LAI FUNG HOLDINGS

Lai Fung Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1125)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 JULY 2019

RESULTS

The board of directors (the "**Board**") of Lai Fung Holdings Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 July 2019 together with the comparative figures for the previous year as follows:

Consolidated Income Statement

For the year ended 31 July 2019

	Notes	**2019 HK$'000**	2018 HK$'000
TURNOVER	3	**1,461,249**	950,822
Cost of sales		**(543,777)**	(271,505)
Gross profit		**917,472**	679,317
Other income and gains	3	**59,182**	191,237
Selling and marketing expenses		**(60,469)**	(41,315)
Administrative expenses		**(240,378)**	(312,126)
Other operating expenses, net		**(5,562)**	(56,084)
Fair value gains on investment properties		**634,810**	860,037
PROFIT FROM OPERATING ACTIVITIES	4	**1,305,055**	1,321,066
Finance costs	5	**(114,287)**	(205,090)
Share of profits/(losses) of joint ventures		**(20,191)**	440,221
Share of losses of associates		**(40)**	(192)
PROFIT BEFORE TAX AND TAX INDEMNITY		**1,170,537**	1,556,005
Tax	6	**(430,482)**	(357,229)
Tax indemnity	6	**-**	92,695
PROFIT FOR THE YEAR		**740,055**	1,291,471
ATTRIBUTABLE TO:			
Owners of the Company		**668,556**	1,180,117
Non-controlling interests		**71,499**	111,354
		740,055	1,291,471
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY:	8		
Basic		**HK$2.043**	HK$3.615
Diluted		**HK$2.041**	HK$3.600

Consolidated Statement of Comprehensive Income

For the year ended 31 July 2019

	2019 HK$'000	2018 HK$'000
PROFIT FOR THE YEAR	**740,055**	1,291,471
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 the presentation currency	**(269,515)**	(208,768)
Reclassification adjustment upon winding-up of a subsidiary	**(10,134)**	-
	(279,649)	(208,768)
Share of other comprehensive expenses of joint ventures	**(7,165)**	(9,457)
Share of other comprehensive expenses of an associate	**(20)**	(15)
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the year	**-**	161,845
Reclassification adjustments for exchange loss included in the consolidated income statement	**-**	(134,959)
	-	26,886
Release of reserve upon maturity of cross currency swaps	**-**	(35,055)
	(286,834)	(226,409)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**453,221**	1,065,062
ATTRIBUTABLE TO:		
Owners of the Company	**391,002**	964,858
Non-controlling interests	**62,219**	100,204
	453,221	1,065,062

Consolidated Statement of Financial Position

As at 31 July 2019

	Notes	2019 HK$'000	2018 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**3,627,227**	2,409,449
Prepaid land lease payments		**3,951**	4,183
Investment properties		**20,455,200**	18,207,822
Properties under development		**711,362**	407,899
Investments in joint ventures		**1,317**	1,849,437
Investments in associates		**5,804**	5,932
Derivative financial instruments		**20,581**	2,531
Total non-current assets		**24,825,442**	22,887,253
CURRENT ASSETS			
Properties under development		**1,811,683**	1,718,163
Completed properties for sale		**902,331**	776,776
Inventories		**5,012**	-
Debtors, deposits and prepayments	9	**554,897**	370,458
Prepaid tax		**42,031**	37,687
Pledged and restricted time deposits and bank balances		**1,173,775**	1,073,642
Cash and cash equivalents		**1,923,484**	1,364,285
		6,413,213	5,341,011
Assets classified as held for sale	10	**70,972**	-
Total current assets		**6,484,185**	5,341,011
CURRENT LIABILITIES			
Creditors and accruals	11	**2,062,621**	1,421,643
Contract liabilities, deposits received and deferred income	11	**540,744**	369,789
Interest-bearing bank loans		**433,536**	200,669
Loans from a fellow subsidiary		**316,259**	-
Loans from a joint venture		**-**	218,542
Tax payable		**155,643**	112,982
Other borrowings		**41,440**	-
Total current liabilities		**3,550,243**	2,323,625
NET CURRENT ASSETS		**2,933,942**	3,017,386
TOTAL ASSETS LESS CURRENT LIABILITIES		**27,759,384**	25,904,639

Consolidated Statement of Financial Position (continued)

As at 31 July 2019

	Notes	**2019** **HK$'000**	2018 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**27,759,384**	25,904,639
NON-CURRENT LIABILITIES			
Long-term deposits received	11	**149,213**	144,235
Interest-bearing bank loans		**5,554,150**	3,572,464
Advances from a former substantial shareholder		**53,006**	53,719
Loans from a fellow subsidiary		**-**	248,509
Loans from a joint venture		**-**	426,156
Guaranteed notes	13	**2,720,857**	2,725,518
Deferred tax liabilities		**3,100,475**	2,945,714
Total non-current liabilities		**11,577,701**	10,116,315
		16,181,683	15,788,324
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**1,636,935**	1,635,221
Reserves		**14,197,072**	13,867,646
		15,834,007	15,502,867
Non-controlling interests		**347,676**	285,457
		16,181,683	15,788,324

Notes to Consolidated Financial Statements

1. BASIS OF PREPARATION

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

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's 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 Property*
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 *Financial Instruments* 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 commenced to adopt HKFRS 9 on 1 August 2018. The Group has not restated the comparative information and has not recognised any transition adjustments against the opening balance of equity at 1 August 2018.

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 they were under HKAS 39. Therefore, the adoption of HKFRS 9 did 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 they were under HKAS 39.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

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 did not have a significant financial effect on the 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 also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates.

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 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 would be recognised as an adjustment, if any, 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.

Incremental costs of obtaining a contract and the costs directly related to fulfilling a contract
The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. Following the adoption of HKFRS 15, such direct costs, if recoverable, are capitalised as "contract costs". The capitalised contract costs are amortised and charged to the income statement on a systematic basis that is consistent with the pattern of the revenue to which the asset related is recognised. As at 1 August 2018 and 31 July 2019, the impact of contract costs was not significant to the Group.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

Advance from customers and related significant financing component

Consideration received from customers in advance which was previously included in "deposits received and deferred income" is now recognised as contract liability included in "contract liabilities, deposits received and deferred income" to reflect the terminology of HKFRS 15. As at 1 August 2018 and 31 July 2019， amounts of HK$296,195,000 and HK$267,143,000 were reclassified to contract liabilities, respectively, as a result of the adoption of HKFRS 15.

For contracts where the period between the payment by the customer and the transfer of the promised property or service exceeds one year, the transaction price and the amount of revenue from the sale of completed properties should be adjusted for the effects of a financing component, if significant. The impact was not significant as at 1 August 2018 and 31 July 2019.

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

The Group's turnover represents revenue from the sale of properties, investment properties, serviced apartments, building management operation and theme park operation.

