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 2010

RESULTS

The Board of Directors 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 2010 as follows:

Consolidated Income Statement
For the year ended 31 July 2010

	Notes	**2010 HK$'000**	2009 HK$'000
TURNOVER	3	**1,514,214**	937,380
Cost of sales		**(738,769)**	(304,944)
Gross profit		**775,445**	632,436
Other income and gains		**101,603**	95,495
Selling and marketing expenses		**(42,306)**	(31,662)
Administrative expenses		**(152,324)**	(158,733)
Other operating expenses, net		**(64,877)**	(50,343)
Fair value gains on investment properties		**284,835**	143,127
Gain on termination of cross currency swaps		**-**	256,311
PROFIT FROM OPERATING ACTIVITIES	4	**902,376**	886,631
Finance costs	5	**(84,806)**	(118,588)
Share of losses of associates		**(10)**	(308)
PROFIT BEFORE TAX		**817,560**	767,735
Tax	6	**(454,297)**	(339,590)
PROFIT FOR THE YEAR		**363,263**	428,145
ATTRIBUTABLE TO:			
Owners of the Company		**322,106**	406,888
Non-controlling interests		**41,157**	21,257
		363,263	428,145
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY:			
Basic and diluted	8	**HK4.00 cents**	HK5.06 cents

Details of the dividends payable and proposed for the year are disclosed in note 7 to the financial statements.

Consolidated Statement of Comprehensive Income
For the year ended 31 July 2010

	2010 HK$'000	2009 HK$'000
PROFIT FOR THE YEAR	**363,263**	428,145
OTHER COMPREHENSIVE INCOME/(EXPENSES), NET OF TAX		
Exchange realignments:		
Subsidiaries	**69,844**	(47,610)
Associates	**3,391**	(1,877)
Impairment of investment properties under construction / properties under development	**(29,857)**	(22,050)
Reclassification adjustment for a gain on termination of cross currency swaps	**-**	(5,719)
OTHER COMPREHENSIVE INCOME/(EXPENSES) FOR THE YEAR, NET OF TAX	**43,378**	(77,256)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**406,641**	350,889
ATTRIBUTABLE TO:		
Owners of the Company	**359,451**	332,240
Non-controlling interests	**47,190**	18,649
	406,641	350,889

Consolidated Statement of Financial Position
As at 31 July 2010

	Notes	2010 HK$'000	2009 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**791,907**	656,605
Properties under development		**1,055,751**	3,394,309
Investment properties		**7,921,429**	5,329,900
Prepaid land lease payments		**5,598**	5,717
Goodwill		**4,561**	4,561
Interests in associates		**329,247**	325,837
Total non-current assets		**10,108,493**	9,716,929
CURRENT ASSETS			
Properties under development		**621,800**	419,405
Completed properties for sale		**354,886**	372,980
Debtors, deposits and prepayments	9	**91,186**	254,626
Tax recoverable		**21,708**	17,184
Pledged and restricted time deposits and bank balances		**321,877**	393,732
Cash and cash equivalents		**1,391,295**	1,629,150
Total current assets		**2,802,752**	3,087,077
CURRENT LIABILITIES			
Creditors and accruals	10	**496,186**	515,857
Deposits received and deferred income		**29,138**	310,872
Rental deposits received		**22,487**	18,174
Interest-bearing bank loans, secured		**131,584**	414,616
Promissory note		**-**	167,000
Tax payable		**711,721**	664,825
Total current liabilities		**1,391,116**	2,091,344
NET CURRENT ASSETS		**1,411,636**	995,733
TOTAL ASSETS LESS CURRENT LIABILITIES		**11,520,129**	10,712,662
NON-CURRENT LIABILITIES			
Long term rental and other deposits received		**52,161**	26,126
Interest-bearing bank loans, secured		**949,702**	624,275
Advances from a former substantial shareholder		**53,535**	52,976
Fixed rate senior notes		**1,421,368**	1,415,475
Deferred tax liabilities		**1,038,827**	949,511
Total non-current liabilities		**3,515,593**	3,068,363
		8,004,536	7,644,299

Consolidated Statement of Financial Position (continued)

As at 31 July 2010

	2010	2009
	HK$'000	HK$'000
EQUITY		
Equity attributable to owners of the Company:		
Issued capital	**804,796**	804,796
Share premium account	**3,876,668**	3,876,668
Asset revaluation reserve	**17,571**	47,129
Share option reserve	**1,680**	3,544
Exchange fluctuation reserve	**1,111,524**	1,044,621
Capital reserve	**(5,445)**	(457)
Retained earnings	**1,678,093**	1,394,243
Proposed final dividends	**40,240**	40,240
	7,525,127	7,210,784
Non-controlling interests	**479,409**	433,515
	8,004,536	7,644,299

