Share options	<u>-</u>	<u>17,648,191</u>
	<u><b>16,164,054,959</b></u>	<u>16,133,473,102</u>

## 9. 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 apartment 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.

The Group did not hold any collateral or other credit enhancements over these balances.

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

	<b>2016</b> <b>HK\$'000</b>	2015 HK\$'000
Trade receivables, net:		
Within one month	<b>239,078</b>	219,888
One to three months	<b>6,466</b>	1,952
Over three months	<b>5,276</b>	2,264
	<b>250,820</b>	224,104
Other receivables, deposits and prepayments	<b>116,248</b>	103,275
Total	<b>367,068</b>	327,379

## 10. CREDITORS AND ACCRUALS

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

	<b>2016</b> <b>HK\$'000</b>	2015 HK\$'000
Trade payables:		
Within one month	<b>81,680</b>	39,315
One to three months	<b>16,777</b>	9,951
Over three months	<b>72</b>	-
	<b>98,529</b>	49,266
Accruals and other payables	<b>698,983</b>	601,577
Total	<b>797,512</b>	650,843

## 11. FIXED RATE SENIOR NOTES

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

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

## FINAL DIVIDEND AND BOOK CLOSE DATES

The Board has recommended a final dividend of HK\$0.0036 per share for the year ended 31 July 2016 (2015: HK\$0.0033 per share) payable to shareholders ("**Shareholders**") whose names appear on the Hong Kong Branch Register of Members of the Company ("**Register of Members**") at the close of business on Friday, 23 December 2016. Subject to the approval of Shareholders at the forthcoming annual general meeting of the Company ("**AGM**"), the proposed final dividend, will be payable in cash, with an option for the Shareholders to receive new fully paid shares of par value of HK\$0.10 each in the share capital of the Company in lieu of cash, or partly in cash and partly in new shares under the scrip dividend scheme (the "**Scrip Dividend Scheme**").

A circular containing details of the Scrip Dividend Scheme and the relevant election form are expected to be sent to the Shareholders on or about Wednesday, 4 January 2017.

The Scrip Dividend Scheme is conditional upon the passing of the resolution relating to the payment of final dividend at the AGM and the granting of the listing of and permission to deal in new shares to be issued under the Scrip Dividend Scheme by the Listing Committee of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**").

Final dividend will be distributed, and the share certificates to be issued under the Scrip Dividend Scheme will be sent on Friday, 27 January 2017 to the Shareholders whose names appear on the Register of Members on Friday, 23 December 2016.

The Register of Members will be closed on Thursday, 22 December 2016 and Friday, 23 December 2016, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all relevant transfer document(s) and share certificate(s) must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 21 December 2016.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND OUTLOOK

The 2015/2016 financial year was dominated by political and geopolitical uncertainties at home and abroad. These included the US presidential election, Brexit, protracted conflicts in the Middle East, refugee issues in Europe, Legislative Council elections in Hong Kong, to name a few. Major global economies continued to be hindered by these factors. The fundamentals remained delicate and capital markets performances around the world are correspondingly cautious.

Against this backdrop, the Central Government continued to demonstrate stability in achieving economic growth through implementing a combination of proactive fiscal policy and prudent monetary policy. Whilst it is clear that some of the sectors, such as exports, have been slowing. Such slowdown has been countered by promoting other sectors. The property sector has been a beneficiary of this during this financial year and reflected in the results before they were mitigated by a depreciating Renminbi during the same period. We believe the property sector will remain an important economic pillar and continues to be shaped significantly by government policies. The Central Government's approach to the economy is certainly good news to the sector in the long run and supportive fiscal policy would be beneficial to investors and developers alike.

The Group's regional focus coupled with the rental-led strategy that the Group adopted since 2012 has demonstrated resilience against such a challenging operating environment. The rental portfolio of approximately 3.5 million square feet, primarily in Shanghai and Guangzhou, delivered steady performance in rental income at close to full occupancies for the key assets. Lai Fung Tower in Guangzhou was completed in June 2016 and has been added to the rental portfolio of the Group. Up to the date of this announcement, excluding the office area that is subject to the asset swap transaction as announced by the Company on 15 January 2015, approximately 83.5% of the gross floor area ("GFA") of the building has been leased or has offers to lease.

