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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 2018

#### 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 2018 together with the comparative figures of the last year as follows:

#### Consolidated Income Statement

For the year ended 31 July 2018

	Notes	2018 HK\$'000	2017 HK\$'000
TURNOVER	3	1,804,039	1,808,083
Cost of sales		(737,332)	(753,822)
Gross profit		1,066,707	1,054,261
Other revenue		199,061	83,398
Selling and marketing expenses		(16,974)	(31,489)
Administrative expenses		(458,635)	(377,418)
Other operating expenses	4(b)	(321,657)	(301,323)
Fair value gains on investment properties, net		2,715,257	1,467,213
Reversal of provision for tax indemnity	4(c)	305	142,451
PROFIT FROM OPERATING ACTIVITIES	4(a)	3,184,064	2,037,093
Finance costs	5	(319,001)	(267,458)
Share of profits and losses of associates		100,769	188,949
Share of profits and losses of joint ventures		1,714,360	837,413
Loss on deemed disposal of interest in an associate		-	(573,121)
Discount on acquisition of additional interest in an associate		-	142,822
PROFIT BEFORE TAX		4,680,192	2,365,698
Tax	6	(57,567)	(83,500)
PROFIT FOR THE YEAR		4,622,625	2,282,198
Attributable to:			
Owners of the Company		2,567,355	1,456,666
Non-controlling interests		2,055,270	825,532
		4,622,625	2,282,198
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	8		
Basic		HK\$6.686	HK\$3.824
Diluted		HK\$6.604	HK\$3.785

**Consolidated Statement of Comprehensive Income**  
*For the year ended 31 July 2018*

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
PROFIT FOR THE YEAR	<u>4,622,625</u>	<u>2,282,198</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income/(expense) to be reclassified to profit or loss in subsequent periods:		
Changes in fair values of available-for-sale financial assets	317,099	202,804
Exchange realignments	(12,975)	9,692
Share of other comprehensive expense of associates	(48,010)	(54,877)
Share of other comprehensive (expense)/income of a joint venture	<u>(1,282)</u>	<u>908</u>
	254,832	158,527
Release of reserves upon deemed disposal of interest in an associate	-	49,192
Release of reserve upon remeasurement of existing interest in a joint venture upon business combination	<u>374</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR	<u>255,206</u>	<u>207,719</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>4,877,831</u>	<u>2,489,917</u>
Attributable to:		
Owners of the Company	2,698,449	1,583,555
Non-controlling interests	<u>2,179,382</u>	<u>906,362</u>
	<u>4,877,831</u>	<u>2,489,917</u>

## Consolidated Statement of Financial Position

As at 31 July 2018

	Notes	2018 HK\$'000	2017 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		5,554,164	4,322,054
Prepaid land lease payments		18,846	19,873
Investment properties		21,460,590	19,245,714
Properties under development for sale		1,008,281	1,646,938
Goodwill		235,778	5,161
Intangible assets		120,306	-
Interests in associates		3,681,408	3,628,138
Interests in joint ventures		7,272,859	7,224,183
Available-for-sale financial assets		2,413,160	1,717,665
Derivative financial instruments		6,171	-
Deposits paid and other receivables		342,432	232,664
Deferred tax assets		34,534	-
Loans to related companies		650,000	-
Pledged and restricted bank balances and time deposits		95,797	86,892
Total non-current assets		<u>42,894,326</u>	<u>38,129,282</u>
<b>CURRENT ASSETS</b>			
Properties under development for sale		1,049,331	-
Completed properties for sale		264,824	264,914
Inventories		31,973	31,327
Debtors, deposits paid and other receivables	9	554,424	543,893
Pledged and restricted bank balances and time deposits		351,634	314,152
Cash and cash equivalents		4,098,043	3,176,636
		<u>6,350,229</u>	<u>4,330,922</u>
Asset classified as held for sale		1,476,533	-
Total current assets		<u>7,826,762</u>	<u>4,330,922</u>
<b>CURRENT LIABILITIES</b>			
Creditors, deposits received and accruals	10	2,244,429	477,301
Tax payable		132,868	127,541
Guaranteed notes		-	3,480,606
Bank borrowings		1,200,279	171,582
Total current liabilities		<u>3,577,576</u>	<u>4,257,030</u>
<b>NET CURRENT ASSETS</b>		<u>4,249,186</u>	<u>73,892</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>47,143,512</u>	<u>38,203,174</u>
<b>NON-CURRENT LIABILITIES</b>			
Bank borrowings		8,389,707	7,503,652
Guaranteed notes		3,118,594	-
Other borrowing, note payable and interest payable		395,630	384,293
Deferred tax liabilities		242,085	207,962
Provision for tax indemnity		251,251	344,251
Long term deposits received and other payables		647,718	909,482
Total non-current liabilities		<u>13,044,985</u>	<u>9,349,640</u>
		<u>34,098,527</u>	<u>28,853,534</u>
<b>EQUITY</b>			
Equity attributable to owners of the Company			
Share capital		1,232,007	1,198,360
Reserves		18,605,336	16,839,076
		<u>19,837,343</u>	<u>18,037,436</u>
Non-controlling interests		14,261,184	10,816,098
		<u>34,098,527</u>	<u>28,853,534</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, derivative financial instruments and certain available-for-sale financial assets, which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

The financial information relating to the years ended 31 July 2018 and 31 July 2017 included in this preliminary announcement of annual results for the year ended 31 July 2018 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 2017 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 2018 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 auditors drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

### 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following amendments to HKFRSs for the first time for the current year’s financial statements.

Amendments to HKAS 7	<i>Disclosure Initiative</i>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
Amendments to HKFRS 12 included in <i>Annual Improvements to HKFRSs 2014-2016 Cycle</i>	<i>Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12</i>

Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

Other than as explained above regarding the impact of Amendments to HKAS 7, the adoption of the above amendments to HKFRSs has had no significant financial effect on these financial statements.

