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LAI SUN GARMENT

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

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 JULY 2019

RESULTS

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

Consolidated Income Statement

For the year ended 31 July 2019

	Notes	2019 HK\$'000	2018 HK\$'000
TURNOVER	4	6,609,847	1,804,039
Cost of sales		(4,203,126)	(737,332)
Gross profit		2,406,721	1,066,707
Other revenue		331,907	199,061
Selling and marketing expenses		(187,158)	(16,974)
Administrative expenses		(1,029,027)	(458,635)
Other operating expenses	5(b)	(1,153,180)	(321,657)
Fair value gains on investment properties, net		700,710	2,715,257
Reversal of provision for tax indemnity		-	305
Loss on remeasurement of existing interest in an associate upon business combination	14	(2,985,631)	-
Gain on bargain purchase on acquisition of subsidiaries	14	6,761,861	-
PROFIT FROM OPERATING ACTIVITIES	5(a)	4,846,203	3,184,064
Finance costs	6	(513,586)	(319,001)
Share of profits and losses of associates		31,353	100,769
Share of profits and losses of joint ventures		649,322	1,714,360
PROFIT BEFORE TAX		5,013,292	4,680,192
Tax	7	(166,945)	(57,567)
PROFIT FOR THE YEAR		4,846,347	4,622,625
Attributable to:			
Owners of the Company		2,797,488	2,567,355
Non-controlling interests		2,048,859	2,055,270
		4,846,347	4,622,625
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	9		
Basic		HK\$7.249	HK\$6.686
Diluted		HK\$7.176	HK\$6.604

Consolidated Statement of Comprehensive Income
For the year ended 31 July 2019

	2019	2018
	HK\$'000	HK\$'000
PROFIT FOR THE YEAR	<u>4,846,347</u>	<u>4,622,625</u>
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
<i>Other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods:</i>		
Changes in fair values of available-for-sale financial assets	-	317,099
Changes in fair values of financial assets at fair value through other comprehensive income	7,347	-
Exchange realignments	(495,192)	(12,975)
Share of other comprehensive income/(expense) of associates	9,258	(48,010)
Share of other comprehensive income/(expense) of joint ventures	<u>10,911</u>	<u>(1,282)</u>
	<u>(467,676)</u>	<u>254,832</u>
<i>Other comprehensive expense that will not be reclassified to profit or loss in subsequent periods:</i>		
Changes in fair values of financial assets at fair value through other comprehensive income	<u>(3,765)</u>	<u>-</u>
Release of reserves upon remeasurement of existing interest in an associate upon business combination	265,508	-
Release of reserve upon remeasurement of existing interest in a joint venture upon business combination	-	374
Release of reserve upon winding-up and disposal of subsidiaries	<u>(10,636)</u>	<u>-</u>
	<u>254,872</u>	<u>374</u>
OTHER COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR	<u>(216,569)</u>	<u>255,206</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>4,629,778</u>	<u>4,877,831</u>
Attributable to:		
Owners of the Company	2,801,510	2,698,449
Non-controlling interests	<u>1,828,268</u>	<u>2,179,382</u>
	<u>4,629,778</u>	<u>4,877,831</u>

Consolidated Statement of Financial Position

As at 31 July 2019

	<i>Notes</i>	2019 HK\$'000	2018 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		10,604,613	5,554,164
Prepaid land lease payments		1,623,441	18,846
Investment properties		41,962,537	21,460,590
Properties under development		3,045,937	1,008,281
Film rights		24,608	-
Film products		75,022	-
Music catalogs		56,718	-
Goodwill		227,033	235,778
Other intangible assets		113,945	120,306
Investments in associates		423,002	3,681,408
Investments in joint ventures		7,411,355	7,272,859
Available-for-sale financial assets		-	2,413,160
Financial assets at fair value through other comprehensive income		2,136,331	-
Financial assets at fair value through profit or loss		688,656	-
Derivative financial instruments		53,784	6,171
Deposits, prepayments and other receivables		312,453	342,432
Deferred tax assets		39,371	34,534
Loans to related companies		-	650,000
Pledged and restricted bank balances and time deposits		106,343	95,797
Total non-current assets		<u>68,905,149</u>	<u>42,894,326</u>
CURRENT ASSETS			
Properties under development		3,881,234	1,049,331
Completed properties for sale		2,277,466	264,824
Films under production and film investments		417,242	-
Inventories		58,443	31,973
Financial assets at fair value through profit or loss		230,273	-
Debtors	<i>10</i>	302,852	53,414
Deposits, prepayments and other receivables		1,089,899	501,010
Prepaid tax		42,031	-
Pledged and restricted bank balances and time deposits		1,498,767	351,634
Cash and cash equivalents		3,893,697	4,098,043
		<u>13,691,904</u>	<u>6,350,229</u>
Assets classified as held for sale	<i>11</i>	142,883	1,476,533
Total current assets		<u>13,834,787</u>	<u>7,826,762</u>
CURRENT LIABILITIES			
Creditors, other payables and accruals	<i>12</i>	3,259,951	676,261
Deposits received, deferred income and contract liabilities	<i>13</i>	1,682,573	1,568,168
Tax payable		307,390	132,868
Bank borrowings		4,296,923	1,200,279
Other borrowings		41,440	-
Total current liabilities		<u>9,588,277</u>	<u>3,577,576</u>
NET CURRENT ASSETS		<u>4,246,510</u>	<u>4,249,186</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>73,151,659</u>	<u>47,143,512</u>

Consolidated Statement of Financial Position (continued)*As at 31 July 2019*

	<i>Notes</i>	2019 HK\$'000	2018 HK\$'000
NON-CURRENT LIABILITIES			
Bank borrowings		9,665,545	8,389,707
Other borrowings		670,100	395,630
Guaranteed notes		5,736,654	3,118,594
Deferred tax liabilities		5,535,762	242,085
Provision for tax indemnity		-	251,251
Other payables	<i>12</i>	87,410	119,266
Long-term deposits received	<i>13</i>	266,482	528,452
Total non-current liabilities		<u>21,961,953</u>	<u>13,044,985</u>
		<u>51,189,706</u>	<u>34,098,527</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital		1,250,152	1,232,007
Reserves		<u>21,362,184</u>	<u>18,605,336</u>
		22,612,336	19,837,343
Non-controlling interests		<u>28,577,370</u>	<u>14,261,184</u>
		<u>51,189,706</u>	<u>34,098,527</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The financial information has been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. It has been prepared under the historical cost convention, except for completed investment properties, certain investment properties under construction, certain available-for-sale financial assets, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and derivative financial instruments, which have been measured at fair value. Non-current assets classified as held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. The financial information is presented in Hong Kong dollars ("**HK\$**") and all values are rounded to the nearest thousand except when otherwise indicated.

The financial information relating to the years ended 31 July 2019 and 31 July 2018 included in this preliminary announcement of annual results for the year ended 31 July 2019 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 July 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 July 2019 in due course.

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

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

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

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Except for the amendments to HKFRS 4 and *Annual Improvements to HKFRSs 2014-2016 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised HKFRSs are described below:

- (a) Amendments to HKFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet an employee's tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. The amendments have had no impact on the financial position or performance of the Group as the Group does not have any cash-settled share-based payment transactions and has no share-based payment transactions with net settlement features for withholding tax.
- (b) HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The Group has recognised the transition adjustments against the applicable opening balances in equity at 1 August 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 39.

Classification and measurement

The following information sets out the impacts of adopting HKFRS 9 on the statement of financial position, including the effect of replacing HKAS 39's incurred credit loss calculations with HKFRS 9's expected credit losses.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(b) (continued)

Classification and measurement (continued)

A reconciliation between the carrying amounts under HKAS 39 and the balances reported under HKFRS 9 as at 1 August 2018 is as follows:

	Notes	HKAS 39 measurement		Re- classification HK\$'000	HKFRS 9 measurement	
		Category	Amount HK\$'000		Amount HK\$'000	Category
Financial assets						
Available-for-sale financial assets		AFS ¹	2,413,160	(2,413,160)	-	N/A
To: Financial assets at fair value through other comprehensive income - equity investments	(i)			(1,818,354)		
To: Financial assets at fair value through profit or loss	(ii)			(383,749)		
To: Financial assets at fair value through other comprehensive income - debt investments	(iv)			(211,057)		
Financial assets at fair value through other comprehensive income - equity investments		N/A	-	1,818,354	1,818,354	FVOCI ² (equity)
From: Available-for-sale financial assets	(i)			1,818,354		
Financial assets at fair value through other comprehensive income - debt investments		N/A	-	211,057	211,057	FVOCI (debt)
From: Available-for-sale financial assets	(iv)			211,057		
Debtors		L&R ³	53,414	-	53,414	AC ⁴
Financial assets included in deposits, prepayments and other receivables		L&R	582,560	(95,162)	487,398	AC
To: Financial assets at fair value through profit or loss	(iii)			(95,162)		
Financial assets at fair value through profit or loss		FVPL ⁵	-	478,911	478,911	FVPL (mandatory)
From: Available-for-sale financial assets	(ii)			383,749		
From: Financial assets included in deposits, prepayments and other receivables	(iii)			95,162		
Derivative financial instruments		FVPL	6,171	-	6,171	FVPL (mandatory)
Loans to related companies		L&R	650,000	-	650,000	AC
Pledged and restricted bank balances and time deposits		L&R	447,431	-	447,431	AC
Cash and cash equivalents		L&R	4,098,043	-	4,098,043	AC
			<u>8,250,779</u>	<u>-</u>	<u>8,250,779</u>	
Financial liabilities						
Financial liabilities included in creditors, other payables and accruals		AC	676,261	-	676,261	AC
Bank borrowings		AC	9,589,986	-	9,589,986	AC
Guaranteed notes		AC	3,118,594	-	3,118,594	AC
Other borrowings		AC	395,630	-	395,630	AC
			<u>13,780,471</u>	<u>-</u>	<u>13,780,471</u>	

¹ AFS: Available-for-sale financial assets

² FVOCI: Financial assets at fair value through other comprehensive income

³ L&R: Loans and receivables

⁴ AC: Financial assets or financial liabilities at amortised cost

⁵ FVPL: Financial assets at fair value through profit or loss

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(b) (continued)

Classification and measurement (continued)

Notes:

- (i) The Group has elected the option to irrevocably designate certain of its equity investments previously classified as AFS as FVOCI.
- (ii) The Group has classified certain of its investments previously classified as AFS as FVPL as these investments did not pass the contractual cash flow characteristics test in HKFRS 9.
- (iii) The Group has classified certain loan receivables previously classified as L&R measured at amortised cost of approximately HK\$95,162,000 (as included in deposits, prepayments and other receivables) under non-current assets as FVPL.
- (iv) As of 1 August 2018, the Group has assessed its liquidity portfolio of certain debt investments which had previously been classified as AFS. The objective of the Group in holding this liquidity portfolio is to earn interest income and, at the same time, manage everyday liquidity needs. The Group concluded that these debt investments are managed within a business model to collect contractual cash flows and to sell the financial assets. Accordingly, the Group has classified these investments as debt investments measured at FVOCI.

Impact on reserves and retained profits

The impact of transition to HKFRS 9 on reserves and retained profits is as follows:

	Investment revaluation/ fair value reserve HK\$'000	Retained profits HK\$'000
Balance as at 31 July 2018 under HKAS 39	527,787	16,327,029
Reclassification of financial assets from AFS to FVPL	(58,734)	58,734
Transfer of impairment losses under HKAS 39 for equity investments designated at FVOCI previously classified as AFS	(14,134)	<u>14,134</u>
Balance as at 1 August 2018 under HKFRS 9	<u>454,919</u>	<u>16,399,897</u>

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

- (c) HKFRS 15 and its amendments replace HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related interpretations and it applies, 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 principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. 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 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 adoption of HKFRS 15 has had no significant impact on the opening balance of retained profits 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.

Set out below are the amounts by which the relevant financial statement line items were affected as at 1 August 2018 as a result of the adoption of HKFRS 15:

	Note	Increase HK\$'000
Non-current assets		
Properties under development	(i)	8,697
Current assets		
Properties under development	(i)	59,473
Current liabilities		
Contract liabilities (included in deposits received, deferred income and contract liabilities)	(i)	59,473
Non-current liabilities		
Contract liabilities (included in deposits received, deferred income and contract liabilities)	(i)	<u>8,697</u>

The nature of the adjustments as at 1 August 2018 are described below:

Note:

- (i) Consideration received from customers in advance

Before the adoption of HKFRS 15, the Group recognised consideration received from customers in advance as deposits received. Under HKFRS 15, the amount is classified as contract liabilities which is included in deposits received, deferred income and contract liabilities.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(c) (continued)

(i) Consideration received from customers in advance (continued)

Therefore, upon adoption of HKFRS 15, the Group reclassified approximately HK\$1,175,171,000 and HK\$423,528,000 under current liabilities and non-current liabilities, respectively from deposits received to contract liabilities as at 1 August 2018 in relation to the consideration received from customers in advance as at 1 August 2018.