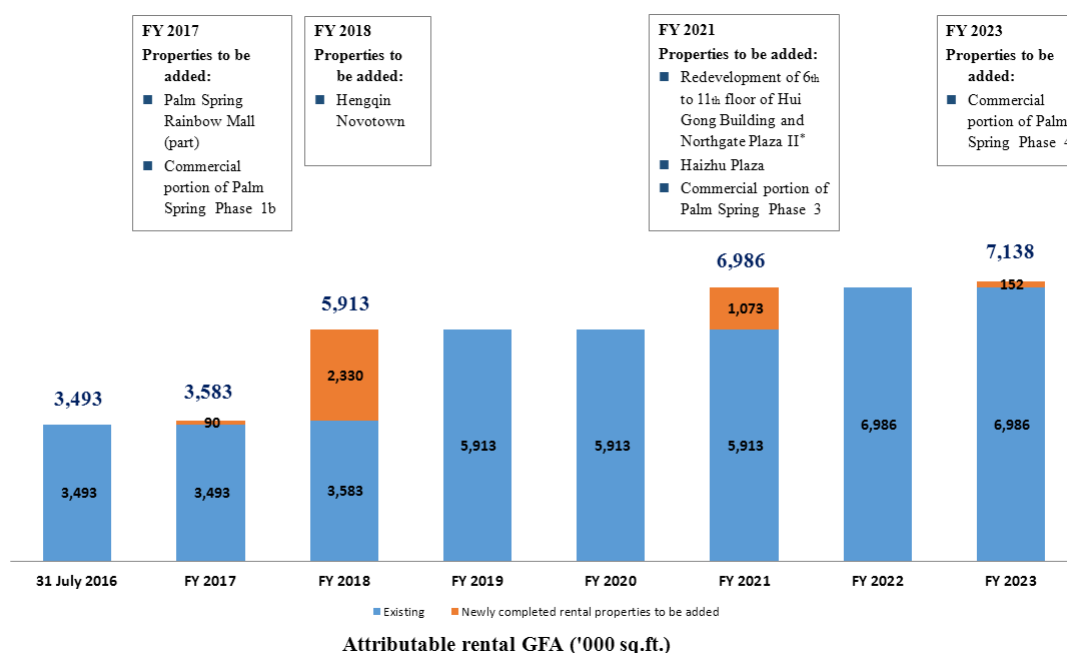
During the year ended 31 July 2016, the Group performed admirably but suffered from currency translation against a depreciated Renminbi on a reported basis. The sale of residential portion of Guangzhou Eastern Place Phase V and Zhongshan Palm Spring residential units underpinned this set of results and once again confirmed the strength and depth of the underlying demand in China.

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 3.5 million square feet to approximately 7.1 million square feet through developing the existing projects on hand over the next few years. On 30 September 2015, the Group entered into an agreement to acquire the 6<sup>th</sup> to 11<sup>th</sup> floors of Hui Gong Building that is physically connected to Northgate Plaza I in Shanghai, together with the right to use 20 car-parking spaces in the basement ("**Hui Gong Building**") which will facilitate the redevelopment plan of Northgate Plaza I and the adjacent Northgate Plaza II and enhance the overall value of the combined development once they are redeveloped. This transaction was completed in September 2016.

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

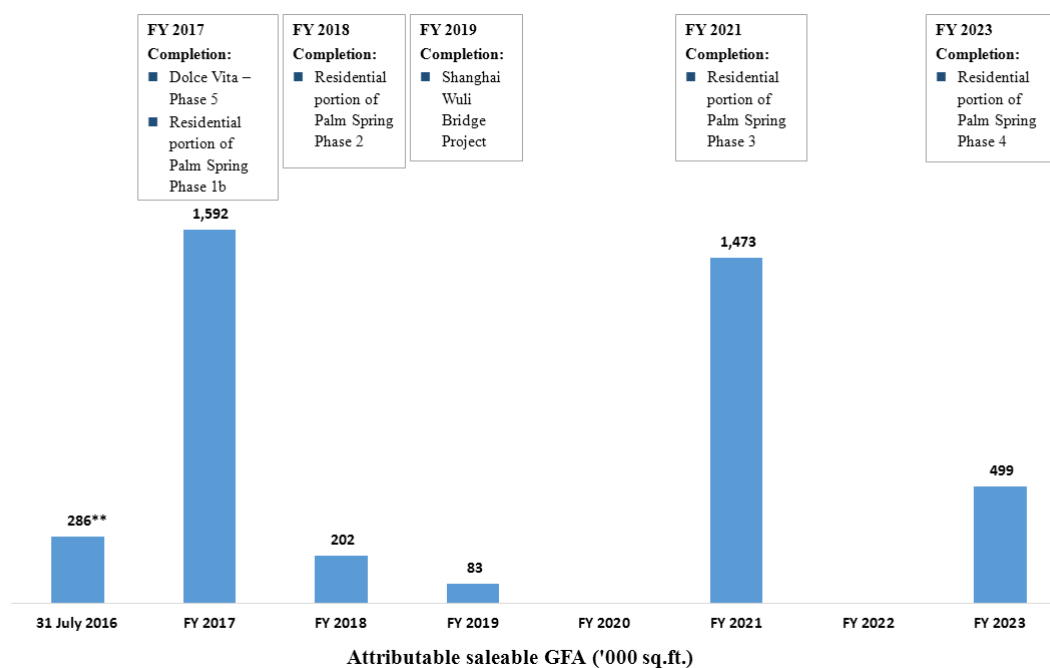
Set out below is the expected growth of the rental portfolio of the Group and the pipeline of development projects of the Group as at 31 July 2016:

### Rental Portfolio



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

## For-sale Projects



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

To increase liquidity of the Company's shares in the United States of America ("US") and to provide access to the US capital market, a sponsored Level 1 American Depositary Receipt Programme was established with the Bank of New York Mellon and is effective since 1 April 2016.

As at 31 July 2016, the Group has a landbank of 7.3 million square feet. The Group's strong cash position of HK\$3,612.6 million of cash on hand with a net debt to equity ratio of 18% as at 31 July 2016 provides the Group with full confidence and the means to review opportunities more actively.

