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 2015

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 2015 together with the comparative figures for the previous year as follows:

Consolidated Income Statement
For the year ended 31 July 2015

	Notes	**2015** **HK$'000**	2014 HK$'000
TURNOVER	3	**1,901,394**	1,207,302
Cost of sales		**(864,887)**	(461,633)
Gross profit		**1,036,507**	745,669
Other income and gains		**142,686**	213,255
Selling and marketing expenses		**(54,273)**	(46,009)
Administrative expenses		**(289,724)**	(294,235)
Other operating expenses, net		**(73,862)**	(41,812)
Fair value losses on cross currency swaps		**(86,492)**	(64,439)
Fair value gains on investment properties		**948,654**	1,138,045
PROFIT FROM OPERATING ACTIVITIES	4	**1,623,496**	1,650,474
Finance costs	5	**(199,067)**	(322,343)
Share of profits of joint ventures		**154,817**	154,897
PROFIT BEFORE TAX		**1,579,246**	1,483,028
Tax	6	**(571,197)**	(366,109)
PROFIT FOR THE YEAR		**1,008,049**	1,116,919
ATTRIBUTABLE TO:			
Owners of the Company		**1,004,901**	1,099,727
Non-controlling interests		**3,148**	17,192
		1,008,049	1,116,919
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY:	8		
Basic		**HK$0.062**	HK$0.068
Diluted		**HK$0.062**	HK$0.068

Consolidated Statement of Comprehensive Income
For the year ended 31 July 2015

	2015 **HK$'000**	2014 HK$'000
PROFIT FOR THE YEAR	**1,008,049**	1,116,919
OTHER COMPREHENSIVE INCOME/(EXPENSES) TO BE RECLASSIFIED TO THE INCOME STATEMENT IN SUBSEQUENT PERIODS, NET OF TAX		
Reversal of impairment of investment properties under construction	**6,353**	9,782
Release of exchange fluctuation reserve upon disposal of a subsidiary	**-**	(1,439)
Exchange differences arising on translation to presentation currency	**(147,834)**	(75)
Share of other comprehensive expenses of joint ventures	**(7,677)**	(159)
Net gain on cash flow hedges	**-**	53,105
	(149,158)	61,214
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**858,891**	1,178,133
ATTRIBUTABLE TO:		
Owners of the Company	**859,079**	1,162,147
Non-controlling interests	**(188)**	15,986
	858,891	1,178,133

Consolidated Statement of Financial Position
As at 31 July 2015

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,326,096**	1,499,769
Prepaid land lease payments		**5,115**	5,354
Investment properties		**14,479,603**	13,479,025
Properties under development		**1,617,398**	662,386
Investments in joint ventures		**739,028**	590,758
Deposit for acquisition of land use right		**-**	89,765
Goodwill		**-**	426
Total non-current assets		**18,167,240**	16,327,483
CURRENT ASSETS			
Properties under development		**278,459**	572,906
Completed properties for sale		**1,341,754**	1,157,773
Debtors, deposits and prepayments	9	**327,379**	174,641
Prepaid tax		**36,254**	43,250
Pledged and restricted time deposits and bank balances		**1,292,830**	490,690
Cash and cash equivalents		**1,571,281**	2,072,368
		4,847,957	4,511,628
Asset classified as held for sale		**265,432**	-
Total current assets		**5,113,389**	4,511,628
CURRENT LIABILITIES			
Creditors and accruals	10	**650,843**	580,273
Deposits received and deferred income		**220,549**	218,974
Interest-bearing bank loans, secured		**2,487,367**	708,382
Loans from a joint venture		**372,897**	-
Tax payable		**339,194**	166,660
Total current liabilities		**4,070,850**	1,674,289
NET CURRENT ASSETS		**1,042,539**	2,837,339
TOTAL ASSETS LESS CURRENT LIABILITIES		**19,209,779**	19,164,822

Consolidated Statement of Financial Position (continued)

As at 31 July 2015

	Notes	**2015 HK$'000**	2014 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**19,209,779**	19,164,822
NON-CURRENT LIABILITIES			
Long-term deposits received		**103,369**	92,564
Interest-bearing bank loans, secured		**533,780**	1,604,858
Advances from a former substantial shareholder		**58,198**	58,688
Loans from a fellow subsidiary		**229,244**	152,760
Fixed rate senior notes	11	**2,220,914**	2,232,738
Derivative financial instruments		**111,654**	25,162
Deferred tax liabilities		**2,407,392**	2,203,747
Total non-current liabilities		**5,664,551**	6,370,517
		13,545,228	12,794,305
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**1,612,968**	1,610,190
Reserves		**11,853,385**	11,053,244
		13,466,353	12,663,434
Non-controlling interests		**78,875**	130,871
		13,545,228	12,794,305

Notes to Consolidated Financial Statements

1. BASIS OF PREPARATION

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

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the revised HKFRSs' standards and new interpretation which are effective for the first time for the current year's financial statements. The adoption of these revised standards and new interpretation has had no significant financial effect on the financial statements.

In addition, the Company has early adopted the amendments to the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") issued by The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. In prior years, final dividends proposed by the directors were classified as a separate allocation of retained earnings within the equity section of the statement of financial position, until it has been approved by the shareholders in a general meeting. Following the implementation of the Hong Kong Companies Ordinance (Cap. 622), proposed final dividends are disclosed in the notes to the financial statements.

