



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 2022



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

U Po Chu

Independent Non-executive Directors

Ku Moon Lun

Lam Bing Kwan

Law Kin Ho

Mak Wing Sum, Alvin

Shek Lai Him, Abraham

AUDIT COMMITTEE

Law Kin Ho (*Chairman*)

Ku Moon Lun

Lam Bing Kwan

Mak Wing Sum, Alvin

NOMINATION COMMITTEE

Chew Fook Aun (*Chairman*)

Mak Wing Sum, Alvin

Shek Lai Him, Abraham

REMUNERATION COMMITTEE

Lam Bing Kwan (*Chairman*)

Chew Fook Aun

Ku Moon Lun

Law Kin Ho

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

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Kowloon, Hong Kong

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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

Registered Public Interest Entity Auditor

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

Depository Bank: The Bank of New York Mellon

WEBSITE

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INVESTOR RELATIONS

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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 2022 together with the comparative figures of the last corresponding period as follows:

Condensed Consolidated Income Statement

For the six months ended 31 January 2022

	Notes	For the six months ended 31 January	
		2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
TURNOVER	3	1,281,083	1,554,721
Cost of sales		(661,169)	(1,264,139)
Gross profit		619,914	290,582
Other income and gains		78,102	54,964
Selling and marketing expenses		(69,571)	(61,664)
Administrative expenses		(121,467)	(149,483)
Other operating expenses, net		(150,383)	(281,166)
Fair value gains/(losses) on investment properties		(6,911)	87,405
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	4	349,684	(59,362)
Finance costs	5	(214,424)	(186,318)
Share of losses of joint ventures		(246)	(501)
Share of profits/(losses) of associates		82	(210)
PROFIT/(LOSS) BEFORE TAX		135,096	(246,391)
Tax	6	(254,873)	(247,704)
LOSS FOR THE PERIOD		(119,777)	(494,095)
ATTRIBUTABLE TO:			
Owners of the Company		(74,853)	(446,124)
Non-controlling interests		(44,924)	(47,971)
		(119,777)	(494,095)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY:	7		
Basic and diluted		(HK\$0.226)	(HK\$1.348)

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 January 2022

	For the six months ended	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
LOSS FOR THE PERIOD	(119,777)	(494,095)
OTHER COMPREHENSIVE INCOME 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	375,528	1,705,911
Reclassification of reserve upon deregistration of subsidiaries	—	1,239
Reclassification of reserve upon return of capital from a subsidiary	29,965	—
	405,493	1,707,150
Share of other comprehensive income of an associate	2	18
	405,495	1,707,168
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	285,718	1,213,073
ATTRIBUTABLE TO:		
Owners of the Company	322,402	1,213,031
Non-controlling interests	(36,684)	42
	285,718	1,213,073

Condensed Consolidated Statement of Financial Position

As at 31 January 2022

	Notes	31 January 2022 (Unaudited) HK\$'000	31 July 2021 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		3,436,433	3,416,099
Right-of-use assets		561,286	562,463
Investment properties		20,821,400	19,982,100
Investments in joint ventures		18,692	16,438
Investments in associates		129	45
Debtors, deposits and prepayments	8	541,606	526,687
Total non-current assets		25,379,546	24,503,832
CURRENT ASSETS			
Properties under development		872,458	749,677
Completed properties for sale		4,234,387	4,507,445
Inventories		6,046	6,253
Debtors, deposits and prepayments	8	690,167	616,961
Prepaid tax		36,585	53,100
Pledged and restricted time deposits and bank balances		2,135,867	1,879,366
Cash and cash equivalents		2,499,329	2,819,615
Assets classified as held for sale		10,474,839	10,632,417
		824	2,617
Total current assets		10,475,663	10,635,034
CURRENT LIABILITIES			
Creditors, accruals and other payables	9	2,004,229	2,289,675
Contract liabilities and deposits received		1,223,825	1,038,062
Interest-bearing bank loans		1,037,273	429,229
Lease liabilities		2,984	3,468
Guaranteed notes		2,722,667	—
Derivative financial instruments		6,988	—
Tax payable		507,939	384,168
Other borrowings		41,281	41,159
Total current liabilities		7,547,186	4,185,761
NET CURRENT ASSETS		2,928,477	6,449,273
TOTAL ASSETS LESS CURRENT LIABILITIES		28,308,023	30,953,105
NON-CURRENT LIABILITIES			
Lease liabilities		6,677	5,799
Other payables	9	1,010,410	993,150
Long-term deposits received		153,388	139,631
Interest-bearing bank loans		7,512,344	7,903,894
Advances from a former substantial shareholder		57,158	56,181
Loans from a fellow subsidiary		515,575	445,835
Guaranteed notes		—	2,711,994
Derivative financial instruments		—	8,965
Deferred tax liabilities		3,314,079	3,236,058
Total non-current liabilities		12,569,631	15,501,507
		15,738,392	15,451,598

Condensed Consolidated Statement of Financial Position

(Continued)

As at 31 January 2022

	31 January 2022 (Unaudited) HK\$'000	31 July 2021 (Audited) HK\$'000
EQUITY		
Equity attributable to owners of the Company		
Issued capital	1,655,167	1,655,167
Reserves	14,099,570	13,776,092
	15,754,737	15,431,259
Non-controlling interests	(16,345)	20,339
	15,738,392	15,451,598

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 January 2022

	Attributable to owners of the Company							Sub-total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
	Issued capital HK\$'000	Share premium account HK\$'000	Share option reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Capital reserve HK\$'000	Statutory reserve HK\$'000	Retained earnings HK\$'000			
As at 31 July 2021 and 1 August 2021 (Audited)	1,655,167	4,105,466	24,425	1,382,656	137,165	318,574	7,807,806	15,431,259	20,339	15,451,598
Loss for the period	—	—	—	—	—	—	(74,853)	(74,853)	(44,924)	(119,777)
Other comprehensive income for the period, net of tax:										
Exchange differences arising on translation to the presentation currency	—	—	—	367,288	—	—	—	367,288	8,240	375,528
Reclassification of reserve upon return of capital from a subsidiary	—	—	—	29,965	—	—	—	29,965	—	29,965
Share of other comprehensive income of an associate	—	—	—	2	—	—	—	2	—	2
Total comprehensive income/(expenses) for the period, net of tax	—	—	—	397,255	—	—	(74,853)	322,402	(36,684)	285,718
Equity-settled share option arrangements	—	—	1,076	—	—	—	—	1,076	—	1,076
Transfer to statutory reserve	—	—	—	—	—	21,585	(21,585)	—	—	—
Release of reserve upon lapse of share options	—	—	(249)	—	—	—	249	—	—	—
As at 31 January 2022 (Unaudited)	1,655,167	4,105,466[#]	25,252[#]	1,779,911[#]	137,165[#]	340,159[#]	7,711,617[#]	15,754,737	(16,345)	15,738,392

[#] These reserve accounts comprise the consolidated reserves of HK\$14,099,570,000 (31 July 2021: HK\$13,776,092,000) in the condensed consolidated statement of financial position.

Condensed Consolidated Statement of Changes in Equity

(Continued)

For the six months ended 31 January 2022

	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 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	—	—	—
As at 31 January 2021 (Unaudited)	1,655,167	4,105,466 [#]	26,548 [#]	1,380,841 [#]	137,165 [#]	291,386 [#]	7,925,714 [#]	15,522,287	110,465	15,632,752

[#] 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 Cash Flows

For the six months ended 31 January 2022

	For the six months ended	
	31 January 2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
NET CASH FLOW FROM OPERATING ACTIVITIES	583,059	874,300
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	35,100	16,463
Additions to investment properties	(517,967)	(341,203)
Additions to property, plant and equipment	(147,584)	(46,296)
Investment in a joint venture	(1,000)	(15,600)
Advance to a joint venture	(1,500)	—
Repayment of advance from an associate	—	141
Increase in pledged and restricted time deposits and bank balances	(224,776)	(610,092)
NET CASH FLOW USED IN INVESTING ACTIVITIES	(857,727)	(996,587)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank loans, net of direct costs	519,976	1,698,226
Repayment of bank loans	(400,156)	(1,055,127)
Loans from a fellow subsidiary	69,740	136,500
Repayment of loans from a fellow subsidiary	—	(143,180)
Increase in put option liabilities	—	752,473
Payment of lease liabilities	(2,792)	(3,315)
Interest and bank financing charges paid	(278,648)	(252,839)
NET CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES	(91,880)	1,132,738
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(366,548)	1,010,451
Cash and cash equivalents at beginning of period	2,819,615	1,193,956
Effect of foreign exchange rate changes, net	46,262	86,572
CASH AND CASH EQUIVALENTS AT END OF PERIOD	2,499,329	2,290,979
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Non-pledged and non-restricted cash and bank balances	1,419,368	1,569,930
Non-pledged and non-restricted time deposits	1,079,961	721,049
Cash and cash equivalents as stated in the condensed consolidated statement of financial position and the condensed consolidated statement of cash flows	2,499,329	2,290,979

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 2022 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 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 2021. These unaudited condensed consolidated results should be read in conjunction with the Company’s annual report for the year ended 31 July 2021.