### 3. SEGMENT INFORMATION

#### Segment revenue and results

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

	Property development and sales		Property investment		Hotel operation		Restaurant operation		Others		Eliminations		Consolidated	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Segment revenue:														
Sales to external customers	430	89,245	818,489	792,549	423,958	412,343	514,019	481,529	47,143	32,417	-	-	1,804,039	1,808,083
Intersegment sales	-	-	20,997	22,474	-	90	-	97	30,168	26,697	(51,165)	(49,358)	-	-
Other revenue	6,443	4,813	30,708	2,310	145	280	732	426	21,096	11,120	-	-	59,124	18,949
Total	6,873	94,058	870,194	817,333	424,103	412,713	514,751	482,052	98,407	70,234	(51,165)	(49,358)	1,863,163	1,827,032
Segment results	(6,872)	(15,661)	684,970	646,542	26,947	62,911	(36,542)	(30,671)	15,232	(2,637)	-	-	683,735	660,484
Interest income from bank deposits - unallocated													56,561	30,970
Unallocated revenue													83,376	33,479
Fair value gains on investment properties, net	-	-	2,715,257	1,467,213	-	-	-	-	-	-	-	-	2,715,257	1,467,213
Unallocated expenses													(355,170)	(297,504)
Reversal of provision for tax indemnity													305	142,451
Profit from operating activities													3,184,064	2,037,093
Finance costs													(319,001)	(267,458)
Share of profits and losses of associates	466	33	15,071	11,290	(309)	-	(1,471)	(3,330)	(80)	-	-	-	13,677	7,993
Share of profits and losses of associates - unallocated													87,092	180,956
Share of profits and losses of joint ventures	3,071	(28,638)	1,716,061	859,570	-	-	(1,483)	-	(3,289)	6,481	-	-	1,714,360	837,413
Loss on deemed disposal of interest in an associate													-	(573,121)
Discount on acquisition of additional interest in an associate													-	142,822
Profit before tax													4,680,192	2,365,698
Tax													(57,567)	(83,500)
Profit for the year													4,622,625	2,282,198

### 3. SEGMENT INFORMATION (continued)

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

	Property development and sales		Property investment		Hotel operation		Restaurant operation		Others		Consolidated	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
<b><u>Segment assets and liabilities</u></b>												
Segment assets	2,728,203	2,321,573	21,703,204	19,456,032	5,621,531	4,261,731	545,764	601,724	1,683,631	242,782	32,282,333	26,883,842
Interests in associates	1,701	5,890	79,815	66,973	163,301	159,478	(10,394)	(9,078)	233	-	234,656	223,263
Interests in associates - unallocated											3,446,752	3,404,875
Interests in joint ventures	1,194,367	1,116,246	6,075,975	5,986,447	-	-	2,517	-	-	121,490	7,272,859	7,224,183
Unallocated assets											6,007,955	4,724,041
Asset classified as held for sale											1,476,533	-
Total assets											50,721,088	42,460,204
Segment liabilities	1,684,053	777,431	425,104	229,379	237,631	279,216	41,259	43,158	330,037	9,932	2,718,084	1,339,116
Bank borrowings											9,589,986	7,675,234
Guaranteed notes											3,118,594	3,480,606
Other borrowing, note payable and interest payable											395,630	384,293
Other unallocated liabilities											800,267	727,421
Total liabilities											16,622,561	13,606,670
<b><u>Other segment information</u></b>												
Amortisation of prepaid land lease payments	-	-	-	-	1,027	1,028	-	-	-	-	1,027	1,028
Depreciation	-	-	223	254	29,834	25,861	50,220	47,469	1,241	217	81,518	73,801
Depreciation - unallocated											13,060	13,586
											94,578	87,387
Impairment of property, plant and equipment	-	-	-	-	-	-	9,583	-	-	-	9,583	-
Loss on disposal/write-off of items of property, plant and equipment	-	226	29	-	653	996	7,655	-	-	-	8,337	1,222
Capital expenditure	-	-	45,858	57,842	1,306,810	1,075,824	26,185	48,257	2,106	3,019	1,380,959	1,184,942
Capital expenditure - unallocated											384	4,330
											1,381,343	1,189,272

### 3. SEGMENT INFORMATION *(continued)*

#### Geographical information

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

	Hong Kong		United Kingdom		Vietnam		Others		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue										
Sales to external customers	<b>1,206,788</b>	1,260,606	<b>148,849</b>	136,304	<b>418,729</b>	407,257	<b>29,673</b>	3,916	<b>1,804,039</b>	1,808,083
Other revenue	<b>29,545</b>	18,317	<b>29,416</b>	493	<b>20</b>	81	<b>143</b>	58	<b>59,124</b>	18,949
Total	<b>1,236,333</b>	1,278,923	<b>178,265</b>	136,797	<b>418,749</b>	407,338	<b>29,816</b>	3,974	<b>1,863,163</b>	1,827,032
Segment assets										
Non-current assets	<b>25,560,676</b>	22,184,372	<b>2,868,811</b>	2,703,275	<b>463,433</b>	449,172	<b>380,152</b>	621	<b>29,273,072</b>	25,337,440
Current assets	<b>2,348,956</b>	1,146,885	<b>63,642</b>	72,756	<b>266,462</b>	323,208	<b>330,201</b>	3,553	<b>3,009,261</b>	1,546,402
Total	<b>27,909,632</b>	23,331,257	<b>2,932,453</b>	2,776,031	<b>729,895</b>	772,380	<b>710,353</b>	4,174	<b>32,282,333</b>	26,883,842

#### Information about major customers

For both the years ended 31 July 2018 and 31 July 2017, there was no revenue derived from a single customer which contributed more than 10% of the Group's revenue for the respective years.

#### 4. PROFIT FROM OPERATING ACTIVITIES

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

	<b>2018</b>	2017
	<b>HK\$'000</b>	HK\$'000
Cost of inventories sold	<b>171,994</b>	169,622
Cost of completed properties sold	<b>90</b>	71,900
Depreciation <sup>#</sup>	<b>94,578</b>	87,387
Impairment of property, plant and equipment*	<b>9,583</b>	-
Loss on disposal/write-off of items of property, plant and equipment*	<b>8,337</b>	1,222
Foreign exchange losses, net*	<b>3,931</b>	21,462
	<u><b>319,001</b></u>	<u>214,622</u>

<sup>#</sup> Depreciation charge of approximately HK\$89,441,000 (2017: HK\$82,082,000) for property, plant and equipment is included in "other operating expenses" on the consolidated income statement.

\* These items are included in "other operating expenses" on the consolidated income statement.

(b) Other than those mentioned in note 4(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\$60,250,000 (2017: HK\$64,337,000).

(c) Pursuant to the indemnity deed entered into between Lai Sun Development Company Limited ("LSD"), a subsidiary of the Company, and Lai Fung Holdings Limited ("Lai Fung") on 12 November 1997, LSD has undertaken to indemnify Lai Fung in respect of certain potential Mainland China corporate income tax and land appreciation tax payable or shared by Lai Fung in consequence of the disposal of certain properties interest attributable to Lai Fung through its subsidiaries and joint ventures as at 31 October 1997. During the year, LSD settled tax indemnity of approximately HK\$92,695,000 (2017: HK\$493,936,000) in relation to the taxes incurred and paid by Lai Fung. LSD also reversed an overprovision in prior years of approximately HK\$305,000 (2017: HK\$142,451,000) which is credited to the consolidated income statement.

