



LAI FUNG HOLDINGS

Lai Fung Holdings Limited  
(Incorporated in the Cayman Islands with limited liability)  
(Stock Code: 1125)

## Interim Report

For the six months ended 31 January 2021



# Corporate Information

## PLACE OF INCORPORATION

Cayman Islands

## BOARD OF DIRECTORS

### Executive Directors

Chew Fook Aun (Chairman)  
Lam Kin Hong, Matthew (Executive Deputy Chairman)  
Lam Hau Yin, Lester (Chief Executive Officer)  
(also alternate director to U Po Chu)  
Cheng Shin How  
Lee Tze Yan, Ernest  
Tham Seng Yum, Ronald  
U Po Chu

### Non-executive Directors <sup>Note (1)</sup>

Lucas Ignatius Loh Jen Yuh  
Puah Tze Shyang  
(also alternate director to Lucas Ignatius Loh Jen Yuh)

### Independent Non-executive Directors

Ku Moon Lun  
Lam Bing Kwan  
Law Kin Ho  
Mak Wing Sum, Alvin  
Shek Lai Him, Abraham

## AUDIT COMMITTEE <sup>Note (2)</sup>

Law Kin Ho (Chairman)  
Lam Bing Kwan  
Lucas Ignatius Loh Jen Yuh

## REMUNERATION COMMITTEE <sup>Note (3)</sup>

Lam Bing Kwan (Chairman)  
Chew Fook Aun  
Ku Moon Lun  
Law Kin Ho  
Lucas Ignatius Loh Jen Yuh

## AUTHORISED REPRESENTATIVES

Chew Fook Aun  
Lam Hau Yin, Lester

## COMPANY SECRETARY

Yim Lai Wa

## REGISTERED OFFICE

P.O. Box 309  
Ugland House  
Grand Cayman  
KY1-1104  
Cayman Islands

## PRINCIPAL PLACE OF BUSINESS

11th Floor  
Lai Sun Commercial Centre  
680 Cheung Sha Wan Road  
Kowloon, Hong Kong

Tel: (852) 2741 0391  
Fax: (852) 2741 9763

Notes:

With effect from 1 April 2021,

- (1) Mr. Lucas Ignatius Loh Jen Yuh and Mr. Puah Tze Shyang resigned as non-executive directors, and Mr. Puah ceased to act as the alternate director to Mr. Loh;
- (2) Mr. Lucas Ignatius Loh Jen Yuh ceased to be a member of the audit committee, and Mr. Ku Moon Lun and Mr. Mak Wing Sum, Alvin were appointed as members of the audit committee; and
- (3) Mr. Lucas Ignatius Loh Jen Yuh ceased to be a member of the remuneration committee.

## SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Suntera (Cayman) Limited  
Suite 3204, Unit 2A  
Block 3, Building D  
P.O. Box 1586  
Gardenia Court  
Camana Bay  
Grand Cayman  
KY1-1100  
Cayman Islands

## BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Tengis Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## INDEPENDENT AUDITOR

Ernst & Young  
Certified Public Accountants

## PRINCIPAL BANKERS

Agricultural Bank of China Limited  
Bank of China Limited  
The Bank of East Asia, Limited  
China CITIC Bank Corporation Limited  
Chong Hing Bank Limited  
Dah Sing Bank Limited  
DBS Bank Ltd., Hong Kong Branch  
Hang Seng Bank Limited  
The Hongkong and Shanghai Banking Corporation Limited  
Industrial and Commercial Bank of China Limited  
Oversea-Chinese Banking Corporation Limited  
Shanghai Pudong Development Bank Co., Ltd.  
Standard Chartered Bank (Hong Kong) Limited  
United Overseas Bank Limited

## LISTING INFORMATION

### Shares

The issued shares of the Company are listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited

### Stock Code/Board Lot

1125/400 shares

### Notes

US\$350,000,000 5.65% guaranteed notes due 2023 (Stock Code: 5087) issued by Lai Fung Bonds (2018) Limited, a wholly-owned subsidiary of the Company, are listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited

## AMERICAN DEPOSITARY RECEIPT

CUSIP Number: 50731L104  
Trading Symbol: LNGHY  
ADR to Ordinary Share Ratio: 1:8  
Depositary Bank: The Bank of New York Mellon

## WEBSITE

www.laifung.com

## INVESTOR RELATIONS

Tel: (852) 2853 6116  
Fax: (852) 2853 6651  
E-mail: ir@laifung.com

## Results

The board of directors (the “**Board**”) of Lai Fung Holdings Limited (the “**Company**”) presents the unaudited consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 31 January 2021 together with the comparative figures of the last corresponding period as follows:

### Condensed Consolidated Income Statement

For the six months ended 31 January 2021

	Notes	For the six months ended	
		31 January 2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
TURNOVER	3	<b>1,554,721</b>	599,898
Cost of sales		<b>(1,264,139)</b>	(287,849)
Gross profit		<b>290,582</b>	312,049
Other income and gains		<b>54,964</b>	30,526
Selling and marketing expenses		<b>(61,664)</b>	(33,010)
Administrative expenses		<b>(149,483)</b>	(132,522)
Other operating expenses, net		<b>(145,328)</b>	(39,231)
Write-down of properties under development to net realisable value		<b>(135,838)</b>	—
Fair value gains/(losses) on investment properties		<b>87,405</b>	(387,598)
LOSS FROM OPERATING ACTIVITIES	4	<b>(59,362)</b>	(249,786)
Finance costs	5	<b>(186,318)</b>	(115,477)
Share of losses of joint ventures		<b>(501)</b>	(107)
Share of losses of associates		<b>(210)</b>	(8)
LOSS BEFORE TAX		<b>(246,391)</b>	(365,378)
Tax	6	<b>(247,704)</b>	(205,412)
LOSS FOR THE PERIOD		<b>(494,095)</b>	(570,790)
ATTRIBUTABLE TO:			
Owners of the Company		<b>(446,124)</b>	(442,388)
Non-controlling interests		<b>(47,971)</b>	(128,402)
		<b>(494,095)</b>	(570,790)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY:	7		
Basic and diluted		<b>(HK\$1.348)</b>	(HK\$1.351)

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 January 2021

	For the six months ended	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
LOSS FOR THE PERIOD	<b>(494,095)</b>	(570,790)
OTHER COMPREHENSIVE INCOME/(EXPENSES) THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT IN SUBSEQUENT PERIODS, NET OF TAX		
Exchange differences:		
Exchange differences arising on translation to the presentation currency	<b>1,705,911</b>	(424,811)
Reclassification of reserve upon deregistration of subsidiaries	<b>1,239</b>	—
	<b>1,707,150</b>	(424,811)
Share of other comprehensive income/(expenses) of an associate	<b>18</b>	(9)
	<b>1,707,168</b>	(424,820)
<b>TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE PERIOD</b>	<b>1,213,073</b>	(995,610)
ATTRIBUTABLE TO:		
Owners of the Company	<b>1,213,031</b>	(851,504)
Non-controlling interests	<b>42</b>	(144,106)
	<b>1,213,073</b>	(995,610)

# Condensed Consolidated Statement of Financial Position

As at 31 January 2021

	Notes	31 January 2021 (Unaudited) HK\$'000	31 July 2020 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		3,777,056	3,547,337
Right-of-use assets		554,407	475,780
Investment properties		19,552,800	18,393,986
Investments in joint ventures		16,202	1,103
Investments in associates		200	533
Derivative financial instruments		—	6,821
Debtors, deposits and prepayments	8	322,119	—
<b>Total non-current assets</b>		<b>24,222,784</b>	22,425,560
<b>CURRENT ASSETS</b>			
Properties under development		1,791,076	1,444,316
Completed properties for sale		4,017,184	3,909,055
Inventories		7,117	6,341
Debtors, deposits and prepayments	8	672,695	598,884
Prepaid tax		35,804	42,154
Pledged and restricted time deposits and bank balances		2,034,351	1,330,619
Cash and cash equivalents		2,290,979	1,193,956
<b>Total current assets</b>		<b>10,849,206</b>	8,525,325
Assets classified as held for sale		2,617	7,449
<b>Total current assets</b>		<b>10,851,823</b>	8,532,774
<b>CURRENT LIABILITIES</b>			
Creditors, accruals and other payables	9	2,375,353	2,335,241
Contract liabilities and deposits received		1,101,809	608,438
Interest-bearing bank loans		2,938,220	3,515,128
Lease liabilities		3,090	5,034
Derivative financial instruments		5,973	5,852
Tax payable		258,149	214,581
Other borrowings		41,067	41,050
<b>Total current liabilities</b>		<b>6,723,661</b>	6,725,324
<b>NET CURRENT ASSETS</b>		<b>4,128,162</b>	1,807,450
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>28,350,946</b>	24,233,010
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		—	787
Other payables	9	993,031	—
Long-term deposits received		137,411	119,852
Interest-bearing bank loans		5,186,778	3,635,370
Advances from a former substantial shareholder		56,175	51,738
Loans from a fellow subsidiary		389,795	396,475
Guaranteed notes		2,703,362	2,699,772
Derivative financial instruments		8,845	—
Deferred tax liabilities		3,242,797	2,909,494
<b>Total non-current liabilities</b>		<b>12,718,194</b>	9,813,488
		<b>15,632,752</b>	14,419,522

# Condensed Consolidated Statement of Financial Position

(Continued)

As at 31 January 2021

	<b>31 January 2021 (Unaudited) HK\$'000</b>	31 July 2020 (Audited) HK\$'000
<b>EQUITY</b>		
<b>Equity attributable to owners of the Company</b>		
Issued capital	<b>1,655,167</b>	1,655,167
Reserves	<b>13,867,120</b>	12,653,932
	<b>15,522,287</b>	14,309,099
<b>Non-controlling interests</b>	<b>110,465</b>	110,423
	<b>15,632,752</b>	14,419,522

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 January 2021

	Attributable to owners of the Company							Sub-total	Non-controlling interests	Total
	Issued capital	Share premium account	Share option reserve	Exchange fluctuation reserve	Capital reserve	Statutory reserve	Retained earnings			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
As at 31 July 2020 and 1 August 2020 (Audited)	1,655,167	4,105,466	27,646	(278,314)	137,165	256,469	8,405,500	14,309,099	110,423	14,419,522
Loss for the period	—	—	—	—	—	—	(446,124)	(446,124)	(47,971)	(494,095)
Other comprehensive income for the period, net of tax:										
Exchange differences arising on translation to the presentation currency	—	—	—	1,657,898	—	—	—	1,657,898	48,013	1,705,911
Reclassification of reserve upon deregistration of subsidiaries	—	—	—	1,239	—	—	—	1,239	—	1,239
Share of other comprehensive income of an associate	—	—	—	18	—	—	—	18	—	18
Total comprehensive income/(expenses) for the period, net of tax	—	—	—	1,659,155	—	—	(446,124)	1,213,031	42	1,213,073
Equity-settled share option arrangements	—	—	157	—	—	—	—	157	—	157
Transfer to statutory reserve	—	—	—	—	—	34,917	(34,917)	—	—	—
Release of reserve upon lapse of share options	—	—	(1,255)	—	—	—	1,255	—	—	—
<b>As at 31 January 2021 (Unaudited)</b>	<b>1,655,167</b>	<b>4,105,466<sup>#</sup></b>	<b>26,548<sup>#</sup></b>	<b>1,380,841<sup>#</sup></b>	<b>137,165<sup>#</sup></b>	<b>291,386<sup>#</sup></b>	<b>7,925,714<sup>#</sup></b>	<b>15,522,287</b>	<b>110,465</b>	<b>15,632,752</b>

<sup>#</sup> These reserve accounts comprise the consolidated reserves of HK\$13,867,120,000 (31 July 2020: HK\$12,653,932,000) in the condensed consolidated statement of financial position.

# Condensed Consolidated Statement of Changes in Equity

(Continued)

For the six months ended 31 January 2021

	Attributable to owners of the Company							Sub-total	Non-controlling interests	Total
	Issued capital	Share premium account	Share option reserve	Exchange fluctuation reserve	Capital reserve	Statutory reserve	Retained earnings			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 31 July 2019 and 1 August 2019 (Audited)	1,636,935	4,087,322	31,851	211,632	137,165	242,871	9,486,231	15,834,007	347,676	16,181,683
Loss for the period	—	—	—	—	—	—	(442,388)	(442,388)	(128,402)	(570,790)
Other comprehensive expenses for the period, net of tax:										
Exchange differences	—	—	—	(409,107)	—	—	—	(409,107)	(15,704)	(424,811)
Share of other comprehensive expenses of an associate	—	—	—	(9)	—	—	—	(9)	—	(9)
Total comprehensive expenses for the period, net of tax	—	—	—	(409,116)	—	—	(442,388)	(851,504)	(144,106)	(995,610)
Issue of shares upon exercise of share option*	548	431	(250)	—	—	—	—	729	—	729
Equity-settled share option arrangements	—	—	674	—	—	—	—	674	—	674
Transfer to statutory reserve	—	—	—	—	—	17,166	(17,166)	—	—	—
Release of reserve upon lapse of share options	—	—	(227)	—	—	—	227	—	—	—
Final 2019 dividend payable**	—	—	—	—	—	—	(65,499)	(65,499)	—	(65,499)
As at 31 January 2020 (Unaudited)	1,637,483	4,087,753 <sup>#</sup>	32,048 <sup>#</sup>	(197,484) <sup>#</sup>	137,165 <sup>#</sup>	260,037 <sup>#</sup>	8,961,405 <sup>#</sup>	14,918,407	203,570	15,121,977

<sup>#</sup> These reserve accounts comprise the consolidated reserves of HK\$13,280,924,000 (31 July 2019: HK\$14,197,072,000) in the condensed consolidated statement of financial position.

<sup>\*</sup> During the period ended 31 January 2020, 109,591 ordinary shares of HK\$5.00 each were issued in respect of share options exercised under the Company's share option scheme at an exercise price of HK\$6.65 per share and total cash consideration of HK\$729,000 was received. The share option reserve of HK\$250,000 was released to the share premium account.

<sup>\*\*</sup> On 20 December 2019, the Company's shareholders approved at the annual general meeting a final dividend of HK\$0.20 per share payable in cash with a scrip dividend alternative (the "**2019 Scrip Dividend Scheme**") for the year ended 31 July 2019.

