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LAI SUN GARMENT

Lai Sun Garment (International) Limited
(Incorporated in Hong Kong with limited liability)
(Stock Code: 191)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 JULY 2015

RESULTS

The board of directors (the “**Board**”) of Lai Sun Garment (International) 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 of the last year as follows:

Consolidated Income Statement

For the year ended 31 July 2015

	Notes	2015 HK\$'000	2014 HK\$'000
TURNOVER	3	1,640,834	2,204,756
Cost of sales		<u>(668,115)</u>	<u>(1,107,009)</u>
Gross profit		972,719	1,097,747
Other revenue	4	159,577	84,367
Selling and marketing expenses		(23,534)	(57,502)
Administrative expenses		(282,829)	(291,189)
Other operating expenses, net	6(b)	(194,651)	(151,058)
Fair value gains on investment properties		1,553,881	1,115,466
Provision for tax indemnity	5	<u>-</u>	<u>(139,017)</u>
PROFIT FROM OPERATING ACTIVITIES	6(a)	2,185,163	1,658,814
Finance costs	7	(269,667)	(267,124)
Share of profits and losses of associates		96,499	109,102
Share of profits and losses of joint ventures		354,243	110,702
Discount on acquisition of additional interest in an associate	8	<u>-</u>	<u>150,660</u>
PROFIT BEFORE TAX		2,366,238	1,762,154
Tax	9	<u>(85,085)</u>	<u>(93,246)</u>
PROFIT FOR THE YEAR		<u>2,281,153</u>	<u>1,668,908</u>
Attributable to:			
Owners of the Company		1,290,676	940,496
Non-controlling interests		<u>990,477</u>	<u>728,412</u>
		<u>2,281,153</u>	<u>1,668,908</u>
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	11		
Basic		<u>HK\$0.686</u>	<u>HK\$0.530</u>
Diluted		<u>HK\$0.681</u>	<u>HK\$0.525</u>

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
PROFIT FOR THE YEAR	<u>2,281,153</u>	<u>1,668,908</u>
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
Other comprehensive income/(expense) to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	(30,367)	13,208
Reclassification adjustment for impairment loss included in the consolidated income statement	<u>6,141</u>	<u>-</u>
	(24,226)	13,208
Exchange realignments	(52,306)	16,537
Release of exchange reserve upon liquidation of a subsidiary	-	(548)
Share of other comprehensive (expense)/income of associates	<u>(25,242)</u>	<u>11,891</u>
OTHER COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR	<u>(101,774)</u>	<u>41,088</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>2,179,379</u></u>	<u><u>1,709,996</u></u>
Attributable to:		
Owners of the Company	1,238,524	960,410
Non-controlling interests	<u>940,855</u>	<u>749,586</u>
	<u><u>2,179,379</u></u>	<u><u>1,709,996</u></u>

Consolidated Statement of Financial Position
As at 31 July 2015

	Notes	2015 HK\$'000	2014 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	2,688,331	873,004
Prepaid land lease payments		21,928	22,955
Investment properties		17,730,080	14,895,795
Properties under development for sale		729,148	184,461
Interests in associates		3,977,122	3,881,846
Interests in joint ventures		5,937,793	6,018,543
Available-for-sale financial assets		1,339,150	1,232,466
Pledged and restricted bank balances and time deposits		124,659	369,821
Deposits paid and other receivables		141,968	727,468
Total non-current assets		<u>32,690,179</u>	<u>28,206,359</u>
CURRENT ASSETS			
Completed properties for sale		668,354	867,329
Equity investments at fair value through profit or loss		5,574	2,159
Inventories		12,704	8,106
Debtors, deposits paid and other receivables	13	180,888	137,628
Pledged and restricted bank balances and time deposits		299,136	62,813
Cash and cash equivalents		1,769,498	2,457,510
Total current assets		<u>2,936,154</u>	<u>3,535,545</u>
CURRENT LIABILITIES			
Creditors, deposits received and accruals	14	440,814	324,867
Tax payable		178,404	139,990
Bank borrowings		1,321,665	430,408
Total current liabilities		<u>1,940,883</u>	<u>895,265</u>
NET CURRENT ASSETS		<u>995,271</u>	<u>2,640,280</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>33,685,450</u>	<u>30,846,639</u>
NON-CURRENT LIABILITIES			
Bank borrowings		3,270,608	2,583,485
Guaranteed notes		3,500,015	3,496,144
Other borrowing, note payable and interest payable		361,619	350,282
Deferred tax		188,902	180,370
Provision for tax indemnity	5	980,638	980,638
Long term rental deposits received		91,002	92,046
Deferred rental		4,380	4,366
Total non-current liabilities		<u>8,397,164</u>	<u>7,687,331</u>
		<u>25,288,286</u>	<u>23,159,308</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital		1,177,649	1,165,343
Investment revaluation reserve		160,245	166,012
Share option reserve		14,286	16,138
Hedging reserve		(527)	(527)
Capital reduction reserve		6,973	6,973
Asset revaluation reserve		55,494	55,494
Other reserve		679,380	692,153
Statutory reserve		12,479	-
Exchange fluctuation reserve		(9,210)	37,175
Retained profits		<u>11,699,526</u>	<u>10,436,930</u>
		13,796,295	12,575,691
Non-controlling interests		<u>11,491,991</u>	<u>10,583,617</u>
		<u>25,288,286</u>	<u>23,159,308</u>

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 Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, equity investments at fair value through profit or loss and certain available-for-sale financial assets, 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.

The financial information relating to the years ended 31 July 2015 and 31 July 2014 included in this preliminary announcement of annual results for the year ended 31 July 2015 does not constitute the Company’s statutory annual consolidated financial statements for those years but, in respect of the year ended 31 July 2014, is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 July 2014 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 July 2015 in due course.

Auditors’ reports have been prepared on these financial statements of the Group for both years. The auditors’ reports were unqualified; did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

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 HKFRSs’ standards and new interpretation has had no significant financial effect on the financial statements.