#### 5. FINANCE COSTS

	<b>2018</b>	2017
	<b>HK\$'000</b>	HK\$'000
Interest on bank borrowings	<b>184,340</b>	133,860
Interest on guaranteed notes	<b>259,410</b>	220,732
Interest on other borrowing and note payable	<b>11,337</b>	11,324
Bank financing charges	<b>44,199</b>	57,838
	<u><b>499,286</b></u>	<u>423,754</u>
Less: Amount capitalised in a hotel development project	<b>(139,355)</b>	(100,317)
Amount capitalised in properties under development for sale	<b>(40,930)</b>	(55,979)
	<u><b>319,001</b></u>	<u>267,458</u>



## 6. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 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.

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Current tax		
Hong Kong	<b>49,760</b>	46,279
Overseas	<b>27,195</b>	21,630
	<u>76,955</u>	<u>67,909</u>
Deferred tax	<b>(25,676)</b>	13,113
Prior years' underprovision		
Hong Kong	<b>5,719</b>	612
Overseas	<b>569</b>	1,866
	<u>6,288</u>	<u>2,478</u>
Tax charge for the year	<u><b>57,567</b></u>	<u>83,500</u>

## 7. DIVIDEND

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Final dividend paid in respect of the year ended 31 July 2017 (2017: final dividend paid in respect of the year ended 31 July 2016)	<u><b>26,250</b></u>	<u>23,018</u>
Proposed final dividend – HK7.40 cents (2017: HK6.85 cents) per ordinary share	<u><b>28,500</b></u>	<u>26,165</u>

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

## 8. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Earnings		
Earnings for the purpose of basic earnings per share	<b>2,567,355</b>	1,456,666
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><b>(10,146)</b></u>	<u>(3,832)</u>
Earnings for the purpose of diluted earnings per share	<u><b>2,557,209</b></u>	<u>1,452,834</u>
	<i>'000</i>	<i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>383,991</b>	380,878
Effect of dilutive potential ordinary shares arising from share options	<u><b>3,247</b></u>	<u>2,984</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u><b>387,238</b></u>	<u>383,862</u>

The number of shares for the purpose of earnings per share were calculated to reflect the share consolidation (i.e. every five issued shares are consolidated into one share in the share capital of the Company as approved by the shareholders of the Company in the General Meeting with effect from 15 August 2017) (the “Share Consolidation”). Further details of the Share Consolidation are set out in the Company’s announcements dated 27 April 2017 and 18 July 2017, and the Company’s circular dated 26 July 2017.

## 9. DEBTORS, DEPOSITS PAID AND OTHER RECEIVABLES

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

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

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Trade debtors:		
Not yet due or less than 30 days past due	<b>42,124</b>	11,749
31 – 60 days past due	<b>1,953</b>	2,270
61 – 90 days past due	<b>785</b>	655
Over 90 days past due	<u><b>8,552</b></u>	<u>6,792</u>
	<b>53,414</b>	21,466
Other receivables	<b>360,977</b>	444,611
Deposits paid and prepayments	<u><b>140,033</b></u>	<u>77,816</u>
	<u><b>554,424</b></u>	<u>543,893</u>

## 10. CREDITORS, DEPOSITS RECEIVED AND ACCRUALS

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Trade creditors:		
Not yet due or less than 30 days past due	24,947	20,592
31 – 60 days past due	5,297	2,119
61 – 90 days past due	1,452	950
Over 90 days past due	2,915	75
	<hr/>	<hr/>
	34,611	23,736
Other payables and accruals	641,650	274,095
Deposits received and other provisions	1,568,168	179,470
	<hr/>	<hr/>
	2,244,429	477,301
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## 11. EVENT AFTER THE REPORTING PERIOD

Further to the Company's announcement 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 Holdings Limited ("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% equity interest in eSun in August 2018 for approximately HK\$0.8 billion. Since then, LSD held 77.38% equity interest in eSun. In September 2018, LSD acquired additional 0.005% equity interest in Lai Fung for approximately HK\$0.1 million and held in total 50.605% equity interest in Lai Fung (including 50.60% equity interest already held by eSun). For details of the acquisition, please refer to the Company's announcement dated 8 August 2018, and LSD's announcements dated 15 August 2018, 22 August 2018 and 13 September 2018.

LSD obtained control in eSun in August 2018 and would account eSun as a subsidiary since then. As the above acquisition of eSun and Lai Fung was effected shortly before the date of approval of these financial statements, it is not practicable to disclose further details about the acquisition.

## **FINAL DIVIDEND**

The Directors have resolved to recommend a final dividend of HK7.40 cents per share (2017: HK6.85 cents per share), amounting to approximately HK\$28,500,000 for the financial year ended 31 July 2018 to shareholders of the Company (“**Shareholders**”) whose names appear on the Register of Members of the Company on Friday, 4 January 2019 subject to the approval of Shareholders at the forthcoming Annual General Meeting of the Company to be held on Friday, 21 December 2018 (“**AGM**”).

No interim dividend was declared during the year (2017: 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 21 December 2018; 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 Thursday, 10 January 2019. It is expected that the final dividend warrants and share certificates for the scrip dividend will be despatched to Shareholders on or about Wednesday, 13 February 2019.

## **ANNUAL GENERAL MEETING**

The AGM of the Company will be held on Friday, 21 December 2018. Notice of the AGM together with the proxy form and the Company’s Annual Report for the year ended 31 July 2018 will be published on the respective websites of the Stock Exchange and the Company and despatched to Shareholders in mid-November 2018.

## **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 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration no later than 4:30 p.m. on Monday, 17 December 2018.

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, 4 January 2019. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed on Thursday, 3 January 2019 and Friday, 4 January 2019, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all relevant transfer document(s) and share certificate(s) must be lodged with the Company’s share registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 2 January 2019.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW AND OUTLOOK**

Major economies around the world continue to navigate in uncertain waters during the year under review. The capital markets has demonstrated steadiness backed by cautious optimism despite a delicate economic outlook, punctuated by global events such as elections in Europe, uncertainties surrounding the terms of Brexit, domestic terror events in the US and Europe, and the more recent trade disputes between the USA and China. Some of these events are likely to linger in the near future and continue to cast a shadow on the outlook.

The property sector in Hong Kong as a whole continued to show resilience and robustness despite an increasingly uncertain global economic outlook. During the year under review, the retail segment has showed a strong recovery as demonstrated by improving visitor numbers and retail sales. However, rent growth has been mixed due to re-alignment of tenant mix which resulted in rent reduction in certain tourist hotspots. The office leasing market remained tight despite new supply from completion of new office buildings and resulted in modest rent increases. Central business district continued to be underpinned by PRC and financial corporations and other commercial areas continued to benefit from the decentralisation and consolidation of space. The residential market continued to be robust and demonstrated modest price increases driven by limited supply despite interest rates concerns. However, we observed a softening of the market in recent months due to the increasing uncertain economic outlook. Labour supply shortages in the construction industry continues to drive wage inflation and pose a challenge on the cost management side.