Further details of the 2019 Scrip Dividend Scheme are set out in the Company's circular dated 8 January 2020.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 31 January 2021

	For the six months ended	
	31 January 2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES	<b>874,300</b>	(298,903)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	<b>16,463</b>	12,416
Additions to investment properties	<b>(341,203)</b>	(810,258)
Additions to property, plant and equipment	<b>(46,296)</b>	(184,010)
Investment in a joint venture	<b>(15,600)</b>	—
Repayment of advance from an associate	<b>141</b>	4,495
Decrease in non-pledged and non-restricted time deposits with original maturity of more than three months when acquired	<b>—</b>	39,309
Increase in pledged and restricted time deposits and bank balances	<b>(610,092)</b>	(70,203)
NET CASH FLOW USED IN INVESTING ACTIVITIES	<b>(996,587)</b>	(1,008,251)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	<b>—</b>	729
New bank loans, net of direct costs	<b>1,698,226</b>	957,545
Repayment of bank loans	<b>(1,055,127)</b>	(193,418)
Loans from fellow subsidiaries	<b>136,500</b>	388,359
Repayment of loans from fellow subsidiaries	<b>(143,180)</b>	(322,259)
Increase in put option liabilities	<b>752,473</b>	—
Amount received from a potential non-controlling shareholder of a subsidiary	<b>—</b>	110,963
Payment of lease liabilities	<b>(3,315)</b>	(2,433)
Interest and bank financing charges paid	<b>(252,839)</b>	(235,828)
NET CASH FLOW FROM FINANCING ACTIVITIES	<b>1,132,738</b>	703,658
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<b>1,010,451</b>	(603,496)
Cash and cash equivalents at beginning of period	<b>1,193,956</b>	1,884,175
Effect of foreign exchange rate changes, net	<b>86,572</b>	(31,626)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<b>2,290,979</b>	1,249,053
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Non-pledged and non-restricted cash and bank balances	<b>1,569,930</b>	1,040,210
Non-pledged and non-restricted time deposits	<b>721,049</b>	208,843
Cash and cash equivalents as stated in the condensed consolidated statement of financial position and the condensed consolidated statement of cash flows	<b>2,290,979</b>	1,249,053

# Notes to Condensed Consolidated Financial Statements

## 1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 January 2021 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules" and the "Stock Exchange") and the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

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

## 2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and basis of preparation adopted in the preparation of the unaudited condensed consolidated interim financial statements for the period under review are consistent with those used in the Group's audited consolidated financial statements for the year ended 31 July 2020. These unaudited condensed consolidated results should be read in conjunction with the Company's annual report for the year ended 31 July 2020.

In addition, the Group has adopted a number of new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include HKASs and Interpretations) which are applicable to the Group for the first time for the current period's unaudited condensed consolidated interim financial statements. The adoption of these new and revised HKFRSs has had no material impact on the reported results or financial position of the Group.

## 3. TURNOVER AND OPERATING SEGMENT INFORMATION

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

An analysis of the Group's turnover is as follows:

	For the six months ended 31 January	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Turnover from contracts with customers		
Sale of properties	816,617	175,186
Hotel and serviced apartment operation	103,215	78,168
Building management operation	58,758	54,743
Theme park operation	14,197	13,949
	<b>992,787</b>	322,046
Turnover from other sources		
Rental income from investment properties	282,702	277,852
Income from properties under finance lease	279,232	—
	<b>561,934</b>	277,852
<b>Total turnover</b>	<b>1,554,721</b>	599,898
Timing of recognition of turnover from contracts with customers		
At a point in time	816,617	175,186
Over time	176,170	146,860
<b>Total</b>	<b>992,787</b>	322,046

# Notes to Condensed Consolidated Financial Statements

(Continued)

## 3. TURNOVER AND OPERATING SEGMENT INFORMATION (CONTINUED)

During the period ended 31 January 2021, segment information of theme parks previously included in the “property investment” segment has been reclassified to the “theme park operation” segment. Accordingly, the comparative segment information has been reclassified to conform to the current period’s presentation.

	For the six months ended 31 January (Unaudited)									
	Property development		Property investment		Hotel and serviced apartment operation		Theme park operation		Consolidation	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Restated)				(Restated)		
<b>Segment revenue/results:</b>										
Segment revenue										
Sales to external customers	1,095,849	175,186	341,460	332,595	103,215	78,168	14,197	13,949	1,554,721	599,898
Other revenue	931	393	6,163	9,512	208	113	2,277	—	9,579	10,018
<b>Total</b>	<b>1,096,780</b>	<b>175,579</b>	<b>347,623</b>	<b>342,107</b>	<b>103,423</b>	<b>78,281</b>	<b>16,474</b>	<b>13,949</b>	<b>1,564,300</b>	<b>609,916</b>
Segment results	(147,627)	125,694	226,490	(203,433)	(28,506)	(12,231)	(117,672)	(150,774)	(67,315)	(240,744)
Interest income from bank deposits									16,463	12,416
Unallocated gains									28,922	8,092
Unallocated expenses, net									(37,432)	(29,550)
Loss from operating activities									(59,362)	(249,786)
Finance costs									(186,318)	(115,477)
Share of losses of joint ventures	(501)	(107)	—	—	—	—	—	—	(501)	(107)
Share of losses of associates	—	—	(210)	(8)	—	—	—	—	(210)	(8)
Loss before tax									(246,391)	(365,378)
Tax									(247,704)	(205,412)
Loss for the period									(494,095)	(570,790)
<b>Other segment information:</b>										
Fair value gains/(losses) on investment properties	—	—	87,405	(387,598)	—	—	—	—	87,405	(387,598)
Gain on disposal of assets classified as held for sale	4,341	47,587	—	—	—	—	—	—	4,341	47,587
Write-down of properties under development to net realisable value	135,838	—	—	—	—	—	—	—	135,838	—
Foreseeable loss on finance lease contract	26,183	—	—	—	—	—	—	—	26,183	—
Loss on disposal of items of property, plant and equipment	153	35	4,565	633	—	—	27	—	4,745	668
Corporate and other unallocated loss on disposal of items of property, plant and equipment	—	—	—	—	—	—	—	—	5	104

# Notes to Condensed Consolidated Financial Statements

(Continued)

## 3. TURNOVER AND OPERATING SEGMENT INFORMATION (CONTINUED)

	Property development		Property investment		Hotel and serviced apartment operation		Theme park operation		Consolidated	
	31 January 2021	31 July 2020	31 January 2021	31 July 2020	31 January 2021	31 July 2020	31 January 2021	31 July 2020	31 January 2021	31 July 2020
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment assets/liabilities:</b>										
Segment assets	6,309,335	5,445,982	19,797,044	18,583,714	2,348,253	2,248,776	1,855,714	1,699,030	30,310,346	27,977,502
Investments in joint ventures	602	1,103	15,600	—	—	—	—	—	16,202	1,103
Investments in associates	—	—	200	533	—	—	—	—	200	533
Unallocated assets									4,745,242	2,971,747
Assets classified as held for sale	2,617	7,449	—	—	—	—	—	—	2,617	7,449
Total assets									35,074,607	30,958,334
Segment liabilities	1,978,724	762,767	569,114	1,255,591	512,851	510,908	171,684	157,577	3,232,373	2,686,843
Unallocated liabilities									16,209,482	13,851,969
Total liabilities									19,441,855	16,538,812

## 4. LOSS FROM OPERATING ACTIVITIES

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

	For the six months ended	
	31 January 2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation of property, plant and equipments <sup>#</sup>	133,891	103,613
Depreciation of right-of-use assets <sup>#</sup>	11,304	8,383
Fair value losses/(gains) on cross currency swaps <sup>**</sup>	15,666	(3,742)
Fair value losses on foreign currency forward contract <sup>**</sup>	121	3,660
Foreign exchange differences, net <sup>**</sup>	(26,460)	(16,446)
Gain on disposal of assets classified as held for sale <sup>**</sup>	(4,341)	(47,587)
Loss on disposal of items of property, plant and equipment <sup>**</sup>	4,750	772
Foreseeable loss on finance lease contract <sup>**</sup>	26,183	—

<sup>#</sup> The depreciation charge for hotels and serviced apartments and related leasehold improvements is HK\$52,805,000 (six months ended 31 January 2020: HK\$18,213,000). The depreciation charge for theme parks is HK\$80,049,000 (six months ended 31 January 2020: HK\$84,135,000). These items are included in "Other operating expenses, net" on the face of the condensed consolidated income statement.

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

# Notes to Condensed Consolidated Financial Statements

(Continued)

## 5. FINANCE COSTS

	For the six months ended	
	31 January	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on:		
Bank loans	178,526	158,002
Guaranteed notes	74,126	74,126
Amortisation of transaction fees for:		
Bank loans	12,870	10,125
Guaranteed notes	2,470	2,336
Bank financing charges and direct costs	2,898	1,491
Interest on lease liabilities	137	228
Interest on put option liabilities	1,974	—
	<b>273,001</b>	246,308
Less: Capitalised in properties under development	(28,245)	(20,708)
Capitalised in investment properties under construction	(54,901)	(92,443)
Capitalised in construction in progress	(3,537)	(17,680)
	<b>(86,683)</b>	(130,831)
<b>Total finance costs</b>	<b>186,318</b>	115,477

## 6. TAX

The statutory rate of Hong Kong profits tax is 16.5% (six months ended 31 January 2020: 16.5%). No provision for Hong Kong profits tax had been made as the Group had no estimated assessable profits arising in Hong Kong during the period (six months ended 31 January 2020: Nil). Taxes on profits assessable elsewhere had been calculated at the tax rates prevailing in the jurisdictions in which the Group operates.

	For the six months ended	
	31 January	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current — Mainland China		
Corporate income tax	104,916	44,487
Land appreciation tax	55,304	52,803
Deferred	87,484	108,122
<b>Total tax charge for the period</b>	<b>247,704</b>	205,412

In connection with the listing of the Company on the Stock Exchange (currently on the Main Board), a tax indemnity deed was signed on 12 November 1997, pursuant to which Lai Sun Development Company Limited (“LSD”) has undertaken to indemnify the Group in respect of certain potential Mainland China income tax and land appreciation tax payable or shared by the Group in consequence of the disposal of certain property interests attributable to the Group through its subsidiaries and its joint ventures as at 31 October 1997. During the period, no tax indemnity was received by the Group under the aforesaid indemnities (six months ended 31 January 2020: Nil).

# Notes to Condensed Consolidated Financial Statements

(Continued)

## 7. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share amount was based on the loss for the period attributable to owners of the Company of HK\$446,124,000 (six months ended 31 January 2020: HK\$442,388,000), and the weighted average number of ordinary shares of 331,033,443 (six months ended 31 January 2020: 327,493,578) in issue during the period.

During the periods ended 31 January 2021 and 2020, as anti-dilutive effect is resulted following the losses sustained by the Group, no adjustment has been made to the calculation of the dilutive loss per share.

## 8. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group maintains various credit policies for different business operations in accordance with business practices and market conditions in which the respective subsidiaries operate. Sales proceeds receivable from the sale of properties are settled in accordance with the terms of the respective contracts. Rent and related charges in respect of the leasing of properties are receivable from tenants, and are normally payable in advance with rental deposits received in accordance with the terms of the tenancy agreements. Hotel and serviced apartment charges are mainly settled by customers on a cash basis except for those corporate clients who maintain credit accounts with the Group, the settlement of which is in accordance with the respective agreements. The Group's trade receivables relate to a large number of diversified customers and there is no significant concentration of credit risk. Trade receivables of the Group were interest-free.

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

	31 January 2021 (Unaudited) HK\$'000	31 July 2020 (Audited) HK\$'000
Trade receivables, net:		
Within one month	130,505	123,608
One to three months	4,796	11,849
Over three months	10,910	8,483
	<b>146,211</b>	143,940
Long-term finance lease receivables not yet due	<b>322,119</b>	—
Other receivables, deposits and prepayments	<b>526,484</b>	454,944
	<b>994,814</b>	598,884
Amounts classified as current assets	<b>(672,695)</b>	(598,884)
Non-current portion	<b>322,119</b>	—

# Notes to Condensed Consolidated Financial Statements

(Continued)

## 9. CREDITORS, ACCRUALS AND OTHER PAYABLES

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

	31 January 2021 (Unaudited) HK\$'000	31 July 2020 (Audited) HK\$'000
Trade payables:		
Within one month	350,017	321,518
One to three months	232,273	26,611
Over three months	2,518	14,854
	<b>584,808</b>	362,983
Accruals and other payables	1,513,345	1,695,172
Put option liabilities (Note)	1,270,231	277,086
	<b>3,368,384</b>	2,335,241
Amounts classified as current liabilities	<b>(2,375,353)</b>	(2,335,241)
Non-current portion	<b>993,031</b>	—

Note: On 19 January 2020, Winfield Concept Limited ("**Winfield**"), an indirect 80%-owned subsidiary of the Company, together with its wholly-owned subsidiary, Zhuhai Hengqin Laisun Creative Culture City Co., Ltd. ("**Laisun Creative Culture**"), entered into an agreement (the "**Agreement**") with an independent third-party, Zhuhai Da Hengqin Real Estate Co., Ltd. ("**Da Hengqin**"). Pursuant to the Agreement, among others, Da Hengqin has agreed to make a total capital contribution of approximately RMB948,448,000 in Laisun Creative Culture (the "**Transaction**"). The Transaction was completed on 6 August 2020 and Da Hengqin became a holder of 16.68% equity interest in Laisun Creative Culture.

According to the Agreement, Da Hengqin has been granted a put option pursuant to which Da Hengqin has the right (but not an obligation) to require Laisun Creative Culture and/or Winfield to acquire all equity interest held by Da Hengqin in Laisun Creative Culture upon occurrence of certain events. Accordingly, financial liabilities of approximately RMB825,606,000 (equivalent to approximately HK\$993,031,000), equal to the amount of capital contribution made by Da Hengqin in cash to Laisun Creative Culture, are recorded as put option liabilities under long-term "other payables" of the condensed consolidated statement of financial position as at the end of the reporting period.

Further details of the Transaction are set out in a circular of the Company dated 30 April 2020.