In addition, the requirement of Part 9 “Accounts and Audit” of the Hong Kong Companies Ordinance (Cap. 622) came into effect for the first time 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. SEGMENT INFORMATION

Segment revenue and results

The following table presents revenue and results for the Group's reportable segments:

	Property development and sales		Property investment		Hotel operation		Restaurant operation		Others		Eliminations		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:														
Sales to external customers	277,811	1,046,947	754,984	597,804	383,973	372,139	201,726	167,082	22,340	20,784	-	-	1,640,834	2,204,756
Intersegment sales	-	-	13,976	12,095	360	270	-	-	23,060	23,092	(37,396)	(35,457)	-	-
Other revenue	4,703	2,140	1,357	1,042	25	7	-	2,345	5,159	1,509	-	-	11,244	7,043
Total	282,514	1,049,087	770,317	610,941	384,358	372,416	201,726	169,427	50,559	45,385	(37,396)	(35,457)	1,652,078	2,211,799
Segment results	46,154	302,258	620,100	469,687	62,169	78,689	(8,921)	(13,382)	(8,531)	1,062	-	-	710,971	838,314
Interest income from bank deposits - unallocated													26,076	20,561
Unallocated revenue													122,257	56,763
Fair value gains on investment properties	-	-	1,553,881	1,115,466	-	-	-	-	-	-	-	-	1,553,881	1,115,466
Unallocated expenses													(228,022)	(233,273)
Provision for tax indemnity													-	(139,017)
Profit from operating activities													2,185,163	1,658,814
Finance costs													(269,667)	(267,124)
Share of profits and losses of associates	220	52	6,877	2,870	-	-	(2,462)	(2,094)	-	-	-	-	4,635	828
Share of profits and losses of associates - unallocated													91,864	108,274
Share of profits and losses of joint ventures	(686)	5,882	354,929	104,820	-	-	-	-	-	-	-	-	354,243	110,702
Discount on acquisition of additional interest in an associate													-	150,660
Profit before tax													2,366,238	1,762,154
Tax													(85,085)	(93,246)
Profit for the year													2,281,153	1,668,908

3. SEGMENT INFORMATION (continued)

The following table presents the total assets and liabilities and other segment information for the Group's reportable segments:

	Property development and sales		Property investment		Hotel operation		Restaurant operation		Others		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<u>Segment assets and liabilities</u>												
Segment assets	1,451,892	1,605,841	17,860,929	14,959,163	2,703,972	1,093,554	397,386	288,581	135,991	46,726	22,550,170	17,993,865
Interests in associates	7,434	7,743	40,642	33,300	-	-	21,669	18,610	-	-	69,745	59,653
Interests in associates - unallocated											3,907,377	3,822,193
Interests in joint ventures	948,346	1,494,050	4,989,447	4,524,493	-	-	-	-	-	-	5,937,793	6,018,543
Unallocated assets											3,161,248	3,847,650
Total assets											35,626,333	31,741,904
Segment liabilities	99,813	70,333	214,899	178,450	122,509	61,587	20,976	17,180	8,344	6,537	466,541	334,087
Bank borrowings											4,592,273	3,013,893
Guaranteed notes											3,500,015	3,496,144
Other borrowing, note payable and interest payable											361,619	350,282
Other unallocated liabilities											1,417,599	1,388,190
Total liabilities											10,338,047	8,582,596
<u>Other segment information</u>												
Amortisation of prepaid land lease payments	-	-	-	-	1,027	1,027	-	-	-	-	1,027	1,027
Depreciation	352	352	386	621	25,404	19,846	19,606	16,193	69	22	45,817	37,034
Depreciation - unallocated											13,151	7,799
											58,968	44,833
Capital expenditure	544,687	13,492	1,386,543	969,479	1,850,422	6,235	15,898	51,855	262	29	3,797,812	1,041,090
Capital expenditure - unallocated											8,048	23,414
											3,805,860	1,064,504

3. SEGMENT INFORMATION *(continued)*

Geographical information

During the year, management changed its reporting segment by geographical location to (i) Hong Kong; (ii) United Kingdom; (iii) Vietnam; and (iv) others as a result of growing importance of the United Kingdom segment to the Group. The corresponding information for the year ended 31 July 2014 has been re-presented accordingly.

The following table presents revenue and assets by geographical location of the assets:

	Hong Kong		United Kingdom		Vietnam		Others		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue										
Sales to external customers	1,134,214	1,822,474	122,946	11,874	380,775	367,208	2,899	3,200	1,640,834	2,204,756
Other revenue	11,219	6,158	-	-	4	7	21	878	11,244	7,043
Total	<u>1,145,433</u>	<u>1,828,632</u>	<u>122,946</u>	<u>11,874</u>	<u>380,779</u>	<u>367,215</u>	<u>2,920</u>	<u>4,078</u>	<u>1,652,078</u>	<u>2,211,799</u>
Segment assets										
Non-current assets	17,985,696	14,698,328	2,665,250	1,312,940	470,431	483,200	1,430	1,785	21,122,807	16,496,253
Current assets	982,687	1,096,435	76,713	25,737	364,060	372,212	3,903	3,228	1,427,363	1,497,612
Total	<u>18,968,383</u>	<u>15,794,763</u>	<u>2,741,963</u>	<u>1,338,677</u>	<u>834,491</u>	<u>855,412</u>	<u>5,333</u>	<u>5,013</u>	<u>22,550,170</u>	<u>17,993,865</u>

Information about major customers

For both the years ended 31 July 2015 and 31 July 2014, there was no revenue derived from a single customer which contributed more than 10% of the Group's revenue for the respective years.

4. OTHER REVENUE

	2015 HK\$'000	2014 HK\$'000
Interest income from bank deposits	26,076	20,561
Interest income from held-to-maturity debt investments	-	134
Other interest income	11,072	1,850
Dividend income from listed equity investments at fair value through profit or loss	-	101
Dividend income from unlisted available-for-sale financial assets	97,149	38,154
Gain on disposal of unlisted available-for-sale financial assets	-	11,640
Gain on disposal of a listed equity investment at fair value through profit or loss	-	786
Gain on disposal of items of property, plant and equipment	69	-
Fair value gain on a listed equity investment at fair value through profit or loss	3,415	-
Others	21,796	11,141
	<u>159,577</u>	<u>84,367</u>