3. OPERATING SEGMENT INFORMATION

	Property development		Property investment		Consolidated	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue/results:						
Segment revenue						
Sales to external customers	**1,275,352**	640,928	**626,042**	566,374	**1,901,394**	1,207,302
Other revenue	**1,459**	2,139	**112,295**	123,747	**113,754**	125,886
Total	**1,276,811**	643,067	**738,337**	690,121	**2,015,148**	1,333,188
Segment results	**489,261**	252,169	**1,287,051**	1,422,084	**1,776,312**	1,674,253
Interest income from bank deposits					**20,621**	28,721
Unallocated gains					**8,311**	58,648
Fair value losses on cross currency swaps					**(86,492)**	(64,439)
Impairment of asset classified as held for sale					**(33,177)**	-
Unallocated expenses, net					**(62,079)**	(46,709)
Profit from operating activities					**1,623,496**	1,650,474
Finance costs					**(199,067)**	(322,343)
Share of profits of joint ventures	**154,817**	154,897	**-**	-	**154,817**	154,897
Profit before tax					**1,579,246**	1,483,028
Tax					**(571,197)**	(366,109)
Profit for the year					**1,008,049**	1,116,919
Segment assets/liabilities:						
Segment assets	**3,462,149**	2,464,699	**15,809,833**	14,966,049	**19,271,982**	17,430,748
Investments in joint ventures	**739,028**	590,758	**-**	-	**739,028**	590,758
Asset classified as held for sale					**265,432**	-
Unallocated assets					**3,004,187**	2,817,605
Total assets					**23,280,629**	20,839,111
Segment liabilities	**479,129**	445,957	**350,757**	309,129	**829,886**	755,086
Unallocated liabilities					**8,905,515**	7,289,720
Total liabilities					**9,735,401**	8,044,806

During the year, no single customer accounted for over 10% of the Group's total turnover (2014: Nil).

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

3. OPERATING SEGMENT INFORMATION (continued)

	Property development		Property investment		Consolidated	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Other segment information:						
Depreciation	**3,001**	2,409	**66,201**	65,236	**69,202**	67,645
Corporate and other unallocated depreciation					**5,050**	5,962
					74,252	73,607
Capital expenditure	**1,822**	4,443	**469,612**	919,100	**471,434**	923,543
Corporate and other unallocated capital expenditure					**1,598**	4,825
					473,032	928,368
Fair value gains on investment properties	**-**	-	**948,654**	1,138,045	**948,654**	1,138,045
Reversal of impairment of investment properties under construction*	**-**	-	**8,471**	13,042	**8,471**	13,042
Write-down of completed properties for sale to net realisable value	**7,436**	-	**-**	-	**7,436**	-
Loss on disposal of items of property, plant and equipment	**-**	288	**145**	173	**145**	461

* *Reversal of impairment of investment properties under construction of HK$8,471,000 (2014: HK$13,042,000) 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):

	2015 HK$'000	2014 HK$'000
Property management fee income$^{\phi}$	**(95,721)**	(103,976)
Interest income from bank deposits$^{\phi}$	**(20,621)**	(28,721)
Cost of completed properties sold	**705,031**	311,178
Outgoings in respect of rental income	**159,856**	150,455
Total cost of sales	**864,887**	461,633
Depreciation#	**74,252**	73,607
Amortisation of prepaid land lease payments	**11,156**	4,662
Capitalised in properties under development	**(10,961)**	(4,465)
	195	197
Foreign exchange differences, net*	**(31,863)**	(27,224)
Loss on disposal of items of property, plant and equipment#	**145**	461
Gain on disposal of a subsidiary*	**-**	6,672
Impairment of asset classified as held for sale*	**33,177**	-
Write-down of completed properties for sale to net realisable value*	**7,436**	-

$^{\phi}$ *These items are included in "Other income and gains" on the face of the consolidated income statement.*

The depreciation charge of HK$62,612,000 (2014: HK$61,779,000) for serviced apartments and related leasehold improvements and the loss on disposal of items of property, plant and equipment of HK$145,000 (2014: HK$461,000) 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

	2015	2014
	HK$'000	HK$'000
Interest on:		
Bank loans	**141,926**	134,965
2007 Notes (as defined and disclosed in note 11)	**-**	87,588
2013 Notes (as defined and disclosed in note 11)	**141,486**	142,006
Loans from a joint venture	**9,397**	-
Amortisation of:		
Bank loans	**14,736**	14,768
2007 Notes	**-**	5,975
2013 Notes	**7,060**	6,573
Bank financing charges and direct costs	**26,133**	25,842
	340,738	417,717
Less: Capitalised in properties under development	**(61,065)**	(40,543)
Capitalised in investment properties under construction	**(76,661)**	(38,467)
Captialised in construction in progress	**(3,945)**	(16,364)
	(141,671)	(95,374)
Total finance costs	**199,067**	322,343

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 (2014: Nil). Taxes on profits assessable elsewhere had been calculated at the tax rates prevailing in the jurisdictions in which the Group operates.

	2015	2014
	HK$'000	HK$'000
Current - Mainland China		
Corporate income tax		
Charge for the year	**158,673**	64,104
Underprovision in prior years	**-**	29,195
	158,673	93,299
Land appreciation tax		
Charge for the year	**165,161**	11,151
Overprovision in prior years	**-**	(116,778)
	165,161	(105,627)
Deferred	**247,363**	402,739
Tax indemnity	**-**	(24,302)
Total tax charge for the year	**571,197**	366,109

7. DIVIDEND

	2015 HK$'000	2014 HK$'000
Proposed final – HK$0.0033 (2014: HK$0.0031) per ordinary share	**53,228**	49,916

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

On 9 December 2014, the Company's shareholders approved at the annual general meeting a final dividend of HK$0.0031 payable in cash with a scrip dividend alternative (the "**2014 Scrip Dividend Scheme**") for the year ended 31 July 2014 (the "**2014 Final Dividend**"). During the year, 27,775,212 new shares were issued by the Company at a deemed price of HK$0.1578 per share, credited as fully paid, to shareholders of the Company who had elected to receive scrip shares in lieu of cash under the 2014 Scrip Dividend Scheme to settle HK$4,383,000 of the 2014 Final Dividend. The remainder of the 2014 Final Dividend of HK$45,533,000 was satisfied by cash.