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, properties under finance lease, 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	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$’000	HK\$’000
Turnover from contracts with customers		
Sale of properties	798,043	816,617
Hotel and serviced apartment operation	111,079	103,215
Building management operation	63,757	58,758
Theme park operation	10,251	14,197
	983,130	992,787
Turnover from other sources		
Rental income from investment properties	297,953	282,702
Income from properties under finance lease	—	279,232
	297,953	561,934
Total turnover	1,281,083	1,554,721
Timing of recognition of turnover from contracts with customers		
At a point in time	798,043	816,617
Over time	185,087	176,170
Total	983,130	992,787

Notes to Condensed Consolidated Financial Statements (Continued)

3. TURNOVER AND OPERATING SEGMENT INFORMATION (CONTINUED)

	For the six months ended 31 January (Unaudited)									
	Property development		Property investment		Hotel and serviced apartment operation		Theme park operation		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue/results:										
Segment revenue										
Sales to external customers	798,043	1,095,849	361,710	341,460	111,079	103,215	10,251	14,197	1,281,083	1,554,721
Other revenue	12,218	931	5,515	6,163	27	208	475	2,277	18,235	9,579
Total	810,261	1,096,780	367,225	347,623	111,106	103,423	10,726	16,474	1,299,318	1,564,300
Segment results	362,131	(147,627)	143,925	226,490	(23,016)	(28,506)	(117,092)	(117,672)	365,948	(67,315)
Interest income from bank deposits									35,100	16,463
Unallocated gains									24,767	28,922
Unallocated expenses, net									(76,131)	(37,432)
Profit/(loss) from operating activities									349,684	(59,362)
Finance costs									(214,424)	(186,318)
Share of losses of joint ventures	(2)	(501)	(244)	—	—	—	—	—	(246)	(501)
Share of profits/(losses) of associates	—	—	82	(210)	—	—	—	—	82	(210)
Profit/(loss) before tax									135,096	(246,391)
Tax									(254,873)	(247,704)
Loss for the period									(119,777)	(494,095)
Other segment information:										
Fair value gains/(losses) on investment properties	—	—	(6,911)	87,405	—	—	—	—	(6,911)	87,405
Gain on disposal of assets classified as held for sale	1,000	4,341	—	—	—	—	—	—	1,000	4,341
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	1	153	17	4,565	—	—	53	27	71	4,745
Corporate and other unallocated loss on disposal of items of property, plant and equipment									—	5

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 2022 (Unaudited) HK\$'000	31 July 2021 (Audited) HK\$'000								
Segment assets/liabilities:										
Segment assets	5,835,718	5,954,564	21,095,800	20,240,298	2,210,594	2,229,339	1,615,999	1,599,193	30,758,111	30,023,394
Investments in joint ventures	54	56	18,638	16,382	—	—	—	—	18,692	16,438
Investments in associates	—	—	129	45	—	—	—	—	129	45
Unallocated assets	—	—	—	—	—	—	—	—	5,077,453	5,096,372
Assets classified as held for sale	824	2,617	—	—	—	—	—	—	824	2,617
Total assets									35,855,209	35,138,866
Segment liabilities	1,933,177	1,915,930	616,192	651,300	278,146	324,491	96,722	132,658	2,924,237	3,024,379
Unallocated liabilities	—	—	—	—	—	—	—	—	17,192,580	16,662,889
Total liabilities									20,116,817	19,687,268

4. PROFIT/LOSS FROM OPERATING ACTIVITIES

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

	Note	For the six months ended 31 January	
		2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Depreciation of property, plant and equipments [#]		114,462	133,891
Depreciation of right-of-use assets [#]		11,062	11,304
Fair value losses/(gains) on cross currency swaps ^{##}	12	(1,977)	15,666
Fair value losses on foreign currency forward contract ^{##}		—	121
Foreign exchange differences, net ^{##}		36,861	(26,460)
Gain on disposal of assets classified as held for sale ^{##}		(1,000)	(4,341)
Loss on disposal of items of property, plant and equipment ^{##}		71	4,750
Write down of properties under development to net realisable value ^{##}		—	135,838
Foreseeable loss on finance lease contract ^{##}		—	26,183

[#] The depreciation charge for hotels and serviced apartments and related leasehold improvements is HK\$46,364,000 (six months ended 31 January 2021: HK\$52,805,000). The depreciation charge for theme parks is HK\$69,263,000 (six months ended 31 January 2021: HK\$80,049,000). These items are included in "Other operating expenses, net" on the face of the condensed consolidated income statement.

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

Notes to Condensed Consolidated Financial Statements

(Continued)

5. FINANCE COSTS

	For the six months ended 31 January	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Interest on:		
Bank loans	195,970	178,526
Guaranteed notes	74,126	74,126
Amortisation of transaction fees for:		
Bank loans	13,696	12,870
Guaranteed notes	2,623	2,470
Bank financing charges and direct costs	10,433	2,898
Interest on lease liabilities	92	137
Interest on put option liabilities	2,525	1,974
	299,465	273,001
Less: Capitalised in properties under development	(28,880)	(28,245)
Capitalised in investment properties under construction	(48,678)	(54,901)
Capitalised in construction in progress	(7,483)	(3,537)
	(85,041)	(86,683)
Total finance costs	214,424	186,318

6. TAX

The statutory rate of Hong Kong profits tax is 16.5% (six months ended 31 January 2021: 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 2021: 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	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Current — Mainland China		
Corporate income tax	82,589	104,916
Land appreciation tax	148,827	55,304
Deferred	23,457	87,484
Total tax charge for the period	254,873	247,704

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\$74,853,000 (six months ended 31 January 2021: HK\$446,124,000), and the weighted average number of ordinary shares of 331,033,443 (six months ended 31 January 2021: 331,033,443) in issue during the period.

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. The Group's finance lease receivables related to a creditworthy third party.

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

	31 January 2022 (Unaudited) HK\$'000	31 July 2021 (Audited) HK\$'000
Trade receivables, net		
Within one month	129,301	123,371
One to three months	5,266	5,494
Over three months	7,469	9,952
	142,036	138,817
Finance lease receivables, not yet due	547,006	528,484
Other receivables, deposits and prepayments	542,731	476,347
	1,231,773	1,143,648
Amounts classified as current assets	(690,167)	(616,961)
Non-current portion	541,606	526,687

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 payment due date, is as follows:

	31 January 2022 (Unaudited) HK\$'000	31 July 2021 (Audited) HK\$'000
Trade payables		
Within one month	292,459	394,265
One to three months	134,135	21,889
Over three months	641	3,797
	427,235	419,951
Accruals and other payables	1,298,346	1,591,898
Put option liabilities	1,289,058	1,270,976
	3,014,639	3,282,825
Amounts classified as current liabilities	(2,004,229)	(2,289,675)
Non-current portion	1,010,410	993,150

10. COMMITMENTS

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

	31 January 2022 (Unaudited) HK\$'000	31 July 2021 (Audited) HK\$'000
Contracted, but not provided for:		
Construction, development and resettlement costs	835,805	1,108,680

Notes to Condensed Consolidated Financial Statements

(Continued)

11. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

	Notes	For the six months ended	
		2022 (Unaudited) HK\$'000	31 January 2021 (Unaudited) HK\$'000
Lai Sun Garment (International) Limited ("LSG") and its subsidiaries excluding the Group:			
Rental and management fee expenses paid or payable	(i)	246	667
Rental and management fee income received or receivable	(ii)	6,979	4,792
Advance of loans received	(iii)	69,740	136,500
Repayment of loans	(iii)	—	143,180
Sharing of corporate salaries on a cost basis allocated from		11,059	11,883
Sharing of administrative expenses on a cost basis allocated from		2,942	4,192
Sharing of corporate salaries on a cost basis allocated to		3,099	2,233
Sharing of administrative expenses on a cost basis allocated to		37	60
A subsidiary of CapitaLand Group Pte. Ltd.:			
Management and other service fees paid or payable	(iv)	3,447	3,243
A joint venture of the Group:			
Advance of loans	(v)	1,500	—
An associate of the Group:			
Repayment of loans received	(vi)	—	141

Notes to Condensed Consolidated Financial Statements (Continued)

11. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties (Continued)

Notes:

- (i) The related company is Lai Sun Development Company Limited (“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 2022, right-of-use assets and lease liabilities relating to such leases recognised in condensed consolidated statement of financial position amounting to HK\$3,622,000 and HK\$3,643,000 (31 July 2021: HK\$1,662,000 and HK\$1,720,000), respectively. During the period ended 31 January 2022, depreciation of right-of-use assets of HK\$1,018,000 (six months ended 31 January 2021: HK\$1,160,000) and finance costs on lease liabilities of HK\$46,000 (six months ended 31 January 2021: 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\$69,740,000 (six months ended 31 January 2021: advanced loans amounting to HK\$136,500,000 and received repayment of loans amounting to HK\$143,180,000) according to its percentage of interest in the Subsidiary.

- (iv) The related company is a subsidiary of CapitaLand Group Pte. Ltd. (formerly known as CapitaLand Limited) and the Company is an associate of CapitaLand Group Pte. Ltd. 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.

- (v) The related company is a joint venture of the Group. The terms of the interest-free loan were determined based on the agreement entered into between the Group and the related company.

