



L A I S U N D E V E L O P M E N T

Lai Sun Development Company Limited
(Stock Code: 488)

Interim Report

For the six months ended 31 January 2023



Corporate Information

PLACE OF INCORPORATION

Hong Kong

BOARD OF DIRECTORS

Executive Directors

Lam Kin Ngok, Peter, *GBM, GBS (Chairman)*

Chew Fook Aun (*Deputy Chairman*)

Lau Shu Yan, Julius (*Chief Executive Officer*)

Lam Hau Yin, Lester (*also alternate director to U Po Chu*)

Lee Tze Yan, Ernest

Non-executive Director

U Po Chu

Independent Non-executive Directors

Lam Bing Kwan

Leung Shu Yin, William

Ip Shu Kwan, Stephen, *GBS, JP*

AUDIT COMMITTEE

Leung Shu Yin, William (*Chairman*)

Lam Bing Kwan

Ip Shu Kwan, Stephen, *GBS, JP*

NOMINATION COMMITTEE

Lam Kin Ngok, Peter, *GBM, GBS (Chairman)*

Chew Fook Aun (*alternate to Lam Kin Ngok, Peter*)

Leung Shu Yin, William

Lam Bing Kwan

REMUNERATION COMMITTEE

Leung Shu Yin, William (*Chairman*)

Chew Fook Aun

Lam Bing Kwan

COMPANY SECRETARY

Chow Kwok Wor

REGISTERED OFFICE/PRINCIPAL OFFICE

11th Floor

Lai Sun Commercial Centre

680 Cheung Sha Wan Road

Kowloon, Hong Kong

Tel: (852) 2741 0391

Fax: (852) 2785 2775

AUTHORISED REPRESENTATIVES

Chew Fook Aun

Chow Kwok Wor

SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited

17/F, Far East Finance Centre

16 Harcourt Road

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

Bank of Communications Co., Ltd.

The Bank of East Asia, Limited

China Construction Bank (Asia) Corporation Limited

Chong Hing Bank Limited

Dah Sing Bank, Limited

DBS Bank Ltd.

Hang Seng Bank Limited

The Hongkong and Shanghai Banking
Corporation Limited

Industrial and Commercial Bank of China Limited

Shanghai Pudong Development Bank Co., Ltd.

Standard Chartered Bank (Hong Kong) Limited

United Overseas Bank Limited

SHARES INFORMATION

Place of Listing

The Main Board of The Stock Exchange
of Hong Kong Limited

Stock Code/Board Lot

488/300 Shares

American Depositary Receipt

CUSIP Number: 50731V102

Trading Symbol: LSNVY

ADR to Ordinary Share Ratio: 1 : 8

Depository Bank: The Bank of
New York Mellon

WEBSITE

www.laisun.com

INVESTOR RELATIONS

Tel: (852) 2853 6116

Fax: (852) 2853 6651

E-mail: ir@laisun.com

The board of directors (the “**Board**”) of Lai Sun Development Company Limited (the “**Company**”) presents the unaudited consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 31 January 2023 together with the comparative figures of the last corresponding period as follows:

Condensed Consolidated Income Statement

For the six months ended 31 January 2023

	Notes	Six months ended 31 January	
		2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
TURNOVER	4	2,467,443	2,719,500
Cost of sales		(1,549,187)	(1,752,441)
Gross profit		918,256	967,059
Other revenue and gains		225,546	152,239
Selling and marketing expenses		(127,299)	(139,849)
Administrative expenses		(474,769)	(438,255)
Other operating expenses		(599,922)	(743,029)
Fair value (losses)/gains on investment properties, net		(825,102)	82,843
LOSS FROM OPERATING ACTIVITIES	5	(883,290)	(118,992)
Finance costs	6	(560,889)	(482,392)
Share of profits and losses of associates		(780)	(277)
Share of profits and losses of joint ventures		(30,711)	87,283
LOSS BEFORE TAX		(1,475,670)	(514,378)
Tax	7	(50,199)	(128,983)
LOSS FOR THE PERIOD		(1,525,869)	(643,361)
Attributable to:			
Owners of the Company		(1,360,823)	(479,936)
Non-controlling interests		(165,046)	(163,425)
		(1,525,869)	(643,361)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	8		
Basic and diluted		(HK\$1.397)	(HK\$0.548)

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 January 2023

	Six months ended 31 January	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
LOSS FOR THE PERIOD	(1,525,869)	(643,361)
OTHER COMPREHENSIVE (EXPENSE)/INCOME		
<i>Other comprehensive (expense)/income that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange realignments	(79,130)	287,764
Share of other comprehensive income/(expense) of associates	7,625	(805)
Share of other comprehensive income/(expense) of joint ventures	605	(2,613)
Release of exchange reserve upon deregistration/dissolution of a subsidiary	(10,274)	(176)
Reclassification of reserve upon return of capital from a subsidiary	(13,511)	29,965
	(94,685)	314,135
<i>Other comprehensive expense that will not be reclassified to profit or loss in subsequent periods:</i>		
Changes in fair values of financial assets at fair value through other comprehensive income	(8,587)	(17,373)
OTHER COMPREHENSIVE (EXPENSE)/INCOME FOR THE PERIOD	(103,272)	296,762
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD	(1,629,141)	(346,599)
Attributable to:		
Owners of the Company	(1,398,022)	(370,602)
Non-controlling interests	(231,119)	24,003
	(1,629,141)	(346,599)

Condensed Consolidated Statement of Financial Position

As at 31 January 2023

	Notes	31 January 2023 (Unaudited) HK\$'000	31 July 2022 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		6,496,376	6,645,739
Right-of-use assets		4,667,756	4,922,940
Investment properties		36,842,792	37,168,222
Film rights		16,688	19,162
Film and TV program products		61,861	61,174
Music catalogs		—	663
Goodwill		219,674	207,792
Other intangible assets		137,913	132,883
Investments in associates		288,952	236,613
Investments in joint ventures		6,562,340	6,826,143
Financial assets at fair value through other comprehensive income		1,701,508	1,710,095
Financial assets at fair value through profit or loss		959,879	906,513
Debtors	9	497,182	493,643
Deposits, prepayments, other receivables and other assets		758,145	721,772
Deferred tax assets		2,049	2,118
Pledged and restricted bank balances and time deposits		84,001	79,305
Total non-current assets		59,297,116	60,134,777
CURRENT ASSETS			
Properties under development		5,972,296	5,576,173
Completed properties for sale		5,382,299	5,847,757
Films and TV programs under production and film investments		286,651	317,109
Inventories		81,980	59,612
Financial assets at fair value through profit or loss		23,985	120,452
Derivative financial instruments		—	25,473
Debtors	9	374,228	403,293
Deposits, prepayments, other receivables and other assets		906,545	767,253
Prepaid tax		102,356	140,467
Pledged and restricted bank balances and time deposits		1,453,507	2,444,971
Cash and cash equivalents		4,079,734	5,056,442
Assets classified as held for sale		1,851	1,855
Total current assets		18,665,432	20,760,857

Condensed Consolidated Statement of Financial Position

(Continued)

As at 31 January 2023

	Notes	31 January 2023 (Unaudited) HK\$'000	31 July 2022 (Audited) HK\$'000
CURRENT LIABILITIES			
Creditors, other payables and accruals	10	3,416,387	3,229,241
Deposits received, deferred income and contract liabilities		629,432	993,161
Derivative financial instruments		1,778	—
Lease liabilities		229,822	275,181
Tax payable		543,411	564,934
Bank borrowings		5,658,623	1,525,333
Other borrowings		41,511	41,578
Guaranteed notes		—	5,869,298
Total current liabilities		10,520,964	12,498,726
NET CURRENT ASSETS		8,144,468	8,262,131
TOTAL ASSETS LESS CURRENT LIABILITIES		67,441,584	68,396,908
NON-CURRENT LIABILITIES			
Lease liabilities		850,996	974,959
Bank borrowings		16,087,473	15,836,626
Other borrowings		284,022	281,152
Guaranteed notes		4,279,241	4,281,877
Deferred tax liabilities		4,668,676	4,865,562
Other payables and accruals	10	965,498	967,835
Long-term deposits received		205,548	201,397
Total non-current liabilities		27,341,454	27,409,408
		40,100,130	40,987,500
EQUITY			
Equity attributable to owners of the Company			
Share capital	11	6,240,082	5,463,477
Reserves		25,943,299	27,330,820
Non-controlling interests		32,183,381	32,794,297
		7,916,749	8,193,203
		40,100,130	40,987,500

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 January 2023

	Attributable to owners of the Company										Total HK\$'000	
	Share capital HK\$'000	Fair value reserve – financial assets HK\$'000	Share option reserve HK\$'000	Capital reduction reserve HK\$'000	General reserve HK\$'000	Other reserve HK\$'000	Statutory reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000		Non- controlling interests HK\$'000
At 31 July 2022 (Audited) and 1 August 2022 (Unaudited)	5,463,477	1,462,328*	43,513*	4,692*	646,700*	2,485,891*	55,868*	(205,105)*	22,836,933*	32,794,297	8,193,203	40,987,500
Loss for the period	—	—	—	—	—	—	—	—	(1,360,823)	(1,360,823)	(165,046)	(1,525,869)
Other comprehensive (expense)/income that may be reclassified to profit or loss in subsequent periods:												
Exchange realignments	—	—	—	—	—	—	—	(22,152)	—	(22,152)	(56,978)	(79,130)
Share of other comprehensive income of associates	—	—	—	—	—	—	—	6,025	—	6,025	1,600	7,625
Share of other comprehensive income/(expense) of joint ventures	—	—	—	—	—	—	—	616	—	616	(11)	605
Release of exchange reserve upon deregistration of a subsidiary	—	—	—	—	—	—	—	(5,659)	—	(5,659)	(4,615)	(10,274)
Reclassification of reserve upon return of capital from a subsidiary	—	—	—	—	—	—	—	(7,442)	—	(7,442)	(6,069)	(13,511)
Other comprehensive expense that will not be reclassified to profit or loss in subsequent periods:												
Changes in fair values of financial assets at fair value through other comprehensive income	—	(8,587)	—	—	—	—	—	—	—	(8,587)	—	(8,587)
Total comprehensive expense for the period	—	(8,587)	—	—	—	—	—	(28,612)	(1,360,823)	(1,398,022)	(231,119)	(1,629,141)
Net proceeds from rights issue (note 11(b))	776,605	—	—	—	—	—	—	—	—	776,605	—	776,605
Repayment to non-controlling interests of subsidiaries	—	—	—	—	—	—	—	—	—	—	(436)	(436)
Release of reserve upon lapse of share options	—	—	(41,306)	—	—	—	—	—	41,306	—	—	—
Release of reserve upon lapse of share options of a subsidiary	—	—	—	—	—	—	—	—	—	—	—	—
Transfer to statutory reserve	—	—	—	—	—	—	21,745	—	11,360	11,360	(11,360)	—
Dividends paid to non-controlling interests of subsidiaries	—	—	—	—	—	—	—	—	(21,745)	—	—	—
Acquisition of additional interests in a subsidiary	—	—	—	—	—	(859)	—	—	—	(859)	(34,398)	(34,398)
At 31 January 2023 (Unaudited)	6,240,082	1,453,741*	2,207*	4,692*	646,700*	2,485,032*	77,613*	(233,717)*	21,507,031*	32,183,381	7,916,749	40,100,130

* These reserve accounts comprise the consolidated reserves of HK\$25,943,299,000 (31 July 2022: HK\$27,330,820,000) in the condensed consolidated statement of financial position.

Condensed Consolidated Statement of Changes in Equity

(Continued)

For the six months ended 31 January 2023

	Attributable to owners of the Company										Total HK\$'000	
	Share capital HK\$'000	Fair value reserve — financial assets HK\$'000	Share option reserve HK\$'000	Capital reduction reserve HK\$'000	General reserve HK\$'000	Other reserve HK\$'000	Statutory reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000		Non- controlling interests HK\$'000
At 31 July 2021 (Audited) and 1 August 2021 (Unaudited)	4,134,565	1,449,127	52,004	4,692	646,700	2,463,766	41,456	547,129	24,809,875	34,149,314	8,835,389	42,984,703
Loss for the period	—	—	—	—	—	—	—	—	(479,936)	(479,936)	(163,425)	(643,361)
Other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods:												
Exchange realignments	—	—	—	—	—	—	—	110,716	—	110,716	177,048	287,764
Share of other comprehensive (expense)/income of associates	—	—	—	—	—	—	—	(806)	—	(806)	1	(805)
Share of other comprehensive (expense)/income of joint ventures	—	—	—	—	—	—	—	(2,639)	—	(2,639)	26	(2,613)
Release of exchange reserve upon dissolution of a subsidiary	—	—	—	—	—	—	—	(89)	—	(89)	(87)	(176)
Reclassification of reserve upon return of capital from a subsidiary	—	—	—	—	—	—	—	16,505	—	16,505	13,460	29,965
Other comprehensive expense that will not be reclassified to profit or loss in subsequent periods: Changes in fair values of financial assets at fair value through other comprehensive income	—	(14,353)	—	—	—	—	—	—	—	(14,353)	(3,020)	(17,373)
Total comprehensive (expense)/income for the period	—	(14,353)	—	—	—	—	—	123,687	(479,936)	(370,602)	24,003	(346,599)
Issue of shares (note 11(a))	235,153	—	—	—	—	—	—	—	—	235,153	—	235,153
Net proceeds from rights issue (note 11(b))	1,093,759	—	—	—	—	—	—	—	—	1,093,759	—	1,093,759
Equity-settled share option arrangements	—	—	550	—	—	—	—	—	—	550	—	550
Equity-settled share option arrangements of subsidiaries	—	—	—	—	—	—	—	—	—	—	1,319	1,319
Repayment to non-controlling interests of subsidiaries	—	—	—	—	—	—	—	—	—	—	(2,120)	(2,120)
Release of reserve upon lapse of share options	—	—	(315)	—	—	—	—	—	315	—	—	—
Release of reserve upon lapse of share options of a subsidiary	—	—	—	—	—	—	—	—	137	137	(137)	—
Transfer to statutory reserve	—	—	—	—	—	—	11,889	—	(11,889)	—	—	—
Dividends paid to non-controlling interests of subsidiaries	—	—	—	—	—	—	—	—	—	—	(34,334)	(34,334)
Shares issued by a subsidiary to a non-controlling interest of a subsidiary*	—	—	—	—	—	21,918	—	—	—	21,918	26,119	48,037
At 31 January 2022 (Unaudited)	5,463,477	1,434,774	52,239	4,692	646,700	2,485,684	53,345	670,816	24,318,502	35,130,229	8,850,239	43,980,468

* On 3 August 2021, Media Asia Group Holdings Limited ("MAGHL") issued a total of 40,612,197 ordinary shares to a subscriber at HK\$1.2 per share. The effective equity interest of the Group in MAGHL decreased from 51.22% to 50.52%. The proceeds net of direct transaction costs received by the Group were HK\$48,037,000. The change in the Group's effective equity interest in MAGHL resulted in an increase in other reserve of HK\$21,918,000 and an increase in non-controlling interests of HK\$26,119,000. Details are set out in a joint announcement of eSun Holdings Limited ("eSun") and MAGHL dated 3 August 2021.