## OVERVIEW OF FINAL RESULTS

For the year ended 31 July 2016, the Group recorded a turnover of HK\$2,043.5 million (2015: HK\$1,901.4 million) and a gross profit of HK\$1,088.8 million (2015: HK\$1,036.5 million), representing an increase of approximately 7.5% and 5.0%, respectively over last year. The average Renminbi exchange rate for the year under review depreciated by over 4.5% over last year. Excluding the effect of currency translation against a depreciating Renminbi, the increase in Renminbi denominated turnover was 12.5%. Set out below is the turnover by segment:

	For the year ended 31 July			
	2016 (HK\$ million)	2015 (HK\$ million)	Difference (HK\$ million)	% change
Rental income	629.4	626.0	3.4	0.5%
Sales of properties	1,414.1	1,275.4	138.7	10.9%
<b>Total:</b>	<b>2,043.5</b>	<b>1,901.4</b>	<b>142.1</b>	<b>7.5%</b>

Net profit attributable to owners of the Company was approximately HK\$873.5 million (2015: HK\$1,004.9 million), representing a decrease of approximately 13.1% over last year. The decrease is primarily due to a lower revaluation gain arising from the revaluation of the Group's investment properties for the year ended 31 July 2016 as compared to last year. Basic earnings per share was HK\$0.054 (2015: HK\$0.062).

Excluding the effect of property revaluations, net profit attributable to owners of the Company was approximately HK\$484.3 million (2015: HK\$294.6 million), representing an increase of approximately 64.4% over last year. The increase is primarily due to (a) increased profit contribution from the recognition of the sale of properties for the year ended 31 July 2016 as compared to last year; and (b) the absence of a fair value loss arising on cross currency swaps which were entered into in relation to the Company's RMB1.8 billion senior notes issued in 2013 as compared to last year. No such fair value loss was recorded in the income statement in the year under review. Basic earnings per share excluding the effect of property revaluations increased to HK\$0.030 (2015: HK\$0.018).

<b>Profit attributable to owners of the Company (HK\$ million)</b>	<b>For the year ended 31 July</b>	
	<b>2016</b>	<b>2015</b>
Reported	<b>873.5</b>	1,004.9
Adjustments in respect of investment properties		
Revaluation of properties	<b>(528.0)</b>	(948.7)
Deferred tax on investment properties	<b>132.0</b>	237.2
Non-controlling interests' share of revaluation movements less deferred tax	<b>6.8</b>	1.2
Net profit after tax excluding revaluation gains of investment properties	<b>484.3</b>	294.6
Adjustment in respect of fair value losses on cross currency swaps	-	86.5
Adjustments in respect of ineffective portion of the effective hedge recognised in profit or loss	<b>9.7</b>	-
Net profit after tax excluding adjustments in respect of investment properties, fair value losses on cross currency swaps and ineffective portion of the effective hedge recognised in profit or loss	<b>494.0</b>	381.1

Net assets attributable to owners of the Company as at 31 July 2016 amounted to HK\$13,314.8 million (2015: HK\$13,466.4 million). Net asset value per share attributable to owners of the Company decreased to HK\$0.822 per share as at 31 July 2016 from HK\$0.835 per share as at 31 July 2015. The slight decrease in net asset value is primarily due to the depreciation of Renminbi between year ends by over 6% partially offset by net profits earned during the year under review.

#### PROPERTY PORTFOLIO COMPOSITION

Approximate attributable GFA (in '000 square feet) and number of car-parking spaces as at 31 July 2016:

	<b>Commercial/ Retail</b>	<b>Office</b>	<b>Serviced Apartments</b>	<b>Residential</b>	<b>Total (excluding car-parking spaces &amp; ancillary facilities)</b>	<b>No. of car-parking spaces</b>
Completed Properties Held for Rental <sup>1</sup>	1,801	1,096	-	-	2,897	792
Completed Hotel Properties and Serviced Apartments	-	-	597	-	597	-
Properties under Development <sup>2</sup>	1,206	1,446	822	3,841	7,315	5,471
Completed Properties Held for Sale	81 <sup>3</sup>	76	-	280	437	1,230
<b>Total GFA of major properties of the Group</b>	<b>3,088</b>	<b>2,618</b>	<b>1,419</b>	<b>4,121</b>	<b>11,246</b>	<b>7,493</b>

1. Completed and rental generating properties
2. All properties under construction
3. Completed properties for sale, including 68,982 square feet of shopping arcade space which is expected to be reclassified as completed properties held for rental purpose as it is being leased out over time.



## PROPERTY INVESTMENT

### Rental Income

For the year ended 31 July 2016, the Group's rental operations recorded a turnover of HK\$629.4 million (2015: HK\$626.0 million), representing a 0.5% increase over last year. Excluding the effect of currency translation against a depreciated Renminbi, the growth for Renminbi denominated rental income was 5.2%. Breakdown of rental turnover by major rental properties is as follows:

	For the year ended 31 July			Year end occupancy (%)
	2016 HK\$ million	2015 HK\$ million	% Change	
<b>Shanghai</b>				
Shanghai Hong Kong Plaza	398.2	407.2	-2.2	Retail: 98.3% Office: 97.8% Serviced Apartments: 88.8%
Shanghai May Flower Plaza	71.4	61.7	15.7	Retail: 99.5% Hotel: 90.4%
Shanghai Regents Park	14.3	13.4	6.7	100.0%
Shanghai Northgate Plaza I	4.9	10.8	-54.6	0.0%*
<b>Guangzhou</b>				
Guangzhou May Flower Plaza	109.5	108.9	0.6	98.6%
Guangzhou West Point	17.2	17.2	0	98.7%
Guangzhou Lai Fung Tower	6.2	-	N/A	Retail: 91.8% Office: 53.9%
<b>Zhongshan</b>				
Zhongshan Palm Spring	7.7	6.8	13.2	Retail: 82.0%** Serviced Apartments: 57.1%
<b>Total:</b>	<b>629.4</b>	<b>626.0</b>	<b>0.5</b>	