5. PROVISION FOR TAX INDEMNITY

Pursuant to an indemnity deed (the “**Lai Fung Tax Indemnity Deed**”) dated 12 November 1997 entered into between Lai Sun Development Company Limited (“**LSD**”), a non-wholly owned subsidiary, and Lai Fung Holdings Limited (“**Lai Fung**”), LSD has undertaken to indemnify Lai Fung in respect of certain potential income tax and land appreciation tax (“**LAT**”) of the People’s Republic of China (“**PRC**”) payable or shared by Lai Fung in consequence of the disposal of any of the property interests attributable to Lai Fung through its subsidiaries and its associates as at 31 October 1997 (the “**Property Interests**”). These tax indemnities given by LSD apply in so far as such tax is applicable to the difference between (i) the value of the Property Interests in the valuation thereon by Chesterton Petty Limited (currently known as “**Knight Frank Petty Limited**”), independent chartered surveyors, as at 31 October 1997 (the “**Valuation**”); and (ii) the aggregate costs of such Property Interests incurred up to 31 October 1997, together with the amount of unpaid land costs, unpaid land premium and unpaid costs of resettlement, demolition and public utilities and other deductible costs in respect of the Property Interests. The Lai Fung Tax Indemnity Deed assumes that the Property Interests are disposed of at the values attributed to them in the Valuation, computed by reference to the rates and legislation governing PRC income tax and LAT prevailing at the time of the Valuation.

The indemnities given by LSD do not cover (i) new properties acquired by Lai Fung subsequent to the listing of the shares of Lai Fung on The Stock Exchange of Hong Kong Limited (the “**Listing**”); (ii) any increase in the relevant tax which arises due to an increase in tax rates or changes to the legislation prevailing at the time of the Listing; and (iii) any claim to the extent that provision for deferred tax on the revaluation surplus has been made in the calculation of the adjusted net tangible asset value of Lai Fung as set out in Lai Fung’s prospectus dated 18 November 1997.

After taking into account the plans and the status of the Property Interests held by Lai Fung as at 31 July 2015 and 31 July 2014 which are covered under the Lai Fung Tax Indemnity Deed and the prevailing tax rates and legislation governing PRC income tax and LAT, the Group recorded an aggregate provision for tax indemnity of HK\$980,638,000. During the year ended 31 July 2014, the Group recognised an additional provision of tax indemnity of HK\$139,017,000 in the consolidated income statement. Besides, the Group settled HK\$24,302,000 of the tax indemnity upon receiving request from Lai Fung during the year ended 31 July 2014.

6. PROFIT FROM OPERATING ACTIVITIES

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Cost of inventories sold	80,132	74,980
Cost of completed properties sold	206,040	683,206
Depreciation [#]	58,968	44,833
Amortisation of prepaid land lease payments [*]	1,027	1,027
Loss on disposal of items of property, plant and equipment [*]	-	2,125
Fair value loss on a listed equity investment at fair value through profit or loss [*]	-	2,796
	<u> </u>	<u> </u>

[#] Depreciation charge of approximately HK\$54,095,000 (2014: HK\$42,230,000) for property, plant and equipment is included in "other operating expenses, net" on the consolidated income statement.

^{*} These items are included in "other operating expenses, net" on the consolidated income statement.

(b) Other than those mentioned in note 6(a) above, "other operating expenses, net" also include service fee for operation of a club of approximately HK\$67,296,000 (2014: HK\$56,026,000).

7. FINANCE COSTS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interest on bank borrowings	99,785	74,023
Interest on guaranteed notes	225,849	160,246
Interest on other borrowing and note payable	11,337	11,338
Bank financing charges	<u>26,926</u>	<u>22,744</u>
	363,897	268,351
Less: Amount capitalised in a hotel development project	(72,000)	-
Amount capitalised in properties under development for sale	<u>(22,230)</u>	<u>(1,227)</u>
	<u>269,667</u>	<u>267,124</u>

8. DISCOUNT ON ACQUISITION OF ADDITIONAL INTEREST IN AN ASSOCIATE

In the prior year, during the period from November 2013 to December 2013, LSD acquired 1.33% additional interest in eSun Holdings Limited ("eSun") from the public shareholders at a cost of approximately HK\$18,545,000 and LSD's interest in eSun was increased from 39.93% to 41.26%. In May 2014, LSD further acquired 0.66% additional interest in eSun from the public shareholders at a cost of approximately HK\$7,635,000 and LSD's interest in eSun was increased from 41.26% to 41.92%. Discount on acquisition of approximately HK\$150,660,000 arose from these acquisitions for the year ended 31 July 2014.

9. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the places in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current tax		
Hong Kong	50,897	70,495
Overseas	<u>23,135</u>	<u>18,199</u>
	74,032	88,694
Deferred tax	8,532	1,980
Prior years' (overprovision)/underprovision		
Hong Kong	(55)	212
Overseas	<u>2,576</u>	<u>2,360</u>
	<u>2,521</u>	<u>2,572</u>
Tax charge for the year	<u><u>85,085</u></u>	<u><u>93,246</u></u>

10. DIVIDEND

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Proposed final – HK1.10 cents (2014: HK1.10 cents) per ordinary share	<u><u>20,809</u></u>	<u><u>20,638</u></u>

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

11. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Earnings		
Earnings for the purpose of basic earnings per share	1,290,676	940,496
Effect of dilutive potential ordinary shares arising from adjustment to the share of profit of a subsidiary based on dilution of its earnings per share	<u>(4,358)</u>	<u>(3,618)</u>
Earnings for the purpose of diluted earnings per share	<u><u>1,286,318</u></u>	<u><u>936,878</u></u>

11. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY *(continued)*

	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,880,841	1,774,517
Effect of dilutive potential ordinary shares arising from share options	<u>8,959</u>	<u>9,704</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,889,800</u>	<u>1,784,221</u>

12. PROPERTY, PLANT AND EQUIPMENT

During the current year, increase in property, plant and equipment (net of depreciation and disposals) of approximately HK\$1,815 million mainly includes additions to a hotel development project as disclosed in the Company's circular dated 20 June 2014 amounting to approximately HK\$1,844 million.

13. DEBTORS, DEPOSITS PAID AND OTHER RECEIVABLES

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. Hotel and restaurant charges are mainly settled by customers on a cash basis except for those corporate clients who maintain credit accounts with the respective subsidiaries, the settlement of which is in accordance with the respective agreements.

