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 2013

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 2013 together with the comparative figures for the previous year as follows:

Consolidated Income Statement

For the year ended 31 July 2013

	Notes	**2013** HK$'000	2012 HK$'000
TURNOVER	3	**1,894,938**	1,394,034
Cost of sales		**(897,317)**	(580,680)
Gross profit		**997,621**	813,354
Other income and gains		**158,361**	129,672
Selling and marketing expenses		**(69,188)**	(62,865)
Administrative expenses		**(306,707)**	(244,581)
Other operating expenses, net		**(7,334)**	(104,495)
Fair value gains on investment properties		**660,708**	965,674
PROFIT FROM OPERATING ACTIVITIES	4	**1,433,461**	1,496,759
Finance costs	5	**(197,338)**	(111,295)
Share of profits/(losses) of joint ventures		**107,066**	(11,327)
PROFIT BEFORE TAX		**1,343,189**	1,374,137
Tax	6	**(530,622)**	(494,358)
PROFIT FOR THE YEAR		**812,567**	879,779
ATTRIBUTABLE TO:			
Owners of the Company		**757,045**	812,758
Non-controlling interests		**55,522**	67,021
		812,567	879,779
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY:	8		
Basic		**HK$0.047**	HK$0.085
Diluted		**HK$0.047**	HK$0.085

Details of the dividend payable and proposed for the year are disclosed in note 7.

Consolidated Statement of Comprehensive Income
For the year ended 31 July 2013

	2013 HK$'000	2012 HK$'000
PROFIT FOR THE YEAR	**812,567**	879,779
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS, NET OF TAX		
Reversal of impairment of investment properties under construction	**20,684**	2,580
Exchange differences arising on translation to presentation currency	**276,685**	121,385
Share of other comprehensive income of joint ventures	**9,330**	36,150
Net loss on cash flow hedges	**(59,761)**	-
	246,938	160,115
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**1,059,505**	1,039,894
ATTRIBUTABLE TO:		
Owners of the Company	**998,828**	966,226
Non-controlling interests	**60,677**	73,668
	1,059,505	1,039,894

Consolidated Statement of Financial Position

As at 31 July 2013

	Notes	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,491,574**	841,164
Prepaid land lease payments		**5,543**	5,600
Investment properties		**11,377,034**	10,289,369
Properties under development		**513,517**	925,588
Investments in joint ventures		**436,340**	319,861
Goodwill		**1,032**	3,400
Total non-current assets		**13,825,040**	12,384,982
CURRENT ASSETS			
Properties under development		**718,861**	500,587
Completed properties for sale		**1,094,541**	1,785,003
Debtors, deposits and prepayments	9	**171,326**	135,120
Prepaid tax		**46,859**	49,513
Pledged and restricted time deposits and bank balances		**2,057,388**	943,135
Cash and cash equivalents		**3,608,327**	1,695,551
Total current assets		**7,697,302**	5,108,909
CURRENT LIABILITIES			
Creditors and accruals	10	**668,657**	687,195
Deposits received and deferred income		**201,094**	355,974
Interest-bearing bank loans, secured		**617,470**	1,559,357
Tax payable		**490,502**	343,117
Fixed rate senior notes		**1,435,052**	-
Total current liabilities		**3,412,775**	2,945,643
NET CURRENT ASSETS		**4,284,527**	2,163,266
TOTAL ASSETS LESS CURRENT LIABILITIES		**18,109,567**	14,548,248

Consolidated Statement of Financial Position (continued)
As at 31 July 2013

	2013	2012
	HK$'000	HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES	**18,109,567**	14,548,248
NON-CURRENT LIABILITIES		
Long-term deposits received	**77,021**	68,045
Interest-bearing bank loans, secured	**1,774,856**	358,342
Advances from a former substantial shareholder	**58,621**	57,200
Fixed rate senior notes	**2,223,610**	1,427,253
Derivative financial instruments	**43,712**	-
Deferred tax liabilities	**1,819,897**	1,566,958
Total non-current liabilities	**5,997,717**	3,477,798
	12,111,850	11,070,450
EQUITY		
Equity attributable to owners of the Company		
Issued capital	**1,609,591**	1,609,591
Share premium account	**4,065,862**	4,065,862
Asset revaluation reserve	**56,925**	36,448
Share option reserve	**30,188**	3,678
Hedge reserve	**(59,761)**	-
Exchange fluctuation reserve	**1,995,222**	1,714,155
Capital reserve	**25,974**	25,974
Retained earnings	**3,646,545**	2,937,334
Proposed final dividend	**48,288**	45,069
	11,418,834	10,438,111
Non-controlling interests	**693,016**	632,339
	12,111,850	11,070,450

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 (the "HKICPA"), 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. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

2.1 IMPACT OF REVISED HKFRSs

The Group has adopted the following revised HKFRS, which is applicable to the Group, for the first time for the current year's financial statements:

HKAS 1 Amendments	Presentation of Items of Other Comprehensive Income

The adoption of the revised HKFRS has had no material impact on the reported results or the financial position of the Group.

The Group had early adopted the following new and revised HKFRSs in advance of their respective effective dates for the first time in the financial statements for the year ended 31 July 2012.

HKAS 12 Amendments	Income Taxes-Deferred Tax: Recovery of Underlying Assets
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investment in Associates and Joint Ventures
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities

The adoption of the above new and revised HKFRSs had no material impact on the results or financial position of the Group for the year ended 31 July 2012.