Further details of the 2014 Scrip Dividend Scheme are set out in the Company's circular dated 30 December 2014.

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$1,004,901,000 (2014: HK$1,099,727,000), and the weighted average number of ordinary shares of 16,115,824,911 (2014: 16,099,127,518) in issue during the year.

The calculation of diluted earnings per share amounts was based on the profit for the year attributable to owners of the Company as used in the basic earnings per share calculation. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

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

	2015 HK$'000	2014 HK$'000
Earnings		
Profit attributable to owners of the Company used in the basic earnings per share calculation	**1,004,901**	1,099,727

	Number of shares 2015	2014
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**16,115,824,911**	16,099,127,518
Effect of dilution – weighted average number of ordinary shares:		
Share options	**17,648,191**	20,981,054
	16,133,473,102	16,120,108,572

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:

	2015 **HK$'000**	2014 HK$'000
Trade receivables, net:		
Within one month	**219,888**	61,319
One to three months	**1,952**	2,303
Over three months	**2,264**	1,726
	224,104	65,348
Other receivables, deposits and prepayments	**103,275**	109,293
Total	**327,379**	174,641

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:

	2015 **HK$'000**	2014 HK$'000
Trade payables:		
Within one month	**39,315**	102,207
One to three months	**9,951**	3,872
Over three months	**-**	79
	49,266	106,158
Accruals and other payables	**601,577**	474,115
Total	**650,843**	580,273

11. FIXED RATE SENIOR NOTES

US$200,000,000 9.125% Senior Notes due 2014

On 4 April 2007, the Company issued US$200,000,000 of 9.125% fixed rate senior notes (the "**2007 Notes**"), which matured on 4 April 2014 for bullet repayment. The 2007 Notes bore interest from 4 April 2007 and were payable semi-annually in arrears on 4 April and 4 October of each year, commencing on 4 October 2007. The 2007 Notes were listed on the Singapore Exchange Securities Trading Limited. The 2007 Notes have been fully redeemed on the maturity date during last year.

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

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

12. EVENT AFTER THE REPORTING PERIOD

On 30 September 2015, Shanghai Zhabei Plaza Real Estate Development Company Limited ("**Shanghai Zhabei Plaza**", as purchaser), being an indirect non-wholly-owned subsidiary of the Company, Federation of Trade Union of Zhabei District of Shanghai ("**Zhabei Trade Union**", as vendor) and the Company (as guarantor) entered into an agreement, pursuant to which Shanghai Zhabei Plaza conditionally agreed to acquire and Zhabei Trade Union conditionally agreed to sell certain property (the "**Property**") at a cash consideration of approximately RMB355.1 million (equivalent to approximately HK$433.5 million). The Property, comprises portion of a commercial building with total gross floor area of approximately 10,345 sqm (equivalent to approximately 111,354 sq.ft.) and the right to use 20 basement car-parking spaces, is physically connected to an investment property currently held by the Group and situated at Zhabei, Shanghai.

The completion of this transaction is subject to, inter alia, the approval from the shareholders of eSun Holdings Limited ("**eSun**") in the upcoming special general meeting.

Further details of this transaction are set out in a joint announcement of the Company and eSun dated 30 September 2015.

FINAL DIVIDEND AND BOOK CLOSE DATES

The Board has recommended a final dividend of HK$0.0033 per share for the year ended 31 July 2015 (2014: HK$0.0031 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 Tuesday, 22 December 2015. Subject to the approval of Shareholders at the forthcoming annual general meeting of the Company ("**AGM**"), the proposed final dividend, will be payable in cash, with an option for the Shareholders to receive new fully paid shares of par value of HK$0.10 each in the share capital of the Company in lieu of cash, or partly in cash and partly in new shares under the scrip dividend scheme (the "**Scrip Dividend Scheme**").

A circular containing details of the Scrip Dividend Scheme and the relevant election form are expected to be sent to the Shareholders on or about Wednesday, 30 December 2015.

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

Final dividend will be distributed, and the share certificates to be issued under the Scrip Dividend Scheme will be sent on Friday, 29 January 2016 to the Shareholders whose names appear on the Register of Members on Tuesday, 22 December 2015.

The Register of Members will be closed on Monday, 21 December 2015 and Tuesday, 22 December 2015, 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 Friday, 18 December 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The global economies continue to tread on a delicate recovery path with few bright spots. Economic fundamentals remain delicate despite continuous support from central banks around the world. Geopolitical tensions around the world has not subsided which further shrouds the already uncertain outlook.

The Central Government demonstrated its determination to focus on quality and sustainability in economic development through implementing a combination of fiscal and prudent monetary policy to balance steady growth and ongoing economic restructuring. Several rounds of interest rate decreases and reserve requirement ratio cuts were implemented to stimulate the economy and the Central Government appears to be on-track to achieve the 2015 GDP growth target of approximately 7.0%.

Whilst the outlook for the retail segment of the property sector continues to be challenging, the stimuli, coupled with the relaxation on home purchasing restrictions, clearly rejuvenated the residential property segment with transaction volumes recovered and average selling prices stabilised in major cities. The Group believes that the property sector is an important economic pillar and continues to be shaped significantly by government policies. The Central Government's approach to the economy is certainly good news to the sector in the long run and supportive fiscal policy would be beneficial to investors and developers alike.

The Group's regional focus coupled with the rental-led strategy that the Group adopted since 2012 has proved to be successful again against such a challenging operating environment. The rental portfolio of approximately 2.9 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.

Asset enhancement aimed at improving foot traffic at the higher levels of the retail podium of the Shanghai Hong Kong Plaza has been completed. New tenants have commenced operations during the year under review which is expected to improve the overall rental contribution from this property.

During the year ended 31 July 2015, the sale of Guangzhou King's Park, Guangzhou Eastern Place Phase V residential portion and Guangzhou Dolce Vita were encouraging. The Group experienced a steady increase in average selling prices in these projects which indicated the strength and depth of the underlying demand.