## 10. COMMITMENTS

The Group had the following capital commitments as at the end of the reporting period:

	31 January 2021 (Unaudited) HK\$'000	31 July 2020 (Audited) HK\$'000
Contracted, but not provided for:		
Construction, development and resettlement costs	1,150,755	1,162,581

# Notes to Condensed Consolidated Financial Statements

(Continued)

## 11. RELATED PARTY TRANSACTIONS

### (a) Transactions with related parties

	Notes	For the six months ended 31 January	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Lai Sun Garment (International) Limited ("LSG") and its subsidiaries excluding the Group and eSun Holdings Limited ("eSun") and its subsidiaries:			
Rental and management fee expenses paid or payable	(i)	667	1,408
Rental and management fee income received or receivable	(ii)	805	731
Advance of loans received	(iii)	136,500	382,359
Repayment of loans	(iii)	143,180	—
Sharing of corporate salaries on a cost basis allocated from		10,759	12,710
Sharing of administrative expenses on a cost basis allocated from		3,642	4,392
Sharing of corporate salaries on a cost basis allocated to		1,718	2,020
Sharing of administrative expenses on a cost basis allocated to		58	455
eSun and its subsidiaries excluding the Group:			
Rental and management fee income received or receivable	(iv)	3,987	3,893
Advance of loans received	(v)	—	6,000
Repayment of loans	(v)	—	322,259
Sharing of corporate salaries on a cost basis allocated from		1,124	1,283
Sharing of administrative expenses on a cost basis allocated from		550	185
Sharing of corporate salaries on a cost basis allocated to		515	631
Sharing of administrative expenses on a cost basis allocated to		2	50
A subsidiary of CapitaLand Limited:			
Management and other service fees paid or payable	(vi)	3,243	4,695
An associate of the Group:			
Repayment of loans	(vii)	141	4,495

# Notes to Condensed Consolidated Financial Statements

(Continued)

## 11. RELATED PARTY TRANSACTIONS (CONTINUED)

### (a) Transactions with related parties (Continued)

Notes:

- (i) *The related company is LSD which is a subsidiary of LSG (the ultimate holding company of the Company). The terms of the rental and management fee were determined based on the agreements entered into between the Group and the related company.*

*The Group leased properties from the related company for office and warehouse use. The monthly lease payables were charged with reference to market rates. As at 31 January 2021, right-of-use assets and lease liabilities relating to such leases recognised in condensed consolidated statement of financial position amounting to HK\$1,454,000 and HK\$1,518,000, respectively. During the period ended 31 January 2021, depreciation of right-of-use assets of HK\$1,160,000 and finance costs on lease liabilities of HK\$57,000 were recognised in condensed consolidated income statement.*

- (ii) *The related companies are subsidiaries of LSD where the Company does not hold, directly or indirectly, any equity interest in the related companies. The terms of the rental and management fee were determined based on the agreements entered into between the Group and the related companies.*

- (iii) *The related company is a subsidiary of LSD where the Company does not hold, directly or indirectly, any equity interest in the related company. The related company is a non-controlling shareholder of a subsidiary of the Company (the "Subsidiary"). During the period, the related company advanced loans amounting to HK\$136,500,000 (six months ended 31 January 2020: HK\$382,359,000) and received repayment of loans amounting to HK\$143,180,000 (six months ended 31 January 2020: Nil) according to its percentage of interest in the Subsidiary.*

- (iv) *The related companies are subsidiaries of eSun (an intermediate holding company of the Company till 14 May 2020 and a fellow subsidiary of the Company since 14 May 2020). The terms of the rental and management fee were determined based on the agreements entered into between the Group and the related companies.*

- (v) *The related company is a subsidiary of eSun. During the period ended 31 January 2020, the related company, a then non-controlling shareholder of the Subsidiary, advanced loans amounting to HK\$6,000,000 according to its percentage of interest in the Subsidiary. Thereafter, the related company ceased to be a non-controlling shareholder of the Subsidiary and received repayment of loans amounting to HK\$322,259,000.*

- (vi) *The related company is a subsidiary of CapitaLand Limited and the Company is an associate of CapitaLand Limited during the period ended 31 January 2021. The related company provides management and other services on the serviced apartment operation of the Group. The terms of the management and other service fees were determined based on the agreement entered into between the Group and the related company.*

- (vii) *The related party is an associate of the Group. The advance was unsecured, interest-free and had no fixed term of repayment.*

### (b) Guarantees provided by a related party

LSD, which is the Company's intermediate holding company, provided guarantees for 20% (being LSD's equity interest in the relevant borrowers excluding the portion indirectly held through the Company) of certain bank loan facilities of up to HK\$3,583,259,000 (31 July 2020: HK\$3,849,339,000) in aggregate granted to certain subsidiaries of the Company as at 31 January 2021.

# Notes to Condensed Consolidated Financial Statements

(Continued)

## 11. RELATED PARTY TRANSACTIONS (CONTINUED)

### (c) Compensation of key management personnel of the Group

	For the six months ended	
	31 January 2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Short term employee benefits	14,562	15,713
Pension scheme contributions	74	74
Equity-settled share option expense	—	674
<b>Total</b>	<b>14,636</b>	<b>16,461</b>

## 12. FAIR VALUES AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	31 January 2021 (Unaudited) HK\$'000	31 July 2020 (Audited) HK\$'000	31 January 2021 (Unaudited) HK\$'000	31 July 2020 (Audited) HK\$'000
<b>Financial assets</b>				
Derivative financial instruments — cross currency swaps ("CCS")	—	6,821	—	6,821
<b>Financial liabilities</b>				
Derivative financial instruments — foreign currency forward contract	5,973	5,852	5,973	5,852
Derivative financial instruments — CCS	8,845	—	8,845	—
Guaranteed notes	2,703,362	2,699,772	2,586,858	2,528,148
	<b>2,718,180</b>	<b>2,705,624</b>	<b>2,601,676</b>	<b>2,534,000</b>

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- (i) The fair values of guaranteed notes are based on quoted market prices;
- (ii) Derivative financial instruments — CCS are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot rates and interest rate curves as well as other unobservable inputs. The carrying amounts of the derivative financial instruments are the same as their fair values.

Each year, the Group's management appoints external valuers to be responsible for the external valuations of the Group's CCS. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has discussions with the valuers on the valuation assumptions and valuation results twice a year when the valuation is performed for interim and annual financial reporting; and

- (iii) In respect of derivative financial instruments — foreign currency forward contract, the Group relies on bank valuations to determine the fair value of the instruments. These valuations maximise the use of observable market data. Key observable inputs in the valuations are spot rates, strike rates, volatility, time to expiration and risk free rate.

# Notes to Condensed Consolidated Financial Statements (Continued)

## 12. FAIR VALUES AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Other than the above financial assets and liabilities, the carrying amounts of the Group's financial instruments carried at amortised cost are not materially different from their fair values as at 31 January 2021 and 31 July 2020.

### Fair value hierarchy

Below is a summary of significant unobservable inputs to the valuation of financial instruments:

#### 31 January 2021

	Valuation techniques	Significant unobservable inputs	Value of unobservable inputs	Notes
Derivative financial Instruments-CCS	Discounted cash flow with swaption approach	Expected exposure at default — counterparty	HK\$0.29 million to HK\$4.86 million	1
		Expected exposure at default — the Company	HK\$3.23 million to HK\$13.72 million	2
		Credit spread — counterparty	8.61 basis point to 90.76 basis point	3
		Credit spread — the Company	266.63 basis point to 407.04 basis point	4
		Loss given default ratio — counterparty non-performance risk	80%	5
		Loss given default ratio — own credit risk	60%	6

#### 31 July 2020

	Valuation techniques	Significant unobservable inputs	Value of unobservable inputs	Notes
Derivative financial Instruments-CCS	Discounted cash flow with swaption approach	Expected exposure at default — counterparty	HK\$2.93 million to HK\$18.61million	1
		Expected exposure at default — the Company	HK\$1.79 million to HK\$22.79 million	2
		Credit spread — counterparty	7.69 basis point to 111.58 basis point	3
		Credit spread — the Company	303.05 basis point to 484.14 basis point	4
		Loss given default ratio — counterparty non-performance risk	80%	5
		Loss given default ratio — own credit risk	60%	6

#### Notes:

1. The higher the expected exposure at default — counterparty, the lower the fair value of CCS
2. The higher the expected exposure at default — the Company, the higher the fair value of CCS
3. The higher the credit spread — counterparty, the lower the fair value of CCS
4. The higher the credit spread — the Company, the higher the fair value of CCS
5. The higher the loss given default ratio — counterparty non-performance risk, the lower the fair value of CCS
6. The higher the loss given default ratio — own credit risk, the higher the fair value of CCS

# Notes to Condensed Consolidated Financial Statements

(Continued)

## 12. FAIR VALUES AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Assets/(liabilities) measured at fair value

As at 31 January 2021

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Derivative financial instruments — CCS	—	—	(8,845)	(8,845)
Derivative financial instruments — foreign currency forward contract	—	(5,973)	—	(5,973)

As at 31 July 2020

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Derivative financial instruments — CCS	—	—	6,821	6,821
Derivative financial instruments — foreign currency forward contract	—	(5,852)	—	(5,852)

Save as disclosed above, the Group did not have any financial assets or liabilities measured at fair value as at 31 January 2021 and 31 July 2020.

During the period and the year ended 31 July 2020, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

### Liabilities for which fair values are disclosed

The Group's financial liabilities for which fair values are disclosed includes guaranteed notes, fair value of which are based on quoted market prices and are categorised in Level 1 as at 31 January 2021 and 31 July 2020.

# Notes to Condensed Consolidated Financial Statements

(Continued)

## 13. SHARE OPTION SCHEME

On 18 December 2012, the Company adopted a share option scheme and the table below disclosed movement of the Company's share options held by the Company's directors and other eligible participants:

	Number of underlying shares comprised in share options
Outstanding as at 1 August 2020	9,684,526
Granted during the period	120,000
Lapsed during the period	(360,000)
Outstanding as at 31 January 2021	9,444,526

The closing price of the Company's shares immediately before the date of grant of share options granted during the period was HK\$7.30.

The fair value of the share options granted during the period was approximately HK\$157,000, HK\$1.3101 each (six months ended 31 January 2020: HK\$674,000, HK\$1.348 each) which was recognised as a share option expense of approximately HK\$157,000 (six months ended 31 January 2020: HK\$674,000) and HK\$69,000 (six months ended 31 January 2020: HK\$303,000) (before and after capitalisation to properties under development/investment properties under construction/construction in progress, respectively) for the six months ended 31 January 2021.

The fair value of equity-settled share options granted during the period was estimated as at the date of acceptance using the Binomial Option Pricing Model ("**Binomial Model**"), taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Date of valuation	22 January 2021	20 August 2019
Closing share price (HK\$ per share)	7.290	6.610
Exercise price (HK\$ per share)	7.364	6.784
Option life (years)	10	10
Risk-free interest rate (%)	0.7882	1.035
Dividend yield (%)	0	2.020
Expected volatility (%)	37.553	39.134
Historical volatility (%)	37.553	39.134
Forfeiture rate (%)	9.4143	0.0

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. The value of the share options is subject to a number of assumptions and with regard to the limitation of the Binomial Model. Therefore, the value may be subjective and would change should any of the assumptions change.

## 14. APPROVAL OF THE FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were approved and authorised for issue by the Board on 23 March 2021.

# Interim Dividend

The Board has resolved not to pay an interim dividend for the six months ended 31 January 2021 (six months ended 31 January 2020: Nil).

## Management Discussion And Analysis

### BUSINESS REVIEW AND OUTLOOK

Based on data released by the National Bureau of Statistics of the People's Republic of China ("**China**"), the Chinese economy has seen a recovery from the COVID-19 pandemic more quickly compared to the rest of world, concluding the year of 2020 with a strong gross domestic product growth in the final quarter primarily fueled by manufacturing and export activities. With the Chinese government's proactive approach towards testing and tracing and its effective implementation of containment measures from time to time, we believe the probability of a resurgence of the COVID-19 will be relatively remote. Yet, in the near term, the Chinese economy is expected to continue to be impacted by the COVID-19 hit, as travel and consumption activities have yet to restore to pre-pandemic levels. 2021 is expected to be a monumental year for China as it marks the start of the country's 14<sup>th</sup> Five-Year Plan and celebrates the 100<sup>th</sup> anniversary of the founding of the Communist Party of China. The Group remains optimistic about the long-term prospects and sustainability of the business environment in China in light of the dual circulation development model by the Chinese government, which emphasizes on the rebalancing of domestic and overseas demand.

The Group's regional focus and rental-led strategy has demonstrated resilience in recent years. The rental portfolio of approximately 4.5 million square feet in Shanghai, Guangzhou, Zhongshan and Hengqin, being Tier 1 cities in China and cities within the Greater Bay Area delivered steady performance in rental income for the period under review. Top tier cities and the Greater Bay Area will remain as the primary drivers for the Group's rental growth in coming years. Upon completion of construction works of the existing projects on hand, which include the combined redevelopment of Shanghai Northgate Plaza I, Northgate Plaza II and the Hui Gong Building, the development of Guangzhou Haizhu Plaza and Phase II ("**Novotown Phase II**") of the Novotown project in Hengqin ("**Novotown**"), the Group will have a rental portfolio of approximately 6.8 million square feet.

Leasing of the commercial area of Phase I of Novotown ("**Novotown Phase I**") is underway with approximately 66% of the leasable area having been leased and key tenants include two themed indoor experience centres, namely "Lionsgate Entertainment World<sup>®</sup>" and "National Geographic Ultimate Explorer Hengqin", Pokiddo Trampoline Park, Adidas Outlet, Decathlon, Paulaner Wirtshaus Hengqin, Oyster King, Starbucks, and McDonald's. In February 2021, a new interactive attraction — "Wonders of Kung Fu" — was launched in the outdoor garden space of Novotown Phase I, which includes light shows providing immersive experience and interactive games with Chinese Kungfu and cuisine being the key underlying theme. This attraction in the 5,000 square meters outdoor garden offers more than 10 interactive points, aiming not only to bring new experiences to visitors in terms of advanced visual/media technologies and cultural enlightenment, but also with an objective to boost the night economy at Novotown.

Construction of Novotown Phase II is in progress. This mixed-used development project is expected to complete in phases by 2024, providing commercial and experiential entertainment facilities, office and serviced apartment spaces of 387,700 square feet, 1,599,300 square feet and 586,800 square feet, respectively. Real Madrid World and Ducati Experience Centre are expected to be the key experiential entertainment facilities in Novotown Phase II. Part of office and serviced apartment spaces have been designated as for-sale properties. Properties in Novotown Phase II occupied by Harrow Innovation Leadership Academy Hengqin ("**Harrow ILA Hengqin**") were sold to the school operator during the period under review, which enabled the Group to crystallise the value of its investment in Novotown Phase II and gradually recoup funding to improve the project's working capital position. The Group remains confident that the growing commitment from corporations amongst Guangdong, Hong Kong and Macau in the development of the Greater Bay Area will make Novotown a new contributor to the Group's results in the long run.