2.2 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements:

Annual Improvements Project	Annual Improvements to HKFRSs 2009-2011 Cycle[1]
Amendments to HKFRS 1	Government Loans[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities[2]
HKFRS 7 Amendments	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
HKFRS 9	Financial Instruments[3]
HKFRS 9 Amendments and HKFRS 7 Amendments	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 13	Fair Value Measurement[1]
HKAS 19 (2011)	Employee Benefits[1]
HKAS 32 Amendments	Offsetting Financial Assets and Financial Liabilities[2]
HKAS 36 Amendments	Recoverable Amount Disclosures for Non-Financial Assets[2]
HKAS 39 Amendments	Novation of Derivatives and Continuation of Hedge Accounting[2]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]
HK(IFRIC)-Int 21	Levies[2]

1 Effective for annual periods beginning on or after 1 January 2013
2 Effective for annual periods beginning on or after 1 January 2014
3 Effective for annual periods beginning on or after 1 January 2015

The Group is in the process of making an assessment of the impact upon initial application of the above new and revised HKFRSs. The Group is not yet in a position to state whether they would have a significant impact on the Group's results or financial position.

3. OPERATING SEGMENT INFORMATION

	Property development		Property investment		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue/results:						
Segment revenue						
Sales to external customers	**1,372,194**	919,584	**522,744**	474,450	**1,894,938**	1,394,034
Other revenue	**1,960**	389	**110,950**	99,102	**112,910**	99,491
Total	**1,374,154**	919,973	**633,694**	573,552	**2,007,848**	1,493,525
Segment results	**509,833**	374,360	**962,057**	1,168,143	**1,471,890**	1,542,503
Unallocated gains					**45,451**	30,770
Unallocated expenses, net					**(83,880)**	(76,514)
Profit from operating activities					**1,433,461**	1,496,759
Finance costs					**(197,338)**	(111,295)
Share of profits/(losses) of joint ventures	**107,066**	(11,327)	**-**	-	**107,066**	(11,327)
Profit before tax					**1,343,189**	1,374,137
Tax					**(530,622)**	(494,358)
Profit for the year					**812,567**	879,779
Segment assets/liabilities:						
Segment assets	**2,375,951**	3,266,645	**12,840,651**	11,099,847	**15,216,602**	14,366,492
Investments in joint ventures	**436,340**	319,861	**-**	-	**436,340**	319,861
Unallocated assets					**5,869,400**	2,807,538
Total assets					**21,522,342**	17,493,891
Segment liabilities	**413,295**	597,188	**324,120**	366,323	**737,415**	963,511
Unallocated liabilities					**8,673,077**	5,459,930
Total liabilities					**9,410,492**	6,423,441

During the year, no single customer accounted for over 10% of the Group's total turnover (2012: Nil).

3. OPERATING SEGMENT INFORMATION (continued)

	Property development		Property investment		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Other segment information:						
Depreciation	**2,075**	1,839	**56,678**	50,099	**58,753**	51,938
Corporate and other unallocated depreciation					**8,068**	7,507
					66,821	59,445
Capital expenditure	**6,260**	3,963	**146,212**	199,558	**152,472**	203,521
Corporate and other unallocated capital expenditure					**5,244**	1,465
					157,716	204,986
Fair value gains on investment properties	**-**	-	**660,708**	965,674	**660,708**	965,674
Reversal of impairment of properties under development/investment properties under construction*	**6,974**	1,585	**27,578**	3,441	**34,552**	5,026
Loss on disposal of items of property, plant and equipment	**4**	5	**33**	54,577	**37**	54,582

* *Reversal of impairment of HK$6,974,000 (2012: HK$1,585,000) and HK$27,578,000 (2012: HK$3,441,000) were recognised in profit or loss and in other comprehensive income, respectively.*

4. PROFIT FROM OPERATING ACTIVITIES

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

	2013	2012
	HK$'000	HK$'000
Property management fee income$^{\phi}$	**(99,397)**	(92,786)
Interest income from bank deposits$^{\phi}$	**(25,579)**	(11,570)
Cost of completed properties sold	**782,357**	474,804
Outgoings in respect of rental income	**114,960**	105,876
Total cost of sales	**897,317**	580,680
Depreciation#	**66,821**	59,445
Amortisation of prepaid land lease payments	**9,276**	10,038
Capitalised in properties under development	**(9,083)**	(9,847)
	193	191
Foreign exchange differences, net*	**(42,075)**	(6,271)
Reversal of impairment of properties under development*	**(6,974)**	(1,585)
Loss on disposal of items of property, plant and equipment#	**37**	54,582
Gain on repurchase of fixed rate senior notes*	**-**	(589)

ϕ *The property management fee income and the interest income from bank deposits are included in "Other income and gains" on the face of the consolidated income statement.*

\# *The depreciation charge of HK$51,753,000 (2012: HK$46,332,000) for serviced apartments and related leasehold improvements and the loss on disposal of items of property, plant and equipment of HK$37,000 (2012: HK$54,582,000) 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.*

5. FINANCE COSTS

	2013 HK$'000	2012 HK$'000
Interest on:		
Bank loans wholly repayable within five years	**90,521**	77,754
US$200,000,000 fixed rate senior notes ("2007 Notes")	**131,509**	131,620
RMB1,800,000,000 fixed rate senior notes ("2013 Notes")	**37,467**	-
Amortisation of fixed rate senior notes:		
2007 Notes	**7,799**	7,090
2013 Notes	**1,678**	-
Bank financing charges and direct costs	**15,961**	1,369
	284,935	217,833
Less: Capitalised in properties under development	**(71,724)**	(75,993)
Capitalised in investment properties under construction	**(15,873)**	(30,545)
	(87,597)	(106,538)
Total finance costs	**197,338**	111,295

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 (2012: Nil). Taxes on profits assessable elsewhere had been calculated at the tax rates prevailing in the jurisdictions in which the Group operates.