Financing component for sales and pre-sales of properties

HKFRS 15 requires property developers to account for the financing component in a contract separately from revenue if the financing effects are significant, subject to a practical expedient where the period between the payment and delivery of properties will be less than one year. Currently, in respect of certain transactions for sale of properties, (i) the Group offers property buyers a discount if they opt to pay the purchase price in full within 120 to 180 days of signing the provisional agreement of sale and purchase; and (ii) it is expected that the length of time between the payment and delivery of properties of the Group's projects will exceed one year. Accordingly, the financing component is considered to be significant.

The amount of the financing component is estimated at the contract inception and the payment plan is confirmed by the property buyer by using a discount rate that would be reflected in a separate financing transaction between the Group and the customer reflecting the credit characteristics of the Group as well as any collateral or security provided. Interest expense is recognised only to the extent that a contract liability (receipts in advance) is recognised in accounting for the contract with the customer.

Upon adoption of HKFRS 15, the Group has recognised and capitalised the interest on the sales proceeds received from customers in connection with the pre-sale of properties and led to the increase in properties under development of approximately HK\$59,473,000 and HK\$8,697,000 under current assets and non-current assets, respectively, with a corresponding increase in contract liabilities as at 1 August 2018.

- (d) Amendments to HKAS 40 clarify when an entity should transfer property, including property under construction or development, into or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments have had no significant impact on the financial position or performance of the Group.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

- (e) HK(IFRIC)-Int 22 provides guidance on how to determine the date of the transaction when applying HKAS 21 to the situation where an entity receives or pays advance consideration in a foreign currency and recognises a non-monetary asset or liability. The interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset (such as a prepayment) or non-monetary liability (such as deferred income) arising from the payment or receipt of the advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the entity must determine the transaction date for each payment or receipt of the advance consideration. The interpretation has had no impact on the Group's financial statements as the Group's accounting policy for the determination of the exchange rate applied for initial recognition of non-monetary assets or non-monetary liabilities is consistent with the guidance provided in the interpretation.

3. SEGMENT INFORMATION

For management purposes, the Group has the following reportable segments:

- (a) the property development and sales segment engages in property development and sale of properties;
- (b) the property investment segment engages in the leasing of investment properties;
- (c) the hotel operation segment engages in the operation of and provision of consultancy services to hotels and serviced apartments;
- (d) the restaurant operation segment engages in the operation of and provision of consultancy services to restaurants;
- (e) the media and entertainment segment engages in the investment in, and the production of entertainment events and provision of related advertising services, the provision of artiste management services, album sales and distribution, licence of music and trading of gaming products;
- (f) the film production and distribution segment engages in the investment in, production of, sale and distribution of television programmes, films and provision of related advertising services as well as the distribution of video format products derived from these films and films licensed-in by the Group;
- (g) the cinema operation segment engages in the operation of cinemas in Hong Kong and Mainland China; and
- (h) the "others" segment mainly comprises luxury yachting business, the provision of property management services, leasing agency services and building services.

3. SEGMENT INFORMATION (continued)

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment results, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that fair value gains on investment properties, net, reversal of provision for tax indemnity, loss on remeasurement of existing interest in an associate upon business combination, gain on bargain purchase on acquisition of subsidiaries, finance costs, share of profits and losses of associates, share of profits and losses of joint ventures and other unallocated income and expenses are excluded from such measurement.

Segment assets mainly exclude investments in associates, investments in joint ventures, available-for-sale financial assets, financial assets at fair value through other comprehensive income, certain financial assets at fair value through profit or loss, derivative financial instruments, deferred tax assets, prepaid tax, certain pledged and restricted bank balances and time deposits, certain cash and cash equivalents, assets classified as held for sale and other unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities mainly exclude bank borrowings, other borrowings, guaranteed notes, tax payable, deferred tax liabilities and other unallocated corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales are transacted with reference to the prevailing market prices.

3. SEGMENT INFORMATION (continued)

Segment revenue and results

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

	Property development and sales		Property investment		Hotel operation		Restaurant operation		Media and entertainment		Film production and distribution		Cinema operation		Others		Eliminations		Consolidated	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Segment revenue:																				
Sales to external customers	2,279,822	430	1,476,389	818,489	686,057	423,958	514,784	514,019	591,795	-	325,996	-	521,104	-	213,900	47,143	-	-	6,609,847	1,804,039
Intersegment sales	-	-	45,452	20,997	2,137	-	249	-	100	-	14,524	-	1,706	-	35,070	30,168	(99,238)	(51,165)	-	-
Other revenue	10,245	6,443	31,146	30,708	542	145	480	732	24,208	-	21,788	-	43,925	-	23,529	21,096	-	-	155,863	59,124
Total	<u>2,290,067</u>	<u>6,873</u>	<u>1,552,987</u>	<u>870,194</u>	<u>688,736</u>	<u>424,103</u>	<u>515,513</u>	<u>514,751</u>	<u>616,103</u>	<u>-</u>	<u>362,308</u>	<u>-</u>	<u>566,735</u>	<u>-</u>	<u>272,499</u>	<u>98,407</u>	<u>(99,238)</u>	<u>(51,165)</u>	<u>6,765,710</u>	<u>1,863,163</u>
Segment results	<u>250,339</u>	<u>(6,872)</u>	<u>931,677</u>	<u>684,970</u>	<u>(246,401)</u>	<u>26,947</u>	<u>(40,119)</u>	<u>(36,542)</u>	<u>40,131</u>	<u>-</u>	<u>(119,590)</u>	<u>-</u>	<u>(110,710)</u>	<u>-</u>	<u>(57,396)</u>	<u>15,232</u>	<u>-</u>	<u>-</u>	<u>647,931</u>	<u>683,735</u>
Unallocated other revenue																			176,044	139,937
Fair value gains on investment properties, net	-	-	700,710	2,715,257	-	-	-	-	-	-	-	-	-	-	-	-	-	-	700,710	2,715,257
Unallocated expenses																			(454,712)	(355,170)
Reversal of provision for tax indemnity																			-	305
Loss on remeasurement of existing interest in an associate upon business combination																			(2,985,631)	-
Gain on bargain purchase on acquisition of subsidiaries																			6,761,861	-
Profit from operating activities																			4,846,203	3,184,064
Finance costs																			(513,586)	(319,001)
Share of profits and losses of associates	101	466	4,365	15,071	(237)	(309)	60	(1,471)	(68)	-	432	-	463	-	1,347	(80)	-	-	6,463	13,677
Share of profits and losses of associates - unallocated																			24,890	87,092
Share of profits and losses of joint ventures	565,620	3,071	85,432	1,716,061	-	-	-	(1,483)	(144)	-	(1,586)	-	-	-	-	(3,289)	-	-	649,322	1,714,360
Profit before tax																			5,013,292	4,680,192
Tax																			(166,945)	(57,567)
Profit for the year																			4,846,347	4,622,625

3. SEGMENT INFORMATION (continued)

Segment assets and liabilities

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

	Property development and sales		Property investment		Hotel operation		Restaurant operation		Media and entertainment		Film production and distribution		Cinema operation		Others		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
Segment assets	9,520,095	2,728,203	44,309,783	21,703,204	9,563,989	5,621,531	583,366	545,764	474,906	-	877,035	-	719,620	-	4,292,515	1,683,631	70,341,309	32,282,333
Investments in associates	2,251	1,701	84,373	79,815	182,812	163,301	(10,105)	(10,394)	-	-	-	-	-	-	2,975	233	262,306	234,656
Investments in associates - unallocated																	160,696	3,446,752
Investments in joint ventures	1,329,107	1,194,367	6,062,373	6,075,975	-	-	-	2,517	17,804	-	2,071	-	-	-	-	-	7,411,355	7,272,859
Unallocated assets																	4,421,387	6,007,955
Assets classified as held for sale																	142,883	1,476,533
Total assets																	82,739,936	50,721,088
Segment liabilities	1,325,075	1,684,053	1,528,804	425,104	664,478	237,631	61,600	41,259	181,195	-	417,061	-	205,151	-	469,519	330,037	4,852,883	2,718,084
Bank borrowings																	13,962,468	9,589,986
Guaranteed notes																	5,736,654	3,118,594
Other borrowings																	711,540	395,630
Unallocated liabilities																	6,286,685	800,267
Total liabilities																	31,550,230	16,622,561

3. SEGMENT INFORMATION (continued)

Other segment information

The following table presents the other segment information for the Group's reportable segments:

	Property development and sales		Property investment		Hotel operation		Restaurant operation		Media and entertainment		Film production and distribution		Cinema operation		Others		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amortisation of prepaid land lease payments	-	-	-	-	43,405	1,027	-	-	-	-	-	-	-	-	-	-	43,405	1,027
Depreciation	1,533	-	26,381	223	233,690	29,834	44,583	50,220	1,587	-	1,508	-	68,135	-	11,963	1,241	389,380	81,518
Depreciation - unallocated																	17,826	13,060
																	407,206	94,578
Impairment of property, plant and equipment	-	-	-	-	-	-	2,900	9,583	-	-	-	-	40,850	-	-	-	43,750	9,583
Impairment of property, plant and equipment - unallocated																	8,010	-
																	51,760	9,583
Loss on disposal/write-off of items of property, plant and equipment	47	-	695	29	650	653	1,283	7,655	209	-	4	-	507	-	10	-	3,405	8,337
Write-down of properties under development to net realisable value	92,003	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	92,003	-
Impairment of films under production	-	-	-	-	-	-	-	-	-	-	64,310	-	-	-	-	-	64,310	-
Amortisation of film rights	-	-	-	-	-	-	-	-	-	-	6,357	-	-	-	-	-	6,357	-
Amortisation of film products	-	-	-	-	-	-	-	-	-	-	69,019	-	-	-	-	-	69,019	-
Amortisation of music catalogs	-	-	-	-	-	-	-	-	26,957	-	-	-	-	-	-	-	26,957	-
Amortisation of other intangible assets	-	-	-	-	-	-	-	-	-	-	586	-	-	-	395	-	981	-
Impairment of advances and other receivables	-	-	-	-	-	-	-	-	3,184	-	18,486	-	539	-	-	-	22,209	-
Write-back of impairment of advances and other receivables	-	-	-	-	-	-	-	-	(251)	-	(316)	-	-	-	-	-	(567)	-
Impairment of amounts due from joint ventures	-	-	-	-	-	-	-	-	1,763	-	-	-	-	-	-	-	1,763	-
Write-back of impairment of music catalogs	-	-	-	-	-	-	-	-	(8,842)	-	-	-	-	-	-	-	(8,842)	-
Write-back of impairment of film rights	-	-	-	-	-	-	-	-	-	-	(18,000)	-	-	-	-	-	(18,000)	-
Gain on disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	(4,720)	-	-	-	-	-	(4,720)	-
Gain on disposal of an associate	-	-	-	-	-	-	-	-	-	-	-	-	(19,705)	-	-	-	(19,705)	-
Gain on disposal of a joint ventures	-	-	(8,158)	-	-	-	-	-	-	-	-	-	-	-	-	-	(8,158)	-
Impairment of inventories	-	-	-	-	-	-	-	-	2,319	-	161	-	-	-	-	-	2,480	-
Capital expenditure	990	-	2,554,020	45,858	908,246	1,306,810	18,082	26,185	4,798	-	725	-	65,368	-	24,734	2,106	3,576,963	1,380,959
Capital expenditure - unallocated																	723	384
																	3,577,686	1,381,343

3. SEGMENT INFORMATION (continued)

Geographical information

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

	Hong Kong		Mainland China (including Macau)		United Kingdom		Vietnam		Others		Consolidated	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Segment revenue												
Sales to external customers	4,121,464	1,206,788	1,824,391	7,658	113,561	148,849	306,970	418,729	243,461	22,015	6,609,847	1,804,039
Other revenue	115,517	29,545	39,831	23	253	29,416	262	20	-	120	155,863	59,124
Total	<u>4,236,981</u>	<u>1,236,333</u>	<u>1,864,222</u>	<u>7,681</u>	<u>113,814</u>	<u>178,265</u>	<u>307,232</u>	<u>418,749</u>	<u>243,461</u>	<u>22,135</u>	<u>6,765,710</u>	<u>1,863,163</u>
Segment assets												
Non-current assets	25,922,560	25,560,676	28,113,380	18,770	3,021,774	2,868,811	533,105	463,433	373,783	361,382	57,964,602	29,273,072
Current assets	3,594,206	2,348,956	8,185,936	9,732	48,726	63,642	205,285	266,462	342,554	320,469	12,376,707	3,009,261
Total	<u>29,516,766</u>	<u>27,909,632</u>	<u>36,299,316</u>	<u>28,502</u>	<u>3,070,500</u>	<u>2,932,453</u>	<u>738,390</u>	<u>729,895</u>	<u>716,337</u>	<u>681,851</u>	<u>70,341,309</u>	<u>32,282,333</u>

Information about major customers

For both the years ended 31 July 2019 and 31 July 2018, there was no revenue derived from a single customer which contributed more than 10% of the Group's revenue for the respective years.