# Management Discussion and Analysis (Continued)

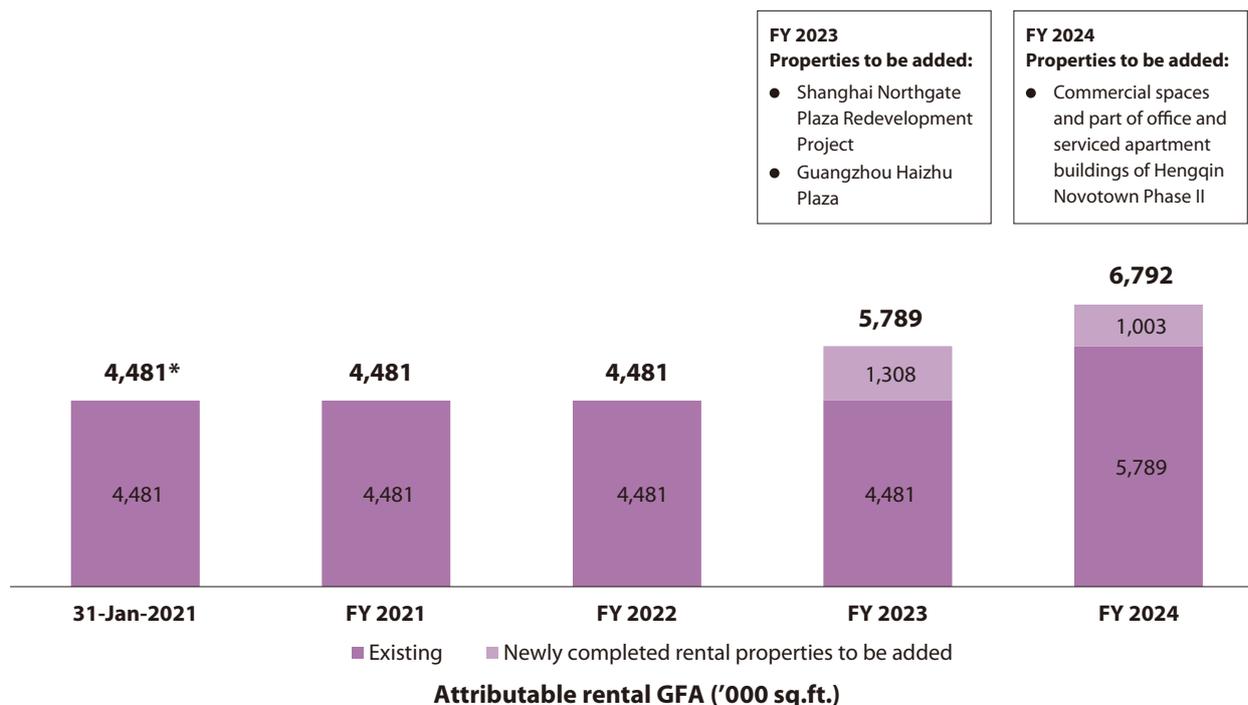
## BUSINESS REVIEW AND OUTLOOK (CONTINUED)

Construction of Shanghai Wuli Bridge Project, the high-end luxury residential project located by the Huangpu River in Huangpu District has been completed. The project providing 28 residential units and 43 car-parking spaces was launched for sale in September 2020 and has received an enthusiastic response from the market. Sales of 15 residential units and 15 car-parking spaces have been completed during the period under review, contributing a total turnover of approximately HK\$529.5 million and the contracted sales for 8 residential units and 7 car-parking spaces of this development as at 31 January 2021 amounted to approximately HK\$300.9 million. Up to 28 February 2021, the remaining 5 residential units with 6 car-parking spaces have been sold subject to contract, contributing RMB162.0 million in total, which are expected to be turned into contracted property sales in coming months. Construction of Phase III of Zhongshan Palm Spring was completed in November 2020 and handover of pre-sold units is in progress. Development of Phase IV of Zhongshan Palm Spring is on track and expected to be completed in the third quarter of 2021. The residential units in Shanghai Wuli Bridge Project, serviced apartment units and residential units in Zhongshan Palm Spring as well as the cultural studios, cultural workshops and office of Hengqin Novotown Phase I are expected to contribute to the income of the Group in coming financial years.

The Group will consider replenishing its landbank as and when opportunities arise, and will take into account, amongst other factors, overall macroeconomic conditions, the Group's existing presence in the relevant cities and allocation of risks etc.

Set out below is the expected growth of the rental portfolio of the Group and the pipeline of development projects of the Group as at 31 January 2021:

### Rental Portfolio

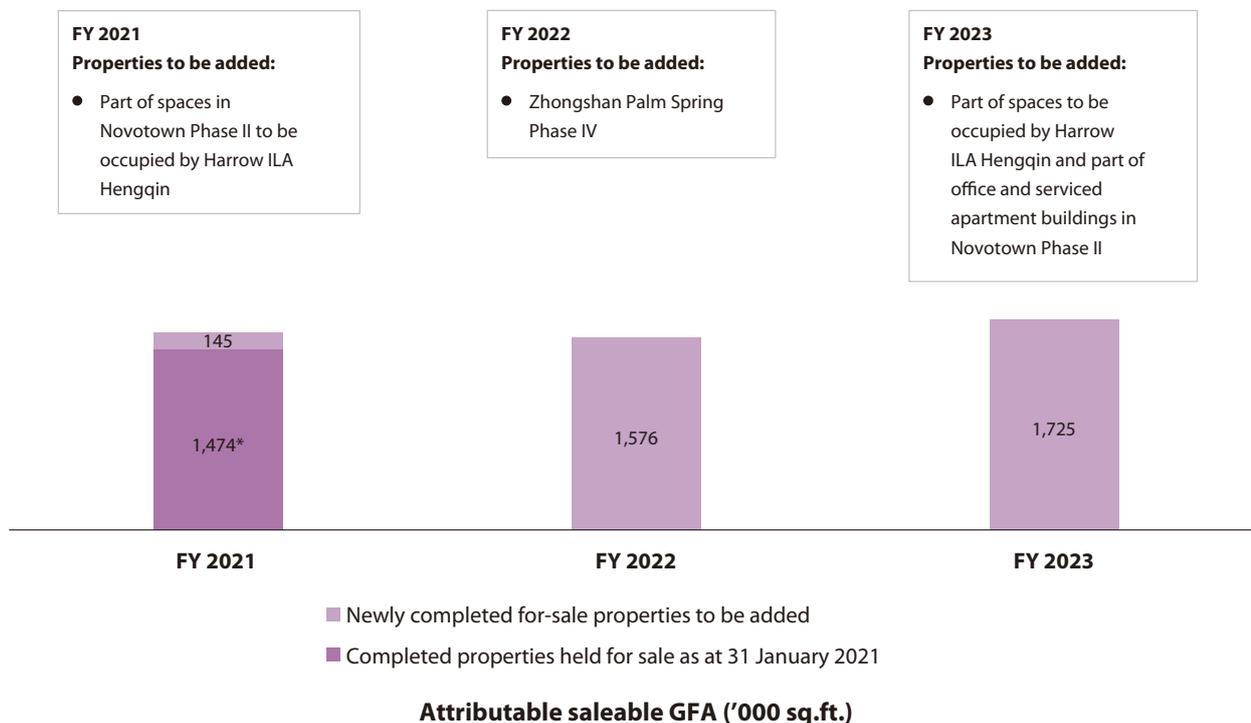


\* Including cultural attraction spaces of Novotown Phase I occupied by Lionsgate Entertainment World® and National Geographic Ultimate Explorer Hengqin

# Management Discussion and Analysis (Continued)

## BUSINESS REVIEW AND OUTLOOK (CONTINUED)

### For-sale Projects



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

As disclosed in the announcement made by the Company on 18 September 2019, the public float of the Company fell below 25% of the total issued shares of the Company. It further decreased to below 15% immediately following the close of the conditional voluntary general cash offers ("**LF Offers**") made by Holy Unicorn Limited ("**Offeror**"), a wholly-owned subsidiary of Lai Sun Development Company Limited ("**LSD**") to acquire all issued shares of the Company (other than those already owned by LSD, the Offeror or the other wholly-owned subsidiaries of LSD) and to cancel all the outstanding share options of the Company. Trading in the shares of the Company on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") was suspended with effect from 9:00 am on 29 May 2020. The public float was eventually restored on 3 August 2020 when Mr Yu Cheuk Yi and Ms Yu Siu Yuk ceased to be substantial shareholders of the Company upon their disposal of 1,658,800 shares of the Company, and the trading in the shares of the Company on the Stock Exchange was resumed with effect from 9:00 am on 5 August 2020.

As at 31 January 2021, the Group has approximately HK\$4,325.3 million of cash on hand (HK\$2,524.6 million as at 31 July 2020) and undrawn facilities of HK\$2,934.9 million (HK\$3,034.2 million as at 31 July 2020) with a net debt to equity ratio of 45% as at 31 January 2021 (55% as at 31 July 2020). Subsequent to the period end, the Group managed to sign a HK\$3,280 million 5-year offshore secured term/revolving loan facility and a HK\$692 million equivalent 5-year onshore secured term loan facility ("**Facilities**") on 12 March 2021 with 12 leading financial institution groups. The proceeds of the Facilities will be used for financing investments in property related projects, refinancing the existing offshore loans due 2021, refinancing the existing onshore loans due 2021 secured by certain investment properties of the Group situated in China and general corporate purposes of the Group. The Group will continue its prudent and flexible approach in growing the landbank and managing its financial position.

# Management Discussion and Analysis (Continued)

## OVERVIEW OF INTERIM RESULTS

For the six months ended 31 January 2021, the Group recorded a turnover of HK\$1,554.7 million (2020: HK\$599.9 million), representing an increase of approximately 159.2% over the same period last year. The increase was primarily due to higher turnover from property sales during the period under review. The average Renminbi exchange rate for the period under review appreciated by approximately 4.5% over the same period last year. Excluding the effect of currency translation, the increase in Renminbi denominated turnover was 147.9%. The gross profit decreased by 6.9% to HK\$290.6 million from that of HK\$312.0 million for the same period last year.

Set out below is the turnover by segment:

	Six months ended 31 January			Six months ended 31 January		
	2021 <sup>1</sup> (HK\$ million)	2020 <sup>1</sup> (HK\$ million)	% change	2021 (RMB million)	2020 (RMB million)	% change
Rental income <sup>2</sup>	444.7	410.8	8.3%	383.4	370.2	3.6%
Sale of properties <sup>3</sup>	1,095.8	175.2	525.5%	944.8	157.9	498.4%
Theme park operation	14.2	13.9	2.2%	12.2	12.5	-2.4%
<b>Total:</b>	<b>1,554.7</b>	<b>599.9</b>	<b>159.2%</b>	<b>1,340.4</b>	<b>540.6</b>	<b>147.9%</b>

1. The exchange rates adopted for the six months ended 31 January 2021 and 2020 are 0.8622 and 0.9012, respectively
2. Including rental turnover of major properties of the Group, turnover from hotel and serviced apartment operation and property management income
3. Including property sales revenue and income from properties under finance lease

Net loss attributable to owners of the Company was approximately HK\$446.1 million for the period under review (2020: HK\$442.4 million). The absence of a significant fair value loss during the period under review as compared to the same period last year and fair value gain arising from the revaluation of the Group's investment properties for the period under review were offset by the write-down of properties under development to net realisable value and the increased other operating expenses during the period under review. The increase in the other operating expenses was primarily due to (i) decrease in the gain on disposal of assets classified as held for sale in relation to the sale of serviced apartment units of Zhongshan Palm Spring during the period under review as compare to the same period last year; (ii) recognition of the foreseeable loss on finance lease contract during the period under review in relation to the sale of properties in Novotown Phase II occupied by Harrow ILA Hengqin; and (iii) increase in depreciation expenses of property, plant and equipment during the period under review.

Net loss per share was HK\$1.348 (2020: HK\$1.351 per share).

Excluding the net effect of property revaluations, net loss attributable to owners of the Company was approximately HK\$510.3 million for the period under review (2020: HK\$213.1 million). Net loss per share excluding the effect of property revaluations was approximately HK\$1.5414 (2020: HK\$0.6508).

Loss attributable to owners of the Company (HK\$ million)	Six months ended 31 January	
	2021	2020
Reported	(446.1)	(442.4)
Adjustments in respect of investment properties		
Revaluation of properties	(87.4)	387.6
Deferred tax on investment properties	21.9	(96.9)
Non-controlling interests' share of revaluation movements less deferred tax	1.3	(61.4)
Net loss after tax excluding revaluation gains/losses of investment properties	(510.3)	(213.1)

# Management Discussion and Analysis (Continued)

## OVERVIEW OF INTERIM RESULTS (CONTINUED)

Net assets attributable to owners of the Company as at 31 January 2021 amounted to HK\$15,522.3 million (31 July 2020: HK\$14,309.1 million). Net asset value per share attributable to owners of the Company increased to HK\$46.89 per share as at 31 January 2021 from HK\$43.23 per share as at 31 July 2020.

## PROPERTY PORTFOLIO COMPOSITION

Approximate attributable GFA (in '000 square feet) and number of car-parking spaces as at 31 January 2021:

	Commercial/ Retail	Office	Hotels and Serviced Apartments	Residential	Total (excluding car-parking spaces & ancillary facilities)	No. of car-parking spaces
Completed Properties Held for Rental <sup>1</sup>	2,438 <sup>2</sup>	1,067	—	—	3,505	2,274
Completed Hotel Properties and Serviced Apartments	—	—	976	—	976	—
Properties under Development <sup>3</sup>	679	3,010 <sup>4</sup>	587	1,482	5,758	3,336
Completed Properties Held for Sale	69 <sup>5</sup>	421	301	752	1,543	2,537
<b>Total GFA of major properties of the Group</b>	<b>3,186</b>	<b>4,498</b>	<b>1,864</b>	<b>2,234</b>	<b>11,782</b>	<b>8,147</b>

1. Completed and rental generating properties

2. Including cultural attraction spaces in Novotown Phase I that have been occupied by Lionsgate Entertainment World® and National Geographic Ultimate Explorer Hengqin with approximately 194,325 square feet and 40,309 square feet attributable to the Group, respectively

3. All properties under construction

4. Including 299,421 square feet of spaces to be occupied by Harrow ILA Hengqin upon completion

5. Including 31,226 square feet of commercial space in Zhongshan Palm Spring which is currently for self-use

# Management Discussion and Analysis (Continued)

## PROPERTY INVESTMENT

### Rental Income

For the six months ended 31 January 2021, the Group's rental operations recorded a turnover of HK\$444.7 million. The average Renminbi exchange rate for the period under review appreciated by approximately 4.5% compared with the same period last year. Excluding the effect of currency translation, the Renminbi denominated revenue from lease of properties increased slightly by 3.6% to RMB383.4 million.