- (vi) The related company 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\$3,074,899,000 (31 July 2021: HK\$3,199,889,000) in aggregate granted to certain subsidiaries of the Company as at 31 January 2022.

(c) Compensation of key management personnel of the Group

	For the six months ended	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$’000	HK\$’000
Short-term employee benefits	15,564	14,562
Pension scheme contributions	74	74
Total	15,638	14,636

Notes to Condensed Consolidated Financial Statements

(Continued)

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 2022 (Unaudited) HK\$'000	31 July 2021 (Audited) HK\$'000	31 January 2022 (Unaudited) HK\$'000	31 July 2021 (Audited) HK\$'000
Financial liabilities				
Derivative financial instruments	6,988	8,965	6,988	8,965
Guaranteed notes	2,722,667	2,711,994	2,653,783	2,667,819
	2,729,655	2,720,959	2,660,771	2,676,784

The fair values of the financial 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; and
- (ii) Derivative financial instruments, being the cross currency swaps ("CCSs"), 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 CCSs. 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.

Other than the above financial 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 2022 and 31 July 2021.

Notes to Condensed Consolidated Financial Statements (Continued)

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

Fair value hierarchy

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

31 January 2022

	Valuation techniques	Significant unobservable inputs	Value of unobservable inputs	Notes
Derivative financial Instruments — CCSs	Discounted cash flow with swaption approach	Expected exposure at default — counterparty	HK\$0.63 million to HK\$1.33 million	1
		Expected exposure at default — the Company	HK\$2.80 million to HK\$6.33 million	2
		Credit spread — counterparty	8.97 basis point to 95.57 basis point	3
		Credit spread — the Company	502.81 basis point to 686.09 basis point	4
		Loss given default ratio — counterparty non-performance risk	80%	5
		Loss given default ratio — own credit risk	60%	6

31 July 2021

	Valuation techniques	Significant unobservable inputs	Value of unobservable inputs	Notes
Derivative financial Instruments — CCSs	Discounted cash flow with swaption approach	Expected exposure at default — counterparty	HK\$0.31 million to HK\$2.58 million	1
		Expected exposure at default — the Company	HK\$3.05 million to HK\$9.69 million	2
		Credit spread — counterparty	8.81 basis point to 86.59 basis point	3
		Credit spread — the Company	210.19 basis point to 376.19 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 CCSs
2. The higher the expected exposure at default — the Company, the higher the fair value of CCSs
3. The higher the credit spread — counterparty, the lower the fair value of CCSs
4. The higher the credit spread — the Company, the higher the fair value of CCSs
5. The higher the loss given default ratio — counterparty non-performance risk, the lower the fair value of CCSs
6. The higher the loss given default ratio — own credit risk, the higher the fair value of CCSs

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 2022

	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 — CCSs	—	—	(6,988)	(6,988)

As at 31 July 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 — CCSs	—	—	(8,965)	(8,965)

Save as disclosed above, the Group did not have any financial assets or liabilities measured at fair value as at 31 January 2022 and 31 July 2021.

During the period and the year ended 31 July 2021, 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.

The movement in the financial assets/(liabilities) arising from the derivative financial instruments — CCSs, which are categorised in Level 3 of the fair value hierarchy, is as follows:

For the six months ended 31 January 2022 (Unaudited)

	Note	HK\$'000
Carrying amount as at 1 August 2021		(8,965)
Fair value gains credited to the income statement	4	1,977
Carrying amount as at 31 January 2022		(6,988)

For the six months ended 31 January 2021 (Unaudited)

	Note	HK\$'000
Carrying amount as at 1 August 2020		6,821
Fair value losses charged to the income statement	4	(15,666)
Carrying amount as at 31 January 2021		(8,845)

Notes to Condensed Consolidated Financial Statements

(Continued)

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

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 2022 and 31 July 2021.

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 2021	8,680,690
Granted during the period	440,000
Lapsed during the period	(120,000)
Outstanding as at 31 January 2022	9,000,690

The closing price of the Company's shares immediately before the date of grant of share options granted during the period was HK\$6.00.

The fair value of the share options granted during the period was approximately HK\$1,076,000, HK\$2.4447 each (six months ended 31 January 2021: HK\$157,000, HK\$1.3101 each) which was recognised as a share option expense of approximately HK\$1,076,000 (six months ended 31 January 2021: HK\$157,000) and HK\$495,000 (six months ended 31 January 2021: HK\$69,000) (before and after capitalisation to properties under development/investment properties under construction/construction in progress, respectively) for the six months ended 31 January 2022.

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	21 January 2022	22 January 2021
Closing share price (HK\$ per share)	5.75	7.290
Exercise price (HK\$ per share)	5.75	7.364
Option life (years)	10	10
Risk-free interest rate (%)	1.7370	0.7882
Dividend yield (%)	0	0
Expected volatility (%)	37.528	37.553
Historical volatility (%)	37.528	37.553
Forfeiture rate (%)	0	9.4143

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 22 March 2022.

Interim Dividend

The Board has resolved not to pay an interim dividend for the six months ended 31 January 2022 (six months ended 31 January 2021: Nil).

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

Two years after the outbreak of the COVID-19 pandemic, the global economy has been experiencing a gradual recovery. However, the momentum for growth, especially in most major economies has slowed considerably since the end of 2021 and the outlook remains uncertain in the midst of, amongst other factors, new waves of Omicron variant infections, ongoing geopolitical conflicts especially between Russia and Ukraine, rising global inflation, lingering supply-chain disruptions, as well as persistent labour market challenges.

China has targeted slower economic growth of around 5.5% this year at the fifth session of the 13th National People's Congress held in March 2022 amid the rising domestic constraints and uncertain global recovery. Notwithstanding the softened economic conditions due to policy tightening across real estate, technology and education sectors, recurrent COVID-19 outbreaks and lockdown measures, as well as slower export growth, the Chinese government has set stability as its top priority for economic achievement for the year. We believe that the Chinese government will continue to forge ahead and deliver stable economic performance through a combination of more neutral fiscal policy and moderately supportive monetary policy. We remain optimistic about the long-term prospects and sustainability of the business environment in China in light of the dual circulation development model emphasising on the rebalancing of domestic and overseas demand and are fully confident about future prospects of the cities in which the Group has exposure in, especially the Greater Bay Area in southern China, and continue to regard Hong Kong, where our headquarters is situated, as one of the major beneficiary cities.

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 ("**Shanghai Northgate Plaza Redevelopment Project**"), the development of Guangzhou Haizhu Plaza Project 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. The Shanghai Northgate Plaza Redevelopment Project has been officially named as "Skyline Tower" and pre-leasing is in progress. The Group also launched the pre-leasing of Guangzhou Haizhu Plaza Project, officially named as "Lai Fung International Center", the construction of which is expected to be completed by end of 2022.

Leasing of the commercial area of Phase I of Novotown ("**Novotown Phase I**") is underway with approximately 73% of the leasable area having been leased and key tenants include two themed indoor experience centres, namely "Lionsgate Entertainment World[®]" and "National Geographic Ultimate Explorer Hengqin", Pokiddo Trampoline Park, Adidas Outlet, Paulaner Wirtshaus Hengqin, Oyster King, Starbucks, McDonald's and an indoor gun shooting range.

Construction of Novotown Phase II is in progress. This mixed-used development project is expected to be completed in phases by 2024, providing commercial and experiential entertainment facilities, office and serviced apartment spaces of 357,100 square feet, 1,585,000 square feet and 578,400 square feet, respectively. Part of the office and serviced apartment spaces have been designated as for-sale properties. During the period under review, Novotown Phase II was awarded as a winner under the Retail & Leisure International ("**RLI**") Best Placemaking Scheme category at the Global RLI Awards for 2021 and was awarded the 5 Star — Best Mixed-use Architecture for Guangdong Province, China at Asia Pacific Property Awards 2021-2022. The Group remains confident that the deepening of cooperation between Hengqin and Macau, and the continuous development of the Guangdong-Macau In-Depth Cooperation Zone in Hengqin will encourage more businesses and population to reside in Hengqin which will further enhance the tourism market, making Novotown a new contributor to the Group's results in the long run.