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 January 2023

	Six months ended 31 January	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(1,022,477)	(2,467,376)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(87,304)	(171,697)
Additions to investment properties	(223,150)	(525,064)
Deposits paid for additions to investment properties	(8,380)	(19,591)
Investment in joint ventures	(5,050)	(1,000)
Advances to associates	(38,785)	(5,629)
Advances to joint ventures	(1,743)	(32,970)
Repayment from associates	383	79
Repayment from joint ventures	238,356	194,241
Dividends received from financial assets at fair value through other comprehensive income	22,300	18,400
Decrease/(increase) in pledged and restricted bank balances and time deposits	982,081	(251,762)
Others	31,966	(71,369)
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	910,674	(866,362)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank borrowings raised	6,244,882	779,976
Repayment of bank borrowings	(1,860,313)	(3,061,920)
Bank financing charges	(5,924)	(3,918)
Guaranteed notes issued	—	2,331,750
Guaranteed notes issue expenses	—	(20,263)
Redemption and repurchase of guaranteed notes	(5,876,038)	—
Lease payments	(119,850)	(147,001)
Dividends paid to non-controlling interests of subsidiaries	(34,398)	(34,334)
Repayment to non-controlling interests of subsidiaries	(436)	(2,120)
Proceeds from issue of shares	—	235,153
Net proceeds from rights issue	776,605	1,093,759
Net proceeds from issuance of shares of a subsidiary	—	48,037
NET CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES	(875,472)	1,219,119

Condensed Consolidated Statement of Cash Flows

(Continued)

For the six months ended 31 January 2023

	Six months ended	
	31 January	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
NET DECREASE IN CASH AND CASH EQUIVALENTS	(987,275)	(2,114,619)
Cash and cash equivalents at beginning of period	5,056,442	8,284,797
Effect of foreign exchange rate changes, net	10,567	7,939
CASH AND CASH EQUIVALENTS AT END OF PERIOD	4,079,734	6,178,117
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Non-pledged and non-restricted cash and bank balances	3,206,127	4,537,360
Non-pledged and non-restricted time deposits	873,607	1,640,757
Cash and cash equivalents as stated in the condensed consolidated statement of financial position and the condensed consolidated statement of cash flows	4,079,734	6,178,117

Notes to Condensed Consolidated Interim Financial Statements

31 January 2023

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 January 2023 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 with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants.

The financial information relating to the year ended 31 July 2022 that is included in the unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 January 2023 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 July 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to the Hong Kong Companies Ordinance.

The Company’s independent auditor has reported on those financial statements. The independent auditor’s report was unqualified; did not include a reference to any matters to which the independent auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

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

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and basis of presentation used in the preparation of these interim financial statements are the same as those used in the Group’s audited consolidated financial statements for the year ended 31 July 2022.

The Group has adopted the revised Hong Kong Financial Reporting Standards (“**HKFRSs**”, which also include HKASs and Interpretations) which are applicable to the Group and are effective in the current period. The adoption of these revised HKFRSs has had no significant impact on the financial performance or financial position of the Group.

Notes to Condensed Consolidated Interim Financial Statements

(Continued)

31 January 2023

3. SEGMENT INFORMATION

Segment revenue and results

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

	Six months ended 31 January (Unaudited)																						
	Property development and sales		Property investment		Hotel operation		Restaurant and F&B product sales operations		Media and entertainment		Film and TV program		Cinema operation		Theme park operation		Others		Consolidated				
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
Segment revenue:																							
Sales to external customers	600,158	859,861	562,177	644,215	421,473	335,552	262,619	248,945	176,048	147,244	72,927	135,362	263,127	223,940	8,781	10,251	100,133	115,130	2,467,443	2,719,500			
Intersegment sales	—	—	23,298	19,506	242	295	1,278	1,436	—	—	3,741	3,282	3,366	1,335	—	—	13,227	12,543	45,152	38,397			
Other revenue and gains	15,246	15,230	16,820	7,178	1,233	146	2,020	271	1,989	1,633	1,519	537	9,686	8,467	319	475	42,790	17,520	91,622	51,457			
Total	615,404	874,091	602,295	670,899	422,948	335,993	265,917	250,652	178,037	148,877	78,187	139,181	276,179	233,742	9,100	10,726	156,150	145,193	2,604,217	2,809,354			
Elimination of intersegment sales																			(45,152)	(38,397)			
Total																				2,559,065	2,770,957		
Segment results	79,744	118,656	274,862	359,775	(134,474)	(163,599)	(66,990)	(54,240)	17,359	9,761	(12,193)	11,839	(35,247)	(6,865)	(62,363)	(117,112)	3,707	5,844	64,405	109,059			
Unallocated other revenue and gains																				133,924	100,782		
Fair value (losses)/gains on investment properties, net	—	—	(825,102)	82,843	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(825,102)	82,843			
Unallocated expenses																			(256,517)	(411,676)			
Loss from operating activities																			(883,290)	(118,992)			
Finance costs																			(560,889)	(482,392)			
Share of profits and losses of associates	319	40	(6)	82	(356)	(395)	—	—	—	—	—	—	—	—	—	—	(570)	204	(613)	(69)			
Share of profits and losses of associates — unallocated																			(167)	(208)			
Share of profits and losses of joint ventures	33,413	37,259	(55,184)	50,097	(6,576)	274	—	—	(255)	92	1	(437)	(2,089)	(2)	—	—	(21)	—	(30,711)	87,283			
Loss before tax																			(1,475,670)	(514,378)			
Tax																			(50,199)	(128,983)			
Loss for the period																			(1,525,869)	(643,361)			

Notes to Condensed Consolidated Interim Financial Statements

(Continued)

31 January 2023

4. TURNOVER

An analysis of turnover is as follows:

	Six months ended 31 January	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Turnover from contracts with customers:		
Sale of properties	600,158	858,861
Building management fee income	97,664	99,710
Income from hotel operation	421,473	335,552
Income from restaurant and F&B product sales operations	262,619	248,945
Distribution commission income, licence income from and sale of film and TV program products and film rights	68,416	132,877
Box-office takings, concessionary income and related income from cinemas	263,127	223,940
Entertainment event income	98,869	7,898
Sale of game products	42,055	84,000
Album sales, licence income and distribution commission income from music publishing and licensing	27,208	47,861
Artiste management fee income	7,916	7,485
Advertising income	4,511	2,485
Income from theme park operation	8,781	10,251
Others	100,133	115,130
	2,002,930	2,174,995
Turnover from other source:		
Rental income	464,513	544,505
Total turnover	2,467,443	2,719,500
Timing of recognition of turnover from contracts with customers:		
At a point in time	1,664,061	1,837,631
Over time	338,869	337,364
	2,002,930	2,174,995

Notes to Condensed Consolidated Interim Financial Statements

(Continued)

31 January 2023

5. LOSS FROM OPERATING ACTIVITIES

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

	Six months ended 31 January	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Depreciation of property, plant and equipment [^]	206,305	232,081
Depreciation of right-of-use assets [^]	192,151	206,932
Foreign exchange differences, net	(50,473) [@]	53,378*
Amortisation of film rights [#]	2,474	3,434
Amortisation of film and TV program products [#]	24,565	168
Amortisation of music catalogs [#]	663	2,150
Amortisation of other intangible assets*	992	1,475
Loss on disposal of assets classified as held for sale*	—	569
Fair value losses on financial assets at fair value through profit or loss, net*	18,315	145,568
Fair value losses/(gains) on cross currency swaps	26,873*	(5,315) [@]

[^] Depreciation charge of approximately HK\$364,154,000 (Six months ended 31 January 2022: HK\$405,001,000) is included in "other operating expenses" on the face of the unaudited condensed consolidated income statement.

[@] These items are included in "other revenue and gains" on the face of the unaudited condensed consolidated income statement.

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

* These items are included in "other operating expenses" on the face of the unaudited condensed consolidated income statement.

6. FINANCE COSTS

	Six months ended 31 January	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Interest on bank borrowings	476,753	257,614
Interest on guaranteed notes	212,920	256,086
Interest on other borrowings	3,003	2,847
Interest on lease liabilities	20,554	25,263
Interest on put option liabilities	2,323	2,525
Bank financing charges	48,282	40,178
	763,835	584,513
Less: Amount capitalised in construction in progress	(11,795)	(7,483)
Amount capitalised in properties under development	(154,217)	(45,960)
Amount capitalised in investment properties under construction	(36,934)	(48,678)
	560,889	482,392

Notes to Condensed Consolidated Interim Financial Statements

(Continued)

31 January 2023

7. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (Six months ended 31 January 2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

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

	Six months ended	
	31 January	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax		
— Hong Kong		
Charge for the period	6,924	14,256
Overprovision in prior periods	(592)	(1,444)
	6,332	12,812
— Mainland China		
Corporate income tax		
Charge for the period	63,742	87,684
Overprovision in prior periods	—	(1)
Land appreciation tax		
Charge for the period	101,376	148,827
	165,118	236,510
— Elsewhere		
Charge for the period	5,982	5,390
Underprovision in prior periods	—	68
	5,982	5,458
	177,432	254,780
Deferred tax	(127,233)	(125,797)
Tax charge for the period	50,199	128,983

8. 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\$1,360,823,000 (Six months ended 31 January 2022: HK\$479,936,000), and the weighted average number of ordinary shares of 974,152,000 (Six months ended 31 January 2022: 875,835,000) in issue during the period.

No adjustment has been made to the basic loss per share amounts presented for the periods ended 31 January 2023 and 2022 in respect of a dilution as the impact of the share options of the Company, eSun and Lai Fung Holdings Limited had an anti-dilutive effect on the basic loss per share amounts presented.

Notes to Condensed Consolidated Interim Financial Statements

(Continued)

31 January 2023

9. DEBTORS

The Group (other than eSun and its subsidiaries (the “eSun Group”)) maintains various credit policies for different business operations in accordance with business practices and market conditions in which the respective subsidiaries operate. Sales proceeds receivable from the sale of properties are settled in accordance with the terms of the respective contracts. Rent and related charges in respect of the leasing of properties are receivable from tenants, and are normally payable in advance with rental deposits received in accordance with the terms of the tenancy agreements. Hotel and restaurant charges are mainly settled by customers on a cash basis except for those corporate clients who maintain credit accounts with the respective subsidiaries, the settlement of which is in accordance with the respective agreements. The Group’s trade receivables related to a large number of diversified customers and there is no significant concentration of credit risk. Trade receivables of the Group are non-interest-bearing. The Group’s finance lease receivables related to a creditworthy third party.

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

Other than rental deposits received, the Group does not hold any collateral or other credit enhancements over these balances.

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

	31 January 2023 (Unaudited) HK\$’000	31 July 2022 (Audited) HK\$’000
Trade receivables:		
Not yet due or less than 30 days past due	252,057	302,642
31 — 60 days past due	32,028	37,680
61 — 90 days past due	24,996	17,143
Over 90 days past due	59,987	42,303
	369,068	399,768
Finance lease receivables, not yet due	502,342	497,168
	871,410	896,936
Less: Portion classified as current	(374,228)	(403,293)
Non-current portion	497,182	493,643

Notes to Condensed Consolidated Interim Financial Statements

(Continued)

31 January 2023

10. CREDITORS, OTHER PAYABLES AND ACCRUALS

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

	31 January 2023 (Unaudited) HK\$'000	31 July 2022 (Audited) HK\$'000
Creditors:		
Not yet due or less than 30 days past due	244,032	477,855
31 — 60 days past due	67,277	11,659
61 — 90 days past due	27,666	7,783
Over 90 days past due	72,400	115,281
	411,375	612,578
Other payables and accruals	2,732,979	2,344,176
Put option liabilities	1,237,531	1,240,322
	4,381,885	4,197,076
Less: Portion classified as current	(3,416,387)	(3,229,241)
Non-current portion	965,498	967,835

11. SHARE CAPITAL

	Notes	Number of shares in issue	Total amount HK\$'000
At 31 July 2021 (Audited) and 1 August 2021 (Unaudited)		612,089,025	4,134,565
Issue of shares	a	33,834,900	235,153
Rights issue	b	322,961,962	1,093,759
At 31 January 2022 (Unaudited), 31 July 2022 (Audited) and 1 August 2022 (Unaudited)		968,885,887	5,463,477
Rights issue	b	484,442,943	776,605
At 31 January 2023 (Unaudited)		1,453,328,830	6,240,082

Notes:

- a. During the six months ended 31 January 2022, the Company allotted 33,834,900 new shares to an independent third party for approximately HK\$235.2 million.
- b. During the six months ended 31 January 2023, the Company completed a rights issue of 484,442,943 (Six months ended 31 January 2022: 322,961,962) shares on the basis of one rights share for every two existing shares of the Company at a subscription price of HK\$1.64 (Six months ended 31 January 2022: HK\$3.43) per share. The net proceeds from the rights issue were approximately HK\$776.6 million (Six months ended 31 January 2022: HK\$1,093.8 million).

Notes to Condensed Consolidated Interim Financial Statements

(Continued)

31 January 2023

12. COMMITMENTS

The Group had the following commitments not provided for in the condensed consolidated interim financial statements at the end of the reporting period:

	31 January 2023 (Unaudited) HK\$'000	31 July 2022 (Audited) HK\$'000
Contracted, but not provided for		
Purchase of items of property, plant and equipment	19,301	19,942
Additions to investment properties	8,299	22,824
Construction, development and resettlement costs	251,225	756,308
	278,825	799,074

13. RELATED PARTY TRANSACTIONS

In addition to the related party transactions and balances detailed elsewhere in the condensed consolidated interim financial statements, the Group entered into the following material transactions with related parties during the period:

(a) Transactions with related parties

	Notes	Six months ended 31 January 2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Lease payments and building management fees paid or payable to:			
— Lai Sun Garment (International) Limited ("LSG")	(i), (ii)	205	163
— an associate of LSG	(i), (ii)	151	364
Rental income and management fee income received or receivable from LSG	(i)	298	320
Interest income received or receivable from advances to joint ventures	(i)	33,605	9,815
Sale of products and management fee income received or receivable from a joint venture	(i)	1,355	—
Licence income from film rights received or receivable from a joint venture	(i)	475	—
Production fee paid or payable to a joint venture	(i)	930	570
Advertising and promotion expenses paid or payable to a joint venture	(i)	613	—
Sharing of corporate salaries on a cost basis allocated to LSG		5,126	4,969
Sharing of administrative expenses on a cost basis allocated to LSG		1,006	611
Sharing of corporate salaries on a cost basis allocated from LSG		3,142	4,410

Notes:

- (i) These transactions were entered into based on terms stated in the respective agreements or contracts and were charged on bases mutually agreed by the respective parties.
- (ii) In addition to the variable lease payments and building management fee payments to the related parties, right-of-use assets of approximately HK\$2,732,000 and lease liabilities of approximately HK\$3,181,000 related to the leases with related parties were recognised in the condensed consolidated statement of financial position as at 31 January 2023. During the six months ended 31 January 2023, depreciation of these right-of-use assets of approximately HK\$1,704,000 (Six months ended 31 January 2022: HK\$1,561,000) and finance costs on these lease liabilities of approximately HK\$60,000 (Six months ended 31 January 2022: HK\$45,000) were recognised in the condensed consolidated income statement.

Notes to Condensed Consolidated Interim Financial Statements

(Continued)

31 January 2023

13. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Compensation of key management personnel of the Group

	Six months ended 31 January 2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Short term employee benefits	33,439	38,693
Pension scheme contributions	65	88
Total compensation paid to key management personnel	33,504	38,781

14. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Financial instruments for which fair value is disclosed

Except for certain guaranteed notes with a fair value in aggregate of approximately HK\$3,337,228,000 (31 July 2022: HK\$8,611,681,000), of which the fair value was determined by reference to the closing prices of the guaranteed notes published by a leading global financial market data provider as at the end of the reporting period, the directors consider the carrying amounts of all other financial assets and financial liabilities measured at amortised cost approximate to their fair values as at the end of the reporting period.

Financial instruments measured at fair value

	Level 1 (Unaudited) HK\$'000	Level 2 (Unaudited) HK\$'000	Level 3 (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
As at 31 January 2023				
Financial assets				
Financial assets at fair value through other comprehensive income	23,581	—	1,677,927	1,701,508
Financial assets at fair value through profit or loss	23,985	842,908	116,971	983,864
Financial assets included in deposits, prepayments, other receivables and other assets	—	—	8,589	8,589
Film investments	—	—	47,596	47,596
	47,566	842,908	1,851,083	2,741,557
Financial liabilities				
Derivative financial instruments	—	(1,778)	—	(1,778)
	Level 1 (Audited) HK\$'000	Level 2 (Audited) HK\$'000	Level 3 (Audited) HK\$'000	Total (Audited) HK\$'000
As at 31 July 2022				
Financial assets				
Financial assets at fair value through other comprehensive income	28,621	—	1,681,474	1,710,095
Financial assets at fair value through profit or loss	14,457	915,313	97,195	1,026,965
Derivative financial instruments	—	—	25,473	25,473
— cross currency swaps	—	—	25,473	25,473
Financial assets included in deposits, prepayments, other receivables and other assets	—	—	4,425	4,425
Film investments	—	—	71,720	71,720
	43,078	915,313	1,880,287	2,838,678

During the six months ended 31 January 2023, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers of fair value measurements into or out of Level 3 for financial assets and financial liabilities (Six months ended 31 January 2022: Nil).