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 2.9 million square feet to approximately 7.0 million square feet through developing the existing projects in the next few years. The remaining residential units in Guangzhou Dolce Vita Phases IV and V, Guangzhou King's Park and Guangzhou Eastern Place Phase V are expected to contribute to the profit and loss account in the current and coming financial years. The Group will continue its prudent and flexible approach in growing its landbank.

Subsequent to the year end, on 30 September 2015, the Group entered into an agreement to acquire the 6th to 11th floors of Hui Gong Building that is physically connected to Northgate Plaza I in Shanghai, together with the right to use 20 car-parking spaces in the basement ("**Hui Gong Building**") which will facilitate the redevelopment plan of Northgate Plaza I and the adjacent Northgate Plaza II and enhance the overall value of the combined development once they are redeveloped. This transaction is subject to, inter alia, the approval by the shareholders of the ultimate holding company, eSun Holdings Limited ("**eSun**") at a special general meeting to be held soon.

As at 31 July 2015, the Group has a landbank of 9.9 million square feet. The Group's strong cash position of HK$2,864.1 million of cash on hand with a net debt to equity ratio of 23% as at 31 July 2015 provides the Group with full confidence and the means to review opportunities more actively.

OVERVIEW OF FINAL RESULTS

For the year ended 31 July 2015, the Group recorded a turnover of HK$1,901.4 million (2014: HK$1,207.3 million) and a gross profit of HK$1,036.5 million (2014: HK$745.7 million), representing an increase of approximately 57.5% and 39.0%, respectively over last year. Set out below is the turnover by segment:

	For the year ended 31 July			
	2015 (HK$ million)	2014 (HK$ million)	**Difference (HK$ million)**	**% change**
Rental income	**626.0**	566.4	59.6	10.5%
Sales of properties	**1,275.4**	640.9	634.5	99.0%
Total:	**1,901.4**	1,207.3	694.1	57.5%

Net profit attributable to owners of the Company was approximately HK$1,004.9 million (2014: HK$1,099.7 million), representing a decrease of approximately 8.6% over last year. Basic earnings per share was HK$0.062 (2014: HK$0.068). The decrease is primarily due to (i) a lower revaluation gain arising in the revaluation of the Group's investment properties for the year ended 31 July 2015 as compared to last year; and (ii) the fair value losses, mainly as a result of the worse than expected outlook on Renminbi depreciation, arising on the cross currency swaps which were entered into in relation to the Company's RMB1.8 billion senior notes issued in 2013. The effect of the fair value loss on the consolidated income statement of the Company will either be reversed or offset by the exchange gain arising from the RMB1.8 billion senior notes upon the expiry of the cross currency swap contracts.

Excluding the effect of property revaluations, net profit attributable to owners of the Company was approximately HK$294.6 million (2014: HK$247.7 million), representing an increase of approximately 18.9% over last year. Basic earnings per share excluding the effect of property revaluations increased to HK$0.018 (2014: HK$0.015). Net profit attributable to owners of the Company excluding revaluation gains of investment properties and fair value losses on cross currency swaps was approximately HK$381.1 million (2014: HK$312.1 million).

	For the year ended 31 July	
Profit attributable to owners of the Company (HK$ million)	**2015**	2014
Reported	**1,004.9**	1,099.7
Adjustments in respect of investment properties		
Revaluation of properties	**(948.7)**	(1,138.0)
Deferred tax on investment properties	**237.2**	284.5
Non-controlling interests' share of revaluation movements less deferred tax	**1.2**	1.5
Net profit after tax excluding revaluation gains of investment properties	**294.6**	247.7
Adjustments in respect of fair value losses on cross currency swaps	**86.5**	64.4
Net profit after tax excluding adjustments in respect of investment properties and fair value losses on cross currency swaps	**381.1**	312.1

Net assets attributable to owners of the Company as at 31 July 2015 amounted to HK$13,466.4 million, up from HK$12,663.4 million as at 31 July 2014. Net asset value per share attributable to owners of the Company increased to HK$0.835 per share as at 31 July 2015 from HK$0.786 per share as at 31 July 2014.

PROPERTY PORTFOLIO COMPOSITION

Approximate attributable GFA (in '000 square feet) and number of car-parking spaces as at 31 July 2015:

	Commercial/ Retail (in '000 square feet)	**Office** (in '000 square feet)	**Serviced apartments** (in '000 square feet)	**Residential** (in '000 square feet)	**Total (excluding car-parking spaces & ancillary facilities)** (in '000 square feet)	**No. of car-parking spaces**
Completed Properties Held for Rental[1]	1,684	569	-	-	2,253	791
Completed Hotel Properties and Serviced Apartments	-	-	597	-	597	-
Properties under Development[2]	1,220	1,893	822	5,970	9,905	5,525
Completed Properties Held for Sale	115[3]	77	18	552	762	1,305
Total GFA of major properties of the Group	**3,019**	**2,539**	**1,437**	**6,522**	**13,517**	**7,621**

1. *Completed and rental generating properties*
2. *All properties under construction*
3. *Completed properties for sale, including 106,933 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 2015, the Group's rental operations recorded a turnover of HK$626.0 million (2014: HK$566.4 million), representing a 10.5% increase over last year. Breakdown of rental turnover by major rental properties is as follows:

