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 2014

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 2014 together with the comparative figures for the previous year as follows:

Consolidated Income Statement
For the year ended 31 July 2014

	Notes	**2014 HK$'000**	2013 HK$'000
TURNOVER	3	**1,207,302**	1,894,938
Cost of sales		**(461,633)**	(897,317)
Gross profit		**745,669**	997,621
Other income and gains		**213,255**	158,361
Selling and marketing expenses		**(46,009)**	(69,188)
Administrative expenses		**(294,235)**	(306,707)
Other operating expenses, net		**(41,812)**	(7,334)
Fair value losses on cross currency swaps		**(64,439)**	-
Fair value gains on investment properties		**1,138,045**	660,708
PROFIT FROM OPERATING ACTIVITIES	4	**1,650,474**	1,433,461
Finance costs	5	**(322,343)**	(197,338)
Share of profits of joint ventures		**154,897**	107,066
PROFIT BEFORE TAX		**1,483,028**	1,343,189
Tax	6	**(366,109)**	(530,622)
PROFIT FOR THE YEAR		**1,116,919**	812,567
ATTRIBUTABLE TO:			
Owners of the Company		**1,099,727**	757,045
Non-controlling interests		**17,192**	55,522
		1,116,919	812,567
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY:	8		
Basic		**HK$0.068**	HK$0.047
Diluted		**HK$0.068**	HK$0.047

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 2014

	2014 **HK$'000**	2013 HK$'000
PROFIT FOR THE YEAR	**1,116,919**	812,567
OTHER COMPREHENSIVE INCOME/(EXPENSES) TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS, NET OF TAX		
Reversal of impairment of investment properties under construction	**9,782**	20,684
Release of exchange fluctuation reserve upon disposal of a subsidiary	**(1,439)**	-
Exchange differences arising on translation to presentation currency	**(75)**	276,685
Share of other comprehensive income/(expenses) of joint ventures	**(159)**	9,330
Net gain/(loss) on cash flow hedges	**53,105**	(59,761)
	61,214	246,938
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**1,178,133**	1,059,505
ATTRIBUTABLE TO:		
Owners of the Company	**1,162,147**	998,828
Non-controlling interests	**15,986**	60,677
	1,178,133	1,059,505

Consolidated Statement of Financial Position
As at 31 July 2014

	Notes	**2014 HK$'000**	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,499,769**	1,491,574
Prepaid land lease payments		**5,354**	5,543
Investment properties		**13,479,025**	11,377,034
Properties under development		**662,386**	513,517
Investments in joint ventures		**590,758**	436,340
Deposit for acquisition of land use right		**89,765**	-
Goodwill		**426**	1,032
Total non-current assets		**16,327,483**	13,825,040
CURRENT ASSETS			
Properties under development		**572,906**	718,861
Completed properties for sale		**1,157,773**	1,094,541
Debtors, deposits and prepayments	9	**174,641**	171,326
Prepaid tax		**43,250**	46,859
Pledged and restricted time deposits and bank balances		**490,690**	2,057,388
Cash and cash equivalents		**2,072,368**	3,608,327
Total current assets		**4,511,628**	7,697,302
CURRENT LIABILITIES			
Creditors and accruals	10	**580,273**	668,657
Deposits received and deferred income		**218,974**	201,094
Interest-bearing bank loans, secured		**708,382**	617,470
Tax payable		**166,660**	490,502
Fixed rate senior notes		**-**	1,435,052
Total current liabilities		**1,674,289**	3,412,775
NET CURRENT ASSETS		**2,837,339**	4,284,527
TOTAL ASSETS LESS CURRENT LIABILITIES		**19,164,822**	18,109,567

Consolidated Statement of Financial Position (continued)
As at 31 July 2014

	2014	2013
	HK$'000	HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES	**19,164,822**	18,109,567
NON-CURRENT LIABILITIES		
Long-term deposits received	**92,564**	77,021
Interest-bearing bank loans, secured	**1,604,858**	1,774,856
Advances from a former substantial shareholder	**58,688**	58,621
Loans from a fellow subsidiary	**152,760**	-
Fixed rate senior notes	**2,232,738**	2,223,610
Derivative financial instruments	**25,162**	43,712
Deferred tax liabilities	**2,203,747**	1,819,897
Total non-current liabilities	**6,370,517**	5,997,717
	12,794,305	12,111,850
EQUITY		
Equity attributable to owners of the Company		
Issued capital	**1,610,190**	1,609,591
Share premium account	**4,066,482**	4,065,862
Asset revaluation reserve	**66,609**	56,925
Share option reserve	**29,677**	30,188
Hedge reserve	**(6,656)**	(59,761)
Exchange fluctuation reserve	**1,994,853**	1,995,222
Capital reserve	**155,496**	25,974
Retained earnings	**4,696,867**	3,646,545
Proposed final dividend	**49,916**	48,288
	12,663,434	11,418,834
Non-controlling interests	**130,871**	693,016
	12,794,305	12,111,850

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. 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:

Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012
HKFRS 1 Amendments	Government Loans
HKFRS 7 Amendments	Disclosures — Offsetting Financial Assets and Financial Liabilities
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Transition Guidance
HKFRS 13	Fair Value Measurement
HKAS 19 (2011)	Employee Benefits
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine

Other than as further explained below regarding the impact of HKFRS 13 "Fair Value Measurement", the application of these new and revised HKFRSs has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. HKFRS 13 does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended. Additional disclosures required by HKFRS 13 for fair value measurements of investment properties and the derivative financial instruments are included in respective notes to the financial statements.