Notes to Consolidated Financial Statements
As at 31 July 2010

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 investment properties, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

2. Impact of New and Revised HKFRSs

The Group has adopted the following new and revised HKFRSs, which are applicable to the Group, for the first time for the current year's financial statements:

Improvements to HKFRSs (October 2008)	
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 27 (Amendments)	Amendments to HKAS 27 Consolidated and Separate Financial Statements-Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendments)	Amendments to HKFRS 2 Share-based Payment-Vesting Conditions and Cancellations
HKFRS 3 (Revised)	Business Combinations
HKFRS 7 (Amendments)	Amendments to HKFRS 7 Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate

The adoption of the new and revised HKFRSs, except for HKAS 1 (Revised), HKFRS 8 and the amendments to HKAS 40 under Improvements to HKFRSs issued in October 2008 as described below, has had no material impact on the reported results or financial position of the Group.

HKAS 1 (Revised) Presentation of Financial Statements

HKAS 1 (Revised) introduces a number of terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. The revised standard requires all changes in equity arising from transactions with owners in their capacity as owners to be presented separately from non-owner changes in equity (i.e., comprehensive income). All non-owner changes in equity are required to be presented in (i) a single statement of comprehensive income or (ii) two statements (a separate income statement displaying items of income and expenses recognised as profit or loss and a second statement beginning with net profit or loss as shown in the income statement and displaying components of other comprehensive income). The Group has elected to present two statements.

2. Impact of New and Revised HKFRSs (continued)

HKFRS 8 Operating Segments

HKFRS 8, which replaces HKAS 14 "Segment Reporting", specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The adoption of this standard has had no effect on the financial position or results of operations of the Group. It has, however, resulted in certain changes in the presentation and disclosure of the segment information.

Improvements to HKFRSs – Amendments to HKAS 40 Investment Property

The Group has adopted the amendments to HKAS 40 which became effective in the Group's accounting period beginning 1 August 2009. Under the amendments, properties under development/construction for future use as investment properties are included within the scope of HKAS 40. Investment properties under development/construction are carried at fair value when their fair values are reliably determinable. Any differences between the fair values and the carrying amounts of the properties are recognised as gains or losses in the income statement for the period of initial adoption of the amendments. However, if the fair values of investment properties under development/construction are at present not reliably determinable, such properties are stated at cost at initial adoption of the amendments until their fair values become reliably determinable or development/construction is completed, whichever is earlier.

Prior to the adoption of the amendments, properties developed/constructed for future use as investment properties were included in properties under development until development/construction was completed, at which time they were reclassified to and subsequently accounted for as investment properties. Upon adoption of the amendments, such properties had been transferred from properties under development to investment properties as at 1 August 2009 at their carrying amounts. They had been subsequently carried at fair value as at the reporting date with the fair value gains recognised in the income statement for the current year.

2. Impact of New and Revised HKFRSs (continued)

The effects of the changes in accounting policy described above on each financial statement line item affected and the basic and diluted earnings per share are as follows:

	For the year ended 31 July 2010 HK$'000
Consolidated Income Statement	
Increase in fair value gains on investment properties	**86,737**
Increase in tax	**(21,684)**
Increase in profit for the year	**65,053**
Increase in profit attributable to:	
Owners of the Company	**61,800**
Non-controlling interests	**3,253**
	65,053
Increase in earnings per share attributable to owners of the Company:	
Basic and diluted	**HK 0.77 cent**

	As at 31 July 2010 HK$'000
Consolidated Statement of Financial Position	
Increase in investment properties	**1,974,429**
Decrease in properties under development	**(1,887,045)**
Increase in deferred tax liabilities	**(21,846)**
Increase in net assets	**65,538**
Increase in exchange fluctuation reserve	**461**
Increase in retained earnings	**61,800**
Increase in equity attributable to owners of the Company	**62,261**
Increase in non-controlling interests	**3,277**
Increase in equity	**65,538**

These amendments had been applied prospectively in accordance with the relevant transitional provision and the corresponding amounts of prior periods had not been restated.