Management Discussion and Analysis *(Continued)*

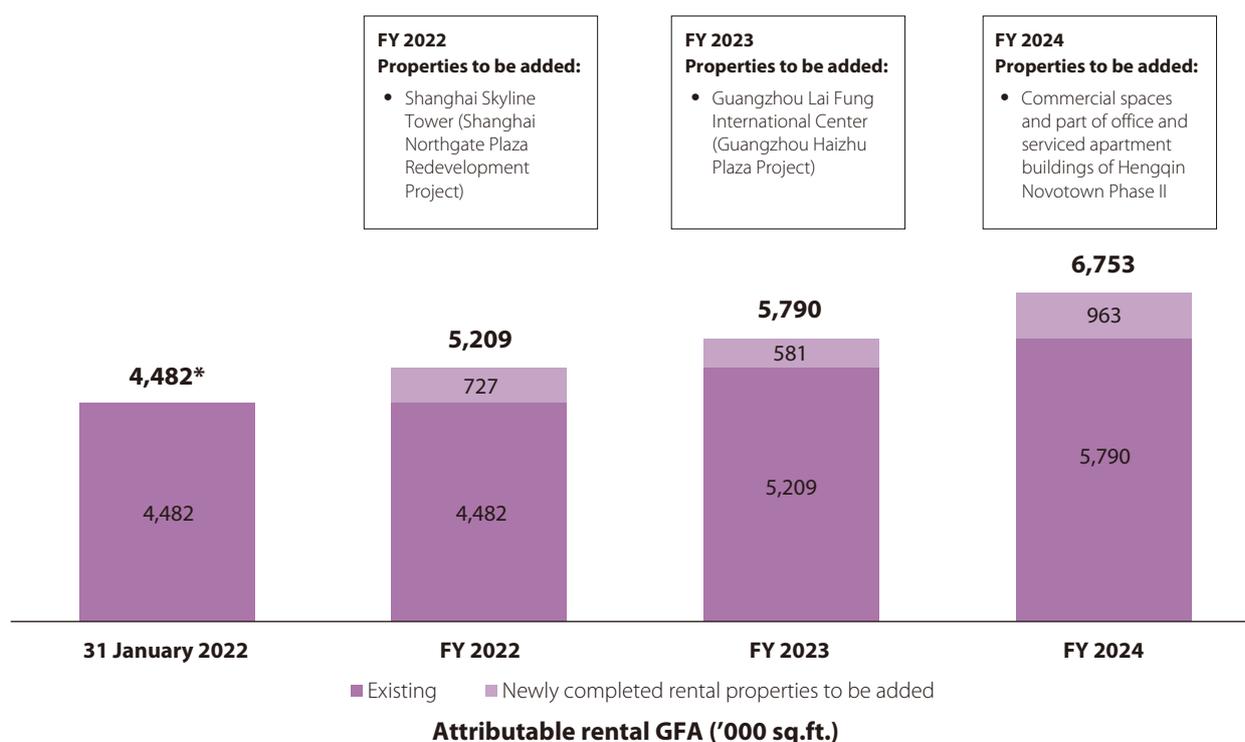
BUSINESS REVIEW AND OUTLOOK *(CONTINUED)*

Shanghai Wuli Bridge Project, the high-end luxury residential project located by the Huangpu River in Huangpu District 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. Up to the date of this Interim Report, two residential units and 14 car parking spaces remain unsold, of which the contracted sales for one residential unit and one car parking space as at 31 January 2022 amounted to approximately HK\$35.0 million. Construction of remaining phases of Zhongshan Palm Spring has been completed and handover of pre-sold units is in progress. The residential units and the unsold serviced apartment unit in Zhongshan Palm Spring, the cultural studios, cultural workshops and office of Hengqin Novotown Phase I, as well as the remaining residential unit in Shanghai Wuli Bridge Project 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 2022:

Rental Portfolio



**FY 2022
Properties to be added:**

- Shanghai Skyline Tower (Shanghai Northgate Plaza Redevelopment Project)

**FY 2023
Properties to be added:**

- Guangzhou Lai Fung International Center (Guangzhou Haizhu Plaza Project)

**FY 2024
Properties to be added:**

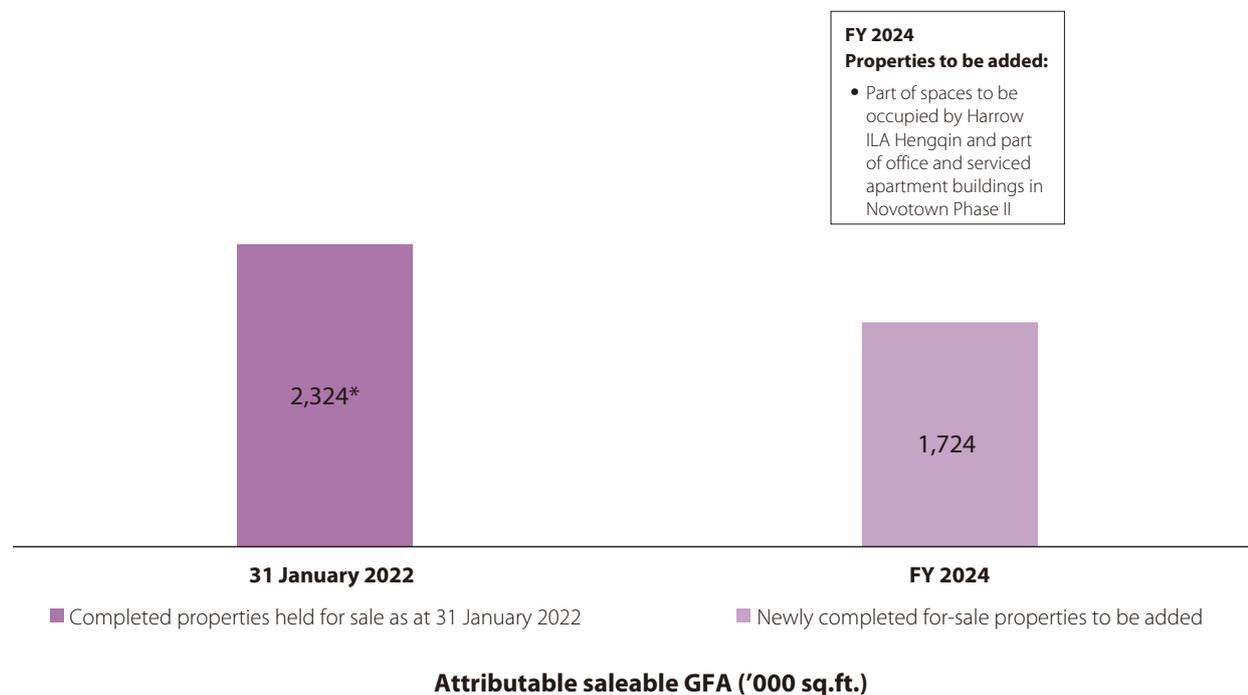
- Commercial spaces and part of office and serviced apartment buildings of Hengqin Novotown Phase II

* 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 space of the Zhongshan Palm Spring which is currently for self-use

As disclosed in the announcement made by the Company on 5 January 2022, the public float of the Company remains below 25% of the total issued shares of the Company. The Company has been actively monitoring and conducting discussions on the public float issue and the challenges involved and will continue to explore all reasonable options to address the insufficiency of public float which it believes to be in the interests of the Company and its shareholders as a whole. Further announcement(s) will be made if there is any update on the progress of the restoration of the public float of the Company.

In December 2021, Lai Fung MTN Limited, a wholly-owned subsidiary of the Company, established a US\$2,000 million Medium Term Note Programme (“**MTN Programme**”). Notes to be issued under the MTN Programme are unconditionally and irrevocably guaranteed by the Company. The MTN Programme enables the Group to raise money directly from the capital markets and notes may be issued in US dollars or in other currencies, in various amounts and for various tenors.

As at 31 January 2022, the Group has approximately HK\$4,635.2 million of cash on hand (HK\$4,699.0 million as at 31 July 2021) and undrawn facilities of HK\$2,520.6 million (HK\$3,026.3 million as at 31 July 2021) with a net debt to equity ratio of 46% as at 31 January 2022 (45% as at 31 July 2021). 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 2022, the Group recorded a turnover of HK\$1,281.1 million (2021: HK\$1,554.7 million), representing a decrease of approximately 17.6% over the same period last year. The decrease was primarily due to lower turnover from property sales during the period under review. The average Renminbi (“RMB”) exchange rate for the period under review appreciated by approximately 4.6% over the same period last year. Excluding the effect of currency translation, the decrease in RMB denominated turnover was 21.2%. The gross profit increased by 113.3% to HK\$619.9 million from that of HK\$290.6 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		
	2022 ¹ (HK\$ million)	2021 ¹ (HK\$ million)	% change	2022 (RMB million)	2021 (RMB million)	% change
Rental income ²	472.8	444.7	6.3%	389.7	383.4	1.6%
Sale of properties ³	798.0	1,095.8	-27.2%	657.7	944.8	-30.4%
Theme park operation	10.3	14.2	-27.5%	8.5	12.2	-30.3%
Total	1,281.1	1,554.7	-17.6%	1,055.9	1,340.4	-21.2%

1. The exchange rates adopted for the six months ended 31 January 2022 and 2021 are 0.8242 and 0.8622, 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\$74.9 million, as compared to net loss attributable to owners of the Company of HK\$446.1 million for the last corresponding period under review. The significant decrease was primarily due to (i) improved profitability of property sales during the period under review; (ii) the absence of the write-down of properties under development to net realisable value during the period as compared to the same period last year; and (iii) decrease in valuations of investment properties owned by the Group.

Net loss per share was HK\$0.226 (2021: HK\$1.348 per share).

Excluding the net effect of property revaluations, net loss attributable to owners of the Company was approximately HK\$72.6 million for the period under review (2021: HK\$510.3 million). Net loss per share excluding the effect of property revaluations was approximately HK\$0.2191 (2021: HK\$1.5414).