\* All tenants have been vacated for project redevelopment

\*\* Excluding self-use area

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

	For the year ended 31 July 2016			For the year ended 31 July 2015		
	Group interest	Turnover (HK\$ million)	Attributable GFA (square feet)	Group interest	Turnover (HK\$ million)	Attributable GFA (square feet)
<b>Shanghai</b>						
Shanghai Hong Kong Plaza	100%			100%		
Retail		175.4	468,434		179.9	468,434
Office		93.0	360,687		96.0	360,687
Serviced Apartments (room revenue and F&B)		123.3	354,239		124.1	354,239
Car-parking spaces		6.5	N/A		7.2	N/A
		<b>398.2</b>	<b>1,183,360</b>		<b>407.2</b>	<b>1,183,360</b>
Shanghai May Flower Plaza	100%			100%		
Retail		30.1	320,314		27.8	320,314
Hotel (room revenue and F&B)		38.3	143,846		32.0	143,846
Car-parking spaces		3.0	N/A		1.9	N/A
		<b>71.4</b>	<b>464,160</b>		<b>61.7</b>	<b>464,160</b>
Shanghai Regents Park	95%			95%		
Retail		10.7	77,959		11.0	77,959
Car-parking spaces		3.6	N/A		2.4	N/A
		<b>14.3</b>	<b>77,959</b>		<b>13.4</b>	<b>77,959</b>
Shanghai Northgate Plaza I	100%			99%		
Retail		-	192,348		-	190,425
Office		4.7	130,233		10.2	128,931
Car-parking spaces		0.2	N/A		0.6	N/A
		<b>4.9</b>	<b>322,581</b>		<b>10.8</b>	<b>319,356</b>
<b>Guangzhou</b>						
Guangzhou May Flower Plaza	100%			100%		
Retail		94.5	357,424		94.2	357,424
Office		11.4	79,431		10.9	79,431
Car-parking spaces		3.6	N/A		3.8	N/A
		<b>109.5</b>	<b>436,855</b>		<b>108.9</b>	<b>436,855</b>
Guangzhou West Point	100%			100%		
Retail		<b>17.2</b>	<b>171,968</b>		17.2	171,968
Guangzhou Lai Fung Tower	100%			100%		
Retail		0.7	100,341		-	23,326
Office		5.1	525,463		-	N/A
Car-parking spaces		0.4	N/A		-	N/A
		<b>6.2</b>	<b>625,804</b>		<b>-</b>	<b>23,326</b>
<b>Zhongshan</b>						
Zhongshan Palm Spring	100%			100%		
Retail		2.9	112,124		1.9	74,174
Serviced Apartments (room revenue)		4.8	98,556		4.9	98,556
		<b>7.7</b>	<b>210,680</b>		<b>6.8</b>	<b>172,730</b>
<b>Total:</b>		<b>629.4</b>	<b>3,493,367</b>		<b>626.0</b>	<b>2,849,714</b>

Rental income performed steadily as a whole with almost full occupancy in all the major properties. Rental income growth was partially offset by depreciation of Renminbi during the year under review. The increase in turnover of Shanghai May Flower Plaza is mainly driven by a better performance of the STARR Hotel Shanghai since its soft opening in November 2013.

Guangzhou Lai Fung Tower, the office block of Guangzhou Eastern Place Phase V, was completed and added to the rental portfolio of the Group in June 2016 and has started to contribute to the rental income of the Group. Up to the date of this announcement, excluding the office area that is subject to the asset swap transaction as announced by the Company on 15 January 2015, approximately 83.5% of the GFA of the building has been leased or has offers to lease.

All tenants of Shanghai Northgate Plaza I have been vacated for redevelopment of Shanghai Northgate Plaza I, Northgate Plaza II and the 6th to 11th floors of Hui Gong Building acquired by the Group in September 2016. The Group is currently discussing the redevelopment proposal with professional consultants and local authorities.

A portion of the Zhongshan Palm Spring Rainbow Mall, amounting to approximately 62% of total GFA, has been reclassified as rental properties as the floor space was leased out. Further reclassification and rental income recognition will take place in due course as the property becomes fully leased.

## **Review of Major Rental Properties**

### *Shanghai Hong Kong Plaza*

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

The property's total GFA is approximately 1.18 million square feet excluding 350 car-parking spaces. The property comprises an office tower, shopping arcades and a serviced apartment tower with total GFA of approximately 360,700 square feet, 468,400 square feet and 354,200 square feet, respectively. The property is directly above the Huangpi South Road Metro Station and is within walking distance of Xintiandi, a well-known landmark in Shanghai. The shopping arcades are now one of the most visible high-end retail venues for global luxury brands in the area. Anchor tenants include The Apple Store, Cartier, Coach, GAP, MCM, Tiffany, Y3 and internationally renowned luxury brands and a wide array of dining options. Asset enhancement aimed at improving foot traffic at the higher levels of the retail podium of the Shanghai Hong Kong Plaza has been completed and new tenants have moved in by the end of 2014.