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

	Six months ended 31 January			Six months ended 31 January			Period end occupancy (%)
	2021 <sup>#</sup> HK\$ million	2020 <sup>#</sup> HK\$ million	% Change	2021 RMB million	2020 RMB million	% Change	
<b>Shanghai</b>							
Shanghai Hong Kong Plaza	194.8	209.4	-7.0%	168.0	188.7	-11.0%	Retail: 91.8% Office: 83.4% Serviced Apartments: 83.6%
Shanghai May Flower Plaza	31.9	35.7	-10.6%	27.5	32.2	-14.6%	Retail: 99.2% Hotel: 46.5%
Shanghai Regents Park	11.6	11.7	-0.9%	10.0	10.6	-5.7%	100.0%
<b>Guangzhou</b>							
Guangzhou May Flower Plaza	59.0	62.8	-6.1%	50.9	56.6	-10.1%	98.8%
Guangzhou West Point	13.4	12.8	+4.7%	11.6	11.5	+0.9%	96.0%
Guangzhou Lai Fung Tower	73.8	61.5	+20.0%	63.6	55.4	+14.8%	Retail: 95.9% Office: 98.3%*
<b>Zhongshan</b>							
Zhongshan Palm Spring	3.3	3.5	-5.7%	2.8	3.2	-12.5%	Retail: 74.5%*
<b>Hengqin</b>							
Hengqin Novotown Phase I	46.9	5.7	+722.8%	40.4	5.1	+692.2%	Retail: 66.2%** Hotel: 26.7%
<b>Others</b>	<b>10.0</b>	<b>7.7</b>	<b>+29.9%</b>	<b>8.6</b>	<b>6.9</b>	<b>+24.6%</b>	<b>N/A</b>
<b>Total:</b>	<b>444.7</b>	<b>410.8</b>	<b>+8.3%</b>	<b>383.4</b>	<b>370.2</b>	<b>+3.6%</b>	

<sup>#</sup> The exchange rates adopted for the six months ended 31 January 2021 and 2020 are 0.8622 and 0.9012, respectively

\* Excluding self-use area

\*\* Including the cultural attraction spaces occupied by Lionsgate Entertainment World® and National Geographic Ultimate Explorer Hengqin

# Management Discussion and Analysis (Continued)

## PROPERTY INVESTMENT (CONTINUED)

### Rental Income (Continued)

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

	Six months ended 31 January 2021			Six months ended 31 January 2020		
	Group interest	Turnover (HK\$ million)	Attributable GFA (square feet)	Group interest	Turnover (HK\$ million)	Attributable GFA (square feet)
<b>Shanghai</b>						
Shanghai Hong Kong Plaza	100%			100%		
Retail		91.7	468,434		98.4	468,434
Office		50.2	362,096		52.0	362,096
Serviced Apartments (room revenue and F&B)		49.1	356,638		56.0	355,267
Car-parking Spaces		3.8	N/A		3.0	N/A
		<b>194.8</b>	<b>1,187,168</b>		<b>209.4</b>	<b>1,185,797</b>
Shanghai May Flower Plaza	100%			100%		
Retail		18.6	320,314		17.3	320,314
Hotel (room revenue and F&B)		11.4	143,846		16.5	143,846
Car-parking Spaces		1.9	N/A		1.9	N/A
		<b>31.9</b>	<b>464,160</b>		<b>35.7</b>	<b>464,160</b>
Shanghai Regents Park	95%			95%		
Retail		10.5	77,959		10.6	77,959
Car-parking Spaces		1.1	N/A		1.1	N/A
		<b>11.6</b>	<b>77,959</b>		<b>11.7</b>	<b>77,959</b>
<b>Guangzhou</b>						
Guangzhou May Flower Plaza	100%			100%		
Retail		50.5	357,424		54.9	357,424
Office		6.9	79,431		6.5	79,431
Car-parking Spaces		1.6	N/A		1.4	N/A
		<b>59.0</b>	<b>436,855</b>		<b>62.8</b>	<b>436,855</b>
Guangzhou West Point	100%			100%		
Retail		13.4	171,968		12.8	171,968
Guangzhou Lai Fung Tower	100%			100%		
Retail		9.0	112,292		7.5	112,292
Office		61.5	625,821		51.1	625,821
Car-parking Spaces		3.3	N/A		2.9	N/A
		<b>73.8</b>	<b>738,113</b>		<b>61.5</b>	<b>738,113</b>
<b>Zhongshan</b>						
Zhongshan Palm Spring	100%			100%		
Retail*		3.3	149,433		3.5	147,408
<b>Hengqin</b>						
Novotown Phase I	80%			80%		
Retail**		4.3	545,658		0.1	545,661
Hotel (room revenue and F&B)		42.6	475,810		5.6	475,805
		<b>46.9</b>	<b>1,021,468</b>		<b>5.7</b>	<b>1,021,466</b>
<b>Others</b>		<b>10.0</b>	<b>N/A</b>		<b>7.7</b>	<b>N/A</b>
<b>Total:</b>		<b>444.7</b>	<b>4,247,124</b>		<b>410.8</b>	<b>4,243,726</b>

\* Excluding self-use area

\*\* Excluding the cultural attraction spaces occupied by Lionsgate Entertainment World® and National Geographic Ultimate Explorer Hengqin

# Management Discussion and Analysis (Continued)

## PROPERTY INVESTMENT (CONTINUED)

### Review of Major Rental Properties

#### *Shanghai Hong Kong Plaza*

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

Connected by an indoor footbridge, the property comprises a 32-storey office building, a 32-storey serviced apartment (managed by the Ascott Group), a shopping mall and carpark. The property's total GFA is approximately 1,187,100 square feet excluding 350 car-parking spaces, comprising approximately 362,100 square feet for office, approximately 356,600 square feet for serviced apartment, and approximately 468,400 square feet for shopping mall. Anchor tenants, as of the date of this Interim Report, include The Apple Store, Tiffany, Genesis Motor, Tasaki etc.

The Group owns 100% of this property.

#### *Shanghai May Flower Plaza*

Shanghai May Flower Plaza is a mixed-use project located at the junction of Da Tong Road and Zhi Jiang Xi Road in Su Jia Xiang in the Jing'an District in Shanghai. This project is situated near the Zhongshan Road North Metro Station.

The Group owns 100% in the retail podium which has a total GFA of approximately 320,300 square feet including the basement commercial area. The asset is positioned as a community retail facility.

#### *Shanghai Regents Park*

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

#### *Guangzhou May Flower Plaza*

Guangzhou May Flower Plaza is a prime property situated at Zhongshanwu Road, Yuexiu District directly above the Gongyuanqian Metro Station in Guangzhou, the interchange station of Guangzhou Subway Lines No. 1 and 2. This 13-storey complex has a total GFA of approximately 436,900 square feet excluding 136 car-parking spaces.

The building comprises of retail spaces, restaurants, office units and car-parking spaces. The property is almost fully leased to tenants comprising well-known corporations, consumer brands and restaurants.

The Group owns 100% of this property.

#### *Guangzhou West Point*

Guangzhou West Point is located on Zhongshan Qi Road and is within walking distance from the Ximenkou Subway Station. This is a mixed-use property where the Group has sold all the residential and office units and retained 100% interest in the commercial podium with GFA of approximately 172,000 square feet. Tenants of the retail podium include renowned restaurants and local retail brands.

The Group owns 100% of this property.

# Management Discussion and Analysis *(Continued)*

## PROPERTY INVESTMENT *(CONTINUED)*

### Review of Major Rental Properties *(Continued)*

#### *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. This property has a total GFA of approximately 738,100 square feet excluding car-parking spaces.

The Group owns 100% of this property.

#### *Zhongshan Palm Spring Rainbow Mall*

Zhongshan Palm Spring Rainbow Mall is the commercial portion of Zhongshan Palm Spring, a multi-phases project located in Caihong Planning Area, Western District of Zhongshan. It is positioned as a community retail facility with a total GFA of approximately 181,100 square feet. The anchor tenant is Zhongshan May Flower Cinema, managed and operated by eSun Holdings Limited, a fellow subsidiary of the Company.

#### *Hengqin Novotown Phase I*

Novotown Phase I is an integrated tourism and entertainment project located in the heart of Hengqin, being one of the core cities in Guangdong province within the Greater Bay Area of China, with close proximity to Macau and Hong Kong. Novotown Phase I comprises a 493-room Hyatt Regency hotel, offices, cultural workshops, cultural studios, shopping and leisure facilities with a total GFA of approximately 2.7 million square feet, as well as 1,844 car-parking spaces and ancillary facilities.

Lionsgate Entertainment World® 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 commenced operation on 31 July 2019. The family edutainment center, National Geographic Ultimate Explorer Hengqin, 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 officially commenced operations on 9 September 2019. In February 2021, a new interactive attraction — "Wonders of Kung Fu" — was launched in the outdoor garden space of Novotown Phase I, which includes light shows providing immersive experience and interactive games with Chinese Kungfu and cuisine being the key underlying theme. This attraction in the 5,000 square meters outdoor garden offers more than 10 interactive points, aiming not only to bring new experiences to visitors in terms of advanced visual/media technologies and cultural enlightenment, but also with an objective to boost night economy at Novotown. Leasing of the commercial area of Novotown Phase I is underway with approximately 66% of the leasable area let. Except for the two themed indoor experience centres, key tenants include Pokiddo Trampoline Park, Adidas Outlet, Decathlon, Paulaner Wirtshaus Hengqin, Oyster King, Starbucks, and McDonald's.

The Group owns 80% of Novotown Phase I.

## Hotels and Serviced Apartments

#### *Ascott Huaihai Road Shanghai*

Ascott Huaihai Road in Shanghai Hong Kong Plaza is managed by the Ascott Group and it is one of a premier collection of the Ascott Limited's serviced residences in over 70 cities in Asia Pacific, Europe and the Gulf region. The residence with a total GFA of approximately 358,400 square feet and approximately 356,600 square feet attributable to the Group has 309 contemporary apartments of various sizes: studios (640-750 sq.ft.), one-bedroom apartments (915-1,180 sq.ft.), two-bedroom apartments (1,720 sq.ft.), three-bedroom apartments (2,370 sq.ft.) and two luxurious penthouses on the highest two floors (4,520 sq.ft.). An average occupancy rate of 86.2% was achieved during the period under review and the average room tariff was approximately HK\$978.

# Management Discussion and Analysis *(Continued)*

## PROPERTY INVESTMENT *(CONTINUED)*

### Hotels and Serviced Apartments *(Continued)*

#### *STARR Hotel Shanghai*

STARR Hotel Shanghai is a 17-storey hotel located in the Mayflower Lifestyle complex in Jing'an District, within walking distance to Lines 1, 3 and 4 of the Shanghai Metro Station with easy access to major motorways. There are 239 fully furnished and equipped hotel units with stylish separate living room, bedroom, fully-equipped kitchenette and luxurious bathroom amenities for short or extended stays to meet the needs of the business travelers from around the world and the total GFA is approximately 143,800 square feet. The GFA attributable to the Group is approximately 143,800 square feet. An average occupancy rate of 59.7% was achieved during the period under review and the average room tariff was approximately HK\$424.

#### *Hyatt Regency Hengqin*

Hyatt Regency Hengqin soft opened on 31 December 2019 is located in Novotown Phase I in Hengqin, Zhuhai, the heart of the Greater Bay Area and is within easy reach of the bridge linking Zhuhai with Hong Kong and Macau. Hyatt Regency Hengqin with a total GFA of approximately 594,800 square feet and approximately 475,800 square feet attributable to the Group has 493 guest rooms including 55 suites ranging in size from 430 sq.ft. to 2,580 sq.ft., a wide range of dining options, as well as banqueting and conference facilities of over 40,000 square feet. An average occupancy rate of 36.5% was achieved during the period under review and the average room tariff was approximately HK\$752.

# Management Discussion and Analysis (Continued)

## PROPERTY DEVELOPMENT

### Recognised Sales

For the six months ended 31 January 2021, the Group's property development operations recorded a turnover of HK\$1,095.8 million from sale of properties, representing a 525.5% increase compared to the same period last year. Total recognised sales was primarily driven by the sales performance of residential units and car-parking spaces of Shanghai Wuli Bridge Project and residential units of Zhongshan Palm Spring, as well as the sale of properties in Novotown Phase II being occupied by Harrow ILA Hengqin.

Breakdown of turnover for the six months ended 31 January 2021 from sales of properties is as follows:

Recognised basis	No. of Units	Approximate GFA (Square feet)	Average Selling Price# (HK\$/square foot)	Turnover## (HK\$ million*) (RMB million)	
Shanghai Wuli Bridge Project Residential Units	15	37,976	14,922	519.9	448.3
Hengqin Novotown Phase I Cultural Studios	3	13,990	5,026	67.0	57.8
Cultural Workshop Unit	1	655	3,435	2.1	1.8
Hengqin Novotown Phase II Harrow ILA Hengqin Building®	N/A	271,381	1,029	279.2	240.7
Zhongshan Palm Spring Residential High-rise Units	81	102,910	1,647	158.0	136.2
Residential House Units	9	20,200	2,932	56.4	48.6
<b>Subtotal</b>	<b>109</b>	<b>447,112</b>	<b>2,566</b>	<b>1,082.6</b>	<b>933.4</b>
Shanghai Wuli Bridge Project Car-parking Spaces	15			9.6	8.3
Shanghai Regents Park Car-parking Spaces	4			2.6	2.2
Guangzhou Eastern Place Car-parking Space	1			1.0	0.9
<b>Subtotal</b>	<b>20</b>			<b>13.2</b>	<b>11.4</b>
<b>Total</b>				<b>1,095.8</b>	<b>944.8</b>

# Value-added tax inclusive

## Value-added tax exclusive

\* The exchange rate adopted for the six months ended 31 January 2021 is 0.8622

® Classified as income from properties under finance lease

# Management Discussion and Analysis (Continued)

## PROPERTY DEVELOPMENT (CONTINUED)

### Contracted Sales

As at 31 January 2021, the Group's property development operations has contracted but not yet recognised sales of HK\$2,092.2 million, primarily driven by the sale performance of residential units in Zhongshan Palm Spring and Shanghai Wuli Bridge Project, cultural studios and cultural workshop units in Hengqin Novotown Phase I, as well as the sale of properties in Novotown Phase II being occupied by Harrow ILA Hengqin. Excluding the effect of currency translation, the Renminbi denominated contracted but not yet recognised sales as at 31 January 2021 amounted to RMB1,803.9 million (31 July 2020: RMB504.9 million).

Breakdown of contracted but not yet recognised sales as at 31 January 2021 is as follows:

Contracted basis	No. of Units	Approximate GFA (Square feet)	Average Selling Price <sup>#</sup> (HK\$/square foot)	Turnover <sup>#</sup> (HK\$ million <sup>##</sup> )	(RMB million)
Zhongshan Palm Spring					
Residential High-rise Units	563	660,791	1,713	1,131.9	976.0
Residential House Units	16	33,473	3,200	107.1	92.3
Serviced Apartment Units*	2	2,120	1,462	3.1	2.7
Shanghai Wuli Bridge Project					
Residential Units	8	19,633	15,061	295.7	254.9
Hengqin Novotown Phase I					
Cultural Studios	2	11,106	5,276	58.6	50.5
Serviced Apartment Units	2	1,597	3,632	5.8	5.0
Hengqin Novotown Phase II					
Harrow ILA Hengqin Buildings**	N/A	293,729	1,641	481.9	415.5
<b>Subtotal</b>	<b>593</b>	<b>1,022,449</b>	<b>2,038</b>	<b>2,084.1</b>	<b>1,796.9</b>
Shanghai Wuli Bridge Project					
Car-parking Spaces	7			5.2	4.5
Shanghai Regents Park					
Car-parking Spaces	3			2.1	1.8
Guangzhou King's Park					
Car-parking Space	1			0.8	0.7
<b>Subtotal</b>	<b>11</b>			<b>8.1</b>	<b>7.0</b>
<b>Total</b>				<b>2,092.2</b>	<b>1,803.9</b>

<sup>#</sup> Value-added tax inclusive

<sup>##</sup> The exchange rate adopted for the six months ended 31 January 2021 is 0.8622

\* Will be recorded as disposal of assets classified as held for sale and the sales proceeds net of cost will be included in other operating income in the consolidated income statement of the Group when the sale is completed

\*\* Will be recognised as income from finance lease under turnover

# Management Discussion and Analysis (Continued)

## PROPERTY DEVELOPMENT (CONTINUED)

### Review of Major Properties Completed for Sale and under Development

#### *Shanghai Northgate Plaza Redevelopment Project*

Shanghai Northgate Plaza I is located on Tian Mu Road West in the Jing'an District of Shanghai near the Shanghai Railway Terminal and comprises office units, a retail podium and car-parking spaces. Shanghai Northgate Plaza II is a vacant site adjacent to Northgate Plaza I. In September 2016, the Group completed the acquisition of the 6<sup>th</sup> to 11<sup>th</sup> 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. Redevelopment of Shanghai Northgate Plaza I, Northgate Plaza II and the Hui Gong Building together under a comprehensive redevelopment plan which includes an office tower, a shopping mall and an underground car-parking structure is in progress and is expected to add a total GFA of approximately 727,200 square feet excluding car-parking spaces to the rental portfolio of the Group. Construction work is on track and this project is expected to complete in the second half of 2022.