Loss attributable to owners of the Company (HK\$ million)	Six months ended 31 January	
	2022	2021
Reported	(74.9)	(446.1)
Adjustments in respect of investment properties		
Revaluation of investment properties	6.9	(87.4)
Deferred tax on investment properties	(1.7)	21.9
Non-controlling interests' share of revaluation movements less deferred tax	(2.9)	1.3
Net loss after tax excluding revaluation losses/gains of investment properties	(72.6)	(510.3)

Management Discussion and Analysis (Continued)

OVERVIEW OF INTERIM RESULTS (CONTINUED)

Net assets attributable to owners of the Company as at 31 January 2022 amounted to HK\$15,754.7 million (31 July 2021: HK\$15,431.3 million). Net asset value per share attributable to owners of the Company increased to HK\$47.59 per share as at 31 January 2022 from HK\$46.62 per share as at 31 July 2021.

PROPERTY PORTFOLIO COMPOSITION

Approximate attributable GFA (in '000 square feet) and number of car parking spaces as at 31 January 2022:

	Commercial/ Retail	Office	Hotel and Serviced Apartment	Residential	Total (excluding car parking spaces & ancillary facilities)	No. of Car Parking Spaces
Completed Properties Held for Rental ¹	2,437 ²	1,067	—	—	3,504 ²	2,274
Completed Hotel Properties and Serviced Apartments	—	—	978	—	978	—
Properties under Development ³	721	2,696	578	—	3,995	2,211
Completed Properties Held for Sale	164 ⁴	421	296	1,476	2,357	3,496
Total GFA of major properties of the Group	3,322	4,184	1,852	1,476	10,834	7,981

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 33,001 square feet of commercial space in Zhongshan Palm Spring which is currently for self-use

Management Discussion and Analysis (Continued)

PROPERTY INVESTMENT

Revenue from Rental Operation

For the six months ended 31 January 2022, the Group's rental operations recorded a turnover of HK\$472.8 million (2021: HK\$444.7 million). The average RMB exchange rate for the period under review appreciated by approximately 4.6% compared with the same period last year. Excluding the effect of currency translation, the RMB denominated revenue from lease of properties increased slightly by 1.6% to RMB389.7 million.

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

	Six months ended 31 January 2022 [#]			Six months ended 31 January 2021			Period end occupancy (%)		2021
	HK\$ million	HK\$ million	% Change	RMB million	RMB million	% Change	2022		
Shanghai									
Shanghai Hong Kong Plaza	211.6	194.8	+8.6%	174.4	168.0	+3.8%	Retail: 95.3% Office: 91.2% Serviced Apartments: 70.4%	Retail: 91.8% Office: 83.4% Serviced Apartments: 83.6%	
Shanghai May Flower Plaza	35.5	31.9	+11.3%	29.3	27.5	+6.5%	Retail: 98.7% Hotel: 52.7%	Retail: 99.2% Hotel: 46.5%	
Shanghai Regents Park	10.1	11.6	-12.9%	8.3	10.0	-17.0%	79.1%		100.0%
Guangzhou									
Guangzhou May Flower Plaza	64.3	59.0	+9.0%	53.0	50.9	+4.1%	98.6%		98.8%
Guangzhou West Point	14.9	13.4	+11.2%	12.3	11.6	+6.0%	92.0%		96.0%
Guangzhou Lai Fung Tower	70.4	73.8	-4.6%	58.0	63.6	-8.8%	Retail: 100.0% Office: 97.9%*	Retail: 95.9% Office: 98.3%*	
Zhongshan									
Zhongshan Palm Spring	5.3	3.3	+60.6%	4.4	2.8	+57.1%	Retail: 67.5%*	Retail: 74.5%*	
Hengqin									
Hengqin Novotown Phase I	48.4	46.9	+3.2%	39.9	40.4	-1.2%	Retail: 72.8%** Hotel: 19.1%	Retail: 66.2%** Hotel: 26.7%	
Others	12.3	10.0	+23.0%	10.1	8.6	+17.4%	N/A	N/A	N/A
Total	472.8	444.7	+6.3%	389.7	383.4	+1.6%			

[#] The exchange rates adopted for the six months ended 31 January 2022 and 2021 are 0.8242 and 0.8622, 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)

Revenue from Rental Operation (Continued)

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

	Six months ended 31 January 2022			Six months ended 31 January 2021		
	Group interest	Turnover (HK\$ million)	Attributable GFA (square feet)	Group interest	Turnover (HK\$ million)	Attributable GFA (square feet)
Shanghai						
Shanghai Hong Kong Plaza	100%			100%		
Retail		100.7	468,434		91.7	468,434
Office		52.7	362,096		50.2	362,096
Serviced Apartments (room revenue and F&B)		53.9	358,009		49.1	356,638
Car Parking Spaces		4.3	N/A		3.8	N/A
		211.6	1,188,539		194.8	1,187,168
Shanghai May Flower Plaza	100%			100%		
Retail		20.8	320,314		18.6	320,314
Hotel (room revenue and F&B)		12.2	143,846		11.4	143,846
Car Parking Spaces		2.5	N/A		1.9	N/A
		35.5	464,160		31.9	464,160
Shanghai Regents Park	95%			95%		
Retail		8.9	77,959		10.5	77,959
Car Parking Spaces		1.2	N/A		1.1	N/A
		10.1	77,959		11.6	77,959
Guangzhou						
Guangzhou May Flower Plaza	100%			100%		
Retail		55.6	357,424		50.5	357,424
Office		7.3	79,431		6.9	79,431
Car Parking Spaces		1.4	N/A		1.6	N/A
		64.3	436,855		59.0	436,855
Guangzhou West Point	100%			100%		
Retail		14.9	171,968		13.4	171,968
Guangzhou Lai Fung Tower	100%			100%		
Retail		9.0	112,292		9.0	112,292
Office		58.0	625,821		61.5	625,821
Car Parking Spaces		3.4	N/A		3.3	N/A
		70.4	738,113		73.8	738,113
Zhongshan						
Zhongshan Palm Spring	100%			100%		
Retail*		5.3	148,106		3.3	149,433
Hengqin						
Novotown Phase I	80%**			80%**		
Retail***		3.3	545,658		4.3	545,658
Hotel (room revenue and F&B)		45.1	475,810		42.6	475,810
		48.4	1,021,468		46.9	1,021,468
Others		12.3	N/A		10.0	N/A
Total		472.8	4,247,168		444.7	4,247,124

* Excluding self-use area

** The remaining 20% interest owned by Lai Sun Development Company Limited ("LSD"), the intermediate holding company of the Company

*** 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 1,188,500 square feet excluding 350 car parking spaces, comprising approximately 362,100 square feet for office, approximately 358,000 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, Swarovski 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 82,100 square feet (GFA attributable to the Group is approximately 78,000 square feet).

Guangzhou May Flower Plaza

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

The building comprises 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.

The Group owns 100% of this property.

Hengqin Novotown

Novotown is an integrated tourism and entertainment project located in the heart of Hengqin, one of the major cities in the Guangdong province within the Greater Bay Area, with close proximity to Macau and Hong Kong. It became a Guangdong-Macau In-Depth Cooperation Zone on 17 September 2021.

Phase I

Novotown Phase I comprises a 493-room Hyatt Regency hotel, offices, cultural workshops and studios, shopping and leisure facilities with a total GFA of approximately 2.8 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 73% of the leasable area let. Except for the two themed indoor experience centres, key tenants include Pokiddo Trampoline Park, Adidas Outlet, Paulaner Wirtshaus Hengqin, Oyster King, Starbucks, McDonald's and an indoor gun shooting range.

The Group owns 80% of Novotown Phase I. The remaining 20% is owned by LSD, the intermediate holding company of the Company.

Management Discussion and Analysis *(Continued)*

PROPERTY INVESTMENT *(CONTINUED)*

Hotel and Serviced Apartment

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 359,700 square feet and approximately 358,000 square feet attributable to the Group has 310 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 79.3% was achieved during the period under review and the average room tariff was approximately HK\$1,134.

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 62.7% was achieved during the period under review and the average room tariff was approximately HK\$428.

Hyatt Regency Hengqin

Hyatt Regency Hengqin 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 33.0% was achieved during the period under review and the average room tariff was approximately HK\$830.

Management Discussion and Analysis (Continued)

PROPERTY DEVELOPMENT

Recognised Sales

For the six months ended 31 January 2022, the Group's property development operations recorded a turnover of HK\$798.0 million (2021: HK\$1,095.8 million) from sale of properties, representing a 27.2% decrease compared to the same period last year. Total recognised sales was primarily driven by the sales performance of residential units of Zhongshan Palm Spring during the period under review.