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

The Group owns 100% of this property.

### *Shanghai May Flower Plaza*

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

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

### *Shanghai Northgate Plaza*

Shanghai Northgate Plaza I (now closed and pending redevelopment) comprises office units, a retail podium and car-parking spaces. Located on Tian Mu Road West in the Jing'an District of Shanghai near the Shanghai Railway Terminal, this property has a total GFA of approximately 322,600 square feet excluding car-parking spaces and ancillary area. The Group acquired the 1% minority interest in this property in March 2016 and now owns 100% of this property.

Shanghai Northgate Plaza II is a vacant site adjacent to Northgate Plaza I. The site area of Northgate Plaza II is approximately 44,300 square feet and its buildable GFA is approximately 259,900 square feet excluding car-parking spaces and ancillary facilities. The Group acquired the 1% minority interest in this property in March 2016 and now owns 100% of this property.

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 with a total GFA of approximately 111,400 square feet, together with the right to use 20 car-parking spaces in the basement. The Group plans to redevelop Shanghai Northgate Plaza I, Northgate Plaza II and the Hui Gong Building together under a comprehensive redevelopment plan. The redeveloped project will include an office tower, a shopping arcade and underground car-parking spaces. The Group is currently discussing the redevelopment proposal with professional consultants and local authorities and all tenants of Northgate Plaza I have been vacated for such redevelopment.

#### *Guangzhou May Flower Plaza*

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

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

The Group owns 100% of this property.

#### *Guangzhou West Point*

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

#### *Guangzhou Lai Fung Tower*

Guangzhou Lai Fung Tower is the office block of Phase V of Guangzhou Eastern Place, which is a multi-phase project located on Dongfeng East Road, Yuexiu District, Guangzhou. This 38-storey office building was completed in June 2016. The Group currently owns a total GFA of approximately 625,800 square feet of this property excluding 204 car-parking spaces.

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

Up to the date of this announcement, excluding the office area that is subject to the asset swap transaction with Guangzhou Light Industry, approximately 83.5% of the GFA of the building has been leased or has offers to lease.

## 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 354,200 square feet GFA attributable to the Group has 308 contemporary apartments of various sizes: studios (640-750 sq.ft.), one bedroom apartments (915-1,180 sq.ft.), two-bedroom apartments (1,720 sq.ft.), three-bedroom apartments (2,370 sq.ft.) and two luxurious penthouses on the highest two floors (4,520 sq.ft.). An average occupancy rate of 87.0% was achieved during the year under review and the average room tariff was approximately HK\$1,290.

### *STARR Hotel Shanghai*

STARR Hotel Shanghai soft opened in November 2013 and is a 17-storey hotel located in the Mayflower Lifestyle complex, 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. The GFA attributable to the Group is approximately 143,800 square feet. An average occupancy rate of 83.1% was achieved during the year under review since its soft opening in November 2013 and the average room tariff was approximately HK\$520.

### *STARR Resort Residence Zhongshan*

STARR Resort Residence Zhongshan comprises two 16-storey blocks located in the Palm Lifestyle complex in Zhongshan Western District at Cui Sha Road. It is 30 minutes away from Zhongshan ferry pier and an ideal place for weekend breaks with a wide range of family oriented facilities such as an outdoor Swimming Pool, Gym, Yoga Room, Reading Room, Wine Club, Card Game/Mahjong Room, Tennis Court, etc. There are 90 fully furnished serviced apartment units with kitchenette, unit type one- and two-bedroom suite and the total GFA is approximately 98,600 square feet. The resort also has a F&B outlet of 80 seats, suitable for private party and BBQ, etc. An average occupancy rate of 47.4% was achieved during the year under review and the average room tariff was approximately HK\$370.

## PROPERTY DEVELOPMENT

### **Recognised Sales**

For the year ended 31 July 2016, the Group's property development operations recorded a turnover of HK\$1,414.1 million (2015: HK\$1,275.4 million) from sale of properties, representing a 10.9% increase in sales revenue over last year. Total recognised sales was primarily driven by the sales performance of residential units of Guangzhou Eastern Place Phase V of which approximately 182,574 square feet of residential GFA were sold, achieving sales revenue of HK\$1,052.5 million. Excluding the effect of currency translation against a depreciated Renminbi, the growth for Renminbi denominated turnover from sales of properties during the year under review was 16.0%.

Primarily due to the depreciation of Renminbi, average selling price recognised as a whole (excluding Guangzhou Dolce Vita) for the year ended 31 July 2016 decreased to approximately HK\$4,207 per square foot (2015: HK\$4,243 per square foot).

Sales of Guangzhou Dolce Vita performed well and achieved an average selling price of HK\$2,915 per square foot. This is recognised as a component of "Share of profits of joint ventures" in the consolidated income statement.