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

<b>Date</b>	<b>Secured Projects</b>	<b>Total Gross Floor Area ("GFA") (square feet)</b>	<b>Use</b>	<b>Date of Occupation Permit</b>
<b>Hong Kong</b>				
<b>Development Properties</b>				
November 2012	Alto Residences	573,268	Commercial/ Residential	Q2 2018 <sup>Note 1</sup>
April 2014	93 Pau Chung Street	111,354	Commercial/ Residential	Q3 2018 <sup>Note 2</sup>
May 2014	Hong Kong Ocean Park Marriott Hotel	365,974	Hotel	Q1 2018 <sup>Note 3</sup>
September 2015	Monti (Sai Wan Ho Street Project)	59,799	Residential	Q3 2019 (Expected)
May 2016	Novi	42,851	Commercial/ Residential	Q3 2019 (Expected)
<b>London, United Kingdom</b>				
<b>Investment Properties</b>				
April 2014	107 Leadenhall Street	146,606	Commercial/ Office	N/A
November 2014	100 Leadenhall Street	177,700	Office	N/A
December 2015	106 Leadenhall Street	19,924	Commercial/ Office	N/A

Notes:

1. Construction works have been completed with the Occupation Permit issued by the Buildings Department in May 2018 and the Certificate of Compliance was issued by the Lands Department in September 2018.
2. Construction works have been completed with the Occupation Permit issued by the Buildings Department in July 2018. As of the date of this results announcement, the application for the Certificate of Compliance from the Lands Department is in progress.
3. Construction works have been completed and the hotel license was issued by the Hotel and Guesthouse Accommodation Authority in October 2018. Soft opening has been scheduled on 29 October 2018.

The Group as a whole performed steadily against this challenging environment. The rental portfolio comprises of approximately 1.2 million square feet attributable to the Group, of which about 1.0 million square feet is located in Hong Kong. Despite the softened economic sentiment and weakened retail activity, the Group's Hong Kong properties performed steadily at nearly full occupancy levels.

The City of London's Planning and Transportation Committee has approved a resolution to grant planning consent ("**Planning Consent**") to LSD to redevelop the three properties on Leadenhall Street in London, comprising 100, 106 and 107 Leadenhall Street ("**Leadenhall Properties**"). The Leadenhall Properties currently have a combined GFA of approximately 344,230 square feet. The Planning Consent would allow LSD 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. The total gross internal area of the proposed tower is expected to be approximately 1,275,642 square feet including ancillary facilities 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.

The disposals of 36 Queen Street in London, United Kingdom and the 50% interest in No. 8 Observatory Road, Kowloon, Hong Kong in July 2018 represented good opportunities for the Group to realise its investment in the rental properties. The disposal of 36 Queen Street in London was completed in July 2018 and the completion of the disposal of No.8 Observatory Road is expected to be in March 2019.

Construction of the Hong Kong Ocean Park Marriott Hotel ("**Ocean Hotel**"), to be operated by the Marriott group has been completed and the hotel license was issued by the Hotel and Guesthouse Accommodation Authority in October 2018. With its soft opening scheduled on 29 October 2018, the Ocean Hotel will provide a total of 471 rooms and approximately 205,311 square feet of attributable rental space to the existing rental portfolio attributable to the Group of approximately 1.2 million square feet. The hotel project in Phuket, Thailand that the Group invested in June 2017 is at the start of the development stage and the Group will provide material updates on this project as and when available.

The pre-sale of 209 residential units of 93 Pau Chung Street has been completed, achieving an average selling price of approximately HK\$16,400 per square foot. LSD released the commercial units of 93 Pau Chung Street for sale in July 2018. Up to 14 October 2018, 5 out of 7 commercial units with saleable area of approximately 14,000 square feet have been pre-sold and the average selling price was approximately HK\$23,000 per square foot. The construction works of 93 Pau Chung Street have been completed with the Occupation Permit issued by the Buildings Department in July 2018. As of the date of this results announcement, the application for the Certificate of Compliance from the Lands Department is in progress. Handover of pre-sold units will commence after the issuance of the Certificate of Compliance.

The Ki Lung Street project in Sham Shui Po, Kowloon, named "Novi" and the joint venture project in Tseung Kwan O named "Alto Residences" are well received. Up to 14 October 2018, LSD has pre-sold 137 units in Novi with saleable area of approximately 28,500 square feet and 541 units in Alto Residences with saleable area of approximately 304,700 square feet, at average selling prices of approximately HK\$18,800 per square foot and HK\$15,700 per square foot, respectively. Construction works of Alto Residences have been completed with the Occupation Permit issued by the Buildings Department in May 2018 and the Certificate of Compliance was issued by the Lands Department in September 2018. Handover of the pre-sold units is in progress. Construction of Novi is expected to be completed in the third quarter 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 14 October 2018, LSD has pre-sold 10 units in Monti with saleable area of approximately 3,160 square feet at an average selling price of approximately HK\$21,200 per square foot. Construction of Monti is expected to be completed in the third quarter of 2019.

The Group is encouraged by the property sales during the year under review which will be recognised in coming financial years and will continue to participate in government tenders to grow the pipeline.

In June 2018, LSD acquired an additional 49.96% equity interest in Camper & Nicholson International S.A. (“CNI”). As at the date of this results announcement, CNI is owned as to 99.92% by LSD. CNI is a global leader in luxury yachting activities, specialising in the brokerage, charter, marketing, management and crew placement of luxury yachts and it is a long established and internationally recognised brand associated with a luxury lifestyle. The Group believes that the consolidation of interest in CNI will bolster its offering of high-end hospitality services further.

The share consolidation on a 1-for-5 basis and change in board lot size from 5,000 shares to 1,000 shares announced by the Group on 27 April 2017 was effective from 15 August 2017. It is hoped that this will make investing in the shares of the Group more attractive to a broader range of investors, in particular to institutional investors whose house rules might otherwise prohibit or restrict trading in securities that are priced below a prescribed floor and thus help to further broaden the shareholder base of the Company.

On 16 August 2017, the Company entered into a secondary block trade agreement with CLSA Limited to sell up to 50,934,000 shares of LSD held by the Company at a placing price of HK\$13.05 per share (“**LSG Placing**”). The net proceeds of approximately HK\$655.4 million (after deduction of placing commission and other expenses of the LSG Placing) was applied for the repayment of the Company’s debt obligations. The LSG Placing represents an opportunity to raise capital and enhanced the cash position and working capital of the Company. The LSG Placing has been completed and immediately after the completion of the LSG Placing, the number of the LSD’s shares held by the Company decreased to 322,602,572 shares, representing approximately 53.32% of the issued share capital of the LSD. LSD remains as a subsidiary of the Company.