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

	2015	2014
	HK\$'000	HK\$'000
Trade debtors:		
Not yet due or less than 30 days past due	7,620	8,594
31 – 60 days past due	1,433	1,401
61 – 90 days past due	408	242
Over 90 days past due	<u>2,470</u>	<u>1,402</u>
	11,931	11,639
Other receivables	53,237	62,929
Deposits paid and prepayments	<u>115,720</u>	<u>63,060</u>
	<u>180,888</u>	<u>137,628</u>

14. CREDITORS, DEPOSITS RECEIVED AND ACCRUALS

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade creditors:		
Not yet due or less than 30 days past due	12,667	9,880
31 – 60 days past due	1,485	1,705
61 – 90 days past due	903	199
Over 90 days past due	<u>1,298</u>	<u>174</u>
	16,353	11,958
Other payables and accruals	203,583	175,722
Deposits received and other provisions	<u>220,878</u>	<u>137,187</u>
	<u><u>440,814</u></u>	<u><u>324,867</u></u>

15. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current year's presentation.

FINAL DIVIDEND

The Directors have resolved to recommend a final dividend of HK1.10 cents per share (2014: HK1.10 cents per share), amounting to HK\$20,809,000 for the financial year ended 31 July 2015 to shareholders of the Company (“**Shareholders**”) whose names appear on the Register of Members of the Company on Tuesday, 22 December 2015 subject to the approval of Shareholder at the forthcoming Annual General Meeting of the Company to be held on Friday, 11 December 2015 (“**AGM**”).

No interim dividend was declared during the year (2014: Nil).

The Directors propose that Shareholders be given the option to receive the final dividend in new shares in lieu of cash. The scrip dividend proposal is subject to: (1) the approval of the proposed final dividend at the AGM; and (2) The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) granting the listing of and permission to deal in the new shares to be issued pursuant to this proposal.

A circular containing details of the scrip dividend proposal will be despatched to Shareholders together with the form of election for scrip dividend on or about Wednesday, 30 December, 2015. It is expected that the final dividend warrants and share certificates for the scrip dividend will be despatched to the Shareholders on or about Friday, 29 January 2016.

ANNUAL GENERAL MEETING

The AGM of the Company will be held on Friday, 11 December 2015. Notice of the AGM together with the proxy form and 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 early November 2015.

CLOSURE OF REGISTER OF MEMBERS

In order to be eligible to attend and vote at the Annual General Meeting, Shareholders should ensure that all transfers accompanied by the relevant share certificates are lodged with the Company’s share registrar, Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 8 December 2015.

The proposed final dividend is subject to the approval of the Shareholders at the AGM. The record date for the proposed final dividend is at the close of business on Tuesday, 22 December 2015. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Monday, 21 December 2015 to Tuesday, 22 December 2015, both dates inclusive, during which period no transfer of shares will be effected. 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 share registrar, 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. This backdrop combined with the slowing economy in the PRC has affected Hong Kong's economic performance as a result.

The property sector in Hong Kong continues to perform steadily notwithstanding the challenging conditions. The retail market, particularly street level retail, has been affected negatively as seen in high profile tenants terminating their leases early. Office leasing remains robust. Low vacancy supports further rental growth despite the fear of interest rate hikes. The residential market continues to outperform, particularly for smaller units, notwithstanding the control measures implemented a couple of years ago. New launches report robust prices being achieved and arguably reflect strong underlying demand. It is very likely that these control measures, barring any unforeseen circumstances, are here to stay until land supply has caught up, which is likely to take some years notwithstanding the government's emphasis and effort. Labour shortage in the construction industry is driving wage inflation and continues to pose a challenge on the cost management side.

The Group performed admirably against this challenging environment. The rental portfolio of approximately 1.2 million square feet generated steady rental income at high occupancy rates. Rental income increased through tenant mix adjustments, rental reversion and a full year's contribution from the London properties. The completion of the 8 Observatory Road property in June 2015 added an attributable gross floor area ("GFA") of approximately 42,845 square feet in the prime Tsim Sha Tsui area of Hong Kong. As at the date of this announcement, approximately 44% of the floor area of the building has been leased or has offers to lease with another approximately 30% of floor area under negotiation. 3 out of 9 units of the 339 Tai Hang Road luxury residential property were sold during the year under review with another 2 units sold post year end.

The management believes it is paramount to prepare the Group for the challenges and opportunities ahead. The Group completed a series of corporate activities as part of the new strategy to improve funding sources, execution capabilities and overall coordination with the wider Lai Sun Group since refocusing the strategy in 2012. Set out below are the projects the Group secured after the implementation of the new rental focused strategy:

Date	Secured Projects	Total GFA (square feet)	Use	Expected Completion Date
Hong Kong				
Development Properties				
November 2012	Tseung Kwan O Project	572,852	Commercial/ Residential	Q4 2017
April 2014	Ma Tau Kok Project	111,444	Commercial/ Residential	Q1 2018
May 2014	The Hong Kong Ocean Park Marriott Hotel ("Ocean Hotel")	366,000	Hotel	Q4 2017
September 2015	Sai Wan Ho Street Project	64,303	Commercial/ Residential	2020
London, United Kingdom				
Investment Properties				
April 2014	107-112 Leadenhall Street	146,606	Office	N/A
November 2014	100 Leadenhall Street	177,700	Office	N/A

The Group's strong cash position of HK\$2,193.3 million of cash on hand with a net debt to equity ratio of 45.4% as at 31 July 2015 provides the Group full confidence and the means to review opportunities more actively. Excluding LSD, the cash and bank balances held by the Group as at 31 July 2015 was HK\$939.8 million with a net debt to equity ratio of 25.4%. However, the Group will continue its prudent and flexible approach in growing the landbank and managing its financial position

OVERVIEW OF FINAL RESULTS

For the year ended 31 July 2015, the Group recorded turnover of HK\$1,640.8 million (2014: HK\$2,204.8 million) and a gross profit of HK\$972.7 million (2014: HK\$1,097.7 million), representing a decrease of approximately 25.6% and 11.4%, respectively over last year. The decrease in turnover and gross profit was primarily due to the sale of over 90% of the residential units in Ocean One being completed prior to 31 July 2014 and less properties being available for sale in 2015. Set out below is the turnover by segment:

	For the year ended 31 July		Difference (HK\$ million)	% change
	2015 (HK\$ million)	2014 (HK\$ million)		
Property investment	755.0	597.8	157.2	26.3%
Property development and sales	277.8	1,046.9	-769.1	-73.5%
Restaurant operation	201.7	167.1	34.6	20.7%
Hotel operation and others	406.3	393.0	13.3	3.4%
Total:	1,640.8	2,204.8	-564.0	-25.6%

Net profit attributable to owners of the Company was approximately HK\$1,290.7 million (2014: HK\$940.5 million), representing an increase of approximately 37.2% over last year. The substantial increase is a mix of lower profit before revaluation of the Group's investment properties and a substantial increase in revaluation of the Group's investment properties during the year under review. Excluding the effect of property revaluations, net profit attributable to owners of the Company was approximately HK\$122.4 million (2014: HK\$164.9 million). Basic earnings per share including and excluding the effect of property revaluations was HK\$0.686 (2014: HK\$0.530) and HK\$0.065 (2014: HK\$0.093), respectively.