Breakdown of turnover for the year ended 31 July 2016 from property sales is as follows:

<b>Recognised basis</b>	<b>Approximate GFA Square feet</b>	<b>Average Selling Price# HK\$/ square foot</b>	<b>Turnover* HK\$ million</b>
Shanghai May Flower Plaza			
Residential Units	9,681	5,169	47.2
Office Apartment Units	12,564	3,660	43.4
Guangzhou Eastern Place			
Residential Units – Phase V	182,574	6,087	1,052.5
Residential Units – Phase IV	891	4,226	3.6
Guangzhou King's Park			
Residential Units	21,404	4,707	95.0
Zhongshan Palm Spring			
Residential High-Rise Units	11,190	701	7.4
Residential House Units	113,709	1,416	151.8
<b>Subtotal</b>	<b>352,013</b>	<b>4,207</b>	<b>1,400.9</b>
Guangzhou King's Park			
Car-parking Spaces			13.2
<b>Total</b>			<b>1,414.1</b>
<b>Recognised sales from joint venture project</b>			
Guangzhou Dolce Vita			
Residential Units**(47.5% basis)	249,775	2,886	680.9
Retail Units**(47.5%)	1,953	6,516	11.7
<b>Subtotal</b>	<b>251,728</b>	<b>2,915</b>	<b>692.6</b>
Car-parking Spaces**(47.5% basis)			19.2
<b>Total</b>			<b>711.8</b>

# Before business tax and value-added tax inclusive

\* After business tax and value-added tax exclusive

\*\* Guangzhou Dolce Vita is a joint venture project with CapitaLand China Holdings Pte. Ltd. ("CapitaLand China") in which each of the Group and CapitaLand China has an effective 47.5% interest. For the year ended 31 July 2016, the recognised sales (after business tax and value-added tax exclusive) attributable to the full project is HK\$1,458.1 million (excluding car-parking spaces) and approximately 529,954 square feet (excluding car-parking spaces) of GFA were recognised. The recognised sales from car-parking spaces attributable to the full project is HK\$40.4 million.

### Contracted Sales

As at 31 July 2016, the Group's property development operations, excluding Guangzhou Dolce Vita, has contracted but not yet recognised sales of HK\$571.7 million from sale of residential units in Zhongshan Palm Spring and HK\$7.3 million from sales of 10 car-parking spaces in Guangzhou King's Park. Sales of the remainder of completed residential units of Zhongshan Palm Spring were strong and achieved an average selling price of HK\$846 per square foot (excluding car-parking spaces). Excluding the effect of currency translation against a depreciated Renminbi, the Renminbi denominated contracted but not yet recognised sales of residential units, excluding Guangzhou Dolce Vita as at 31 July 2016 amounted to RMB478.3 million (2015: RMB162.1 million).

The total contracted but not yet recognised sales of the Group as at 31 July 2016 including Guangzhou Dolce Vita amounted to HK\$2,249.1 million (including car-parking spaces of Guangzhou King's Park and Guangzhou Dolce Vita). The Renminbi denominated contracted but not yet recognised sales of residential units, including Guangzhou Dolce Vita as at 31 July 2016 amounted to RMB1,875.2 million (2015: RMB1,048.4 million).

Breakdown of contracted but not yet recognised sales as at 31 July 2016 is as follows:

<b>Contracted basis</b>	<b>Approximate GFA Square feet</b>	<b>Average Selling Price# HK\$/square foot</b>	<b>Turnover# HK\$ million</b>
Zhongshan Palm Spring			
Residential High-rise Units	635,762	798	507.4
Residential House Units	39,917	1,611	64.3
<b>Subtotal</b>	<b>675,679</b>	<b>846</b>	<b>571.7</b>
Guangzhou King's Park			
Car-parking spaces			7.3
<b>Subtotal</b>			<b>579.0</b>
<b>Contracted sales from joint venture project</b>			
Guangzhou Dolce Vita			
Residential Units** (47.5% basis)	665,452	2,492	1,658.6
Retail Units**(47.5% basis)	1,585	6,814	10.8
<b>Subtotal</b>	<b>667,037</b>	<b>2,503</b>	<b>1,669.4</b>
Car-parking spaces**(47.5% basis)			0.7
<b>Subtotal</b>			<b>1,670.1</b>
<b>Total (excluding car-parking spaces)</b>	<b>1,342,716</b>	<b>1,669</b>	<b>2,241.1</b>

# Before business tax and value-added tax inclusive

\*\* Guangzhou Dolce Vita is a joint venture project with CapitaLand China in which each of the Group and CapitaLand China has an effective 47.5% interest. As at 31 July 2016, the contracted but not yet recognised sales attributable to the full project is HK\$3,514.5 million (excluding car-parking spaces) and approximately 1,404,288 square feet of GFA (excluding car-parking spaces) were sold. The contracted but not yet recognised sales from car-parking spaces attributable to the full project is HK\$1.5 million.

## Review of Major Properties Completed for Sale and under Development

### Shanghai May Flower Plaza

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

The residential portion of Shanghai May Flower Plaza is branded "The Mid-town" which comprises 628 residential units and approximately 627,500 square feet of GFA. During the year under review, 9,681 square feet was recognised at an average selling price of HK\$5,169 per square foot, which contributed HK\$47.2 million to the turnover. The for sale portion of the office apartments comprised of 96 units with a total GFA of approximately 57,500 square feet. During the year under review, sales of 12,564 square feet was recognised at an average selling price of HK\$3,660 per square foot, which contributed HK\$43.4 million to the turnover.

As of 31 July 2016, 458 car-parking spaces of this development remained unsold with a carrying amount of approximately HK\$105.2 million.

