LAI FUNG HOLDINGS

Lai Fung Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1125)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 JANUARY 2019

RESULTS

The board of directors (the "**Board**") of Lai Fung Holdings Limited (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 31 January 2019 together with the comparative figures of the last corresponding period as follows:

Condensed Consolidated Income Statement

For the six months ended 31 January 2019

	Notes	**For the six months ended 31 January 2019 (Unaudited) HK$'000**	For the six months ended 31 January 2018 (Unaudited) HK$'000
TURNOVER	3	**571,086**	509,410
Cost of sales		**(211,949)**	(163,683)
Gross profit		**359,137**	345,727
Other income and gains	3	**38,121**	80,907
Selling and marketing expenses		**(19,707)**	(20,775)
Administrative expenses		**(122,416)**	(159,592)
Other operating expenses, net		**(11,507)**	(23,548)
Fair value gains on investment properties		**109,692**	351,180
PROFIT FROM OPERATING ACTIVITIES	4	**353,320**	573,899
Finance costs	5	**(73,549)**	(97,610)
Share of profits/(losses) of joint ventures		**(18,305)**	115,282
Share of profits/(losses) of associates		**23**	(101)
PROFIT BEFORE TAX		**261,489**	591,470
Tax	6	**(178,803)**	(191,238)
PROFIT FOR THE PERIOD		**82,686**	400,232
ATTRIBUTABLE TO:			
Owners of the Company		**69,005**	358,911
Non-controlling interests		**13,681**	41,321
		82,686	400,232

Condensed Consolidated Income Statement (continued)
For the six months ended 31 January 2019

	Note	**For the six months ended 31 January**	
		2019	2018
		(Unaudited)	(Unaudited)
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY:	7		
Basic		**HK$0.211**	HK$1.102
Diluted		**HK$0.211**	HK$1.096

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 31 January 2019

	For the six months ended 31 January	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
PROFIT FOR THE PERIOD	**82,686**	400,232
OTHER COMPREHENSIVE INCOME/(EXPENSES) THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT IN SUBSEQUENT PERIODS, NET OF TAX		
Exchange differences:		
Exchange differences arising on translation to presentation currency	**351,925**	1,138,251
Reclassification adjustments upon deregistration of a subsidiary	**(10,134)**	—
	341,791	1,138,251
Share of other comprehensive income/(expenses) of joint ventures	**(7,165)**	100,715
Share of other comprehensive income/(expenses) of an associate	**(7)**	23
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the period	—	159,924
Reclassification adjustments for exchange loss included in the condensed consolidated income statement	—	(134,959)
	—	24,965
	334,619	1,263,954
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**417,305**	1,664,186
ATTRIBUTABLE TO:		
Owners of the Company	**392,401**	1,592,407
Non-controlling interests	**24,904**	71,779
	417,305	1,664,186

Condensed Consolidated Statement of Financial Position
As at 31 January 2019

	Notes	**31 January 2019 (Unaudited) HK$'000**	31 July 2018 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**3,075,024**	2,409,449
Prepaid land lease payments		**4,161**	4,183
Investment properties		**19,913,529**	18,207,822
Properties under development		**588,712**	407,899
Investments in joint ventures		**280,465**	1,849,437
Investments in associates		**6,018**	5,932
Derivative financial instruments		—	2,531
Total non-current assets		**23,867,909**	22,887,253
CURRENT ASSETS			
Properties under development		**1,625,237**	1,718,163
Completed properties for sale		**1,064,884**	776,776
Debtors, deposits and prepayments	8	**714,200**	370,458
Prepaid tax		**38,584**	37,687
Pledged and restricted time deposits and bank balances		**1,165,096**	1,073,642
Cash and cash equivalents		**2,525,259**	1,364,285
Total current assets		**7,133,260**	5,341,011
CURRENT LIABILITIES			
Creditors and accruals	9	**1,942,289**	1,421,643
Contract liabilities, deposits received and deferred income	9	**761,785**	369,789
Dividend payable		**65,409**	—
Interest-bearing bank loans		**414,225**	200,669
Loan from a joint venture		**277,648**	218,542
Tax payable		**92,864**	112,982
Other borrowings		**41,525**	—
Total current liabilities		**3,595,745**	2,323,625
NET CURRENT ASSETS		**3,537,515**	3,017,386
TOTAL ASSETS LESS CURRENT LIABILITIES		**27,405,424**	25,904,639

Condensed Consolidated Statement of Financial Position (continued)
As at 31 January 2019

	Note	**31 January 2019 (Unaudited) HK$'000**	31 July 2018 (Audited) HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**27,405,424**	25,904,639
NON-CURRENT LIABILITIES			
Long-term deposits received	9	**139,061**	144,235
Interest-bearing bank loans		**4,998,999**	3,572,464
Advances from a former substantial shareholder		**54,599**	53,719
Loans from a fellow subsidiary		**266,326**	248,509
Loans from a joint venture		**—**	426,156
Guaranteed notes		**2,724,223**	2,725,518
Derivative financial instruments		**2,982**	—
Deferred tax liabilities		**3,076,692**	2,945,714
Total non-current liabilities		**11,262,882**	10,116,315
		16,142,542	15,788,324
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**1,635,221**	1,635,221
Reserves		**14,196,960**	13,867,646
		15,832,181	15,502,867
Non-controlling interests		**310,361**	285,457
		16,142,542	15,788,324

Notes to Condensed Consolidated Financial Statements

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 January 2019 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**" and the "**Stock Exchange**") and the Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The condensed consolidated interim financial statements have not been audited by the Company's independent auditors but have been reviewed by the Company's audit committee.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and basis of preparation adopted in the preparation of the unaudited condensed consolidated interim financial statements for the period under review are consistent with those used in the Group's audited consolidated financial statements for the year ended 31 July 2018. These unaudited condensed consolidated results should be read in conjunction with the Company's annual report for the year ended 31 July 2018.

In addition, the Group has adopted the following new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**", which also include HKASs and interpretations) for the first time for the current period's unaudited financial statements:

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Properties*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014-2016 Cycle	*Amendments to HKFRS 1 and HKAS 28*

Except for HKFRS 9 and HKFRS 15, the application of these new and revised HKFRSs has had no impact on the financial performance or financial position of the Group.

HKFRS 9 Financial Instruments

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment, and hedge accounting. The Group commences to adopt HKFRS 9 from 1 August 2018. The Group has not restated comparative information and has recognised any transition adjustments against the opening balance of equity at 1 August 2018.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The impacts from adopting HKFRS 9 related to the classification and measurement and the impairment requirements are summarised as follows:

Classification and measurement
Under HKFRS 9, financial assets are subsequently measured at fair value through profit or loss, amortised cost, or fair value through other comprehensive income. The classification for the Group's financial assets remains largely the same as it was under HKAS 39. Therefore, the adoption of HKFRS 9 does not have a significant impact on the classification and measurement of the Group's financial assets.

The accounting for the Group's financial liabilities remains largely the same as it was under HKAS 39.

Impairment of financial assets
The adoption of HKFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing HKAS 39's incurred loss approach with a forward-looking expected credit loss ("**ECL**") approach.

HKFRS 9 requires the Group to record an allowance for ECLs for all debt instruments not held at fair value through profit or loss.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The adoption of the ECL requirements of HKFRS 9 does not have a significant financial effect on the condensed consolidated financial statements.