Profit attributable to owners of the Company (HK\$ million)	For the year ended 31 July	
	2015	2014
Reported	1,290.7	940.5
Less: Adjustments in respect of revaluation gains of investment properties held by		
- the Company and subsidiaries	(934.3)	(662.6)
- associates and joint ventures	(234.0)	(113.0)
Net profit after tax excluding revaluation gains of investment properties	122.4	164.9

Equity attributable to owners of the Company as at 31 July 2015 amounted to HK\$13,796.3 million, up from HK\$12,575.7 million as at 31 July 2014. Net asset value per share attributable to owners of the Company increased by 8.8% to HK\$7.293 per share as at 31 July 2015 from HK\$6.703 per share as at 31 July 2014.

PROPERTY PORTFOLIO COMPOSITION

As at 31 July 2015, the Group maintained a property portfolio with attributable GFA of approximately 1.6 million square feet. Approximate attributable GFA (in '000 square feet) of the Group's major properties and number of car-parking spaces is as follows:

	Commercial/Retail (in '000 square feet)	Office (in '000 square feet)	Industrial (in '000 square feet)	Residential (in '000 square feet)	Hotel (in '000 square feet)	Total (excluding car-parking spaces & ancillary facilities) (in '000 square feet)	No. of car-parking spaces attributable to the Group
Completed Properties Held for Rental ¹	362	582	190	-	-	1,134	562
Completed Hotel Properties	-	-	-	-	51	51	-
Properties Under Development ²	38	-	-	168	190	396	104
Completed Properties Held for Sale	14	-	-	12	-	26	9
Total GFA of major properties of the Group	414	582	190	180	241	1,607	675

1. Completed and rental generating properties

2. All properties under construction

The above table does not include GFA of properties held by Lai Fung Holdings Limited ("Lai Fung").

PROPERTY INVESTMENT

Rental Income

During the year under review, the Group's rental operations recorded a turnover of HK\$755.0 million (2014: HK\$597.8 million), representing a 26.3% increase over last year. The increase is primarily due to the full-year contributions from newly acquired rental properties in London, as well as continued management of tenant mix and rental reversion at major investment properties during the year under review.

The Group wholly owns five major investment properties in Hong Kong, namely Cheung Sha Wan Plaza, Causeway Bay Plaza 2 and Lai Sun Commercial Centre, commercial podium of Crocodile Center and Por Yen Building. The 50:50 joint venture with Henderson Land at 8 Observatory Road, Kowloon was completed in June 2015 and is expected to contribute to the Group's results in the coming financial year.

Breakdown of rental turnover by major investment properties is as follows:

	For the year ended 31 July		% Change	Year end occupancy (%)
	2015 (HK\$ million)	2014 (HK\$ million)		
Hong Kong				
Cheung Sha Wan Plaza (including car-parking spaces)	293.9	275.3	6.8	98.6
Causeway Bay Plaza 2 (including car-parking spaces)	170.9	153.9	11.0	99.7
Lai Sun Commercial Centre (including car-parking spaces)	56.4	50.2	12.4	97.8
Crocodile Center (commercial podium)	84.0	79.7	5.4	100.0
Por Yen Building	13.3	13.7	-2.9	87.1
Subtotal:	618.5	572.8	8.0	
London, United Kingdom				
36 Queen Street	26.7	3.5	662.9	100.0
107-112 Leadenhall Street	53.7	8.4	539.3	100.0
100 Leadenhall Street	42.5	-	N/A	100.0
Subtotal:	122.9	11.9	932.8	
Others	13.6	13.1	3.8	N/A
Total:	755.0	597.8	26.3	
Rental proceeds from joint venture project				
CCB Tower (50% basis)	113.6	108.0	5.2	99.0

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)	Total GFA (square feet)	Group interest	Turnover (HK\$ million)	Total GFA (square feet)
Hong Kong						
Cheung Sha Wan Plaza	51.88%			51.97%		
Commercial		158.1	233,807		151.0	233,807
Office		118.5	409,896		108.0	409,896
Car-parking spaces		17.3	N/A		16.3	N/A
Subtotal:		293.9	643,703		275.3	643,703
Causeway Bay Plaza 2	51.88%			51.97%		
Commercial		114.1	109,770		101.0	109,770
Office		52.1	96,268		48.2	96,268
Car-parking spaces		4.7	N/A		4.7	N/A
Subtotal:		170.9	206,038		153.9	206,038
Lai Sun Commercial Centre	51.88%			51.97%		
Commercial		33.4	95,063		31.0	95,063
Office		7.7	74,181		6.3	74,181
Car-parking spaces		15.3	N/A		12.9	N/A
Subtotal:		56.4	169,244		50.2	169,244
Crocodile Center	100%			100%		
Commercial		84.0	91,201		79.7	91,201
Por Yen Building	100%			100%		
Industrial		13.1	109,010		13.6	109,010
Car-parking spaces		0.2	N/A		0.1	N/A
Subtotal:		13.3	109,010		13.7	109,010
Others		13.6	104,520*		13.1	104,520*
Subtotal:		632.1	1,323,716		585.9	1,323,716
London, United Kingdom						
36 Queen Street	51.88%			51.97%		
Office		26.7	60,816		3.5	60,816
107-112 Leadenhall Street	51.88%			51.97%		
Office		53.7	146,606		8.4	146,606
100 Leadenhall Street	51.88%			-		
Office		42.5	177,700		-	-
Subtotal:		122.9	385,122		11.9	207,422
Total:		755.0	1,708,838		597.8	1,531,138
Joint Venture Project**						
Hong Kong						
CCB Tower [#] (50% basis)	25.94%			25.99%		
Office		113.6	114,555 ^{##}		108.0	114,555 ^{##}