4. TURNOVER

An analysis of turnover is as follows:

	2019 HK\$'000	2018 HK\$'000
<u>Turnover from contracts with customers:</u>		
Sale of properties	2,279,822	430
Building management fee income	208,501	110,673
Income from hotel operation	686,057	423,958
Income from restaurant operation	514,784	514,019
Box-office takings, concessionary income and related income from cinemas	521,104	-
Distribution commission income from, licence fee income from and sales of film products and film rights	320,965	-
Entertainment event income	309,321	-
Sale of game products	176,965	-
Album sales, licence income and distribution commission income from music publishing and licensing	86,609	-
Artiste management fee income	18,900	-
Advertising income	5,031	-
Income from theme park operation	285	-
Others	213,900	47,143
	<u>5,342,244</u>	<u>1,096,223</u>
<u>Turnover from other sources:</u>		
Rental income	1,267,603	707,816
Total turnover	<u>6,609,847</u>	<u>1,804,039</u>

5. PROFIT FROM OPERATING ACTIVITIES

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

	2019 HK\$'000	2018 HK\$'000
Cost of inventories sold	453,386	171,994
Cost of completed properties sold	1,836,830	90
Cost of film rights, licence rights and film products	347,347	-
Cost of artiste management services and services for entertainment events provided	292,758	-
Cost of theatrical releasing and concessionary sales	187,365	-
Depreciation [^]	407,206	94,578
Amortisation of prepaid land lease payments [*]	43,405	1,027
Impairment of property, plant and equipment [*]	51,760	9,583
Loss on disposal/write-off of items of property, plant and equipment [*]	3,405	8,337
Write-down of properties under development to net realisable value [*]	92,003	-
Impairment of films under production [#]	64,310	-
Share of net gain from entertainment events organised by co-investors [@]	(9,109)	-
Amortisation of film rights [#]	6,357	-
Amortisation of film products [#]	69,019	-
Amortisation of music catalogs [#]	26,957	-
Amortisation of other intangible assets [#]	981	-
Impairment of debtors [*]	693	-
Impairment of advances and other receivables [*]	22,209	-
Write-back of impairment of advances and other receivables [@]	(567)	-
Impairment of amounts due from joint ventures [*]	1,763	-
Write-back of impairment of music catalogs [@]	(8,842)	-
Write-back of impairment of film rights [@]	(18,000)	-
Gain on disposal of subsidiaries [@]	(4,720)	-
Gain on disposal of an associate [@]	(19,705)	-
Gain on disposal of joint ventures [@]	(8,158)	-
Fair value gains on cross currency swaps [@]	(45,082)	(6,171)
Fair value losses on financial assets at fair value through profit or loss [*]	18,455	-
Loss on disposal of financial assets at fair value through profit or loss [*]	8,388	-
Impairment of inventories [#]	2,480	-
Foreign exchange (gains)/losses, net	(7,202) [@]	3,931 [*]

[#] These items are included in "cost of sales" on the face of the consolidated income statement.

[@] These items are included in "other revenue" in the face of the consolidated income statement.

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

[^] Depreciation charge of approximately HK\$374,653,000 (2018: HK\$89,441,000) for property, plant and equipment is included in "other operating expenses" on the face of the consolidated income statement.

(b) Other than those mentioned in note 5(a) above, "other operating expenses" also included service fee for operation of a club in the Group's hotel operation in Vietnam of approximately HK\$39,461,000 (2018: HK\$60,250,000).

6. FINANCE COSTS

	2019 HK\$'000	2018 HK\$'000
Interest on bank borrowings	520,456	184,340
Interest on guaranteed notes	313,815	259,410
Interest on other borrowings	17,342	11,337
Interest on loans from a joint venture	7,125	-
Bank financing charges	73,955	44,199
Interest expenses arising from revenue contracts	36,355	-
	<u>969,048</u>	<u>499,286</u>
Less: Amount capitalised in construction in progress	(133,544)	(139,355)
Amount capitalised in properties under development	(177,470)	(40,930)
Amount capitalised in investment properties under construction	<u>(144,448)</u>	<u>-</u>
	<u>513,586</u>	<u>319,001</u>

7. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

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

	2019 HK\$'000	2018 HK\$'000
Current tax		
- Hong Kong		
Charge for the year	101,851	49,760
(Overprovision)/underprovision in prior years	<u>(47,586)</u>	<u>5,719</u>
	<u>54,265</u>	<u>55,479</u>
- Mainland China		
Corporate income tax		
Charge for the year	78,900	-
Underprovision in prior years	380	-
Land appreciation tax		
Charge for the year	118,898	-
Underprovision in prior years	<u>20,301</u>	<u>-</u>
	<u>218,479</u>	<u>-</u>
- Elsewhere		
Charge for the year	18,531	27,195
Underprovision in prior years	377	569
	<u>18,908</u>	<u>27,764</u>
	<u>291,652</u>	<u>83,243</u>
Deferred tax	<u>(124,707)</u>	<u>(25,676)</u>
Tax charge for the year	<u>166,945</u>	<u>57,567</u>

8. 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) – HK7.40 cents (2018: HK6.85 cents) per ordinary share	<u>28,500</u>	<u>26,250</u>
Proposed final dividend – HK7.40 cents (2018: HK7.40 cents) per ordinary share	<u>28,629</u>	<u>28,500</u>

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

9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

	2019 HK\$'000	2018 HK\$'000
Earnings		
Earnings for the purpose of basic earnings per share	2,797,488	2,567,355
Effect of dilutive potential ordinary shares arising from adjustment to the share of profit of a subsidiary based on dilution of its earnings per share	<u>(10,175)</u>	<u>(10,146)</u>
Earnings for the purpose of diluted earnings per share	<u>2,787,313</u>	<u>2,557,209</u>
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	385,927	383,991
Effect of dilutive potential ordinary shares arising from share options	<u>2,488</u>	<u>3,247</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>388,415</u>	<u>387,238</u>

10. DEBTORS

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

The trading terms of eSun Holdings Limited ("eSun") and its subsidiaries ("eSun Group") (other than Lai Fung Holdings Limited ("Lai Fung") and its subsidiaries), with its customers are mainly on credit. Invoices are normally payable within 30 to 90 days of issuance, except for certain well-established customers, where the terms are extended to 120 days. Each customer has a maximum credit limit. eSun Group seeks to maintain strict control over its outstanding receivables and has a credit control policy to minimise its credit risk. Overdue balances are regularly reviewed by senior management. Since eSun Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within eSun Group as the customer bases of eSun Group's debtors are widely dispersed in different sectors and industries.

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

	2019 HK\$'000	2018 HK\$'000
Trade debtors:		
Not yet due or less than 30 days past due	241,259	42,124
31 - 60 days past due	28,119	1,953
61 - 90 days past due	7,390	785
Over 90 days past due	<u>26,084</u>	<u>8,552</u>
	<u>302,852</u>	<u>53,414</u>

11. ASSETS CLASSIFIED AS HELD FOR SALE

Balance as at 31 July 2018 represented an interest in a joint venture and its subsidiaries of which the Group entered into a sale and purchase agreement during the year ended 31 July 2018 to sell its entire equity interest held by the Group to an independent third party. The disposal was completed during the year ended 31 July 2019.

Balance as at 31 July 2019 represented two blocks of serviced apartments located in Zhongshan (namely, STARR Resort Residence Zhongshan) which were offered for sale. The serviced apartments were previously classified as property, plant and equipment. The 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 approximately HK\$142,883,000 were transferred to assets classified as held for sale.

12. CREDITORS, OTHER PAYABLES AND ACCRUALS

An ageing analysis of the trade creditors, based on the date of receipt of the goods and services purchased/payment due date, as at the end of the reporting period, is as follows:

	2019 HK\$'000	2018 HK\$'000
Trade creditors:		
Not yet due or less than 30 days past due	996,421	24,947
31 - 60 days past due	8,834	5,297
61 - 90 days past due	6,376	1,452
Over 90 days past due	<u>10,263</u>	<u>2,915</u>
	1,021,894	34,611
Other payables and accruals	2,045,747	760,916
Put option liabilities (Note)	<u>279,720</u>	<u>-</u>
	3,347,361	795,527
Less: Portion classified as current	<u>(3,259,951)</u>	<u>(676,261)</u>
Non-current portion	<u>87,410</u>	<u>119,266</u>

Note:

On 31 December 2018, Rosy Commerce Holdings Limited ("**Rosy Commerce**", a company indirectly owned by Lai Fung and 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 and Cinda became a holder of 30% equity interests in HRL and GSL.

On 25 January 2019, 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\$279,720,000) are recorded as put option liabilities under "Creditors, other payables and accruals" of the consolidated statement of financial position as at 31 July 2019.

Further details of the Transaction are set out in a joint announcement of the Company, LSD, eSun and Lai Fung dated 2 January 2019.

13. DEPOSITS RECEIVED, DEFERRED INCOME AND CONTRACT LIABILITIES

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

	2019 HK\$'000	2018 HK\$'000
Deposits received and deferred income	807,483	2,096,620
Contract liabilities	<u>1,141,572</u>	<u>-</u>
	<u>1,949,055</u>	<u>2,096,620</u>
Less: Portion classified as current	<u>(1,682,573)</u>	<u>(1,568,168)</u>
Non-current portion	<u>266,482</u>	<u>528,452</u>

14. ACQUISITION OF SUBSIDIARIES

(a) eSun Acquisition

Further to the joint announcement of the Company, LSD, eSun, Lai Fung and the Offeror as defined below dated 27 May 2018 and the Company's circular dated 23 July 2018 in respect of, among others, (1) the then conditional voluntary general cash offer by Transtrend Holdings Limited (the "**Offeror**"), a wholly-owned subsidiary of LSD, to acquire all of the issued shares of eSun (other than those already owned or agreed to be acquired by LSD, the Offeror or their respective subsidiaries) (the "**eSun Share Offer**") and to cancel all the outstanding share options of eSun (the "**eSun Option Offer**", and together with the eSun Share Offer, the "**eSun Offers**") and (2) the then possible unconditional mandatory general cash offer by the Offeror to acquire all of the issued shares of Lai Fung (other than those already owned or agreed to be acquired by LSD, the Offeror, eSun or their respective subsidiaries) and to cancel all the outstanding share options of Lai Fung, LSD acquired additional 40.44% interest in eSun for approximately HK\$735 million. eSun became a subsidiary of the Group since 8 August 2018 (the "**Completion Date**") and upon completion of the eSun Offers, LSD held 77.38% equity interest in eSun. For details of the acquisition, please refer to the joint announcement of the Company, LSD, eSun, Lai Fung and the Offeror dated 8 August 2018, the joint announcement of LSD, Lai Fung and the Offeror dated 15 August 2018, the joint announcement of LSD, eSun and the Offeror dated 22 August 2018 and the joint announcement of LSD, Lai Fung and the Offeror dated 13 September 2018.

Prior to the eSun Offers, LSD held 36.94% equity interest in eSun (the "**Existing Shareholding**"). The fair value of the Existing Shareholding as at the Completion Date of approximately HK\$705 million was calculated with reference to the quoted share price of eSun of HK\$1.28 per share as at the Completion Date. The aggregate carrying amount of the Group's interests in eSun and related reserves (including investment revaluation reserve and exchange fluctuation reserve) retained by the Group for the Existing Shareholding immediately before the Completion Date was approximately HK\$3,691 million.

Difference between the fair value of the Existing Shareholding and the aggregate carrying amount of the Group's interests in eSun and related reserves retained by the Group for the Existing Shareholding as at the Completion Date of approximately HK\$2,986 million has been recognised in the consolidated income statement of the Company as a loss on remeasurement of the Existing Shareholding in eSun upon business combination.

The fair value of the Existing Shareholding at the Completion Date formed part of the acquisition cost and was included in the calculation of gain on bargain purchase in relation to LSD's acquisition of 74.62% equity interest in eSun (the "**eSun Acquisition**") after taking into account the Disposal as set out in (b) below, in accordance with HKFRS 3 *Business Combinations*.

14. ACQUISITION OF SUBSIDIARIES (continued)

(a) eSun Acquisition (continued)

The Group has elected to measure the non-controlling interests in eSun at the non-controlling interests' proportionate share of eSun Group's net identifiable assets and liabilities.