The voluntary general cash offer (“**eSun Offer**”) made by LSD in May 2018 to acquire all shares of eSun Holdings Limited (“**eSun**”) that were not already owned by LSD closed on 22 August 2018. The mandatory general offer (“**Lai Fung Offer**”) to Lai Fung Holdings Limited (“**Lai Fung**”) triggered by the eSun Offer closed on 13 September 2018. As at the date of this results announcement, LSD’s interest in eSun increased from that of 36.94% as at 31 July 2018 to 77.38% and eSun has become a subsidiary of LSD and therefore a subsidiary of the Group post year end and its financial results will be consolidated into the accounts of the Company. Lai Fung remains a 50.60%-owned subsidiary of eSun.

The Group’s strong cash position of HK\$4,545.5 million of cash on hand and HK\$1,804.7 million of undrawn facilities with a net debt to equity ratio of 43.5% as at 31 July 2018 provides the Group with full confidence and the means to review opportunities more actively. The Group’s gearing excluding the net debt of the London portfolio all of which have a positive carry net of financing costs is 38.8%. 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 2018, the Group recorded turnover of HK\$1,804.0 million (2017: HK\$1,808.1 million), representing a decrease of approximately 0.2% over last year. The gross profit increased slightly to HK\$1,066.7 million from HK\$1,054.3 million of last year. Set out below is the turnover by segment:

	For the year ended 31 July		Difference (HK\$ million)	% change
	2018 (HK\$ million)	2017 (HK\$ million)		
Property investment	818.5	792.5	26.0	3.3%
Property development and sales	0.4	89.2	-88.8	-99.6%
Restaurant operation	514.0	481.5	32.5	6.7%
Hotel operation and others	471.1	444.9	26.2	5.9%
<b>Total</b>	<b>1,804.0</b>	<b>1,808.1</b>	<b>-4.1</b>	<b>-0.2%</b>

For the year ended 31 July 2018, net profit attributable to owners of the Company was approximately HK\$2,567.4 million (2017: HK\$1,456.7 million), representing an increase of approximately 76.2% over last year. The increase is primarily due to a substantial increase in the revaluation of investment properties owned by the Group and held through joint ventures of the Group during the year under review.

Basic earnings per share was HK\$6.686 (2017: HK\$3.824).

Excluding the effect of property revaluations, net profit attributable to owners of the Company was approximately HK\$39.5 million (2017: net loss of HK\$100.3 million). Net profit per share excluding the effect of property revaluations was HK\$0.103 (2017: net loss of HK\$0.263 per share).

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\$71.2 million (2017: HK\$135.8 million). Net profit per share excluding the effect of property revaluations and non-recurring transactions during the year under review was HK\$0.185 (2017: HK\$0.357 per share).

	For the year ended 31 July	
	2018 HK\$ million	2017 HK\$ million
<b>Profit attributable to owners of the Company</b>		
Reported	2,567.4	1,456.7
Less: Adjustments in respect of revaluation gains of investment properties held by		
- the Company and subsidiaries	(1,588.6)	(994.5)
- associates and joint ventures	(939.3)	(562.5)
<b>Net profit/(loss) after tax excluding revaluation gains of investment properties</b>	<b>39.5</b>	<b>(100.3)</b>
<b>Less: Adjustments in respect of non-recurring transactions</b>		
- reversal of provision for tax indemnity	(0.2)	(88.0)
- loss on deemed disposal of interest in eSun	-	353.9
- discount on acquisition of additional interest in eSun	-	(88.2)
- employee share option benefits	31.9	58.4
<b>Net profit after tax excluding revaluation gains of investment properties and excluding non-recurring transactions</b>	<b>71.2</b>	<b>135.8</b>

Equity attributable to owners of the Company as at 31 July 2018 amounted to HK\$19,837.3 million, up from HK\$18,037.4 million as at 31 July 2017. Net asset value per share attributable to owners of the Company increased by 9.1% to HK\$51.507 per share as at 31 July 2018 from HK\$47.223 per share as at 31 July 2017.



## PROPERTY PORTFOLIO COMPOSITION

As at 31 July 2018, the Group maintained a property portfolio with attributable GFA of approximately 1.7 million square feet. Approximate attributable GFA (in '000 square feet) of the Group's major properties and number of car-parking spaces is as follows:

	Commercial /Retail	Office	Industrial	Residential	Hotel	Total (excluding car-parking spaces & ancillary facilities)	No. of car- parking spaces attributable to the Group
Completed Properties Held for Rental <sup>1</sup>	392	599	195	-	-	1,186 <sup>2</sup>	613
Completed Hotel Properties	-	-	-	-	55	55	-
Properties Under Development	45	-	-	236	205	486	110
Completed Properties Held for Sale	15	-	-	4	-	19	6
<b>Total GFA of major properties of the Group</b>	<b>452</b>	<b>599</b>	<b>195</b>	<b>240</b>	<b>260</b>	<b>1,746</b>	<b>729</b>

1. Completed and rental generating properties.
2. Including attributable GFA of 8 Observatory Road, Kowloon, Hong Kong that were disposed by the Group in July 2018, the completion of which is expected to be in March 2019.

The above table does not include GFA of properties held by Lai Fung.

## PROPERTY INVESTMENT

### Rental Income

During the year under review, the Group's rental operations recorded a turnover of HK\$818.5 million (2017: HK\$792.5 million), representing a 3.3% increase over last year.

The Group owns five major investment properties in Hong Kong, namely Cheung Sha Wan Plaza, Causeway Bay Plaza 2, Lai Sun Commercial Centre, commercial podium of Crocodile Center and Por Yen Building. Performance of LSD's 50:50 joint venture with China Construction Bank Corporation ("CCB") in Central, Hong Kong and the 50:50 joint venture with Henderson Land Development Company Limited ("**Henderson Land**") at 8 Observatory Road, Kowloon is recognised as "Share of profits and losses of joint ventures" in the consolidated income statement.