- * Excluding 5.19% interest in AIA Central and 44.65% interest in Metropolitan Factory and Warehouse Building (Units A and B on 7/F).
- ** Excluding 50:50 joint venture project at 8 Observatory Road, Kowloon, which was completed in June 2015.f.
- # CCB Tower is a joint venture project with China Construction Bank Corporation (“CCB”) in which each of the Group and CCB has an effective 50% interest. For the year ended 31 July 2015, the rental proceeds recorded by the joint venture is HK\$227.2 million.
- ## Referring to GFA attributable to the Group. The total GFA of CCB Tower is 229,110 square feet.

Review of major investment properties

Hong Kong Properties

Cheung Sha Wan Plaza

The asset comprises of a 8-storey and a 7-storey office towers erected on top of a retail podium which was completed in 1989. It is located on top of the Lai Chi Kok MTR station with a total GFA of 643,703 square feet (excluding car-parking spaces). The arcade is positioned to serve the local communities nearby with major banks and recognised restaurants chains as the key tenants.

Causeway Bay Plaza 2

The asset comprises of a 28-storey commercial/office building with car-parking facilities at basement levels which was completed in 1992. It is located at the heart of Causeway Bay with a total GFA of 206,038 square feet (excluding car-parking spaces). Key tenants include a HSBC branch and commercial offices and major restaurants.

Lai Sun Commercial Centre

The asset comprises a 13-storey commercial/carpark complex completed in 1987. It is located near the Lai Chi Kok MTR station with a total GFA of 169,244 square feet (excluding car-parking spaces).

8 Observatory Road

LSD has a 50:50 interest with Henderson Land in this joint development project at Observatory Road, Kowloon. The property is a 19-storey commercial building with a total GFA of 165,170 square feet (excluding car-parking spaces). The property was completed in June 2015 and as at the date of this announcement, approximately 44% of the floor area of the building has been leased or has offers to lease with another approximately 30% of floor area under negotiation.

CCB Tower, 3 Connaught Road Central

LSD has a 50:50 interest with CCB in the joint redevelopment project of the former Ritz-Carlton Hotel in Central. This 27-storey office tower is a landmark property in Central featuring underground access to the Central MTR station. The property has a total GFA of 229,110 square feet (excluding car-parking spaces). CCB Tower was completed in 2012 and added 59,431 square feet of attributable GFA to our portfolio. CCB Tower is now fully leased out with 15 floors of the office floors and 2 banking hall floors leased to CCB for its Hong Kong operations.

Crocodile Center

Crocodile Center is a 25-storey commercial/office building which was completed in 2009 and located near the Kwun Tong MTR station. The Group owns the commercial podium which has a total GFA of 91,201 square feet (excluding car-parking spaces). Tenants dominated by local restaurant groups.

Por Yen Building

The Por Yen Building, being a 14-storey industrial building with total GFA of 109,010 square feet (excluding car-parking spaces), is located at the hub of Cheung Sha Wan Business Area and is near to the Lai Chi Kok MTR station.

Overseas Properties

36 Queen Street, London EC4, United Kingdom

In February 2011, LSD acquired an office building in the City in central London located at 36 Queen Street. Completed in 1986, it comprises 60,816 square feet of office accommodation extending over basement, ground and six upper floors. Comprehensive refurbishment and renovation work has been completed and the building is currently fully leased out.

107-112 Leadenhall Street, London EC3, United Kingdom

In April 2014, LSD acquired a property located at the core of the insurance district in the City of London, surrounded by 30 St Mary Axe (commonly known as the Gherkin), Lloyd's of London and the Willis Building at 51 Lime Street. It is a freehold commercial property housing commercial, offices and retail space. The building comprises 146,606 square feet of office accommodation extending over basement, ground, mezzanine and seven upper floors. The building is currently fully leased out.

100 Leadenhall Street, London EC3, United Kingdom

Following the acquisition of 107-112 Leadenhall Street in April 2014, the Group announced the acquisition of 100 Leadenhall Street in November 2014 which was completed in January 2015. This property comprises a basement, a lower ground floor, ground floor and nine upper floors and provides 177,700 square feet of offices and ancillary accommodation. The property is currently fully let to ACE Global Markets Limited.

PROPERTY DEVELOPMENT

For the year ended 31 July 2015, recognised turnover from sales of properties was HK\$277.8 million (2014: HK\$1,046.9 million), representing a decrease of 73.5% over last year. The significant decrease was due to the sale of over 90% of the residential units in Ocean One being completed prior to 31 July 2014 and less properties being available for sale in 2015.

Review of major projects for sale

Ocean One, 6 Shung Shun Street, Yau Tong

LSD wholly owns this development project, namely “Ocean One” located at No. 6 Shung Shun Street, Yau Tong, Kowloon. This property is a residential-cum-commercial property with a total GFA of about 122,000 square feet (excluding car-parking spaces) or 124 residential units and 2 commercial units. The total development cost (including land cost and lease modification premium) is about HK\$730 million.

During the year under review, we have completed the sale of 7 residential units and 14 car-parking spaces with total sales proceeds of HK\$81.3 million recognised during the year under review and the average selling price based on saleable area is approximately HK\$13,700 per square foot as at 31 July 2015. All units have been sold other than two shops and several car-parking spaces.

339 Tai Hang Road, Hong Kong

LSD wholly owns the development project located at 339 Tai Hang Road, Hong Kong. The development project is a luxury residential property with a total GFA of about 30,400 square feet (excluding car-parking spaces). The total development cost (including land cost and lease modification premium) is about HK\$670 million.

The property is now open for sale. As at 31 July 2015, we have completed the sale of 3 residential units with total saleable area of 5,420 square feet and total sales proceeds of HK\$196.5 million recognised during the year under review and the average selling price based on saleable area is approximately HK\$36,300 per square foot as at 31 July 2015. We further sold 2 units post year end.