Upon completion of the eSun Offers, the Group has recognised an overall net gain on bargain purchase of approximately HK\$3,776 million for the year ended 31 July 2019.

The fair values of the identifiable assets and liabilities of eSun Group as at the Completion Date were as follows:

	HK\$'000
Property, plant and equipment	5,188,660
Investment properties	18,601,100
Properties under development	4,667,700
Film rights	11,205
Film products	80,217
Music catalogs	74,833
Other intangible assets	586
Investments in associates	16,278
Investments in joint ventures	1,877,476
Financial assets at fair value through profit or loss	213,226
Derivative financial instruments	2,531
Debtors	181,599
Deposits, prepayments and other receivables	561,642
Deferred tax assets	4,189
Pledged and restricted bank balances and time deposits	1,073,762
Completed properties for sale	1,758,600
Films under production and film investments	469,585
Inventories	21,874
Prepaid tax	37,856
Cash and cash equivalents	2,136,039
Creditors, other payables and accruals	(1,961,570)
Deposits received, deferred income and contract liabilities	(801,367)
Tax payable	(123,973)
Bank borrowings	(3,920,953)
Loans from a joint venture	(644,698)
Loans from a related company	(650,000)
Other borrowings	(257,841)
Guaranteed notes	(2,602,991)
Deferred tax liabilities	(5,507,393)
Non-controlling interests of eSun	(9,643,570)
	<u>10,864,602</u>
Adjustment of provision for tax indemnity	251,251
Non-controlling interests	(2,913,542)
Total identifiable net assets at fair value	<u>8,202,311</u>
Gain on bargain purchase of the Acquisition	(6,761,861)
	<u><u>1,440,450</u></u>

14. ACQUISITION OF SUBSIDIARIES (continued)

(a) eSun Acquisition (continued)

The fair values of the identifiable assets and liabilities of eSun Group as at the Completion Date were as follows: (continued)

	HK\$'000
Satisfied by:	
Cash consideration of the eSun Offers	735,119
Fair value of the Existing Shareholding	<u>705,331</u>
	<u>1,440,450</u>
Net impact on the consolidated income statement	
Loss on remeasurement of the Existing Shareholding in eSun upon business combination	2,985,631
Gain on bargain purchase of the eSun Acquisition	<u>(6,761,861)</u>
Gain on bargain purchase, net	<u><u>(3,776,230)</u></u>

The Group incurred total transaction costs of approximately HK\$47 million for the eSun Acquisition, of which approximately HK\$32 million was incurred for the year ended 31 July 2018. These transaction costs have been expensed and are included in administrative expenses in the consolidated income statement.

Since the eSun Acquisition, the eSun Group contributed approximately HK\$2,903 million to the Group's revenue and profit of approximately HK\$18 million to the Group's consolidated profit for the year ended 31 July 2019.

Had the eSun Acquisition taken place at the beginning of the year ended 31 July 2019, the revenue and the profit for the year ended 31 July 2019 of the Group would have been approximately HK\$6,610 million and approximately HK\$4,846 million, respectively.

An analysis of the cash flows in respect of the eSun Acquisition is as follows:

	HK\$'000
Cash consideration paid	(735,119)
Cash and bank balances acquired	<u>2,136,039</u>
Net inflow of cash and cash equivalents included in cash flows from investing activities	1,400,920
Transaction costs of the eSun Acquisition included in cash flows from operating activities	<u>(14,849)</u>
	<u><u>1,386,071</u></u>

14. ACQUISITION OF SUBSIDIARIES (continued)

(b) Disposal of shares in eSun

In order to restore the minimum percentage of shares in eSun held by the public as required under Rule 8.08(1)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), the Offeror entered into a legally binding and unconditional agreement on 25 January 2019 to sell an aggregate of 41,150,000 shares in eSun ("**Disposal Shares**"), representing approximately 2.76% of the then total issued share capital of eSun, to an independent third party (the "**Disposal**").

Following the completion of the Disposal on 11 February 2019, the minimum public float of 25% of the then total issued share capital of eSun as required under Rule 8.08(1)(a) of the Listing Rules has been restored and LSD held 74.62% equity interest in eSun since then.

15. EVENTS AFTER THE REPORTING PERIOD

On 23 July 2019, LSD entered into the share sale and purchase agreement ("**SPA Agreement**") with Sunny Horizon Investments Limited, an indirect wholly-owned subsidiary of eSun, to acquire 20% equity interest in Rosy Commerce, a non-wholly-owned subsidiary of the Group, for a consideration of HK\$557,250,000 ("**Rosy Commerce Acquisition**"). The completion of the Rosy Commerce Acquisition was conditional upon the satisfaction of certain conditions as set out in the SPA Agreement ("**Conditions**") and was subject to the shareholders' approval of eSun. Details are set out in a joint announcement of the Company, LSD and eSun dated 23 July 2019 and eSun's circular dated 30 August 2019.

On 24 September 2019, the Conditions were satisfied and the Rosy Commerce Acquisition was completed. As the Rosy Commerce Acquisition was effected shortly before the date of approval of these financial statements, it is not practicable to disclose further details about the Rosy Commerce Acquisition at this stage.

16. COMPARATIVE FIGURES

Certain comparative amounts have been reclassified to conform with the current year's presentation. In the opinion of the directors of the Company, this presentation would better reflect the financial performance of the Group.

FINAL DIVIDEND

The Directors have resolved to recommend a final dividend of HK7.40 cents per share (2018: HK7.40 cents per share), amounting to approximately HK\$28,629,000 for the financial year ended 31 July 2019 to shareholders of the Company (“**Shareholders**”) whose names appear on the Register of Members of the Company on Friday, 3 January 2020 subject to the approval of Shareholders at the forthcoming Annual General Meeting of the Company to be held on Friday, 20 December 2019 (“**AGM**”).

No interim dividend was declared during the year (2018: Nil).

The Directors propose that Shareholders be given the option to receive the final dividend in new shares in lieu of cash. The scrip dividend proposal is subject to: (1) the approval of the proposed final dividend at the AGM to be held on 20 December 2019; and (2) The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) granting the listing of and permission to deal in the new shares to be issued pursuant to this proposal.

A circular containing details of the scrip dividend proposal will be despatched to Shareholders together with the form of election for scrip dividend on or about Wednesday, 8 January 2020. It is expected that the final dividend warrants and share certificates for the scrip dividend will be despatched to Shareholders on or about Thursday, 13 February 2020.

ANNUAL GENERAL MEETING

The AGM of the Company will be held on Friday, 20 December 2019. Notice of the AGM together with the proxy form and the Annual Report of the Company 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.

CLOSURE OF REGISTER OF MEMBERS

In order to be eligible to attend and vote at the AGM, Shareholders should ensure that all transfers accompanied by the relevant share certificates are lodged with the Company’s share registrar, Tricor Tengis Limited, Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration no later than 4:30 p.m. on Monday, 16 December 2019.

The proposed final dividend is subject to the approval of the Shareholders at the AGM. The record date for the proposed final dividend is at the close of business on Friday, 3 January 2020. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed on Thursday, 2 January 2020 and Friday, 3 January 2020, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all relevant transfer document(s) and share certificate(s) must be lodged with the Company’s share registrar, Tricor Tengis Limited at Level 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

Upon close of the voluntary general cash offer (“**eSun Offer**”) made by Lai Sun Development Company Limited (“**LSD**”, and together with its subsidiaries, “**LSD Group**”), a non-wholly owned subsidiary of the Company, in May 2018 to acquire all of the issued shares of eSun Holdings Limited (“**eSun**”, and together with its subsidiaries, “**eSun Group**”) that were not already owned by LSD in August 2018, eSun became a subsidiary of LSD and its financial results has been consolidated into the accounts of the Company starting from this set of annual results. The subsequent restoration of public float of eSun in February 2019 reduced LSD’s shareholding in eSun marginally to 74.62%. The mandatory general offer to Lai Fung Holdings Limited (“**Lai Fung**”, and together with its subsidiaries, “**Lai Fung Group**”) triggered by the eSun Offer closed on 13 September 2018. As at the date of this results announcement, Lai Fung is a 50.53%-owned subsidiary of eSun.

eSun acts as an investment holding company and the principal activities of its subsidiaries include the development, operation of and investment in media and entertainment, music production and distribution, the investment in and production and distribution of television programmes, films and video format products, cinema operation, property development for sale and property investment for rental purposes as well as the development, operation of and investment in cultural, leisure, entertainment and related facilities.

The completion of the eSun Offer has strengthen the wider Lai Sun Group. It highlights Lai Sun Group’s capabilities as a property-led conglomerate and in particular the Group’s positioning in the Greater Bay Area. LSD Group’s acquisition of the 20% equity interest in Phase I of Novotown project in Hengqin (“**Novotown Phase I**”) from eSun Group (“**Novotown Phase I Acquisition**”) which has been approved by shareholders of eSun and completed in September 2019 enabled the Group to leverage their extensive resources and experience in property investment and development as well as consolidate its exposure in the Hengqin project and thereby strengthen its presence in the Greater Bay Area. As at the date of this results announcement, Novotown Phase I is 80% owned by Lai Fung Group and 20% owned by LSD Group. Set out below is the Group’s rental portfolio and landbank (in ’000 square feet) as at 31 July 2019 by geography and our exposure in the Greater Bay Area.

	Total gross floor area (“GFA”) held by the Group ¹		Attributable GFA to the Group	
	For-rental properties	Properties under development	For-rental properties	Properties under development
Mainland China				
Shanghai	1,728 ²	772 ²	366	163
Guangzhou	1,347 ²	581 ²	285	123
Zhongshan	147 ²	2,099 ²	31	444
Hengqin	243 ³	5,443 ³	61	1,248
Subtotal of properties in Mainland China:	3,465	8,895	743	1,978
Hong Kong	1,909 ⁴	217 ⁴	1,181	121
Subtotal of properties in the Great Bay Area (including Hong Kong, Guangzhou, Zhongshan, Hengqin):	3,646	8,340	1,558	1,936
Overseas				
London, United Kingdom	344 ⁵	-	193	-
Vietnam	98 ⁵	-	55	-
Subtotal of overseas properties:	442	-	248	-
Total:	5,816	9,112	2,172	2,099

Notes:

- 1. As at 31 July 2019, all major properties of the Group in Mainland China were held through Lai Fung Group, except Novotown Phase I which was 80% owned by Lai Fung Group and 20% owned by eSun Group and all properties in Hong Kong and overseas were held by the Group excluding eSun Group.*
- 2. Attributable GFA to Lai Fung Group.*
- 3. Including total GFA of Novotown Phase I, which was 80% owned by Lai Fung Group and 20% owned by eSun Group as at 31 July 2019 and total GFA of Phase II of Novotown project in Hengqin which is 100% owned by Lai Fung Group.*
- 4. Including GFA of major rental properties of LSD Group and the Group.*
- 5. Attributable GFA to LSD Group.*

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.

In light of the newly announced housing initiatives by the Chief Executive of Hong Kong on 16 October 2019, we believe the loosening of mortgage financing for completed residential units should increase buying power and hence should drive up demand. This could help improve overall sentiment in the Hong Kong property market in the near term. The management believes it is paramount to prepare the Group for the challenges and opportunities ahead.

Hong Kong and Overseas Property Market

The Group's Hong Kong properties performed steadily at nearly full occupancy levels. The Hong Kong Ocean Park Marriott Hotel ("**Ocean Park Marriott Hotel**") providing a total of 471 rooms officially commenced operations on 19 February 2019 and added approximately 365,974 square feet of attributable rental space to the rental portfolio of the Group. Despite the challenging market conditions brought to the hotel industry in Hong Kong due to the anti-government protests in the first quarter subsequent to the year end, the Group still managed to, on 16 September 2019, secure a HK\$3,600 million 4-year secured term loan facility with 18 leading banks. The facility was the first green loan solely used to finance a hotel property in Hong Kong, and was 339% oversubscribed, having received a total commitment of HK\$12,200 million.

With the planning consent approved by the City of London's Planning and Transportation Committee, the Group continues to monitor the market conditions in London for the potential redevelopment of the three properties on Leadenhall Street in London, comprising 100, 106 and 107 Leadenhall Street ("**Leadenhall Properties**"). All leases of Leadenhall Properties have been aligned to expire in 2023.

The Group continues to participate in government tenders to grow the pipeline. In March 2019, LSD Group successfully tendered for and secured a site located at Lot No. 5382 in Demarcation District No.116, Tai Kei Leng, Yuen Long, Hong Kong for HK\$209.8 million. This site is designated for private residential purposes and is expected to add a maximum GFA of approximately 42,200 square feet to the development portfolio of LSD Group. In April 2019, LSD Group successfully secured an Urban Renewal Authority project with total site area of approximately 8,500 square feet at Nos. 12 - 30 Hang On Street, Kwun Tong, Hong Kong which will be developed into approximately 64,000 square feet of residential spaces. Ground investigations for both sites are in progress and constructions works are expected to commence in the first quarter of 2020.