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

	2019	2018
	HK$'000	HK$'000
Turnover	**1,461,249**	950,822
Other income and gains	**59,182**	191,237
Total turnover, other income and gains	**1,520,431**	1,142,059

	2019	2018
	HK$'000	HK$'000
Turnover, other income and gains from contracts with customers		
Sale of properties	**613,322**	184,633
Serviced apartment operation	**158,135**	168,776
Building management operation	**111,281**	116,929
Theme park operation	**285**	-
	883,023	470,338
Turnover, other income and gains from other resources		
Rental income from investment properties	**578,226**	597,413
Interest income from bank deposits	**25,690**	38,887
Others	**33,492**	35,421
	637,408	671,721
Total turnover, other income and gains	**1,520,431**	1,142,059
Timing of recognition of turnover, other income and gains from contracts with customers:		
At a point in time	**613,322**	184,633
Overtime	**269,701**	285,705
Total	**883,023**	470,338

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

	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	**613,322**	184,633	**847,927**	766,189	**1,461,249**	950,822
Other revenue	**916**	2,599	**24,397**	140,545	**25,313**	143,144
Total	**614,238**	187,232	**872,324**	906,734	**1,486,562**	1,093,966
Segment results	**341,064**	5,026	**980,853**	1,352,493	**1,321,917**	1,357,519
Interest income from bank deposits					**25,690**	38,887
Unallocated gains					**8,179**	9,206
Unallocated expenses, net					**(50,731)**	(84,546)
Profit from operating activities					**1,305,055**	1,321,066
Finance costs					**(114,287)**	(205,090)
Share of profits/(losses) of joint ventures	**(20,191)**	440,221	**-**	-	**(20,191)**	440,221
Share of losses of associates	**-**	-	**(40)**	(192)	**(40)**	(192)
Profit before tax and tax indemnity					**1,170,537**	1,556,005
Tax					**(430,482)**	(357,229)
Tax indemnity					**-**	92,695
Profit for the year					**740,055**	1,291,471
Segment assets/liabilities:						
Segment assets	**3,467,453**	2,937,785	**24,214,235**	20,702,350	**27,681,688**	23,640,135
Investments in joint ventures	**1,317**	1,849,437	**-**	-	**1,317**	1,849,437
Investments in associates	**-**	-	**5,804**	5,932	**5,804**	5,932
Unallocated assets					**3,549,846**	2,732,760
Assets classified as held for sale	**70,972**	-	**-**	-	**70,972**	-
Total assets					**31,309,627**	28,228,264
Segment liabilities	**615,643**	685,496	**1,757,771**	1,133,938	**2,373,414**	1,819,434
Unallocated liabilities					**12,754,530**	10,620,506
Total liabilities					**15,127,944**	12,439,940

During the year, no single customer accounted for over 10% of the Group's total turnover (2018: Nil).

No further geographical segment information is presented as over 90% of the Group's revenue was derived from Mainland China and over 90% of the Group's non-current assets were located in Mainland China.

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

	Property development		Property investment		Consolidated	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Other segment information:						
Depreciation	**1,438**	1,887	**50,089**	71,743	**51,527**	73,630
Corporate and other unallocated depreciation					**3,515**	4,803
					55,042	78,433
Capital expenditure	**965**	1,098	**3,003,126**	1,388,698	**3,004,091**	1,389,796
Corporate and other unallocated capital expenditure					**797**	408
					3,004,888	1,390,204
Fair value gains on investment properties	**-**	-	**634,810**	860,037	**634,810**	860,037
Write-down of completed properties for sale to net realisable value	**-**	122	**-**	-	**-**	122
Write-down of properties under development to net realisable value	**-**	38,222	**-**	-	**-**	38,222
Gain on swap of properties	**-**	-	**-**	41,379	**-**	41,379
Loss on disposal of items of property, plant and equipment	**47**	19	**693**	2,296	**740**	2,315
Corporate and other unallocated loss on disposal of items of property, plant and equipment	**-**	-	**-**	-	**25**	-

4. PROFIT FROM OPERATING ACTIVITIES

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

	2019 HK$'000	2018 HK$'000
Cost of completed properties sold	**239,815**	102,356
Outgoings in respect of rental income, serviced apartment operation and building management*	**303,962**	305,196
Depreciation#	**55,042**	78,433
Amortisation of prepaid land lease payments	**14,642**	16,023
Capitalised in properties under development	**(14,463)**	(15,835)
	179	188
Foreign exchange differences, net**	**(22,050)**	31,509
Loss on disposal of items of property, plant and equipment#	**765**	2,315
Contingent rents##	**(4,159)**	(14,248)
Gain on swap of properties**	**-**	(41,379)
Write-down of completed properties for sale to net realisable value**	**-**	122
Write-down of properties under development to net realisable value**	**-**	38,222
Fair value gains on cross currency swaps**	**(18,050)**	(38,049)

The depreciation charge of HK$41,609,000 (2018: HK$61,457,000) for serviced apartments and related leasehold improvements and the loss on disposal of items of property, plant and equipment of HK$765,000 (2018: HK$2,315,000) are included in "Other operating expenses, net" on the face of the consolidated income statement.

The contingent rents are included in "Turnover" on the face of the consolidated income statement.

* *These items are included in "Cost of sales", except for building management expenses for the year ended 31 July 2018 which was included in "Administrative expenses" on the face of the consolidated income statement.*

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

5. FINANCE COSTS

	2019 HK$'000	2018 HK$'000
Interest on:		
Bank loans	**258,799**	167,789
Fixed rate senior notes	**-**	103,767
Guaranteed notes	**147,043**	78,557
Loans from a joint venture	**7,125**	28,189
Amortisation of transaction fee for:		
Bank loans	**26,086**	19,152
Fixed rate senior notes	**-**	6,349
Guaranteed notes	**4,440**	2,260
Bank financing charges and direct costs	**7,601**	13,376
	451,094	419,439
Less: Capitalised in properties under development	**(104,175)**	(86,602)
Capitalised in investment properties under construction	**(144,448)**	(81,436)
Captialised in construction in progress	**(88,184)**	(46,311)
	(336,807)	(214,349)
Total finance costs	**114,287**	205,090

6. TAX AND TAX INDEMNITY

(a) Tax

The statutory rate of Hong Kong profits tax is 16.5% (2018: 16.5%). No provision for Hong Kong profits tax had been made as the Group had no estimated assessable profits arising in Hong Kong during the year (2018: Nil). Taxes on profits assessable elsewhere had been calculated at the tax rates prevailing in the jurisdictions in which the Group operates.