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

	For the year ended 31 July		% Change	Year end occupancy (%)
	2018 HK\$ million	2017 HK\$ million		
<b>Hong Kong</b>				
Cheung Sha Wan Plaza (including car-parking spaces)	311.9	302.1	3.2	96.3
Causeway Bay Plaza 2 (including car-parking spaces)	181.1	181.4	-0.2	98.8
Lai Sun Commercial Centre (including car-parking spaces)	49.9	54.6	-8.6	84.1
Crocodile Center (commercial podium)	96.6	88.6	9.0	100.0
Por Yen Building	14.8	14.7	0.7	89.9
Others	15.4	14.8	4.1	
Subtotal:	669.7	656.2	2.1	
<b>London, United Kingdom</b>				
36 Queen Street <sup>#</sup>	24.1	23.1	4.3	100.0
107 Leadenhall Street	55.6	45.6	21.9	100.0
100 Leadenhall Street	62.8	61.9	1.5	100.0
106 Leadenhall Street	6.3	5.7	10.5	100.0
Subtotal:	148.8	136.3	9.2	
<b>Total:</b>	<b>818.5</b>	<b>792.5</b>	<b>3.3</b>	
<b>Rental proceeds from joint venture projects</b>				
<b>Hong Kong</b>				
CCB Tower <sup>###</sup> (50% basis)	135.2	122.4	10.5	100.0
8 Observatory Road <sup>###</sup> (50% basis)	52.4	55.0	-4.7	94.9
<b>Total:</b>	<b>187.6</b>	<b>177.4</b>	<b>5.7</b>	

<sup>#</sup> 36 Queen Street was disposed by LSD in July 2018 and the transaction was completed in July 2018.

<sup>##</sup> CCB Tower is a joint venture project with CCB in which each of LSD and CCB has an effective 50% interest. For the year ended 31 July 2018, the rental proceeds recorded by the joint venture is HK\$270.4 million (2017: HK\$244.8 million).

<sup>###</sup> 8 Observatory Road is a joint venture project with Henderson Land in which each of LSD and Henderson Land has an effective 50% interest. For the year ended 31 July 2018, the rental proceeds recorded by the joint venture is HK\$104.8 million (2017: HK\$110.0 million). LSD disposed its 50% interest in this property in July 2018 and the completion is expected to be in March 2019.

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

	For the year ended 31 July 2018			For the year ended 31 July 2017		
	Group interest	Turnover (HK\$ million)	Total GFA (square feet)	Group interest	Turnover (HK\$ million)	Total GFA (square feet)
<b>Hong Kong</b>						
Cheung Sha Wan Plaza	56.10%			61.74%		
Commercial		162.6	233,807		159.7	233,807
Office		129.6	409,896		124.7	409,896
Car-parking spaces		19.7	N/A		17.7	N/A
<b>Subtotal:</b>		<b>311.9</b>	<b>643,703</b>		<b>302.1</b>	<b>643,703</b>
Causeway Bay Plaza 2	56.10%			61.74%		
Commercial		120.5	109,770		124.1	109,770
Office		55.6	96,268		52.3	96,268
Car-parking spaces		5.0	N/A		5.0	N/A
<b>Subtotal:</b>		<b>181.1</b>	<b>206,038</b>		<b>181.4</b>	<b>206,038</b>
Lai Sun Commercial Centre	56.10%			61.74%		
Commercial		23.9	95,063		27.5	95,063
Office		7.2	74,181		9.2	74,181
Car-parking spaces		18.8	N/A		17.9	N/A
<b>Subtotal:</b>		<b>49.9</b>	<b>169,244</b>		<b>54.6</b>	<b>169,244</b>
Crocodile Center	100%			100%		
Commercial		96.6	91,201		88.6	91,201
Por Yen Building	100%			100%		
Industrial		14.6	109,010		14.4	109,010
Car-parking spaces		0.2	N/A		0.3	N/A
<b>Subtotal:</b>		<b>14.8</b>	<b>109,010</b>		<b>14.7</b>	<b>109,010</b>
Others		15.4	108,810*		14.8	108,810*
<b>Subtotal:</b>		<b>669.7</b>	<b>1,328,006*</b>		<b>656.2</b>	<b>1,328,006*</b>
<b>London, United Kingdom</b>						
36 Queen Street**	56.10%			61.74%		
Office		24.1	60,816		23.1	60,816
107 Leadenhall Street	56.10%			61.74%		
Commercial		4.4	48,182		4.6	48,149
Office		51.2	98,424		41.0	98,457
<b>Subtotal:</b>		<b>55.6</b>	<b>146,606</b>		<b>45.6</b>	<b>146,606</b>
100 Leadenhall Street	56.10%			61.74%		
Office		62.8	177,700		61.9	177,700
106 Leadenhall Street	56.10%			61.74%		
Commercial		1.2	3,540		1.2	4,404
Office		5.1	16,384		4.5	15,518
<b>Subtotal:</b>		<b>6.3</b>	<b>19,924</b>		<b>5.7</b>	<b>19,922</b>
<b>Subtotal:</b>		<b>148.8</b>	<b>405,046</b>		<b>136.3</b>	<b>405,044</b>
<b>Total:</b>		<b>818.5</b>	<b>1,733,052*</b>		<b>792.5</b>	<b>1,733,050*</b>
<b>Joint Venture Projects</b>						
<b>Hong Kong</b>						
CCB Tower### (50% basis)	28.05%			30.87%		
Office		134.6	114,603***		121.9	114,555***
Car-parking spaces		0.6	N/A		0.5	N/A
<b>Subtotal:</b>		<b>135.2</b>	<b>114,603***</b>		<b>122.4</b>	<b>114,555***</b>
8 Observatory Road#### (50% basis)	28.05%			30.87%		
Commercial		41.5	45,312#		44.4	45,312#
Office		8.5	37,273#		8.3	37,273#
Car-parking spaces		2.4	N/A		2.3	N/A
<b>Subtotal:</b>		<b>52.4</b>	<b>82,585#</b>		<b>55.0</b>	<b>82,585#</b>
<b>Total:</b>		<b>187.6</b>	<b>197,188</b>		<b>177.4</b>	<b>197,140</b>

\* Excluding 10% interest in AIA Central.

\*\* 36 Queen Street was disposed by the Group in July 2018 and the transaction was completed in July 2018.

\*\*\* Referring to GFA attributable to LSD. The total GFA of CCB Tower is 229,206 square feet.

# Referring to GFA attributable to LSD. The total GFA of 8 Observatory Road is 165,170 square feet.

### CCB Tower is a joint venture project with CCB in which each of LSD and CCB has an effective 50% interest. For the year ended 31 July 2018, the rental proceeds recorded by the joint venture is HK\$270.4 million (2017: HK\$244.8 million).

#### 8 Observatory Road is a joint venture project with Henderson Land in which each of LSD and Henderson Land has an effective 50% interest. For the year ended 31 July 2018, the rental proceeds recorded by the joint venture is HK\$104.8 million (2017: HK\$110.0 million). LSD disposed its 50% interest in this property in July 2018 and the completion is expected to be in March 2019.