The construction works of Alto Residences, the joint venture project in Tseung Kwan O and 93 Pau Chung Street have been completed with the Certificate of Compliance issued by the Lands Department in September and November 2018, respectively. Up to 20 October 2019, LSD Group has sold 581 units in Alto Residences with saleable area of approximately 353,500 square feet and the average selling price was approximately HK\$17,300 per square foot. Handover of the sold residential units of Alto Residences has been substantially completed. LSD Group has released in total 95 car-parking spaces of Alto Residences for sale since March 2019. Up to 20 October 2019, 63 car-parking spaces have been sold and the total sales proceeds amounted to approximately HK\$170.5 million. The sale and handover of all 209 residential units of 93 Pau Chung Street have been completed, achieving an average selling price of approximately HK\$16,400 per square foot. LSD Group released the commercial units of 93 Pau Chung Street for sale in July 2018. Up to 20 October 2019, 5 out of 7 commercial units with saleable area of approximately 14,000 square feet have been sold and handed over at an average selling price of approximately HK\$23,000 per square foot.

The pre-sale of all 138 residential units of Novi, the Ki Lung Street project in Sham Shui Po, Kowloon, Hong Kong, with saleable area of approximately 28,800 square feet has been completed during the year under review, achieving an average selling price of approximately HK\$18,900 per square foot. Construction of Novi has been completed with the Occupation Permit issued by the Buildings Department in July 2019. Handover of the pre-sold residential units is expected to commence by the end of 2019.

The Sai Wan Ho Street project with the Urban Renewal Authority in Shau Kei Wan, Hong Kong, named “Monti” providing 144 residential units with a total saleable area of 45,822 square feet was launched for pre-sale in August 2018. Up to 20 October 2019, LSD Group has pre-sold 62 units in Monti with saleable area of approximately 19,500 square feet at an average selling price of approximately HK\$20,500 per square foot. Construction of Monti is expected to be completed by the end of 2019.

The Group is encouraged by the property sales during the year under review and will continue to participate in government tenders to grow the pipeline.

Mainland China Property Market

Being the flagship Mainland China property arm of the Group, the regional focus and rental-led strategy of Lai Fung Group continued to demonstrate resilience, which is of particular significance in times of uncertainty. With a total of approximately 3.4 million square feet of rentable GFA, primarily in Shanghai and Guangzhou, Lai Fung 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, Lai Fung 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 is expected to complete in the second quarter of 2022 and upon completion, the redeveloped project including an office tower, a shopping mall and an underground car-parking structure will add a total GFA of approximately 693,600 square feet, excluding car-parking spaces, to the rental portfolio of Lai Fung 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 Novotown Phase I, 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 the 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.

Lai Fung 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 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, Lai Fung 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, Innovation Leadership Academy Hengqin (“**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. Lai Fung 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 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 Lai Fung Group in the coming financial years. Particularly, in light of the prospects and the growing demand for residential units in Zhongshan, Lai Fung 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 gains/expenses, net” in the consolidated income statement of the Group. Lai Fung Group will continue its prudent and flexible approach and replenish its landbank as and when opportunities arise.

Media and Entertainment/Film Production and Distribution/Cinema Operation

eSun Group continues to enhance and expand its existing media and entertainment businesses in Hong Kong and Mainland China, optimising income derived from its film, TV, live entertainment, artiste management, music and cinema operation. Over the years, the entertainment industry has been generally considered to be recession resistant because it provides people with the need for distractions. Nevertheless, on the back of the growing middle class and rising per capita income, eSun Group expects the demand for entertainment will continue to be sustained. Having been continuously investing in the sector solidifying its foundation and presence in the industry, eSun Group is well positioned to capitalise on this trend.

- Film – continued drive to increase original production of films which appeal to Chinese language audiences with the current production pipeline including “*I’m Living It*”, a feature film produced by Cheang Pou Soi with Aaron Kwok and Miriam Yeung, “*Knockout*”, an action film by director Roy Chow featuring Han Geng, “*The Calling of a Bus Driver*”, a romance comedy film with Ivana Wong and director Patrick Kong, and “*Septet: the Story of Hong Kong*”, an omnibus film produced by seven Hong Kong film masters including Johnnie To, Tsui Hark, Ann Hui, Patrick Tam, Sammo Hung, Yuen Woo-Ping and the memorable Ringo Lam.
- TV – expanded activities in production and investments in quality TV drama series in line with the continued strong demand for good programmes from TV stations and online video websites in Mainland China. A 52 episode romance drama series “*New Horizon*”, starring Zheng Kai and Chen Chiao-en, is in the post-production stage and projects under development include a 20 episode modern-day drama series namely “*Who Sell Bricks in Hong Kong*” tailor-made for Viu TV, featuring Ng Siu Hin, Fish Liew, Wu Tze Tung and Patrick Tam. eSun Group is in discussion with various Chinese and overseas portals and video web sites for new project development.
- Live Entertainment – successfully produced and promoted a number of concerts in Hong Kong and Mainland China performed by prominent local, Asian and international artistes. The recent “*FOLLOWMi Sammi Cheng World Tour – Hong Kong 2019*”, “*EXO Planet#5 Tour 2019 Hong Kong*” and “*Along with Ekin Live Concert 2019*” have earned good reputation and public recognition. eSun Group will continue to work with prominent local and Asian artistes for concert promotion. Upcoming events include concerts of Tsai Chin, Yoga Lin and Leon Lai.
- Music – as international music labels are coming to a mutually acceptable licensing model with major Chinese music portals, the long awaited pay model for digital music is taking shape. The exclusive distribution licence of music products with Tencent Music Entertainment (Shenzhen) Co., Ltd and Warner Music continue to provide stable income streams to eSun Group.
- Artiste Management – actively looking for promising talent in Greater China and business collaborations with Asian artistes with an aim to build up an artiste roster with breadth and depth. eSun Group is a strong believer of talent management and is of the view that such a roster will be an instrumental part of its media and entertainment businesses.
- Cinema – acquisition of an additional 10% equity interest in Intercontinental Group Holdings Limited (“**IGHL**”) in November 2018 facilitated better implementation of the operating strategies of eSun into IGHL and bolstered eSun Group’s further development in sale and distribution of films and cinema business in Hong Kong and Mainland China. Officially commenced operations in January 2019, the MCL Cheung Sha Wan Cinema is the first MCL cinema in West Kowloon district in Hong Kong. Renovated with a touch of industrial style, the 4-house cinema is equipped with 418 seats in a stadium seating setting, giving the audience a comfortable sightline and all cinema houses are equipped with 4K projection system, Dolby 7.1 surround sound system and Bowers & Wilkins Hi-Fi grade speakers to provide a great cinematic viewing experience for the audience. eSun Group has also secured one cinema project in Hong Kong, which is expected to commence business in 2022. eSun Group is closely monitoring the market conditions in Hong Kong and Mainland China and will continue to evaluate opportunities to further expand its footprint.

Targeting the enormous yet growing China market, eSun Group endeavors to strengthen its integrated media platform with an aim to provide valuable and competitive products and to enhance its market positioning. eSun Group will continue to explore strategic alliances as well as investment opportunities to enrich its portfolio and broaden its income stream.

Other Business Updates

The supplemental deed executed by Lai Fung 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 Lai Fung, eSun, LSD and the Company on 30 April 2019.

The Group's consolidated cash position of HK\$5,498.8 million (HK\$243.2 million excluding LSD Group) and undrawn facilities of HK\$5,715.7 million (HK\$250.0 million excluding LSD Group) with a net debt to equity ratio of 66.2% as at 31 July 2019 provides the Group with full confidence and the means to review opportunities more actively. The Group's gearing excluding the net debt of LSD Group was approximately 4.1%. 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 turnover of HK\$6,609.8 million (2018: HK\$1,804.0 million) and a gross profit of HK\$2,406.7 million (2018: HK\$1,066.7 million). The significant increase is primarily due to (i) consolidation of eSun's financial results into the accounts of the Group upon the close of the eSun Offer in August 2018; and (ii) recognition of property sales during the year under review from completed residential projects in Hong Kong.

Set out below is the turnover by segment:

	For the year ended 31 July		Difference (HK\$ million)	% change
	2019 (HK\$ million)	2018 (HK\$ million)		
Property investment	1,476.3	818.5	657.8	80.4%
Property development and sales	2,279.8	0.4	2,279.4	569,850.0%
Restaurant operation	514.8	514.0	0.8	0.2%
Hotel operation	686.1	424.0	262.1	61.8%
Media and entertainment	591.8	-	591.8	N/A
Film production and distribution	326.0	-	326.0	N/A
Cinema operation	521.1	-	521.1	N/A
Others	213.9	47.1	166.8	354.1%
Total	6,609.8	1,804.0	4,805.8	266.4%

For the year ended 31 July 2019, net profit attributable to owners of the Company was approximately HK\$2,797.5 million (2018: HK\$2,567.4 million). The increase is primarily a mix of (i) a significant decrease in the fair value gain arising from the revaluations of the Group's investment properties for the year ended 31 July 2019 as compared to last year; (ii) substantial net gain from bargain purchase in acquisition of subsidiaries and the loss on remeasurement of existing interest on an associate upon business combination recognised during the year under review, which arose from the LSD's acquisition of additional equity interest in eSun upon close of eSun Offer and eSun becoming a subsidiary of the Company during the year under review; and (iii) increased profit contribution from recognition of the sales of properties during the year under review. Basic earnings per share was HK\$7.249 (2018: HK\$6.686).

Excluding the effect of property revaluations and non-recurring transactions during the year under review, net profit attributable to owners of the Company was approximately HK\$279.6 million (2018: HK\$71.2 million). Net profit per share excluding the effect of property revaluations and non-recurring transactions during the year under review was HK\$0.724 (2018: HK\$0.185).

Profit attributable to owners of the Company	For the year ended 31 July	
	2019	2018
	HK\$ million	HK\$ million
Reported	2,797.5	2,567.4
Less: Adjustments in respect of revaluation gains of investment properties held by		
- the Company and subsidiaries	(361.2)	(1,588.6)
- associates and joint ventures	(76.4)	(939.3)
Deferred tax on investment properties	16.0	-
Non-controlling interests' share of revaluation movements less deferred tax	0.1	-
Net profit after tax excluding revaluation gains of investment properties	2,376.0	39.5
Less: Adjustments in respect of non-recurring transactions		
- loss on remeasurement of existing interest in an associate upon business combination	1,697.0	-
- gain on bargain purchase upon acquisition of subsidiaries	(3,793.4)	-
- reversal of provision for tax indemnity	-	(0.2)
- employee share option benefits	-	31.9
Net profit after tax excluding revaluation gains of investment properties and excluding non-recurring transactions	279.6	71.2

Equity attributable to owners of the Company as at 31 July 2019 amounted to HK\$22,612.3 million, up from HK\$19,837.3 million as at 31 July 2018. Net asset value per share attributable to owners of the Company increased by 13.5% to HK\$58.448 per share as at 31 July 2019 from HK\$51.507 per share as at 31 July 2018.

PROPERTY PORTFOLIO COMPOSITION

As at 31 July 2019, the Group maintained a property portfolio with attributable GFA of approximately 4.4 million square feet, with all major properties of the Group in Mainland China held through Lai Fung Group, except Novotown Phase I which was 80% owned by Lai Fung Group and 20% owned by eSun Group and all properties in Hong Kong and overseas are held by the Group excluding eSun Group. Upon completion of the Novotown Phase I Acquisition in September 2019 and as at the date of this results announcement, Novotown Phase I is 80% owned by Lai Fung Group and 20% owned by LSD Group.