	2013 HK$'000	2012 HK$'000
Current - Mainland China		
Corporate income tax ("CIT")	**117,391**	75,265
Land appreciation tax ("LAT")	**201,477**	151,406
	318,868	226,671
Deferred	**211,754**	267,687
Total tax charge for the year	**530,622**	494,358

7. DIVIDEND

	2013 HK$'000	2012 HK$'000
Proposed final – HK$0.003 (2012: HK$0.0028) per ordinary share	**48,288**	45,069

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$757,045,000 (2012: HK$812,758,000), and the weighted average number of ordinary shares of 16,095,912,956 (2012: 9,562,656,988) in issue during the year.

The calculation of diluted earnings per share amounts is 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.

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

	2013	2012
	HK$'000	HK$'000
Earnings		
Profit attributable to owners of the Company used in the basic earnings per share calculation	**757,045**	812,758

	Number of shares	
	2013	2012
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**16,095,912,956**	9,562,656,988
Effect of dilution – weighted average number of ordinary shares:		
Share options	**22,464,900**	631,150
	16,118,377,856	9,563,288,138

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 the payment due date, is as follows:

	2013	2012
	HK$'000	HK$'000
Trade receivables, net:		
Within one month	**57,697**	62,651
One to three months	**2,935**	3,214
	60,632	65,865
Other receivables, deposits and prepayments	**110,694**	69,255
Total	**171,326**	135,120

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:

	2013	2012
	HK$'000	HK$'000
Trade payables:		
Within one month	**31,489**	40,101
One to three months	**1,110**	3,676
Over three months	**2,012**	895
	34,611	44,672
Accruals and other payables	**634,046**	642,523
Total	**668,657**	687,195

11. EVENTS AFTER THE REPORTING PERIOD

(i) On 2 August 2013, All Benefit Limited ("All Benefit"), an indirect wholly-owned subsidiary of the Company, entered into an agreement with Goldmark Pacific Limited ("Goldmark"), to acquire Goldmark's interest in 22.5% of the issued share capital of Farron Assets Limited ("Farron Assets"), which indirectly holds Guangzhou May Flower Plaza, together with the shareholder's loan advanced to Farron Assets, at an aggregate consideration of HK$217,221,000. Goldmark was then a substantial shareholder of Farron Assets. The transaction was completed on 23 September 2013. Farron Assets was a direct 77.5%-owned subsidiary of All Benefit right before the completion of the transaction and became a direct wholly-owned subsidiary of All Benefit upon completion of the transaction. Further details of this transaction are set out in an announcement of the Company dated 2 August 2013.

(ii) On 7 August 2013, Sunlite Investment Limited ("Sunlite"), an indirect wholly-owned subsidiary of the Company, entered into an agreement with Skyhorse Assets Limited ("Skyhorse"), an independent third party, to acquire Skyhorse's beneficial interest in 5% of the registered capital of Shanghai Lixing Real Estate Development Company Limited ("Shanghai Lixing") and to repay the outstanding loan advanced by Skyhorse to Sunlite, at an aggregate consideration of HK$157,502,000. Shanghai Lixing is a PRC company that holds Shanghai Hong Kong Plaza. The transaction was completed on 7 August 2013. Shanghai Lixing was a direct 95%-owned subsidiary of Sunlite right before the completion of the transaction and became a direct wholly-owned subsidiary of Sunlite upon completion of the transaction. Further details of this transaction are set out in an announcement of the Company dated 7 August 2013.

(iii) On 24 September 2013, Winfield Concept Limited ("Winfield Concept"), an indirect wholly-owned subsidiary of the Company, succeeded in the bid of the land use rights of a land located at east side of Yiwener Road, south side of Caihong Road, west side of Tianyu Road and north side of Hengqin Road, Hengqin New Area, Zhuhai City, Guangdong Province of the PRC (the "Land"), with a total site area of approximately 130,173 square meters and a maximum plot ratio of 2 times and the Land is for creative cultural industry and commercial related uses. The relevant land grant contract (the "Land Grant Contract") was subsequently entered into between Winfield Concept and The Land and Resources Bureau of Zhuhai ("Zhuhai Land Bureau"). Pursuant to the Land Grant Contract, Winfield Concept will establish a wholly-foreign-owned enterprise in the PRC (the "Project Company") within three months after the date of successful bid of the Land for holding the Land and owning, undertaking and operating the Project (as defined in (iv) below). After its establishment, the Project Company will enter into an amendment contract with Zhuhai Land Bureau for the change of the grantee of the land use rights of the Land from Winfield Concept to the Project Company.

The land premium for the Land is approximately RMB523,296,000 (equivalent to approximately HK$659,751,000), of which a deposit in the amount of RMB262,000,000 (equivalent to approximately HK$330,319,000) has been paid by Winfield Concept before the bid was awarded. Pursuant to the Land Grant Contract, Winfield Concept has undertaken that the total amount of investment for the Project shall not be less than RMB3,000,000,000 (equivalent to approximately HK$3,782,280,000).