3. Operating Segment Information

	Property development		Property investment		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue/results:						
Segment revenue						
Sales to external customers	**1,320,908**	718,855	**193,306**	218,525	**1,514,214**	937,380
Other revenue	**1,070**	1,377	**67,858**	64,838	**68,928**	66,215
Total	**1,321,978**	720,232	**261,164**	283,363	**1,583,142**	1,003,595
Segment results	**531,585**	374,890	**379,488**	229,698	**911,073**	604,588
Unallocated gains					**32,675**	315,170
Unallocated expenses, net					**(41,372)**	(33,127)
Profit from operating activities					**902,376**	886,631
Finance costs					**(84,806)**	(118,588)
Share of losses of associates	**(10)**	(308)	**-**	-	**(10)**	(308)
Profit before tax					**817,560**	767,735
Tax					**(454,297)**	(339,590)
Profit for the year					**363,263**	428,145
Segment assets/liabilities:						
Segment assets	**2,082,940**	1,655,429	**8,712,275**	8,715,492	**10,795,215**	10,370,921
Interests in associates	**329,247**	325,837	**-**	-	**329,247**	325,837
Unallocated assets					**1,786,783**	2,107,248
Total assets					**12,911,245**	12,804,006
Segment liabilities	**120,325**	438,873	**313,435**	248,318	**433,760**	687,191
Unallocated liabilities					**4,472,949**	4,472,516
Total liabilities					**4,906,709**	5,159,707
Other segment information:						
Depreciation	**837**	506	**21,852**	32,484	**22,689**	32,990
Corporate and other unallocated amounts					**3,751**	3,120
					26,440	36,110
Capital expenditure	**519**	427	**473,743**	453,267	**474,262**	453,694
Corporate and other unallocated amounts					**1,264**	2,846
					475,526	456,540
Fair value gains on investment properties	**-**	-	**284,835**	143,127	**284,835**	143,127
Impairment of properties under development/investment properties under construction*	**56,281**	60,680	**39,809**	29,400	**96,090**	90,080

** Impairment losses of HK$56,281,000 (2009: HK$60,680,000) and HK$39,809,000 (2009: HK$29,400,000) were recognised in the income statement and the other comprehensive income respectively.*

4. Profit from Operating Activities

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

	2010 HK$'000	2009 HK$'000
Interest income from bank deposits	**(17,275)**	(17,095)
Cost of completed properties sold	**702,669**	249,590
Outgoings in respect of rental income	**36,100**	55,354
Total cost of sales	**738,769**	304,944
Depreciation #	**26,440**	36,110
Amortisation of prepaid land lease payments	**10,748**	11,460
Capitalised in properties under development	**(10,571)**	(11,283)
	177	177
Foreign exchange differences, net *	**(3,872)**	2,584
Loss on disposal of items of property, plant and equipment	**305**	187
Impairment of properties under development *	**56,281**	60,680
Gain on repurchase of fixed rate senior notes *	**-**	(29,579)

\# *The depreciation charge of HK$17,635,000 (2009: HK$15,365,000) for serviced apartments is included in "Other operating expenses, net" on the face of the consolidated income statement.*

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

5. Finance Costs

	Group	
	2010 HK$'000	2009 HK$'000
Interest on:		
Bank loans wholly repayable within five years	**35,349**	45,709
Bank loan repayable beyond five years	**448**	533
Promissory note	**6,886**	8,456
Fixed rate senior notes, net *	**132,221**	134,342
Amortisation of fixed rate senior notes	**5,893**	5,559
Bank charges	**893**	1,326
	181,690	195,925
Less: Interest capitalised in properties under development	**(68,672)**	(77,030)
Interest capitalised in investment properties	**(25,809)**	(260)
Interest capitalised in property, plant and equipment	**(2,403)**	(47)
	(96,884)	(77,337)
Total finance costs	**84,806**	118,588

* *For the year ended 31 July 2009, the interest on fixed rate senior notes was net of interest saving of HK$4,248,000 arising from the cash flow hedges.*

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 (2009: Nil). Taxes on profits assessable elsewhere had been calculated at the tax rates prevailing in the jurisdictions in which the Group operates.

	Group	
	2010	2009
	HK$'000	HK$'000
Current - Mainland China		
Corporate income tax	**150,767**	79,922
Land appreciation tax	**210,180**	191,952
Deferred	**93,350**	67,716
Total tax charge for the year	**454,297**	339,590

7. Dividends

	Group	
	2010	2009
	HK$'000	HK$'000
Proposed final - HK0.5 cent (2009: HK0.5 cent) per ordinary share	**40,240**	40,240

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

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$322,106,000 (2009: HK$406,888,000), and the weighted average number of ordinary shares of 8,047,956,478 (2009: 8,047,956,478) in issue during the year.

No adjustment had been made to the basic earnings per share amounts presented for the years ended 31 July 2010 and 2009 in respect of a dilution as the share options of the Company had an anti-dilutive effect on the basic earnings per share amounts.

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 apartments charges are mainly settled by customers on 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.