#### *Shanghai Wuli Bridge Project*

Shanghai Wuli Bridge Project is a high-end luxury residential project 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 project providing 28 residential units with an attributable GFA of approximately 77,900 square feet and 28 car-parking spaces was launched for sale in September 2020 and has received an enthusiastic response from the market. During the period under review, sales of 15 residential units with a total GFA of 37,976 square feet were recognised at an average selling price of HK\$14,922 per square foot, which contributed a total of HK\$519.9 million to the Group's turnover and the sale of 15 car-parking spaces contributed HK\$9.6 million to the Group's turnover. As at 31 January 2021, contracted but not yet recognised sales for 8 residential units and 7 car-parking spaces amounted to HK\$300.9 million. As at 31 January 2021, 13 residential units and 28 car-parking spaces of this development remained unsold with a total carrying amount of approximately HK\$498.8 million.

#### *Shanghai May Flower Plaza*

Shanghai May Flower Plaza is a completed mixed-use project located at the junction of Da Tong Road and Zhi Jiang Xi Road in Su Jia Xiang in the Jing'an District in Shanghai and situated near the Zhongshan Road North Metro Station. As of 31 January 2021, 458 car-parking spaces of this development remained unsold with a carrying amount of approximately HK\$107.9 million.

#### *Shanghai Regents Park*

Shanghai Regents Park is a large-scale residential/commercial composite development located in the Zhongshan Park Commercial Area at the Changning District, Shanghai. It is situated within walking distance of the Zhongshan Park Metro Station. As at 31 January 2021, a total of 240 car-parking spaces of this development remained unsold with a carrying amount of approximately HK\$61.3 million.

#### *Guangzhou King's Park*

This is a high-end residential development located on Donghua Dong Road in Yuexiu District. The attributable GFA is approximately 98,300 square feet excluding 57 car-parking spaces and ancillary facilities. As at 31 January 2021, the contracted but not yet recognised sales of the 1 car-parking space amounted to approximately HK\$0.8 million and the 9 unsold car-parking spaces have a total carrying amount of approximately HK\$7.0 million.

#### *Guangzhou Haizhu Plaza*

Guangzhou Haizhu Plaza is located on Chang Di Main Road in Yuexiu District, Guangzhou along the Pearl River. The Group owns the entire project. The proposed development has a total project GFA of approximately 580,800 square feet and is intended to be developed for rental purposes. The construction commenced in the first half of 2019 and the completion is expected to be in the first half of 2023.

# Management Discussion and Analysis (Continued)

## PROPERTY DEVELOPMENT (CONTINUED)

### Review of Major Properties Completed for Sale and under Development (Continued)

#### *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 period under review, 102,910 square feet of high-rise residential units and 20,200 square feet of house units were recognised at average selling prices of HK\$1,647 and HK\$2,932 per square foot, respectively, which contributed a total of HK\$214.4 million to the sales turnover. As at 31 January 2021, contracted but not yet recognised sales for high-rise residential units and house units amounted to HK\$1,131.9 million and HK\$107.1 million, at average selling prices of HK\$1,713 and HK\$3,200 per square foot, respectively.

STARR Resort Residence Zhongshan comprising two 16-storey blocks in the Palm Lifestyle complex was closed. 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. During the period under review, 7 serviced apartment units have been sold for a total sales proceed of approximately HK\$9.6 million. The sale of these serviced apartment units is recorded as disposal of assets classified as held for sale and the sales proceeds net of cost are included in other operating income in the consolidated income statement of the Group. As at 31 January 2021, contracted but not yet recognised sales for serviced apartment units amounted to HK\$3.1 million, at an average selling prices of HK\$1,462 per square foot.

As at 31 January 2021, completed units held for sale in this development, including residential units, serviced apartment units and commercial units, amounted to approximately 611,973 square feet with a total carrying amount of approximately HK\$552.5 million. The carrying amount of the 1,621 unsold car-parking spaces of this development as at 31 January 2021 was approximately HK\$163.3 million.

The remaining GFA of Phase IV of Palm Spring under development was approximately 1,576,100 square feet excluding car-parking spaces and ancillary facilities. Construction work is on track and expected to be completed in the third quarter of 2021.

#### *Hengqin Novotown*

##### *Phase I*

Sales of the cultural studios and cultural workshop units of Hengqin Novotown Phase I are in progress. During the period under review, sales of 13,990 square feet of cultural studios and 655 square feet of cultural workshop units were recognised at an average selling price of HK\$5,026 and HK\$3,435 per square foot, respectively, which contributed a total of HK\$69.1 million to the Group's turnover. As at 31 January 2021, contracted but not yet recognised sales for cultural studios and cultural workshop units amounted to HK\$58.6 million and HK\$5.8 million, at an average selling price of HK\$5,276 per square foot and HK\$3,632 per square foot, respectively. As at 31 January 2021, completed properties held for sale in Novotown Phase I, including cultural studios, cultural workshops units and office units, amounted to approximately 1,074,000 square feet with a total carrying amount of approximately HK\$2,579.3 million.

The Group owns 80% of Novotown Phase I.

# Management Discussion and Analysis (Continued)

## PROPERTY DEVELOPMENT (CONTINUED)

### Review of Major Properties Completed for Sale and under Development (Continued)

#### Hengqin Novotown (Continued)

##### Phase II

Novotown Phase II 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. The Group succeeded in bidding for the land use rights of the land offered for sale by The Land and Resources Bureau of Zhuhai through the listing-for-sale process in December 2018.

The Group entered into a licence agreement with Real Madrid Club de Fútbol in June 2017 in relation to the development and operation of the location based entertainment centre, namely Real Madrid World in Novotown. Real Madrid World is expected to contain over 20 attractions 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. The Group also entered into a license agreement in December 2018 with Ducati Motor Holding S.p.A for 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.

Construction works are on track and the completion is expected to be in phases by 2024. This mixed-used development project is expected to provide commercial and experiential entertainment facilities, office space and serviced apartment space of 387,700 square feet, 1,599,300 square feet and 586,800 square feet, respectively. Real Madrid World and Ducati Experience Centre are expected to be the key experiential entertainment facilities in Novotown Phase II. Real Madrid World is currently under construction and the Group is in the process of finalising the development plan for Ducati Experience Centre, as well as other facilities in Novotown Phase II.

Properties in Novotown Phase II occupied by Harrow ILA Hengqin has been sold to the school operator during the period under review, which enabled the Group to crystallise the value in its investment in Novotown Phase II and recycle the capital to improve its working capital position. Harrow ILA Hengqin opened in February 2021.

The Group remains confident that the growing commitment from cooperation amongst Guangdong, Hong Kong and Macau in the development of the Greater Bay Area will make Novotown a new contributor to the Group's results in the long run.

## CAPITAL STRUCTURE, LIQUIDITY AND DEBT MATURITY PROFILE

As at 31 January 2021, cash and bank balances held by the Group amounted to HK\$4,325.3 million and undrawn facilities of the Group was HK\$2,934.9 million.

As at 31 January 2021, the Group had total borrowings amounting to HK\$11,315.4 million (as at 31 July 2020: HK\$10,339.5 million), representing an increase of HK\$975.9 million from 31 July 2020. The consolidated net assets attributable to the owners of the Company amounted to HK\$15,522.3 million (as at 31 July 2020: HK\$14,309.1 million). The gearing ratio, being net debt (total borrowings less cash and bank balances) to net assets attributable to the owners of the Company was approximately 45% (as at 31 July 2020: 55%). The maturity profile of the Group's borrowings of HK\$11,315.4 million is well spread with HK\$2,979.3 million repayable within one year, HK\$4,060.8 million repayable in the second year, HK\$2,703.7 million repayable in the third to fifth years and HK\$1,571.6 million repayable beyond the fifth year.

Approximately 24% and 72% of the Group's borrowings were on a fixed rate basis and floating rate basis, respectively, and the remaining 4% of the Group's borrowings were interest-free.

Apart from the guaranteed notes, the Group's other borrowings of HK\$8,612.0 million were 52% denominated in Renminbi ("**RMB**"), 42% in Hong Kong dollars ("**HKD**") and 6% in United States dollars ("**USD**").

# Management Discussion and Analysis *(Continued)*

## CAPITAL STRUCTURE, LIQUIDITY AND DEBT MATURITY PROFILE

### *(CONTINUED)*

The Group's guaranteed notes of HK\$2,703.4 million were denominated in USD. The Group has entered into cross currency swap agreements with financial institutions and the guaranteed notes have been effectively converted into HKD denominated debts. In addition, certain bank loans of the Group with a total carrying amount of HK\$433.4 million were denominated in USD. The Group has entered into a forward contract with a financial institution and the bank loans have been effectively converted into HKD denominated debts.

The Group's cash and bank balances of HK\$4,325.3 million were 95% denominated in RMB, 3% in HKD and 2% in USD.

The Group's presentation currency is denominated in HKD. The Group's monetary assets, liabilities and transactions are principally denominated in RMB, USD and HKD. The Group, with HKD as its presentation currency, is exposed to foreign currency risk arising from the exposure of HKD against USD and RMB, respectively. Considering that the USD guaranteed notes and certain USD bank loans have been effectively converted into HKD denominated debts, the Group believes that the corresponding exposure to USD exchange rate fluctuation is nominal. However, the Group has a net exchange exposure to RMB as the Group's assets are principally located in China and the revenues are predominantly in RMB. Apart from the aforesaid cross currency swap and forward contract arrangements, the Group does not have any derivative financial instruments or hedging instruments outstanding.

Certain assets of the Group have been pledged to secure borrowings and bank facilities of the Group, including investment properties with a total carrying amount of approximately HK\$14,563.0 million, properties under development with a total carrying amount of approximately HK\$1,116.0 million, serviced apartments and related leasehold improvements with a total carrying amount of approximately HK\$417.0 million, completed properties for sale with a total carrying amount of approximately HK\$29.1 million, construction in progress with a total carrying amount of approximately HK\$229.3 million and time deposits and bank balances of approximately HK\$933.0 million.

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

## CONTINGENT LIABILITIES

There has been no material change in contingent liabilities of the Group since 31 July 2020.

# Particulars of Major Properties

## COMPLETED PROPERTIES HELD FOR RENTAL

Property Name	Location	Group Interest	Tenure	Approximate Attributable GFA (square feet)			No. of car-parking spaces attributable to the Group
				Commercial/ Retail	Office	Total (excluding car-parking spaces & ancillary facilities)	
<b>Shanghai</b>							
Shanghai Hong Kong Plaza	282 & 283 Huaihaizhong Road, Huangpu District	100%	The property is held for a term of 50 years commencing on 16 September 1992	468,434	362,096	830,530	350
May Flower Plaza	Sujiaxiang, Jing'an District	100%	The property is held for a term of 40 years for commercial use commencing on 5 February 2007	320,314	—	320,314	—
Regents Park	88 Huichuan Road, Changning District	95%	The property is held for a term of 70 years commencing on 4 May 1996	77,959	—	77,959	—
<b>Subtotal of major completed properties held for rental in Shanghai:</b>				<b>866,707</b>	<b>362,096</b>	<b>1,228,803</b>	<b>350</b>
<b>Guangzhou</b>							
May Flower Plaza	68 Zhongshanwu Road, Yuexiu District	100%	The property is held for a term of 40 years for commercial use and 50 years for other uses commencing on 14 October 1997	357,424	79,431	436,855	136
West Point	Zhongshan Qi Road, Liwan District	100%	The property is held for a term of 40 years for commercial use and 50 years for other uses commencing on 11 January 2006	171,968	—	171,968	—
Lai Fung Tower	787 Dongfeng East Road, Yuexiu District	100%	The property is held for a term of 40 years for commercial uses and 50 years for other uses commencing on 21 October 1997	112,292	625,821	738,113	313
<b>Subtotal of major completed properties held for rental in Guangzhou:</b>				<b>641,684</b>	<b>705,252</b>	<b>1,346,936</b>	<b>449</b>
<b>Zhongshan</b>							
Palm Spring	Caihong Planning Area, Western District	100%	The property is held for a term expiring on 30 March 2075 for commercial/residential uses	149,433	—	149,433	—
<b>Subtotal of major completed properties held for rental in Zhongshan:</b>				<b>149,433</b>	<b>—</b>	<b>149,433</b>	<b>—</b>

## Particulars of Major Properties (Continued)

### COMPLETED PROPERTIES HELD FOR RENTAL (CONTINUED)

Property Name	Location	Group Interest	Tenure	Approximate Attributable GFA (square feet)			No. of car-parking spaces attributable to the Group
				Commercial/Retail	Office	Total (excluding car-parking spaces & ancillary facilities)	
<b>Hengqin</b>							
Novotown Phase I	East side of Yiwener Road, south side of Caihong Road, west side of Tianyu Road and north side of Hengqin Road, Hengqin New Area, Zhuhai City	80%	The property is held for a term of 40 years for office, commercial and serviced apartment and hotel uses and 50 years for other uses commencing on 31 December 2013	780,292*	—	780,292	1,475
<b>Subtotal of major completed properties held for rental in Hengqin:</b>				<b>780,292</b>	<b>—</b>	<b>780,292</b>	<b>1,475</b>
<b>Total of major completed properties held for rental:</b>				<b>2,438,116</b>	<b>1,067,348</b>	<b>3,505,464</b>	<b>2,274</b>

\* Including cultural attraction spaces occupied by Lionsgate Entertainment World® and National Geographic Ultimate Explorer Hengqin with attributable GFA of approximately 194,325 sq.ft. and 40,309 sq.ft., respectively