11. EVENTS AFTER THE REPORTING PERIOD (continued)

(iv) For the purposes of joint investment in and development of the cultural and creative industries and commercial related projects, subject to finalisation of the development proposal (the "Project") by the Company and eSun Holdings Limited ("eSun") as contemplated under a cooperation agreement dated 16 September 2011 entered into between the Company, eSun and the Hengqin New Area Administrative Committee, Lai Fung (Hengqin) Development Company Limited ("LFHQ"), an indirect wholly-owned subsidiary of the Company, Sunny Horizon Investments Limited ("SHIL"), an indirect wholly-owned subsidiary of eSun and Rosy Commerce Holdings Limited ("Rosy Commerce"), a direct wholly-owned subsidiary of LFHQ and an intermediate holding company of Winfield Concept, entered into a conditional subscription agreement on 25 September 2013 (the "Subscription Agreement"). On the date of the Subscription Agreement, Rosy Commerce has one ordinary share of par value of US$1.00 each ("Ordinary Share") issued to and fully paid up by LFHQ. Subject to and upon completion under the Subscription Agreement, (a) the issued share capital of Rosy Commerce will be increased by 99 Ordinary Shares to 100 Ordinary Shares, of which 79 Ordinary Shares and 20 Ordinary Shares will be allotted and issued to LFHQ and SHIL, respectively, at the par value of US$1.00 per share and Rosy Commerce will be owned as to 80% by LFHQ and 20% by SHIL; (b) SHIL will acquire and LFHQ will assign to SHIL the 20% of the loans owing to LFHQ by Rosy Commerce at its face value on a dollar for dollar basis such that the loans made by LFHQ and SHIL to Rosy Commerce will be on a pro rata basis to their shareholdings in Rosy Commerce; and (c) LFHQ, SHIL and Rosy Commerce will enter into a shareholders' agreement to regulate the relationship of the shareholders of Rosy Commerce inter se and the management and conduct of the business and affairs of Rosy Commerce and its subsidiaries from time to time ("Shareholders' Agreement") (collectively, the "Transactions").

The completion of the Transactions is subject to, inter alias, the approval from the independent shareholders of the Company and the approval from the shareholders of eSun.

Further details of the transactions (iii) and (iv) are set out in an announcement of the Company dated 25 September 2013.

FINAL DIVIDEND AND BOOK CLOSE DATES

The Board has recommended a final dividend of HK$0.003 per share for the year ended 31 July 2013 (2012: HK$0.0028 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, 6 December 2013. Subject to the approval of Shareholders at the forthcoming annual general meeting ("**AGM**") of the Company, 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 Friday, 13 December 2013.

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 or about Friday, 17 January 2014 to the Shareholders whose names appear on the Register of Members on Friday, 6 December 2013.

The Register of Members will be closed on Thursday, 5 December 2013 and Friday, 6 December 2013, 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 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 Wednesday, 4 December 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

For the year ended 31 July 2013, the Group recorded a turnover of HK$1,894.9 million (2012: HK$1,394.0 million) and a gross profit of HK$997.6 million (2012: HK$813.4 million), representing an increase of approximately 36% and 23%, respectively over last year. Turnover from rental income and sales of properties during the year was HK$522.7 million (2012: HK$474.4 million) and HK$1,372.2 million (2012: HK$919.6 million), representing an increase of 10% and 49%, respectively.

Net profit attributable to owners of the Company was approximately HK$757.0 million (2012: HK$812.8 million), representing a decrease of approximately 7% over last year. Basic earnings per share taking into account the full year effect of the open offer in 2012 was HK$0.047 (2012: HK$0.085). Excluding the effect of property revaluations, net profit attributable to owners of the Company was approximately HK$287.5 million (2012: HK$134.6 million), representing an increase of approximately 114% over last year. Basic earnings per share excluding the effect of property revaluations and taking into account the full year effect of the open offer in 2012 increased to HK$0.018 (2012: HK$0.014).

Net assets attributable to owners of the Company as at 31 July 2013 amounted to HK$11,418.8 million, up from HK$10,438.1 million as at 31 July 2012. Net asset value per share attributable to owners of the Company increased to HK$0.709 per share as at 31 July 2013 from HK$0.648 per share as at 31 July 2012.

Despite the challenging operating environment during the year under review, the business delivered an encouraging set of results underpinned by the strong and growing recurrent rental income base from investment properties of the Group.

As at 31 July 2013, the Group maintained a property portfolio including, in attributable gross floor area ("**GFA**") (excluding car-parking spaces and ancillary facilities), completed properties held for rental of approximately 2.0 million square feet, completed hotel properties and serviced apartments of approximately 0.4 million square feet, properties under development of approximately 9.1 million square feet and completed properties held for sale of approximately 0.7 million square feet. The Group will continue to build on this sound asset base with a view to delivering long-term value to its shareholders.

PROPERTY PORTFOLIO COMPOSITION

Approximate attributable GFA (in '000 square feet) of the Group's major properties and car-parking spaces as at 31 July 2013:

	Commercial/ Retail	**Office**	**Serviced Apartment**	**Residential**	**Total (excluding car-parking spaces & ancillary facilities)**	**No. of car-parking spaces**
Completed Properties Held for Rental[1]	1,458	548	-	-	2,006	537
Completed Hotel Properties and Serviced Apartments	-	-	444	-	444	-
Properties Under Development[2]	1,357	1,037	621	6,085	9,100	5,452
Completed Properties Held for Sale[3]	176	-	18	524	718	964
Total GFA of major properties of the Group	**2,991**	**1,585**	**1,083**	**6,609**	**12,268**	**6,953**

1. *Completed and rental generating properties*
2. *All properties under construction*
3. *Completed properties for sale, including 175,803 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 2013, the Group's rental operations recorded a turnover of HK$522.7 million (2012: HK$474.4 million), representing a 10% increase over last year. Breakdown of rental turnover by major rental properties is as follows:

	For the year ended 31 July			
	2013 HK$ million	2012 HK$ million	% Change	Year end occupancy (%)
Shanghai Hong Kong Plaza	359.8	349.6	2.9%	Retail: 99.6% Office: 93.1% Serviced Apartments: 86.2%
Shanghai Regents Park (commercial podium and car-parking spaces)	11.7	10.2	14.7%	100.0%
Shanghai Northgate Plaza I	9.8	7.8	25.6%	86.3%
Shanghai May Flower Plaza (commercial podium and car-parking spaces)	28.7	2.1	1,266.7%	92.1%
Guangzhou May Flower Plaza	96.3	88.8	8.4%	Retail: 97.2% Office: 100.0%
Guangzhou West Point (commercial podium and car-parking spaces)	15.9	15.9	0%	98.9%
Zhongshan Palm Spring (commercial podium)	0.5	-	N/A	6.3%
Total:	**522.7**	**474.4**	**10.2%**	

Rental income performed steadily as a whole with almost full occupancy in all the major properties. The increase is primarily attributable to rental reversion and change in tenant mix across the portfolio, as well as a full year's contribution from the retail podium of the Shanghai May Flower Plaza since the end of the 2012 financial year.