	2019 HK$'000	2018 HK$'000
Current - Mainland China		
Corporate income tax ("**CIT**")	**75,513**	56,625
Land appreciation tax ("**LAT**")		
Charge for the year	**118,898**	27,157
Underprovision in prior years	**20,301**	-
	139,199	27,157
Deferred	**215,770**	273,447
Total tax charge for the year	**430,482**	357,229

(b) Tax indemnity

In connection with the listing of the Company on The Stock Exchange of Hong Kong Limited ("**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 CIT and LAT payables 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 year, no tax indemnity was received. During the year ended 31 July 2018, HK$92,695,000 was received from LSD in relation to the CIT and LAT incurred and paid by the Group or its joint ventures which is attributable to the disposal of certain properties located in Guangzhou, Mainland China.

7. DIVIDEND

	2019 **HK$'000**	2018 HK$'000
Final dividend paid in respect of the year ended 31 July 2018 (2018: final dividend paid in respect of the year ended 31 July 2017)	**65,409**	65,184
Proposed final – HK$0.20 (2018: HK$0.20) per ordinary share	**65,477**	65,409

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

On 21 December 2018, the Company's shareholders approved at the annual general meeting a final dividend of HK$0.20 per share payable in cash with a scrip dividend alternative (the "**2018 Scrip Dividend Scheme**") for the year ended 31 July 2018 (the "**2018 Final Dividend**"). During the year ended 31 July 2019, 342,831 new shares of HK$5.0 each were issued by the Company at a deemed price of HK$9.406 per share, credited as fully paid, to shareholders of the Company who had elected to receive scrip shares in lieu of cash under the 2018 Scrip Dividend Scheme to settle HK$3,225,000 of the 2018 Final Dividend. The remainder of the 2018 Final Dividend of HK$62,184,000 was satisfied by cash.

Further details of the 2018 Scrip Dividend Scheme are set out in the Company's circular dated 10 January 2019.

On 15 December 2017, the Company's shareholders approved at the annual general meeting a final dividend of HK$0.20 per share payable in cash with a scrip dividend alternative (the "**2017 Scrip Dividend Scheme**") for the year ended 31 July 2017 (the "**2017 Final Dividend**"). During the year ended 31 July 2018, 1,122,400 new shares of HK$5.0 each were issued by the Company at a deemed price of HK$12.592 per share, credited as fully paid, to shareholders of the Company who had elected to receive scrip shares in lieu of cash under the 2017 Scrip Dividend Scheme to settle HK$14,133,000 of the 2017 Final Dividend. The remainder of the 2017 Final Dividend of HK$51,051,000 was satisfied by cash.

8. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings per share amount was based on the profit for the year attributable to owners of the Company of HK$668,556,000 (2018: HK$1,180,117,000), and the weighted average number of ordinary shares of 327,202,870 (2018: 326,434,171) in issue during the year.

The calculation of the diluted earning per share amount was based on the profit for the year attributable to owners of the Company as used in the basic earnings per share calculation. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares. Certain share options had an anti-dilutive effect and were ignored in the calculation of diluted earnings per share.

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

	2019	2018
	HK$'000	HK$'000
Earnings		
Profit attributable to owners of the Company used in the basic earnings per share calculation	**668,556**	1,180,117

	Number of shares	
	2019	2018
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**327,202,870**	326,434,171
Effect of dilution – weighted average number of ordinary shares:		
Share options	**353,836**	1,352,897
	327,556,706	327,787,068

9. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group maintains various credit policies for different business operations in accordance with business practices and market conditions in which the respective subsidiaries operate. Sales proceeds receivable from the sale of properties are settled in accordance with the terms of the respective contracts. Rent and related charges in respect of the leasing of properties are receivable from tenants, and are normally payable in advance with rental deposits received in accordance with the terms of the tenancy agreements. Serviced apartment charges are mainly settled by customers on a cash basis except for those corporate clients who maintain credit accounts with the Group, the settlement of which is in accordance with the respective agreements. Trade receivables of the Group were interest-free.

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

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

	2019	2018
	HK$'000	HK$'000
Trade receivables, net:		
Within one month	**102,169**	87,563
One to three months	**3,467**	2,784
Over three months	**5,346**	3,334
	110,982	93,681
Other receivables, deposits and prepayments	**443,915**	276,777
Total	**554,897**	370,458

10. ASSETS CLASSIFIED AS HELD FOR SALE

During the year ended 31 July 2019, two blocks of serviced apartments located in Zhongshan (namely, STARR Resort Residence Zhongshan) were offered for sale. The serviced apartments were previously classified as property, plant and equipment. Management has committed to a plan to sell with an active programme to locate buyers already initiated, and the disposal is expected to be completed in the ensuing year. As a result, the serviced apartments with a carrying amount of HK$70,972,000 were transferred to assets classified as held for sale.

11. 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 payment due date, is as follows:

	Note	**2019**	2018
		HK$'000	HK$'000
Trade payables:			
Within one month		**921,207**	178,907
One to three months		**11**	46,067
Over three months		**1,798**	264
		923,016	225,238
Accruals and other payables		**859,885**	1,196,405
Put option liabilities	12	**279,720**	-
Total		**2,062,621**	1,421,643

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

	2019	2018
	HK$'000	HK$'000
Contract liabilities	**267,143**	-
Deposits received and deferred income	**422,814**	514,024
	689,957	514,024
Amount classified as current liabilities	**(540,744)**	(369,789)
Non-current portion	**149,213**	144,235

12. 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 Cinda became a holder of 30% equity interests in HRL and GSL.

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 equal to the Consideration. Accordingly, financial liabilities of approximately US$35,752,000 (equivalent to approximately HK$279,720,000) are recorded as put option liabilities under "creditors and accruals" of the 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.

13. GUARANTEED NOTES

US$350,000,000 5.65% Guaranteed Notes due 2023

On 18 January 2018, Lai Fung Bonds (2018) Limited, a wholly-owned subsidiary of the Company issued US$350,000,000 of 5.65% fixed rate guaranteed notes, which will mature on 18 January 2023 for bullet repayment. The guaranteed notes bear interest from 18 January 2018 and are payable semi-annually in arrears on 18 January and 18 July of each year, commencing on 18 July 2018. The guaranteed notes are listed on the Stock Exchange.

The guaranteed notes are guaranteed by the Company and also have the benefit of a keepwell deed and a deed of equity interest purchase undertaking from LSD.

FINAL DIVIDEND AND BOOK CLOSE DATES

The Board has recommended a final dividend of HK$0.20 per share for the year ended 31 July 2019 (2018: HK$0.20 per share) payable to shareholders ("**Shareholders**") whose names appear on the Hong Kong Branch Register of Members of the Company ("**Register of Members**") at the close of business on Friday, 3 January 2020. Subject to the approval of Shareholders at the forthcoming annual general meeting of the Company ("**AGM**"), the proposed final dividend, will be payable in cash, with an option for the Shareholders to receive new fully paid shares of par value of HK$5.00 each in the share capital of the Company in lieu of cash, or partly in cash and partly in new shares under the scrip dividend scheme (the "**Scrip Dividend Scheme**").