Notes to Condensed Consolidated Interim Financial Statements

(Continued)

31 January 2023

14. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments measured at fair value (Continued)

The movements in fair value measurements in Level 3 of the financial assets/(liabilities) during the period are as follows:

	Six months ended 31 January 2023	
	Financial assets (Unaudited) HK\$'000	Financial liabilities (Unaudited) HK\$'000
At beginning of period	1,880,287	—
Total losses recognised in other comprehensive income	(3,547)	—
Total losses recognised in the income statement	(15,746)	—
Additions	14,410	—
Settlements	(28,345)	—
Exchange realignment	4,024	—
At end of period	1,851,083	—
	Six months ended 31 January 2022	
	Financial assets (Unaudited) HK\$'000	Financial liabilities (Unaudited) HK\$'000
At beginning of period	1,826,874	(8,965)
Total losses recognised in other comprehensive income	(9,904)	—
Total gains recognised in the income statement	5,816	1,977
Additions	30,435	—
Settlements	(1,789)	—
Exchange realignment	2,044	—
At end of period	1,853,476	(6,988)

Valuation Techniques

Fair value measurement using significant observable inputs (Level 2)

The fair values of certain financial assets at fair value through profit or loss are based on the fair values of the underlying investment portfolio provided by the fund managers.

For the derivative financial instruments in Level 2, the fair value of the instruments was estimated at the end of the reporting period using observable market data. Key observable inputs in the valuations are foreign exchange spot rates, strike rates, volatility, time to expiration and risk free rate.

Notes to Condensed Consolidated Interim Financial Statements

(Continued)

31 January 2023

14. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Valuation Techniques (Continued)

Fair value measurement using significant unobservable inputs (Level 3)

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

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

Fair value of the equity interest in an investee company, classified as financial assets at fair value through other comprehensive income, has been estimated using the fair value of investment properties held by the investee company, which is mainly determined by income approach. Income approach is an approach to valuation that provides an indication of value by converting future cash flows to a single current capital value. The current capital value is projected based on discounted cash flow method. It is a process of valuing an investment property or asset by undertaking an estimation of future cash flows and taking into account the time value of money.

Information about fair value measurement using significant unobservable inputs (Level 3)

	Valuation technique	Significant unobservable inputs	Value of unobservable inputs	Notes
31 January 2023				
Financial assets at fair value through other comprehensive income	Income approach	Average monthly market rent per square foot	HK\$137	1
		Capitalisation rate	2.85%	2
31 July 2022				
Financial assets at fair value through other comprehensive income	Income approach	Average monthly market rent per square foot	HK\$134	1
		Capitalisation rate	2.85%	2

Notes:

1. The higher the average monthly market rent per square foot, the higher the fair value
2. The higher the capitalisation rate, the lower the fair value

15. EVENT AFTER THE REPORTING PERIOD

Further to the joint announcement of the Company, LSG, eSun, MAGHL and Perfect Sky Holdings Limited (a wholly-owned subsidiary of eSun, "Offeror") dated 10 November 2022 and 17 March 2023 and the scheme document jointly issued by eSun, the Offeror and MAGHL dated 12 January 2023, among others, in respect of the proposed merger of MAGHL by eSun and the Offeror ("Proposal") by way of a scheme of arrangement ("Scheme"), all the conditions to the Proposal and the Scheme were fulfilled on 16 March 2023 and the Scheme became effective. Since then, MAGHL became a wholly-owned subsidiary of eSun.

eSun will allot and issue 264,022,268 new shares on 27 March 2023 and pay a total cash consideration of approximately HK\$194.3 million (the funding of which was included in restricted bank balances as at 31 January 2023). Upon the completion, the Company's interest in eSun will be diluted from 74.62% to 63.40%.

Interim Dividend

The board of the Company has resolved not to declare the payment of an interim dividend for the financial year ending 31 July 2023. No interim dividend was declared in respect of the last corresponding period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The global economy experienced a gradual recovery in 2022, however, the momentum for growth, especially in most major economies, is expected to weaken in 2023 as rising interest rates and Russia's war in Ukraine continue to weigh on economic activities. While central banks across the world have been raising interest rates aggressively to tame inflation, the recession risk across the globe remains in the midst of, amongst other factors, persistently high inflation, rising borrowing costs, ongoing geopolitical instabilities and conflicts, energy price volatility, as well as lingering supply-chain disruptions.

Hong Kong and Overseas Property Market

The Hong Kong economy experienced a significant slowdown in 2022 with economic activities were first dampened by the fifth wave of COVID-19 infection cases and subsequently by the deteriorating external environment and tightened financial conditions. For 2022 as a whole, Hong Kong suffered a real gross domestic product ("GDP") contraction of 3.5%. With the rollback in COVID-19 related restrictions since the end of 2022 and resumption of cross border business activities and travel between Hong Kong and Mainland China, local economic activities have seen a revival. According to Hong Kong's Financial Secretary in his speech on the 2023-24 Budget in February 2023, GDP in Hong Kong is forecast to grow by 3.5% to 5.5% in 2023.

Office leasing activities regained momentum in mid-2022 when the fifth wave of COVID-19 was brought under control. Whilst affected by the weakening economic performance in the second half of 2022, tenants tend to be cautious and have slowed down their relocation or expansion plans in the face of mounting uncertainties. Market sentiment showed improvement in 2023 with the border reopening and a better economic outlook, the recovery is expected to be slow and the leasing market is still under pressure with higher vacancy rates and suppressed rents are expected to prevail in the near term. Thanks to the recovering market with a recovery in inbound tourism, the retail leasing market has gradually regained momentum since early 2023. However, with economic uncertainties, an interest rate hike cycle and a volatile stock market that are expected to continue weighing on consumption sentiment, retailers remain prudent in expanding their market presence and the pressure on retail rents is expected to persist. With the border with Mainland China fully reopened, buying sentiment has turned positive and market activities picked up in both the primary and secondary residential markets.

The office and retail leasing business in Hong Kong was challenging during the period under review. The Group have been coping with changing market trends and the evolving operating environment by continuing to optimise the tenant mix. Certain renovation and space optimisation works have been completed during the period under review to improve the competitiveness of major rental properties of the Group. With the planning consent approved by the City of London's Planning and Transportation Committee and all leases being aligned to expire in 2023, the Group keeps monitoring the market conditions in London closely for the potential redevelopment of the three properties on Leadenhall Street in London, comprising 100, 106 and 107 Leadenhall Street ("**Leadenhall Properties**"). A revised proposal was submitted to the City of London's Planning and Transportation Committee in August 2022 for improving on the original design and repositioning the building to provide higher sustainability standards and enhanced amenities within the building. It is anticipated that the revised proposal will be approved in the coming months.

Management Discussion and Analysis *(Continued)*

BUSINESS REVIEW AND OUTLOOK *(CONTINUED)*

Hong Kong and Overseas Property Market *(Continued)*

Despite the uncertain global economic outlook in the near term, Hong Kong is on its path to normality with its economy regaining momentum. We remain confident of the long-term prospects of the residential property market in Hong Kong which has been demonstrating resilience supported by limited supply and solid pent-up demand driven by local end-users and investors. Construction works of both Bal Residence in Kwun Tong and the Tai Kei Leng Project in Yuen Long are on schedule and completions are expected in the first half of 2024. Upon completion, these two residential projects are expected to add a total gross floor area (“GFA”) of approximately 71,800 square feet and 42,200 square feet, respectively, to the development portfolio of the Group. Presale of Bal Residence was launched in February 2023. Up to 24 March 2023, 3 units in Bal Residence has been pre-sold with saleable area of approximately 1,016 square feet and the average selling price amounted to approximately HK\$18,000 per square foot. The Tai Kei Leng Project is expected to be launched for pre-sale in the second quarter of this year.

The pre-construction works of three residential projects secured by the Group in the past two years, namely the 116 Waterloo Road project, the 79 Broadcast Drive project and the 1&1A Kotewall Road project, are in progress. The Group intends to redevelop the 116 Waterloo Road project, which was acquired in September 2021 with vacant possession in March 2022, into a residential project offering around 88 residential units with total GFA of approximately 46,600 square feet. The Group successfully won the 79 Broadcast Drive project in Kowloon Tong by tender in October 2021, formerly the Educational Television Centre of Radio Television Hong Kong. The project will be developed into a high-quality luxury residential property with the maximum permissible GFA of approximately 71,600 square feet, offering around 46 medium-large sized units, including 2 houses. The Group also acquired the 1&1A Kotewall Road project in Mid-Levels, Hong Kong Island and the transaction was completed with vacant possession in March 2022. The Group plans to redevelop the site into a luxury residential project with a total GFA of approximately 55,200 square feet, offering around 28 medium-large sized residential units. Tendering and contract awarding works of the residential project at the Wong Chuk Hang Station Package Five Property Development is in progress. Construction is expected to be completed in 2025.

604 units, including 23 houses in Alto Residences have been sold and 86 car parking spaces of Alto Residences have been released for sale since 2019. Up to 24 March 2023, 75 car parking spaces have been sold and the total sales proceeds amounted to approximately HK\$204.1 million.

All 209 residential units and 7 commercial units of 93 Pau Chung Street have been sold. The sale of car parking spaces of 93 Pau Chung Street is in progress. Up to 24 March 2023, 7 out of 20 car parking spaces and 4 out of 5 motor-parking spaces have been sold and the total sales proceeds amounted to approximately HK\$10.2 million.

All 144 residential units in Monti have been now sold with saleable area of approximately 45,822 square feet and the average selling price amounted to approximately HK\$21,300 per square foot.

Subsequent to the period end, the Group acquired a 15% interest in a company, principal business activities of which, together its subsidiaries, include holding of a land located in Shuen Wan, Tai Po, Hong Kong, as well as the development and construction of an 18-hole golf course and other ancillary facilities thereon. In view of the limited number of golf courses in Hong Kong, it is considered this acquisition is a unique investment opportunity of the Group. As of the date of this Interim Report, the development plan to be carried out on the land has yet to be finalised.

The Group will continue its prudent and flexible approach and be prepared to capture new development opportunities.

Management Discussion and Analysis *(Continued)*

BUSINESS REVIEW AND OUTLOOK *(CONTINUED)*

Mainland China Property Market

People's Republic of China ("**PRC**" or "**China**") targeted moderate economic growth of around 5% in 2023 at the first session of the 14th National People's Congress held in March 2023 and has set stability as its top priority for economic achievement for the year, amid rising domestic constraints and uncertain global recovery. We believe that the Chinese government will forge ahead and deliver better-quality economic growth long-term through continuing efforts to improve competitiveness and innovation. We remain optimistic about the long-term prospects and sustainability of the business environment in China and are confident about future prospects of the cities in which the Group has exposure, 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 regional focus and rental-led strategy of Lai Fung Holdings Limited ("**Lai Fung**") and its subsidiaries (together, "**Lai Fung Group**"), the PRC property arm of the Group, has demonstrated resilience in recent years. The rental portfolio of approximately 5.9 million square feet in Shanghai, Guangzhou, Zhongshan and Hengqin, being Tier 1 cities in China and cities within the Greater Bay Area delivered relatively steady performance in rental income for the period under review. Constructions of the two new grade A office towers in Shanghai and Guangzhou with green building certifications, namely Shanghai Skyline Tower and Guangzhou Lai Fung International Center, were completed in September and November 2022, respectively, adding a total rental GFA of approximately 1.3 million square feet (excluding car parking spaces) to the rental portfolio of Lai Fung Group. Lai Fung Group is committed to improving the environmental performance in its business operations. These two new green buildings are internationally recognised with environmentally-friendly and sustainable features. Shanghai Skyline Tower, located in Jing'an District of Shanghai near the Shanghai Railway Terminal, has obtained the Leadership in Energy and Environmental Design ("**LEED**") Pre-certified Gold Rating and is in the progress of preparing for application for LEED Gold Certification. Guangzhou Lai Fung International Center, located in Yuexiu District of Guangzhou along the Pearl River, has obtained the LEED v4 Gold Certification. Leasing of Shanghai Skyline Tower and Guangzhou Lai Fung International Center are in progress. As at 24 March 2023, approximately 25% leasable area of Shanghai Skyline Tower and 33% leasable area of Guangzhou Lai Fung International Center have been secured. Upon completion of construction works of Phase II ("**Novotown Phase II**") of the Novotown project in Hengqin ("**Novotown**"), Lai Fung Group will have a rental portfolio of approximately 6.8 million square feet.

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 355,500 square feet, 1,585,000 square feet and 578,400 square feet, respectively. Parts of the office units and serviced apartment units have been designated as for-sale properties. Leasing of the commercial area of Phase I of Novotown ("**Novotown Phase I**") is underway with approximately 77.7% of the leasable area being leased and key tenants include two themed indoor experience centers, namely "Lionsgate Entertainment World[®]" and "National Geographic Ultimate Explorer Hengqin", Zhuhai Duty Free, BaoLian Retail Commerce, Adidas Outlet, Pokiddo Trampoline Park, Starbucks, McDonald's, Paulaner Wirtshaus Hengqin, Oyster King and Vanguard Life Superstore. Lai Fung 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 become an important center within the Guangdong-Hong Kong-Macau Greater Bay Area development. The integration between Macau and Hengqin will encourage more businesses and population to reside in Hengqin which will further enhance the tourism market, making Novotown a new contributor to Lai Fung Group's results in the long run.

Shanghai Wuli Bridge Project, the high-end luxury residential project located by the Huangpu River in Huangpu District has received an enthusiastic response from the market. As at 31 January 2023, all residential units have been sold and 13 car parking spaces remain unsold. The sale of remaining phases of Zhongshan Palm Spring is in progress. The residential units in Zhongshan Palm Spring, the cultural studios, cultural workshops and office of Hengqin Novotown Phase I, as well as office and the serviced apartment units of Hengqin Novotown Phase II are expected to contribute to the income of Lai Fung Group in coming financial years.

Lai Fung Group will consider replenishing its landbank as and when opportunities arise, and will take into account, amongst other factors, overall macroeconomic conditions, Lai Fung Group's existing presence in top tier cities and the Greater Bay Area and allocation of risks etc.

Management Discussion and Analysis (Continued)

BUSINESS REVIEW AND OUTLOOK (CONTINUED)

Cinema Operation/Media and Entertainment/Film Production and Distribution

With the mask mandate arrangement and all social distancing measures being lifted in Hong Kong and the nationwide loosening of COVID-19 restrictions and relaxation of border controls in Mainland China, social and economic activities have seen a revival but consumer sentiment might still be dampened by the worse-than-expected economic outlook in Hong Kong and the deterioration of global economic prospects.