A portion of the Zhongshan Palm Spring Rainbow Mall 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. Soft opening of the serviced apartments in the Zhongshan Palm Spring, STARR Resort Residence Zhongshan, commenced shortly after the year end. The other STARR branded hotel and serviced apartments in Shanghai and Guangzhou are ontrack for soft openings in Q4 2013 and Q2 2014, respectively.

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 352,100 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, Tiffany, MCM, Shiatzy Chen, Y3 and internationally renowned luxury brands and high-end restaurants. 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.

Subsequent to the year end, the Group acquired the 5% minority interest in this property in August 2013 and now 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 Zhabei District in Shanghai. This project is situated near the Zhongshan Road North Metro Station.

The Group retains a 95% interest 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 comprises office units, a retail podium (now closed) and car-parking spaces. Located on Tian Mu Road West in the Zhabei 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.

Shanghai Northgate Plaza II is a vacant site adjacent to Plaza I. The site area of 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 plans to redevelop Shanghai Northgate Plaza I and II 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.

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 fully leased to tenants comprising well-known corporations, consumer brands and restaurants.

Subsequent to the year end, the Group bought the 22.5% minority interest in this property in September 2013 and now 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 effectively sold all the residential and office units and retained a commercial podium with GFA of approximately 172,700 square feet. Tenants of the retail podium include renowned restaurants and local retail brands.

HOTELS AND SERVICED APARTMENTS

Ascott Huahai Road
Ascott Huaihai Road in Hong Kong Plaza managed by the Ascott Group 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 352,100 square feet has 306 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 79% (2012: 81%) was achieved during the year and the average room tariff increased by 3% over last year.

STARR Resort Residence Zhongshan
STARR Resort Residence Zhongshan soft opened in August 2013 and comprises two 16-storey blocks located in the Palm Lifestyle complex in Zhongshan Western district at Cui Sha Road. There are 90 fully furnished serviced apartment units and the total GFA is approximately 98,600 square feet.

Recognised Sales

For the year ended 31 July 2013, the Group's property development operations recorded a turnover of HK$1,372.2 million (2012: HK$919.6 million) from sale of properties, representing a 49% increase in sales revenue over last year.

Total recognised sales was primarily driven by the sales performance of Shanghai May Flower Plaza and Zhongshan Palm Spring of which approximately 286,000 and 360,000 square feet of residential GFA were sold, respectively, achieving sales revenue of HK$1,065.9 million and HK$217.3 million, respectively.

Sales of Dolce Vita Phase I performed well and achieved an average selling price of HK$1,792 per square foot. This is recognised as a component of "Share of profit of joint ventures" in the consolidated income statement.

For the year ended 31 July 2013, average selling price recognised as a whole (excluding Dolce Vita) decreased to approximately HK$2,160 per square foot (2012: HK$4,080 per square foot). The decrease is due to more units/square feet of Zhongshan Palm Spring being sold this year at lower average selling prices.

Breakdown of turnover for the year ended 31 July 2013 from property sales is as follows:

Recognised basis	**Approximate Gross Floor Area**	**Average Selling Price#**	**Turnover***
	Square feet	**HK$/square foot**	**HK$ million**
Shanghai May Flower Plaza			
Residential Units	248,443	4,092	959.1
Office Apartment Units	37,983	2,981	106.8
Zhongshan Palm Spring			
Residential High-Rise Units	339,383	589	188.7
Residential House Units	21,019	1,445	28.6
Shanghai Regents Park Phase II			
Residential Units	11,345	4,898	52.4
Guangzhou West Point			
Residential Units	6,066	2,625	15.0
Office Units	9,229	2,482	21.6
Total	673,468	2,160	1,372.2
Recognised sales from joint venture project			
Guangzhou Dolce Vita			
Residential Units(47.5% basis)**	243,660	1,792	411.9

\# *Before business tax*

* *After business tax*

** *Guangzhou Dolce Vita is a joint venture project with CapitaLand China Holdings Pte. Ltd. ("CapitaLand") in which each of the Group and CapitaLand has an effective 47.5% interest. For the year ended 31 July 2013, the recognised sales (after business tax) attributable to the full project is HK$867.2 million and approximately 512,969 square feet of GFA were recognised.*

Contracted Sales

As at 31 July 2013, the Group's property development operations has contracted but not yet recognised sales of HK$827.2 million from sale of properties.

Breakdown of contracted but not yet recognised sales as at 31 July 2013 is as follows:

Contracted basis	**Approximate Gross Floor Area**	**Average Selling Price#**	**Turnover#**
	Square feet	**HK$/square foot**	**HK$ million**
Shanghai May Flower Plaza			
Residential Units	25,949	4,366	113.3
Office Apartment Units	4,592	3,009	13.8
Zhongshan Palm Spring			
Residential High-rise Units	30,247	626	18.9
Residential House Units	39,604	1,261	50.0
Sub-total	100,392	1,953	196.0
Contracted sales from joint venture project			
Guangzhou Dolce Vita			
Residential Units** (47.5% basis)	331,558	1,904	631.2
Total	**431,950**	**1,915**	**827.2**

\# *Before business tax*

** *Guangzhou Dolce Vita is a joint venture project with CapitaLand in which each of the Group and CapitaLand has an effective 47.5% interest. As at 31 July 2013, the contracted but not yet recognised sales attributable to the full project is HK$1,328.8 million and approximately 698,018 square feet of GFA were sold.*

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 Zhabei 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, 248,443 square feet was recognised at an average selling price of HK$4,092 per square foot, which contributed HK$959.1 million to the turnover. As at 31 July 2013, contracted but not yet recognised sales amounted to HK$113.3 million or 25,949 square feet at an average selling price of HK$4,366 per square foot. As at 31 July 2013, completed residential units held for sale in this development amounted to approximately 168,100 square feet with a carrying amount of approximately HK$300.9 million.