A circular containing details of the Scrip Dividend Scheme and the relevant election form are expected to be sent to the Shareholders on or about Wednesday, 8 January 2020.

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

Final dividend will be distributed, and the share certificates to be issued under the Scrip Dividend Scheme will be sent on Thursday, 13 February 2020 to the Shareholders whose names appear on the Register of Members on Friday, 3 January 2020.

The Register of Members will be closed on Thursday, 2 January 2020 and Friday, 3 January 2020, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all relevant transfer document(s) and share certificate(s) must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 31 December 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Global economy remains sluggish in the midst of, amongst other factors, the ongoing trade war between the United States and China, uncertainty around Brexit, rising geopolitical tensions, as well as a series of anti-government protests in Hong Kong which started in early June 2019. Such events, and the development of them over the course of the year under review, coupled with softening inflation, have led to the growing caution surrounding capital markets. While the implications of some of these events are relatively trivial, certain events could have more profound and lasting repercussions for the business outlook. We remain cautiously optimistic about the future prospects of the cities in which the Group has exposure in, especially the Greater Bay Area in southern China, and continue to regard Hong Kong, where our headquarters is situated, as one of the major beneficiary cities. Stability is instrumental to the restoration of business confidence, and under the current leadership of the Chinese government, we remain certain that this will be sustained and enhanced.

The Group's regional focus and rental-led strategy continued to demonstrate resilience. With a total of 3.4 million square feet of rentable gross floor area ("**GFA**"), primarily in Shanghai and Guangzhou, the Group's rental portfolio delivered steady performance in rental income at close to full occupancies for the key assets.

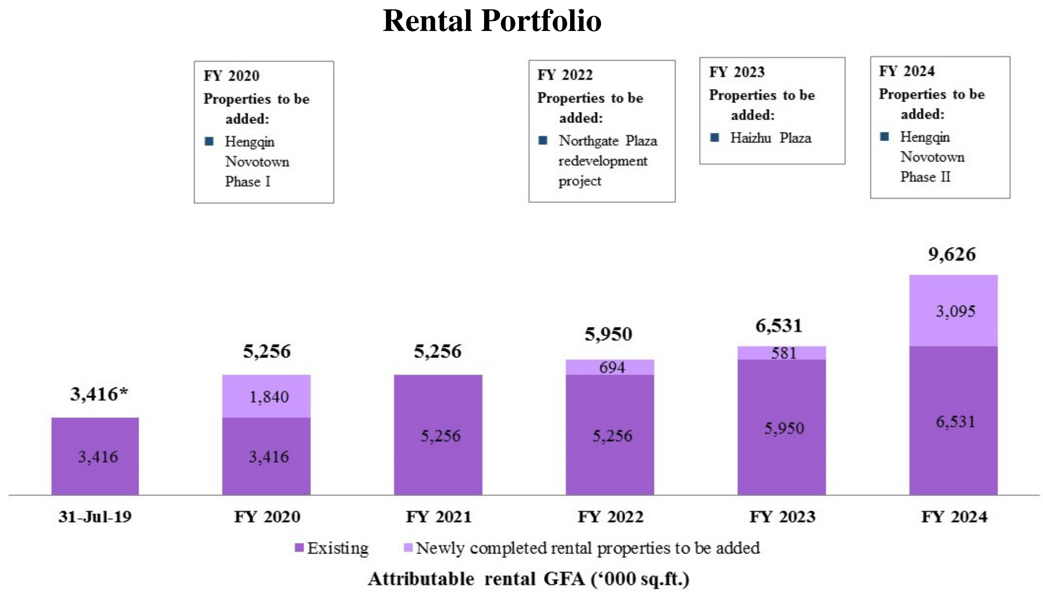
Through developing the existing projects on hand in Shanghai, Guangzhou, Zhongshan and Hengqin, the Group estimates that its rental portfolio will increase from approximately 3.4 million square feet to approximately 9.6 million square feet over the next few years. Construction work of the combined redevelopment of Shanghai Northgate Plaza I, Northgate Plaza II and the Hui Gong Building includes an office tower, a shopping mall and an underground car-parking structure, and is expected to complete in the second quarter of 2022 and will add a total GFA of approximately 693,600 square feet, excluding car-parking spaces, to the rental portfolio of the Group. Construction work of Guangzhou Haizhu Plaza commenced in the first half of 2019 and is expected to complete in the first half of 2023, providing a total rental GFA of approximately 580,800 square feet.

The two themed indoor experience centres in Phase I ("**Novotown Phase I**") of the Novotown project in Hengqin ("**Novotown**"), namely "Lionsgate Entertainment World®" and "National Geographic Ultimate Explorer", commenced operations on 31 July 2019 and 9 September 2019, respectively. China Cinda (HK) Asset Management Co., Limited's investment of 30% equity interest in the two operating companies of the "Lionsgate Entertainment World®" and the "National Geographic Ultimate Explorer" on 31 December 2018 enhanced the capital structure for the operations of these two indoor experience centres. Taking into account the spaces for "Lionsgate Entertainment World®" and the "National Geographic Ultimate Explorer", leases of approximately 68% commercial area of Novotown Phase I has been secured with over 50% retail stores targeted to open by end of 2019. The remaining portions of Novotown Phase I, including a hotel managed by Hyatt group, are nearing completion and is expected to be launched by phases by the end of 2019.