Review of major projects under development

Area 68A2, Tseung Kwan O

In November 2012, LSD successfully tendered for and secured a site located at Area 68A2, Tseung Kwan O, New Territories, through a 50% joint venture vehicle. The lot has an area of 229,338 square feet with a total GFA of 572,852 square feet split into 458,582 square feet for residential use and 114,270 square feet for commercial use. The current intention is to develop the lot primarily into a residential project for sale, comprising residential towers as well as houses. Completion is expected to be in the fourth quarter of 2017.

Ocean Hotel project

LSD was named the most preferred proponent by Ocean Park for the Ocean Hotel project in October 2013 and was officially awarded the project in May 2014. The Ocean Hotel, to be operated by the Marriott group, will provide a total of 471 rooms and add approximately 189,881 square feet of attributable rental space to the existing rental portfolio of the Group of approximately 1.2 million square feet. The total development cost is estimated to be approximately HK\$4.4 billion. Completion is expected to be in the fourth quarter of 2017.

Ma Tau Kok project

Since securing the Tseung Kwan O site in November 2012, the Group participated in a number of government tenders. Other than the Ocean Hotel project, LSD was successful in April 2014 in its bid for the development right to the San Shan Road/Pau Chung Street project from the Urban Renewal Authority in Ma Tau Kok, Kowloon, Hong Kong. The lot has an area of 12,599 square feet with a total GFA of 111,444 square feet split into 94,486 square feet for residential use and 16,958 square feet for commercial use. The total development cost is estimated to be approximately HK\$1 billion and completion is expected to be in the first quarter of 2018.

Sai Wan Ho Street project

LSD was successful in September 2015 in its bid for the development rights to the Sai Wan Ho project from the Urban Renewal Authority in Shau Kei Wan, Hong Kong. The project site covers an area of 7,642 square feet. Upon completion, it is planned to provide about 140 residential units with a total residential GFA of 57,523 square feet and 6,780 square feet of commercial GFA. The total development cost is estimated to be approximately HK\$0.9 billion and completion is expected to be in 2020.

RESTAURANT OPERATION

For the year ended 31 July 2015, the restaurant operations contributed HK\$201.7 million to the Group's turnover (2014: HK\$167.1 million), representing an increase of approximately 20.7% from last year. The contribution from the restaurants segment was boosted by a full year's contribution from the newly added restaurants, including CIAK-In The Kitchen and China Tang Hong Kong at Landmark in Central, Hong Kong which had a grand opening in December 2013.

As at 31 July 2015, the restaurant operation includes the Group's interests in 12 restaurants in Hong Kong and Mainland China, including the Michelin 3-star Italian restaurant 8½ Otto e Mezzo BOMBANA Hong Kong, Michelin 2-star Japanese restaurant Wagyu Takumi, Michelin 1-star Italian restaurant CIAK-In The Kitchen at Landmark, Michelin 1-star Japanese restaurant Wagyu Kaiseki Den, 8½ Otto e Mezzo BOMBANA Shanghai, Opera BOMBANA in Beijing, Gin Sai, Rozan, Kowloon Tang, Island Tang, Chiu Tang, China Tang Hong Kong at Landmark in Central, Hong Kong. Post year end, our new casual dining brand Tang² was opened in August 2015 at Cheung Sha Wan Plaza and we will have Beefbar in Central and Howard's Gourmet (好酒好蔡) in CCB Tower opening in late October and early November 2015, respectively.

HOTEL OPERATION

Turnover from hotel operation was mainly derived from the Group's operation of the Caravelle Hotel in Ho Chi Minh City, Vietnam. For the year ended 31 July 2015, the hotel operation contributed HK\$384.0 million to the Group's turnover (2014: HK\$372.1 million).

Caravelle Hotel is a leading international 5-star hotel in the centre of the business, shopping and entertainment district in Vietnam. It is an elegant 24-storey tower with a mixture of French colonial and traditional Vietnamese style and has 335 superbly appointed rooms, suites, exclusive Signature Floors, Signature Lounge and a specially equipped room for the disabled. Total GFA attributable to the Group is 98,376 square feet.

LSD was awarded the hotel tender at Ocean Park in May 2014 and the Ocean Hotel, to be operated by the Marriott group, will provide a total of 471 rooms upon its completion in 2017. The Group is optimistic about the prospects of the Ocean Hotel project given the strong popularity of Ocean Park, which is underpinned by robust growth in visitor numbers to Hong Kong coinciding with its expansion.

The hotel operation has extensive experience in providing consultancy and management services to hotels in Mainland China, Hong Kong and other Asian countries. The division's key strategy going forward will continue to focus on providing management services, particularly to capture opportunities arising from the developments of Lai Fung in Shanghai, Guangzhou, Zhongshan and Hengqin. The hotel division will manage Lai Fung's serviced apartments in Shanghai and Zhongshan under the "STARR" brand. STARR Resort Residence Zhongshan soft opened in August 2013 and comprises two 16-storey blocks with 90 fully furnished serviced apartment units located in the Palm Lifestyle complex in Zhongshan Western district at Cui Sha Road, opposite to the new Zhongshan traditional Chinese medical centre. STARR Hotel Shanghai soft opened in November 2013 and is a 17-storey hotel with 239 fully furnished and equipped hotel units with kitchenette 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.

INTERESTS IN ASSOCIATES (eSun)

As at 31 July 2015, the Group's interest in eSun Holdings Limited ("**eSun**") is 41.92%.

Film production and distribution, media and entertainment divisions and cinema operations demonstrated improvements across the board. Lai Fung's results were encouraging given the challenging operating environment in the property sector in Mainland China.

The steady fundamental performance was offset by the lower revaluation gains and fair value loss on the cross currency swap of Lai Fung and led to a slight decrease in share of profit of associates amounting to HK\$108.3 million (2014: HK\$109.3 million).

INTERESTS IN JOINT VENTURES

During the year under review, contribution from joint ventures increased to HK\$354.2 million (2014: HK\$110.7 million), representing an increase of 220%. This is primarily due to stronger revaluation gain of the newly completed 8 Observatory Road project and CCB Tower.