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 year ended 31 July 2012:

HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments 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 reported results or the financial position of the Group.

3. OPERATING SEGMENT INFORMATION

	Property development		Property investment		Consolidated	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue/results:						
Segment revenue						
Sales to external customers	**640,928**	1,372,194	**566,374**	522,744	**1,207,302**	1,894,938
Other revenue	**2,139**	1,960	**123,747**	110,950	**125,886**	112,910
Total	**643,067**	1,374,154	**690,121**	633,694	**1,333,188**	2,007,848
Segment results	**252,169**	509,833	**1,422,084**	962,057	**1,674,253**	1,471,890
Interest income from bank deposits					**28,721**	25,579
Unallocated gains					**58,648**	19,872
Fair value losses on cross currency swaps					**(64,439)**	-
Equity-settled share option expenses - unallocated					**-**	(11,594)
Unallocated expenses, net					**(46,709)**	(72,286)
Profit from operating activities					**1,650,474**	1,433,461
Finance costs					**(322,343)**	(197,338)
Share of profits of joint ventures	**154,897**	107,066	**-**	-	**154,897**	107,066
Profit before tax					**1,483,028**	1,343,189
Tax					**(366,109)**	(530,622)
Profit for the year					**1,116,919**	812,567
Segment assets/liabilities:						
Segment assets	**2,464,699**	2,375,951	**14,966,049**	12,840,651	**17,430,748**	15,216,602
Investments in joint ventures	**590,758**	436,340	**-**	-	**590,758**	436,340
Unallocated assets					**2,817,605**	5,869,400
Total assets					**20,839,111**	21,522,342
Segment liabilities	**445,957**	413,295	**309,129**	324,120	**755,086**	737,415
Unallocated liabilities					**7,289,720**	8,673,077
Total liabilities					**8,044,806**	9,410,492

During the year, no single customer accounted for over 10% of the Group's total turnover (2013: Nil).

3. OPERATING SEGMENT INFORMATION (continued)

	Property development		Property investment		Consolidated	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Other segment information:						
Depreciation	**2,409**	2,075	**65,236**	56,678	**67,645**	58,753
Corporate and other unallocated depreciation					**5,962**	8,068
					73,607	66,821
Capital expenditure	**4,443**	6,260	**919,100**	146,212	**923,543**	152,472
Corporate and other unallocated capital expenditure					**4,825**	5,244
					928,368	157,716
Fair value gains on investment properties	**-**	-	**1,138,045**	660,708	**1,138,045**	660,708
Reversal of impairment of properties under development/investment properties under construction*	**-**	6,974	**13,042**	27,578	**13,042**	34,552
Loss on disposal of items of property, plant and equipment	**288**	4	**173**	33	**461**	37

* *There was no reversal of impairment of properties under development recognised in profit or loss during the year ended 31 July 2014 (2013:HK$6,974,000). Reversal of impairment of investment properties under construction of HK$13,042,000 (2013:HK$27,578,000) was recognised in other comprehensive income during the year.*

4. PROFIT FROM OPERATING ACTIVITIES

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

	2014 **HK$'000**	2013 HK$'000
Property management fee income[ϕ]	**(103,976)**	(99,397)
Interest income from bank deposits[ϕ]	**(28,721)**	(25,579)
Cost of completed properties sold	**311,178**	782,357
Outgoings in respect of rental income	**150,455**	114,960
Total cost of sales	**461,633**	897,317
Depreciation[#]	**73,607**	66,821
Amortisation of prepaid land lease payments	**4,662**	9,276
Capitalised in properties under development	**(4,465)**	(9,083)
	197	193
Foreign exchange differences, net*	**(27,224)**	(42,075)
Reversal of impairment of properties under development*	**-**	(6,974)
Loss on disposal of items of property, plant and equipment[#]	**461**	37
Gain on disposal of a subsidiary*	**6,672**	-

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$61,779,000 (2013: HK$51,753,000) for serviced apartments and related leasehold improvements and the loss on disposal of items of property, plant and equipment of HK$461,000 (2013: HK$37,000) 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

	2014 HK$'000	2013 HK$'000
Interest on:		
Bank loans wholly repayable within five years	**130,669**	90,521
Bank loan repayable beyond five years	**4,296**	-
US$200,000,000 fixed rate senior notes ("2007 Notes")	**87,588**	131,509
RMB1,800,000,000 fixed rate senior notes ("2013 Notes")	**142,006**	37,467
Amortisation of:		
Bank loans	**14,768**	-
2007 Notes	**5,975**	7,799
2013 Notes	**6,573**	1,678
Bank financing charges and direct costs	**25,842**	15,961
	417,717	284,935
Less: Capitalised in properties under development	**(40,543)**	(71,724)
Capitalised in investment properties under construction	**(38,467)**	(15,873)
Captialised in construction in progress	**(16,364)**	-
	(95,374)	(87,597)
Total finance costs	**322,343**	197,338

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 (2013: Nil). Taxes on profits assessable elsewhere had been calculated at the tax rates prevailing in the jurisdictions in which the Group operates.