Due to the gradual relaxation of COVID-19 restrictions and the release of a number of local and international blockbuster movies, the cinema operation of eSun Holdings Limited (“eSun”) and its subsidiaries (together, “eSun Group”) recovered gradually from the worst of the COVID-19 pandemic. During the period under review, eSun Group’s cinemas in Hong Kong were requested to operate at 85% capacity for all screens before further relaxation of social distancing measures in Hong Kong since 22 December 2022. eSun Group’s cinemas in Hong Kong are now operating at full capacity without any COVID-19 restriction. Business performance of cinema operation in Mainland China also suffered from the social distancing requirements such as restrictions on the seating capacity and food and beverage consumption within the cinema houses in 2022. In view of the challenging market condition and economic uncertainty in Mainland China, the Guangzhou Mayflower Cinema City was closed in October 2022. Despite short-term interruption in January 2023 from the nationwide easing of anti-epidemic measures, the cinema operation in Mainland China has largely returned to normal. eSun Group remains cautiously optimistic about the fundamental demand for entertainment in the long run and continues to evaluate opportunities to maintain and enhance its market positioning as a leading multiplex cinema operator in Hong Kong. MCL Cinemas Plus+ Plaza Hollywood, the new cinema in Hong Kong at Plaza Hollywood in Diamond Hill, Kowloon through a joint venture company with Emperor Cinemas Group opened in July 2022. The two forthcoming cinemas of eSun Group at AIRSIDE in Kai Tak, Kowloon and The ONE in Tsim Sha Tsui, Kowloon are expected to commence business in the third quarter of 2023. eSun Group is closely monitoring the market conditions and will continue to improve its overall operating efficiency and take a prudent approach in evaluating opportunities for further expansion of its footprint.

Media Asia Group Holdings Limited (“MAGHL”, an indirect wholly-owned subsidiary of eSun as at the date of this Interim Report, together with its subsidiaries, “MAGHL Group”), being the media and entertainment arm of eSun Group will continue to produce high quality and commercially viable products, and has also been directing its resources towards development of online content for streaming platforms and e-commerce to capture the related market opportunities.

MAGHL Group continues to invest in original productions of quality films with Chinese themes. The current production pipeline includes “*Twilight of the Warriors: Walled In*”, an action film directed by Cheng Poi-Shui, featuring Louis Koo, Sammo Hung, Richie Jen and Raymond Lam and “*Tales from the Occult: Body and Soul*” and “*Tales from the Occult: Ultimate Malevolence*”, psychological thrillers each made up of three short stories produced by John Chong and Mathew Tang, and directed by Frank Hui, Daniel Chan and Doris Wong (“*Tales from the Occult: Body and Soul*”), and Li Chi Ngai, Peter Lee and Pater Wong (“*Tales from the Occult: Ultimate Malevolence*”).

“*Dead Ringer*”, a 24-episode modern-day TV drama series featuring Bosco Wong and Chrissie Chau, is in post-production stage. Projects under development include “*Heir to the Throne*”, a 30-episode modern-drama series tailor-made for Alibaba’s Youku Platforms. MAGHL Group is in discussion with various Chinese portals and video websites for new project development in TV drama production.

The distribution licence of music products with Tencent Music Entertainment (Shenzhen) Co., Ltd and Warner Music continue to provide stable income to eSun Group.

Congratulations to Joyce Cheng who won the Best Female Singer Gold Award and was voted the favourite female singer for the second consecutive year in Ultimate Song Chart Awards Presentation 2022. MAGHL Group will keep looking for new talent in Greater China and further cooperation with Asian artistes with an aim to build up a strong artiste roster for eSun Group.

Management Discussion and Analysis *(Continued)*

BUSINESS REVIEW AND OUTLOOK *(CONTINUED)*

Cinema Operation/Media and Entertainment/Film Production and Distribution *(Continued)*

The recent “*Re: Grasshopper Concert 2022*”, “*Super Junior World Tour – Super Show 9: Road in Hong Kong*”, “*Here & Now Ekin In Concert 2022*” and “*Believe Us Joyce in Concert 2023*” have earned good reputation and public praises. eSun Group will continue to work with prominent local and Asian artistes for concert promotion and events scheduled for coming months include concerts of NCT Dream, Jay Fung, Yoga Lin, Tsai Chin and Sammi Cheng.

It is believed that integrated media platform of MAGHL Group comprising movies, TV programs, music, new media, artiste management and live entertainment put it in a strong position to capture the opportunities of the entertainment market by a balanced and synergistic approach. eSun Group will continue to explore cooperation and investment opportunities to enrich MAGHL Group’s portfolio, broaden the income stream of eSun Group.

Other Business Updates

The rights issue (“**Rights Issue**”) announced by the Company in November 2022 on the basis of one rights share for every two existing shares of the Company at a subscription price of HK\$1.64 each was completed in January 2023. The total net proceeds of the Rights Issue, after deduction of rights issue expenses, was approximately HK\$776.6 million. As at the date of this Interim Report, all HK\$776.6 million has been used for repayment of outstanding bank borrowings of the Group. Upon the completion of the Rights Issue, public float of the Company complies with the minimum requirement as set out in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”).

On 10 November 2022, eSun announced to privatise MAGHL by way of a scheme of arrangement (“**Scheme**”). On 13 February 2023, the Scheme was approved at the court meeting and special general meeting of MAGHL and the special general meeting of eSun by respective shareholders of MAGHL and eSun. The Scheme was sanctioned (without modification) by the Supreme Court of Bermuda on 3 March 2023 and became effective on 16 March 2023, and the listing of MAGHL Shares was withdrawn at 4:00p.m. on 20 March 2023. An aggregate of 264,022,268 new shares of eSun will be allotted and issued on 27 March 2023 and cash consideration of approximately HK\$194.3 million will be paid to the relevant Scheme shareholders. MAGHL became an indirect wholly-owned subsidiary of eSun and eSun remained an indirect non-wholly-owned subsidiary of the Company. Immediately upon completion of the Scheme, eSun will be indirectly owned as to approximately 63.4% by the Company.

During the period end, the Group redeemed the US\$400 million guaranteed notes issued by the Group in 2017 upon maturity in September 2022. As at 31 January 2023, the Group’s consolidated cash and bank deposits amounted to HK\$5,617.2 million (HK\$2,176.5 million excluding eSun Group and Lai Fung Group) with undrawn facilities of HK\$3,416.4 million (HK\$1,020.3 million excluding eSun Group and Lai Fung Group). The net debt to equity ratio as at 31 January 2023 was approximately 64% (31 July 2022: 62%). The Group’s gearing excluding the net debt of eSun Group and Lai Fung Group was approximately 42%. The Group’s gearing excluding the net debt of eSun Group and Lai Fung Group and the net debt of the London portfolio which have a positive carry net of financing costs is approximately 40%. The Group will continue its prudent and flexible approach in growing the landbank and managing its financial position.

OVERVIEW OF INTERIM RESULTS

For the six months ended 31 January 2023, the Group recorded turnover of HK\$2,467.4 million (2022: HK\$2,719.5 million) and a gross profit of HK\$918.3 million (2022: HK\$967.1 million). The decrease was primarily due to lower turnover from properties sales during the period under review as compared to the same period last year.

Management Discussion and Analysis *(Continued)*

OVERVIEW OF INTERIM RESULTS *(CONTINUED)*

Set out below is the turnover by segment:

	Six months ended 31 January		Difference (HK\$ million)	% change
	2023 (HK\$ million)	2022 (HK\$ million)		
Property investment	562.2	644.2	-82.0	-12.7
Property development and sales	600.2	858.9	-258.7	-30.1
Restaurant and F&B product sales operations	262.6	248.9	+13.7	+5.5
Hotel operation	421.5	335.6	+85.9	+25.6
Media and entertainment	176.0	147.2	+28.8	+19.6
Film and TV program	72.9	135.4	-62.5	-46.2
Cinema operation	263.1	223.9	+39.2	+17.5
Theme park operation	8.8	10.3	-1.5	-14.6
Others	100.1	115.1	-15.0	-13.0
Total	2,467.4	2,719.5	-252.1	-9.3

For the six months ended 31 January 2023, net loss attributable to owners of the Company was approximately HK\$1,360.8 million (2022: HK\$479.9 million). The loss is mainly due to substantial decrease in valuations of investment properties owned by the Group and held through joint ventures of the Group compared to the same period last year. Net loss per share was HK\$1.397 (2022: HK\$0.548).

Excluding the effect of property revaluations, net loss attributable to owners of the Company was approximately HK\$515.7 million (2022: HK\$571.0 million). Net loss per share excluding the effect of property revaluations during the period under review was HK\$0.529 (2022: HK\$0.652).

Loss attributable to owners of the Company	Six months ended 31 January	
	2023 HK\$ million	2022 HK\$ million
Reported	(1,360.8)	(479.9)
Less: Adjustments in respect of revaluation of investment properties held by		
– the Company and subsidiaries	793.5	(84.3)
– associates and joint ventures	77.4	(5.4)
Deferred tax on investment properties	(25.8)	(1.4)
Net loss after tax excluding revaluation of investment properties	(515.7)	(571.0)

Equity attributable to owners of the Company as at 31 January 2023 amounted to HK\$32,183.4 million, as compared to HK\$32,794.3 million as at 31 July 2022. Net asset value per share attributable to owners of the Company dropped to HK\$22.145 per share as at 31 January 2023 from HK\$33.847 per share as at 31 July 2022. The decrease was primarily due to the enlarged shareholder base as a result of the Rights Issue completed in January 2023.

Management Discussion and Analysis *(Continued)*

PROPERTY PORTFOLIO COMPOSITION

The Group maintained a property portfolio with attributable GFA of approximately 8.8 million square feet as at 31 January 2023. All major properties of the Group in Mainland China are held through Lai Fung Group, except Novotown Phase I which is 80% owned by Lai Fung Group and 20% owned by the Group, and all major properties in Hong Kong and overseas are held by the Group excluding eSun Group and Lai Fung Group.

Approximate attributable GFA (in '000 square feet) of the Group's major properties and number of car parking spaces as at 31 January 2023 are set out as follows:

	Commercial/ Retail	Office	Hotel/ Serviced Apartments	Residential	Industrial	Total (excluding car parking spaces & ancillary facilities)	No. of car parking spaces
GFA of major properties and number of car parking spaces of Lai Fung Group (on attributable basis¹)							
Completed Properties Held for Rental ²	1,468	1,216	—	—	—	2,684	1,643
Completed Hotel Properties and Serviced Apartments ²	—	—	545	—	—	545	—
Properties under Development ³	288	873	319	—	—	1,480	745
Completed Properties Held for Sale	90	232	151	468	—	941	1,915
Subtotal	1,846	2,321	1,015	468	—	5,650	4,303
GFA of major properties and number of car parking spaces of the Group excluding Lai Fung Group (on attributable basis)							
Completed Properties Held for Rental ²	737	1,030	—	—	67	1,834	1,436
Completed Hotel Properties and Serviced Apartments ²	—	—	725	—	—	725	92
Properties under Development ³	8	—	—	375	—	383	149
Completed Properties Held for Sale	33	105	68	42	—	248	53
Subtotal	778	1,135	793	417	67	3,190	1,730
Total GFA attributable to the Group	2,624	3,456	1,808	885	67	8,840	6,033

Notes:

1. As at 31 January 2023, Lai Fung is a 55.08%-owned subsidiary of the Company.
2. Completed and rental generating properties.
3. All properties under construction.

Management Discussion and Analysis (Continued)

PROPERTY INVESTMENT

Rental Income

During the period under review, the Group's rental operations recorded a turnover of HK\$562.2 million (2022: HK\$644.2 million) comprising turnover of HK\$216.2 million, HK\$36.4 million and HK\$309.6 million from rental properties in Hong Kong, London and Mainland China, respectively.

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

	Six months ended 31 January			Period end occupancy	
	2023 HK\$ million	2022 HK\$ million	% Change	2023 %	2022 %
Hong Kong					
Cheung Sha Wan Plaza	131.1	136.1	-3.7	92.7	81.6
Causeway Bay Plaza 2	60.7	79.0	-23.2	88.4	90.0
Lai Sun Commercial Centre	21.8	24.0	-9.2	89.6	97.5
Others	2.6	2.5	+4.0		
Subtotal:	216.2	241.6	-10.5		
London, United Kingdom					
107 Leadenhall Street	10.3	13.6	-24.3	88.2	78.9
100 Leadenhall Street	23.2	26.4	-12.1	100.0	100.0
106 Leadenhall Street	2.9	2.9	—	100.0	100.0
Subtotal:	36.4	42.9	-15.2		
Mainland China					
<i>Shanghai</i>					
Shanghai Hong Kong Plaza	134.4	157.0	-14.4	Retail: 90.3 Office: 87.1	Retail: 95.3 Office: 91.2
Shanghai May Flower Plaza	20.9	23.3	-10.3	Retail: 97.0	Retail: 98.7
Shanghai Regents Park	9.8	10.1	-3.0	100.0	79.1
Shanghai Skyline Tower ¹	0.1	N/A	N/A	22.8	N/A
<i>Guangzhou</i>					
Guangzhou May Flower Plaza	46.0	63.7	-27.8	91.0	98.6
Guangzhou West Point	11.2	14.9	-24.8	83.5	92.0
Guangzhou Lai Fung Tower	67.3	70.4	-4.4	Retail: 100.0 Office: 90.9 ²	Retail: 100.0 Office: 97.9 ²
Guangzhou Lai Fung International Center ¹	1.4	N/A	N/A	31.6	N/A
<i>Zhongshan</i>					
Zhongshan Palm Spring Rainbow Mall	2.7	3.9	-30.8	Retail: 66.2 ²	Retail: 67.5 ²
<i>Hengqin</i>					
Hengqin Novotown Phase I	2.3	3.3	-30.3	Retail: 77.7 ³	Retail: 72.8 ³
Others	13.5	13.1	+3.1		
Subtotal:	309.6	359.7	-13.9		
Total:	562.2	644.2	-12.7		

Management Discussion and Analysis (Continued)

PROPERTY INVESTMENT (CONTINUED)

Rental Income (Continued)

	Six months ended 31 January			Period end occupancy	
	2023 HK\$ million	2022 HK\$ million	% Change	2023 %	2022 %
Rental proceeds from joint venture projects					
Hong Kong					
CCB Tower ⁴ (50% basis)	55.9	65.5	-14.7	95.7	95.7
Alto Residences ⁵ (50% basis)	11.9	22.2	-46.4	93.5	84.7
Total:	67.8	87.7	-22.7		

Notes:

1. Shanghai Skyline Tower and Guangzhou Lai Fung International Center were completed in September and November 2022, respectively.
2. Excluding self-use area.
3. Including the cultural attraction spaces occupied by Lionsgate Entertainment World[®] and National Geographic Ultimate Explorer Hengqin.
4. CCB Tower is a joint venture project with China Construction Bank Corporation (“CCB”) in which each of the Group and CCB has an effective 50% interest. For the six months ended 31 January 2023, the joint venture recorded rental proceeds of approximately HK\$111.8 million (2022: HK\$131.1 million).
5. Alto Residences is a joint venture project with Empire Group Holdings Limited (“Empire Group”) in which each of the Group and Empire Group has an effective 50% interest. For the six months ended 31 January 2023, the joint venture recorded rental proceeds of approximately HK\$23.9 million (2022: HK\$44.5 million).