9. Debtors, Deposits and Prepayments (continued)

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

	Group	
	2010	2009
	HK$'000	HK$'000
Trade receivables, net		
Within one month	**46,559**	203,411
One to three months	**1,176**	493
Over three months	**31**	-
	47,766	203,904
Other receivables, deposits and prepayments	**43,420**	50,722
Total	**91,186**	254,626

10. Creditors and Accruals

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

	Group	
	2010	2009
	HK$'000	HK$'000
Trade payables		
Within one month	**27,051**	55,838
One to three months	**1,804**	2,228
Over three months	**-**	204
	28,855	58,270
Accruals and other payables	**467,331**	457,587
Total	**496,186**	515,857

FINAL DIVIDEND AND BOOK CLOSE DATES

The Board of Directors has recommended a final dividend of HK0.5 cent per share for the year ended 31 July 2010 (2009: HK0.5 cent per share) payable to shareholders whose names appear on the register of members of the Company as at the close of business on 21 December 2010. Subject to the approval of shareholders at the forthcoming annual general meeting of the Company, the dividend will be payable on 6 January 2011.

The register of members of the Company will be closed from 17 December 2010 to 21 December 2010, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrars in Hong Kong, Tricor Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 16 December 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of Final Results

For the year ended 31 July 2010, the Group recorded a turnover of HK$1,514,214,000 (2009: HK$937,380,000) and a gross profit of HK$775,445,000 (2009: HK$632,436,000), representing an increase of approximately 61.5% and 22.6% respectively from the previous year.

Out of the total turnover, rental income decreased by 11.5% to HK$193,306,000 (2009: HK$218,525,000), which was mainly due to closure and renovation of the shopping arcades and serviced apartments portions of Shanghai Hong Kong Plaza during most of the year. Owing to further contribution from the sales of residential units of Shanghai Regents Park Phase II during the year ended 31 July 2010 and recognition of income from sales of residential and office units of Guangzhou West Point, turnover from sales of properties increased by 83.8% to HK$1,320,908,000 (2009: HK$718,855,000).

Sales of the units at Shanghai Regents Park Phase II achieved higher gross profit margin compared to sales of units at Guangzhou West Point. Property development turnover recognised in the year was made up of sales of units at both Shanghai Regents Park Phase II and Guangzhou West Point, while property development turnover in the previous year was entirely made up of sales of units at Shanghai Regents Park Phase II. As a result, overall gross profit margin was 51.2%, compared to 67.5% in the previous year.

During the year, the Group recorded the following major non-recurrent other operating income/expenses items:

- a provision for impairment loss on certain properties under development of HK$56,281,000 (2009: a provision of HK$60,680,000);
- a fair value gain on its completed investment properties of HK$198,098,000 (2009: a gain of HK$143,127,000); and
- a fair value gain on its investment properties under construction of HK$86,737,000 (2009: Nil) due to the Group's adoption of HKAS 40 Amendments. Prior to the adoption of Amendments to HKAS 40, the Group's investment properties under construction was carried at cost until the construction is completed, at which time it will be fair valued. As a result of the HKAS 40 Amendments, such investment properties under construction will be carried at fair value when the fair value first becomes reliably measurable. Any gain or loss will be recognised in profit or loss, consistent with the policy adopted for all other investment properties carried at fair value.

During the previous year ended 31 July 2009, the Group recorded a gain of HK$256,311,000 on the termination of all cross currency swaps. As these cross currency swaps were fully terminated during the previous year, no such gain was recorded again during the year ended 31 July 2010.

Finance costs expensed during the year reduced to HK$84,806,000 (2009: HK$118,588,000), after finance costs of HK$96,884,000 (2009: HK$77,337,000) had been capitalised in properties under development, investment properties and property, plant and equipment during the year.

For the year ended 31 July 2010, profit from operating activities was HK$902,376,000 (2009: HK$886,631,000), representing an increase of approximately 1.8% from the previous year. For the year ended 31 July 2010, profit attributable to owners of the Company was HK$322,106,000 (2009: HK$406,888,000), representing a decrease of 20.8% from the previous year.

Basic earnings per share was HK4.00 cents for the year ended 31 July 2010 compared to HK5.06 cents for the previous year.

Shareholders' equity as at 31 July 2010 amounted to HK$7,525,127,000, up from HK$7,210,784,000 as at 31 July 2009. Net asset value per share attributable to owners of the Company was HK$0.94 as at 31 July 2010, as compared to HK$0.90 as at 31 July 2009.