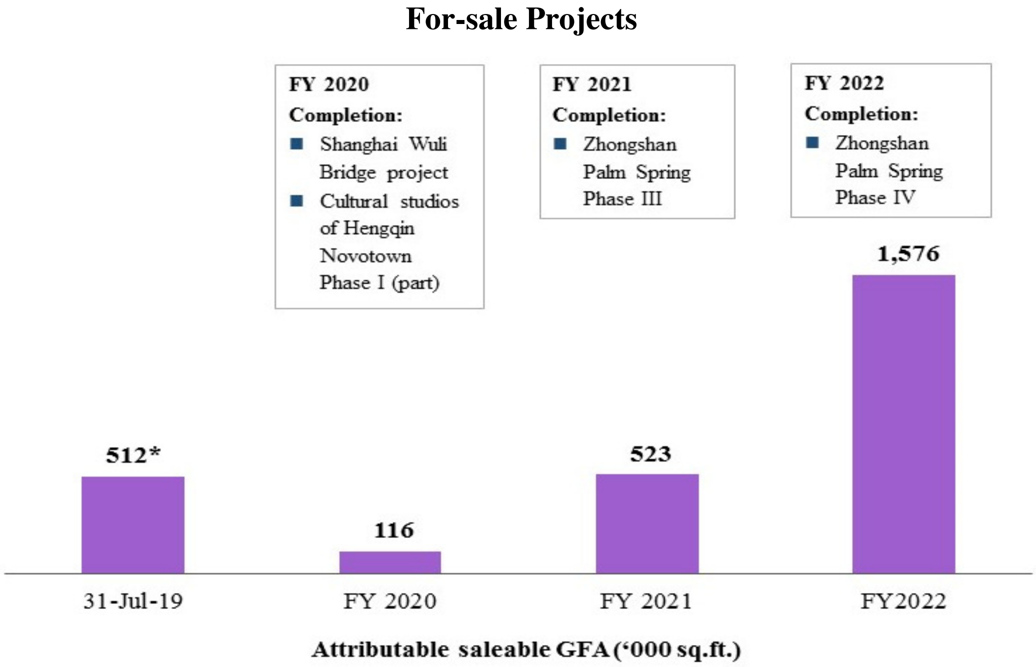
The Group succeeded in bidding for the land use rights of the land offered for sale by The Land and Resources Bureau of Zhuhai ("**Zhuhai Land Bureau**") through the listing-for-sale process in December 2018 and the land is situated adjacent to Novotown Phase I with a total site area of approximately 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 ("**Novotown Phase II**"). 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 is expected 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 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 completed in August 2019 are expected to contribute to the income of the Group in the coming financial years. Particularly, in light of the prospects and the growing demand for residential units in Zhongshan, the Group decided, in May 2019, to launch the sale of the serviced apartment units at STARR Resort Residence Zhongshan. Accordingly, STARR Resort Residence Zhongshan, comprising two 16-storey blocks in the Palm Lifestyle complex has been closed and the total GFA of approximately 98,600 square feet have been re-classified from "Property, plant and equipment" to "Assets classified as held for sale" in the consolidated statement of financial position of the Group as at 31 July 2019. The sale of these serviced apartment units will be recorded as disposal of assets classified as held for sale and the sales proceeds net of cost will be included in other operating income in the consolidated income statement of the Group. The Group will continue its prudent and flexible approach and replenish its landbank as and when opportunities arise.

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 July 2019:



* *Including the cultural attraction space in Novotown Phase I that has been occupied by "Lionsgate Entertainment World®" of approximately 194,300 square feet attributable to the Group.*



* *Excluding commercial portion of the Zhongshan Palm Spring for self-use and including serviced apartment units of Zhongshan Palm Spring which has been re-classified as "Assets classified as held for sale" in the consolidated statement of financial position of the Group as at 31 July 2019.*

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 have been consolidated into the results of LSD. The Lai Fung Offer closed on 13 September 2018.

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 has been approved by independent shareholders of each of the Company, eSun, LSD and Lai Sun Garment (International) Limited on 30 April 2019.

Subsequent to the year end, the public float of the Company has fallen below 25% of the total issued shares of the Company upon completion of the purchase of additional shares of the Company by Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk on 16 September 2019. The Company is considering steps to restore the public float at the minimum prescribed percentage in accordance with the Rules Governing the Listing of Securities on the Stock Exchange.

As at 31 July 2019, the Group has a landbank of approximately 8.4 million square feet. The Group's strong cash position of HK$3,097.3 million of cash on hand and undrawn facilities of HK$2,647.9 million with a net debt to equity ratio of 38% as at 31 July 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 FINAL RESULTS

For the year ended 31 July 2019, the Group recorded a turnover of HK$1,461.2 million (2018: HK$950.8 million), representing an increase of approximately 53.7% over last year. The increase was primarily due to higher turnover from property sales during the year under review as compared to last year. The gross profit increased by 35.1% to HK$917.5 million from that of HK$679.3 million last year. The average Renminbi exchange rate for the year under review depreciated by approximately 4.7% over last year. Excluding the effect of currency translation, the increase in Renminbi denominated turnover was 61.3%.

Further to the close of eSun Offer during the year under review, financial results of the Group, being a 50.55%-owned subsidiary of eSun as at 31 July 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 consolidated income statement into income from building management operation under turnover for the year ended 31 July 2019. Comparative information for the financial year ended 31 July 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 year ended 31 July			**For the year ended 31 July**		
	2019 [1] **(As reported) (HK$ million)**	2018 [1] (As reported) (HK$ million)	% change	**2019 (RMB million)**	2018 (RMB million)	% change
Rental income	**847.6**	766.2	10.6%	**739.2**	636.7	16.1%
Sales of properties	**613.3**	184.6	232.2%	**534.8**	153.4	248.6%
Theme park operation	**0.3**	-	N/A	**0.2**	-	N/A
Total:	**1,461.2**	950.8	53.7%	**1,274.2**	790.1	61.3%

	For the year ended 31 July			**For the year ended 31 July**		
	2019 [1] **(As reported) (HK$ million)**	2018 [1] (Adjusted) (HK$ million)	% change	**2019 (RMB million)**	2018 (RMB million)	% change
Rental income – lease of properties	**736.3**	766.2	-3.9%	**642.1**	636.7	0.8%
Rental income – building management	**111.3**	116.9[2]	-4.8%	**97.1**	97.2[2]	-0.1%
Sales of properties	**613.3**	184.6	232.2%	**534.8**	153.4	248.6%
Theme park operation	**0.3**	-	N/A	**0.2**	-	N/A
Total:	**1,461.2**	1,067.7	36.9%	**1,274.2**	887.3	43.6%

1. *The exchange rates adopted for the year ended 31 July 2019 and 2018 are 0.8721 and 0.8310, respectively*
2. *Being included in "Other income and gains" on the face of the consolidated income statement for the year ended 31 July 2018*

Net profit attributable to owners of the Company was approximately HK$668.6 million (2018: HK$1,180.1 million), representing a decrease of approximately 43.3% over last year. The decrease is primarily a mix of: (i) a lower fair value gain arising from the revaluation of the Group's investment properties for the year ended 31 July 2019 as compared to last year; (ii) a significant decrease in the profit contribution from the sales of Guangzhou Dolce Vita, the joint venture project with CapitaLand China Holdings Pte. Ltd. ("**CapitaLand China**") as compared to last year, which is recognised as a component of "Share of profits/(losses) of joint ventures" in the consolidated income statement of the Group; and (iii) increased profit contribution from recognition of the sales of properties during the year under review.

Basic earnings per share was HK$2.043 (2018: HK$3.615).

Excluding the effect of property revaluations, net profit attributable to owners of the Company was approximately HK$263.7 million (2018: HK$629.1 million), representing a decrease of approximately 58.1% over last year. Basic earnings per share excluding the effect of property revaluations decreased to HK$0.806 (2018: HK$1.927).