	2014 HK$'000	2013 HK$'000
Current - Mainland China		
Corporate income tax		
Charge for the year	**64,104**	117,391
Underprovision in prior years	**29,195**	-
	93,299	117,391
Land appreciation tax		
Charge for the year	**11,151**	201,477
Overprovision in prior years	**(116,778)**	-
	(105,627)	201,477
Deferred	**402,739**	211,754
Tax indemnity	**(24,302)**	-
Total tax charge for the year	**366,109**	530,622

7. DIVIDEND

	2014 HK$'000	2013 HK$'000
Proposed final – HK$0.0031 (2013: HK$0.003) per ordinary share	**49,916**	48,288

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

On 22 November 2013, the Company's shareholders approved at the annual general meeting a final dividend of HK$0.003 payable in cash with a scrip dividend alternative (the "Scrip Dividend Scheme") for the year ended 31 July 2013 (the "2013 Final Dividend"). During the year, 5,986,301 new shares were issued by the Company at a deemed price of HK$0.2036 per share, credited as fully paid, to shareholders of the Company who had elected to receive scrip shares in lieu of cash under the Scrip Dividend Scheme to settle HK$1,219,000 of the 2013 Final Dividend. The remaining of the 2013 Final Dividend of HK$47,069,000 was satisfied by cash.

Further details of the Scrip Dividend Scheme are set out in the Company's circular dated 13 December 2013.

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$1,099,727,000 (2013: HK$757,045,000), and the weighted average number of ordinary shares of 16,099,127,518 (2013: 16,095,912,956) 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:

	2014 HK$'000	2013 HK$'000
<u>Earnings</u>		
Profit attributable to owners of the Company used in the basic earnings per share calculation	**1,099,727**	757,045

	Number of shares	
	2014	2013
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**16,099,127,518**	16,095,912,956
Effect of dilution – weighted average number of ordinary shares:		
Share options	**20,981,054**	22,464,900
	16,120,108,572	16,118,377,856

9. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group maintains various credit policies for different business operations in accordance with business practices and market conditions in which the respective subsidiaries operate. Sales proceeds receivable from the sale of properties are settled in accordance with the terms of the respective contracts. Rent and related charges in respect of the leasing of properties are receivable from tenants, and are normally payable in advance with rental deposits received in accordance with the terms of the tenancy agreements. Serviced apartment charges are mainly settled by customers on a cash basis except for those corporate clients who maintain credit accounts with the Group, the settlement of which is in accordance with the respective agreements. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables of the Group were interest-free.

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

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

	2014	2013
	HK$'000	HK$'000
Trade receivables, net:		
Within one month	**61,319**	57,697
One to three months	**2,303**	2,935
Over three months	**1,726**	-
	65,348	60,632
Other receivables, deposits and prepayments	**109,293**	110,694
Total	**174,641**	171,326

10. CREDITORS AND ACCRUALS

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

	2014	2013
	HK$'000	HK$'000
Trade payables:		
Within one month	**102,207**	31,489
One to three months	**3,872**	1,110
Over three months	**79**	2,012
	106,158	34,611
Accruals and other payables	**474,115**	634,046
Total	**580,273**	668,657

FINAL DIVIDEND AND BOOK CLOSE DATES

The Board has recommended a final dividend of HK$0.0031 per share for the year ended 31 July 2014 (2013: HK$0.003 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, 19 December 2014. 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 Tuesday, 30 December 2014.

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, 30 January 2015 to the Shareholders whose names appear on the Register of Members on Friday, 19 December 2014.

The Register of Members will be closed on Thursday, 18 December 2014 and Friday, 19 December 2014, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all relevant transfer document(s) and share certificate(s) must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 17 December 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

2013/14 may be summarised as a year of consolidation for the Company. Notwithstanding the robust equity and debt capital markets, the global economic fundamentals remain on a delicate recovery path. Despite continuous support from central banks around the world, major economies such as the United States and the Euro Zone continue to struggle. Geopolitical tensions around the world such as those in the Middle East and between Russia and Ukraine shroud the already uncertain outlook.

The Chinese Government has implemented policies across different layers of the society to reform and transition the economy from export-led growth to a more progressive and sustainable model driven by domestic consumption in delivering the target Gross Domestic Product growth of 7.5% for 2014. The property sector is an important economic pillar and continues to be shaped significantly by government policies. The control measures implemented are expected to be refined to better adapt to regional circumstances and ensure a sustainable long term growth, which is underpinned by continued urbanisation and income growth.

The Group's regional focus coupled with the rental-led strategy that the Group adopted two years ago is validated against this challenging operating environment. The rental portfolio of approximately 2.8 million square feet, primarily in Shanghai and Guangzhou, delivered steady increases in rental income at close to full occupancies for the key assets despite a general slowdown in retail sales. During the year under review, the buyout of the 5%, 22.5% and 2% minority interests in Shanghai Hong Kong Plaza, Guangzhou May Flower Plaza and Shanghai Northgate Plaza I completed in

August 2013, September 2013 and July 2014, respectively, adding a total gross floor area ("**GFA**") of approximately 153,300 square feet to the rental portfolio of the Group.