	For the year ended 31 July	
	2015	2014
	(HK\$ million)	(HK\$ million)
Revaluation gains	282.9	37.1
Other results	71.3	73.6
Contribution from joint ventures	354.2	110.7

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 July 2015, cash and bank balances and undrawn facilities held by the Group amounted to HK\$2,193.3 million and HK\$2,040.0 million, respectively. Cash and bank balances and undrawn facility held by the Group excluding LSD as at 31 July 2015 were HK\$939.8 million and HK\$450.0 million, respectively.

The Group's sources of funding comprise mainly internal funds generated from the Group's business operations, loan facilities provided by banks, guaranteed notes issued to investors and rights issue. As at 31 July 2015, the Group had bank borrowings of approximately HK\$4,592.3 million, guaranteed notes of approximately HK\$3,500.0 million, a note of HK\$195.0 million and a loan of HK\$31.7 million payable to the late Mr. Lim Por Yen ("**Mr. Lim**"), accrued interest of HK\$134.9 million in relation to the above-mentioned note and loan payable to the late Mr. Lim. The net debt to equity ratio expressed as a percentage of the total outstanding net debt (being the total outstanding bank borrowings, guaranteed notes and note and loan and related accrued interest payable to the late Mr. Lim less the pledged and restricted and unpledged bank balances and time deposits) to consolidated net assets attributable to owners of the Company was approximately 45.4%. Excluding LSD, the net debt to equity ratio was approximately 25.4%. The Group's gearing excluding the London portfolio all of which had a positive carry net of financing costs was approximately 33.3%. As at 31 July 2015, the maturity profile of the bank borrowings of HK\$4,592.3 million was spread over a period of less than 5 years with HK\$1,321.7 million repayable within 1 year, HK\$1,331.3 million repayable in the second year and HK\$1,939.3 million repayable in the third to fifth years. All the Group's borrowings carried interest on a floating rate basis except for the United States dollar and Renminbi guaranteed notes issued in January 2013 and July 2014 and which has a fixed rate of 5.7% and 7.7% per annum, respectively.

As at 31 July 2015, certain investment properties with carrying amounts of approximately HK\$17,378.0 million, certain properties under development for sale of approximately HK\$545.2 million and certain bank balances and time deposits with banks of approximately HK\$423.8 million were pledged to banks to secure banking facilities granted to and guaranteed notes issued by the Group. In addition, certain shares in subsidiaries held by the Group were also pledged to banks to secure loan facilities granted to and guaranteed notes issued by the Group. Certain shares in joint ventures held by the Group were pledged to banks to secure loan facilities granted to joint ventures of the Group. Certain shares of an investee company held by the Group were pledged to a bank to secure a loan facility granted to this investee company. The Group's secured bank borrowings were also secured by floating charges over certain assets held by the Group.

The Group's major assets and liabilities and transactions were denominated in Hong Kong dollars and United States dollars. Considering that Hong Kong dollars are pegged against United States dollars, the Group believes that the corresponding exposure to exchange rate risk arising from United States dollars is nominal. In addition, the Group has investments in United Kingdom with the assets and liabilities denominated in Pounds Sterling. Majority of the investments were partly financed by bank borrowings denominated in Pounds Sterling in order to minimise the net foreign exchange exposure. Other than the abovementioned, the remaining monetary assets and liabilities of the Group were denominated in Renminbi and Vietnamese Dong which were also insignificant as compared with the Group's total assets and liabilities. No hedging instruments were employed to hedge for the foreign exchange exposure. The Group manages its foreign currency risk by closely reviewing the movement of the foreign currency rate and considers hedging significant foreign currency exposure should the need arise.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 July 2015, the Company did not redeem any of its shares listed and traded on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such shares.

PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME

The Company adopted a share option scheme ("**Existing Scheme**") on 22 December 2006 and the Existing Scheme became effective on 29 December 2006 ("**Commencement Date**"). The Existing Scheme will be valid and effective for a period of 10 years commencing on the Commencement Date and will be due to expire in December 2016.

In order to give the Company greater flexibility to grant options at all relevant times, the Board has resolved to propose that the Existing Scheme be terminated and in place thereof, a new share option scheme ("**New Scheme**") be adopted at the forthcoming AGM.

A circular relating to the New Scheme will be despatched to Shareholders for information together with the Annual Report in early November 2015.

CORPORATE GOVERNANCE

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

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

Under code provision A.4.1, non-executive directors should be appointed for a specific term and should be 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, which require that the Directors for the time being shall retire from office by rotation once every three years since their last election by Shareholders and the retiring Directors are eligible for re-election. In addition, any person appointed by the Board as an additional Director (including a NED) will hold office only until the next annual general meeting of the Company and will then be eligible for re-election. Further, in line with the relevant code provision of the CG Code, each of the Directors appointed to fill a casual vacancy would/will be subject to election by the Shareholders at the first general meeting after his/her appointment. In view of these, the Board considers that such requirements are sufficient to meet the underlying objective of the said code provision A.4.1 and, therefore, does not intend to take any remedial steps in this regard.

Under code provision A.5.1, a nomination committee comprising a majority of 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.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 July 2015, the Group employed a total of approximately 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 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 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	Organiser	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

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@laisun.com.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company currently comprises three INEDs, namely Messrs. Leung Shu Yin, William, Lam Bing Kwan and Chow Bing Chiu. The audit committee has reviewed the consolidated results (including the consolidated financial statements) of the Company for the year ended 31 July 2015.

REVIEW OF THE PRELIMINARY RESULTS ANNOUNCEMENT 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 result 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 Company'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 results announcement.

PUBLICATION OF ANNUAL REPORT

The Company's Annual Report for the year ended 31 July 2015 containing all the information required by the Listing Rules will be published on the websites of the Stock Exchange at www.hkex.com.hk and the company at www.laisun.com while printed copy will be sent to Shareholders in early November 2015.

By Order of the Board
Lam Kin Ming
Chairman

Hong Kong, 15 October 2015

As at the date of this announcement, the Board comprises six executive directors, namely Dr. Lam Kin Ming (Chairman), Dr. Lam Kin Ngok, Peter (Deputy Chairman), Mr. Chew Fook Aun (Deputy Chairman), Madam U Po Chu, Mr. Lam Kin Hong, Matthew and Mr. Lam Hau Yin, Lester (also alternate to Madam U Po Chu); and three independent non-executive directors, namely Messrs. Chow Bing Chiu, Lam Bing Kwan and Leung Shu Yin, William.