HKFRS 15 Revenue from Contracts with Customers
HKFRS 15 and its amendments supersede HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations and apply, with limited exceptions, to all revenue arising from contracts with customers. HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group has adopted HKFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1 August 2018.

The cumulative effect of the initial application of HKFRS 15 was recognised as an adjustment to the opening balance of retained earnings as at 1 August 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 11, HKAS 18 and related interpretations.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Presentation of contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Consideration received from customers in advance which was previously included in "deposits received and deferred income" are now recognised as contract liabilities (as included in "contract liabilities, deposits received and deferred income") to reflect the terminology of HKFRS 15.

3. TURNOVER, OTHER INCOME AND GAINS AND OPERATING SEGMENT INFORMATION

The Group's turnover represents proceeds from the sale of properties, rental income from investment properties and income from serviced apartment and building management operations for the period ended 31 January 2019.

An analysis of the Group's turnover, other income and gains is as follows:

	For the six months ended 31 January	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Turnover	**571,086**	509,410
Other income and gains	**38,121**	80,907
Total turnover, other income and gains	**609,207**	590,317
Turnover, other income and gains from contracts with customers		
Sales of properties	**145,668**	129,883
Serviced apartment operation	**80,072**	84,558
Building management operation	**55,551**	57,379
	281,291	271,820
Turnover, other income and gains from other sources		
Rental income from investment properties	**289,795**	294,969
Interest income from bank deposits	**11,564**	10,539
Others	**26,557**	12,989
	327,916	318,497
Total turnover, other income and gains	**609,207**	590,317
Timing of recognition of turnover, other income and gains from contracts with customers		
At a point in time	**145,668**	129,883
Over time	**135,623**	141,937
Total	**281,291**	271,820

3. TURNOVER, OTHER INCOME AND GAINS AND OPERATING SEGMENT INFORMATION (CONTINUED)

	For the six months ended 31 January (Unaudited)					
	Property development		Property investment		Consolidated	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue/results:						
Segment revenue						
Sales to external customers	**145,668**	129,883	**425,418**	379,527	**571,086**	509,410
Other revenue	**194**	1,387	**22,634**	64,940	**22,828**	66,327
Total	**145,862**	131,270	**448,052**	444,467	**593,914**	575,737
Segment results	**72,905**	28,112	**294,783**	610,341	**367,688**	638,453
Interest income from bank deposits					**11,564**	10,539
Unallocated gains					**3,729**	4,041
Unallocated expenses, net					**(29,661)**	(79,134)
Profit from operating activities					**353,320**	573,899
Finance costs					**(73,549)**	(97,610)
Share of profits/(losses) of joint ventures	**(18,305)**	115,282	**—**	—	**(18,305)**	115,282
Share of profits/(losses) of associates	**—**	—	**23**	(101)	**23**	(101)
Profit before tax					**261,489**	591,470
Tax					**(178,803)**	(191,238)
Profit for the period					**82,686**	400,232
Other segment information:						
Fair value gains on investment properties	**—**	—	**109,692**	351,180	**109,692**	351,180
Reversal of write-down of completed properties for sale to net realisable value	**—**	692	**—**	—	**—**	692
Gain on swap of properties	**—**	—	**—**	41,379	**—**	41,379
Loss on disposal of items of property, plant and equipment	**2**	11	**142**	145	**144**	156

	Property development		Property investment		Consolidated	
	31 January 2019 (Unaudited)	31 July 2018 (Audited)	**31 January 2019 (Unaudited)**	31 July 2018 (Audited)	**31 January 2019 (Unaudited)**	31 July 2018 (Audited)
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment assets/liabilities:						
Segment assets	**3,330,964**	2,937,785	**23,299,127**	20,702,350	**26,630,091**	23,640,135
Investments in joint ventures	**280,465**	1,849,437	**—**	—	**280,465**	1,849,437
Investments in associates	**—**	—	**6,018**	5,932	**6,018**	5,932
Unallocated assets					**4,084,595**	2,732,760
Total assets					**31,001,169**	28,228,264
Segment liabilities	**786,645**	685,496	**1,690,705**	1,133,938	**2,477,350**	1,819,434
Unallocated liabilities					**12,381,277**	10,620,506
Total liabilities					**14,858,627**	12,439,940

4. PROFIT FROM OPERATING ACTIVITIES

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

	For the six months ended 31 January	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Depreciation#	**36,438**	39,023
Fair value losses on cross currency swaps##	**5,513**	—
Foreign exchange differences, net##	**(24,727)**	33,423
Loss on disposal of items of property, plant and equipment##	**144**	156
Amortisation of prepaid land lease payments	**89**	92
Gain on swap of properties##	—	(41,379)
Reversal of write-down of completed properties for sale to net realisable value##	—	(692)

\# *The depreciation charge of HK$29,027,000 (six months ended 31 January 2018: HK$30,472,000) for serviced apartments and related leasehold improvements is included in "Other operating expenses, net" on the face of the condensed consolidated income statement.*

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

5. FINANCE COSTS

	For the six months ended 31 January	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interest on:		
Bank loans	**151,343**	77,216
Fixed rate senior notes	**—**	71,415
Guaranteed notes	**74,126**	5,237
Loans from a joint venture	**7,112**	15,272
Amortisation of:		
Bank loans	**15,881**	9,337
Fixed rate senior notes	**—**	4,333
Guaranteed notes	**2,206**	152
Bank financing charges and direct costs	**4,919**	6,759
	255,587	189,721
Less: Capitalised in properties under development	**(59,683)**	(36,059)
Capitalised in investment properties under construction	**(69,688)**	(37,435)
Capitalised in construction in progress	**(52,667)**	(18,617)
	(182,038)	(92,111)
Total finance costs	**73,549**	97,610

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 period (six months ended 31 January 2018: Nil). Taxes on profits assessable elsewhere had been calculated at the tax rates prevailing in the jurisdictions in which the Group operates.

	For the six months ended 31 January	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Current - Mainland China		
Corporate income tax	**41,435**	35,311
Land appreciation tax	**54,468**	18,554
Deferred	**82,900**	137,373
Total tax charge for the period	**178,803**	191,238

In connection with the listing of the Company on the Stock Exchange (currently on the Main Board), a tax indemnity deed was signed on 12 November 1997, pursuant to which Lai Sun Development Company Limited ("**LSD**") has undertaken to indemnify the Group in respect of certain potential Mainland China income tax and land appreciation tax payable or shared by the Group in consequence of the disposal of certain property interests attributable to the Group through its subsidiaries and its joint ventures as at 31 October 1997. During the period, no tax indemnity was received by the Group under the aforesaid indemnities (six months ended 31 January 2018: Nil).

7. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per share amounts was based on the profit for the period attributable to owners of the Company of HK$69,005,000 (six months ended 31 January 2018: HK$358,911,000), and the weighted average number of ordinary shares of 327,044,134 (six months ended 31 January 2018: 325,820,865, as adjusted to reflect the effect of the Share Consolidation as defined below) in issue during the period.

The shareholders of the Company approved at the extraordinary general meeting held on 14 August 2017 that every fifty issued and unissued ordinary shares of HK$0.10 each in the share capital of the Company are consolidated into one ordinary share of HK$5.00 each in the share capital of the Company which became effective on 15 August 2017 (the "**Share Consolidation**").