## Particulars of Major Properties (Continued)

### COMPLETED HOTEL PROPERTIES AND SERVICED APARTMENTS

Property Name	Location	Group Interest	Tenure	No. of rooms	Approximate Attributable GFA (square feet)	No. of car-parking spaces attributable to the Group
<b>Shanghai</b>						
Ascott Huaihai Road Shanghai	282 Huaihaizhong Road, Huangpu District	100%	The property is held for a term of 50 years commencing on 16 September 1992	301	356,638	—
STARR Hotel Shanghai	Sujiaxiang, Jing'an District	100%	The property is held for a term of 50 years for commercial use commencing on 5 February 2007	239	143,846	—
<b>Subtotal of major completed hotel properties and serviced apartments in Shanghai:</b>				<b>540</b>	<b>500,484</b>	<b>—</b>
<b>Hengqin</b>						
Hyatt Regency Hengqin	1295 Qisecaihong Road, Hengqin New Area, Zhuhai City	80%	The property is held for a term of 40 years for commencing on 31 December 2013	493	475,810	—
<b>Subtotal of major completed hotel properties and serviced apartments in Hengqin:</b>				<b>493</b>	<b>475,810</b>	<b>—</b>
<b>Total of major completed hotel properties and serviced apartments:</b>				<b>1,033</b>	<b>976,294</b>	<b>—</b>

# Particulars of Major Properties (Continued)

## PROPERTIES UNDER DEVELOPMENT

Property Name	Location	Group Interest	Stage of Construction	Expected completion date	Approximate site area (square feet) (Note 1)	Approximate Attributable GFA (square feet)				Total car-parking spaces & ancillary facilities	No. of car-parking spaces attributable to the Group
						Commercial/ Retail	Office	Serviced Apartments	Residential		
<b>Guangzhou</b>											
Haizhu Plaza	Chang Di Main Road, Yuexiu District	100%	Construction work in progress	H1 2023	90,708	104,163	476,662	—	—	580,825	305
<b>Subtotal of major properties under development in Guangzhou:</b>						<b>104,163</b>	<b>476,662</b>	<b>—</b>	<b>—</b>	<b>580,825</b>	<b>305</b>
<b>Zhongshan</b>											
Palm Spring (Phase IV)	Caihong Planning Area, Western District	100%	Construction work in progress	Q3 2021	2,547,298	94,530	—	—	1,481,546	1,576,076	1,039
<b>Subtotal of major properties under development in Zhongshan:</b>						<b>94,530</b>	<b>—</b>	<b>—</b>	<b>1,481,546</b>	<b>1,576,076</b>	<b>1,039</b>
<b>Shanghai</b>											
Northgate Plaza Redevelopment Project	Tian Mu Road West, Jing'an District	100%	Construction work in progress	H2 2022	107,223	92,613	634,635	—	—	727,248	554
<b>Subtotal of major properties under development in Shanghai:</b>						<b>92,613</b>	<b>634,635</b>	<b>—</b>	<b>—</b>	<b>727,248</b>	<b>554</b>
<b>Hengqin</b>											
Novotown Phase II	East side of Yiwener Road, south side of Xiangjiang Road, west side of Yiwenyi Road and north side of Zhishui Road, Hengqin New Area, Zhuhai City	100%	Construction work in progress	2024 (by phases)	1,547,523	387,661	1,898,725 (Note 2)	586,821	—	2,873,207	1,438
<b>Subtotal of major properties under development in Hengqin:</b>						<b>387,661</b>	<b>1,898,725</b>	<b>586,821</b>	<b>—</b>	<b>2,873,207</b>	<b>1,438</b>
<b>Total of major properties under development:</b>						<b>678,967</b>	<b>3,010,022</b>	<b>586,821</b>	<b>1,481,546</b>	<b>5,757,356</b>	<b>3,336</b>

Note 1: On project basis

Note 2: Including 299,421 square feet spaces to be occupied by Harrow ILA Hengqin upon completion

# Particulars of Major Properties (Continued)

## COMPLETED PROPERTIES HELD FOR SALE

Property Name	Location	Group interest	Approximate Attributable GFA (square feet)				Total (excluding car-parking spaces & ancillary facilities)	No. of car-parking spaces attributable to the Group
			Commercial/Retail	Residential	Office	Serviced Apartments		
<b>Zhongshan</b>								
Palm Spring	Caihong Planning Area, Western District	100%	68,552	575,096	—	—	643,648	1,621
<b>Subtotal of major completed properties held for sale in Zhongshan:</b>			<b>68,552</b>	<b>575,096</b>	<b>—</b>	<b>—</b>	<b>643,648</b>	<b>1,621</b>
<b>Hengqin</b>								
Novotown Phase I	East side of Yiwener Road, south side of Caihong Road, west side of Tianyu Road and north side of Hengqin Road, Hengqin New Area, Zhuhai City	80%	—	137,869	420,677	300,781	859,327	—
<b>Subtotal of major completed properties held for sale in Hengqin:</b>			<b>—</b>	<b>137,869</b>	<b>420,677</b>	<b>300,781</b>	<b>859,327</b>	<b>—</b>
<b>Shanghai</b>								
Wuli Bridge Project	Wuliqiao Road, 104 Jie Fang, Huangpu District	100%	—	39,880	—	—	39,880	80
May Flower Plaza	Sujiaxiang, Jing'an District	100%	—	—	—	—	—	458
Regents Park, Phase II	88 Huichuan Road, Changning District	95%	—	—	—	—	—	228
<b>Subtotal of major completed properties held for sale in Shanghai:</b>			<b>—</b>	<b>39,880</b>	<b>—</b>	<b>—</b>	<b>39,880</b>	<b>766</b>
<b>Guangzhou</b>								
Eastern Place Phase V	787 Dongfeng East Road, Yuexiu District	100%	—	—	—	—	—	12
Dolce Vita	Jinshazhou, Heng Sha, Baiyun District	50%	—	—	—	—	—	8
King's Park	Donghua Dong Road, Yuexiu District	100%	—	—	—	—	—	9
West Point	Zhongshan Qi Road, Liwan District	100%	—	—	—	—	—	121
<b>Subtotal of major completed properties held for sale in Guangzhou:</b>			<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>150</b>
<b>Total of major completed properties held for sale:</b>			<b>68,552</b>	<b>752,845</b>	<b>420,677</b>	<b>300,781</b>	<b>1,542,855</b>	<b>2,537</b>

# Corporate Governance and Other Information

## CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out from time to time in the Corporate Governance Code (“**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**” and “**Stock Exchange**”, respectively) throughout the six months ended 31 January 2021 save for the deviations from code provisions A.4.1 and A.5.1 as follows:

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

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

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

The Company has not established a nomination committee whose functions are assumed by the full Board. Potential new Directors will be recruited based on their knowledge, skills, experience and expertise and the requirements of the Company at the relevant time and candidates for the INEDs must meet the independence criterion. The process of identifying and selecting appropriate candidates for consideration and approval by the Board has been, and will continue to be, carried out by the executive Directors (“**EDs**”). In January 2019, the Company adopted the Nomination Policy which sets out the criteria, process and procedures by which the Company will select candidate for possible inclusion in the Board. As the Nomination Policy has already been in place and the other duties of the nomination committee as set out in the CG Code have long been performed by the full Board effectively, the Board does not consider it necessary to establish a nomination committee at the current stage.

## Board

The Board oversees the overall management of the Company’s business and affairs. The Board’s primary duty is to ensure the viability of the Company and to ascertain that it is managed in the best interests of its Shareholders as a whole while taking into account the interests of other stakeholders.

The Board has delegated the day-to-day management of the Company’s business to the management and the Executive Committee, and focuses its attention on matters affecting the Company’s long-term objectives and plans for achieving these objectives, the Group’s overall business and commercial strategy as well as overall policies and guidelines.

The Board currently comprises 14 members, of whom seven are EDs, two are NEDs and the remaining five are INEDs. The current composition of the Board is characterised by diversity, whether considered in terms of gender, nationality, professional background and skills. The current Board comprises individuals who are professionals with real estate, investment, banking, accounting, financial, general management and legal backgrounds.

The Board meets at least four times a year with meeting dates scheduled prior to the beginning of the year. Additional board meetings will be held when warranted. Directors also participate in the consideration and approval of matters of the Company by way of written resolutions circulated to Directors together with supporting explanatory materials as and when required.

# Corporate Governance and Other Information *(Continued)*

## CORPORATE GOVERNANCE *(CONTINUED)*

### Board *(Continued)*

All Directors have been provided, on a monthly basis, with the Group's management information updates, giving a balanced and understandable assessment of the Group's performance, position, recent developments and prospects in sufficient detail to keep them abreast of the Group's affairs and facilitate them to discharge their duties under the relevant requirements of the Listing Rules.

### Chairman and Chief Executive

During the six months ended 31 January 2021 and up to the date of this Interim Report, Mr. Chew Fook Aun was the Chairman of the Board while Mr. Lam Hau Yin, Lester acted as the Chief Executive Officer of the Company. This segregation ensures a clear distinction between the Chairman's responsibilities to manage the Board and the Chief Executive Officer's responsibilities to manage the Company's business. The division of responsibilities between the Chairman and the Chief Executive Officer is defined.

## SECURITIES TRANSACTIONS BY DIRECTORS AND DESIGNATED EMPLOYEES

The Company has adopted a Code of Practice for Securities Transactions by Directors and Designated Employees ("**Securities Code**") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules. The Company has made specific enquiry of all Directors and they have confirmed in writing their compliance with the required standard set out in the Securities Code during the six months ended 31 January 2021.

# Corporate Governance and Other Information (Continued)

## SHARE OPTION SCHEME

The Company adopted a share option scheme (“**Scheme**”) on 18 December 2012 (“**Adoption Date**”) for the purpose of recognising the contribution or future contribution of the Eligible Participants (as defined in the Scheme) to the Group. Eligible Participants include but not limited to the directors and any employees of the Group. Unless otherwise cancelled or amended, the Scheme will remain in force for 10 years from the Adoption Date.

The following table sets out the movement of the share options granted under the Scheme during the six months ended 31 January 2021:

Name or category of participants	Date of grant (Note 1)	Number of underlying shares comprised in share options				As at 31 January 2021	Exercise period	Exercise price per share (HK\$) (Note 2)
		As at 1 August 2020	Granted during the period	Exercised during the period	Lapsed during the period			
<b>Directors</b>								
Lam Hau Yin, Lester	18/01/2013	3,219,182	—	—	—	3,219,182	18/01/2013 – 17/01/2023	11.40
Cheng Shin How	18/01/2013	643,836	—	—	—	643,836	18/01/2013 – 17/01/2023	11.40
Lee Tze Yan, Ernest	18/01/2013	640,000	—	—	—	640,000	18/01/2013 – 17/01/2023	11.40
Tham Seng Yum, Ronald	19/08/2019	500,000	—	—	—	500,000	19/08/2019 – 18/08/2029	6.784
<b>Subtotal</b>		<b>5,003,018</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>5,003,018</b>		
<b>Other Eligible Participants (in aggregate)</b>								
Batch 1	18/01/2013	3,631,508 (Note 3)	—	—	(160,000)	3,471,508	18/01/2013 – 17/01/2023	11.40
Batch 2	26/07/2013	220,000	—	—	—	220,000	26/07/2013 – 25/07/2023	9.50
Batch 3	16/01/2015	180,000	—	—	—	180,000	16/01/2015 – 15/01/2025	8.00
Batch 4	19/01/2018	190,000	—	—	—	190,000	19/01/2018 – 18/01/2028	13.52
Batch 5	22/01/2019	460,000	—	—	(200,000)	260,000	22/01/2019 – 21/01/2029	10.18
Batch 6 (Note 4)	22/01/2021	—	120,000	—	—	120,000	22/01/2021 – 21/01/2031	7.364
<b>Subtotal</b>		<b>4,681,508</b>	<b>120,000</b>	<b>—</b>	<b>(360,000)</b>	<b>4,441,508</b>		
<b>Total</b>		<b>9,684,526</b>	<b>120,000</b>	<b>—</b>	<b>(360,000)</b>	<b>9,444,526</b>		

Notes:

- The share options vested on the date of grant.
- The exercise price of the share options is subject to adjustment in the case of rights or bonus issues or other similar changes in the Company's share capital.
- Dr. Lam Kin Ngok, Peter (a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong) was granted a share option to subscribe for a total of 321,918 shares of the Company on 18 January 2013.
- The closing price of the Company's shares immediately before the date of grant of the share options was HK\$7.30 per share.

Save as disclosed above, no share options were granted, exercised, cancelled, or lapsed in accordance with the terms of the Scheme during the period under review.

# Corporate Governance and Other Information (Continued)

## DIRECTORS' INTERESTS

The following Directors and chief executive of the Company who held office on 31 January 2021 and their respective close associates (as defined in the Listing Rules) were interested or were deemed to be interested in the following interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (“SFO”)) on that date (a) as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they were taken or deemed to have under such provisions of the SFO); or (b) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO (“Register of Directors and Chief Executive”); or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Securities Code adopted by the Company; or (d) as known to the Directors:

### (1) The Company

Long positions in the ordinary shares of HK\$5.00 each of the Company (“Shares”) and underlying Shares

Name of Director	Capacity	Number of Shares		Number of underlying Shares	Total	Approximate percentage of total issued Shares (Note 2)
		Personal interests	Corporate interests	Personal interests (Note 1)		
Lam Hau Yin, Lester	Beneficial owner	Nil	Nil	3,219,182	3,219,182	0.97%
Cheng Shin How	Beneficial owner	Nil	Nil	643,836	643,836	0.19%
Lee Tze Yan, Ernest	Beneficial owner	Nil	Nil	640,000	640,000	0.19%
Tham Seng Yum, Ronald	Beneficial owner	Nil	Nil	500,000	500,000	0.15%

Notes:

1. *These interests in underlying Shares represented interests in share options granted to the Directors under the share option scheme of the Company. Particulars of which are contained in the section headed “Share Option Scheme” of this Interim Report.*
2. *The percentage has been compiled based on the total number of issued Shares as at 31 January 2021 (i.e. 331,033,443 Shares).*

# Corporate Governance and Other Information (Continued)

## DIRECTORS' INTERESTS (CONTINUED)

### (2) Associated corporations of the Company

(i) Lai Sun Garment (International) Limited (“LSG”)

Long positions in the ordinary shares of LSG (“LSG Shares”) and underlying LSG Shares

Name of Director	Capacity	Number of LSG Shares		Number of underlying LSG Shares	Total	Approximate percentage of total issued LSG Shares (Note 2)
		Personal interests	Corporate interests	Personal interests (Note 1)		
Chew Fook Aun	Beneficial owner	Nil	Nil	3,819,204	3,819,204	0.97%
Lam Hau Yin, Lester	Beneficial owner	12,459,208	Nil	3,819,204	16,278,412	4.15%
U Po Chu	Beneficial owner	825,525	Nil	Nil	825,525	0.21%

Notes:

- These interests in underlying LSG Shares represented interests in share options granted to the Directors under the share option schemes of LSG, particulars of which are as follows:

Name of Director	Date of grant	Number of underlying LSG Shares comprised in share options	Option period	Exercise price per LSG Share (HK\$)
Chew Fook Aun	19/06/2017	3,819,204	19/06/2017 – 18/06/2027	15.00
Lam Hau Yin, Lester	19/06/2017	3,819,204	19/06/2017 – 18/06/2027	15.00

- The percentage has been compiled based on the total number of issued LSG Shares as at 31 January 2021 (i.e. 392,610,623 LSG Shares).