Approximate attributable GFA (in '000 square feet) of the Group's major properties and number of car-parking spaces as at 31 July 2019 is as follows:

	Commercial/ Retail	Office	Hotel/ Serviced Apartments	Residential	Industrial	Total (excluding car-parking spaces & ancillary facilities)	No. of car-parking spaces
GFA of major properties and number of car-parking spaces of Lai Fung Group (on attributable basis^{1/})							
Completed Properties Held for Rental ²	391 ³	226	-	-	-	617	169
Completed Hotel Properties and Serviced Apartments	-	-	106	-	-	106	-
Properties under Development ⁴	848	328	173	433	-	1,782	1,051
Completed Properties Held for Sale	7 ⁵	-	-	108 ⁶	-	115	440
Subtotal	1,246	554	279	541	-	2,620	1,660
GFA of major properties and number of car-parking spaces of eSun Group (excluding Lai Fung Group) (on attributable basis^{1/})							
Completed Properties Held for Rental ²	20 ³	-	-	-	-	20	-
Properties under Development ⁴	61	49	86	-	-	196	163
Completed Properties Held for Sale	-	-	-	15	-	15	-
Subtotal	81	49	86	15	-	231	163
GFA of major properties and number of car-parking spaces of LSD Group (excluding eSun Group) (on attributable basis^{1/})							
Completed Properties Held for Rental ²	304	578	-	-	36	918	600
Completed Hotel Properties and Serviced Apartments ²	-	-	260	-	-	260	9
Properties under Development ⁴	7	-	-	114	-	121	4
Completed Properties Held for Sale	16	-	-	34	-	50	42
Subtotal	327	578	260	148	36	1,349	655
GFA of major properties and number of car-parking spaces of the Group (excluding LSD Group) (on attributable basis)							
Completed Properties Held for Rental ²	91	-	-	-	159	250	38
Subtotal	91	-	-	-	159	250	38
Total GFA attributable to the Group	1,745	1,181	625	704	195	4,450	2,516

Notes:

- As at 31 July 2019, Lai Fung is a 50.55%-owned subsidiary of eSun and eSun is a 74.62%-owned subsidiary of LSD and LSD is a 56.07%-owned subsidiary of the Company.
- Completed and rental generating properties.
- Including the cultural attraction space in Novotown Phase I that has been occupied by "Lionsgate Entertainment World[®]".
- All properties under construction.
- Including commercial spaces in Zhongshan Palm Spring which is currently for self-use.
- Including serviced apartment units of Zhongshan Palm Spring which have been reclassified as "Assets classified as held for sale" as at 31 July 2019.

PROPERTY INVESTMENT

Rental Income

During the year under review, the Group's rental operations recorded a turnover of HK\$1,476.3 million (2018: HK\$818.5 million), comprising turnover of HK\$681.4 million, HK\$113.6 million and HK\$681.3 million from rental properties in Hong Kong, London and Mainland China, respectively.

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

	For the year ended 31 July		% Change	Year end occupancy (%)
	2019 HK\$ million	2018 HK\$ million		
Hong Kong				
Cheung Sha Wan Plaza	329.0	311.9	5.5%	94.5%
Causeway Bay Plaza 2	180.7	181.1	-0.2%	95.9%
Lai Sun Commercial Centre	46.2	49.9	-7.4%	94.7%
Crocodile Center (commercial podium)	100.3	96.6	3.8%	100.0%
Por Yen Building	15.0	14.8	1.4%	91.6%
Others	10.2	15.4	-33.8%	
Subtotal:	681.4	669.7	1.7%	
London, United Kingdom				
36 Queen Street	-	24.1	-100%	N/A
107 Leadenhall Street	49.5	55.6	-11.0%	100.0%
100 Leadenhall Street	57.7	62.8	-8.1%	100.0%
106 Leadenhall Street	6.4	6.3	1.6%	100.0%
Subtotal:	113.6	148.8	-23.7%	
Mainland China				
<i>Shanghai</i>				
Shanghai Hong Kong Plaza	330.5	-	N/A	Retail: 99.0% Office: 96.3%
Shanghai May Flower Plaza	33.3	-	N/A	Retail: 82.1% Hotel: 77.9%
Shanghai Regents Park	22.1	-	N/A	100.0%
<i>Guangzhou</i>				
Guangzhou May Flower Plaza	122.9	-	N/A	98.9%
Guangzhou West Point	26.7	-	N/A	99.9%
Guangzhou Lai Fung Tower	126.8	-	N/A	Retail: 100.0% Office: 100.0% ¹
<i>Zhongshan</i>				
Zhongshan Palm Spring	4.3	-	N/A	Retail: 71.2% ¹
Others	14.7	-	N/A	
Subtotal:	681.3	-	N/A	
Total:	1,476.3	818.5	80.4%	
Rental proceeds from joint venture projects				
Hong Kong				
CCB Tower ² (50% basis)	139.5	135.2	3.2%	100.0%
8 Observatory Road ³ (50% basis)	27.6	52.4	-47.3%	100.0%
Alto Residences ⁴ (50% basis)	3.7	-	N/A	25.8% ⁵
Total:	170.8	187.6	-9.0%	

Notes:

1. Excluding self-use area.
2. CCB Tower is a joint venture project with China Construction Bank Corporation ("CCB") in which each of LSD Group and CCB has an effective 50% interest.
3. 8 Observatory Road is a joint venture project with Henderson Land Development Company Limited ("Henderson Land") in which each of LSD Group and Henderson Land has an effective 50% interest. Disposal of 8 Observatory Road was completed on 11 March 2019.
4. Alto Residences is a joint venture project with Empire Group Holdings Limited ("Empire Group") in which each of LSD Group and Empire Group has an effective 50% interest.
5. Referring to occupancy rate for commercial area only.

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

	For the year ended 31 July 2019			For the year ended 31 July 2018		
	Attributable interest to the Group	Turnover (HK\$ million)	Total GFA (square feet)	Attributable interest to the Group	Turnover (HK\$ million)	Total GFA (square feet)
Hong Kong						
Cheung Sha Wan Plaza	56.07%			56.10%		
Commercial		171.9	233,807		162.6	233,807
Office		137.4	409,896		129.6	409,896
Car-parking spaces		19.7	N/A		19.7	N/A
Subtotal:		329.0	643,703		311.9	643,703
Causeway Bay Plaza 2	56.07%			56.10%		
Commercial		118.7	109,770		120.5	109,770
Office		57.2	96,268		55.6	96,268
Car-parking spaces		4.8	N/A		5.0	N/A
Subtotal:		180.7	206,038		181.1	206,038
Lai Sun Commercial Centre	56.07%			56.10%		
Commercial		12.8	95,063		23.9	95,063
Office		14.4	74,181		7.2	74,181
Car-parking spaces		19.0	N/A		18.8	N/A
Subtotal:		46.2	169,244		49.9	169,244
Crocodile Center	100%			100%		
Commercial		100.3	91,201		96.6	91,201
Por Yen Building	100%			100%		
Industrial		14.8	109,010		14.6	109,010
Car-parking spaces		0.2	N/A		0.2	N/A
Subtotal:		15.0	109,010		14.8	109,010
Others		10.2	108,810		15.4	108,810
Subtotal:		681.4	1,328,006¹		669.7	1,328,006¹
London, United Kingdom						
36 Queen Street	Note 2			56.10%		
Office		-	-		24.1	60,816
107 Leadenhall Street	56.07%			56.10%		
Commercial		4.2	48,182		4.4	48,182
Office		45.3	98,424		51.2	98,424
Subtotal:		49.5	146,606		55.6	146,606
100 Leadenhall Street	56.07%			56.10%		
Office		57.7	177,700		62.8	177,700
106 Leadenhall Street	56.07%			56.10%		
Commercial		1.2	3,540		1.2	3,540
Office		5.2	16,384		5.1	16,384
Subtotal:		6.4	19,924		6.3	19,924
Subtotal:		113.6	344,230		148.8	405,046
Total:		795.0¹	1,672,236¹		818.5¹	1,733,052¹
Mainland China						
Shanghai						
Shanghai Hong Kong Plaza	21.15%			Note 3		
Retail		208.3	468,434		-	-
Office		116.1	362,096		-	-
Car-parking spaces		6.1	N/A		-	-
Subtotal:		330.5	830,530		-	-

Shanghai May Flower Plaza	21.15%			Note 3		
Retail		29.5	320,314		-	-
Car-parking spaces		3.8	N/A		-	-
Subtotal:		33.3	320,314		-	-
Shanghai Regents Park	20.09%			Note 3		
Retail		19.2	82,062		-	-
Car-parking spaces		2.9	N/A		-	-
Subtotal:		22.1	82,062		-	-
Guangzhou						
Guangzhou May Flower Plaza	21.15%			Note 3		
Retail		106.9	357,424		-	-
Office		13.1	79,431		-	-
Car-parking spaces		2.9	N/A		-	-
Subtotal:		122.9	436,855		-	-
Guangzhou West Point	21.15%			Note 3		
Retail		26.7	171,968		-	-
Guangzhou Lai Fung Tower	21.15%			Note 3		
Retail		16.4	112,292		-	-
Office		104.7	625,821		-	-
Car-parking spaces		5.7	N/A		-	-
Subtotal:		126.8	738,113		-	-
Zhongshan						
Zhongshan Palm Spring	21.15%			Note 3		
Retail		4.3	147,408		-	-
Others		14.7	N/A	Note 3	-	-
Subtotal:		681.3	2,727,250		-	-
Total:		1,476.3	4,399,486 ¹		818.5	1,733,052 ¹
Joint Venture Projects						
Hong Kong						
CCB Tower ⁶ (50% basis)	28.04%			28.05%		
Office		138.9	114,603 ⁴		134.6	114,603 ⁴
Car-parking spaces		0.6	N/A		0.6	N/A
Subtotal:		139.5	114,603 ⁴		135.2	114,603 ⁴
8 Observatory Road ⁷ (50% basis)	28.04%			28.05%		
Commercial		21.9	45,312 ⁵		41.5	45,312 ⁵
Office		4.5	37,273 ⁵		8.5	37,273 ⁵
Car-parking spaces		1.2	N/A		2.4	N/A
Subtotal:		27.6	82,585 ⁵		52.4	82,585 ⁵
Alto Residences ⁸ (50% basis)	28.04%			28.05%		
Commercial		1.7	47,067		-	-
Residential Units ⁹		1.7	7,557		-	-
Car-parking spaces		0.3	N/A		-	-
Subtotal:		3.7	54,624		-	-
Total:		170.8	251,812		187.6	197,188

Notes:

1. Excluding 5.61% interest in AIA Central.
2. 36 Queen Street has been disposed and disposal was completed in July 2018.
3. eSun was an associate of the Company during the year ended 31 July 2018 and upon close of the eSun Offer in August 2018, eSun became a subsidiary of the Company with its financial results being consolidated into the results of the Company.
4. Referring to GFA attributable to LSD Group. The total GFA of CCB Tower is 229,206 square feet.
5. Referring to GFA attributable to LSD Group. The total GFA of 8 Observatory Road is 165,170 square feet.
6. CCB Tower is a joint venture project with CCB in which each of LSD Group and CCB has an effective 50% interest.
7. 8 Observatory Road is a joint venture project with Henderson Land in which each of LSD Group and Henderson Land has an effective 50% interest. Disposal of 8 Observatory Road was completed on 11 March 2019.
8. Alto Residences is a joint venture project with Empire Group in which each of LSD Group and Empire Group has an effective 50% interest.
9. Referring to those sold residential units offering early occupation benefit which allows the purchasers to move in earlier before completion of the sale.

The average Sterling exchange rate for the year under review depreciated by approximately 4.8% compared with last year. Excluding the effect of currency translation, the Sterling denominated turnover from London properties decreased by 19.8% during the year under review. The disposal of 36 Queen Street was completed in July 2018. Breakdown of rental turnover of London portfolio for the year ended 31 July 2019 is as follows:

	2019 HK\$'000	2018 HK\$'000	% Change	2019 GBP'000	2018 GBP'000	% Change
36 Queen Street	-	24,092	-100.0%	-	2,275	-100.0%
107 Leadenhall Street	49,427	55,627	-11.1%	4,903	5,253	-6.7%
100 Leadenhall Street	57,738	62,826	-8.1%	5,728	5,933	-3.5%
106 Leadenhall Street	6,396	6,304	1.5%	635	595	6.7%
Total:	113,561	148,849	-23.7%	11,266	14,056	-19.8%

Review of major investment properties

Hong Kong Properties

Cheung Sha Wan Plaza

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

Causeway Bay Plaza 2

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

Lai Sun Commercial Centre

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

Por Yen Building

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

Crocodile Center

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

CCB Tower

LSD Group has a 50:50 interest with CCB in the joint redevelopment project of the former Ritz-Carlton Hotel in Central. This 27-storey office tower is a landmark property in Central featuring underground access to the Central MTR station. The property has a total GFA of 229,206 square feet (excluding car-parking spaces). CCB Tower was completed in 2012 and added 114,603 square feet of attributable GFA to the rental portfolio of LSD Group. CCB Tower is now fully leased out with 20 floors of the office floors and 2 banking hall floors leased to CCB for its Hong Kong operations.

AIA Central

LSD Group has 10% interest in AIA Central which is situated in the central business district of Hong Kong and commands spectacular views over Victoria Harbour, to Kowloon Peninsula to the north, and across Chater Garden and The Peak to the south. This 38-storey office tower provides prime office space with a total GFA of approximately 428,962 square feet (excluding car-parking spaces).