The calculation of diluted earnings per share amounts was based on the profit for the period 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 period, 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:

	For the six months ended 31 January	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Earnings		
Profit attributable to owners of the Company used in the basic earnings per share calculation	**69,005**	358,911
	Number of shares	
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**327,044,134**	325,820,865
Effect of dilution – weighted average number of ordinary shares:		
Share options	**376,452**	1,629,347
	327,420,586	327,450,212

8. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group maintains various credit policies for different business operations in accordance with business practices and market conditions in which the respective subsidiaries operate. Sales proceeds receivable from the sale of properties are settled in accordance with the terms of the respective contracts. Rent and related charges in respect of the leasing of properties are receivable from tenants, and are normally payable in advance with rental deposits received in accordance with the terms of the tenancy agreements. Serviced apartments charges are mainly settled by customers on 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.

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

	31 January 2019 (Unaudited) HK$'000	31 July 2018 (Audited) HK$'000
Trade receivables, net:		
Within one month	**89,174**	87,563
One to three months	**4,688**	2,784
Over three months	**3,535**	3,334
	97,397	93,681
Other receivables, deposits and prepayments	**616,803**	276,777
Total	**714,200**	370,458

9. CREDITORS AND ACCRUALS AND CONTRACT LIABILITIES, DEPOSITS RECEIVED AND DEFERRED INCOME

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

	Note	**31 January 2019 (Unaudited) HK$'000**	31 July 2018 (Audited) HK$'000
Trade payables:			
Within one month		**215,514**	178,907
One to three months		**121**	46,067
Over three months		**256**	264
		215,891	225,238
Accruals and other payables		**1,446,106**	1,196,405
Put option liabilities	10	**280,292**	—
Total		**1,942,289**	1,421,643

9. CREDITORS AND ACCRUALS AND CONTRACT LIABILITIES, DEPOSITS RECEIVED AND DEFERRED INCOME (CONTINUED)

An analysis of the contract liabilities, deposits received and deferred income as at the end of the reporting period is as follows:

	31 January 2019 (Unaudited) HK$'000	31 July 2018 (Audited) HK$'000
Contract liabilities	**431,551**	—
Deposits received and deferred income	**469,295**	514,024
	900,846	514,024
Amount classified as current liabilities	**(761,785)**	(369,789)
Non-current portion	**139,061**	144,235

10. PUT OPTION LIABILITIES

On 31 December 2018, Rosy Commerce Holdings Limited ("**Rosy Commerce**", a company indirectly owned by the Company and eSun Holdings Limited ("**eSun**") as to 80% and 20%, respectively) and China Cinda (HK) Asset Management Co., Limited ("**Cinda**"), an independent third party, entered into two investment agreements (the "**Agreements**"). Pursuant to the Agreements, Cinda agrees to invest, by way of share subscription and/or share sale, in two wholly-owned subsidiaries of Rosy Commerce, namely Harmonic Run Limited ("**HRL**") and Glorious Stand Limited ("**GSL**") at a total consideration (the "**Consideration**") of approximately US$35,752,000 (the "**Transaction**'). The Transaction was completed on 25 January 2019 (the "**Completion Date**") and constituted a deemed disposal of 30% equity interests in HRL and GSL to Cinda by Rosy Commerce.

On the Completion Date, Rosy Commerce and Cinda further entered into two shareholders' agreements, pursuant to the buy-back clause contained therein, upon the occurrence of certain triggering events during the six-year investment period, Rosy Commerce has a contractual obligation to buy-back the 30% equity interests in each of HRL and GSL from Cinda at an aggregate amount equals to the Consideration. Accordingly, financial liabilities of approximately US$35,752,000 (equivalent to approximately HK$280,292,000) are recorded as put option liabilities under "creditors and accruals" of the condensed consolidated statement of financial position as at the end of the reporting period.

Further details of the Transaction are set out in a joint announcement of the Company, LSD, Lai Sun Garment (International) Limited and eSun dated 2 January 2019.

INTERIM DIVIDEND

The Board has resolved not to pay an interim dividend for the six months ended 31 January 2019 (six months ended 31 January 2018: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Global economies around the world continue to progress along a precarious path against a backdrop of familiar uncertainties during the period under review. The capital market has demonstrated steadiness backed by cautious optimism despite a delicate economic outlook, most notably the protracted situation of Brexit and the intermittent trade disputes between the USA and China. Some of these events are likely to linger in the near future and continue to cast a shadow on the outlook.

Notwithstanding the seemingly turbulent environment, the Chinese Government continued to forge ahead and delivered stable economic growth through a combination of proactive fiscal policy and prudent monetary policy. The determination of maintaining a stable economy is observed in the latest round of meetings in Beijing declaring a GDP growth of 6-6.5% at the time of this results announcement. The effects of the trade disputes with the USA can be felt in certain parts of the Chinese economy such as exports. The weaknesses in parts of the economy are going to continue as a result of lackluster global economic performance and trade disputes with the USA. However, we believe this may present an opportunity for domestic consumption plays. We believe the property sector being one of the main pillars could benefit from more favourable policies as a result. We have observed the same in various parts of China where the government has eased its control on the construction and the sale of property projects. The Chinese 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. Under the current leadership of the Chinese Government, we can expect continued stability and continuity going forward.

The Group's regional focus and rental-led strategy has demonstrated resilience in recent years. The rental portfolio of approximately 3.3 million square feet, primarily in Shanghai and Guangzhou, delivered steady performance in rental income at close to full occupancies for the key assets.

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 3.3 million square feet to approximately 9.7 million square feet through developing the existing projects on hand over the next few years. Construction works of the combined redevelopment of Shanghai Northgate Plaza I, Northgate Plaza II and the Hui Gong Building is expected to complete in the second quarter of 2022 and will add a total gross floor area ("**GFA**") of approximately 693,600 square feet excluding car-parking spaces to the rental portfolio of the Group. The redevelopment plan includes an office tower, a shopping arcade and underground car-parking spaces. Construction work of Guangzhou Haizhu Plaza is expected to commence in the second quarter of 2019 and the completion is expected to be in the first half of 2023, providing a total rental GFA of approximately 580,500 square feet.