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 37,983 square feet was recognised at an average selling price of HK$2,981 per square foot, which contributed HK$106.8 million to the turnover. As at 31 July 2013, contracted but not yet recognised sales amounted to HK$13.8 million or 4,592 square feet at an average selling price of HK$3,009 per square foot. As at 31 July 2013, completed office apartment units held for sale in this development amounted to approximately 19,500 square feet with a carrying amount of approximately HK$45.2 million.

STARR Hotel Shanghai
STARR Hotel Shanghai is a 17-storey hotel located in the Mayflower Lifestyle complex right in the heart of the Zhabei inner ring road district, within walking distance to Lines 1, 3 and 4 of the Shanghai Metro Station with easy access to major motorways. The construction work is completed and the hotel's tentative soft-opening will be in Q4 2013, which is expected to bring in approximate attributable GFA of 136,700 square feet to our hotel and serviced apartment portfolio.

Zhongshan Palm Spring
The project is located in Caihong Planning Area, West District of Zhongshan. The overall development has a total planned GFA of approximately 8.885 million square feet. The project will comprise of high-rise residential towers, townhouses, serviced apartments and commercial blocks totaling 6.408 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 townhouses. During the year under review, 339,383 square feet of high-rise residential units and 21,019 square feet of townhouses were recognised at average selling prices of HK$589 and HK$1,445 per square foot, respectively, which contributed a total of HK$217.3 million to the sales turnover. As at 31 July 2013, contracted but not yet recognised sales amounted to HK$18.9 million and HK$50.0 million at average selling prices of HK$626 and HK$1,261 per square foot for high-rise units and townhouses, respectively. As at 31 July 2013, completed units held for sale in this development amounted to 519,500 square feet with a carrying amount of approximately HK$512.1 million. The remaining GFA under development was approximately 5,390,600 square feet.

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

Phase	Description	Approximate GFA* (square feet)	Expected completion
Ib	High-rise residential units	984,300	Q2 2017
II	Townhouses	202,000	Q3 2016
III	High-rise residential units including commercial units and serviced apartments	1,608,100	Q1 2018
IV	High-rise residential units including commercial units	2,596,200	Q4 2018

**Excluding car-parking spaces and ancillary facilities*

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

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 914,400 square feet, comprising two residential blocks (GFA 320,100 square feet approximately), an office block and ancillary retail spaces (GFA 594,300 square feet approximately). Construction work for the residential blocks is expected to be completed in the second half of financial year ending 31 July 2014. The office block and ancillary retail spaces will be kept as rental properties and they are expected to complete in the second half of financial year ending 31 July 2015.

Guangzhou Dolce Vita
The Guangzhou Dolce Vita is a joint venture project with CapitaLand China Holdings Pte. Ltd ("**CapitaLand**") in which each of the Group and CapitaLand has a 47.5% interest. This development in Jinshazhou, Hengsha, Baiyun District, Guangzhou will have a total project GFA of approximately 4.722 million square feet. The project will comprise of approximately 2,785 low-rise and high-rise residential units and shopping amenities totaling 3.800 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 comprises 8 high-rise residential blocks and are all sold. Phase Ia (4 high-rise residential blocks) was completed in the second half of 2012 and Phase Ib is expected to complete in the second half of financial year ending 31 July 2014. During the year under review, 243,660 square feet attributable to the Group was recognised and generated an attributable turnover of HK$411.9 million. As at 31 July 2013, attributable contracted but not yet recognised sales amounted to HK$631.2 million or 331,558 square feet at an average selling price of HK$1,904 per square foot. As at 31 July 2013, attributable GFA of completed units held for sale for Phase Ia amounted to 19,400 square feet with a carrying amount of approximately HK$12.5 million. The remaining GFA under development was approximately 3,238,800 square feet.

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

Phase	Description	Approximate GFA* (square feet)	Expected completion
Ib	High-rise residential units	553,800	Q1 2014
II	Townhouses including a small amount of commercial units	288,700	Q4 2013
III	High-rise residential units including a small amount of commercial units	424,400	Q4 2014
IV	Town houses and low-rise residential units	305,800	Q4 2014
V	High-rise residential units	1,666,100	Q4 2015

**Excluding car-parking spaces and ancillary facilities*

Guangzhou King's Park
This is a high-end residential development located on Donghua Dong Road in Yuexiu District. The attributable GFA is approximately 97,000 square feet excluding 58 car-parking spaces and ancillary facilities. Construction work is completed and the project is expected to be launched for sale soon.

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 592,200 square feet and is intended to be developed for rental purpose.

Guangzhou Paramount Centre
This is a serviced apartment development, namely "STARR Xin Hotel", located at the junction of Da Sha Tou Road and Yan Jiang Dong Road in Yuexiu District. The attributable GFA is approximately 80,300 square feet excluding 46 car-parking spaces and ancillary facilities. This project will be added to the hotel and serviced apartment portfolio of the Group upon completion. Construction work is expected to complete before the end of the next financial year and soft-opening is expected to be in the second quarter of 2014.