### *Shanghai Wuli Bridge Project*

In July 2014, the Group succeeded in the auction for the land use rights of a piece of land located by Huangpu River in Huangpu district in Shanghai with a site area of approximately 74,100 square feet. The proposed development has attributable GFA of approximately 83,200 square feet and is intended to be developed into a high end luxury residential project. This project is expected to complete in the fourth quarter of 2018.

### *Guangzhou Eastern Place Phase V*

Guangzhou Eastern Place is a multi-phase project located on Dongfeng East Road, Yuexiu District, Guangzhou. The current Phase V development will have a total GFA attributable to the Group of approximately 964,700 square feet, comprising two residential blocks (GFA 319,400 square feet approximately), an office block (GFA 625,800 square feet approximately) and ancillary retail spaces. Construction work of residential blocks was completed during the year ended 31 July 2015 and the office block was completed in June 2016.

The residential portion of the Guangzhou Eastern Place Phase V comprised of 317 units. For the year ended 31 July 2016, 182,574 square feet was recognised at an average selling price of HK\$6,087 per square foot, which contributed HK\$1,052.5 million to the turnover. As at 31 July 2016, completed residential units held for sale in this development amounted to approximately 28,839 square feet with a carrying amount of approximately HK\$79.7 million.

### *Guangzhou Dolce Vita*

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

The project is divided into five phases of development. Phase I comprising 8 high-rise residential blocks has been sold out. During the year under review, 251,728 square feet attributable to the Group was recognised and generated attributable sale proceeds of HK\$692.6 million. As at 31 July 2016, attributable GFA of completed units held for sale amounted to 202,067 square feet with a carrying amount of approximately HK\$246.1 million (excluding car-parking spaces). The remaining high-rise residential units under development was approximately 1,313,187 square feet and expected to be completed in the fourth quarter of 2016.

### *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. Project was launched for sale in January 2014.

During the year under review, sales of 21,404 square feet was recognised at an average selling price of HK\$4,707 per square foot, which contributed HK\$95.0 million to the turnover. As at 31 July 2016, attributable GFA of a completed commercial unit held for sale amounted to 3,337 square feet and 34 car-parking spaces with a carrying amount of approximately HK\$33.5 million.



### *Guangzhou Paramount Centre*

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

### *Guangzhou Haizhu Plaza*

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

### *Zhongshan Palm Spring*

The project is located in Caihong Planning Area, Western District of Zhongshan. The overall development has a total planned GFA of approximately 6.041 million square feet. The project will comprise of high-rise residential towers, townhouses, serviced apartments and commercial blocks totaling 4.461 million square feet.

Phase Ia of the project, which was completed during the first half of the financial year ended 31 July 2013, comprises of high-rise residential towers and house units. During the year under review, 11,190 square feet of high-rise residential units and 113,709 square feet of house units were recognised at average selling prices of HK\$701 and HK\$1,416 per square foot, respectively, which contributed a total of HK\$159.2 million to the sales turnover. As at 31 July 2016, contracted but not yet recognised sales for high-rise and townhouses amounted to HK\$507.4 million and HK\$64.3 million, at average selling prices of HK\$798 and HK\$1,611 per square foot, respectively. As at 31 July 2016, completed units held for sale in this development amounted to 51,838 square feet with a carrying amount of approximately HK\$54.1 million. The remaining GFA under development was approximately 3,405,900 square feet.

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

<b>Phase</b>	<b>Description</b>	<b>Approximate GFA* (square feet)</b>	<b>Expected completion</b>
Ib	High-rise residential units	980,400	Q2 2017
II	Townhouses	202,400	Q3 2017
III	High-rise residential units including commercial units	1,571,600	Q3 2020
IV	High-rise residential units including commercial units	651,500	Q3 2022

*\* Excluding car-parking spaces and ancillary facilities*

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

### *Hengqin Novotown*

On 25 September 2013, the Company announced it had successfully won Phase I of the Novotown project in Hengqin ("**Novotown**") which is 80% owned by the Group and 20% owned by eSun. The Novotown has a total GFA of 4.1 million square feet including car-parking spaces and ancillary facilities. The minimum investment requirement for the Novotown is approximately RMB3.0 billion (equivalent to approximately HK\$3.5 billion), of which approximately RMB523.3 million (equivalent to approximately HK\$612.6 million) is land cost as per the land grant contract entered into between the Group and The Land and Resources Bureau of Zhuhai on 27 September 2013. The master layout plan for Novotown has been approved in January 2015 and construction work commenced in the end of 2015. The expected GFA breakdown by usage is set out below:

<b>Usage</b>	<b>GFA (square feet)</b>
Cultural themed hotel	596,416
Cultural workshop	430,610
Cultural commercial area	527,376
Performance halls	150,551
Cultural attractions	285,246
Office	559,966
Cultural studios	362,503
Car-parking spaces	564,500
Ancillary facilities and others	671,207
<b>Total:</b>	<b>4,148,375</b>

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

The Group also entered into licensing agreements on 30 October 2015 with a master license holder of National Geographic Society to develop a Family Edutainment Center. The size of the Family Edutainment Center is expected to be approximately 48,400 square feet, containing no less than 5 individual attractions including rides, F&B facilities, retail premises, virtual reality and/or 4-D interactive experiences, and other types of entertainment & educational attractions.