The average Sterling exchange rate for the year under review appreciated by approximately 6.9% compared with the last year. Excluding the effect of currency translation, the Sterling denominated turnover from London properties increased by 2.2% during the year under review. Breakdown of rental turnover of London portfolio for the year ended 31 July 2018 is as follows:

	2018 HK\$'000	2017 HK\$'000	% Change	2018 GBP'000	2017 GBP'000	% Change
36 Queen Street	24,092	23,119	4.2	2,275	2,333	-2.5
107 Leadenhall Street	55,627	45,581	22.0	5,253	4,599	14.2
100 Leadenhall Street	62,826	61,938	1.4	5,933	6,250	-5.1
106 Leadenhall Street	6,304	5,666	11.3	595	572	4.0
<b>Total:</b>	<b>148,849</b>	<b>136,304</b>	<b>9.2</b>	<b>14,056</b>	<b>13,754</b>	<b>2.2</b>

## Review of major investment properties

### *Hong Kong Properties*

#### *Cheung Sha Wan Plaza*

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

#### *Causeway Bay Plaza 2*

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

#### *Lai Sun Commercial Centre*

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

#### *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 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 64,292 square feet of attributable GFA to the rental portfolio of the 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.

### *8 Observatory Road*

LSD has a 50:50 interest with Henderson Land in this joint development project at Observatory Road, Kowloon. The property is a 19-storey commercial building with a total GFA of 165,170 square feet (excluding car-parking spaces). The Group disposed its 50% interest in this property in July 2018 and the completion is expected to be in March 2019.

### *AIA Central*

LSD 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 Charter 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 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 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 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 to redevelop the Leadenhall Properties. The Leadenhall Properties currently have a combined GFA of approximately 344,230 square feet. The Planning Consent would allow the LSD 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. The total gross internal area of the proposed tower is expected to be approximately 1,275,642 square feet including ancillary facilities 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.

## PROPERTY DEVELOPMENT

For the year ended 31 July 2018, recognised turnover from sales of properties was HK\$0.4 million (2017: HK\$89.2 million).

### **Review of major projects for sale**

#### *339 Tai Hang Road, Hong Kong*

LSD wholly owns the development project located at 339 Tai Hang Road, Hong Kong. The development project is a luxury residential property with a total GFA of 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 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.

### **Review of major projects under development**

#### *Hong Kong Ocean Park Marriott Hotel*

LSD was named the most preferred proponent by Ocean Park for the Ocean Hotel project in October 2013 and was officially awarded the project in May 2014. The Ocean Hotel, to be operated by the Marriott group, will provide a total of 471 rooms and add 205,311 square feet of attributable rental space to the existing rental portfolio of the Group of approximately 1.2 million square feet. The total development cost is estimated to be approximately HK\$4.4 billion. Its construction was completed in March 2018 and the hotel license was issued by the Hotel and Guesthouse Accommodation Authority in October 2018. The soft opening has been scheduled on 29 October 2018.

#### *Alto Residences*

In November 2012, LSD successfully tendered for and secured a site located at Area 68A2, Tseung Kwan O, New Territories, through a 50% joint venture vehicle. The lot has an area of 229,338 square feet with a total GFA of 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. Handover of the pre-sold units is in progress.

This project providing 605 flats, including 23 detached houses was named “Alto Residences” and was launched for pre-sale in October 2016. Up to 14 October 2018, LSD has pre-sold 541 units in Alto Residences with saleable area of approximately 304,700 square feet at an average selling price of approximately HK\$15,700 per square foot.

### *93 Pau Chung Street*

In April 2014, LSD 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 total development cost is estimated to be approximately HK\$1 billion. The construction was completed with the Occupation Permit issued by the Buildings Department in July 2018. As of the date of this results announcement, the application for the Certificate of Compliance from the Lands Department is in progress.

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

### *Novi*

On 16 May 2016, LSD has completed the purchase of the remaining unit for the proposed development on Ki Lung Street in Sham Shui Po, Kowloon. The site comprises numbers 48-56 on Ki Lung Street and has a combined site area of 5,054 square feet. It is planned to be developed primarily into a commercial/residential development for sale with a total GFA of 42,851 square feet. The total development cost is expected to be approximately HK\$0.4 billion and construction is expected to be completed in the third quarter of 2019.

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. Up to 14 October 2018, LSD has pre-sold 137 units in this project with saleable area of approximately 28,500 square feet at an average selling price of HK\$18,800 per square foot.

### *Monti*

LSD 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 is planned to provide about 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 third quarter of 2019.

This project was named “Monti” and launched for pre-sale in August 2018. Up to 14 October 2018, LSD has pre-sold 10 units in Monti with saleable area of approximately 3,160 square feet at an average selling price of approximately HK\$21,200 per square foot.

## RESTAURANT OPERATIONS

For the year ended 31 July 2018, restaurant operations contributed HK\$514.0 million to the Group's turnover (2017: HK\$481.5 million), representing an increase of approximately 6.7% from last year.

Up to the date of this results announcement, restaurant operations include LSD's interests in 17 restaurants in Hong Kong and mainland China and 2 restaurants in Macau and Las Vegas under management.

Cuisine	Restaurant	Location	Attributable interest to LSD	Award
<b><i>Owned restaurants</i></b>				
Western Cuisine	8½ Otto e Mezzo BOMBANA Hong Kong	Hong Kong	37%	Three Michelin stars (2012-2018)
	8½ Otto e Mezzo BOMBANA Shanghai	Shanghai	13%	Two Michelin stars (2017-2018)
	Opera BOMBANA	Beijing	20%	
	CIAK - In The Kitchen	Hong Kong	62%	One Michelin star (2015-2017)
	CIAK - All Day Italian	Hong Kong	67%	Michelin Bib Gourmand (2017-2018)
	Beefbar	Hong Kong	62%	One Michelin star (2017-2018)
	Grubers	Hong Kong	34%	
Asian Cuisine	China Tang Landmark	Hong Kong	50%	
	China Tang Harbour City	Hong Kong	60%	
	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	Hong Kong	67%	
Japanese Cuisine	Kaiseki Den by Saotome (formally known as "Wagyu Kaiseki Den")	Hong Kong	59%	One Michelin star (2010-2018)
	Takumi by Daisuke Mori (formally known as "Wagyu Takumi")	Hong Kong	63%	One Michelin star (2017-2018)
	Sushi Masataka (formally known as "Rozan")	Hong Kong	63%	
<b><i>Managed restaurants</i></b>				
Western Cuisine	8½ Otto e Mezzo BOMBANA, Macau	Macau	N/A	One Michelin star (2016-2018)
Asian Cuisine	China Tang Las Vegas	Las Vegas	N/A	



## HOTEL OPERATIONS

Turnover from hotel operations was mainly derived from the Group's operation of the Caravelle Hotel in Ho Chi Minh City, Vietnam. For the year ended 31 July 2018, the hotel operation contributed HK\$424.0 million to the Group's turnover (2017: HK\$412.3 million).

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

LSD was awarded the hotel tender at Ocean Park in May 2014 and the Ocean Hotel, to be operated by the Marriott group, will provide a total of 471 rooms upon its soft opening on 29 October 2018. The Group is optimistic about the prospects of the Ocean Hotel project given the strong popularity of Ocean Park, which is underpinned by robust growth in visitor numbers to Hong Kong coinciding with its expansion.