Guangzhou Guan Lu Road Project
The site is located on Guan Lu Road in Yuexiu District. The expected residential and retail GFA is approximately 92,800 square feet excluding 57 car-parking spaces and ancillary facilities. Discussions on the redevelopment plan are progressing smoothly between the Group and the Guangzhou government.

OUTLOOK

The global economy has been on a delicate recovery path since 2009. The pace of recovery remained slow with major economies in the world experiencing a loss of growth momentum. GDP growth forecasts of economies around the world have been slashed repeatedly. Recent actions by the Japanese government to stimulate its economy and the United States Federal Reserve's postponement of the tapering reinforce the precarious state of affairs. Against this backdrop, the Central Government sought to stabilise its domestic economy and stimulate growth through various measures such as the reduction of the deposit-reserve ratio and benchmark interest rates cuts with a view to maintaining the target GDP of 7.5% which is still a relatively bright spot when compared to the rest of the world.

Whilst the leadership change is now settled, it is clear that the Central Government will continue its firm and unwavering stance in regulating the domestic property market and continued with its restrictive policy measures on purchase, price and credit. Although the tightening measures implemented by the Central Government are taking effect, the demand for housing, underpinned by continued urbanisation and the desire for improved living conditions remained robust, which continued to push up property prices. We expect the Central Government to remain committed to strict implementation of policy measures to stabilise the property market but are optimistic about the pent up demand as a result of these tightening measures.

The Group believes that the focus of putting a larger emphasis on rental properties will be instrumental to maintaining sustainable growth in the long run. The incremental rental income to be derived from investment property projects already in the pipeline will further strengthen the recurring rental income further and establish a solid base for the Group in the next few years. The property development part of the business will be key in ensuring an efficient redeployment of capital into future projects when the residential units are sold.

The Group has a number of projects in various stages of development in Shanghai, Guangzhou and Zhongshan. The remaining residential units in Guangzhou Dolce Vita Phase I and III and Zhongshan Palm Spring Phase I are expected to contribute to the profit and loss account in the coming financial years.

As at 31 July 2013 the Group has a landbank of 9.1 million square feet. The Group's strong cash position of HK$5,665.7 million of cash on hand with a net debt to equity ratio of 4% as at 31 July 2013 provides the Group full confidence and the means to review opportunities more actively. However, the Group will continue its prudent and flexible approach in growing the landbank and managing its financial position.

On 26 September 2013, the Group announced it had successfully won Phase I of the Creative Culture City project in Hengqin. Phase I has a total gross floor area of 2.8 million square feet and the Group will, subject to its independent shareholders' approval, finalise the development plan for Phase I with eSun Holdings Limited having a 20% interest in this site. This site will further increase the Group's landbank and development portfolio.

Discussions are progressing smoothly between the Group and the Guangzhou government on the redevelopment plan for the site located on Guanlu Road in Guangzhou which is the former residence of Mr. Sit Kok Sin, a renowned Cantonese opera legend. Regarding the case that the Group refused to pay a former landlord compensation amounting to HK$6 million, sufficient compensation was included in the land premium paid by the Group in the auction for the land dating back to 2007. Due to impending litigation, it would be inappropriate for us to comment further on specifics at present.

CAPITAL STRUCTURE, LIQUIDITY AND DEBT MATURITY PROFILE

As at 31 July 2013, cash and bank balance held by the Group amounted to HK$5,665.7 million and undrawn facilities of the Group was HK$1,764.5 million.

As at 31 July 2013, the Group had total borrowings amounting to HK$6,109.6 million (2012: HK$3,402.2 million), representing an increase of HK$2,707.4 million from 2012. The consolidated net assets attributable to the owners of the Company amounted to HK$11,418.8 million (2012: HK$10,438.1 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 4% (2012: 7%). The maturity profile of the Group's borrowings of HK$6,109.6 million is well spread with HK$2,052.5 million repayable within 1 year, HK$387.6 million repayable in the second year and HK$3,669.5 million repayable in the third to fifth years.

Approximately 60% and 39% of the Group's borrowings were on a fixed rate basis and floating rate basis, respectively, and the remaining 1% of the Group's borrowings were interest free.

Apart from the fixed rate senior notes, the Group's other borrowings of HK$2,450.9 million were 49% denominated in Renminbi ("**RMB**"), 30% in Hong Kong dollars ("**HKD**") and 21% in United States Dollars ("**USD**").

The Group's fixed rate senior notes of HK$3,658.7 million were 61% denominated in RMB and 39% in USD. On 25 April 2013, issue date of the RMB denominated senior notes ("**RMB 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 RMB Notes have been effectively converted into USD denominated loans.

The Group's cash and bank balances of HK$5,665.7 million were 40% denominated in RMB, 40% in USD and 20% in HKD.

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

Certain assets of the Group have been pledged to secure borrowings of the Group, including investment properties with a total carrying amount of approximately HK$8,096.0 million, properties under development with a total carrying amount of approximately HK$858.5 million, serviced apartments and related properties with a total carrying amount of approximately HK$727.1 million, a construction in progress with carrying amount of approximately HK$238.4 million, a property with carrying amount of approximately HK$39.5 million and bank balances of approximately HK$6.0 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 2013, the Company did not redeem any of its shares or its 6.875% Senior Notes due 2018, which are listed and traded on the Stock Exchange or its 9.125% Senior Notes due 2014 listed and traded on Singapore Exchange Securities Trading Limited. In addition, the Company or any of its subsidiaries did not purchase or sell any of such shares or Senior Notes during the year.

CORPORATE GOVERNANCE

The Company is committed to achieving and maintaining high standards of corporate governance and has established policies and procedures for compliance with the principles and code provisions set out in the Corporate Governance Code ("**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange from time to time.