Profit attributable to owners of the Company (HK$ million)	**For the year ended 31 July**	
	2019	2018
Reported	**668.6**	1,180.1
Adjustments in respect of investment properties		
Revaluation of properties	**(634.8)**	(860.0)
Deferred tax on investment properties	**158.7**	215.0
Non-controlling interests' share of revaluation movements less deferred tax	**71.2**	94.0
Net profit after tax and tax indemnity excluding revaluation gains of investment properties	**263.7**	629.1

Net assets attributable to owners of the Company as at 31 July 2019 amounted to HK$15,834.0 million (2018: HK$15,502.9 million). Net asset value per share attributable to owners of the Company increased slightly to HK$48.36 per share as at 31 July 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 July 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]	1,850[2]	1,067	-	-	**2,917**[2]	799
Completed Hotel Properties and Serviced Apartments	-	-	499	-	**499**	-
Properties under Development[3]	4,010	1,549	820	2,046	**8,425**	4,969
Completed Properties Held for Sale	34[4]	-	-	512[5]	**546**	2,083
Total GFA of major properties of the Group	**5,894**	**2,616**	**1,319**	**2,558**	**12,387**	**7,851**

1. *Completed and rental generating properties*
2. *Including the cultural attraction space in Novotown Phase I that has been occupied by "Lionsgate Entertainment World®" of approximately 194,300 square feet attributable to the Group*
3. *All properties under construction*
4. *Completed properties for sale, including 33,699 square feet of commercial space in Zhongshan Palm Spring which is currently for self-use*
5. *Completed properties for sale, including 98,600 square feet of serviced apartment units of Zhongshan Palm Spring which have been re-classified as "assets classified as held for sale" as at 31 July 2019*

PROPERTY INVESTMENT

Revenue from Rental Operation

For the year ended 31 July 2019, the Group's rental operations recorded a turnover of HK$847.6 million, which include revenue of HK$736.3 million from lease of properties and HK$111.3 million from building management operation. The income from building management operation of approximately HK$116.9 million for the last year was included in "Other income and gains" on the face of the consolidated income statement for the year ended 31 July 2018.

Excluding the income from building management operation, the revenue from the leasing of properties for the year under review decreased slightly by 3.9% from HK$766.2 million of last year. The average Renminbi exchange rate for the year under review depreciated by approximately 4.7% over last year. Excluding the effect of currency translation, the growth for Renminbi denominated revenue from the leasing of properties was 0.8%.

	For the year ended 31 July			For the year ended 31 July			
	2019#	2018#	%	**2019**	2018	%	**Year end**
	(HK$ million)	(HK$ million)	Change	**(RMB million)**	(RMB million)	Change	**occupancy (%)**
Shanghai							
Shanghai Hong Kong Plaza	**451.5**	416.9	8.3	**393.7**	346.4	13.7	Retail: 99.0% Office: 96.3% Serviced Apartments: 89.6%
Shanghai May Flower Plaza	**67.6**	75.9	-10.9	**58.9**	63.1	-6.7	Retail: 82.1% Hotel: 77.9%
Shanghai Regents Park	**22.1**	25.0	-11.6	**19.3**	20.7	-6.8	100.0%
Guangzhou							
Guangzhou May Flower Plaza	**127.3**	113.2	12.5	**111.0**	94.1	18.0	98.9%
Guangzhou West Point	**26.8**	19.8	35.4	**23.4**	16.5	41.8	99.9%
Guangzhou Lai Fung Tower	**126.8**	105.2	20.5	**110.6**	87.4	26.5	Retail: 100.0% Office: 100.0%*
Zhongshan							
Zhongshan Palm Spring	**11.1**	10.2	8.8	**9.7**	8.5	14.1	Retail: 71.2%* Serviced Apartments: N/A**
Others	**14.4**	-	N/A	**12.6**	-	N/A	N/A
Total:	**847.6**	766.2	10.6	**739.2**	636.7	16.1	

\# *The exchange rates adopted for the years ended 31 July 2019 and 2018 are 0.8721 and 0.8310, respectively*

* *Excluding self-use area*

** *The Starr Resort Residence in Zhongshan has been closed during the year under review and the serviced apartment units were launched for sale in May 2019*

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

	For the year ended 31 July 2019			For the year ended 31 July 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		**208.7**	**468,434**		181.2	468,434
Office		**117.0**	**362,096**		103.2	362,096
Serviced Apartments (room revenue and F&B)		**119.7**	**355,267**		125.2	355,267
Car-parking Spaces		**6.1**	**N/A**		7.3	N/A
		451.5	**1,185,797**		416.9	1,185,797
Shanghai May Flower Plaza	100%			100%		
Retail		**29.5**	**320,314**		34.3	320,314
Hotel (room revenue and F&B)		**34.3**	**143,846**		37.6	143,846
Car-parking Spaces		**3.8**	**N/A**		4.0	N/A
		67.6	**464,160**		75.9	464,160
Shanghai Regents Park	95%			95%		
Retail		**19.2**	**77,959**		21.0	77,959
Car-parking Spaces		**2.9**	**N/A**		4.0	N/A
		22.1	**77,959**		25.0	77,959
Guangzhou						
Guangzhou May Flower Plaza	100%			100%		
Retail		**111.3**	**357,424**		98.6	357,424
Office		**13.1**	**79,431**		11.6	79,431
Car-parking Spaces		**2.9**	**N/A**		3.0	N/A
		127.3	**436,855**		113.2	436,855
Guangzhou West Point	100%			100%		
Retail		**26.8**	**171,968**		19.8	171,968
Guangzhou Lai Fung Tower	100%			100%		
Retail		**16.4**	**112,292**		12.7	99,054
Office		**104.7**	**625,821**		86.6	606,495
Car-parking Spaces		**5.7**	**N/A**		5.9	N/A
		126.8	**738,113**		105.2	705,549
Zhongshan						
Zhongshan Palm Spring	100%			100%		
Retail*		**6.9**	**147,408**		4.2	147,408
Serviced Apartments** (room revenue)		**4.2**	**98,556**		6.0	98,556
		11.1	**245,964**		10.2	245,964
Others		**14.4**	**N/A**		N/A	N/A
Total:		**847.6**	**3,320,816**		766.2	3,288,252

* *Excluding self-use area*

** *STARR Resort Residence Zhongshan was closed during the year under review and the serviced apartment units have been launched for sale in May 2019*

Review of Major Rental Properties

Shanghai Hong Kong Plaza
Being the Group's wholly-owned flagship investment property project in Shanghai, Shanghai Hong Kong Plaza is strategically located in the prime district of the city, directly above the Huangpi South Road Metro Station at Huaihaizhong Road in Huangpu District, which is highly accessible by car and well connected to public transportation networks, as well as walking distance from Shanghai Xintiandi.

Connected by an indoor footbridge, the property comprises a 32-storey office building, a 32-storey serviced apartment (managed by the Ascott Group), a shopping mall and carpark. The property's total GFA is approximately 1,185,800 square feet excluding 350 car-parking spaces, comprising approximately 362,100 square feet for office, approximately 468,400 square feet for serviced apartment, and approximately 355,300 square feet for shopping mall.

Anchor tenants, as of the date of this results announcement, include The Apple Store, Tiffany, Genesis Motor, Coach, Tasaki etc.

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 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.