	For the year ended 31 July			
	2015 **HK$ million**	2014 HK$ million	**% Change**	**Year end occupancy (%)**
Shanghai Hong Kong Plaza	**407.2**	379.7	7.2	Retail: 99.1% Office: 96.6% Serviced Apartments: 84.9%
Shanghai May Flower Plaza	**61.7**	35.8	72.3	Retail: 88.0% Hotel: 59.1%
Shanghai Regents Park	**13.4**	14.0	-4.3	99.9%
Shanghai Northgate Plaza I	**10.8**	10.7	0.9	87.3%
Guangzhou May Flower Plaza	**108.9**	105.8	2.9	Retail: 98.1% Office: 100.0%
Guangzhou West Point	**17.2**	17.3	-0.6	98.0%
Zhongshan Palm Spring	**6.8**	3.1	119.4	Retail: 65.0%* Serviced Apartments: 48.9%
Total:	**626.0**	566.4	10.5	

* *Excluding self-use area*

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

	For the year ended 31 July 2015			For the year ended 31 July 2014		
	Group interest	**Turnover (HK$ million)**	**Attributable GFA (square feet)**	Group interest	Turnover (HK$ million)	Attributable GFA (square feet)
Shanghai						
Shanghai Hong Kong Plaza	100%			100%		
Retail		179.9	468,434		167.3	468,434
Office		96.0	360,687		84.3	360,687
Serviced Apartments (room revenue and F&B)		124.1	354,239		121.6	354,239
Car-parking Spaces		7.2	N/A		6.5	N/A
		407.2	**1,183,360**		379.7	1,183,360
Shanghai May Flower Plaza	100%*			95%		
Retail		27.8	320,314		30.6	304,298
Hotel (room revenue and F&B)		32.0	143,846		4.1	136,654
Car-parking Spaces		1.9	N/A		1.1	N/A
		61.7	**464,160**		35.8	440,952
Shanghai Regents Park	95%			95%		
Retail		11.0	77,959		11.5	77,959
Car-parking Spaces		2.4	N/A		2.5	N/A
		13.4	**77,959**		14.0	77,959
Shanghai Northgate Plaza I	99%			99%		
Retail		-	190,425		-	190,425
Office		10.2	128,931		10.1	128,931
Car-parking Spaces		0.6	N/A		0.6	N/A
		10.8	**319,356**		10.7	319,356
Guangzhou						
Guangzhou May Flower Plaza	100%			100%		
Retail		94.2	357,424		91.6	357,424
Office		10.9	79,431		10.4	79,431
Car-parking Spaces		3.8	N/A		3.8	N/A
		108.9	**436,855**		105.8	436,855
Guangzhou West Point	100%			100%		
Retail		**17.2**	**171,968**		17.3	171,968
Guangzhou Eastern Place Phase V**	100%			100%		
Retail		**-**	**23,326**		-	-
Zhongshan						
Zhongshan Palm Spring	100%			100%		
Retail		1.9	74,174		0.5	59,312
Serviced Apartments (room revenue)		4.9	98,556		2.6	98,556
		6.8	**172,730**		3.1	157,868
Total:		**626.0**	**2,849,714**		566.4	2,788,318

* *The Group acquired the 5% minority interest in January 2015 and now owns 100% interest in this property*
** *Completed during the year ended 31 July 2015*

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 improved performance of the serviced apartments operations. Asset enhancement aimed at improving foot traffic at the higher levels of the retail podium of the Shanghai Hong Kong Plaza has been completed. New tenants have commenced operations during the year under review which is expected to improve overall rental contribution. The significant increase in turnover of Shanghai May Flower Plaza is mainly driven by a better performance of the STARR Hotel Shanghai during the year since its soft opening in November 2013. An average occupancy rate of 59% was achieved during the year under review.

A portion of the Zhongshan Palm Spring Rainbow Mall, amounting to approximately 41% 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 has been completed and new tenants have commenced operations during the year under review which is expected to improve the overall rental contribution from this property.

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 acquired the 5% minority interest in this property in January 2015 and now owns 100% in the retail podium which has approximately 320,300 square feet of GFA including the basement commercial area. The asset is positioned as a community retail facility with Lotte Mart as the anchor tenant.

Shanghai Northgate Plaza
Shanghai Northgate Plaza I 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 Northgate Plaza I. The site area of Northgate Plaza II is approximately 44,300 square feet and its buildable GFA is approximately 259,900 square feet excluding car-parking spaces and ancillary facilities. In September 2015, the Group entered into an agreement to acquire, subject to, inter alia, eSun shareholders' approval, 6th to 11th floors of Hui Gong Building which is physically connected to Northgate Plaza I, together with the right to use 20 car-parking spaces in the basement. The Group plans to redevelop Shanghai Northgate Plaza I, Northgate Plaza II and the Hui Gong Building together under a comprehensive redevelopment plan. 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.

Zhongshan Palm Spring Mall
Zhongshan Palm Spring Mall is the commercial element of the wholly owned residential project, Zhongshan Palm Spring. Zhongshan Palm Spring is located in Caihong Planning Area, West District of Zhongshan. It has a total GFA of approximately 181,100 square feet and excluding self-use area, the average occupancy rate during the year under review was approximately 65%.

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 85% (2014: 83%) 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 239 fully furnished and equipped hotel units with stylish separate living room, bedroom, fully-equipped kitchenette and luxurious bathroom amenities for short or extended stays to meet the needs of the business travelers from around the world and the total GFA is approximately 143,800 square feet. The GFA attributable to the Group is approximately 143,800 square feet. An average occupancy rate of 59% was achieved during the year and the average room tariff was approximately HK$500.

STARR Resort Residence Zhongshan
STARR Resort Residence Zhongshan, soft opened in August 2013, 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 49% was achieved during the year and the average room tariff was approximately HK$365.

PROPERTY DEVELOPMENT

Recognised Sales
For the year ended 31 July 2015, the Group's property development operations recorded a turnover of HK$1,275.4 million (2014: HK$640.9 million) from sale of properties, representing a 99.0% increase in sales revenue over last year.

Total recognised sales was primarily driven by the sales performance of Guangzhou Eastern Place Phase V and Guangzhou King's Park of which approximately 107,958 and 59,229 square feet of residential GFA were sold, respectively, achieving sales revenue of HK$595.6 million and HK$287.9 million, respectively.