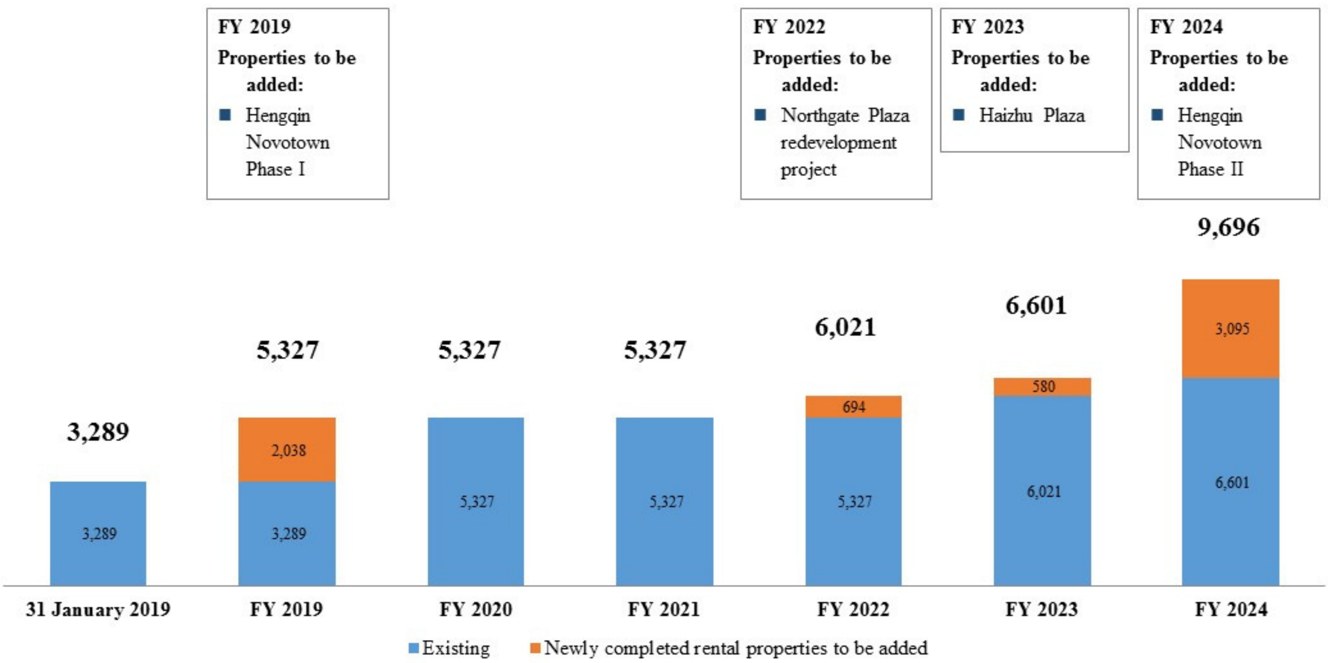
The construction works of Phase I of the Novotown project in Hengqin ("**Novotown**") is expected to be completed in the first half of 2019 with the opening in phases in the second half of 2019. On 31 December 2018, the Group entered into investment agreements with China Cinda (HK) Asset Management Co., Limited ("**Cinda**") and Cinda has invested 30% equity interests in two subsidiaries of the Company, the core businesses of which are the internal buildout, fitting, preparation and operation of themed indoor experience centres in Phase I of the Novotown project under the intellectual property licenses granted by "National Geographic" and "Lionsgate".

The Group succeeded in bidding for the land use rights of the land offered for sale by The Land and Resources Bureau of Zhuhai ("**Zhuhai Land Bureau**") through the listing-for-sale process in December 2018 and the land is situated adjacent to Phase I of the Novotown project with a total site area of approximately 143,800 square meters and a maximum plot ratio of 2 times and has been designated for the development of the Phase II of the Novotown project. Apart from Real Madrid Club de Fútbol ("**Real Madrid Club**"), Harrow International (China) Management Services Limited and ILA Holdings Limited that have been secured as key partners for Novotown Phase II, the Group entered into a license agreement on 27 December 2018 with Ducati Motor Holding S.p.A ("**Ducati**") in relation to the development and operation of a motorcycle themed experience centre ("**Ducati Experience Centre**") in Novotown Phase II. The Ducati Experience Centre expects to cover an area of no less than 4,500 square meters and will offer experiential attractions including immersive racing experiences, exclusive Ducati exhibits and retail concessions. Real Madrid World, ILA Hengqin and Ducati Experience Centre are expected to be the key elements in Novotown Phase II and details of the development plan will be formulated upon finalisation of the master layout plan with the Chinese Government. The Group is in the process of finalising the master layout plan for the Novotown Phase II with the Chinese Government.

The remaining residential units in Zhongshan Palm Spring and the cultural studios of Hengqin Novotown Phase I, as well as residential units in Shanghai Wuli Bridge project to be completed during the financial year ending 31 July 2019 are expected to contribute to the income of the Group in the coming financial years. The Group will continue its prudent and flexible approach in growing its landbank.

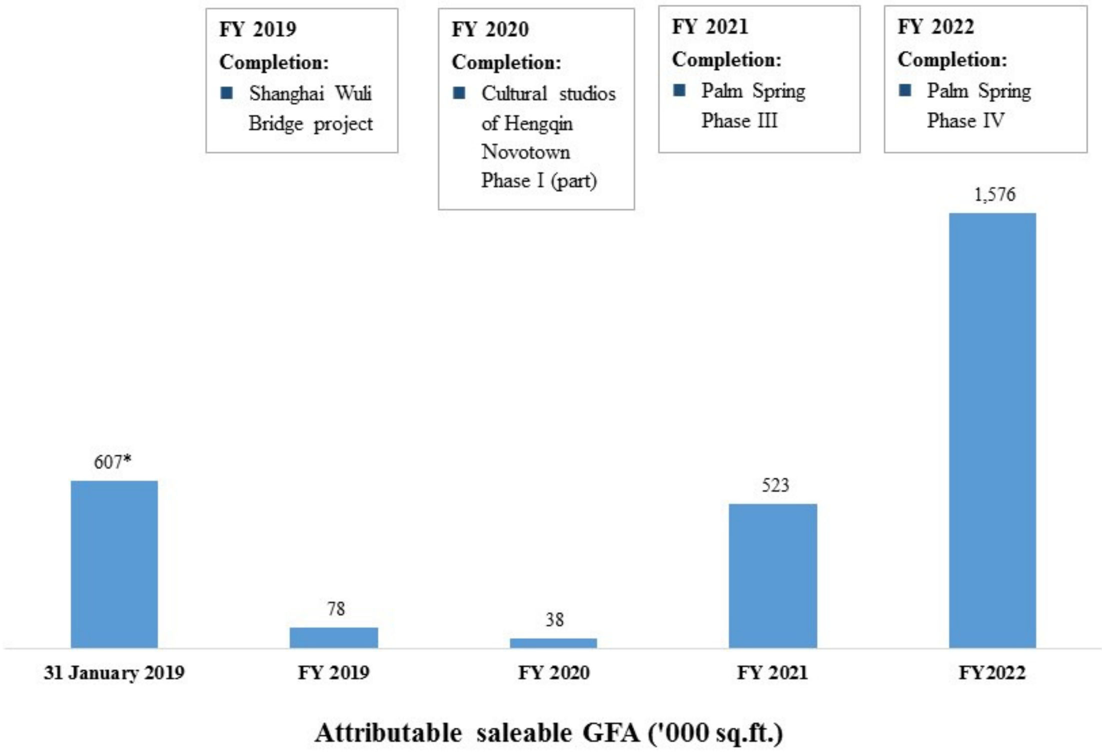
Set out below is the expected growth of the rental portfolio of the Group and the pipeline of development projects of the Group as at 31 January 2019:

Rental Portfolio



Attributable rental GFA ('000 sq.ft.)

For-sale Projects



* *Excluding commercial portion of the Zhongshan Palm Spring for self-use.*

From August to September 2018, the Company went through a mandatory general offer ("**Lai Fung Offer**") triggered by Lai Sun Development Company Limited ("**LSD**") making a voluntary general offer to acquire shares of eSun Holdings Limited ("**eSun**") that were not owned by LSD ("**eSun Offer**"). Upon close of the eSun Offer on 22 August 2018, eSun became a subsidiary of LSD and its financial results will be consolidated into the results of LSD. The Lai Fung Offer closed on 13 September 2018. As at the date of this results announcement, the Company is a 50.55%-owned subsidiary of eSun.

The supplemental deed executed by the Company on 8 March 2019 aims to contribute to a more pragmatic and flexible approach for investment decisions to be made by the Lai Sun Group and will be subject to independent shareholders' approval of each of the Company, eSun, LSD and Lai Sun Garment (International) Limited and the shareholders' meetings have been scheduled for 30 April 2019.