Breakdown of turnover for the six months ended 31 January 2022 from properties sales 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	2	5,248	12,068	58.1	47.9
Hengqin Novotown Phase I Cultural Studios	6	21,954	5,546	116.0	95.6
Cultural Workshop Unit	1	962	4,250	3.7	3.0
Zhongshan Palm Spring Residential High-rise Units	281	334,283	1,846	566.7	467.1
Residential House Units	6	12,496	3,602	42.9	35.4
Subtotal	296	374,943	2,270	787.4	649.0
Shanghai Wuli Bridge Project Car Parking Spaces	2			1.3	1.1
Shanghai Regents Park Car Parking Spaces	7			4.8	4.0
Guangzhou Eastern Place Car Parking Spaces	2			2.1	1.7
Guangzhou King's Park Car Parking Spaces	2			1.4	1.1
Guangzhou West Point Car Parking Space	1			0.6	0.5
Zhongshan Palm Spring Car Parking Spaces	2			0.4	0.3
Subtotal	16			10.6	8.7
Total				798.0	657.7

[#] Value-added tax inclusive

^{##} Value-added tax exclusive

^{*} The exchange rate adopted for the six months ended 31 January 2022 is 0.8242

Management Discussion and Analysis (Continued)

PROPERTY DEVELOPMENT (CONTINUED)

Contracted Sales

As at 31 January 2022, the Group's property development operations has contracted but not yet recognised sales of HK\$1,398.2 million, primarily driven by the sale performance of residential units and serviced apartment unit in Zhongshan Palm Spring, cultural studios and cultural workshop unit in Hengqin Novotown Phase I, as well as the sale of properties in Novotown Phase II being occupied by Harrow Innovation Leadership Academy Hengqin ("Harrow ILA Hengqin"). Excluding the effect of currency translation, the RMB denominated contracted but not yet recognised sales of residential units, serviced apartment unit, cultural studios, cultural workshop unit and car parking spaces as at 31 January 2022 amounted to RMB1,152.5 million (31 July 2021: RMB1,415.7 million).

Breakdown of contracted but not yet recognised sales as at 31 January 2022 is as follows:

Contracted Basis	No. of Units	Approximate GFA (square feet)	Average Selling Price [#] (HK\$/square foot)	Turnover [#] (HK\$ million ^{##})	(RMB million)
Zhongshan Palm Spring					
Residential High-rise Units	389	458,006	1,962	898.6	740.6
Residential House Units	9	18,786	3,652	68.6	56.5
Serviced Apartment Unit [*]	1	1,068	1,592	1.7	1.4
Shanghai Wuli Bridge Project					
Residential Unit	1	2,265	15,143	34.3	28.3
Hengqin Novotown Phase I					
Cultural Studios	12	40,913	4,991	204.2	168.3
Cultural Workshop Unit	1	962	4,054	3.9	3.2
Hengqin Novotown Phase II					
Harrow ILA Hengqin Buildings ^{**}	N/A	149,078	1,239	184.7	152.3
Subtotal	413	671,078	2,080	1,396.0	1,150.6
Shanghai Wuli Bridge Project					
Car Parking Space	1			0.7	0.6
Shanghai Regents Park					
Car Parking Space	1			0.7	0.6
Guangzhou King's Park					
Car Parking Space	1			0.8	0.7
Subtotal	3			2.2	1.9
Total				1,398.2	1,152.5

[#] Value-added tax inclusive

^{##} The exchange rate adopted for the six months ended 31 January 2022 is 0.8242

^{*} 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 Skyline Tower (Shanghai Northgate Plaza Redevelopment Project)

Shanghai Skyline Tower is a mixed-use redevelopment project of Shanghai Northgate Plaza I, Northgate Plaza II and the Hui Gong Building, located at Tian Mu Road West in the Jing'an District of Shanghai near the Shanghai Railway Terminal. Shanghai Northgate Plaza I was comprised of office units, a retail podium and car parking spaces. Shanghai Northgate Plaza II was a vacant site adjacent to Northgate Plaza I. In September 2016, the Group completed the acquisition of the 6th to 11th floors of Hui Gong Building which is physically connected to Northgate Plaza I, together with the right to use 20 car parking spaces in the basement. Shanghai Skyline Tower 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 expected to be completed in the second quarter of 2022 and pre-leasing is in progress.

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 43 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 two residential units with a total GFA of 5,248 square feet were recognised at an average selling price of HK\$12,068 per square foot, which contributed a total of HK\$58.1 million to the Group's turnover and the sale of two car parking spaces contributed HK\$1.3 million to the Group's turnover. As at 31 January 2022, contracted but not yet recognised sales for one residential unit and one car parking space amounted to HK\$35.0 million. The total carrying amount of the two unsold residential units and 14 unsold car parking spaces of this development was approximately HK\$90.2 million as at 31 January 2022.

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 2022, 458 car parking spaces of this development remained unsold with a carrying amount of approximately HK\$109.8 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 2022, a total of 223 car parking spaces of this development remained unsold with a carrying amount of approximately HK\$58.0 million.

Management Discussion and Analysis *(Continued)*

PROPERTY DEVELOPMENT *(CONTINUED)*

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

Guangzhou King's Park

This is a high-end residential development located on Donghua Dong Road in Yuexiu District. The attributable GFA is approximately 98,300 square feet excluding 57 car parking spaces and ancillary facilities. During the period under review, the sales of two car parking spaces contributed HK\$1.4 million to the turnover. As at 31 January 2022, the contracted but not yet recognised sales of one car parking space amounted to approximately HK\$0.8 million and the five unsold car parking spaces have a total carrying amount of approximately HK\$3.4 million.

Guangzhou Lai Fung International Center (Guangzhou Haizhu Plaza Project)

Guangzhou Lai Fung International Center, formally known as Guangzhou Haizhu Plaza Project, 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 second half of 2022. The pre-leasing work is in progress.

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 high-rise residential towers, townhouses and commercial blocks totaling 4.466 million square feet. Construction of Phases III and IV of Zhongshan Palm Spring has been completed and handover of pre-sold units is in progress.

During the period under review, 334,283 square feet of high-rise residential units and 12,496 square feet of house units were recognised at an average selling price of HK\$1,846 per square foot and HK\$3,602 per square foot, respectively, which contributed a total of HK\$609.6 million to the sales turnover. As at 31 January 2022, contracted but not yet recognised sales for high-rise residential units and house units amounted to HK\$898.6 million and HK\$68.6 million, at an average selling price of HK\$1,962 per square foot and HK\$3,652 per square foot, respectively.

STARR Resort Residence Zhongshan comprising two 16-storey blocks in the Palm Lifestyle complex was closed in 2019. 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, two serviced apartment units have been sold for a total sales proceed of approximately HK\$2.8 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 2022, contracted but not yet recognised sales for one serviced apartment unit amounted to HK\$1.7 million, at an average selling price of HK\$1,592 per square foot.

As at 31 January 2022, completed units held for sale in this development, including residential units, serviced apartment units and commercial units, amounted to approximately 1,483,068 square feet with a total carrying amount of approximately HK\$1,136.6 million. The carrying amount of the 2,680 unsold car parking spaces of this development as at 31 January 2022 was approximately HK\$253.5 million.

Management Discussion and Analysis (Continued)

PROPERTY DEVELOPMENT (CONTINUED)

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

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 21,954 square feet of cultural studios and 962 square feet of cultural workshop units were recognised at an average selling price of HK\$5,546 per square foot and HK\$4,250 per square foot, respectively, which contributed a total of HK\$119.7 million to the Group's turnover. As at 31 January 2022, contracted but not yet recognised sales for cultural studios and cultural workshop units amounted to HK\$204.2 million and HK\$3.9 million, at an average selling price of HK\$4,991 per square foot and HK\$4,054 per square foot, respectively. As at 31 January 2022, completed properties held for sale in Novotown Phase I, including cultural studios, cultural workshop units and office units, amounted to approximately 1,044,200 square feet with a total carrying amount of approximately HK\$2,533.8 million.

The Group owns 80% of Novotown Phase I. The remaining 20% is owned by LSD, the intermediate holding company of the Company.

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 two 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.

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 357,100 square feet, 1,585,000 square feet and 578,400 square feet, respectively. Part of the office and serviced apartment spaces have been designated as for-sale properties. Properties in Novotown Phase II occupied by Harrow ILA Hengqin have been sold to the school operator, 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 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 currently under construction and is expected to contain over 20 attractions upon completion and will be made up of several signature experiences including an array of interactive training games, a walkthrough of Real Madrid history, plus dining and retail outlets. The Group is in the process of identifying and planning for a motor-themed experience centre, as well as other facilities in Novotown Phase II.

The Group remains confident that the deepening of cooperation between Hengqin and Macau, and the continuous development of the Guangdong-Macau In-Depth Cooperation Zone in Hengqin will encourage more businesses and population to reside in Hengqin which will further enhance the tourism market, making Novotown a new contributor to the Group's results in the long run.

Management Discussion and Analysis *(Continued)*

CAPITAL STRUCTURE, LIQUIDITY AND DEBT MATURITY PROFILE

As at 31 January 2022, cash and bank balances held by the Group amounted to HK\$4,635.2 million and undrawn facilities of the Group was HK\$2,520.6 million.

As at 31 January 2022, the Group had total borrowings amounting to HK\$11,886.3 million (as at 31 July 2021: HK\$11,588.3 million), representing an increase of HK\$298.0 million from 31 July 2021. The consolidated net assets attributable to the owners of the Company amounted to HK\$15,754.7 million (as at 31 July 2021: HK\$15,431.3 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 46% (as at 31 July 2021: 45%). The maturity profile of the Group's borrowings of HK\$11,886.3 million is well spread with HK\$3,801.2 million repayable within one year, HK\$2,293.7 million repayable in the second year, HK\$4,099.1 million repayable in the third to fifth years and HK\$1,692.3 million repayable beyond the fifth year.

Approximately 23% and 72% of the Group's borrowings were on a fixed rate basis and floating rate basis, respectively, and the remaining 5% of the Group's borrowings were interest-free. Apart from the guaranteed notes, the Group's other borrowings of HK\$9,163.6 million were 53% denominated in Renminbi ("**RMB**"), 43% in Hong Kong dollars ("**HKD**") and 4% in United States dollars ("**USD**").