# Corporate Governance and Other Information (Continued)

## DIRECTORS' INTERESTS (CONTINUED)

### (2) Associated corporations of the Company (Continued)

#### (ii) Lai Sun Development Company Limited (“LSD”)

Long positions in the ordinary shares of LSD (“LSD Shares”) and underlying LSD Shares

Name of Director	Capacity	Number of LSD Shares		Number of underlying LSD Shares Personal interests (Note 1)	Total	Approximate percentage of total issued LSD Shares (Note 2)
		Personal interests	Corporate interests			
Chew Fook Aun	Beneficial owner/ Owner of controlled corporation	Nil	1,221,000 (Note 3)	1,952,081	3,173,081	0.52%
Lam Hau Yin, Lester	Beneficial owner	Nil	Nil	4,173,081	4,173,081	0.68%
Lee Tze Yan, Ernest	Beneficial owner	Nil	Nil	832,000	832,000	0.14%
Tham Seng Yum, Ronald	Beneficial owner	Nil	Nil	800,000	800,000	0.13%
U Po Chu	Beneficial owner	26,919	Nil	Nil	26,919	0.004%

Notes:

- These interests in underlying LSD Shares represented interests in share options granted to the Directors under the share option schemes of LSD, particulars of which are as follows:

Name of Director	Date of grant	Number of underlying LSD Shares comprised in share options	Option period	Exercise price per LSD Share (HK\$)
Chew Fook Aun	05/06/2012	1,952,081	05/06/2012 – 04/06/2022	5.35
Lam Hau Yin, Lester	18/01/2013	4,173,081	18/01/2013 – 17/01/2023	16.10
Lee Tze Yan, Ernest	18/01/2013	832,000	18/01/2013 – 17/01/2023	16.10
Tham Seng Yum, Ronald	19/08/2019	800,000	19/08/2019 – 18/08/2029	9.92

- The percentage has been compiled based on the total number of issued LSD Shares as at 31 January 2021 (i.e. 612,089,025 LSD Shares).
- These LSD Shares are held by The Orchid Growers Association Limited, the entire issued share capital of which is beneficially owned by Mr. Chew Fook Aun.

# Corporate Governance and Other Information (Continued)

## DIRECTORS' INTERESTS (CONTINUED)

### (2) Associated corporations of the Company (Continued)

#### (iii) eSun Holdings Limited (“eSun”)

Long positions in the ordinary shares of HK\$0.50 each of eSun (“eSun Shares”)

<b>Name of Director</b>	<b>Capacity</b>	<b>Number of eSun Shares Personal interests</b>	<b>Approximate percentage of total issued eSun Shares (Note)</b>
Lam Hau Yin, Lester	Beneficial owner	2,794,443	0.19%

*Note: The percentage has been compiled based on the total number of issued eSun Shares as at 31 January 2021 (i.e. 1,491,854,598 eSun Shares).*

#### (iv) LSD Bonds (2017) Limited

Long position in the 4.6% guaranteed notes due 2022

<b>Name of Director</b>	<b>Capacity</b>	<b>Nature of interests</b>	<b>Principal amount</b>
Mak Wing Sum, Alvin	Beneficial owner	Personal	US\$200,000 (Note)

*Note: These notes were jointly held by Mr. Mak Wing Sum, Alvin and his spouse.*

Save as disclosed above, as at 31 January 2021, none of the Directors and chief executive of the Company and their respective close associates was interested or was deemed to be interested in the long and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations, which were required to be notified to the Company and the Stock Exchange, recorded in the Register of Directors and Chief Executive, notified under the Securities Code, or otherwise known to the Directors.

## Corporate Governance and Other Information (Continued)

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS

As at 31 January 2021, so far as is known or otherwise notified to any Director or the chief executive of the Company, the particulars of the corporations or individuals who had 5% or more interests in the following long positions in the Shares and underlying Shares as recorded, other than a Director or the chief executive of the Company, in the register required to be kept under section 336 of the SFO ("**Register of Shareholders**") or were entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company ("**Voting Entitlements**") (i.e. within the meaning of substantial shareholders of the Listing Rules) were as follows:

#### (A) Long positions in the Shares of the Company

Name	Capacity	Nature of interests	Number of Shares	Approximate percentage of total issued Shares (Note 1)
<b>Substantial Shareholders</b>				
Lai Sun Development Company Limited (" <b>LSD</b> ")	Owner of controlled corporations	Corporate	180,618,266 (Note 2)	54.56%
Lai Sun Garment (International) Limited (" <b>LSG</b> ")	Owner of controlled corporations	Corporate	180,618,266 (Note 3)	54.56%
Lam Kin Ngok, Peter	Owner of controlled corporations	Corporate	180,618,266 (Note 4)	54.56%
Holy Unicorn Limited (" <b>Holy Unicorn</b> ")	Beneficial owner	Corporate	180,600,756 (Note 2)	54.55%
Transtrend Holdings Limited (" <b>Transtrend</b> ")	Beneficial owner	Corporate	17,510 (Note 2)	0.005%
CapitaLand China Holdings Pte Ltd (" <b>CapitaLand China</b> ")	Owner of controlled corporation	Corporate	64,400,000 (Note 5)	19.45%
CapitaLand China Investments Limited (" <b>CapitaLand Investments</b> ")	Owner of controlled corporations	Corporate	64,400,000 (Note 5)	19.45%
CapitaLand LF (Cayman) Holdings Co., Ltd. (" <b>CapitaLand Cayman</b> ")	Beneficial owner	Corporate	64,400,000	19.45%
CapitaLand Limited	Owner of controlled corporations	Corporate	64,400,000 (Note 5)	19.45%
Temasek Holdings (Private) Limited (" <b>Temasek</b> ")	Owner of controlled corporations	Corporate	64,400,000 (Note 5)	19.45%

## Corporate Governance and Other Information (Continued)

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS (CONTINUED)

#### (A) Long positions in the Shares of the Company (Continued)

Name	Capacity	Nature of interests	Number of Shares	Approximate percentage of total issued Shares (Note 1)
<b>Other Persons</b>				
Yu Cheuk Yi	Beneficial owner	Personal	33,070,237 (Note 6)	9.99%
Yu Siu Yuk	Beneficial owner	Personal	33,070,237 (Note 6)	9.99%
Moerus Capital Management LLC	Investment manager	Corporate	20,918,035	6.32%

Notes:

1. The percentage has been compiled based on the total number of issued Shares as at 31 January 2021 (i.e. 331,033,443 Shares).
2. These interests in the Company represented all the Shares beneficially owned by Holy Unicorn (180,600,756 Shares or approximately 54.55% of the total issued Shares) and Transtrend (17,510 Shares or approximately 0.005% of the total issued Shares), both being wholly-owned subsidiaries of LSD.
3. LSG owned approximately 56.13% shareholding interests in LSD. As such, LSG was deemed to be interested in the same 180,618,266 Shares in which LSD had interests.
4. Dr. Lam Kin Ngok, Peter was deemed to be interested in 180,618,266 Shares by virtue of his personal and deemed shareholding interests in approximately 41.66% (excluding share option) in LSG which in turn owned approximately 56.13% shareholding interests in LSD.
5. These interests in the Company represented the Shares beneficially owned by CapitaLand Cayman which was wholly owned by CapitaLand China which in turn was wholly owned by CapitaLand Investments while CapitaLand Investments was wholly owned by CapitaLand Limited. Temasek was deemed to be interested in the same 64,400,000 Shares held by CapitaLand Cayman by virtue of its more than 50% indirect interest in the issued share capital of CapitaLand Limited.
6. Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk were both taken to be interested in the same 33,070,237 Shares which were held jointly by them.

## Corporate Governance and Other Information (Continued)

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS (CONTINUED)

#### (B) Long positions in the underlying Shares of the Company

Name	Capacity	Number of underlying Shares	Approximate percentage of total issued Shares (Note 1)
Lam Kin Ngok, Peter	Beneficial Owner	321,918 (Note 2)	0.10%

Notes:

1. The percentage has been compiled based on the total number of issued Shares as at 31 January 2021 (i.e. 331,033,443 Shares).
2. The interests in underlying Shares represented interests in a share option granted to Dr. Lam Kin Ngok, Peter under the share option scheme of the Company. Particulars of which are set out in the section headed "Share Option Scheme" of this Interim Report.

Save as disclosed above, the Directors are not aware of any other corporation or individual who, as at 31 January 2021, had the Voting Entitlements or 5% or more interests or short positions in the Shares or underlying Shares as recorded in the Register of Shareholders.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 January 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

### DISCLOSURE PURSUANT TO PARAGRAPH 13.21 OF CHAPTER 13 OF THE LISTING RULES

On 30 October 2018, a non-wholly owned subsidiary of the Company, as borrower, entered into a facility agreement pursuant to which a 5-year term loan facility of an amount up to HK\$700,000,000 was granted to the borrower. The facility agreement was amended on 22 October 2019, pursuant to which LSD shall maintain its 20% direct or indirect holding interest (excluding the portion indirectly held through the Company) in the borrower. Upon a breach of this covenant, the lender may, inter alia, declare that the outstanding liability under the facility becomes immediately due.

# Corporate Governance and Other Information (Continued)

## UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the Directors' information since the disclosure made in the Company's annual report 2019-2020 are set out as follows:

- (a) Mr. Chew Fook Aun ceased to be a member of the Operations Review Committee of the Independent Commission Against Corruption on 31 December 2020. He was appointed a vice chairman of the board of directors of the Hong Kong Sports Institute Limited for a term of 2 years with effect from 1 April 2021.
- (b) Mr. Shek Lai Him, Abraham was appointed as the vice chairman of Goldin Financial Holdings Limited and re-designated as an executive director from an independent non-executive director with effect from 1 March 2021. His term as a non-executive director of The Mandatory Provident Fund Schemes Authority ended on 16 March 2021.
- (c) Directors' remuneration for the six months ended 31 January 2021 and 2020 are as follows:

	Fees HK\$'000	Salaries, allowances, and benefits in kind HK\$'000	Equity-settled share option expense HK\$'000	Pension Scheme contributions HK\$'000	Total remuneration HK\$'000
<b>For the six months ended 31 January 2021</b>					
<i>Executive directors:</i>					
Chew Fook Aun	—	2,003	—	9	2,012
Lam Kin Ming (passed away on 8 January 2021)	—	499	—	—	499
Lam Kin Hong, Matthew	—	570	—	29	599
Lam Hau Yin, Lester	—	796	—	9	805
Cheng Shin How	—	3,398	—	9	3,407
Lee Tze Yan, Ernest	—	927	—	9	936
Tham Seng Yum, Ronald	—	1,950	—	9	1,959
U Po Chu	—	2,145	—	—	2,145
	—	12,288	—	74	12,362
<i>Non-executive directors:</i>					
Lucas Ignatius Loh Jen Yuh	—	—	—	—	—
Puah Tze Shyang	—	—	—	—	—
	—	—	—	—	—
<i>Independent non-executive directors:</i>					
Ku Moon Lun	175	—	—	—	175
Lam Bing Kwan	175	—	—	—	175
Law Kin Ho	175	—	—	—	175
Mak Wing Sum, Alvin	175	—	—	—	175
Shek Lai Him, Abraham	175	—	—	—	175
	875	—	—	—	875
<b>Total</b>	<b>875</b>	<b>12,288</b>	<b>—</b>	<b>74</b>	<b>13,237</b>

# Corporate Governance and Other Information *(Continued)*

## UPDATE ON DIRECTORS' INFORMATION *(CONTINUED)*

(c) *(Continued)*

	Fees HK\$'000	Salaries, allowances, and benefits in kind HK\$'000	Equity-settled share option expense HK\$'000	Pension Scheme contributions HK\$'000	Total remuneration HK\$'000
For the six months ended 31 January 2020					
<i>Executive directors:</i>					
Chew Fook Aun	—	2,336	—	9	2,345
Lam Kin Ming	—	570	—	—	570
Lam Kin Hong, Matthew	—	570	—	29	599
Lam Hau Yin, Lester	—	862	—	9	871
Cheng Shin How	—	3,851	—	9	3,860
Lee Tze Yan, Ernest	—	927	—	9	936
Tham Seng Yum, Ronald (appointed on 19 August 2019)	—	2,081	674	9	2,764
U Po Chu	—	2,126	—	—	2,126
	—	13,323	674	74	14,071
<i>Non-executive directors:</i>					
Lucas Ignatius Loh Jen Yuh	—	—	—	—	—
Puah Tze Shyang	—	—	—	—	—
	—	—	—	—	—
<i>Independent non-executive directors:</i>					
Ku Moon Lun	175	—	—	—	175
Lam Bing Kwan	175	—	—	—	175
Law Kin Ho	175	—	—	—	175
Mak Wing Sum, Alvin	175	—	—	—	175
Shek Lai Him, Abraham	175	—	—	—	175
	875	—	—	—	875
<b>Total</b>	<b>875</b>	<b>13,323</b>	<b>674</b>	<b>74</b>	<b>14,946</b>

# Corporate Governance and Other Information *(Continued)*

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 January 2021, the Group employed a total of around 2,000 employees. The Group recognises the importance of maintaining a stable staff force in its continued success. Under the Group's existing policies, employee pay rates are maintained at competitive levels whilst promotion and salary increments are assessed on a performance-related basis. Discretionary bonuses are granted to employees based on their merit and in accordance with industry practice. Other benefits including share option scheme, mandatory provident fund scheme, free hospitalisation insurance plan, subsidised medical care and sponsorship for external education and training programmes are offered to eligible employees.

## 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.

During the period under review, certain investor relations activities have been postponed or cancelled due to the global COVID-19 pandemic. The Group keeps proactive interactions with the investment community via conference call and virtual events and provides them with updates on the Group's operations, financial performance and outlook. 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, by fax at (852) 2853 6651 or by e-mail at [ir@laifung.com](mailto:ir@laifung.com).

## REVIEW OF INTERIM REPORT

The audit committee of the Company ("**Audit Committee**") currently comprises two of the INEDs, namely Mr. Law Kin Ho and Mr. Lam Bing Kwan, and a NED, Mr. Lucas Ignatius Loh Jen Yuh (alternate Director: Mr. Puah Tze Shyang). The Audit Committee has reviewed the interim report (containing the unaudited condensed consolidated financial statements) of the Company for the six months ended 31 January 2021.

By Order of the Board  
**Chew Fook Aun**  
*Chairman*

Hong Kong, 23 March 2021