Overseas Properties

107 Leadenhall Street, London EC3, United Kingdom

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

100 Leadenhall Street, London EC3, United Kingdom

Following the acquisition of 107 Leadenhall Street in April 2014, LSD Group and the Company jointly announced the acquisition of 100 Leadenhall Street in November 2014 which was completed in January 2015. This property comprises a basement, a lower ground floor, ground floor and nine upper floors and provides 177,700 square feet gross internal area of offices and ancillary accommodation. The property is currently fully let to Chubb Market Company Limited.

106 Leadenhall Street, London EC3, United Kingdom

In December 2015, LSD Group acquired the property located adjacent to 100 and 107 Leadenhall Street, namely 106 Leadenhall Street, which is a multi-tenanted asset with approximately 19,924 square feet gross internal area of commercial and offices including ancillary space. The property is currently fully leased out.

The City of London's Planning and Transportation Committee has approved a resolution to grant Planning Consent to LSD Group to redevelop the Leadenhall Properties. The Leadenhall Properties currently have a combined GFA of approximately 344,230 square feet. The Planning Consent would allow LSD Group to redevelop the Leadenhall Properties into a 56 storey tower with i) approximately 1,068,510 square feet gross internal area of office space as well as new retail space of approximately 8,730 square feet; ii) a free, public viewing gallery of approximately 19,967 square feet at levels 55 and 56 of the building which offers 360 degree views across London; and iii) new pedestrian routes between Leadenhall Street, Bury Street and St Mary Axe, and new public spaces around the base of the building. Including ancillary facilities of approximately 178,435 square feet, the total gross internal area of the proposed tower is expected to be approximately 1,275,642 square feet upon completion. All leases of the Leadenhall Properties have been aligned to expire in 2023. The Group will continue to monitor the market conditions in London closely.

Mainland China Properties

Except for LSD Group's 20% interest in Novotown Phase I in Hengqin, all major rental properties of the Group in Mainland China are held through Lai Fung Group.

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 Lai Fung 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.

Lai Fung 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.

Lai Fung 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. Lai Fung 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. Lai Fung Group retains a 95% interest in the commercial portion which has a total GFA of approximately 82,000 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.

Lai Fung 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 Lai Fung 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 Lai Fung 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.

PROPERTY DEVELOPMENT

For the year ended 31 July 2019, recognised turnover from sales of properties was HK\$2,279.8 million (2018: HK\$0.4 million). Apart from the consolidation of financial results of eSun Group upon the close of eSun Offer in August 2018, the significant increase was contributed by the sale of residential units in 93 Pau Chung Street during the year under review.

Breakdown of turnover for the year ended 31 July 2019 from sales of properties is as follows:

Hong Kong				
	No. of Units	Approximate Saleable Area (square feet)	Average Selling Price (HK\$/square foot)	Turnover (HK\$ million)
93 Pau Chung Street				
Residential Units	209	77,012	16,418 ¹	1,345.5
Shops	5	13,959	22,996	321.0
Subtotal				1,666.5
Mainland China				
	No. of Units	Approximate GFA (square feet)	Average Selling Price (HK\$/square foot)	Turnover (HK\$ million)
Zhongshan Palm Spring				
Residential High-rise Units	129	158,473	1,590 ²	240.2 ³
Residential House Units	25	52,870	2,739 ²	137.9 ³
Hengqin Novotown Phase I				
Cultural Studios	6	24,207	5,274 ²	121.6 ³
Shanghai Regents Park				
Car-parking Spaces	153	N/A	N/A	100.3 ³
Guangzhou Eastern Place				
Car-parking Spaces	5	N/A	N/A	5.4 ³
Guangzhou West Point				
Car-parking Spaces	4	N/A	N/A	2.4 ³
Guangzhou King's Park				
Car-parking Spaces	1	N/A	N/A	0.7 ³
Zhongshan Palm Spring				
Car-parking Spaces	24	N/A	N/A	4.4 ³
Others				0.4 ³
Subtotal				613.3³
Total				2,279.8
Recognised sales from joint venture project				
Hong Kong				
	No. of Units	Approximate Saleable Area (square feet)	Average Selling Price (HK\$/square foot)	Turnover (HK\$ million)
Alto Residences ⁴ (50.0% basis)				
Residential Units	274	156,402	16,134 ¹	2,618.0
Car-parking Spaces	21	N/A	N/A	56.4
Subtotal				2,674.4
Mainland China				
	No. of Units	Approximate GFA (square feet)	Average Selling Price (HK\$/square foot)	Turnover (HK\$ million)
Guangzhou Dolce Vita ⁵ (47.5% basis)				
Retail Units	1	8,932	3,384 ²	28.5 ³
Car-parking Spaces	8	N/A	N/A	2.5 ³
Subtotal				31.0³
Total				2,705.4

Notes:

1. Excluding the financing component for sale of completed properties in accordance with Hong Kong Financial Reporting Standard 15 "Revenue from Contracts with Customers".
2. Before PRC business tax and value-added tax inclusive.
3. After PRC business tax and value-added tax exclusive.
4. Alto Residences is a joint venture project with Empire Group in which each of LSD Group and Empire Group has an effective 50% interest.
5. Guangzhou Dolce Vita is a joint venture project with CapitaLand China Holdings Pte. Ltd. ("CapitaLand China") in which each of Lai Fung Group and CapitaLand China has an effective 47.5% interest.

Review of major properties completed for sale and under development

Hong Kong Properties

339 Tai Hang Road, Hong Kong

LSD Group wholly owns the development project located at No. 339 Tai Hang Road, Hong Kong. The development project is a luxury residential property with a total GFA of approximately 30,400 square feet (excluding car-parking spaces). The total development cost (including land cost and lease modification premium) is approximately HK\$670 million. Up to the date of this results announcement, 8 out of 9 units of this project have been sold.

Ocean One, 6 Shung Shun Street, Yau Tong

LSD Group wholly owns this development project, namely “Ocean One” located at No. 6 Shung Shun Street, Yau Tong, Kowloon. This property is a residential-cum-commercial property with a total GFA of about 122,000 square feet (excluding car-parking spaces) or 124 residential units and 2 commercial units. All units have been sold other than 2 shops and 7 car-parking spaces.

Alto Residences

In November 2012, LSD Group successfully tendered for and secured a site located at Area 68A2, Tseung Kwan O, New Territories, through a 50% joint venture vehicle. The lot has an area of 229,338 square feet with a total GFA of 573,268 square feet split into 458,874 square feet for residential use and 114,394 square feet for commercial use. Construction has been completed with the Occupation Permit issued by the Buildings Department in May 2018. The Certificate of Compliance was issued by the Lands Department in September 2018.

This project providing 605 flats, including 23 detached houses was named “Alto Residences” and was launched for pre-sale in October 2016. Up to 20 October 2019, LSD Group has sold 581 units in Alto Residences with saleable area of approximately 353,500 square feet at an average selling price of approximately HK\$17,300 per square foot. Handover of the sold residential units has been substantially completed. LSD Group has released in total 95 car-parking spaces of Alto Residences for sale since March 2019. Up to 20 October 2019, 63 car-parking spaces have been sold and the total sales proceeds amounted to approximately HK\$170.5 million.

93 Pau Chung Street

In April 2014, LSD Group was successful in its bid for the development right to the San Shan Road/Pau Chung Street project from the Urban Renewal Authority in Ma Tau Kok, Kowloon, Hong Kong. The lot has an area of 12,599 square feet with a total GFA of 111,354 square feet split into 94,486 square feet for residential use and 16,868 square feet for commercial use. The construction has been completed with the Occupation Permit issued by the Buildings Department in July 2018 and the Certificate of Compliance issued by the Lands Department in November 2018.

This project was named “93 Pau Chung Street” and launched for pre-sale in September 2016. The sale of 209 residential units has been completed, achieving an average selling price of approximately HK\$16,400 per square foot. Handover of the sold residential units has been substantially completed. LSD Group released the commercial units of 93 Pau Chung Street for sale in July 2018. Up to 20 October 2019, 5 out of 7 commercial units with saleable area of approximately 14,000 square feet have been sold and handed over at an average selling price of approximately HK\$23,000 per square foot.

Novi

LSD Group completed the purchase of the remaining unit for the proposed development on Ki Lung Street in Sham Shui Po, Kowloon, Hong Kong in May 2016. The site comprises numbers 48-56 on Ki Lung Street and has a combined site area of 5,054 square feet. It was planned to be developed primarily into a commercial/residential development for sale with a total GFA of 42,851 square feet. The construction works have been completed with the Occupation Permit issued by the Buildings Department in July 2019 and the total development cost is expected to be approximately HK\$0.4 billion.

This project was named “Novi” and launched for pre-sale in July 2017, offering 138 flats in total, including studios, one and two-bedroom units. All 138 units with total saleable area of approximately 28,800 square feet have been pre-sold, achieving an average selling price of HK\$18,900 per square foot. Handover of the pre-sold residential units is expected to commence by the end of 2019.

Monti

LSD Group was successful in September 2015 in its bid for the development rights to the Sai Wan Ho Street project from the Urban Renewal Authority in Shau Kei Wan, Hong Kong. The project site covers an area of 7,642 square feet. Upon completion, it will provide 144 residential units with a total residential GFA of 59,799 square feet. The total development cost is estimated to be approximately HK\$0.9 billion and construction is expected to be completed in the fourth quarter of 2019.

This project was named “Monti” and launched for pre-sale in August 2018. Up to 20 October 2019, LSD Group has pre-sold 62 units in Monti with saleable area of approximately 19,500 square feet at an average selling price of approximately HK\$20,500 per square foot.

Tai Kei Leng project

In March 2019, LSD Group successfully tendered for and secured a site located at Lot No. 5382 in Demarcation District No.116, Tai Kei Leng, Yuen Long, Hong Kong for HK\$209.8 million. This site is designated for private residential purpose and expected to add a maximum GFA of approximately 42,200 square feet to the development portfolio of LSD Group. Ground investigation is in progress and construction work is expected to be completed in 2024.

Hang On Street project

In April 2019, LSD Group successfully secured the Urban Renewal Authority project covering a site area of approximately 8,500 square feet at Nos.12-30 Hang On Street, Kwun Tong, Hong Kong which will be developed into approximate 64,000 square feet of residential spaces. Ground investigation is in progress and construction work is expected to be completed in 2023.

Mainland China Properties

All major properties for sale and under development of the Group in Mainland China are held through Lai Fung Group except LSD Group's 20% interest in Novotown Phase I.

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, Lai Fung 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. Lai Fung Group plans to redevelop Shanghai Northgate Plaza I, Northgate Plaza II and 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 Lai Fung Group. This project is expected to complete in the second quarter of 2022.

Shanghai Wuli Bridge Project

In July 2014, Lai Fung 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.

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.

Guangzhou King's Park

This is a high-end residential development located on Donghua Dong Road in Yuexiu District, Guangzhou. 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, 13 car-parking spaces remained unsold.

Guangzhou Haizhu Plaza

Guangzhou Haizhu Plaza is located on Chang Di Main Road in Yuexiu District, Guangzhou along the Pearl River. Lai Fung 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 under 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 HK\$2,739 per square foot, respectively, which contributed a total of HK\$378.1 million to the sales turnover.

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, 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 gains/expenses, net” 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 and 1,215 unsold car-parking spaces.

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, Lai Fung and eSun jointly announced that Lai Fung had successfully won the bid of the land use rights of the land for Novotown Phase I. Upon completion of the Novotown Phase I Acquisition in September 2019 and as of the date of this results announcement, Novotown Phase I is 80% owned by Lai Fung Group and 20% owned by LSD. 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 the 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.

Lai Fung 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 Novotown Phase I were strong. During the year under review, 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. Completed cultural studios held for sale in this development as at 31 July 2019 amounted to approximately 173,230 square feet.

Hengqin Novotown – Phase II

In June 2017, Lai Fung 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, Lai Fung 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.

Lai Fung 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.

Lai Fung 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 Novotown Phase II. 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. Lai Fung Group is in the process of finalising the master layout plan for Novotown Phase II with the Chinese Government.