The Group's guaranteed notes of HK\$2,722.7 million were denominated in USD. The Group has entered into cross currency swap agreements with financial institutions and the guaranteed notes have been effectively converted into HKD denominated debts.

The Group's cash and bank balances of HK\$4,635.2 million were 95% denominated in RMB, 4% in HKD and 1% in USD. 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 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, 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\$15,404.7 million, properties under development with a total carrying amount of approximately HK\$660.0 million, serviced apartments and related leasehold improvements with a total carrying amount of approximately HK\$417.3 million, completed properties for sale with a total carrying amount of approximately HK\$688.1 million, construction in progress with a total carrying amount of approximately HK\$368.4 million and time deposits and bank balances of approximately HK\$74.9 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 2021.

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)	
Shanghai							
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	—
Subtotal of major completed properties held for rental in Shanghai:				866,707	362,096	1,228,803	350
Guangzhou							
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
Subtotal of major completed properties held for rental in Guangzhou:				641,684	705,252	1,346,936	449

Particulars of Major Properties (Continued)

COMPLETED PROPERTIES HELD FOR RENTAL (CONTINUED)

Property Name	Location	Group Interest	Tenure	Approximate Attributable GFA (square feet)		Total (excluding car parking spaces & ancillary facilities)	No. of Car Parking Spaces Attributable to the Group
				Commercial/Retail	Office		
Zhongshan							
Palm Spring	Caihong Planning Area, Western District	100%	The property is held for a term expiring on 30 March 2075 for commercial/residential uses	148,106	—	148,106	—
Subtotal of major completed properties held for rental in Zhongshan:				148,106	—	148,106	—
Hengqin							
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
Subtotal of major completed properties held for rental in Hengqin:				780,292	—	780,292	1,475
Total of major completed properties held for rental:				2,436,789	1,067,348	3,504,137	2,274

* 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
Shanghai						
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	302	358,009	—
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	—
Subtotal of major completed hotel properties and serviced apartments in Shanghai:				541	501,855	—
Hengqin						
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	—
Subtotal of major completed hotel properties and serviced apartments in Hengqin:				493	475,810	—
Total of major completed hotel properties and serviced apartments:				1,034	977,665	—

Particulars of Major Properties *(Continued)*

PROPERTIES UNDER DEVELOPMENT

Property Name	Location	Group Interest	Stage of Construction	Expected Completion Date	Approximate Site Area (square feet) <i>(Note 1)</i>	Approximate Attributable GFA (square feet)				Total (excluding car parking spaces & ancillary facilities)	No. of Car Parking Spaces Attributable to the Group
						Commercial/Retail	Office	Serviced Apartments	Residential		
Guangzhou											
Guangzhou Lai Fung International Center (Guangzhou Haizhu Plaza Project)	Chang Di Main Road, Yuexiu District	100%	Construction work in progress	H2 2022	90,708	104,163	476,662	—	—	580,825	305
Subtotal of major properties under development in Guangzhou:						104,163	476,662	—	—	580,825	305
Shanghai											
Shanghai Skyline Tower (Shanghai Northgate Plaza Redevelopment Project)	Tian Mu Road West, Jing'an District	100%	Construction work in progress	Q2 2022	107,220	92,613	634,635	—	—	727,248	554
Subtotal of major properties under development in Shanghai:						92,613	634,635	—	—	727,248	554
Hengqin											
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	524,116 <i>(Note 2)</i>	1,585,042	578,350	—	2,687,508	1,352
Subtotal of major properties under development in Hengqin:						524,116	1,585,042	578,350	—	2,687,508	1,352
Total of major properties under development:						720,892	2,696,339	578,350	—	3,995,581	2,211

Note 1: On project basis

Note 2: Including 166,988 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	Commercial/ Retail	Approximate Attributable GFA (square feet)			Total (excluding car parking spaces & ancillary facilities)	No. of Car Parking Spaces Attributable to the Group
				Residential	Office	Serviced Apartments		
Zhongshan								
Palm Spring	Caihong Planning Area, Western District	100%	164,359	1,351,710	—	—	1,516,069	2,680
Subtotal of major completed properties held for sale in Zhongshan:			164,359	1,351,710	—	—	1,516,069	2,680
Hengqin								
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%	—	118,304	420,677	296,412	835,393	—
Subtotal of major completed properties held for sale in Hengqin:			—	118,304	420,677	296,412	835,393	—
Shanghai								
Wuli Bridge Project	Wuliqiao Road, 104 Jie Fang, Huangpu District	100%	—	5,467	—	—	5,467	14
May Flower Plaza	Sujiaxiang, Jing'an District	100%	—	—	—	—	—	458
Regents Park, Phase II	88 Huichuan Road, Changning District	95%	—	—	—	—	—	212
Subtotal of major completed properties held for sale in Shanghai:			—	5,467	—	—	5,467	684
Guangzhou								
Eastern Place Phase V	787 Dongfeng East Road, Yuexiu District	100%	—	—	—	—	—	9
King's Park	Donghua Dong Road, Yuexiu District	100%	—	—	—	—	—	5
West Point	Zhongshan Qi Road, Liwan District	100%	—	—	—	—	—	118
Subtotal of major completed properties held for sale in Guangzhou:			—	—	—	—	—	132
Total of major completed properties held for sale:			164,359	1,475,481	420,677	296,412	2,356,929	3,496

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 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) in the six months’ period ended 31 January 2022.

Board

The board of directors of the Company (“**Board**” and “**Directors**”, respectively) 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 11 members, of whom six are executive Directors and the remaining five are independent non-executive Directors (“**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.

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 2022 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 2022.

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 are 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 2022:

Name or category of participants	Date of grant (Note 1)	Number of underlying shares comprised in share options						As at 31 January 2022	Exercise period	Exercise price per share (HK\$) (Note 2)
		As at 1 August 2021	Transferred to other category during the period	Transferred from other category during the period	Granted during the period	Exercised during the period	Lapsed during the period			
Directors										
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 (Note 3)	19/08/2019	500,000	(500,000)	—	—	—	—	—	19/08/2019 - 18/08/2029	6.784
Subtotal		5,003,018	(500,000)	—	—	—	—	4,503,018		
Other Eligible Participants (in aggregate)										
Batch 1	18/01/2013	2,767,672 (Note 4)	—	—	—	—	—	2,767,672	18/01/2013 - 17/01/2023	11.40
Batch 2	26/07/2013	220,000	—	—	—	—	(60,000)	160,000	26/07/2013 - 25/07/2023	9.50
Batch 3	16/01/2015	120,000	—	—	—	—	—	120,000	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	260,000	—	—	—	—	—	260,000	22/01/2019 - 21/01/2029	10.18
Batch 5A (Note 3)	19/08/2019	—	—	500,000	—	—	—	500,000	19/08/2019 - 18/08/2029	6.784
Batch 6	22/01/2021	120,000	—	—	—	—	(60,000)	60,000	22/01/2021 - 21/01/2031	7.364
Batch 7 (Note 5)	21/01/2022	—	—	—	440,000	—	—	440,000	21/01/2022 - 20/01/2032	5.75
Subtotal		3,677,672	—	500,000	440,000	—	(120,000)	4,497,672		
Total		8,680,690	(500,000)	500,000	440,000	—	(120,000)	9,000,690		

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.
- Mr. Tham Seng Yum, Ronald resigned as an Executive Director of the Company on 27 January 2022. His share option was transferred from the category of “Directors” to “Other Eligible Participants”.
- 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\$6.00 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 2022 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%

Notes:

- 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.
- The percentage has been compiled based on the total number of issued Shares as at 31 January 2022 (i.e., 331,033,443 Shares).

(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	4,869,867	4,869,867	0.83%
Lam Hau Yin, Lester	Beneficial owner	18,688,812	Nil	6,182,167	24,870,979	4.22%
U Po Chu	Beneficial owner	1,238,287	Nil	Nil	1,238,287	0.21%

Corporate Governance and Other Information (Continued)

DIRECTORS' INTERESTS (CONTINUED)

(2) Associated corporations of the Company (Continued)

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

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

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	Exercise period	Exercise price per LSG Share (HK\$)
Chew Fook Aun	19/06/2017	4,869,867	19/06/2017 - 18/06/2027	11.763
Lam Hau Yin, Lester	19/06/2017	4,869,867	19/06/2017 - 18/06/2027	11.763
Lam Hau Yin, Lester	25/01/2022	1,312,300	25/01/2022 - 24/01/2032	3.874

- The percentage has been compiled based on the total number of issued LSG Shares as at 31 January 2022 (i.e., 588,915,934 LSG Shares).