Sales of Guangzhou Dolce Vita performed well and achieved an average selling price of HK$2,544 per square foot. This is recognised as a component of "Share of profits of joint ventures" in the consolidated income statement.

For the year ended 31 July 2015, average selling price recognised as a whole (excluding Guangzhou Dolce Vita) increased to approximately HK$4,243 per square foot (2014: HK$3,431 per square foot). The increase is due to a higher proportion of units at Guangzhou Eastern Place Phase V 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 2015 from property sales is as follows:

Recognised basis	**Approximate GFA** (Square feet)	**Average Selling Price#** (HK$/ square foot)	**Turnover*** (HK$ million)
Shanghai May Flower Plaza			
Residential Units	53,452	5,093	256.8
Office Apartment Units	1,764	3,436	5.7
Guangzhou Eastern Place Phase V			
Residential Units	107,958	5,850	595.6
Guangzhou King's Park			
Residential Units	59,229	5,154	287.9
Zhongshan Palm Spring			
Residential High-Rise Units	9,459	838	7.5
Residential House Units	84,389	1,407	112.0
Subtotal	**316,251**	**4,243**	**1,265.5**
Guangzhou West Point			
Car-parking Spaces			9.9
Total			**1,275.4**
Recognised sales from joint venture project			
Guangzhou Dolce Vita			
Residential Units**(47.5% basis)	187,339	2,191	386.5
Retail Units**(47.5% basis)	13,370	7,489	94.3
Subtotal	**200,709**	**2,544**	**480.8**
Car-parking Spaces**(47.5% basis)			78.6
Total			**559.4**

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 2015, the recognised sales (after business tax) attributable to the full project is HK$1,012.2 million (excluding car-parking spaces) and approximately 422,545 square feet (excluding car-parking spaces) of GFA were recognised. The recognised sales from car-parking spaces attributable to the full project is HK$165.5 million.*

Contracted Sales

As at 31 July 2015, the Group's property development operations, excluding Guangzhou Dolce Vita, has contracted but not yet recognised sales of HK$202.8 million from sale of properties (2014: HK$229.6 million) with an average selling price of HK$2,642 per square foot. The total contracted but not yet recognised sales of the Group as at 31 July 2015 including Guangzhou Dolce Vita amounted to HK$1,311.4 million.

Sales momentum for the remaining units at Shanghai May Flower Plaza, Guangzhou Eastern Place Phase V and Guangzhou King's Park was encouraging and achieved a blended average selling price of HK$4,891 per square foot, HK$5,790 per square foot and HK$4,964 per square foot, respectively. Sales of the remainder of completed residential units of Guangzhou Dolce Vita were strong and average selling price increased to HK$2,590 per square foot (2014: HK$2,248 per square foot).

Breakdown of contracted but not yet recognised sales as at 31 July 2015 is as follows:

Contracted basis	**Approximate GFA** (Square feet)	**Average Selling Price#** (HK$/square foot)	**Turnover#** (HK$ million)
Shanghai May Flower Plaza			
Residential Units	4,264	5,136	21.9
Office Apartment Units	684	3,363	2.3
Guangzhou Eastern Place Phase V			
Residential Units	10,811	5,790	62.6
Guangzhou King's Park			
Residential Units	9,045	4,964	44.9
Zhongshan Palm Spring			
Residential High-rise Units	4,623	735	3.4
Residential House Units	47,325	1,431	67.7
Subtotal	**76,752**	**2,642**	**202.8**
Contracted sales from joint venture project			
Guangzhou Dolce Vita			
Residential Units**(47.5% basis)	427,226	2,590	1,106.6
Retail Units**(47.5% basis)	419	4,773	2.0
Subtotal	**427,645**	**2,592**	**1,108.6**
Car-parking Spaces**(47.5% basis)			4.0
Subtotal			**1,112.6**
Total (excluding car-parking spaces)	**504,397**	**2,600**	**1,311.4**

\# *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 2015, the contracted but not yet recognised sales attributable to the full project is HK$2,333.9 million (excluding car-parking spaces) and approximately 900,306 square feet of GFA (excluding car-parking spaces) were sold. The contracted but not yet recognised sales from car-parking spaces attributable to the full project is HK$8.5 million.*

Review of major properties completed for sale and under development

Shanghai May Flower Plaza
Shanghai May Flower Plaza is a completed mixed-use project located at the junction of Da Tong Road and Zhi Jiang Xi Road in Su Jia Xiang in the 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, 53,452 square feet was recognised at an average selling price of HK$5,093 per square foot, which contributed HK$256.8 million to the turnover. As at 31 July 2015, contracted but not yet recognised sales amounted to HK$21.9 million or 4,264 square feet at an average selling price of HK$5,136 per square foot. As at 31 July 2015, completed residential units held for sale in this development amounted to approximately 9,681 square feet with a carrying amount of approximately HK$17.3 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 1,764 square feet was recognised at an average selling price of HK$3,436 per square foot, which contributed HK$5.7 million to the turnover. As at 31 July 2015, contracted but not yet recognised sales amounted to HK$2.3 million or 684 square feet at an average selling price of HK$3,363 per square foot. As at 31 July 2015, completed office apartment units held for sale in this development amounted to approximately 12,564 square feet with a carrying amount of approximately HK$29.5 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 97,460 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 of residential blocks has been completed during the year under review and the office block is expected to complete in the fourth quarter of 2015.

The residential portion of the Guangzhou Eastern Place Phase V comprised of 317 units. For the year ended 31 July 2015, 107,958 square feet was recognised at an average selling price of HK$5,850 per square foot, which contributed HK$595.6 million to the turnover. As at 31 July 2015, contracted but not yet recognised sales amounted to HK$62.6 million or 10,811 square feet at an average selling price of HK$5,790 per square foot. As at 31 July 2015, completed residential units held for sale in this development amounted to approximately 211,463 square feet with a carrying amount of approximately HK$571.9 million.