As at 31 January 2019, the Group has a landbank of 8.6 million square feet. The Group's strong cash position of HK$3,690.4 million of cash on hand and undrawn facilities of HK$3,592.3 million with a net debt to equity ratio of 32% as at 31 January 2019 provides the Group with full confidence and the means to review opportunities more actively. The Group will continue its prudent and flexible approach in growing the landbank and managing its financial position.

OVERVIEW OF INTERIM RESULTS

For the six months ended 31 January 2019, the Group recorded a turnover of HK$571.1 million (2018: HK$509.4 million) and a gross profit of HK$359.1 million (2018: HK$345.7 million).

Further to the close of eSun Offer during the period under review, financial results of the Group, being a 50.60%-owned subsidiary of eSun as at 31 January 2019, have been consolidated into the results of LSD. As part of the consolidation, the treatment of property management income have been re-classified from "Other income and gains" on the face of the condensed consolidated income statement into income from building management operation under turnover for the six months ended 31 January 2019. Comparative information for the same period in 2018 have not been restated to reflect this change. For ease of comparison, the turnover by segment on an “as reported” basis and on an “adjusted” basis have been set out below.

	For the six months ended 31 January			**For the six months ended 31 January**		
	2019[1] **(As reported) (HK$ million)**	2018[1] (As reported) (HK$ million)	**% change**	**2019 (RMB million)**	2018 (RMB million)	**% change**
Rental income	**425.4**	379.5	12.1%	**373.5**	320.1	16.7%
Sales of properties	**145.7**	129.9	12.2%	**127.9**	109.5	16.8%
Total:	**571.1**	509.4	12.1%	**501.4**	429.6	16.7%

	For the six months ended 31 January			**For the six months ended 31 January**		
	2019 [1] **(As reported) (HK$ million)**	2018 [1] (Adjusted) (HK$ million)	**% change**	**2019 (RMB million)**	2018 (RMB million)	**% change**
Rental income – lease of properties	**369.9**	379.5	-2.5%	**324.8**	320.1	1.5%
Rental income – building management	**55.5**	57.4[2]	-3.3%	**48.7**	48.4[2]	0.6%
Sales of properties	**145.7**	129.9	12.2%	**127.9**	109.5	16.8%
Total:	**571.1**	566.8	0.8%	**501.4**	478.0	4.9%

1. *The exchange rates adopted for the six months ended 31 January 2019 and 2018 are 0.8780 and 0.8433, respectively.*
2. *Being included in "Other income and gains" on the face of the condensed consolidated income statement for the six months ended 31 January 2018.*

Net profit attributable to owners of the Company was approximately HK$69.0 million (2018: HK$358.9 million), representing a decrease of approximately 80.8% over the same period last year. The decrease is primarily due to: (i) lower fair value gain arising from the revaluation of the Group's investment properties for the six months ended 31 January 2019 as compared to the same period last year; and (ii) decreased profit contribution from the sales of Guangzhou Dolce Vita, the joint venture project with CapitaLand China Holdings Pte. Ltd. ("**CapitaLand China**") as compared to the same period last year, which is recognised as a component of "Share of profits/(losses) of joint ventures" in the condensed consolidated income statement.

Basic earnings per share was HK$0.211 (2018: HK$1.102).

Excluding the effect of property revaluations, net loss attributable to owners of the Company was approximately HK$12.9 million (2018: net profit of HK$132.7 million). Net loss per share excluding the effect of property revaluations was approximately HK$0.0395 (2018 (adjusted): net profit of HK$0.4075 per share).

Profit/(loss) attributable to owners of the Company (HK$ million)	Six months ended 31 January **2019**	 2018
Reported	**69.0**	358.9
Adjustments in respect of investment properties		
Revaluation of properties	**(109.7)**	(351.2)
Deferred tax on investment properties	**27.4**	87.8
Non-controlling interests' share of revaluation movements less deferred tax	**0.4**	37.2
Net profit/(loss) after tax excluding revaluation gains of investment properties	**(12.9)**	132.7

Net assets attributable to owners of the Company as at 31 January 2019 amounted to HK$15,832.2 million (31 July 2018: HK$15,502.9 million). Net asset value per share attributable to owners of the Company increased slightly to HK$48.41 per share as at 31 January 2019 from HK$47.40 per share as at 31 July 2018.

PROPERTY PORTFOLIO COMPOSITION

Approximate attributable GFA (in '000 square feet) and number of car-parking spaces as at 31 January 2019:

	Commercial/ Retail	**Office**	**Serviced Apartments**	**Residential**	**Total (excluding car-parking spaces & ancillary facilities)**	**No. of car-parking spaces**
Completed Properties Held for Rental[1]	1,643	1,048	-	-	2,691	799
Completed Hotel Properties and Serviced Apartments	-	-	598	-	598	-
Properties under Development[2]	4,207	1,548	821	2,046	8,622	5,824
Completed Properties Held for Sale	33[3]	-	-	607	640	2,118
Total GFA of major properties of the Group	**5,883**	**2,596**	**1,419**	**2,653**	**12,551**	**8,741**

1. *Completed and rental generating properties*
2. *All properties under construction*
3. *Completed properties for sale, including 33,699 square feet of commercial space in Zhongshan Palm Spring Rainbow Mall which is currently for self-use.*

PROPERTY INVESTMENT

Rental Income

For the six months ended 31 January 2019, the Group's rental operations recorded a turnover of HK$425.4 million, which including revenue of HK$369.9 million from lease of properties and HK$55.5 million from building management operation. The income from building management operation of approximately HK$57.4 million for the same period last year was included in "Other income and gains" on the face of the condensed consolidated income statement for the six months ended 31 January 2018.

Excluding the income from building management operation, the revenue from lease of properties for the period under review decreased slightly by 2.5% from HK$379.5 million of the same period last year. The average Renminbi exchange rate for the period under review depreciated by approximately 4.0% over the same period last year. Excluding the effect of currency translation, the growth for Renminbi denominated revenue from lease of properties was 1.5%.

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

	Six months ended 31 January			**Six months ended 31 January**			
	2019#	2018#	%	**2019**	2018	%	**Period end**
	HK$ million	HK$ million	Change	**RMB million**	RMB million	Change	**occupancy (%)**
Shanghai							
Shanghai Hong Kong Plaza	**227.9**	206.3	10.5	**200.1**	174.0	15.0	Retail: 97.8% Office: 94.6% Serviced Apartments: 76.2%
Shanghai May Flower Plaza	**32.7**	38.8	-15.7	**28.7**	32.7	-12.2	Retail: 82.1% Hotel: 64.8%
Shanghai Regents Park	**10.6**	12.4	-14.5	**9.3**	10.5	-11.4	81.0%
Guangzhou							
Guangzhou May Flower Plaza	**65.1**	55.0	18.4	**57.2**	46.4	23.3	98.9%
Guangzhou West Point	**13.2**	9.9	33.3	**11.6**	8.3	39.8	99.9%
Guangzhou Lai Fung Tower	**62.9**	51.9	21.2	**55.2**	43.8	26.0	Retail: 100.0% Office: 100.0%*
Zhongshan							
Zhongshan Palm Spring	**6.0**	5.2	15.4	**5.3**	4.4	20.5	Retail: 71.2%* Serviced Apartments: 45.3%
Others	**7.0**	-	N/A	**6.1**	-	N/A	N/A
Total:	**425.4**	379.5	12.1	**373.5**	320.1	16.7	