The control measures implemented by the Chinese Government slowed sales across the sector and affected different participants to different degrees. The Group is affected without exception but to a lesser extent as it is blessed with a quality rental portfolio. Nevertheless the Group experienced a steady increase in average selling prices in its projects for sale, which indicated the strength and depth of the underlying demand. The management believes it is important to prepare the Group for the challenges and opportunities ahead.

The Group was successful in the auction for Phase I of the Creative Culture City project in Hengqin ("**Phase I CCC**") in September 2013 which it will co-develop with its ultimate holding company, eSun Holdings Limited ("**eSun**"), with 80% held by the Group and 20% held by eSun. Phase I CCC has total GFA of approximately 2.8 million square feet and a minimum investment requirement of RMB3 billion (equivalent to approximately HK$3.8 billion), of which RMB523.3 million (equivalent to approximately HK$657.6 million) is land cost as per the land grant contract entered into between the Group and The Land and Resource Bureau of Zhuhai ("**Zhuhai Land Bureau**") on 27 September 2013. The master layout plan for Phase I CCC is being finalised and the Group will provide more details when they are available. The Group was also successful in the auction in July 2014 for a residential site located by the Huangpu River in Huangpu district in Shanghai with attributable GFA of approximately 72,600 square feet. The Group expects to develop this into a high end luxury residential project.

The hotel at Shanghai May Flower Plaza and serviced apartments in Zhongshan Palm Spring under the STARR branding have commenced operations and operated against a background of challenging conditions. Asset enhancement aimed at improving foot traffic at the higher levels of the retail podium of the Shanghai Hong Kong Plaza is in progress and new tenants are expected to move in by the end of 2014, which is expected to improve overall rental contribution.

The Group has a number of projects in various stages of development in Shanghai, Guangzhou, Zhongshan and Hengqin. The rental portfolio is expected to increase from approximately 2.8 million square feet to approximately 7.1 million square feet through developing the existing rental projects in the next few years. The remaining residential units in Guangzhou Dolce Vita Phases I and III, Guangzhou King's Park, Shanghai May Flower Plaza and Zhongshan Palm Spring Phase I are expected to contribute to the Group's results in the current and coming financial years. The Group will continue its prudent and flexible approach in growing its landbank.

In April 2014, the Company fully redeemed its US$200 million senior notes issued in 2007. Going forward, due to the redemption of this high yield bond, the Company's interest costs should be lower.

As at 31 July 2014, the Group has a landbank of 10.5 million square feet. The Group's strong cash position of HK$2,563.1 million of cash on hand with a net debt to equity ratio of 17% as at 31 July 2014 provides the Group full confidence and the means to review opportunities more actively.

OVERVIEW OF FINAL RESULTS

For the year ended 31 July 2014, the Group recorded a turnover of HK$1,207.3 million (2013: HK$1,894.9 million) and a gross profit of HK$745.7 million (2013: HK$997.6 million), representing an decrease of approximately 36.3% and 25.3%, respectively over last year. Turnover from rental income and sales of properties during the year were HK$566.4 million (2013: HK$522.7 million) and HK$640.9 million (2013: HK$1,372.2 million), representing an increase of 8.4% and a decrease of 53.3%, respectively.

Net profit attributable to owners of the Company was approximately HK$1,099.7 million (2013: HK$757.0 million), representing an increase of approximately 45.3% over last year. Basic earnings per share was HK$0.068 (2013: HK$0.047). Excluding the effect of property revaluations, net profit attributable to owners of the Company was approximately HK$247.7 million (2013: HK$287.5 million), representing a decrease of approximately 13.8% over last year. Basic earnings per share excluding the effect of property revaluations decreased to HK$0.015 (2013: HK$0.018).

	The year ended 31 July	
Profit attributable to owners of the Company (HK$ million)	**2014**	**2013**
Reported	1,099.7	757.0
Less: adjustments in respect of investment properties		
Revaluation of properties	1,138.0	660.7
Deferred tax on investment properties	(284.5)	(165.2)
Non-controlling interests' share of revaluation movements less deferred tax	(1.5)	(26.0)
Net profit after tax excluding revaluation gains of investment properties	247.7	287.5

Net assets attributable to owners of the Company as at 31 July 2014 amounted to HK$12,663.4 million, up from HK$11,418.8 million as at 31 July 2013. Net asset value per share attributable to owners of the Company increased to HK$0.786 per share as at 31 July 2014 from HK$0.709 per share as at 31 July 2013.