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

## CAPITAL STRUCTURE, LIQUIDITY AND DEBT MATURITY PROFILE

As at 31 July 2016, cash and bank balances held by the Group amounted to HK\$3,612.6 million and undrawn facilities of the Group was HK\$3,576.2 million.

As at 31 July 2016, the Group had total borrowings amounting to HK\$5,977.4 million (2015: HK\$5,902.4 million), representing an increase of HK\$75.0 million from 2015. The consolidated net assets attributable to the owners of the Company amounted to HK\$13,314.8 million (2015: HK\$13,466.4 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 18% (2015: 23%). The maturity profile of the Group's borrowings of HK\$5,977.4 million is well spread with HK\$637.9 million repayable within 1 year, HK\$2,906.6 million repayable in the second year, HK\$2,307.7 million repayable in the third to fifth years and HK\$125.2 million repayable beyond the fifth year.

Approximately 44% and 51% of the Group's borrowings were on a fixed rate basis and floating rate basis, respectively, and the remaining 5% of the Group's borrowings were interest free.

Apart from the fixed rate senior notes, the Group's other borrowings of HK\$3,884.7 million were 46% denominated in Renminbi ("**RMB**"), 42% in Hong Kong dollars ("**HKD**") and 12% in United States dollars ("**USD**").

The Group's fixed rate senior notes of HK\$2,092.7 million were denominated in RMB. On 25 April 2013, issue date of the RMB denominated senior notes ("**2013 Notes**"), the Group entered into cross currency swap agreements with financial institutions for the purpose of hedging the foreign currency risk arising from such notes. Accordingly, the 2013 Notes have been effectively converted into USD denominated loans.

The Group's cash and bank balances of HK\$3,612.6 million were 86% denominated in RMB, 5% in HKD and 9% in USD.

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

Certain assets of the Group have been pledged to secure borrowings of the Group, including investment properties with a total carrying amount of approximately HK\$9,431.5 million, properties under development with a total carrying amount of approximately HK\$361.7 million, serviced apartments and related properties with a total carrying amount of approximately HK\$572.1 million, completed properties for sale with a total carrying amount of approximately HK\$55.9 million, construction in progress with a total carrying amount of approximately HK\$411.9 million and bank balances of approximately HK\$131.5 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.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 July 2016, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## CORPORATE GOVERNANCE

The Company is committed to achieving and maintaining high standards of corporate governance and has established policies and procedures for compliance with the principles and code provisions set out 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 ("**Listing Rules**").

The Company has complied with all the code provisions set out in the CG Code for the year ended 31 July 2016 save for the deviations from code provisions A.4.1 and A.5.1 as follows:

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

None of the existing non-executive directors ("**NEDs**", including the independent non-executive directors ("**INEDs**")) of the Company is appointed for a specific term. However, all directors of the Company ("**Directors**") are subject to the retirement provisions of the Articles of Association of the Company ("**Articles of Association**") which require that the Directors for the time being shall retire from office by rotation once every three years since their last election by the Shareholders 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**"). As the above selection and nomination policies and procedures have already been in place and the other duties of the nomination committee as set out in the CG Code have long been performed by the full Board effectively, the Board does not consider it necessary to establish a nomination committee at the current stage.

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 July 2016, 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.

## INVESTOR RELATIONS

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

During the year ended 31 July 2016, the Company has met with a number of research analysts and investors, attended conferences as well as non-deal roadshows as follows:

Month	Event	Organizer	Location
October 2015	Post results non-deal roadshow	BNP	Hong Kong
October 2015	Post results non-deal roadshow	DBS	New York/Philadelphia/ Boston/San Francisco
October 2015	Post results non-deal roadshow	Daiwa	Paris/Basel/Zurich/London
November 2015	Post results non-deal roadshow	BNP	Singapore
January 2016	DBS Vickers Pulse of Asia Conference	DBS	Singapore
January 2016	Asia Pacific Financial, Property & Logistics Conference	BNP	Hong Kong
January 2016	The Sixth Hong Kong Corporate Summit	Daiwa	Hong Kong
March 2016	Post results non-deal roadshow	DBS	Hong Kong
April 2016	Post results non-deal roadshow	DBS	Singapore
April 2016	Post results non-deal roadshow	Daiwa	London
April 2016	Post results non-deal roadshow	Daiwa	New York/Los Angeles/ San Diego/San Francisco

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

Firm	Analyst	Publication Date
HSBC	Keith CHAN	20 October 2015

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](mailto:ir@laifung.com).

## REVIEW OF ANNUAL RESULTS

The audit committee of the Company currently comprises two of the INEDs, namely Mr. Law Kin Ho and Mr. Lam Bing Kwan, and a NED, Mr. Lucas Ignatius Loh Jen Yuh (alternate: Mr. Chan Boon Seng). The committee has reviewed the consolidated results (including the consolidated financial statements) of the Company for the year ended 31 July 2016.

## **REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY THE INDEPENDENT AUDITORS**

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 July 2016 as set out in the preliminary announcement have been agreed by the Company's auditors to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the Company's auditors, Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

## **ANNUAL GENERAL MEETING**

The AGM will be held on Friday, 16 December 2016. Notice of the AGM together with the Company's Annual Report for the year ended 31 July 2016 will be published on the respective websites of the Stock Exchange and the Company and despatched to Shareholders in mid-November 2016.

By Order of the Board  
**Chew Fook Aun**  
*Chairman*

Hong Kong, 19 October 2016

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