The exchange rates adopted for the six months ended 31 January 2019 and 2018 are 0.8780 and 0.8433, respectively

* *Excluding self-use area*

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

	Six months ended 31 January 2019			Six months ended 31 January 2018		
	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		**106.9**	**468,434**		90.4	468,434
Office		**57.9**	**362,096**		50.0	362,096
Serviced Apartments (room revenue and F&B)		**60.0**	**355,267**		62.0	355,267
Car-parking Spaces		**3.1**	**N/A**		3.9	N/A
		227.9	**1,185,797**		206.3	1,185,797
Shanghai May Flower Plaza	100%			100%		
Retail		**13.5**	**320,314**		17.3	320,314
Hotel (room revenue and F&B)		**17.3**	**143,846**		19.4	143,846
Car-parking Spaces		**1.9**	**N/A**		2.1	N/A
		32.7	**464,160**		38.8	464,160
Shanghai Regents Park	95%			95%		
Retail		**8.9**	**77,959**		10.3	77,959
Car-parking Spaces		**1.7**	**N/A**		2.1	N/A
		10.6	**77,959**		12.4	77,959
Guangzhou						
Guangzhou May Flower Plaza	100%			100%		
Retail		**57.2**	**357,424**		47.8	357,424
Office		**6.6**	**79,431**		5.7	79,431
Car-parking Spaces		**1.3**	**N/A**		1.5	N/A
		65.1	**436,855**		55.0	436,855
Guangzhou West Point	100%			100%		
Retail		**13.2**	**171,968**		9.9	171,968
Guangzhou Lai Fung Tower	100%			100%		
Retail		**8.1**	**99,054**		6.3	99,399
Office		**52.1**	**606,495**		42.7	606,495
Car-parking Spaces		**2.7**	**N/A**		2.9	N/A
		62.9	**705,549**		51.9	705,894
Zhongshan						
Zhongshan Palm Spring	100%			100%		
Retail*		**3.2**	**147,408**		2.1	127,884
Serviced Apartments (room revenue)		**2.8**	**98,556**		3.1	98,556
		6.0	**245,964**		5.2	226,440
Others		**7.0**	**N/A**		N/A	N/A
Total:		**425.4**	**3,288,252**		379.5	3,269,073

* *Excluding self-use area*

Rental income performed steadily as a whole with almost full occupancy in all the major properties. The drop in the rental income from Shanghai May Flower Plaza is due to the early termination of the lease of Lotte Mart in July 2018. The Group has signed up Hema Fresh ("盒馬鮮生"), the prototype supermarket invested by Alibaba Group, to take up part of that site and is discussing with several prospective tenants to fill the vacancy.

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 1.19 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 362,100 square feet, 468,400 square feet and 355,300 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, Tiffany, Genesis Motor, Coach, Tasaki and internationally renowned luxury brands and a wide array of dining options.

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 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 Jing'an District in Shanghai. This project is situated near the Zhongshan Road North Metro Station.

The Group 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. The lease of Lotte Mart, the anchor tenant in the retail podium was terminated early in July 2018. The Group has signed up Hema Fresh ("盒馬鮮生"), the prototype supermarket invested by Alibaba Group, to take up part of that site and is discussing with several prospective tenants to fill the vacancy.

Shanghai Regents Park
Shanghai Regents Park is a large-scale residential/commercial composite development located in the Zhongshan Park Commercial Area at the Changning District, Shanghai. It is situated within walking distance of the Zhongshan Park Metro Station. The Group retains a 95% interest in the commercial portion which has a total GFA of approximately 82,000 square feet (GFA attributable to the Group is approximately 77,900 square feet).

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 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.

Guangzhou Lai Fung Tower
Guangzhou Lai Fung Tower is the office block of Phase V of Guangzhou Eastern Place, which is a multi-phase project located on Dongfeng East Road, Yuexiu District, Guangzhou. This 38-storey office building was completed in June 2016.

The asset swap transaction with Guangzhou Light Industry Real Estate Development Company as announced on 15 January 2015 was completed in August 2017. The total GFA of this property owned by the Group increased to approximately 705,500 square feet excluding car-parking spaces and the commercial area and the office building excluding self-use area have been fully leased.

Zhongshan Palm Spring Rainbow Mall
Zhongshan Palm Spring Rainbow Mall is the commercial element of the wholly owned residential project, Zhongshan Palm Spring. Zhongshan Palm Spring is located in Caihong Planning Area, Western District of Zhongshan. It has a total GFA of approximately 181,100 square feet and excluding self-use area, the occupancy rate as at period end was approximately 71.2%.

Hotel and Serviced Apartments

Ascott Huaihai Road Shanghai
Ascott Huaihai Road in Shanghai Hong Kong Plaza is managed by the Ascott Group and it 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 355,300 square feet 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 86.7% was achieved during the period under review and the average room tariff was approximately HK$1,183.

STARR Hotel Shanghai
STARR Hotel Shanghai is a 17-storey hotel located in the Mayflower Lifestyle complex in Jing'an 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 73.2% was achieved during the period under review and the average room tariff was approximately HK$515.

STARR Resort Residence Zhongshan
STARR Resort Residence Zhongshan comprises two 16-storey blocks located in the Palm Lifestyle complex in Zhongshan Western District at Cui Sha Road. It is 30 minutes away from Zhongshan ferry pier and an ideal place for weekend breaks with a wide range of family oriented facilities such as an outdoor Swimming Pool, Gym, Yoga Room, Reading Room, Wine Club, Card Game/Mahjong Room, Tennis Court, etc. There are 90 fully furnished serviced apartment units with kitchenette, unit type one- and two-bedroom 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 52.4% was achieved during the period under review and the average room tariff was approximately HK$375.

PROPERTY DEVELOPMENT

Recognised Sales

For the six months ended 31 January 2019, the Group's property development operations recorded a turnover of HK$145.7 million (2018: HK$129.9 million) from sale of properties, representing a 12.2% increase in sales revenue over the same period last year. Total recognised sales was primarily driven by the sales performance of residential units of Zhongshan Palm Spring and car-parking spaces of Shanghai Regents Park.

For the six months ended 31 January 2019, the average selling price of residential units of Zhongshan Palm Spring amounted to approximately HK$1,520 per square foot (2018: HK$1,131 per square foot). Sales of residential units and retail units of Guangzhou Dolce Vita has been completed and the last retail unit sold and recognised during the period under review achieved an average selling price of HK$3,361 per square foot. This is recognised as a component of "Share of profits/(losses) of joint ventures" in the condensed consolidated income statement.