PROPERTY PORTFOLIO COMPOSITION

Approximate attributable GFA (in '000 square feet) and number of car-parking spaces as at 31 July 2014:

	Commercial/ Retail	**Office**	**Serviced apartments**	**Residential**	**Total (excluding car-parking spaces & ancillary facilities)**	**No. of car-parking spaces**
Completed Properties Held for Rental[1]	1,630	569	-	-	2,199	587
Completed Hotel Properties and Serviced Apartments	-	-	589	-	589	-
Properties under Development[2]	2,917	1,248	77	6,279	10,521	4,115
Completed Properties Held for Sale	125[3]	-	14	415	554	1,021
Total GFA of major properties of the Group	**4,672**	**1,817**	**680**	**6,694**	**13,863**	**5,723**

1. *Completed and rental generating properties*
2. *All properties under construction*
3. *Completed properties for sale, including 121,795 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 2014, the Group's rental operations recorded a turnover of HK$566.4 million (2013: HK$522.7 million), representing a 8.4% increase over last year. Breakdown of rental turnover by major rental properties is as follows:

	For the year ended 31 July			
	2014 HK$ million	2013 HK$ million	% Change	Year end occupancy (%)
Shanghai Hong Kong Plaza	379.7	359.8	5.5	Retail: 79.8% Office: 94.7% Serviced Apartments: 83.0%
Shanghai Regents Park	14.0	11.7	19.7	100.0%
Shanghai Northgate Plaza I	10.7	9.8	9.2	86.3%
Shanghai May Flower Plaza	35.8	28.7	24.7	Retail: 94.4% Hotel: 12.4%
Guangzhou May Flower Plaza	105.8	96.3	9.9	Retail: 98.2% Office: 100%
Guangzhou West Point	17.3	15.9	8.8	96.8%
Zhongshan Palm Spring	3.1	0.5	520.0	Retail: 51.0% Serviced Apartments: 38.4%
Total:	**566.4**	**522.7**	**8.4**	

Rental income performed steadily as a whole with almost full occupancy in all the major properties other than the retail podium of the Shanghai Hong Kong Plaza. The increase is primarily attributable to rental reversion and change in tenant mix across the portfolio, as well as contribution from the retail podium of the Shanghai May Flower Plaza. The decrease of the occupancy rate in the retail podium of the Shanghai Hong Kong Plaza is due to one of the long term anchor tenants on the upper floor moving out in May 2014 after the expiry of the lease and the corresponding space has been transformed into a food and beverage section ("**F&B Section**"). The F&B Section is currently under renovation and operations will commence by end of 2014. The Group is confident this asset enhancement will deliver material contribution to the asset as the rent per square metre achieved is multiple times of the rent paid by the former anchor tenant.

The serviced apartments in the Zhongshan Palm Spring, STARR Resort Residence Zhongshan, and the hotel in Shanghai May Flower Plaza, STARR Hotel Shanghai, commenced operations in August 2013 and November 2013, respectively and operated against a background of challenging conditions.

A portion of the Zhongshan Palm Spring Rainbow Mall, amounting to approximately 32.7% of total GFA, has been reclassified as rental properties as the floor space was leased out. Further reclassification and rental income recognition will take place in due course as the property becomes fully leased.

Review of Major Rental Properties

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

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

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

The Group 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 pending redevelopment) 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. The Group acquired the 2% minority interest in this property in July 2014 and now owns 99% of this property.

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

The Group acquired 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 sold all the residential and office units and retained a commercial podium with GFA of approximately 172,000 square feet. Tenants of the retail podium include renowned restaurants and local retail brands.

Hotel and Serviced Apartments

Ascott Huaihai Road Shanghai
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 357,000 square feet and approximately 354,200 square feet GFA attributable to the Group has 308 contemporary apartments of various sizes: studios (640-750 sq.ft.), one-bedroom apartments (915-1,180 sq.ft.), two-bedroom apartments (1,720 sq.ft.), three-bedroom apartments (2,370 sq.ft.) and two luxurious penthouses on the highest two floors (4,520 sq.ft.). An average occupancy rate of 83% (2013: 79%) was achieved during the year and the average room tariff was approximately HK$1,340.

STARR Hotel Shanghai
STARR Hotel Shanghai soft opened in November 2013 and 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. There are 287 fully furnished and equipped hotel units with stylish separate living room, bedroom, fully-equipped kitchenette and luxurious bathroom amenities for short or extended stays to meet the needs of the business travelers from around the world and the total GFA is approximately 172,700 square feet. The GFA attributable to the Group is approximately 136,700 square feet. An average occupancy rate of 12% was achieved during the year since its soft opening in November 2013 and the average room tariff was approximately HK$590.

STARR Resort Residence Zhongshan
STARR Resort Residence Zhongshan comprises two 16-storey blocks located in the Palm Lifestyle complex in Zhongshan Western District at Cui Sha Road. It is 30 minutes away from Zhongshan ferry pier and an ideal place for weekend breaks with a wide range of family oriented facilities such as an outdoor Swimming Pool, Gym, Yoga Room, Reading Room, Wine Club, Card Game / Mahjong Room, Tennis Court, etc. There are 90 fully furnished serviced apartment units with kitchenette, unit type one- and two-bed room suite and the total GFA is approximately 98,600 square feet. The resort also has an F & B outlet of 80 seats, suitable for private party and BBQ etc. An average occupancy rate of 38% was achieved during the year since its soft opening in August 2013 and the average room tariff was approximately HK$305.

PROPERTY DEVELOPMENT

Recognised Sales
For the year ended 31 July 2014, the Group's property development operations recorded a turnover of HK$640.9 million (2013: HK$1,372.2 million) from sale of properties, representing a 53.3% decrease in sales revenue over last year.