Set out below is the breakdown of turnover by usage of the Group’s major rental properties:

	Six months ended 31 January 2023			Six months ended 31 January 2022		
	Attributable interest to the Group	Turnover (HK\$ million)	Total GFA (square feet)	Attributable interest to the Group	Turnover (HK\$ million)	Total GFA (square feet)
Hong Kong						
Cheung Sha Wan Plaza	100%			100%		
Commercial		58.1	233,807		62.2	233,807
Office		63.7	409,896		64.9	409,896
Car Parking Spaces		9.3	N/A		9.0	N/A
Subtotal:		131.1	643,703		136.1	643,703
Causeway Bay Plaza 2	100%			100%		
Commercial		36.2	109,770		54.0	109,770
Office		21.9	96,268		22.6	96,268
Car Parking Spaces		2.6	N/A		2.4	N/A
Subtotal:		60.7	206,038		79.0	206,038
Lai Sun Commercial Centre	100%			100%		
Commercial		8.6	95,063		10.3	95,063
Office		2.7	74,181		3.5	74,181
Car Parking Spaces		10.5	N/A		10.2	N/A
Subtotal:		21.8	169,244		24.0	169,244
Others		2.6	63,592 ¹		2.5	63,592 ¹
Subtotal:		216.2	1,082,577¹		241.6	1,082,577¹

Management Discussion and Analysis (Continued)

PROPERTY INVESTMENT (CONTINUED)

Rental Income (Continued)

	Six months ended 31 January 2023			Six months ended 31 January 2022		
	Attributable interest to the Group	Turnover (HK\$ million)	Total GFA (square feet)	Attributable interest to the Group	Turnover (HK\$ million)	Total GFA (square feet)
London, United Kingdom						
107 Leadenhall Street	100%			100%		
Commercial		1.3	48,182		1.5	48,182
Office		9.0	98,424		12.1	98,424
Subtotal:		10.3	146,606		13.6	146,606
100 Leadenhall Street	100%			100%		
Office		23.2	177,700		26.4	177,700
106 Leadenhall Street	100%			100%		
Commercial		0.3	3,540		0.3	3,540
Office		2.6	16,384		2.6	16,384
Subtotal:		2.9	19,924		2.9	19,924
Subtotal:		36.4	344,230		42.9	344,230
Mainland China						
Shanghai						
Shanghai Hong Kong Plaza	55.08%			55.08%		
Retail		79.0	468,434		100.0	468,434
Office		52.4	362,096		52.7	362,096
Car Parking Spaces		3.0	N/A		4.3	N/A
Subtotal:		134.4	830,530		157.0	830,530
Shanghai May Flower Plaza	55.08%			55.08%		
Retail		18.8	320,314		20.8	320,314
Car Parking Spaces		2.1	N/A		2.5	N/A
Subtotal:		20.9	320,314		23.3	320,314
Shanghai Regents Park	52.33%			52.33%		
Retail		8.7	82,062		8.9	82,062
Car Parking Spaces		1.1	N/A		1.2	N/A
Subtotal:		9.8	82,062		10.1	82,062
Shanghai Skyline Tower ²	55.08%			55.08%		
Retail and Office		0.1	727,065		N/A	N/A
Guangzhou						
Guangzhou May Flower Plaza	55.08%			55.08%		
Retail		39.2	357,424		55.0	357,424
Office		5.7	79,431		7.3	79,431
Car Parking Spaces		1.1	N/A		1.4	N/A
Subtotal:		46.0	436,855		63.7	436,855
Guangzhou West Point	55.08%			55.08%		
Retail		11.2	182,344		14.9	182,344
Guangzhou Lai Fung Tower	55.08%			55.08%		
Retail		8.1	112,292		9.0	112,292
Office		56.0	625,821		58.0	625,821
Car Parking Spaces		3.2	N/A		3.4	N/A
Subtotal:		67.3	738,113		70.4	738,113

Management Discussion and Analysis (Continued)

PROPERTY INVESTMENT (CONTINUED)

Rental Income (Continued)

	Six months ended 31 January 2023			Six months ended 31 January 2022		
	Attributable interest to the Group	Turnover (HK\$ million)	Total GFA (square feet)	Attributable interest to the Group	Turnover (HK\$ million)	Total GFA (square feet)
Guangzhou Lai Fung International Center ² Retail and Office	55.08%	1.4	614,621	55.08%	N/A	N/A
Zhongshan Zhongshan Palm Spring Rainbow Mall Retail ³	55.08%	2.7	148,106	55.08%	3.9	148,106
Hengqin Novotown Phase I Commercial ⁵	64.06% ⁴	2.3	995,717 ⁵	64.06% ⁴	3.3	975,365 ⁵
Others		13.5	N/A		13.1	N/A
Subtotal:		309.6	5,075,727		359.7	3,713,689
Total:		562.2	6,502,534¹		644.2	5,140,496¹
Joint Venture Projects						
Hong Kong CCB Tower ⁶ (50% basis) Office Car Parking Spaces	50%	55.6 0.3	114,603 ⁷ N/A	50%	65.2 0.3	114,603 ⁷ N/A
Subtotal:		55.9	114,603⁷		65.5	114,603⁷
Alto Residences ⁸ (50% basis) Commercial Residential units ¹⁰ Car Parking Spaces	50%	7.3 3.1 1.5	47,067 ⁹ 15,262 ¹¹ N/A	50%	6.4 14.0 1.8	47,067 ⁹ 28,412 ¹¹ N/A
Subtotal:		11.9	62,329		22.2	75,479
Total:		67.8	176,932		87.7	190,082

Notes:

- Excluding 10% interest in AIA Central.
- Shanghai Skyline Tower and Guangzhou Lai Fung International Center were completed in September and November 2022, respectively.
- Excluding self-use area.
- Including the Company's 20% direct interest in Novotown Phase I and 44.06% attributable interest through Lai Fung. As at 31 January 2023, Novotown Phase I is 80% owned by Lai Fung and Lai Fung is a 55.08%-owned subsidiary of the Company.
- Including the cultural attraction spaces occupied by Lionsgate Entertainment World[®] and National Geographic Ultimate Explorer Hengqin (self-use area), the total GFA of which was approximately 384,759 square feet as at 31 January 2023. Revenue from Lionsgate Entertainment World[®] and National Geographic Ultimate Explorer Hengqin are recognised under turnover from theme park operation of the Group.
- CCB Tower is a joint venture project with CCB in which each of the Group and CCB has an effective 50% interest. For the six months ended 31 January 2023, the joint venture recorded rental proceeds of approximately HK\$111.8 million (2022: HK\$131.1 million).
- GFA attributable to the Group. The total GFA is 229,206 square feet.
- Alto Residences is a joint venture project with Empire Group in which each of the Group and Empire Group has an effective 50% interest. For the six months ended 31 January 2023, the joint venture recorded rental proceeds of approximately HK\$23.9 million (2022: HK\$44.5 million).
- GFA attributable to the Group. The total GFA is 94,133 square feet.
- Referring to those sold residential units offering early occupation benefit which allows the purchasers to move in earlier before completion of the sale.
- Saleable area attributable to the Group. The total saleable area is 30,524 (2022: 56,823) square feet.

Management Discussion and Analysis (Continued)

PROPERTY INVESTMENT (CONTINUED)

Rental Income (Continued)

The average Sterling exchange rate for the period under review depreciated by approximately 12.1% compared with the same period last year. Excluding the effect of currency translation, the Sterling denominated turnover from London properties decreased by 3.5% during the period under review. Breakdown of rental turnover of London portfolio for the six months ended 31 January 2023 is as follows:

	2023 HK\$'000	2022 HK\$'000	% Change	2023 GBP'000	2022 GBP'000	% Change
107 Leadenhall Street	10,344	13,621	-24.1	1,113	1,289	-13.7
100 Leadenhall Street	23,161	26,352	-12.1	2,493	2,493	—
106 Leadenhall Street	2,887	2,940	-1.8	311	278	+11.9
Total:	36,392	42,913	-15.2	3,917	4,060	-3.5

Review of major investment properties

Hong Kong Properties

Cheung Sha Wan Plaza

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

The Group owns 100% of this property.

Causeway Bay Plaza 2

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

The Group owns 100% of this property.

Lai Sun Commercial Centre

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

The Group owns 100% of this property.

CCB Tower

This is a 50:50 joint venture between the Group and CCB involving the redevelopment of the former Ritz-Carlton Hotel in Central. This 27-storey office tower is a landmark property in Central featuring underground access to the Central MTR station. The property has a total GFA of 229,206 square feet (excluding car parking spaces). 19 floors of the office floors and 1 banking hall floor of CCB Tower are leased to CCB for its Hong Kong operations.

AIA Central

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

Management Discussion and Analysis *(Continued)*

PROPERTY INVESTMENT *(CONTINUED)*

Review of major investment properties *(Continued)*

Overseas Properties

107 Leadenhall Street, London EC3, United Kingdom

In April 2014, the Group acquired a property located at the core of the insurance district in the City of London, surrounded by 30 St Mary Axe (commonly known as the Gherkin), Lloyd's of London and the Willis Building at 51 Lime Street. It is a freehold commercial property housing commercial, offices and retail space. The building comprises 146,606 square feet gross internal area of office accommodation extending over basement, ground, mezzanine and seven upper floors. The occupancy at the end of January 2023 was approximately 88.2%.

The Group owns 100% of this property.

100 Leadenhall Street, London EC3, United Kingdom

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

The Group owns 100% of this property.

106 Leadenhall Street, London EC3, United Kingdom

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

The Group owns 100% of this property.

The City of London's Planning and Transportation Committee has approved a resolution to grant Planning Consent to the Group to redevelop the Leadenhall Properties. The Leadenhall Properties currently have a combined GFA of approximately 344,230 square feet. The Planning Consent would allow the Group to redevelop the Leadenhall Properties into a 56 storey tower with i) approximately 1,068,510 square feet gross internal area of office space as well as new retail space of approximately 8,730 square feet; ii) a free, public viewing gallery of approximately 19,967 square feet at levels 55 and 56 of the building which offers 360 degree views across London; and iii) new pedestrian routes between Leadenhall Street, Bury Street and St Mary Axe, and new public spaces around the base of the building. Including ancillary facilities of approximately 178,435 square feet, the total gross internal area of the proposed tower is expected to be approximately 1,275,642 square feet upon completion. This mixed-use development is targeting a carbon net zero strategy. Knight Frank and CBRE have been appointed as Office Leasing and Development advisers. A revised proposal was submitted to the City of London's Planning and Transportation Committee in August 2022 for improving on the original design and repositioning the building to provide higher sustainability standards and enhanced amenities within the building. It is anticipated that the revised proposal will be approved in coming months.

All leases of the Leadenhall Properties have been aligned to expire in 2023 and the Group will continue to monitor the market conditions in London closely.

Mainland China Properties

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

Management Discussion and Analysis *(Continued)*

PROPERTY INVESTMENT *(CONTINUED)*

Review of major investment properties *(Continued)*

Mainland China Properties (Continued)

Shanghai Hong Kong Plaza

Being Lai Fung 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.

Lai Fung Group owns 100% of this property.

Shanghai May Flower Plaza

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

Lai Fung Group owns 100% in the retail podium which has 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. Lai Fung Group retains a 95% interest in the commercial portion which has a total GFA of approximately 82,100 square feet (GFA attributable to Lai Fung Group is approximately 78,000 square feet).

Shanghai Skyline Tower

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. This 30-storey office tower, erected upon a 3-level shopping mall and car-parking basement, has a total GFA of approximately 727,100 square feet excluding 443 car parking spaces. This property has obtained the LEED Pre-certified Gold Rating and is in the progress of preparing for application for LEED Gold Certification. The construction was completed in September 2022 and leasing is underway. As at 24 March 2023, approximately 25% of commercial and office areas have been secured.

Lai Fung Group owns 100% of this property.

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.

Lai Fung Group owns 100% of this property.

Guangzhou West Point

Guangzhou West Point is located on Zhongshan Qi Road and is within walking distance from the Ximenkou Subway Station. This is a mixed-use property where Lai Fung Group has sold all the residential and office units and retained 100% interest in the commercial podium with GFA of approximately 182,300 square feet. Tenants of the retail podium include renowned restaurants and local retail brands.

Lai Fung Group owns 100% of this property.

Management Discussion and Analysis *(Continued)*

PROPERTY INVESTMENT *(CONTINUED)*

Review of major investment properties *(Continued)*

Mainland China Properties (Continued)

Guangzhou Lai Fung Tower

Guangzhou Lai Fung Tower is the 38-storey office block of Phase V of Guangzhou Eastern Place, which is a multi-phase project located on Dongfeng East Road, Yuexiu District, Guangzhou. This office building was completed in June 2016. This property with LEED 2009 Gold Certification has a total GFA of approximately 738,100 square feet excluding car parking spaces.

Lai Fung Group owns 100% of this property.

Guangzhou Lai Fung International Center

Guangzhou Lai Fung International Center, formally known as Guangzhou Haizhu Plaza, is located on Chang Di Main Road in Yuexiu District, Guangzhou along the Pearl River. Guangzhou Lai Fung International Center, comprising an 18-storey office tower, erected upon a 4-level commercial facility, has a total GFA of approximately 614,600 square feet excluding 267 car parking spaces. The construction was completed in November 2022. This property has been awarded the LEED v4 Gold Certification in February 2023. The leasing work is in progress and as at 24 March 2023, approximately 33% of commercial and office areas have been leased.

Lai Fung 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.

Lai Fung Group owns 100% of this property.

Hengqin Novotown

Novotown is an integrated cultural, entertainment, tourism and hospitality project located in the heart of Hengqin, one of the major cities in the Guangdong province within the Greater Bay Area, directly opposite Macau and 75 minutes by car from Hong Kong via the Hong Kong-Zhuhai-Macau Bridge. It became a Guangdong-Macau In-Depth Cooperation Zone on 17 September 2021.

Phase I

Novotown Phase I opened in 2019 and comprises a 493-room Hyatt Regency Hengqin hotel, multi-function hall, wedding pavilion, offices, cultural workshops and studios, a central garden for hosting outdoor performances, 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 commenced operations on 9 September 2019. In February 2021, a new interactive attraction "Wonders of Kung Fu" was launched in the central garden space of Novotown Phase I, which includes light shows providing immersive cultural experience and interactive games with Chinese Kungfu being the key underlying theme. This attraction in the 5,000 square meters central 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 77.7% of the leasable area. Except for the two themed indoor experience centers, key tenants include Zhuhai Duty Free, BaoLian Retail Commerce, Adidas Outlet, Pokiddo Trampoline Park, Starbucks, McDonald's, Paulaner Wirtshaus Hengqin, Oyster King and Vanguard Life Superstore.

Lai Fung Group owns 80% of Novotown Phase I. The remaining 20% is owned by the Group.

Management Discussion and Analysis (Continued)

PROPERTY DEVELOPMENT

Recognised Sales

For the six months ended 31 January 2023, recognised turnover from sales of properties was HK\$600.2 million (2022: HK\$858.9 million). Breakdown of turnover for the six months ended 31 January 2023 from sales of properties is as follows:

Hong Kong

Recognised basis	No. of Units	Approximate Saleable Area (Square feet)	Average Selling Price ¹ (HK\$/square foot)	Turnover (HK\$ million)
Monti Residential Units	4	1,344	22,085	29.7
Subtotal				29.7

Mainland China

Recognised basis	No. of Units	Approximate GFA (Square feet)	Average Selling Price ² (HK\$/square foot)	Turnover ³ (HK\$ million)
Shanghai Wuli Bridge Project Residential Unit	1	3,302	13,986	41.1
Hengqin Novotown Phase I Cultural Studios	3	9,672	4,630	42.0
Cultural Workshop Units	9	7,761	2,369	16.9
Zhongshan Palm Spring Residential High-rise Units	215	257,497	1,879	444.1
Residential House Units	3	6,208	3,409	20.1
Shanghai Regents Park Car Parking Spaces	7			4.5
Guangzhou King's Park Car Parking Spaces	2			0.9
Guangzhou West Point Car Parking Space	1			0.5
Zhongshan Palm Spring Car Parking Spaces	2			0.4
Subtotal				570.5

Total **600.2**

Management Discussion and Analysis (Continued)

PROPERTY DEVELOPMENT (CONTINUED)

Recognised Sales (Continued)

Recognised sales from joint venture project

Hong Kong

Recognised basis	No. of Units	Approximate Saleable Area (Square feet)	Average Selling Price ¹ (HK\$/square foot)	Turnover (HK\$ million)
Alto Residences (50% basis)				
House	1 ⁴	2,880 ⁴	22,275	64.1 ⁵
Residential Unit	1 ⁶	709 ⁶	25,406	18.0 ⁷
Car Parking Space	1 ⁸			1.4
Total				83.5

Notes:

1. Excluding the financing component for sale of completed properties in accordance with Hong Kong Financial Reporting Standard 15 "Revenue from Contracts with Customers".
2. Value-added tax inclusive.
3. Value-added tax exclusive.
4. No. of houses and saleable area attributable to the Group. The total no. of houses recognised and total saleable area are 2 and 5,759 square feet, respectively.
5. Representing property sales proceeds of HK\$118.9 million and rental proceeds of HK\$9.4 million in relation to certain houses offering early occupation benefit which allows the purchasers to move in earlier before completion of the sale.
6. No. of residential unit and saleable area attributable to the Group. The total no. of residential unit recognised and total saleable area is 1 and 1,417 square feet, respectively.
7. Representing property sales proceeds of HK\$34.2 million and rental proceeds of HK\$1.8 million in relation to certain residential unit offering early occupation benefit which allows the purchasers to move in earlier before completion of the sale.
8. No. of car parking space attributable to the Group. The total no. of car parking space recognised is 1.