Guangzhou Dolce Vita
The Guangzhou Dolce Vita is a joint venture project with CapitaLand China in which each of the Group and CapitaLand China has a 47.5% interest. This development in Jinshazhou, Hengsha, Baiyun District, Guangzhou will have a total project GFA of approximately 5.859 million square feet. The project will comprise of approximately 2,796 low-rise and high-rise residential units and shopping amenities totaling 3.814 million square feet excluding ancillary facilities and car-parking spaces. It is conveniently located near the business centre of Jinshazhou as well as several shopping and entertainment areas, and is easily accessible via Guangzhou Subway Line 6 and other transport

modes. Praised as the model metropolis for Guangzhou and Foshan, Jinshazhou is located in northwest Guangzhou.

The project is divided into five phases of development. Phase I comprising 8 high-rise residential blocks has been sold out. During the year under review, 200,709 square feet attributable to the Group (excluding car-parking spaces) was recognised and generated an attributable sale proceeds of HK$480.8 million. As at 31 July 2015, attributable contracted but not yet recognised sales excluding car-parking spaces amounted to HK$ 1,108.6 million or 427,645 square feet at an average selling price of HK$2,592 per square foot. As at 31 July 2015, attributable GFA of completed residential and retail units held for sale amounted to approximately 137,660 square feet with a carrying amount of approximately HK$182.8 million. The remaining GFA under development was approximately 1,993,600 square feet.

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

Phase	**Description**	**Approximate GFA*** (square feet)	**Expected completion**
II	Commercial units	19,400	Q4 2016**
IV	Town houses and low-rise residential units	307,700	Q4 2015
V	High-rise residential units	1,666,500	Q1 2016

* *Excluding car-parking spaces and ancillary facilities*
** *The commercial units are currently used by the Group as sales centre for the project and expected to be refurbished for sale by end of 2016.*

Guangzhou King's Park
This is a high-end residential development located on Donghua Dong Road in Yuexiu District. The attributable GFA is approximately 98,300 square feet excluding 57 car-parking spaces and ancillary facilities. Project was launched for sale in January 2014.

During the year under review, sales of 59,229 square feet was recognised at an average selling price of HK$5,154 per square foot, which contributed HK$287.9 million to the turnover. As at 31 July 2015, attributable GFA of completed units held for sale amounted to 24,700 square feet with a carrying amount of approximately HK$140.2 million.

Guangzhou Paramount Centre
This property locates at the junction of Da Sha Tou Road and Yan Jiang Dong Road in Yuexiu District. The attributable GFA is approximately 83,000 square feet excluding 46 car-parking spaces and ancillary facilities. This project is subject to the asset swap transaction that was jointly announced by the Company and eSun on 15 January 2015 and the transaction was approved by the shareholders of eSun on 5 March 2015 and it is expected to complete before the end of 2015.

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

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. The Group is proceeding to return the site to 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 8.016 million square feet. The project will comprise of high-rise residential towers, townhouses, serviced apartments and commercial blocks totaling 6.101 million square feet.

Phase Ia of the project, which was completed during the first half of the financial year ended 31 July 2013, comprises of high-rise residential towers and house units. During the year under review, 9,459 square feet of high-rise residential units and 84,389 square feet of house units were recognised at average selling prices of HK$838 and HK$1,407 per square foot, respectively, which contributed a total of HK$119.5 million to the sales turnover. As at 31 July 2015, contracted but not yet recognised sales for high-rise residential units and house unites amounted to HK$3.4 million and HK$67.7 million, respectively at average selling prices of HK$735 and HK$1,431, respectively. As at 31 July 2015, completed units held for sale in this development amounted to 176,500 square feet (excluding 106,933 square feet of shopping arcade spaces which is expected to be reclassified as completed properties held for rental purposes as it is being leased out over time) with a carrying amount of approximately HK$188.4 million. The remaining GFA under development was approximately 5,044,600 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	983,200	Q4 2016
II	Townhouses	202,400	Q2 2017
III	High-rise residential units including commercial units	1,353,200	Q2 2020
IV	High-rise residential units including commercial units	2,505,800	Q2 2024

** 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 Company 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 eSun. Phase I CCC as a total gross floor area of 2.8 million square feet. The minimum investment requirement for Phase I CCC is approximately RMB3.0 billion (equivalent to approximately HK$3.8 billion), of which approximately RMB523.3 million (equivalent to approximately HK$652.1 million) is land cost as per the land grant contract entered into between the Group and The Land and Resources Bureau of Zhuhai on 27 September 2013. The master layout plan for Phase I CCC has been approved in January 2015 and construction work is expected to commence before the end of 2015. The expected GFA breakdown by usage is set out below:

Usage	**Approximate GFA** (square feet)
Cultural themed hotel	596,606
Cultural workshop	430,549
Cultural commercial area	529,481
Performance halls	433,595
Office	559,933
Cultural studios	246,455
Ancillary facilities and others	5,717
Total:	**2,802,336**

CAPITAL STRUCTURE, LIQUIDITY AND DEBT MATURITY PROFILE

As at 31 July 2015, cash and bank balances held by the Group amounted to HK$2,864.1 million and undrawn facilities of the Group was HK$866.5 million.

As at 31 July 2015, the Group had total borrowings amounting to HK$5,902.4 million (2014: HK$4,757.4 million), representing an increase of HK$1,145.0 million from 2014. The consolidated net assets attributable to the owners of the Company amounted to HK$13,466.4 million (2014: HK$12,663.4 million). The gearing ratio, being net debt (total borrowings less cash and bank balances) to net assets attributable to the owners of the Company was approximately 23% (2014: 17%). The maturity profile of the Group's borrowings of HK$5,902.4 million is well spread with HK$2,860.3 million repayable within 1 year, HK$500.2 million repayable in the second year, HK$2,371.2 million repayable in the third to fifth years and HK$170.7 million repayable beyond the fifth year.