Total recognised sales was primarily driven by the sales performance of Shanghai May Flower Plaza and Guangzhou King's Park of which approximately 110,168 and 14,321 square feet of residential GFA were sold, respectively, achieving sales revenue of HK$504.8 million and HK$74.1 million, respectively.

Sales of Dolce Vita Phase I performed well and achieved an average selling price of HK$1,902 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 2014, average selling price recognised as a whole (excluding Dolce Vita) increased to approximately HK$3,431 per square foot (2013: HK$2,160 per square foot). The increase is due to a higher proportion of units at Shanghai May Flower Plaza and Guangzhou King's Park being sold and recognised during the year under review at higher average selling prices.

Breakdown of turnover for the year ended 31 July 2014 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	104,992	4,939.8	489.3
Office Apartment Units	5,176	3,172.1	15.5
Guangzhou King's Park			
Residential Units	14,321	5,484.8	74.1
Zhongshan Palm Spring			
Residential High-Rise Units	45,302	660.0	28.2
Residential House Units	28,226	1,271.4	33.8
Total	198,017	3,431.0	640.9
Recognised sales from joint venture project			
Guangzhou Dolce Vita			
Residential Units(47.5% basis)**	281,583	1,902.3	505.2

\# *Before business tax*

* *After business tax*

** *Guangzhou Dolce Vita is a joint venture project with CapitaLand China Holdings Pte. Ltd. ("**CapitaLand China**") in which each of the Group and CapitaLand China has an effective 47.5% interest. For the year ended 31 July 2014, the recognised sales (after business tax) attributable to the full project is HK$1,063.5 million and approximately 592,806 square feet of GFA were recognised.*

Contracted Sales

As at 31 July 2014, the Group's property development operations, excluding Dolce Vita, has contracted but not yet recognised sales of HK$229.6 million from sale of properties (2013: HK$196.0 million) with an average selling price of HK$2,638.1 per square foot. The total contracted but not yet recognised sales of the Group as at 31 July 2014 including Dolce Vita amounted to HK$726.8 million.

Sales momentum for the remaining units at Shanghai May Flower Plaza, Zhongshan Palm Spring and Guangzhou King's Park was encouraging and achieved a blended average selling price of HK$5,025.7 per square foot, HK$1,465.9 per square foot and HK$5,685.9 per square foot respectively. Sales of the remainder of phase I of Dolce Vita were strong and average selling price increased to HK$2,247.5 per square foot (2013: HK$1,904 per square foot).

Breakdown of contracted but not yet recognised sales as at 31 July 2014 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	10,688	5,230.2	55.9
Office Apartment Units	1,191	3,190.6	3.8
Zhongshan Palm Spring			
Residential House Units	61,600	1,465.9	90.3
Guangzhou King's Park			
Residential Units	10,060	5,685.9	57.2
Guangzhou Eastern Place			
Residential Units	3,493	6,412.8	22.4
Sub-total	**87,032**	**2,638.1**	**229.6**
Contracted sales from joint venture project			
Guangzhou Dolce Vita			
Residential Units** (47.5% basis)	181,802	2,247.5	408.6
Retail Units**(47.5% basis)	11,964	7,405.5	88.6
Sub-total	**193,766**	**2,566.0**	**497.2**
Total	**280,798**	**2,588.3**	**726.8**

\# *Before business tax*

** *Guangzhou Dolce Vita is a joint venture project with CapitaLand China in which each of the Group and CapitaLand China has an effective 47.5% interest. As at 31 July 2014, the contracted but not yet recognised sales attributable to the full project is HK$1,046.7 million and approximately 407,928 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, 104,992 square feet was recognised at an average selling price of HK$4,939.8 per square foot, which contributed HK$489.3 million to the turnover. As at 31 July 2014, contracted but not yet recognised sales amounted to HK$55.9 million or 10,688 square feet at an average selling price of HK$5,230.2 per square foot. As at 31 July 2014, completed residential units held for sale in this development amounted to approximately 63,133 square feet with a carrying amount of approximately HK$114.2 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 period under review, sales of 5,176 square feet was recognised at an average selling price of HK$3,172.1 per square foot, which contributed HK$15.5 million to the turnover. As at 31 July 2014, contracted but not yet recognised sales amounted to HK$3.8 million or 1,191 square feet at an average selling price of HK$3,190.6 per square foot. As at 31 July 2014, completed office apartment units held for sale in this development amounted to approximately 14,327 square feet with a carrying amount of approximately HK$34.0 million.

Shanghai Wuli Bridge Project

In July 2014, the Group succeeded in the auction for the land use rights of a piece of land located by Huangpu River in Huangpu district in Shanghai with a site area of approximately 74,100 square feet.

The proposed development has attributable GFA of approximately 72,600 square feet and is intended to be developed into a high end luxury residential project.

Guangzhou Eastern Place Phase V
Guangzhou Eastern Place is a multi-phase project located on Dongfeng East Road, Yuexiu District, Guangzhou. The current Phase V development will have a total GFA attributable to the Group of approximately 964,700 square feet, comprising two residential blocks (GFA 319,400 square feet approximately), an office block and ancillary retail spaces (GFA 645,300 square feet approximately). Construction work is expected to complete in the third quarter of 2015.