(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	Total	Approximate percentage of total issued LSD Shares (Note 2)
		Personal interests	Corporate interests	Personal interests (Note 1)		
Chew Fook Aun	Beneficial owner/Owner of controlled corporation	Nil	1,831,500 (Note 3)	2,275,301	4,106,801	0.42%
Lam Hau Yin, Lester	Beneficial owner	Nil	Nil	4,864,519	4,864,519	0.50%
Lee Tze Yan, Ernest	Beneficial owner	Nil	Nil	969,854	969,854	0.10%
U Po Chu	Beneficial owner	40,378	Nil	Nil	40,378	0.00%

Corporate Governance and Other Information (Continued)

DIRECTORS' INTERESTS (CONTINUED)

(2) Associated corporations of the Company (Continued)

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

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

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	Exercise period	Exercise price per LSD Share (HK\$)
Chew Fook Aun	05/06/2012	2,275,301	05/06/2012 - 04/06/2022	4.59
Lam Hau Yin, Lester	18/01/2013	4,864,519	18/01/2013 - 17/01/2023	13.811
Lee Tze Yan, Ernest	18/01/2013	969,854	18/01/2013 - 17/01/2023	13.811

- The percentage has been compiled based on the total number of issued LSD Shares as at 31 January 2022 (i.e., 968,885,887 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.

(iii) eSun Holdings Limited (“eSun”)

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

Name of Director	Capacity	Number of eSun Shares Personal interests	Approximate percentage of total issued eSun Shares (Note)
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 2022 (i.e., 1,491,854,598 eSun Shares).

(iv) LSD Bonds (2017) Limited

Long position in the 4.6% guaranteed notes due 2022

Name of Director	Capacity	Nature of interests	Principal amount
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 2022, 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 2022, 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 <i>(Note 1)</i>
Substantial Shareholders				
Lai Sun Development Company Limited (" LSD ")	Owner of controlled corporations	Corporate	182,318,266 <i>(Note 2)</i>	55.08%
Lai Sun Garment (International) Limited (" LSG ")	Owner of controlled corporations	Corporate	182,318,266 <i>(Note 3)</i>	55.08%
Lam Kin Ngok, Peter	Owner of controlled corporations	Corporate	182,318,266 <i>(Note 4)</i>	55.08%
Holy Unicorn Limited (" Holy Unicorn ")	Beneficial owner	Corporate	180,600,756 <i>(Note 2)</i>	54.56%
Transtrend Holdings Limited (" Transtrend ")	Beneficial owner	Corporate	1,717,510 <i>(Note 2)</i>	0.52%
CapitaLand China Holdings Pte Ltd (" CapitaLand China ")	Owner of controlled corporation	Corporate	64,400,000 <i>(Note 5)</i>	19.45%
CapitaLand China Investments Limited (" CapitaLand China Investments ")	Owner of controlled corporations	Corporate	64,400,000 <i>(Note 5)</i>	19.45%
CapitaLand LF (Cayman) Holdings Co., Ltd. (" CapitaLand Cayman ")	Beneficial owner	Corporate	64,400,000	19.45%
CapitaLand Group Pte. Ltd. (" CapitaLand ")	Owner of controlled corporations	Corporate	64,400,000 <i>(Note 5)</i>	19.45%
Temasek Holdings (Private) Limited (" Temasek ")	Owner of controlled corporations	Corporate	64,400,000 <i>(Note 5)</i>	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 <i>(Note 1)</i>
Other Persons				
Yu Cheuk Yi	Beneficial owner	Personal	33,070,237 <i>(Note 6)</i>	9.99%
Yu Siu Yuk	Beneficial owner	Personal	33,070,237 <i>(Note 6)</i>	9.99%
Moerus Capital Management LLC	Investment manager	Corporate	24,969,825	7.54%

Notes:

1. *The percentage has been compiled based on the total number of issued Shares as at 31 January 2022 (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 54.56% of the total issued Shares) and Transtrend (1,717,510 Shares or approximately 0.52% of the total issued Shares), both being wholly-owned subsidiaries of LSD.*
3. *LSG owned approximately 53.19% shareholding interests in LSD. As such, LSG was deemed to be interested in the same 182,318,266 Shares in which LSD had interests*
4. *Dr. Lam Kin Ngok, Peter was deemed to be interested in 182,318,266 Shares by virtue of his personal and deemed shareholding interests in approximately 41.93% (excluding a share option) in LSG which in turn owned approximately 53.19% shareholding interests in LSD.*
5. *These interests in the Company represented the Shares beneficially owned by CapitaLand Cayman which is wholly owned by CapitaLand China which in turn is wholly owned by CapitaLand China Investments while CapitaLand China Investments is wholly owned by CapitaLand. CapitaLand is in turn a wholly-owned subsidiary of CLA Real Estate Holdings Pte. Ltd. Temasek is deemed to be interested in the same 64,400,000 Shares held by CapitaLand Cayman as CLA Real Estate Holdings Pte. Ltd. is an indirect wholly-owned subsidiary of Temasek.*
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 2022 (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 2022, 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 2022, 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. Pursuant to the facility agreement (as amended from time to time), 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.

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 2020-2021 are set out as follows:

- (a) Mr. Chew Fook Aun was appointed a member and the Chairman of the Nomination Committee of the Company on 21 January 2022. Mr. Chew was also appointed a member of the Council of The Hong Kong Polytechnic University for a term of three years with effect from 1 April 2022.
- (b) Mr. Cheng Shin How has been appointed an advisor to the CLI China Advisory Council of CapitaLand Investment Limited ("CLI"), the shares of which are listed on the Mainboard of the Singapore Exchange Securities Trading Limited with effect from 1 April 2022. CLI is a subsidiary of CapitaLand Group Pte. Ltd., a substantial shareholder of the Company.

Corporate Governance and Other Information *(Continued)*

UPDATE ON DIRECTORS' INFORMATION *(CONTINUED)*

- (c) Mr. Lee Tze Yan, Ernest was appointed an executive director of Lai Sun Development Company Limited ("LSD"), the intermediate holding company of the Company, on 25 January 2022.
- (d) Mr. Tham Seng Yum, Ronald resigned as an executive director of both the Company and LSD on 27 January 2022.
- (e) Mr. Mak Wing Sum, Alvin was appointed a member of the Nomination Committee of the Company on 21 January 2022.
- (f) Mr. Shek Lai Him, Abraham ceased to be a member of the Legislative Council of the Hong Kong Special Administrative Region of the People's Republic of China with effect from 1 January 2022. Mr. Shek was appointed a member of the Nomination Committee of the Company on 21 January 2022.
- (g) The Group usually makes annual adjustment to basic salaries and pays discretionary bonuses in January. The basic salaries of Messrs. Chew Fook Aun, Lam Hau Yin, Lester, Cheng Shin How and Lee Tze Yan, Ernest have been adjusted upward within the range from 1.0% to 2.5% with effect from 1 January 2022. Directors' remuneration for the six months ended 31 January 2022 and 2021 are as follows:

	Fees HK\$'000	Salaries, allowances, and benefits in kind HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
For the six months ended 31 January 2022				
<i>Executive directors:</i>				
Chew Fook Aun	—	2,428	9	2,437
Lam Kin Hong, Matthew	—	570	29	599
Lam Hau Yin, Lester	—	864	9	873
Cheng Shin How	—	3,975	9	3,984
Lee Tze Yan, Ernest	—	929	9	938
Tham Seng Yum, Ronald (resigned on 27 January 2022)	—	2,060	9	2,069
U Po Chu	—	2,166	—	2,166
	—	12,992	74	13,066
<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
Total	875	12,992	74	13,941

Corporate Governance and Other Information *(Continued)*

UPDATE ON DIRECTORS' INFORMATION *(CONTINUED)*

(g) *(Continued)*

	Fees HK\$'000	Salaries, allowances, and benefits in kind HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
For the six months ended 31 January 2021				
<i>Executive directors:</i>				
Chew Fook Aun	—	2,003	9	2,012
Lam Kin Ming (deceased 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
Total	875	12,288	74	13,237

Corporate Governance and Other Information *(Continued)*

DIRECTOR, EMPLOYEES AND REMUNERATION POLICIES

As at 31 January 2022, the Group employed a total of around 1,900 employees. The Group recognises the importance of maintaining a stable staff force in its continued success. Under the Group's existing policies, employee pay rates are maintained at competitive levels whilst promotion and salary increments are assessed on a performance-related basis. Discretionary bonuses are granted to employees based on their merit and in accordance with industry practice. Other benefits including share option scheme, mandatory provident fund scheme, free hospitalisation insurance plan, subsidised medical care and sponsorship for external education and training programmes are offered to eligible employees.

The Group would like to thank Mr. Tham Seng Yum, Ronald who left the Board during the period under review for his valuable contributions to the Company during his tenure.

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.

Despite the pandemic, the Group maintains proactive interactions with the investment community and provides them with updates on the Group's operations, financial performance and outlook. During the period under review, the Company has been communicating with a number of research analysts and investors via online meetings and conference calls as follows:

Month	Event (Virtual)	Organiser	Investor Base
October 2021	Post results non-deal roadshow	DBS	Hong Kong
October 2021	Post results non-deal roadshow	DBS	United States
October 2021	Post results non-deal roadshow	HSBC	Hong Kong/Singapore/Mainland China
November 2021	Post results non-deal roadshow	DBS	United States

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.

REVIEW OF INTERIM REPORT

The audit committee of the Company ("**Audit Committee**") currently comprises four INEDs, namely Messrs. Law Kin Ho, Lam Bing Kwan, Ku Moon Lun and Mak Wing Sum, Alvin. 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 2022.

By Order of the Board
Chew Fook Aun
Chairman

Hong Kong, 22 March 2022