Management Discussion and Analysis (Continued)

PROPERTY DEVELOPMENT (CONTINUED)

Contracted Sales

As at 31 January 2023, the Group's property development operation has contracted but not yet recognised sales of HK\$312.7 million. Including the joint venture project of the Group, the total contracted but not yet recognised sales of the Group as at 31 January 2023 amounted to HK\$651.9 million. Breakdown of contracted but not yet recognised sales as at 31 January 2023 is as follows:

Mainland China

Contracted basis	No. of Units	Approximate GFA (Square feet)	Average Selling Price ¹ (HK\$/square foot)	Turnover ⁷ (HK\$ million)
Zhongshan Palm Spring Residential High-rise Units	43	53,704	1,772	95.2
Hengqin Novotown Phase I Cultural Studios	2	10,044	4,560	45.8
Cultural Workshop Units	2	1,612	3,102	5.0
Hengqin Novotown Phase II Harrow ILA Hengqin Buildings ²	N/A	149,078	1,109	165.3
Shanghai Regents Park Car Parking Space	1			0.7
Guangzhou King's Park Car Parking Space	1			0.7
Total				312.7

Contracted sales from joint venture project

Hong Kong

Contracted basis	No. of Units	Approximate Saleable Area (Square feet)	Average Selling Price (HK\$/square foot)	Turnover (HK\$ million)
Alto Residences (50% basis) Houses	4 ³	10,999 ³	23,165	254.8 ⁴
Residential Units	3 ⁵	2,932 ⁵	25,926	76.0 ⁶
Car Parking Spaces	3 ⁷			8.4
Total				339.2

Notes:

- Value-added tax inclusive.
- Will be recognised as income from finance lease under turnover.
- No. of houses and saleable area attributable to the Group. The total no. of houses contracted and total saleable area are 7 and 21,998 square feet, respectively.
- Representing property sales proceeds of HK\$467.7 million and rental proceeds of HK\$41.8 million in relation to certain houses offering early occupation benefit which allows the purchasers to move in earlier before completion of the sale.
- No. of residential units and saleable area attributable to the Group. The total no. of residential units contracted and total saleable area are 5 and 5,864 square feet, respectively.
- Representing property sales proceeds of HK\$144.4 million and rental proceeds of HK\$7.6 million in relation to certain residential units offering early occupation benefit which allows the purchasers to move in earlier before completion of the sale.
- No. of car parking spaces attributable to the Group. The total no. of car parking spaces contracted is 6.

Management Discussion and Analysis *(Continued)*

PROPERTY DEVELOPMENT *(CONTINUED)*

Review of Major Projects for Sale and under Development

Hong Kong Properties

Alto Residences

In November 2012, the Group successfully tendered for and secured a site located at No. 29 Tong Yin Street, Tseung Kwan O, New Territories, through a 50:50 joint venture vehicle.

This project providing 605 flats, including 23 houses was named “Alto Residences” and the construction was completed in September 2018. 604 units, including 23 houses in Alto Residences have been sold, with saleable area of approximately 404,640 square feet at an average selling price of approximately HK\$18,000 per square foot. Total 86 car parking spaces of Alto Residences have been released for sale since March 2019. Up to 24 March 2023, 75 car parking spaces have been sold and the total sales proceeds amounted to approximately HK\$204.1 million.

93 Pau Chung Street

In April 2014, the Group was successful in its bid for the development right to the San Shan Road/Pau Chung Street project from the Urban Renewal Authority in Ma Tau Kok, Kowloon, Hong Kong. The site has an area of 12,599 square feet with a total GFA of 111,354 square feet split into 94,486 square feet for residential use and 16,868 square feet for commercial use.

This project was named “93 Pau Chung Street” and the construction was completed in November 2018. All 209 residential units and 7 commercial units have been sold, achieving an average selling price of approximately HK\$16,400 per square foot and HK\$23,500 per square foot, respectively. Up to 24 March 2023, 7 out of 20 car parking spaces and 4 out of 5 motor-parking spaces have been sold and the total sales proceeds amounted to approximately HK\$10.2 million.

The Group owns 100% of this project.

Novi

The site comprises Nos. 48-56 on Ki Lung Street and has a combined site area of 5,054 square feet. The construction works of this commercial/residential development was completed in July 2019.

This project was named “Novi” and the sale of all 138 flats, including studios, one and two-bedroom units with total saleable area of approximately 28,800 square feet have been completed. As at the date of this Interim Report, 4 commercial units of Novi are fully leased.

The Group owns 100% of this project.

Monti

In September 2015, the Group was successful in its bid for the development rights to the Sai Wan Ho Street project from the Urban Renewal Authority in Shau Kei Wan, Hong Kong. The project covers a site area of 7,642 square feet and provides 144 residential units with a total saleable area of approximately 45,822 square feet. Construction work was completed in March 2020.

This project was named “Monti” and launched for pre-sale in August 2018. Up to 24 March 2023, the Group has sold all 144 units in Monti with saleable area of approximately 45,822 square feet at an average selling price of approximately HK\$21,300 per square foot. Handover of the residential units which have been sold has been substantially completed.

The Group owns 100% of this project.

Tai Kei Leng project

In March 2019, the Group successfully tendered for and secured a site located at No. 266 Tai Kei Leng, Lot No. 5382 in Demarcation District No. 116, Tai Kei Leng, Yuen Long, Hong Kong. This site is designated for private residential purposes adding a total GFA of approximately 42,200 square feet to the development portfolio of the Group. Construction work is in progress and is expected to be completed in the first half of 2024. Pre-sale of residential units is expected to be launched in the second quarter of this year.

The Group owns 100% of this project.

Management Discussion and Analysis *(Continued)*

PROPERTY DEVELOPMENT *(CONTINUED)*

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

Hong Kong Properties (Continued)

Bal Residence

In April 2019, the Group successfully secured the Urban Renewal Authority project covering a site area of approximately 8,500 square feet at No. 18 Hang On Street, Kwun Tong, Hong Kong which will be developed into a total GFA of approximately 71,800 square feet, including 8,100 square feet of commercial facilities and 63,700 square feet of residential spaces, offering 156 residential units. The project has been officially named as “Bal Residence”. Pre-sale of residential units was launched in February 2023. Up to 24 March 2023, the Group has pre-sold 3 units in Bal Residence with saleable area of approximately 1,016 square feet at an average selling price of approximately HK\$18,000 per square foot. Construction work is in progress and is expected to be completed in the first quarter of 2024.

The Group owns 100% of this project.

Wong Chuk Hang project

In January 2021, the consortium formed by the Group together with New World Development Company Limited, Empire Development Hong Kong (BVI) Limited and CSI Properties Limited successfully won the tender for the Wong Chuk Hang Station Package Five Property Development. This luxury residential development project sitting on top of the Wong Chuk Hang MTR station and “THE SOUTHSIDE”, the largest shopping mall in the prominent Southern district of Hong Kong to be opened by end of 2023, covers a site area of approximately 95,600 square feet, with a total GFA of approximately 636,200 square feet and is expected to deliver two residential towers, offering around 824 residential units. The tendering and contract awarding works are in progress and construction is expected to be completed in 2025.

The Group owns 15% interest in this project.

116 Waterloo Road project

In September 2021, the Group acquired the 3-storey building at No. 116 Waterloo Road in Ho Man Tin, Kowloon, Hong Kong for redevelopment purpose and the transaction was completed with vacant possession in March 2022. The Group intends to redevelop the site into residential units with a total GFA of approximately 46,600 square feet, offering around 88 residential units, with a total investment of approximately HK\$1.1 billion. The design and planning works are in progress and construction is expected to be completed in the first half of 2027.

The Group owns 100% of this project.

79 Broadcast Drive project

In October 2021, the Group successfully tendered for and secured a site at No. 79 Broadcast Drive, Kowloon Tong, Hong Kong. The site with a site area of approximately 23,900 square feet used to be the Educational Television Centre of Radio Television Hong Kong and maximum permissible GFA is around 71,600 square feet. The Group plans to develop a high-quality luxury residential project offering around 46 medium-large sized units including 2 houses, with a total investment of approximately HK\$2.3 billion. The design, planning and demolition works are in progress and construction is expected to be completed in the first half of 2026.

The Group owns 100% of this project.

1&1A Kotewall Road project

In January 2022, the Group acquired two adjacent buildings at Nos. 1&1A Kotewall Road in Mid-Levels, Hong Kong Island for redevelopment purpose and the transaction was completed with vacant possession in March 2022. The Group intends to redevelop the site into a luxury residential project with a total GFA of approximately 55,200 square feet, offering around 28 medium-large sized residential units upon completion. The total investment of the project will be approximately HK\$1.9 billion. The preparation of foundation work is in progress and construction is expected to be completed in the first half of 2027.

The Group owns 100% of this project.

Management Discussion and Analysis *(Continued)*

PROPERTY DEVELOPMENT *(CONTINUED)*

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

Mainland China Properties

All major properties for sale and under development in Mainland China of the Group are held through Lai Fung Group except Hengqin Novotown Phase I which is 80% owned by Lai Fung Group and 20% owned by the Group.

Shanghai Wuli Bridge Project

Shanghai Wuli Bridge Project is a high-end luxury residential project located by Huangpu River in Huangpu District in Shanghai. 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 a residential unit with a total GFA of 3,202 square feet was recognised at an average selling price of HK\$13,986 per square foot, which contributed a total of HK\$41.1 million to Lai Fung Group's turnover. As at 31 January 2023, all residential units and 30 car parking spaces have been sold. 13 car parking spaces of this development remained unsold as at 31 January 2023.

Lai Fung Group owns 100% interest in the unsold car parking spaces of this project.

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 at 31 January 2023, 458 car parking spaces of this development remained unsold.

Lai Fung Group owns 100% interest in the unsold car parking spaces of this project.

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. During the period under review, the sales of seven car parking spaces contributed HK\$4.5 million to the turnover. As at 31 January 2023, the contracted but not yet recognised sales of one car parking space amounted to approximately HK\$0.7 million and a total of 213 car parking spaces of this development remained unsold.

Lai Fung Group owns 95% interest in the unsold car parking spaces of this project.

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\$0.9 million to the turnover. As at 31 January 2023, the contracted but not yet recognised sales of one car parking space amounted to approximately HK\$0.7 million and the three car parking spaces remained unsold.

Lai Fung Group owns 100% interest in the unsold car parking spaces of this project.

Management Discussion and Analysis *(Continued)*

PROPERTY DEVELOPMENT *(CONTINUED)*

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

Mainland China Properties (Continued)

Zhongshan Palm Spring

The project is located in Caihong Planning Area, Western District of Zhongshan. The overall development has a total planned GFA of approximately 6.1 million square feet. The project comprises high-rise residential towers, townhouses and commercial blocks totaling 4.5 million square feet. All construction of Zhongshan Palm Spring has been completed and the sale of remaining phases is in progress with satisfactory result.

During the period under review, 257,497 square feet of high-rise residential units and 6,208 square feet of house units were recognised at an average selling price of HK\$1,879 per square foot and HK\$3,409 per square foot, respectively, which contributed a total of HK\$464.2 million to the sales turnover. As at 31 January 2023, contracted but not yet recognised sales for high-rise residential units amounted to HK\$95.2 million, at an average selling price of HK\$1,772 per square foot.

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 Lai Fung Group. 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 expenses, net" on the face of the consolidated income statement of Lai Fung Group. As at 31 January 2023, a serviced apartment unit remained unsold.

As at 31 January 2023, completed units held for sale in this development, including residential units, a serviced apartment unit and commercial units, amounted to approximately 905,600 square feet and the 2,677 car parking spaces remained unsold.

Lai Fung Group owns 100% interest in this project.

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 9,672 square feet of cultural studios and 7,761 square feet of cultural workshop units were recognised at an average selling price of HK\$4,630 per square foot and HK\$2,369 per square foot, respectively, which contributed a total of HK\$58.9 million to Lai Fung Group's turnover. As at 31 January 2023, contracted but not yet recognised sales for cultural studios and cultural workshop units amounted to HK\$45.8 million and HK\$5.0 million, at an average selling price of HK\$4,560 per square foot and HK\$3,102 per square foot, respectively. As at 31 January 2023, completed properties held for sale in Novotown Phase I, including cultural studios, cultural workshop units and office units, amounted to approximately 963,300 square feet.

Lai Fung Group owns 80% of Novotown Phase I. The remaining 20% is owned by the Group.

Management Discussion and Analysis *(Continued)*

PROPERTY DEVELOPMENT *(CONTINUED)*

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

Mainland China Properties (Continued)

Hengqin Novotown (Continued)

Phase II

Novotown Phase II is situated adjacent to Novotown Phase I with a total site area of approximately 143,800 square meters and a maximum plot ratio of two times. Lai Fung Group succeeded in bidding for the land use rights of the land offered for sale by The Land and Resources Bureau of Zhuhai through the listing-for-sale process in December 2018.

Construction work is in progress 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 355,500 square feet, 1,585,000 square feet and 578,400 square feet, respectively. Parts of the office units and serviced apartment units 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 Lai Fung Group to crystallise the value of its investment in Novotown Phase II and gradually recoup funding to improve the project's working capital position.

Lai Fung 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 center, namely Real Madrid World in Novotown. Lai Fung Group is also in the process of identifying and planning for a motor-themed experience center, as well as other culturally themed tourism facilities in Novotown Phase II.

Lai Fung Group remains confident that the continuous development of the Guangdong-Macau In-Depth Cooperation Zone in Hengqin will become an important center within the Guangdong-Hong Kong-Macau Greater Bay Area development. The integration between Macau and Hengqin will encourage more businesses and population to reside in Hengqin which will further enhance the tourism market, making Novotown a new contributor to Lai Fung Group's results in the long run.

Lai Fung Group owns 100% of Novotown Phase II, except for the properties occupied by Harrow ILA Hengqin which have been sold to the school operator.

Management Discussion and Analysis *(Continued)*

RESTAURANT AND F&B PRODUCT SALES OPERATIONS

For the six months ended 31 January 2023, restaurant and F&B product sales operations contributed HK\$262.6 million to the Group's turnover, representing an increase of approximately 5.5% from that of HK\$248.9 million for the same period last year. The Group has 3 more new restaurants in operation under the period under review, namely ADD+, MOSU Hong Kong and SÉP, however, restaurant operations of the Group have yet returned to pre-pandemic business levels.