Upon completion of the asset swap transaction with Guangzhou Light Industry Real Estate Development Company in August 2017, the total GFA of this property owned by the Group increased to approximately 738,100 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 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 year 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 86.0% was achieved during the year under review and the average room tariff was approximately HK$1,189.

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 73.1% was achieved during the year under review and the average room tariff was approximately HK$516.

PROPERTY DEVELOPMENT

Recognised Sales
For the year ended 31 July 2019, the Group's property development operations recorded a turnover of HK$613.3 million (2018: HK$184.6 million) from sale of properties, representing a 232.2% increase in sales revenue over last year. The significant increase was primarily driven by the sales performance of residential units of Zhongshan Palm Spring, cultural studios of Hengqin Novotown Phase I and car-parking spaces of Shanghai Regent's Park during the year under review. Sales of residential units and retail units of Guangzhou Dolce Vita has been completed and the last retail unit sold and recognised during the year under review achieved an average selling price of HK$3,384 per square foot. This is recognised as a component of "Share of profits/(losses) of joint ventures" in the consolidated income statement.

STARR Resort Residence Zhongshan comprising two 16-storey blocks in the Palm Lifestyle complex has been closed. The serviced apartment units with total GFA of approximately 98,600 square feet were launched for sale in May 2019 and have been re-classified from "Property, plant and equipment" to "Assets classified as held for sale" in the consolidated statement of financial position of the Group as at 31 July 2019. The sale of these serviced apartment units will be recorded as disposal of assets classified as held for sale and the sales proceeds net of cost will be included in other operating income in the consolidated income statement of the Group.

Breakdown of turnover for the year ended 31 July 2019 from property sales 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	129	158,473	1,590	240.2	209.5
Residential House Units	25	52,870	2,739	137.9	120.3
Hengqin Novotown Phase I					
Cultural Studios	6	24,207	5,274	121.6	106.0
Others				0.4	0.3
Subtotal	**160**	**235,550**	**2,227**	**500.1**	**436.1**
Shanghai Regents Park					
Car-parking Spaces	153			100.3	87.5
Guangzhou Eastern Place					
Car-parking Spaces	5			5.4	4.7
Guangzhou West Point					
Car-parking Spaces	4			2.4	2.1
Guangzhou King's Park					
Car-parking Space	1			0.7	0.6
Zhongshan Palm Spring					
Car-parking Spaces	24			4.4	3.8
Total				**613.3**	**534.8**
Recognised sales from joint venture project					
Guangzhou Dolce Vita					
Retail Unit**(47.5% basis)	1	8,932	3,384	28.5	24.9
Car-parking Spaces**(47.5% basis)	8			2.5	2.2
Total				**31.0**	**27.1**

Before business tax and value-added tax inclusive
The exchange rate adopted for the year ended 31 July 2019 is 0.8721
* *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*

Contracted Sales

As at 31 July 2019, the Group's property development operations has contracted but not yet recognised sales of HK$238.3 million, comprising HK$104.4 million and HK$131.1 million from sales of residential and serviced apartment units in Zhongshan Palm Spring and cultural studios in Hengqin Novotown Phase I, respectively and HK$2.8 million from sales of car-parking spaces in Shanghai Regents Park, Guangzhou West Point and Guangzhou King's Park. Sales of the cultural studios of Hengqin Novotown Phase I were strong and achieved an average selling price of HK$4,561 per square foot. Excluding the effect of currency translation, the Renminbi denominated contracted but not yet recognised sales of residential units, serviced apartment units, cultural studios and car-parking space as at 31 July 2019 amounted to RMB207.8 million (31 July 2018: RMB251.0 million).

Breakdown of contracted but not yet recognised sales as at 31 July 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	15	19,645	1,700	33.4	29.1
Residential House Units	10	21,164	2,637	55.8	48.7
Serviced Apartment Units[###]	10	10,414	1,460	15.2	13.3
Hengqin Novotown Phase I					
Cultural Studios	7	28,742	4,561	131.1	114.3
Subtotal	**42**	**79,965**	**2,945**	**235.5**	**205.4**
Shanghai Regents Park					
Car-parking Spaces	2			1.4	1.2
Guangzhou West Point					
Car-parking Spaces	1			0.6	0.5
Guangzhou King's Park					
Car-parking Spaces	1			0.8	0.7
Subtotal				**2.8**	**2.4**
Total				**238.3**	**207.8**

Before business tax and value-added tax inclusive

The exchange rate adopted for the year ended 31 July 2019 is 0.8721

The sale of serviced apartment units of Zhongshan Palm Spring will be recorded as disposal of assets classified as held for sale and the sales proceeds net of cost will be included in other operating income in the consolidated income statement of the Group when the sale is completed

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 6^{th} to 11^{th} 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 mall and an underground car-parking structure 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. 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. Construction work has been completed in August 2019. This high end luxury residential project has attributable GFA of approximately 77,900 square feet and is expected to be launched for sale in coming months.

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 July 2019, 458 car-parking spaces of this development remained unsold with a carrying amount of approximately HK$102.0 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 July 2019, a total of 253 car-parking spaces of this development remained unsold with a carrying amount of approximately HK$61.0 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 year under review, the sales of 1 car-parking space contributed HK$0.7 million to the turnover. As at 31 July 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$9.6 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 580,800 square feet and is intended to be developed for rental purposes. The construction commenced in the first half 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 comprises of high-rise residential towers, townhouses and commercial blocks totaling 4.466 million square feet.

During the year review, 158,473 square feet of high-rise residential units and 52,870 square feet of house units were recognised at average selling prices of HK$1,590 and HK2,739 per square foot, respectively, which contributed a total of HK$378.1 million to the sales turnover. As at 31 July 2019, contracted but not yet recognised sales for high-rise residential units and house units amounted to HK$33.4 million and HK$55.8 million, at average selling prices of HK$1,700 and HK$2,637 per square foot, respectively.

STARR Resort Residence Zhongshan comprising two 16-storey blocks in the Palm Lifestyle complex was closed during the year under review. The serviced apartment units were launched for sale in May 2019 and have been re-classified from "Property, property and equipment" to "Assets classified as held for sale" in the consolidated statement of financial position of the Group as at 31 July 2019. As at 31 July 2019, contracted but not yet recognised sales for serviced apartment units amounted to HK$15.2 million, at an average selling prices of HK$1,460 per square foot. The sale of these serviced apartment units will be recorded as disposal of assets classified as held for sale and the sales proceeds net of cost will be included in other operating income in the consolidated income statement of the Group.

As at 31 July 2019, completed units held for sale in this development, including high-rise residential units, house units and serviced apartment units, amounted to approximately 373,800 square feet with a total carrying amount of approximately HK$304.7 million. The carrying amount of the 1,215 unsold car-parking spaces of this development as at 31 July 2019 was approximately HK$110.9 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*

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 LSD as of the date of this results announcement. Novotown Phase I 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$6,182 million). Construction work is expected to be completed by phases by end of 2019.