Business Review

Investment properties

Property rental results

During the year ended 31 July 2010, the Group recorded a turnover of HK$193,306,000 from rental income. Breakdown of turnover from rental income is as follows:

	Year ended 31 July		
	2010	2009	**Change**
	HK$	HK$	**%**
Shanghai Hong Kong Plaza	100,969,000	128,520,000	(21.4)
Shanghai Regents Park (commercial podium and carparking spaces)	7,116,000	7,332,000	(2.9)
Shanghai Northgate Plaza I	19,470,000	20,811,000	(6.4)
Guangzhou May Flower Plaza	64,687,000	61,214,000	5.7
Others	1,064,000	648,000	64.2
Total	193,306,000	218,525,000	(11.5)

During the year, the decrease in rental income from Shanghai Hong Kong Plaza was mainly due to closure in most of the year of certain portions of its shopping arcades and serviced apartments for renovation work. As the Group is now considering renovation plan and new trade-mix for Shanghai Northgate Plaza I, rental income for this property also recorded negative growth as some of the previous tenants opted to move out of the property.

On the other hand, rental income from Guangzhou May Flower Plaza recorded a healthy growth during the year.

Development properties

Contracted sales of development properties

	During the year ended 31 July 2010		
	Contracted sales area sq.m.	**Approximate average contracted selling price HK$/sq.m.**	**Total contracted sales amount# HK$**
Shanghai Regents Park, Phase II, Residential Units	20,494	44,000	901,455,000
Guangzhou West Point			
Residential Units	574	17,500	10,024,000
Office Units	10,474	15,200	158,988,000
Total	31,542		1,070,467,000

 # Before business tax

All of the above contracted sales were recorded as turnover in the year ended 31 July 2010.

Sales of development properties recorded

	During the year ended 31 July 2010		
	Recorded sales area sq.m.	**Approximate average recorded selling price HK$/sq.m.**	**Total recorded sales amount* HK$**
Shanghai Regents Park, Phase II, Residential Units	20,494	44,000	855,932,000
Guangzhou West Point			
Residential units	21,986	15,000	313,938,000
Office units	10,474	15,200	151,038,000
Total	52,954		1,320,908,000

** After business tax*

Market Overview and Operating Environment

The Group is principally engaged in property development for sale and property investment for rental purposes in the Mainland of China ("China"). The Group currently has property projects in Shanghai, Guangzhou and Zhongshan.

During the year under review, the property market in China had entered a turning point in the first half 2010. Before April 2010, China property market experienced rapid surges in transaction volume and total investment in residential units, due to strong flow of investment demand and public expectation on insufficient supply and price hike. Since April 2010, the Central Government launched a series of administrative control measures to curb the soaring property prices and suppress speculative demand. The Central Government's actions were substantially echoed by the implementation measures adopted by various local city governments. These control measures include bank credit control on purchasers, temporary limit on number of new purchase by each individual, possible implementation of new property-related tax, speeding up of policy housing and strengthening property market regulatory forces. As a result, there have been gradual drop in transaction volume and softening of property prices since the second quarter of 2010.

Overall, the Group believes the intention of the government policies on the property is consistent, which is to stabilize the property price and curb speculative demand in order to achieve steady development of the property market. To this end, the Group is cautiously optimistic about the China property market and will continue to implement its business plan according to market developments.

Review of Major Property Projects

Shanghai

Shanghai Hong Kong Plaza

Shanghai Hong Kong Plaza is a twin-tower prime property located at Huaihaizhong Road, Luwan District, Shanghai comprising office, shopping arcades and serviced apartments. The property is directly above Huangpi South Road Metro Station and is within walking distance of Xintiandi. Rental income for the year ended 31 July 2010 amounted to HK$100,969,000, down by 21.4% from HK$128,520,000 in the previous year. Such decrease in rental income was mainly due to closure in most of the year of certain portions of its shopping arcades and serviced apartments for renovation work.

Renovation work on the shopping arcades under both towers was completed in the first quarter of 2010 and leased units were handed over to the tenants for their renovation since then. At present, about 96% of the leasable areas of the shopping arcades portion have been leased. The premises has successfully secured The Apple Store, Cartier, Coach, GAP and Tiffany as anchor tenants and their flagship stores were opened since the middle of 2010. Other tenants include international renowned luxury brands and high-end restaurants. Shanghai Hong Kong Plaza's shopping arcades were grand-opened in October 2010. After its re-opening, Shanghai Hong Kong Plaza's shopping arcades are one of the most visible high-end retail venues for global luxury brands in Huaihaizhong Road area.

The serviced apartments portion of Shanghai Hong Kong Plaza under the Group was vacated for full renovation since August 2009 to upgrade the quality of the rooms and the services. The Group has engaged the Ascott Group to manage the serviced apartments portion, and hopes this will enable the Group to leverage on the Ascott Group's extensive experience and expertise in operating serviced apartments and to establish a high-end brand image. Certain floors of renovated and re-branded serviced apartments of Shanghai Hong Kong Plaza were soft-opened for business in May 2010. Rest of the serviced apartment floors will be re-opened by the end of 2010.

Renovation of common areas and lift lobbies of the office tower was completed at the end of 2009. As at 31 July 2010, the office tower was about 84% leased.