Up to the date of this Interim Report, restaurant operations include the Group's interests in 25 restaurants in Hong Kong and Mainland China and 1 restaurant in Macau under management. Details of each existing restaurant of the Group are as follows:

Cuisine	Restaurant	Location	Attributable interest to the Group	Award
Owned restaurants				
Western/International Cuisine	8 th Otto e Mezzo BOMBANA Hong Kong	Hong Kong	38%	Three Michelin stars (2012-2022)
	8 th Otto e Mezzo BOMBANA Shanghai	Shanghai	13%	Two Michelin stars (2017-2022)
	Opera BOMBANA	Beijing	20%	
	CIAK – In The Kitchen	Hong Kong	63%	One Michelin star (2015-2017)
	CIAK – All Day Italian	Hong Kong	68%	Michelin Bib Gourmand (2017-2021)
	Beefbar	Hong Kong	63%	One Michelin star (2017-2022)
	Takumi by Daisuke Mori	Hong Kong	65%	One Michelin star (2018-2022)
	Prohibition ^(Note)	Hong Kong	100%	
	Zest by Konishi	Hong Kong	68%	One Michelin star (2020-2022)
	Cipriani	Hong Kong	44%	
Asian Cuisine	ADD+	Hong Kong	68%	
	China Tang Landmark	Hong Kong	51%	The Plate Michelin (2019-2021)
	China Tang Beijing	Beijing	68%	
	Howard's Gourmet	Hong Kong	51%	
	Chiu Tang Central	Hong Kong	68%	
	Old Bazaar Kitchen	Hong Kong	65%	
	Canton Bistro ^(Note)	Hong Kong	100%	
	KiKi Noodle Bar IFC	Hong Kong	85%	
	KiKi Noodle Bar K11 MUSEA	Hong Kong	85%	
	MOSU Hong Kong	Hong Kong	68%	Three Michelin stars (Seoul) (2023)
Japanese Cuisine	SÉP	Hong Kong	68%	
	China Club	Hong Kong	17%	
	Masa Hong Kong	Hong Kong	68%	
	Rozan	Hong Kong	65%	
	Yamato	Hong Kong	60%	
Managed restaurant				
Western Cuisine	8 th Otto e Mezzo BOMBANA, Macau	Macau	N/A	One Michelin star (2016-2022)

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

Management Discussion and Analysis (Continued)

HOTEL AND SERVICED APARTMENT OPERATIONS

The hotel and serviced apartment operation segment of the Group includes the Group's operation of the Ocean Park Marriott Hotel in Hong Kong and the Caravelle Hotel in Ho Chi Minh City, Vietnam, as well as Lai Fung Group's hotel and serviced apartment operation in Shanghai and Hengqin, Mainland China. Since December 2019, the Group further expanded its hotel portfolio with the acquisition of a 50% interest in Fairmont St. Andrews resort in Fife, Scotland, United Kingdom. Performance of the 50:50 joint venture of Fairmont St. Andrews resort is recognised as "Share of profits and losses of joint ventures" in the consolidated income statement of the Group. The hotel project in Phuket, Thailand that the Group invested in June 2017 is still at the planning stage. The Group is closely monitoring the tourism market in Thailand and will provide updates on this project as and when there is material progress.

For the six months ended 31 January 2023, the hotel and serviced apartment operations contributed HK\$421.5 million to the Group's turnover (2022: HK\$335.6 million). Recovery of tourism industry and hotel business in Vietnam was strong since its reopening of border gate to foreign visitors in March 2022 and the Group's Caravelle Hotel in Ho Chi Minh City recorded robust growth during the period under review as compared to the same period last year. Hong Kong Ocean Park Marriot Hotel was operating as a designated quarantine hotel since June 2022 before the change of quarantine arrangement in Hong Kong to a "0+3" regime in September 2022 and during that period the hotel's catering and banquet businesses saw a significant decrease in demand. The occupancy dropped significantly after the lifting of compulsory quarantine requirement from 26 September 2022 and has been under pressure due to the lack of inbound tourism, especially visitors from Mainland China before the border with Mainland China reopened in early January 2023, as well as lower demand for hotel staycations from the local market.

Breakdown of turnover from hotel and serviced apartment operations for the six months ended 31 January 2023 is as follows:

	Location	Attributable interest to the Group	No. of Rooms ¹	Total GFA (square feet)	Turnover (HK\$ million)	Period end occupancy rate (%)	
Hotel and serviced apartment							
	Ocean Park Marriott Hotel	Hong Kong	100%	471	365,974	112.4	45.9
	Ascott Huaihai Road Shanghai	Shanghai	55.08%	310	358,009	44.8	62.8
	STARR Hotel Shanghai	Shanghai	55.08%	239	143,846	9.1	52.5
	Hyatt Regency Hengqin	Hengqin	64.06%	493	610,540	55.2	77.7
	Caravelle Hotel	Ho Chi Minh City	26.01%	335	378,225	199.5	55.2
	Subtotal:			1,848	1,856,594	421.0	
	Hotel management fee					0.5	
	Total:					421.5	
Joint Venture Project							
	Fairmont St. Andrews resort (50% basis)	Scotland	50%	106 ²	138,241 ²	32.5	24.4

Notes:

1. On 100% basis.
2. No. of rooms and GFA attributable to the Group. The total number of rooms and total GFA are 211 and 276,482 square feet, respectively.

Management Discussion and Analysis *(Continued)*

HOTEL AND SERVICED APARTMENT OPERATIONS *(CONTINUED)*

Ocean Park Marriott Hotel officially commenced its operations on 19 February 2019, adding a total of 471 rooms and approximately 365,974 square feet of attributable rental space to the rental portfolio of the Group. Ocean Park Marriott Hotel has achieved “Gold” rating in BEAM Plus Final Assessment. With the border between Hong Kong and Mainland China reopened on 8 January 2023, the Group remains cautiously optimistic about the prospects of the Ocean Park Marriott Hotel given the popularity of Ocean Park, as well as Asia’s first all-season water park, Water World, grand opened in September 2021. The Group owns 100% interest in Ocean Park Marriott Hotel.

Caravelle Hotel is a leading international 5-star hotel in the centre of the business, shopping and entertainment district in Ho Chi Minh City, Vietnam. It is an elegant 24-storey tower with a mixture of French colonial and traditional Vietnamese style and has 335 superbly appointed rooms, suites, exclusive Signature Floors, Signature Lounge and a specially equipped room for the disabled. Total GFA of Caravelle Hotel is approximately 378,225 square feet. The Group owns a 26.01% interest in Caravelle Hotel.

The hotel operation team of the Group has extensive experience in providing consultancy and management services to hotels in Mainland China, Hong Kong and other Asian countries. The division’s key strategy going forward will continue to focus on providing management services, particularly to capture opportunities arising from the developments of Lai Fung Group in Shanghai, Guangzhou, Zhongshan and Hengqin. The hotel division of the Group manages Lai Fung’s serviced apartments in Shanghai under the “STARR” brand.

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.

Ascott Huaihai Road in Shanghai Hong Kong Plaza which is managed by the Ascott Group and it is one of a premier collection of the Ascott Limited’s serviced residences in over 70 cities in Asia Pacific, Europe and the Gulf region. The residence with total GFA of approximately 359,700 square feet and approximately 358,000 square feet attributable to Lai Fung Group has 310 contemporary apartments of various sizes: studios (640-750 square feet), one-bedroom apartments (915-1,180 square feet), two-bedroom apartments (1,720 square feet), three-bedroom apartments (2,370 square feet) and two luxurious penthouses on the highest two floors (4,520 square feet).

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 Hong Kong-Zhuhai-Macau Bridge. Hyatt Regency Hengqin with total GFA of approximately 610,500 square feet has 493 guest rooms including 55 suites ranging in size from 430 square feet to 2,580 square feet, a wide range of dining options, as well as banqueting and conference facilities of over 40,000 square feet. Lai Fung Group owns 80% interest in Hyatt Regency Hengqin and the remaining 20% is owned by the Group.

Management Discussion and Analysis *(Continued)*

CINEMA OPERATION

The cinema operation is managed by eSun Group. For the six months ended 31 January 2023, this segment recorded a turnover of HK\$263.1 million (2022: HK\$223.9 million) and segment results of a loss of HK\$35.2 million (2022: a loss of HK\$61.9 million). The Hong Kong box office was encouraging with a strong line-up of locally produced movies and Hollywood blockbusters released during the period under review. In view of the challenging market condition and economic uncertainty in Mainland China, the Guangzhou Mayflower Cinema City was closed in October 2022 during the period under review. As at the date of this Interim Report, eSun Group operates fifteen cinemas in Hong Kong (including one joint venture project) and two cinemas in Mainland China and details on the number of screens and seats of each existing cinema are as follows:

Cinema	Attributable interest to eSun Group (%)	No. of screens <i>(Note)</i>	No. of Seats <i>(Note)</i>
Mainland China			
Suzhou Grand Cinema City	100	10	1,440
Zhongshan May Flower Cinema City	100	5	905
Subtotal		15	2,345
Hong Kong			
K11 Art House	100	12	1,708
Movie Town (including MX4D theatre)	100	7	1,702
MCL Cyberport Cinema	100	4	818
MCL Citygate Cinema	100	4	673
MCL Amoy Cinema	100	3	603
Festival Grand Cinema	95	8	1,196
MCL Telford Cinema (including MX4D theatre)	95	6	789
MCL Metro City Cinema	95	6	690
STAR Cinema	95	6	622
Grand Kornhill Cinema (including MX4D theatre)	95	5	706
MCL Cheung Sha Wan Cinema	95	4	418
MCL South Horizons Cinema	95	3	555
MCL Green Code Cinema	95	3	285
Grand Windsor Cinema	95	3	246
MCL Cinemas Plus+ Plaza Hollywood	50	6	1,595
Subtotal		80	12,606
Total		95	14,951

Note: On 100% basis.

Management Discussion and Analysis (Continued)

MEDIA AND ENTERTAINMENT

The media and entertainment businesses are operated by eSun Group. For the six months ended 31 January 2023, this segment recorded a turnover of HK\$176.0 million (2022: HK\$147.2 million) and segment results of an increased profit to HK\$17.4 million from that of HK\$9.8 million in the same period last year.

Events Management

During the period under review, eSun Group organised and invested in 47 (2022: 8) shows by popular local, Asian and internationally renowned artistes, including Grasshopper, Super Junior, Ekin Cheng, Sammi Cheng, ILUB, Miriam Yeung and C AllStar.

Music Production, Distribution and Publishing

During the period under review, eSun Group released 5 (2022: 6) albums, including titles by Jay Fung, Cloud Wan and Leslie Cheung. eSun Group is expected to continue to increase its music licensing revenue from the exploitation of the music library through new media distribution.

Artiste Management

eSun Group has a strong artiste management team and a sizeable number of talents and will continue to expand its profile and in tandem with our growing television drama production and film production businesses. eSun Group currently has 27 artistes under its management.

FILM AND TV PROGRAM PRODUCTION AND DISTRIBUTION

The film and TV program production and distribution businesses are operated by eSun Group. For the six months ended 31 January 2023, this segment recorded a turnover of HK\$72.9 million (2022: HK\$135.4 million) and segment results of a loss of HK\$12.2 million (2022: a profit of HK\$11.8 million).

During the period under review, a total of 2 (2022: 2) films produced/invested by eSun Group were theatrically released, namely "Warriors of Future" and "Tales From The Occult I". eSun Group also distributed 17 (2022: 10) films and 127 (2022: 133) videos with high profile titles including "Warriors of Future", "Mama's Affair", "Godfather", "Jurassic World Dominion" and "Top Gun: Maverick".

INTERESTS IN JOINT VENTURES

During the six months ended 31 January 2023, losses from joint ventures amounted to losses of HK\$30.7 million, as compared to gains of HK\$87.3 million for the same period last year. The loss is primarily a mix of the increase in fair value loss of CCB Tower and decrease in operating profits of joint ventures during the period under review.

	Six months ended 31 January	
	2023 (HK\$ million)	2022 (HK\$ million)
Revaluation (losses)/gains	(77.4)	5.4
Operating profits	46.7	81.9
(Losses)/Gains from joint ventures	(30.7)	87.3

Management Discussion and Analysis *(Continued)*

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 January 2023, cash and bank balances and undrawn facilities held by the Group amounted to approximately HK\$5,617.2 million and approximately HK\$3,416.4 million, respectively. Cash and bank balances held by the Group of which about 56% was denominated in Hong Kong dollars and United States dollars, and about 36% was denominated in Renminbi. Excluding eSun Group and Lai Fung Group, cash and bank balances and undrawn facilities held by the Group as at 31 January 2023 were approximately HK\$2,176.5 million and approximately HK\$1,020.3 million, respectively.

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

As at 31 January 2023, the Group had bank borrowings of approximately HK\$21,746.1 million, guaranteed notes of approximately HK\$4,279.2 million and other borrowings of approximately HK\$325.5 million. As at 31 January 2023, the maturity profile of the bank borrowings of HK\$21,746.1 million is spread with HK\$5,658.6 million repayable within one year, HK\$2,075.7 million repayable in the second year, HK\$12,125.8 million repayable in the third to fifth years, and HK\$1,886.0 million repayable beyond the fifth year.

The Group issued guaranteed notes in an aggregate principal amount of US\$500 million and HK\$385 million. The guaranteed notes have terms ranging from five years to seven years and three months, and bear fixed interest rates ranging from 4.9% to 5.25% per annum. Certain guaranteed notes are listed on the Stock Exchange and were issued for refinancing the previous notes and for general corporate purposes.

Approximately 83% and 16% of the Group's total borrowings carried interest on a floating rate basis and fixed rate basis, respectively, and the remaining 1% of the Group's borrowings were interest-free.

The gearing ratio, expressed as a percentage of the total outstanding net debt (being the total borrowings less cash and bank balances) to consolidated net assets attributable to owners of the Company, was approximately 64%. Excluding the net debt of eSun Group and Lai Fung Group, the Group's gearing ratio was approximately 42%. Excluding the net debt of London portfolio which had a positive carry net of financing costs, and the net debt of eSun Group and Lai Fung Group, the Group's gearing ratio was approximately 40%.

As at 31 January 2023, certain investment properties with carrying amounts of approximately HK\$28,112.3 million, certain property, plant and equipment and the related right-of-use assets with carrying amounts of approximately HK\$8,212.4 million, certain completed properties for sale with carrying amounts of approximately HK\$184.6 million, certain properties under development with carrying amounts of approximately HK\$3,882.8 million and certain bank balances and time deposits with banks of approximately HK\$840.5 million were pledged to banks to secure banking facilities granted to the Group. In addition, certain shares in subsidiaries were pledged to banks to secure banking facilities granted to the Group. Shares in certain joint ventures were pledged to banks to secure banking facilities granted to the respective joint ventures of the Group. The Group's secured bank borrowings were also secured by floating charges over certain assets held by the Group.

The Group's major assets and liabilities and transactions were denominated in Hong Kong dollars, United States dollars, Pound Sterling and Renminbi. Considering that Hong Kong dollars are pegged against United States dollars, the Group believes that the corresponding exposure to exchange rate risk arising from United States dollars is not material. The Group has investments in United Kingdom with the assets and liabilities denominated in Pound Sterling. These investments were primarily financed by bank borrowings denominated in Pound Sterling in order to minimise the net foreign exchange exposure. Lai Fung Group has a net exchange exposure to Renminbi as their assets are principally located in Mainland China and the revenues are predominantly in Renminbi. Other than the abovementioned, the remaining monetary assets and liabilities of the Group were denominated in Euro, Malaysian Ringgit and Vietnamese Dong which were insignificant as compared with the Group's total assets and liabilities. The Group manages its foreign currency risk by closely reviewing the movement of the foreign currency rate and considers hedging significant foreign currency exposure should the additional need arise.

CONTINGENT LIABILITIES

There has been no material change in contingent liabilities of the Group since 31 July 2022.