Guangzhou Dolce Vita
The Guangzhou Dolce Vita is a joint venture project with CapitaLand China in which each of the Group and CapitaLand China has a 47.5% interest. This development in Jinshazhou, Hengsha, Baiyun District, Guangzhou will have a total project GFA of approximately 5.754 million square feet. The project will comprise of approximately 2,785 low-rise and high-rise residential units and shopping amenities totaling 3.804 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. Phase Ia (4 high-rise residential blocks) was completed in the second half of 2012, 2 high-rise residential blocks of Phase Ib was completed in the first half of financial year ended 31 July 2014 and the other 2 blocks of Phase Ib was also completed in the second half of financial year ended 31 July 2014. All 8 high-rise residential blocks have been sold out. During the year under review, 281,583 square feet attributable to the Group was recognised and generated an attributable sale proceeds of HK$505.2 million. As at 31 July 2014, attributable contracted but not yet recognised sales amounted to HK$497.2 million or 193,766 square feet at an average selling price of HK$2,566.0 per square foot. As at 31 July 2014, attributable GFA of completed units held for sale amounted to 3,273 square feet with a carrying amount of approximately HK$3.8 million. The remaining GFA under development was approximately 2,691,800 square feet.

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

Phase	**Description**	**Approximate GFA* (square feet)**	**Expected completion**
II	Townhouses including a small amount of commercial units	289,400	Q1 2014
III	High-rise residential units including a small amount of commercial units	430,500	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 98,300 square feet excluding 57 car-parking spaces and ancillary facilities. Project was launched for sale in January 2014.

During the period under review, sales of 14,321 square feet was recognised at an average selling price of HK$5,484.8 per square foot, which contributed HK$74.1 million to the turnover. As at 31 July 2014, attributable GFA of completed units held for sale amounted to 84,000 square feet with a carrying amount of approximately HK$367.6 million.

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 83,000 square feet excluding 46 car-parking spaces and ancillary facilities. This project is currently expected to be added to the hotel and serviced apartment portfolio of the Group upon completion.

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

Guangzhou Guan Lu Road Project
The site is located on Guan Lu Road in Yuexiu District. The expected residential and retail GFA is approximately 96,400 square feet excluding 62 car-parking spaces and ancillary facilities. Discussions on the redevelopment plan are progressing between the Group and the Guangzhou government.

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 8.101 million square feet. The project will comprise of high-rise residential towers, townhouses, serviced apartments and commercial blocks totaling 6.016 million square feet.

Phase Ia of the project, which was completed during the first half of the financial year ended 31 July 2013, comprises of high-rise residential towers and house units. During the period under review, 45,302 square feet of high-rise residential units and 28,226 square feet of house units were recognised at average selling prices of HK$660.0 and HK$1,271.4 per square foot, respectively, which contributed a total of HK$62.0 million to the sales turnover. As at 31 July 2014, contracted but not yet recognised sales for townhouses amounted to HK$90.3 million at average selling prices of HK$1,465.9. As at 31 July 2014, completed units held for sale in this development amounted to 270,175 square feet with a carrying amount of approximately HK$289.9 million. The remaining GFA under development was approximately 4,996,600 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	983,100	Q4 2016
II	Townhouses	205,500	Q3 2016
III	High-rise residential units including commercial units	1,392,500	Q1 2019
IV	High-rise residential units including commercial units	2,415,500	Q4 2019

**Excluding car-parking spaces and ancillary facilities*

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

Hengqin Creative Cultural City Phase I
On 25 September 2013, the Group announced it had successfully won Phase I of the Creative Culture City project in Hengqin ("**Phase I CCC**") which is 80% owned by the Group and 20% owned by its controlling shareholder, eSun . Phase I has a total gross floor area of 2.8 million square feet. The minimum investment requirement for Phase I CCC is approximately RMB3 billion (equivalent to approximately HK$3.8 billion), of which RMB523.3 million (equivalent to approximately

HK$657.6 million) is land cost as per the land grant contract entered into between the Group and Zhuhai Land Bureau on 27 September 2013. The master layout plan is being finalised and details will be forthcoming once they are available.

CAPITAL STRUCTURE, LIQUIDITY AND DEBT MATURITY PROFILE

As at 31 July 2014, cash and bank balance held by the Group amounted to HK$2,563.1 million and undrawn facilities of the Group was HK$1,904.6 million.

As at 31 July 2014, the Group had total borrowings amounting to HK$4,757.4 million (2013: HK$6,109.6 million), representing a decrease of HK$1,352.2 million from 2013. The consolidated net assets attributable to the owners of the Company amounted to HK$12,663.4 million (2013: HK$11,418.8 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 17% (2013: 4%). The maturity profile of the Group's borrowings of HK$4,757.4 million is well spread with HK$708.4 million repayable within 1 year, HK$1,669.3 million repayable in the second year, HK$2,320.7 million repayable in the third to fifth years and HK$59.0 million repayable beyond the fifth year.

Approximately 47% and 49% of the Group's borrowings were on a fixed rate basis and floating rate basis, respectively, and the remaining 4% of the Group's borrowings were interest free.