The rental income of Hong Kong Plaza is expected to be substantially improved from its current level upon its re-opening after the renovation.

Shanghai Regents Park Phase II

Regents Park is a major residential project located in the Zhongshan Park Commercial Area of the prestigious Changning District, Shanghai with a total saleable gross floor area ("GFA") of approximately 154,000 square metres ("sq.m.") (GFA attributable to the Group of approximately 146,000 sq.m.). The Group has an effective 95% interest in the project.

Phase II of the project comprises 6 residential towers with 455 units (total saleable GFA of approximately 62,845 sq.m. and GFA attributable to the Group of approximately 59,700 sq.m.). Phase II was completed in December 2008.

Up to 31 July 2010, the Group sold a total of 447 units with a total saleable GFA of 60,040 sq.m. at an average price of RMB34,100 per sq.m. As at 31 July 2010, the Group only had 8 units with a total saleable GFA of 2,805 sq.m. remaining in this project.

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 Zhabei District in Shanghai. This project is situated near the Zhongshan Road North Metro Station. The Group has an effective 95% interest in the project.

The project has a total GFA of approximately 114,500 sq.m. (GFA attributable to the Group of approximately 109,000 sq.m.), comprising residential and office apartments, and commercial spaces. In addition, there will be approximately 33,000 sq.m. for carparks and ancillary facilities. Total saleable area of residential and serviced apartment units is approximately 77,450 sq.m. Construction work is scheduled for completion in mid-2011.

The residential portion of Shanghai May Flower Plaza is now branded "The Mid-town" which offers 628 residential units. The Group is now in the progress of applying for pre-sale permit for the residential units and will start the pre-sale after obtaining the approval.

Shanghai Northgate Plaza

Shanghai Northgate Plaza I is a block of office units with retail podium located on Tian Mu Road West in the Zhabei District of Shanghai near the Shanghai Railway Terminal. Shanghai Northgate Plaza I has a total GFA of approximately 36,500 sq.m. including carparks. The Group is now considering renovation plan and new trade-mix for Shanghai Northgate Plaza I.

The Group plans to develop Shanghai Northgate Plaza II on the vacant site located adjacent to Phase I. The Group has 99.0% interest in Phase II. Phase II development will have a total GFA of approximately 28,800 sq.m. comprising serviced apartments with retail podium and carparking spaces. Foundation work was completed in August 2009.

The Group has re-submitted the design of Shanghai Northgate Plaza II for government approval and is now awaiting relevant approval.

Guangzhou and Zhongshan

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. The Group has an effective 77.5% interest in this property.

This 13-storey complex has a total GFA of approximately 51,000 sq.m. (GFA attributable to the Group of approximately 39,000 sq.m.) comprising retail spaces, restaurants and fast food outlets, cinema and office units. The property is fully leased to various tenants that are well-known corporations, consumer brands, cinemas and restaurants. Rental income from Guangzhou May Flower Plaza was HK$64,687,000 for the year ended 31 July 2010, representing a growth of approximately 5.7% from the previous year.

Guangzhou Eastern Place

Guangzhou Eastern Place is a multi-phase project located in Dongfeng East Road, Yuexiu District, Guangzhou.

The current Phase V development will have a total GFA attributable to the Group of approximately 101,000 sq.m. comprising residential blocks, a block of office or serviced apartments, and ancillary retail spaces. Construction work has commenced and is expected to be completed in 2012. Pre-sale of the residential units is now expected to start in 2011.

Guangzhou West Point

Guangzhou West Point is located on Zhongshan Qi Road and is within walking distance from the Ximenkou Subway Station. The project has a total GFA of approximately 64,000 sq.m., comprising 243 residential units, 244 office units and commercial spaces. In addition, there will be approximately 10,000 sq.m. for carparks and ancillary facilities.

Residential blocks were completed in February 2010 and the office and commercial blocks were completed in June 2010. Up to 31 July 2010, the Group sold a total of 218 residential units with a total saleable GFA of 21,986 sq.m. at an average price of RMB13,200 per sq.m., and the Group sold a total of 129 office units with a total saleable GFA of 10,474 sq.m. at an average price of RMB13,300 per sq.m.

The retail portion of Guangzhou West Point was soft-opened in August 2010. Up to 31 October 2010, around 76% of the retail spaces available were leased. Tenants in Guangzhou West Point include renowned restaurants and retail brands.