The hotel operation team has extensive experience in providing consultancy and management services to hotels in Mainland China, Hong Kong and other Asian countries. The division's key strategy going forward will continue to focus on providing management services, particularly to capture opportunities arising from the developments of Lai Fung in Shanghai, Guangzhou, Zhongshan and Hengqin. The hotel division manages Lai Fung's serviced apartments in Shanghai and Zhongshan under the "STARR" brand. STARR Resort Residence Zhongshan soft opened in August 2013 and comprises two 16-storey blocks with 90 fully furnished serviced apartment units located in the Palm Lifestyle complex in Zhongshan Western district at Cui Sha Road, opposite to the new Zhongshan traditional Chinese medical centre. STARR Hotel Shanghai soft opened in November 2013 and is a 17-storey hotel with 239 fully furnished and equipped hotel units with kitchenette located in the Mayflower Lifestyle complex right in Jing'an district, within walking distance to Lines 1, 3 and 4 of the Shanghai Metro Station with easy access to major motorways.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 31 July 2018, cash and bank balances and undrawn facilities held by the Group amounted to HK\$4,545.5 million and HK\$1,804.7 million, respectively. Cash and bank balances and undrawn facility held by the Group excluding LSD as at 31 July 2018 were HK\$205.7 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 2018, the Group had bank borrowings of approximately HK\$9,590.0 million, guaranteed notes of approximately HK\$3,118.6 million, a note of HK\$195.0 million and a loan of HK\$31.7 million payable to the late Mr. Lim Por Yen ("**Mr. Lim**"), accrued interest of HK\$168.9 million in relation to the abovementioned note and loan payable to the late Mr. Lim. The gearing ratio, expressed as a percentage of the total outstanding net debt (being mainly the total outstanding bank borrowings, guaranteed notes and note and loan and related accrued interest payable to the late Mr. Lim less the pledged and unpledged bank balances and time deposits) to consolidated net assets attributable to owners of the Company, was approximately 43.5%. Excluding the net debt of LSD, the gearing ratio was approximately 4.9%. The Group's gearing excluding the net debt of the London portfolio all of which had a positive carry net of financing costs was approximately 38.8%. As at 31 July 2018, the maturity profile of the bank borrowings of HK\$9,590.0 million was spread over a period of less than 5 years with HK\$1,200.3 million repayable within 1 year, HK\$4,406.5 million repayable in the second year and HK\$3,983.2 million repayable in the third to fifth years. Most of the Group's borrowings carried interest on a floating rate basis except for the guaranteed notes.

On 13 September 2017, LSD issued guaranteed notes in an aggregate principal amount of US\$400 million (the “**LSD 2017 Notes**”). The LSD 2017 Notes are guaranteed by LSD, have a maturity term of five years and bear a fixed interest rate of 4.6% per annum with interest payable semi-annually in arrears. The net proceeds from the offering of the LSD 2017 Notes are approximately US\$397 million. Apart from refinancing the guaranteed notes of US\$350 million issued by LSD in 2013, the proceeds would be used for general corporate purposes. In September 2017, LSD entered into cross currency swap agreements with financial institutions for the purpose of hedging the foreign currency risk arising from the LSD 2017 Notes.

As at 31 July 2018, certain investment properties with carrying amounts of approximately HK\$21,002.2 million, certain property, plant and equipment with carrying amounts of approximately HK\$4,706.8 million and certain bank balances and time deposits with banks of approximately HK\$447.4 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 secure banking facilities granted to and guaranteed notes issued by the Group. Certain shares in joint ventures held by the Group were pledged to banks to secure 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 and United States dollars. Considering that Hong Kong dollars are pegged against United States dollars, the Group believes that the corresponding exposure to exchange rate risk arising from United States dollars is nominal. In addition, the Group has investments in United Kingdom with the assets and liabilities denominated in Pounds Sterling. These investments were primarily financed by bank borrowings denominated in Pounds Sterling in order to minimise the net foreign exchange exposure. Other than the abovementioned, the remaining monetary assets and liabilities of the Group were denominated in Renminbi, 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 2018, 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 2018 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. Potential new Directors will be recruited based on their knowledge, skills, experience and expertise and the requirements of the Company at the relevant time and candidates for the INEDs must meet the independence criterion. The process of identifying and selecting appropriate candidates for consideration and approval by the Board has been, and will continue to be, carried out by the executive Directors. As the above selection and nomination policies and procedures have already been in place and the other duties of the nomination committee as set out in the CG Code have long been performed by the full Board effectively, the Board does not consider it necessary to establish a nomination committee at the current stage.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 July 2018, the Group employed a total of approximately 1,900 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 proactive 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 2017, the Company has met with a number of research analysts and investors and attended roadshows as follows:

Month	Event	Organiser	Location
October 2017	Post results non-deal roadshow	CLSA	Hong Kong
October 2017	Post results non-deal roadshow	DBS	Singapore
November 2017	Post results non-deal roadshow	BNP	London
November 2017	Post results non-deal roadshow	BNP	New York/ Los Angeles
January 2018	Deal roadshow – Lai Fung USD guaranteed notes	DBS/HSBC/ OCBC/UBS	Singapore
January 2018	Deal roadshow – Lai Fung USD guaranteed notes	DBS/HSBC/ OCBC/UBS	Hong Kong
January 2018	The Pulse of Asia Conference	DBS	Singapore
March 2018	Post results non-deal roadshow	DBS	Hong Kong
March 2018	Post results non-deal roadshow	DBS	Singapore
April 2018	Post results non-deal roadshow	DBS	London
April 2018	Post results non-deal roadshow	Daiwa	New York
May 2018	Post results non-deal roadshow	DBS	Kuala Lumpur
September 2018	2018 SCB Annual Investor Reverse Roadshow	Standard Chartered Bank	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](mailto:ir@laisun.com).

## REVIEW OF ANNUAL RESULTS

The audit committee of the Company currently comprises three INEDs, namely Messrs. Leung Shu Yin, William, Lam Bing Kwan and Chow Bing Chiu. The audit committee has reviewed the consolidated results (including the consolidated financial statements) of the Company for the year ended 31 July 2018.

## **REVIEW OF THE PRELIMINARY ANNOUNCEMENT OF RESULTS BY INDEPENDENT AUDITOR**

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 July 2018 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 2018 containing all the information required by the Listing Rules will be published on the websites of the Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk) and the Company at [www.laisun.com](http://www.laisun.com) and despatched to Shareholders in mid-November 2018.

By Order of the Board  
**Lam Kin Ming**  
Chairman

Hong Kong, 25 October 2018

*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.*