The expected GFA breakdown by usage including GFA of 24,207 square feet for cultural studios that have been sold up to 31 July 2019 is set out below:

Usage	**GFA (square feet)**
Cultural themed hotel	594,763
Cultural workshop	430,640
Cultural commercial area	526,264
Performance halls	155,193
Cultural attraction (Lionsgate Entertainment World®)	242,906
Cultural attraction (National Geographic Ultimate Explorer)	50,386
Office	543,020
Cultural studios (for sale)	244,936
Car-parking spaces	429,734
Ancillary facilities and others	830,216
Total:	**4,048,058**

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 Novotown Phase I. 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, to oversee its pre-opening and to operate the Lionsgate Entertainment World® for a minimum of 10 years. The Lionsgate Entertainment World® opened on 31 July 2019 featuring 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 approximately 50,400 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. The National Geographic Ultimate Explorer officially commenced operations on 9 September 2019.

The cross border bus service between Hong Kong and Hengqin Novotown has been launched by Trans-Island Limousine Service Limited, a wholly-owned subsidiary of Kwoon Chung Bus Holdings Limited in July 2019.

Sales of the cultural studios of Hengqin Novotown Phase I were strong. During the year under review, sales of 24,207 square feet was recognised at an average selling price of HK$5,274 per square foot, which contributed HK$121.6 million to the Group's turnover. As at 31 July 2019, contracted but not yet recognised sales for cultural studios amounted to HK$131.1 million, translating into an average selling price of HK$4,561 per square foot. Completed cultural studios held for sale in this development as at 31 July 2019 amounted to approximately 173,230 square feet with a carrying amount of approximately HK$334.0 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 Novotown Phase I 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 July 2019, cash and bank balances held by the Group amounted to HK$3,097.3 million and undrawn facilities of the Group was HK$2,647.9 million.

As at 31 July 2019, the Group had total borrowings amounting to HK$9,119.2 million (as at 31 July 2018: HK$7,445.6 million), representing an increase of HK$1,673.6 million from 31 July 2018. The consolidated net assets attributable to the owners of the Company amounted to HK$15,834.0 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 38% (as at 31 July 2018: 32%). The maturity profile of the Group's borrowings of HK$9,119.2 million is well spread with HK$791.2 million repayable within 1 year, HK$3,019.3 million repayable in the second year, HK$4,168.7 million repayable in the third to fifth years and HK$1,140.0 million repayable beyond the fifth year.

Approximately 30% and 66% of the Group's borrowings were on a fixed rate basis and floating rate basis, respectively, and the remaining 4% of the Group's borrowings were interest free.

Apart from the guaranteed notes, the Group's other borrowings of HK$6,398.3 million were 44% denominated in Renminbi ("**RMB**"), 48% in Hong Kong dollars ("**HKD**") and 8% in United States Dollars ("**USD**").

The Group's guaranteed notes of HK$2,720.9 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$3,097.3 million were 77% denominated in RMB, 15% in HKD and 8% 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 the guaranteed notes have been effectively converted into HKD denominated debts and 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 and bank facilities of the Group, including investment properties with a total carrying amount of approximately HK$10,890.3 million, properties under development with a total carrying amount of approximately HK$1,085.3 million, serviced apartments and related leasehold improvements with a total carrying amount of approximately HK$428.7 million and bank balances of approximately HK$1,059.4 million.

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

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

The Company has complied with all the code provisions set out in the CG Code for the year ended 31 July 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 and the retiring Directors are eligible for re-election. In addition, in accordance with the provisions of the Articles of Association, any person appointed by the Board as a Director (including a NED) either to fill a casual vacancy or as an addition to the Board will hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board) and will then be eligible for re-election. In view of these, the Board considers that such requirements are sufficient to meet the underlying objective of the said code provision A.4.1 and, therefore, does not intend to take any remedial steps in this regard.

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

The Company has not established a nomination committee whose functions are assumed by the full Board. Potential new Directors will be recruited based on their knowledge, skills, experience and expertise and the requirements of the Company at the relevant time and candidates for the INEDs must meet the independence criterion. The process of identifying and selecting appropriate candidates for consideration and approval by the Board has been, and will continue to be, carried out by the executive Directors ("**EDs**"). In January 2019, the Company adopted the Nomination Policy which sets out the criteria, process and procedures by which the Company will select candidate 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.

DIRECTORS, EMPLOYEES AND REMUNERATION POLICIES

As at 31 July 2019, the Group employed a total of around 2,000 employees. The Group recognises the importance of maintaining a stable staff force in its continued success. Under the Group's existing policies, employee pay rates are maintained at competitive levels whilst promotion and salary increments are assessed on a performance-related basis. Discretionary bonuses are granted to employees based on their merit and in accordance with industry practice. Other benefits including share option scheme, mandatory provident fund scheme, free hospitalisation insurance plan, subsidised medical care and sponsorship for external education and training programmes are offered to eligible employees.

The Group is delighted to welcome Mr. Tham Seng Yum, Ronald who joined the Board as an ED with effect from 19 August 2019. Mr. Tham is entitled to receive an annual remuneration of HK$3,900,000 and such other remuneration and discretionary bonus as may be determined by the Board from time to time with reference to the results of the Company, his performance, duties and responsibilities as well as the prevailing market conditions.

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
April 2019	Post results non-deal roadshow	DBS	Hong Kong
April 2019	Post results non-deal roadshow	DBS	Singapore
April 2019	Post results non-deal roadshow	Daiwa	London
April 2019	Post results non-deal roadshow	DBS	New York / Syracuse
May 2019	Post results non-deal roadshow	DBS	Kuala Lumpur
September 2019	HSBC 3rd Annual Asia Credit Conference	HSBC	Hong Kong

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

REVIEW OF ANNUAL RESULTS

The audit committee of the Company currently comprises two of the INEDs, namely Mr. Law Kin Ho and Mr. Lam Bing Kwan, and a NED, Mr. Lucas Ignatius Loh Jen Yuh (alternate: Mr. Puah Tze Shyang). The committee has reviewed the consolidated results (including the consolidated financial statements) of the Company for the year ended 31 July 2019.

REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY THE INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 July 2019 as set out in the preliminary announcement have been agreed by the Company's auditor to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the Company's auditor, 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 the preliminary announcement.

ANNUAL GENERAL MEETING

The AGM will be held on Friday, 20 December 2019. Notice of the AGM together with the Company's Annual Report for the year ended 31 July 2019 will be published on the respective websites of the Stock Exchange and the Company and despatched to Shareholders in mid-November 2019.

By Order of the Board
Chew Fook Aun
Chairman

Hong Kong, 22 October 2019

As at the date of this announcement, the Board comprises eight 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, Mr. Lee Tze Yan, Ernest and Mr. Tham Seng Yum, Ronald; 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.