Guangzhou Jinshazhou Project

Guangzhou Jinshazhou project is a 50:50 joint venture with CapitaLand China Holdings Pte. Ltd. This proposed development in Jinshazhou, Hengsha, Baiyuan District, Guangzhou has a total GFA of approximately 369,000 sq.m. (GFA attributable to the Group of approximately 184,500 sq.m.), comprising a total of around 3,400 low-rise and high-rise residential units with ancillary facilities including carparks and shopping amenities. It is conveniently located near the business center of Jinshazhou as well as several shopping and entertainment areas, and easily accessible via Guangzhou Subway line 6 and other transport modes. Touted as the metropolis of Guangzhou and Foshan, Jinshazhou is located in north-west Guangzhou.

The project will be divided into four phases of similar sizes for development. Construction of Phase I commenced in second quarter of 2010 and completion is expected to take place around the end of 2012. Pre-sale of Phase I residential units will commence by mid-2011.

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 interest in this project.

The proposed development has a GFA of approximately 103,000 sq.m., and is intended to be developed into an office and commercial complex. The Group has completed substantially most of the resettlement work of original occupants. However, due to recent change in government planning of the site, the Group is now in the process of negotiating the development plan with the city government.

Guangzhou Donghua Dong Road Project

The site is located on Donghua Dong Road in Yuexiu District. The permitted GFA is approximately 10,000 sq.m. The project is intended to be developed into a residential tower, carparks and ancillary facilities. Construction is expected to start this year.

Guangzhou Da Sha Tou Road / Yuan Jiang Dong Road Project

The site is located at the junction of Da Sha Tou Road and Yuan Jiang Dong Road in Yuexiu District. The permitted GFA is approximately 8,000 sq.m. The project is intended to be developed into a serviced apartment tower, carparks and ancillary facilities. Construction is expected to start this year.

Guangzhou Guan Lu Road Project

The site is located on Guan Lu Road in Yuexiu District. The permitted GFA is approximately 14,000 sq.m. The project is intended to be developed into a residential tower, carparks and ancillary facilities. Construction is expected to start in 2011.

Zhongshan Palm Springs

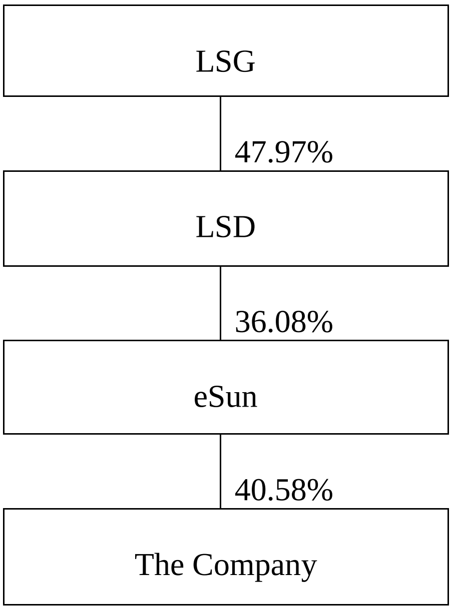
The project is located in Caihong Planning Area, West District of Zhongshan. The overall development has a total planned GFA of approximately 406,000 sq.m.

Phase I of the project will comprise high-rise residential towers with a total saleable GFA of approximately 44,000 sq.m., commercial areas with a total GFA of approximately 16,000 sq.m. and low-rise townhouses and semi-detached villas with a total saleable GFA of approximately 27,000 sq.m. Construction of Phase I development has commenced and is now expected to complete in the first half of 2012. Pre-sale of residential units will start in the first half of 2011.

Subsequent Event - Group Reorganisation

On 30 September 2010, Lai Sun Garment (International) Limited ("LSG") and eSun Holdings Limited ("eSun") completed a group reorganisation ("Group Reorganisation"). Pursuant to the Group Reorganisation, LSG transferred its entire interest in the Company (approximately 40.58% of the issued share capital of the Company) to eSun; whereby eSun transferred its entire interest in Lai Sun Development Company Limited ("LSD") (approximately 36.72% of the issued share capital of LSD) to LSG. In order to settle the difference in the consideration of each transaction, eSun paid HK$100 million in cash to LSG and will pay an additional of approximately HK$78.4 million in cash to LSG, without interest, six months after the completion.

Immediately following the completion of the Group Reorganisation, the ownership structure involving the Company became:



Prospects

China has now become the second largest economy in the world. In the meantime, the current macro-economic development of China is still subject to complicated domestic and external environments. The global economic outlook is still uncertain. Within China's domestic economy, there are still many conflicts and challenges ahead to overcome. In the short term, the development of China property market will continue to be influenced by government control measures and macro-economic policies.