Apart from the fixed rate senior notes, the Group's other borrowings of HK$2,524.7 million were 50% denominated in Renminbi ("**RMB**"), 30% in Hong Kong dollars ("**HKD**") and 20% in United States Dollars ("**USD**").

The Group's fixed rate senior notes of HK$2,232.7 million were denominated in RMB. 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$2,563.1 million were 75% denominated in RMB, 12% in USD and 13% 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$9,278.7 million, properties under development with a total carrying amount of approximately HK$141.0 million, serviced apartments and related properties with a total carrying amount of approximately HK$677.4 million, a leasehold building with carrying amount of approximately HK$38.5 million and bank balances of approximately HK$226.3 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

On 4 April 2014, the Company fully redeemed all of its outstanding 9.125% Senior Notes due 2014 issued in 2007. Saved as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 July 2014.

CORPORATE GOVERNANCE

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

The Company has complied with all the code provisions set out in the CG Code for the year ended 31 July 2014 save for the deviations from code provisions A.4.1 and A.5.1 as follows:

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

None of the existing non-executive directors ("**NEDs**", including the independent non-executive directors ("**INEDs**")) of the Company is appointed for a specific term. However, all directors of the Company ("**Directors**") are subject to the retirement provisions of the Articles of Association of the Company ("**Articles of Association**"), which require that the Directors for the time being shall retire from office by rotation once every three years since their last election by the shareholders of the Company ("**Shareholders**") and the retiring Directors are eligible for re-election. In addition, any person appointed by the board of Directors ("**Board**") as an additional Director (including a NED) will hold office only until the next annual general meeting of the Company ("**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 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 2014, 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. Chan Boon Seng who joined the Board as a NED and an alternate Director to Mr. Lucas Ignatius Loh Jen Yuh with effect from 1 October 2014. The Group would also like to thank Mr. Leow Juan Thong, Jason who left the Board on 1 October 2014 for his valuable contributions to the Company during his 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.

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

Month	Event	Organizer	Location
August 2013	Investors luncheon	Bank of China International	Hong Kong
October 2013	Post full year results non-deal roadshow	UBS	Hong Kong
October 2013	Post full year results non-deal roadshow	UOB Kay Hian	Singapore
October 2013	Post full year results non-deal roadshow	DBS	New York/Los Angeles/ Denver/San Francisco
October 2013	Post full year results non-deal roadshow	UBS	Paris/London
November 2013	Post full year results non-deal roadshow	CIMB	Kuala Lumpur
November 2013	Post full year results non-deal roadshow	UOB Kay Hian	Taipei
December 2013	Post full year results non-deal roadshow	UBS	Sydney
January 2014	The Pulse of Asia Conference	DBS	Singapore
February 2014	Investors luncheon	China Merchants Securities	Hong Kong
March 2014	Post results non-deal roadshow	Daiwa Securities	Hong Kong
April 2014	Post results non-deal roadshow	HSBC	Utrecht/Amsterdam/Paris/ London
April 2014	Post results non-deal roadshow	Daiwa Securities	New York/San Francisco/ Los Angeles
May 2014	The Pulse of Asia Conference	DBS	Hong Kong
May 2014	Barclays Select Series 2014: Asia Financial and Property Conference	Barclays	Hong Kong
June 2014	Deal roadshow – eSun Holdings Limited CNY secured guaranteed notes	ANZ/DBS/HSBC/UBS	Singapore/Hong Kong
July 2014	Deal roadshow – Lai Sun Garment (International) Limited CNY secured guaranteed notes	BNP /DBS/HSBC/ Standard Chartered Bank	Singapore/Hong Kong

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

Firm	Analyst	Publication Date
DBS	Andy YEE, Danielle WANG, Carol WU & Ken HE	10 October 2013
HSBC	Keith CHAN	10 October 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. Lucas Ignatius Loh Jen Yuh (alternate: Mr. Chan Boon Seng). The committee has reviewed the consolidated results (including the consolidated financial statements) of the Company for the year ended 31 July 2014.

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 2014 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.

PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION

The Board proposes to make certain amendments ("**Proposed Amendments**") to the Company's existing memorandum and articles of association to align them with recent amendments to the Listing Rules. The Proposed Amendments will be subject to the approval of the Shareholders by way of a special resolution at the AGM. A circular containing, among other things, further information of the Proposed Amendments will be despatched to Shareholders together with the Company's Annual Report for the year ended 31 July 2014 ("**Annual Report**").

ANNUAL GENERAL MEETING

The AGM will be held on Tuesday, 9 December 2014. Notice of the AGM together with the Annual Report will be published on the respective websites of the Stock Exchange and the Company and despatched to Shareholders in about early November 2014.

By Order of the Board
Chew Fook Aun
Chairman

Hong Kong, 16 October 2014

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. Lucas Ignatius Loh Jen Yuh and Mr. Chan Boon Seng (also alternate to Mr. Lucas Ignatius Loh Jen Yuh); and five Independent Non-executive Directors, namely Messrs. Lam Bing Kwan, Ku Moon Lun, Law Kin Ho, Mak Wing Sum, Alvin and Shek Lai Him, Abraham.