Approximately 46% and 49% of the Group's borrowings were on a fixed rate basis and floating rate basis, respectively, and the remaining 5% of the Group's borrowings were interest free.

Apart from the fixed rate senior notes, the Group's other borrowings of HK$3,681.5 million were 46% denominated in Renminbi ("**RMB**"), 41% in Hong Kong dollars ("**HKD**") and 13% in United States Dollars ("**USD**").

The Group's fixed rate senior notes of HK$2,220.9 million were denominated in RMB. On 25 April 2013, issue date of the RMB denominated senior notes ("**2013 Notes**"), the Group entered into cross currency swap agreements with financial institutions for the purpose of hedging the foreign currency risk arising from such notes. Accordingly, the 2013 Notes have been effectively converted into USD denominated loans.

The Group's cash and bank balances of HK$2,864.1 million were 85% denominated in RMB, 14% in HKD and 1% in USD.

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

Certain assets of the Group have been pledged to secure borrowings of the Group, including investment properties with a total carrying amount of approximately HK$9,007.6 million, properties under development with a total carrying amount of approximately HK$89.7 million, serviced apartments and related properties with a total carrying amount of approximately HK$621.8 million, a leasehold building with carrying amount of approximately HK$37.4 million, completed properties for sale with a total carrying amount of approximately HK$375.3 million and bank balances of approximately HK$689.1 million.

Taking into account the amount of cash being held as at the end of the reporting period, the available banking facilities, expected refinancing of certain bank loans 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 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

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

The Company has complied with all the code provisions set out in the CG Code for the year ended 31 July 2015 save for the deviations from code provisions A.4.1 and A.5.1 as follows:

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

None of the existing non-executive directors ("**NEDs**", including the independent non-executive directors ("**INEDs**")) of the Company is appointed for a specific term. However, all directors of the Company ("**Directors**") are subject to the retirement provisions of the Articles of Association of the Company ("**Articles of Association**") which require that the Directors for the time being shall retire from office by rotation once every three years since their last election by the Shareholders and the retiring Directors are eligible for re-election. In addition, in accordance with the provisions of the Articles of Association, any person appointed by the Board as a Director (including a NED) either to fill a casual vacancy or as an addition to the Board will hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board) and will then be eligible for re-election. In view of these, the Board considers that such requirements are sufficient to meet the underlying objective of the said code provision A.4.1 and, therefore, does not intend to take any remedial steps in this regard.

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

The Company has not established a nomination committee whose functions are assumed by the full Board. Potential new Directors will be recruited based on their knowledge, skills, experience and expertise and the requirements of the Company at the relevant time and candidates for the INEDs must meet the independence criterion. The process of identifying and selecting appropriate candidates for consideration and approval by the Board has been, and will continue to be, carried out by the executive Directors ("**EDs**"). As the above selection and nomination policies and procedures have already been in place and the other duties of the nomination committee as set out in the CG Code have long been performed by the full Board effectively, the Board does not consider it necessary to establish a nomination committee at the current stage.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 July 2015, the Group employed a total of around 1,300 employees. The Group recognises the importance of maintaining a stable staff force in its continued success. Under the Group's existing policies, employee pay rates are maintained at competitive levels whilst promotion and salary increments are assessed on a performance-related basis. Discretionary bonuses are granted to employees based on their merit and in accordance with industry practice. Other benefits including share option scheme, mandatory provident fund scheme, free hospitalisation insurance plan, subsidised medical care and sponsorship for external education and training programmes are offered to eligible employees.

INVESTOR RELATIONS

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

During the year ended 31 July 2015, 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 2014	Investors luncheon	RHB-OSK Securities	Hong Kong
October 2014	Post full year results non-deal roadshow	BNP	Hong Kong
October 2014	Post full year results non-deal roadshow	DBS	New York/Boston/ Washington DC/Denver/ Los Angeles/San Francisco
October 2014	Post full year results non-deal roadshow	Daiwa	Paris/Zurich/London
November 2014	Post full year results non-deal roadshow	BNP	Singapore
November 2014	Post full year results non-deal roadshow	DBS	Sydney
December 2014	Post full year results non-deal roadshow	BNP	Shanghai
December 2014	Great China Emerging Market Trends Forum 2015 (2015 年大中華暨新興產業趨勢論壇)	SinoPac Securities	Taipei
January 2015	BNP Paribas Asia Pacific Property & Financial Conference	BNP	Hong Kong
January 2015	The Fifth Daiwa Hong Kong Corporate Summit	Daiwa	Hong Kong
March 2015	Post results non-deal roadshow	DBS	Kuala Lumpur
March 2015	Post results non-deal roadshow	Daiwa	Hong Kong
March 2015	Post results non-deal roadshow	DBS	Singapore
April 2015	Post results non-deal roadshow	DBS	New York/Toronto/ Los Angeles/San Francisco
April 2015	Post results non-deal roadshow	BNP	Amsterdam/Paris/London
May 2015	Barclays Select Series: Asia Financial and Property Conference	Barclays	Hong Kong
June 2015	Post results non-deal roadshow	BNP	Sydney
July 2015	DBS Vickers Pulse of Asia Conference	DBS	Singapore

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	17 October 2014
HSBC	Keith CHAN	17 October 2014

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 2015.

REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY INDEPENDENT AUDITORS

The figures in respect of the Group's results for the year ended 31 July 2015 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, 11 December 2015. Notice of the AGM together with the Company's Annual Report for the year ended 31 July 2015 will be published on the respective websites of the Stock Exchange and the Company and despatched to Shareholders in about early November 2015.

By Order of the Board
Chew Fook Aun
Chairman

Hong Kong, 15 October 2015

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