RESTAURANT OPERATION

For the year ended 31 July 2019, restaurant operation segment contributed HK\$514.8 million to the Group's turnover (2018: HK\$514.0 million). Up to the date of this results announcement, restaurant operation includes LSD Group's interests in 23 restaurants in Hong Kong and Mainland China and 2 restaurants in Macau and Las Vegas under management. Details of each existing restaurant of LSD Group are as follows:

Cuisine	Restaurant	Location	Attributable interest to LSD Group	Award
Owned restaurants				
Western/ International Cuisine	8½ Otto e Mezzo BOMBANA Hong Kong	Hong Kong	37%	Three Michelin stars (2012-2019)
	8½ Otto e Mezzo BOMBANA Shanghai	Shanghai	13%	Two Michelin stars (2017-2019)
	Opera BOMBANA	Beijing	20%	
	CIAK - In The Kitchen	Hong Kong	62%	The Plate Michelin (2019) One Michelin star (2015-2017)
	CIAK - All Day Italian	Hong Kong	67%	Michelin Bib Gourmand (2017-2019)
	Beefbar	Hong Kong	62%	One Michelin star (2017-2019)
	Takumi by Daisuke Mori	Hong Kong	63%	One Michelin star (2018-2019)
	Prohibition <i>(Note)</i>	Hong Kong	100%	
	Zest by Konishi	Hong Kong	67%	
Asian Cuisine	China Tang Landmark	Hong Kong	50%	The Plate Michelin (2019)
	China Tang Harbour City	Hong Kong	60%	The Plate Michelin (2019)
	Howard's Gourmet	Hong Kong	50%	
	Beijing Howard's Gourmet	Beijing	67%	
	Chiu Tang Central	Hong Kong	67%	
	Old Bazaar Kitchen	Hong Kong	63%	
	Sun's Bazaar Pacific Place	Hong Kong	67%	
	Sun's Bazaar KiKi Tea Telford Plaza	Hong Kong	69%	
	Canton Bistro <i>(Note)</i>	Hong Kong	100%	
	KiKi Noodle Bar IFC	Hong Kong	67%	
	KiKi Noodle Bar K11 MUSEA	Hong Kong	67%	
	KiKi Noodle Bar Shanghai Hong Kong Plaza	Shanghai	67%	
Japanese Cuisine	Kaiseki Den by Saotome	Hong Kong	59%	One Michelin star (2010-2019)
	Sushi Masataka	Hong Kong	63%	The Plate Michelin (2019)
Managed restaurants				
Western Cuisine	8½ Otto e Mezzo BOMBANA, Macau	Macau	N/A	One Michelin star (2016-2019)
Asian Cuisine	China Tang Las Vegas	Las Vegas	N/A	

Note:

Performance of these two restaurants in Ocean Park Marriott Hotel has been included in the hotel operation segment for segment reporting purposes.

HOTEL AND SERVICED APARTMENT OPERATION

The hotel and serviced apartment operation segment of the Group includes LSD Group's operation of the Ocean Park Marriott Hotel in Hong Kong and the Caravelle Hotel in Ho Chi Minh City, Vietnam, as well as Lai Fung Group's hotel and serviced apartment operation in Shanghai, Mainland China. The hotel project in Phuket, Thailand that LSD Group invested in June 2017 is still at the planning stage and the Group will provide material updates on this project as and when available. For the year ended 31 July 2019, the hotel and serviced apartment operation contributed HK\$686.1 million to the Group's turnover (2018: HK\$424.0 million).

The Ocean Park Marriott Hotel operated by Marriott Group providing a total of 471 rooms grand opened on 19 February 2019 and added approximately 365,974 square feet of attributable rental space to the rental portfolio of LSD Group.

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

The hotel operation team of LSD Group has extensive experience in providing consultancy and management services to hotels in Mainland China, Hong Kong and other Asian countries and now manages Lai Fung Group's serviced apartments in Shanghai under the "STARR" brand.

The STARR Hotel Shanghai is a 17-storey hotel located in the Mayflower Lifestyle complex in Jing'an District in Shanghai, 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.

Lai Fung Group also owns 100% interest in the Ascott Huaihai Road in Shanghai Hong Kong Plaza which 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 has 308 contemporary apartments of various sizes: studios (640-750 square feet), one-bedroom apartments (915-1,180 square feet), two-bedroom apartments (1,720 square feet), three-bedroom apartments (2,370 square feet) and two luxurious penthouses on the highest two floors (4,520 square feet).

MEDIA AND ENTERTAINMENT

The media and entertainment businesses are operated by eSun Group. For the year ended 31 July 2019, this segment recorded a turnover of HK\$591.8 million.

Live Entertainment

eSun Group remains active on the live entertainment front. During the year under review, eSun Group organised and invested in 118 shows by popular local, Asian and internationally renowned artistes, including Andy Lau, Sammi Cheng, Ekin Cheng, Ivana Wong, Grasshopper, JJ Lin, Yoga Lin, EXO, Donghae & Eunhyuk and MayDay.

Music Production, Distribution and Publishing

For the year ended 31 July 2019, eSun Group released 49 albums, including titles by Sammi Cheng, Grasshopper, Remus Choy, Andy Leung, Tang Siu Hau and Feanna Wong. eSun Group is expected to continue to increase its music licensing revenue from the exploitation of the music library through new media distribution.

Artiste Management

eSun Group has a strong artiste management team and a sizeable number of talents and will continue to expand its profile and in tandem with our growing television drama production and film production business.

FILM AND TV PROGRAMME PRODUCTION AND DISTRIBUTION

The film and TV programme production and distribution businesses are operated by eSun Group. For the year ended 31 July 2019, this segment recorded a turnover of HK\$326.0 million and segment results of a loss of HK\$119.6 million.

During the year under review, eSun Group released 2 films, namely *Kung Fu Monster* and *Dead Pigs* and distributed 33 films and 482 videos with high profile titles including *Green Book*, *Hotel Mumbai*, *John Wick: Chapter 3 – Parabellum*, *BumbleBee*, *Captain Marvel* and *Venom*.

CINEMA OPERATION

The cinema operation is managed by eSun Group. For the year ended 31 July 2019, this segment recorded a turnover of HK\$521.1 million. As at the date of this results announcement, eSun Group operates 10 cinemas in Hong Kong and 3 cinemas in Mainland China. The cinema operation provides a complementary distribution channel for eSun Group's film production and distribution businesses. The MCL Cheung Sha Wan Cinema, newly opened in January 2019 is the first MCL cinema in West Kowloon district. With industrial style design, the cinema has 4 houses with more than 400 seats in a stadium seating setting, giving the audience a comfortable sightline and all cinema houses are equipped with 4K projection system, Dolby 7.1 surround sound system and Bowers & Wilkins Hi-Fi grade speakers to provide a great cinematic viewing experience for the audience.

Details on the number of screens and seats of each existing cinema of eSun Group are as follows:

Cinema	Attributable interest to eSun Group (%)	No. of screens (Note 1)	No. of Seats (Note 1)
Mainland China			
Suzhou Grand Cinema City	100	10	1,440
Guangzhou May Flower Cinema City	100	7	606
Zhongshan May Flower Cinema City	100	5	905
Subtotal		22	2,951
Hong Kong			
Movie Town (including MX4D theatre)	100	7	1,702
Festival Grand Cinema	95	8	1,196
MCL Metro City Cinema (Note 2)	95	6	694
MCL Telford Cinema (including MX4D theatre)	95	6	789
STAR Cinema	95	6	622
Grand Kornhill Cinema (including MX4D theatre)	95	5	706
MCL Cheung Sha Wan Cinema	95	4	418
MCL South Horizons Cinema	95	3	555
MCL Green Code Cinema	95	3	285
Grand Windsor Cinema	95	3	246
Subtotal		51	7,213
Total		73	10,164

Notes:

1. On 100% basis.
2. With effect from 1 November 2018, rental space of one cinema house has been handed back to the landlord.

INTERESTS IN JOINT VENTURES

During the year ended 31 July 2019, contribution from joint ventures amounted to HK\$649.3 million (2018: HK\$1,714.4 million). The decrease is primarily due to a lower revaluation gain of CCB Tower partially offset by the increased operation profit due to recognition of sales of residential units of Alto Residences during the year under review.

	For the year ended 31 July	
	2019 (HK\$ million)	2018 (HK\$ million)
Revaluation gains	129.5	1,598.6
Operating profits	519.8	115.8
Contribution from joint ventures	649.3	1,714.4

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 July 2019, cash and bank balances and undrawn facilities held by the Group amounted to HK\$5,498.8 million and HK\$5,715.7 million, respectively. Cash and bank balances held by the Group of which around 44.4% was denominated in Hong Kong dollar and United States dollar currencies, and around 47.8% was denominated in Renminbi. Cash and bank balances and undrawn facilities held by the Group excluding LSD as at 31 July 2019 were HK\$243.2 million and HK\$250.0 million, respectively.

The Group's sources of funding comprise mainly internal funds generated from the Group's business operations, loan facilities provided by banks and guaranteed notes issued to investors.

As at 31 July 2019, the Group had bank borrowings of approximately HK\$13,962.5 million, guaranteed notes of approximately HK\$5,736.7 million, other borrowings of approximately HK\$711.5 million and other payable of approximately HK\$65.6 million. As at 31 July 2019, the maturity profile of the bank borrowings of HK\$13,962.5 million is well spread with HK\$4,296.9 million repayable within 1 year, HK\$4,483.7 million repayable in the second year and HK\$4,041.9 million repayable in the third to fifth years, and HK\$1,140.0 million repayable beyond the fifth year.

The Group issued guaranteed notes in an aggregate principal amount of US\$750 million. The guaranteed notes have terms of five years and bear a fixed interest rate of 4.6% and 5.65% per annum with interest payable semi-annually in arrears. The guaranteed notes are listed on the Stock Exchange and were issued for refinancing the previous notes and for general corporate purposes. The Group entered into cross currency swap agreements with financial institutions for the purpose of hedging the foreign currency risk.

Approximately 71% and 28% of the Group's total borrowings carried interest on a floating rate basis and fixed rate basis, respectively, and the remaining 1% of Group's borrowings were interest-free.

The gearing ratio, expressed as a percentage of the total outstanding net debt (being the total borrowings less cash and bank balances) to consolidated net assets attributable to owners of the Company, was approximately 66.2%. Excluding the net debt of LSD, the Group's gearing ratio was approximately 4.1%.

As at 31 July 2019, certain investment properties with carrying amounts of approximately HK\$32,188.0 million, certain prepaid land lease payments with carrying amounts of approximately HK\$1,605.6 million, certain property, plant and equipment with carrying amounts of approximately HK\$3,299.2 million, certain property under development for sale of approximately HK\$1,946.9 million, certain serviced apartments of approximately HK\$1,208.6 million, and certain bank balances and time deposits with banks of approximately HK\$1,490.8 million were pledged to banks to secure banking facilities granted to the Group. In addition, certain shares in subsidiaries held by the Group were also pledged to banks to secure banking facilities granted to the Group. Certain shares in joint ventures held by the Group were pledged to banks to secure banking facilities granted to joint ventures of the Group. The Group's secured bank borrowings were also secured by floating charges over certain assets held by the Group.

The Group's major assets and liabilities and transactions were denominated in Hong Kong dollars, United States dollars, Pounds Sterling and Renminbi. Considering that Hong Kong dollars are pegged against United States dollars, the Group believes that the corresponding exposure to exchange rate risk arising from United States dollars is nominal. The Group has investments in United Kingdom with the assets and liabilities denominated in Pounds Sterling. These investments were primarily financed by bank borrowings denominated in Pounds Sterling in order to minimise the net foreign exchange exposure. Lai Fung has a net exchange exposure to Renminbi as Lai Fung's assets are principally located in Mainland China and the revenues are predominantly in Renminbi. Other than the abovementioned, the remaining monetary assets and liabilities of the Group were denominated in Malaysian Ringgit and Vietnamese Dong which were also insignificant as compared with the Group's total assets and liabilities. The Group manages its foreign currency risk by closely reviewing the movement of the foreign currency rate and considers hedging significant foreign currency exposure should the additional need arise.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 July 2019, the Company did not redeem any of its shares listed and traded on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such shares.

CORPORATE GOVERNANCE

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

The Company has complied with all the code provisions set out in the CG Code throughout the year ended 31 July 2019 save for the deviations from code provisions A.4.1 and A.5.1.

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

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

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

The Company has not established a nomination committee whose functions are assumed by the full Board. The Board has reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board annually and the Company has achieved and maintained diversity of the Board including professional qualifications and experience, cultural and educational background, race and ethnicity, gender, age and length of service which meet the Company’s business model and specific needs. 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 July 2019, the Group employed a total of approximately 4,600 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
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@laisun.com.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company (“**Audit Committee**”) currently comprises three INEDs, namely Messrs. Leung Shu Yin, William (Chairman of the Audit Committee), Lam Bing Kwan and Chow Bing Chiu. The Audit Committee has reviewed the consolidated results (including the consolidated financial statements) of the Company for the year ended 31 July 2019.

REVIEW OF THE PRELIMINARY ANNOUNCEMENT OF RESULTS BY INDEPENDENT AUDITORS

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, Ernst & Young, Certified Public Accountants to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditor 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 the Company's auditor on the preliminary announcement.

OTHER INFORMATION

The Annual Report of the Company for the year ended 31 July 2019 containing all the information required by the Listing Rules will be published on the websites of the Stock Exchange at www.hkex.com.hk and the Company at www.laisun.com and despatched to Shareholders in mid-November 2019.

By Order of the Board
Lam Kin Ming
Chairman

Hong Kong, 25 October 2019

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