In the medium and long term, ongoing urbanisation and demand for living improvement will foster healthy growth of the real estate market in China. Overall, the Group is still cautiously optimistic about the China property market and believes that we are well positioned for growth in the coming years. The Group's net gearing level was low by industry standard. In addition, the Group will continue its construction schedules of its existing development projects to fuel growth in turnover and profits for future financial years. Furthermore, as encouraged by the Group's success in revitalizing the Shanghai Hong Kong Plaza property, the Group will continue to grow its recurrent income base through upgrade of existing rental properties and addition of new venues through completion of commercial property portions of the new development projects. The Group expects its rental income will increase substantially in the next few years. With the macro-economic condition as mentioned above, the Group will monitor the market closely and evaluate new investment opportunities.

Capital Structure, Liquidity and Debt Maturity Profile

As at 31 July 2010, the Group had total borrowings in the amount of HK$2,556 million (2009: HK$2,674 million), representing a decrease of HK$118 million. The consolidated net assets attributable to the owners of the Company amounted to HK$7,525 million (2009: HK$7,211 million). The total debt to equity ratio was 34% (2009: 37%) and the total debt to total capitalisation (long-term debt + equity) ratio was 26% (2009: 29%). The maturity profile of the Group's borrowings of HK$2,556 million was spread with HK$132 million repayable within 1 year, HK$184 million repayable in the second year, HK$2,239 million repayable in the third to fifth years and HK$1 million repayable beyond 5 years.

Approximately 56% and 42% of the Group's borrowings were on a fixed rate basis and floating rate basis respectively, and the remaining 2% of the Group's borrowings were interest free.

Apart from the fixed rate senior notes which is denominated in United States Dollars ("USD"), the Group's other borrowings of HK$1,135 million were 46% denominated in Renminbi ("RMB"), 1% in Hong Kong dollars ("HKD") and 53% in USD. The Group's cash and bank balances of HK$1,713 million were 73% denominated in RMB, 13% in HKD and 14% in USD.

The Group's reporting currency is denominated in HKD. The Group's monetary assets, liabilities and transactions are principally denominated in RMB, USD and HKD. The Group 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 in RMB.

Certain assets of the Group have been pledged to secure financing, including investment properties with carrying value of approximately HK$5,434 million, properties under development with carrying value of approximately HK$920 million, serviced apartments with carrying value of approximately HK$614 million, a property with carrying value of approximately HK$42 million and bank balances of approximately HK$171 million.

Under a litigation in a district court in China, the Group, as the claimant, claimed for a total of RMB17 million from one of the Group's contractors. As a measure to preserve the payment ability of the defendant, the Group applied to the local court to freeze certain assets of the defendant. In return, the Group pledged a leasehold building with a carrying value of approximately HK$45 million to the court as collateral.

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 July 2010, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the accounting period covered by the annual report save for the following deviations from code provisions A.4.1 and E.1.2:

Code Provision A.4.1

Under code provision A.4.1, non-executive directors should be appointed for a specific term and be subject to re-election. None of the existing non-executive directors of the Company was appointed for a specific term. However, all directors of the Company are subject to the retirement provisions in the articles of association of the Company which provide that the directors for the time being shall retire from office by rotation once every three years since their last election at each annual general meeting and a retiring director shall be eligible for re-election.

Code Provision E.1.2

Due to other commitments which must be attended to by the Chairman, the Chairman was not present at the annual general meeting of the Company held on 23 December 2009.

REVIEW OF ANNUAL RESULTS

The annual results of the Company for the year ended 31 July 2010 have been reviewed by the audit committee of the Company. The audit committee comprises two of the independent non-executive directors of the Company, namely, Messrs. Law Kin Ho and Lam Bing Kwan and a non-executive director of the Company, Mr. Leow Juan Thong, Jason (alternate director: Mr. Lucas Ignatius Loh Jen Yuh).

REVIEW OF THE PRELIMINARY RESULTS ANNOUNCEMENT BY AUDITORS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 July 2010 have been agreed by the Group's auditors, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by 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 annual general meeting of the Company will be held on Tuesday, 21 December 2010. Notice of the annual general meeting together with the Company's annual report for 2009-2010 will be despatched to the shareholders in due course.

By Order of the Board
Lam Kin Ngok, Peter
Chairman

Hong Kong, 5 November 2010

As at the date of this announcement, the executive directors of the Company are Mr. Lam Kin Ngok, Peter, Dr. Lam Kin Ming, Mr. Lam Kin Hong, Matthew, Mr. Lam Hau Yin, Lester, Madam U Po Chu, Mr. Lau Shu Yan, Julius, Mr. Tam Kin Man, Kraven, Miss Leung Churk Yin, Jeanny and Mr. Cheng Shin How; the non-executive directors are Mr. Leow Juan Thong, Jason and Mr. Lucas Ignatius Loh Jen Yuh (also alternate to Mr. Leow Juan Thong, Jason); and the independent non-executive directors are Mr. Lam Bing Kwan, Mr. Ku Moon Lun and Mr. Law Kin Ho.