Breakdown of turnover for the six months ended 31 January 2019 from sales of properties is as follows:

Recognised basis	No. of Units	Approximate GFA	Average Selling Price#	Turnover*	
		(Square feet)	(HK$/square foot)	(HK$ million##)	(RMB million)
Zhongshan Palm Spring					
Residential High-rise Units	32	37,653	1,520	54.6	47.9
Subtotal	**32**	**37,653**	**1,520**	**54.6**	**47.9**
Shanghai Regents Park					
Car-parking Spaces	128			83.3	73.1
Guangzhou Eastern Place					
Car-parking Spaces	3			3.4	3.0
Guangzhou King's Park					
Car-parking Space	1			0.7	0.6
Zhongshan Palm Spring					
Car-parking Spaces	20			3.7	3.3
Total				**145.7**	**127.9**
Recognised sales from joint venture project					
Guangzhou Dolce Vita					
Retail Unit**(47.5% basis)	1	8,932	3,361	28.3	24.8
Subtotal	**1**	**8,932**	**3,361**	**28.3**	**24.8**
Car-parking Spaces**(47.5% basis)	6			1.9	1.7
Total				**30.2**	**26.5**

Before business tax and value-added tax inclusive

The exchange rate adopted for the six months ended 31 January 2019 is 0.8780

* *After business tax and value-added tax exclusive*

** *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. For the six months ended 31 January 2019, the recognised sales (after business tax and value-added tax exclusive) attributable to the project on 100% basis is HK$59.5 million (excluding car-parking spaces) and approximately 18,805 square feet (excluding car-parking spaces) of GFA were recognised. The recognised sales from car-parking spaces attributable to the project on 100% basis is HK$4.0 million.*

Contracted Sales

As at 31 January 2019, the Group's property development operations has contracted but not yet recognised sales of HK$601.9 million, comprising HK$361.1 million and HK$233.7 million from sales of residential units in Zhongshan Palm Spring and cultural studios in Hengqin Novotown Phase I, respectively and HK$7.1 million from sales of car-parking spaces in Shanghai Regents Park, Guangzhou Eastern Place, Guangzhou King's Park and Zhongshan Palm Spring. Sales of the cultural studios of Hengqin Novotown Phase I were strong and achieved an average selling price of HK$4,929 per square foot. Excluding the effect of currency translation, the Renminbi denominated contracted but not yet recognised sales of residential units, cultural studios and car-parking space as at 31 January 2019 amounted to RMB528.5 million (31 July 2018: RMB251.0 million).

Breakdown of contracted but not yet recognised sales as at 31 January 2019 is as follows:

Contracted basis	**No. of Units**	**Approximate GFA**	**Average Selling Price#**	**Turnover#**	
		(Square feet)	(HK$/square foot)	(HK$ million##)	(RMB million)
Zhongshan Palm Spring					
Residential High-rise Units	104	130,127	1,605	208.8	183.3
Residential House Units	27	57,261	2,660	152.3	133.7
Hengqin Novotown Phase I					
Cultural Studios	11	47,420	4,929	233.7	205.2
Subtotal	**142**	**234,808**	**2,533**	**594.8**	**522.2**
Shanghai Regents Park					
Car-parking Spaces	7			4.8	4.2
Guangzhou Eastern Place					
Car-parking Space	1			1.1	1.0
Guangzhou King's Park					
Car-parking Space	1			0.8	0.7
Zhongshan Palm Spring					
Car-parking Spaces	2			0.4	0.4
Subtotal				**7.1**	**6.3**
Total				**601.9**	**528.5**

Before business tax and value-added tax inclusive

The exchange rate adopted for the six months ended 31 January 2019 is 0.8780

Review of Major Properties Completed for Sale and under Development

Shanghai Northgate Plaza redevelopment project

Shanghai Northgate Plaza I is located on Tian Mu Road West in the Jing'an District of Shanghai near the Shanghai Railway Terminal and comprises office units, a retail podium and car-parking spaces. Shanghai Northgate Plaza II is a vacant site adjacent to Northgate Plaza I. In September 2016, the Group completed the acquisition of the 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 which includes an office tower, a shopping arcade and underground car-parking spaces and is expected to add a total GFA of approximately 693,600 square feet excluding car-parking spaces to the rental portfolio of the Group. Demolition of Northgate Plaza I and Hui Gong Building was completed in May 2017 and foundation works commenced in September 2017. This project is expected to complete in the second quarter of 2022.

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 77,900 square feet and is intended to be developed into a high end luxury residential project. Construction works commenced in August 2017. This project is expected to complete in the second quarter of 2019.

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 Jing'an District in Shanghai and situated near the Zhongshan Road North Metro Station. As of 31 January 2019, 458 car-parking spaces of this development remained unsold with a carrying amount of approximately HK$105.1 million.

Shanghai Regents Park
Shanghai Regents Park is a large-scale residential/commercial composite development located in the Zhongshan Park Commercial Area at the Changning District, Shanghai. It is situated within walking distance of the Zhongshan Park Metro Station. As at 31 January 2019, a total of 278 car-parking spaces of this development remained unsold with a carrying amount of approximately HK$69.0 million.

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. During the period under review, the sales of 1 car-parking space contributed HK$0.7 million to the turnover. As at 31 January 2019, the contracted but not yet recognised sales of the 1 car-parking space amounted to approximately HK$0.8 million and the 13 unsold car-parking spaces have a total carrying amount of approximately HK$9.9 million.

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 580,500 square feet and is intended to be developed for rental purposes. The construction is expected to commence in the second quarter of 2019 and the completion is expected to be in the first half of 2023.

Zhongshan Palm Spring
The project is located in Caihong Planning Area, Western District of Zhongshan. The overall development has a total planned GFA of approximately 6.075 million square feet. The project will comprise of high-rise residential towers, townhouses, serviced apartments and commercial blocks totaling 4.466 million square feet.

During the period under review, 37,653 square feet of high-rise residential units were recognised at average selling prices of HK$1,520 per square foot, which contributed a total of HK$54.6 million to the sales turnover. As at 31 January 2019, contracted but not yet recognised sales for residential high-rise units and house units amounted to HK$208.8 million and HK$152.3 million, at average selling prices of HK$1,605 and HK$2,660 per square foot, respectively. As at 31 January 2019, completed units held for sale in this development amounted to 448,800 square feet with a carrying amount of approximately HK$376.3 million. The remaining GFA under development was approximately 2,099,200 square feet. Set out below is the current expectation on the development of the remaining phases:

Phase	**Description**	**Approximate GFA* (square feet)**	**Expected completion**
III	High-rise residential units including commercial units	523,100	Q3 2020
IV	High-rise residential units including commercial units	1,576,100	Q3 2021

** Excluding car-parking spaces and ancillary facilities*

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

Hengqin Novotown

Phase I
On 25 September 2013, the Company announced it had successfully won the bid of the land use rights of the land for Phase I of the Novotown project in Hengqin which is 80% owned by the Group and 20% owned by eSun. The Phase I of Novotown has a total GFA of 4.0 million square feet including car-parking spaces and ancillary facilities. The total development cost is estimated to be approximately RMB5,447 million (equivalent to approximately HK$6,368 million). Construction work is expected to be completed in the first half of 2019 with the opening in phases in the second half of 2019.

The expected GFA breakdown by usage is set out below:

Usage	**GFA (square feet)**
Cultural themed hotel	596,727
Cultural workshop	429,641
Cultural commercial area	523,843
Performance halls	160,937
Cultural attractions	293,292
Office	542,447
Cultural studios (for sale)	244,936
Car-parking spaces	507,215
Ancillary facilities and others	736,217
Total:	**4,035,255**

Hyatt group was engaged as the manager for the cultural themed hotel in March 2015. On 30 October 2015, a licensing agreement was entered into with Lionsgate LBE, Inc. for the development and operation of the Lionsgate Entertainment World™ in one of the two performance halls in the Phase I of Novotown. Village Roadshow Theme Parks, the world renowned theme park operator with attractions across Australia and America, was appointed in July 2016 to consult during the construction phase, oversee its preopening and to operate the Lionsgate Entertainment World™ for a minimum of ten years. The Lionsgate Entertainment World™ is expected to feature attractions, retail, and dining experiences themed around Lionsgate's most captivating global film franchises, including The Hunger Games, The Twilight Saga, The Divergent Series, Now You See Me, Gods of Egypt and Escape Plan.