The Company has complied with all the code provisions set out in the CG Code throughout the year ended 31 July 2013 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 (the "**Directors**") are subject to the retirement provisions of the Articles of Association of the Company (the "**Articles of Association**") which require that the Directors for the time being shall retire from office by rotation once every three years since their last election by Shareholders and the retiring Directors are eligible for re-election. In addition, any person appointed by the Board as an additional Director (including a NED) will hold office only until the next annual general meeting of the Company (the "**AGM**") and will then be eligible for re-election. Further, in line with the relevant code provision of the CG Code, each of the Directors appointed to fill a casual vacancy would/will be subject to election by the Shareholders at the first general meeting after his/her appointment. In view of these, the Board considers that such requirements are sufficient to meet the underlying objective of the said code provision A.4.1 and, therefore, does not intend to take any remedial steps in this regard.

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

The Company has not established a nomination committee whose functions are assumed by the full Board. Potential new Directors will be recruited based on their knowledge, skills, experience and expertise and the requirements of the Company at the relevant time and candidates for the INEDs must meet the independence criterion. The process of identifying and selecting appropriate candidates for consideration and approval by the Board has been, and will continue to be, carried out by the Executive Directors. 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.

DIRECTORS, EMPLOYEES AND REMUNERATION POLICIES

As at 31 July 2013, 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.

The Group is delighted to welcome Mr. Mak Wing Sum, Alvin and Mr. Shek Lai Him, Abraham who joined the Board as INEDs with effect from 1 November 2012 and 19 December 2012, respectively. The Group would also like to thank Dr. Lam Kin Ngok, Peter, Mr. Lui Siu Tsuen, Richard and Mr. Cheung Sum, Sam, who left the Board during the year for their valuable contributions to the Company during their tenure.

INVESTOR RELATIONS

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

The Company has met with a number of research analysts and investors, attended conferences as well as deal and non-deal roadshows as follows:

Month	Event	Organizer	Location
Aug-12	UBS Hong Kong/China Property Conference 2012	UBS	Hong Kong
Sep-12	J.P. Morgan Hong Kong Property Corporate Access Days	J.P. Morgan	Hong Kong
Oct-12	Post full year results non-deal roadshow	UBS	Hong Kong
Nov-12	Post full year results non-deal roadshow	DBS	Singapore
Nov-12	Non-deal Lai Sun Development Company Limited fixed income roadshow	BNP Paribas/HSBC/ Standard Chartered Bank	Hong Kong/ Singapore
Nov-12	Post full year results non-deal roadshow/ HSBC Asia Corporate Day	HSBC	London
Nov-12	Post full year results non-deal roadshow	J.P. Morgan	New York/ Philadelphia/ San Francisco
Dec-12	Investors luncheon	Daiwa Securities	Hong Kong
Jan-13	Investors luncheon	Bank of China International	Hong Kong
Jan-13	Non-deal roadshow	UOB Kay Hian	Taipei
Apr-13	Post results non-deal roadshow	CLSA/Daiwa Securities	Hong Kong
Apr-13	Post results non-deal roadshow	DBS	Singapore
Apr-13	Post results non-deal roadshow	CIMB	Kuala Lumpur
Apr-13	The Pulse of Asia Conference	DBS	Hong Kong
Apr-13	Deal roadshow – Lai Fung Holdings Limited CNY senior notes	HSBC/J.P. Morgan/DBS	Singapore/ Hong Kong
Apr-13	HK/China Property Conference 2013	UBS	Hong Kong
Apr-13	HSBC 4th Annual Greater China Property Conference	HSBC	Hong Kong
May-13	Macquarie Greater China Conference 2013	Macquarie	Hong Kong
May-13	Post results non-deal roadshow	AM Capital	London
May-13	Post results non-deal roadshow	Daiwa Securities	Paris
May-13	Post results non-deal roadshow	Morgan Stanley	New York
May-13	Post results non-deal roadshow	Daiwa Securities	New York/Denver/ San Francisco
Jun-13	Post results non-deal roadshow	UBS	Zurich/Edinburgh
Jun-13	CIMB 11th Annual Asia Pacific Leaders' Conference	CIMB	London
Jun-13	Post results non-deal roadshow	HSBC	Sydney
Jul-13	The Pulse of Asia Conference July 2013	DBS	Singapore
Aug-13	Investors luncheon	Bank of China International	Hong Kong

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

Firm	Analyst	Publication Date
DBS	Andy YEE, Danielle WANG, Carol WU & Ken HE	23 January 2013
J.P. Morgan	Amy LUK, Leo NG	10 June 2013

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

REVIEW OF 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. Leow Juan Thong, Jason (alternate: Mr. Lucas Ignatius Loh Jen Yuh). The committee has reviewed the consolidated results (including the consolidated financial statements) of the Company for the year ended 31 July 2013.

REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY THE INDEPENDENT AUDITORS

The figures in respect of the Group's results for the year ended 31 July 2013 as set out in this preliminary announcement have been agreed by the Group's independent auditors, Ernst & Young, Certified Public Accountants of Hong Kong ("**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 this preliminary announcement of results.

ANNUAL GENERAL MEETING

The AGM will be held on Friday, 22 November 2013. Notice of the AGM together with the Company's Annual Report for the year ended 31 July 2013 will be published on the respective websites of the Stock Exchange and the Company and despatched to Shareholders in about late October 2013.

By Order of the Board
Chew Fook Aun
Chairman

Hong Kong, 9 October 2013

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. Lau Shu Yan, Julius and Mr. Cheng Shin How; two Non-executive Directors, namely Mr. Leow Juan Thong, Jason and Mr. Lucas Ignatius Loh Jen Yuh (also alternate to Mr. Leow Juan Thong, Jason); 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.