The Group also entered into licensing agreements on 30 October 2015 with a master license holder of National Geographic Society to develop a family edutainment center called National Geographic Ultimate Explorer, the size of which is expected to be approximately 50,200 square feet, containing 18 individual attractions including rides, F&B facilities, retail premises, virtual reality and/or 4-D interactive experiences, and other types of entertainment and educational attractions.

In June 2017, the Group entered into a cooperation agreement with Trans-Island Limousine Service Limited, a wholly-owned subsidiary of Kwoon Chung Bus Holdings Limited for the development of a cross-border bus service between Hong Kong and Hengqin. The sole and exclusive bus terminus in Hengqin will be located at the Novotown.

In January 2017, the Group entered into a shareholders agreement with Sanitas Management Company Limited, which owns the Taipei Beitou Health Management Hospital in Taiwan to form a joint venture company codeveloping a healthcare and beauty center in the Phase I of Novotown. This healthcare tourism destination is expected to have an area of approximate 80,000 square feet, providing visitors with comprehensive medical check-ups, beauty consultation and wellness services.

Sales of the cultural studios of Hengqin Novotown Phase I were strong. As at 31 January 2019, contracted but not yet recognised sales for cultural studios amounted to HK$233.7 million, at an average selling price of HK$4,929 per square foot. Completed cultural studios held for sale in this development as at 31 January 2019 amounted to approximately 197,000 square feet with a carrying amount of approximately HK$336.0 million.

Phase II
In June 2017, the Group entered into a licence agreement with Real Madrid Club in relation to the development and operation of a location based entertainment centre, namely Real Madrid World in Novotown. The Real Madrid World is expected to consist of three floors with over 20 attractions spanning across a total area of approximately 12,000 square meters, and will be made up of several signature experiences including the Flying Theatre and the Stuntpit, an array of interactive training games, a walkthrough of Real Madrid history, plus dining and retail outlets.

In November 2017, the Group entered into a cooperation agreement with Harrow International (China) Management Services Limited and ILA Holdings Limited to introduce Harrow International China Group, the world's leading learning institution, to set up ILA Hengqin in Hengqin. The curriculum at ILA Hengqin is structured to bring together the very best of British and Chinese educational philosophies and when it first opens in September 2020, the ILA Hengqin will initially offer grade 7-12 education for approximately 900 students as well as facilities for boarding students.

The Group entered into a license agreement in December 2018 with Ducati in relation to the development and operation of the Ducati Experience Centre in Novotown. The Ducati Experience Centre expects to cover an area of no less than 4,500 square meters and will offer experiential attractions including immersive racing experiences, exclusive Ducati exhibits and retail concessions.

The Group succeeded in bidding for the land use rights of the land offered for sale by Zhuhai Land Bureau through the listing-for-sale process in December 2018 and the land is situated adjacent to Phase I of the Novotown project with a total site area of approximately 143,800 square meters and a maximum plot ratio of 2 times and has been designated for the development of phase II of the Novotown project. Real Madrid World, ILA Hengqin and Ducati Experience Centre are expected to be the key elements in Novotown Phase II and details of the development plan will be formulated upon finalisation of the master layout plan with the Chinese Government. The Group is in the process of finalising the master layout plan for the Novotown Phase II with the Chinese Government.

CAPITAL STRUCTURE, LIQUIDITY AND DEBT MATURITY PROFILE

As at 31 January 2019, cash and bank balances held by the Group amounted to HK$3,690.4 million and undrawn facilities of the Group was HK$3,592.3 million.

As at 31 January 2019, the Group had total borrowings amounting to HK$8,777.5 million (as at 31 July 2018: HK$7,445.6 million), representing an increase of HK$1,331.9 million from 31 July 2018. The consolidated net assets attributable to the owners of the Company amounted to HK$15,832.2 million (as at 31 July 2018: HK$15,502.9 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 32% (as at 31 July 2018: 32%). The maturity profile of the Group's borrowings of HK$8,777.5 million is well spread with HK$733.4 million repayable within 1 year, HK$863.5 million repayable in the second year, HK$6,082.8 million repayable in the third to fifth years and HK$1,097.8 million repayable beyond the fifth year.

Approximately 31% and 62% of the Group's borrowings were on a fixed rate basis and floating rate basis, respectively, and the remaining 7% of the Group's borrowings were interest free.

Apart from the guaranteed notes, the Group's other borrowings of HK$6,053.3 million were 50% denominated in Renminbi ("**RMB**"), 42% in Hong Kong dollars ("**HKD**") and 8% in United States Dollars ("**USD**").

The Group's guaranteed notes of HK$2,724.2 million were denominated in USD. The Group has entered into cross currency swap agreements with financial institutions and the guaranteed notes have been effectively converted into HKD denominated debts.

The Group's cash and bank balances of HK$3,690.4 million were 69% denominated in RMB, 15% in HKD and 16% 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$12,078.4 million, properties under development with a total carrying amount of approximately HK$1,545.8 million, serviced apartments and related leasehold improvements with a total carrying amount of approximately HK$442.9 million, construction in progress with a total carrying amount of approximately HK$1,169.4 million and bank balances of approximately HK$979.8 million.

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

CONTINGENT LIABILITIES

There has been no material change in contingent liabilities of the Group since 31 July 2018.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 January 2019, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company has complied with all the 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 of Hong Kong Limited throughout the six months ended 31 January 2019 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 Amended and Restated Articles of Association of the Company ("**Articles of Association**") which require that the Directors for the time being shall retire from office by rotation once every three years since their last election by the shareholders of the Company 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. In January 2019, the Company adopted the Nomination Policy which set out the criteria, process and procedures by which the Company will select candidates for possible inclusion in the Board. As the Nomination Policy has 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 January 2019, the Group employed a total of around 1,400 employees. The Group recognises the importance of maintaining a stable staff force in its continued success. Under the Group's existing policies, employee pay rates are maintained at competitive levels whilst promotion and salary increments are assessed on a performance-related basis. Discretionary bonuses are granted to employees based on their merit and in accordance with industry practice. Other benefits including share option scheme, mandatory provident fund scheme, free hospitalisation insurance plan, subsidised medical care and sponsorship for external education and training programmes are offered to eligible employees.

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.

Since 1 August 2018, the Company has met with a number of research analysts and investors and attended non-deal roadshows as follows:

Month	Event	Organiser	Location
September 2018	2018 SCB Annual Investor Reverse Roadshow	Standard Chartered Bank	Hong Kong
October 2018	Post results non-deal roadshow	DBS	Singapore
November 2018	Post results non-deal roadshow	Maybank Kim Eng	Hong Kong
November 2018	Post results non-deal roadshow	DBS	London
November 2018	Post results non-deal roadshow	DBS	New York / San Francisco

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 INTERIM RESULTS

The audit committee of the Company ("**Audit Committee**") 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. Puah Tze Shyang). The Audit Committee has reviewed the unaudited interim results (including the unaudited condensed consolidated financial statements) of the Company for the six months ended 31 January 2019.

By Order of the Board
Chew Fook Aun
Chairman

Hong Kong, 26 March 2019

As at the date of this announcement, the Board of the Company 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. Puah Tze Shyang (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.