Particular of Major Properties

COMPLETED PROPERTIES HELD FOR RENTAL

Property Name	Location	Attributable Interest to the Group	Tenure	Approximate Attributable GFA (square feet)					No. of car parking spaces attributable to the Group
				Commercial/Retail	Office	Industrial	Total (excluding car parking spaces & ancillary facilities)		
Hong Kong									
Cheung Sha Wan Plaza	833 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon, Hong Kong (New Kowloon Inland Lot No. 5955)	100%	The property is held for a term expiring on 30 June 2047	233,807	409,896	—	643,703	355	
Causeway Bay Plaza 2	463-483 Lockhart Road, Causeway Bay, Hong Kong (Section J and the Remaining Portions of Sections D, E, G, H, K, L, M and O, Subsection 4 of Section H and the Remaining Portion of Inland Lot No. 2833)	100%	The property is held for a term of 99 years commencing on 15 April 1929 and renewable for a further term of 99 years	109,770	96,268	—	206,038	57	
Lai Sun Commercial Centre	680 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon, Hong Kong (New Kowloon Inland Lot No. 5984)	100%	The property is held for a term of which expired on 27 June 1997 and has been extended upon expiry until 30 June 2047	95,063	74,181	—	169,244	538	
CCB Tower	3 Connaught Road Central, Hong Kong (Inland Lot No. 8736)	50%	The property is held for a term commencing from 28 June 1989 and expiring on 30 June 2047	—	114,603	—	114,603	19	
Alto Residences	29 Tong Yin Street, Tseung Kwan O, New Territories, Hong Kong	50%	The property is held for a term of 50 years commencing from 17 December 2012	47,067	—	—	47,067	68	
Wylar Centre Phase II (20/F and 27/F and car parking spaces nos. 17, 18, 53, 58 and 59 on 2/F)	192-200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong	100%	The property is held for a term of which expired on 27 June 1997 and has been extended upon expiry until 30 June 2047	—	—	51,236	51,236	5	
AIA Central	1 Connaught Road Central, Hong Kong (Marine Lot No. 275, Section A and the Remaining Portion of Marine Lot No. 278)	10%	The property is held for a term of 999 years commencing from 9 September 1895 (for Marine Lot No. 275) and 999 years commencing from 12 October 1896 (for Marine Lot no. 278)	—	42,896	—	42,896	6	
Metropolitan Factory and Warehouse Building (Units A and B on 10/F and car parking spaces nos. 1, 2, 13 and 14 on G/F)	30-32 Chai Wan Kok Street, Tsuen Wan, New Territories, Hong Kong	100%	The property is held for a term of which expired on 27 June 1997 and has been extended upon expiry until 30 June 2047	—	—	11,370	11,370	4	
Luen Fat Loong Factory Building (4/F)	19 Cheung Lee Street, Chai Wan, Hong Kong	100%	The property is held for a term of 75 years commencing on 4 November 1963 renewable for a further term of 75 years	—	—	4,290	4,290	—	
Subtotal of major completed properties held for rental in Hong Kong:				485,707	737,844	66,896	1,290,447	1,052	

Particular of Major Properties

COMPLETED PROPERTIES HELD FOR RENTAL (CONTINUED)

Property Name	Location	Attributable Interest to the Group	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	Industrial			
United Kingdom									
107 Leadenhall Street London ¹	107 Leadenhall Street, London EC3, United Kingdom	100%	The property is held freehold	48,182	98,424	—	146,606	—	
100 Leadenhall Street London ¹	100 Leadenhall Street, London EC3, United Kingdom	100%	The property is held freehold	—	177,700	—	177,700	15	
106 Leadenhall Street London ¹	106 Leadenhall Street, London EC3, United Kingdom	100%	The property is held freehold	3,540	16,384	—	19,924	—	
Subtotal of major completed properties held for rental in United Kingdom:				51,722	292,508	—	344,230	15	
Mainland China									
Shanghai									
Hong Kong Plaza	282 & 283 Huaihaizhong Road, Huangpu District	55.08%	The property is held for a term of 50 years commencing on 16 September 1992	258,013	199,442	—	457,455	193	
May Flower Plaza	The junction of Da Tong Road and Zhi Jiang Xi Road, Sujiaxiang, Jing'an District	55.08%	The property is held for a term of 40 years for commercial use commencing on 5 February 2007	176,429	—	—	176,429	—	
Skyline Tower	Tian Mu Road West, and Da Tong Road, Jing'an District	55.08%	The property is held for a term of 40 years for commercial use and 50 years for office use commencing on 30 September 2016	50,798	349,669	—	400,467	244	
Regents Park	88 Huichuan Road, Changning District	52.33%	The property is held for a term of 70 years commencing on 4 May 1996	42,940	—	—	42,940	—	
Subtotal of major completed properties held for rental in Shanghai:				528,180	549,111	—	1,077,291	437	

Particular of Major Properties

COMPLETED PROPERTIES HELD FOR RENTAL (CONTINUED)

Property Name	Location	Attributable Interest to the Group	Tenure	Approximate Attributable GFA (square feet)					No. of car parking spaces attributable to the Group
				Commercial/Retail	Office	Industrial	Total (excluding car parking spaces & ancillary facilities)		
Guangzhou									
May Flower Plaza	68 Zhongshanwu Road, Yuexiu District	55.08%	The property is held for a term of 40 years for commercial use and 50 years for other uses commencing on 14 October 1997	196,869	43,751	—	240,620	75	
West Point	The junction of Zhongshan Qi Road and Guangfu Road, Liwan District	55.08%	The property is held for a term of 40 years for commercial use and 50 years for other uses commencing on 11 January 2006	100,435	—	—	100,435	—	
Lai Fung Tower	761 Dongfeng East Road, Yuexiu District	55.08%	The property is held for a term of 40 years for commercial uses and 50 years for other uses commencing on 21 October 1997	61,850	344,702	—	406,552	172	
Lai Fung International Center	Chang Di Main Road, Yuexiu District	55.08%	The property is held for a term of 40 years for commercial, tourism and entertainment uses and 50 years for others use commencing on 2 June 2006	60,213	278,320	—	338,533	147	
Subtotal of major completed properties held for rental in Guangzhou:				419,367	666,773	—	1,086,140	394	
Zhongshan									
Palm Spring	Caihong Planning Area, Western District	55.08%	The property is held for a term expiring on 30 March 2075 for commercial/residential uses	81,577	—	—	81,577	—	
Subtotal of major completed properties held for rental in Zhongshan:				81,577	—	—	81,577	—	
Hengqin									
Novotown Phase I ²	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	64.06%	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	637,896 ³	—	—	637,896 ³	1,181	
Subtotal of major completed properties held for rental in Hengqin:				637,896³	—	—	637,896³	1,181	
Subtotal of major completed properties held for rental in Mainland China:				1,667,020	1,215,884	—	2,882,904	2,012	
Total of major completed properties held for rental:				2,204,449	2,246,236	66,896	4,517,581	3,079	

Notes:

- Gross internal area.
- As at 31 January 2023, Novotown Phase I was 80% owned by Lai Fung Group and 20% owned by the Group.
- Including cultural attraction spaces occupied by Lionsgate Entertainment World® and National Geographic Ultimate Explorer Hengqin.

Particular of Major Properties

COMPLETED HOTEL PROPERTIES AND SERVICED APARTMENTS

Property Name	Location	Attributable Interest to the Group	Tenure	No. of rooms	Approximate	No. of car parking spaces attributable to the Group
					Attributable GFA (square feet)	
					Hotel	
Hong Kong						
Hong Kong Ocean Park Marriott Hotel	180 Wong Chuk Hang Road, Ocean Park, Hong Kong	100%	The property is held for a term of 75 years commencing from 22 December 1972	471	365,974	16
Vietnam						
Caravelle Hotel	19 Lam Son Square, District 1, Ho Chi Minh City, Vietnam	26.01%	The property is held under a land use right due to expire on 8 October 2040	335	98,376	—
United Kingdom						
Fairmont St. Andrews resort	St Andrews KY16 8PN, United Kingdom	50%	The property is held freehold	211	138,241	76
Mainland China						
Shanghai						
Ascott Huaihai Road Shanghai	282 Huaihaizhong Road, Huangpu District	55.08%	The property is held for a term of 50 years commencing on 16 September 1992	310	197,191	—
STARR Hotel Shanghai	The junction of Da Tong Road and Zhi Jiang Xi Road, Sujiaxiang, Jing'an District	55.08%	The property is held for a term of 50 years for commercial use commencing on 5 February 2007	239	79,230	—
Hengqin						
Hyatt Regency Hengqin	1295 Qisecaihong Road, Hengqin New Area, Zhuhai City	64.06%	The property is held for a term of 40 years for commencing on 31 December 2013	493	391,136	—
Subtotal of major completed hotel properties and serviced apartments in Mainland China:				1,042	667,557	—
Total of major completed hotel properties and serviced apartments:				2,059	1,270,148	92

Particular of Major Properties

PROPERTIES UNDER DEVELOPMENT

Property Name	Location	Attributable Interest to the Group	Stage of construction	Expected completion date	Approximate Site Area (square feet) ¹	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		
Hong Kong											
Bal Residence	No. 18 Hang On Street, Kwun Tong, Hong Kong	100%	Construction works in progress	Q1 2024	8,500	8,074	—	—	63,694	71,768	10
Tai Kei Leng Project	No.266 Tai Kei Leng, Lot No. 5382 in Demarcation District No.116, Tai Kei Leng, Yuen Long, Hong Kong	100%	Construction works in progress	H1 2024	12,000	—	—	—	42,200	42,200	—
Wong Chuk Hang Project	Site E of Aberdeen Inland Lot No. 467	15%	Tendering and contract awarding in progress	2025	95,560	—	—	—	95,423	95,423	26
79 Broadcast Drive Project	No.79 Broadcast Drive, Kowloon Tong, Hong Kong	100%	Project design and demolition in progress	H1 2026	23,864	—	—	—	71,591	71,591	62
116 Waterloo Road Project	No. 116 Waterloo Road, Ho Man Tin, Hong Kong	100%	Project design in progress	H1 2027	9,322 ²	—	—	—	46,608 ²	46,608 ²	21 ²
1&1A Kotewall Road Project	Nos. 1&1A Kotewall Road, Mid-Levels, Hong Kong	100%	Project design and preparation of foundation work in progress	H1 2027	11,044	—	—	—	55,219	55,219	30
Subtotal of major properties under development in Hong Kong:						8,074	—	—	374,735	382,809	149
Mainland China											
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	55.08%	Construction work in progress	2024 (by phases)	1,547,523	287,800	873,041	318,555	—	1,479,396	745
Subtotal of major properties under development in Mainland China:						287,800	873,041	318,555	—	1,479,396	745
Total of major properties under development:						295,874	873,041	318,555	374,735	1,862,205	894

Notes:

1. On project basis.
2. Subject to negotiation with Lands Department.

Particular of Major Properties

COMPLETED PROPERTIES HELD FOR SALE

Property Name	Location	Attributable Interest to the Group	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		
Hong Kong								
Ocean One	6 Shung Shun Street, Yau Tong, Kowloon, Hong Kong	100%	27,306	—	—	—	27,306	7
339 Tai Hang Road	339 Tai Hang Road, Hong Kong	100%	—	—	—	6,458	6,458	3
Alto Residences	29 Tong Yin Street, Tseung Kwan O, New Territories, Hong Kong	50%	—	—	—	14,527	14,527	24
93 Pau Chung Street	20-32 San Shan Road and 93 Pau Chung Street, Ma Tau Kok, Kowloon, Hong Kong	100%	—	—	—	—	—	13
Novi	50 Ki Lung Street, Kowloon, Hong Kong	100%	5,996	—	—	—	5,996	—
Monti	9 Sai Wan Ho Street, Shau Kei Wan, Hong Kong	100%	—	—	—	1,884	1,884	6
Subtotal of major completed properties held for sale in Hong Kong:			33,302	—	—	22,869	56,171	53
Mainland China								
Shanghai								
Wuli Bridge Project	Wuliqiao Road, 104 Jie Fang, Huangpu District	55.08%	—	—	—	—	—	7
May Flower Plaza	Sujiaxiang, Jing'an District	55.08%	—	—	—	—	—	252
Regents Park	88 Huichuan Road, Changning District	52.33%	—	—	—	—	—	111
Subtotal of major completed properties held for sale in Shanghai:			—	—	—	—	—	370

Particular of Major Properties

COMPLETED PROPERTIES HELD FOR SALE (CONTINUED)

Property Name	Location	Attributable Interest to the Group	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								
Eastern Place Phase V	787 Dongfeng East Road, Yuexiu District	55.08%	—	—	—	—	—	5
King's Park	Donghua Dong Road, Yuexiu District	55.08%	—	—	—	—	—	2
West Point	The junction of Zhongshan Qi Road and Guangfu Road, Liwan District	55.08%	—	—	—	—	—	64
Subtotal of major completed properties held for sale in Guangzhou:			—	—	—	—	—	71
Zhongshan								
Palm Spring	Caihong Planning Area, Western District	55.08%	90,529	—	—	426,479	517,008	1,474
Subtotal of major completed properties held for sale in Zhongshan:			90,529	—	—	426,479	517,008	1,474
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	64.06%	—	336,900	219,961	60,240	617,101	—
Subtotal of major completed properties held for sale in Hengqin:			—	336,900	219,961	60,240	617,101	—
Subtotal of major completed properties held for sale in Mainland China:			90,529	336,900	219,961	486,719	1,134,109	1,915
Total of major completed properties held for sale:			123,831	336,900	219,961	509,588	1,190,280	1,968

Corporate Governance and Other Information

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out 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) during the six months ended 31 January 2023 save for the deviation from code provision F.2.2.

Under code provision F.2.2, the chairman of the board should attend the annual general meeting.

Due to other pre-arranged business commitments which must be attended to by Dr. Lam Kin Ngok, Peter, the Chairman, he was not present at the annual general meeting of the Company ("**AGM**") held on 16 December 2022. However, Mr. Chew Fook Aun, the Deputy Chairman and an executive Director ("**ED**") present at that AGM took the chair of that AGM pursuant to Article 71 of the Articles of Association of the Company to ensure an effective communication with the shareholders of the Company ("**Shareholders**") thereat.

Board

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

The Board has delegated the day-to-day management of the Company's business to the management and the Executive Committee and focuses its attention on matters affecting the Company's long-term objectives and plans for achieving these objectives, the overall business and commercial strategy of the Company and its subsidiaries ("**Group**") as well as overall policies and guidelines. The Board has also delegated the environmental, social and governance management to the Executive Committee.

The Board currently comprises nine members, of whom five are EDs, one is Non-Executive Director and the remaining three 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, textile and apparel industry, accounting, financial, general management and tourism 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. All Directors are entitled to retain independent professional advisors where necessary.

Chairman and Chief Executive Officer

During the six months ended 31 January 2023 and up to the date of this Interim Report, Dr. Lam Kin Ngok, Peter (an ED) was the Chairman of the Company while Mr. Chew Fook Aun (an ED) and Mr. Lau Shu Yan, Julius (an ED) was the Deputy Chairman and Chief Executive Officer of the Company, respectively. The 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 businesses. The division of responsibilities between the Chairman and the Chief Executive Officer is defined.

Corporate Governance and Other Information *(Continued)*

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 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 2023.

DIRECTORS' INTERESTS

The following Directors and the chief executive of the Company who held office on 31 January 2023 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; or (d) as known by the Directors:

(1) The Company

Long positions in the ordinary shares of the Company ("**Shares**") and the underlying Shares

Name of Director	Capacity	Personal interests	Family interests	Corporate interests	Other interests	Total interests	Approximate % of total interests to total issued Shares <i>(Note 1)</i>
Lam Kin Ngok, Peter	Beneficial owner/Owner of controlled corporations	975,907 <i>(Note 2)</i>	Nil	773,084,296 <i>(Note 3)</i>	Nil <i>(Note 7)</i>	774,060,203	53.26%
Chew Fook Aun	Beneficial owner/Owner of controlled corporations	Nil	Nil	1,831,500 <i>(Note 5)</i>	Nil	1,831,500	0.13%
Lau Shu Yan, Julius	Beneficial owner	592,875 <i>(Note 6)</i>	Nil	Nil	Nil <i>(Note 7)</i>	592,875	0.04%
Lam Hau Yin, Lester	Beneficial owner	Nil	Nil	Nil	Nil <i>(Note 7)</i>	Nil	N/A
Lee Tze Yan, Ernest	Beneficial owner	Nil	Nil	Nil	Nil <i>(Note 7)</i>	Nil	N/A
U Po Chu <i>(Note 4)</i>	Beneficial owner	60,567 <i>(Note 4)</i>	Nil	Nil	Nil	60,567	0.01%

Corporate Governance and Other Information (Continued)

DIRECTORS' INTERESTS (CONTINUED)

(1) The Company (Continued)

Notes:

- (1) The percentage has been compiled based on the total number of issued Shares as at 31 January 2023 (i.e. 1,453,328,830 Shares).

On 30 January 2023, the Company issued and allotted 484,442,943 Rights Shares pursuant to the completion of the 1-to-2 rights issue of the Company ("**Rights Issue**") and the total number of issued Shares increased from 968,885,887 to 1,453,328,830.

- (2) Dr. Lam Kin Ngok, Peter subscribed 325,302 Rights Shares and his interest in the Company increased from 650,605 Shares to 975,907 Shares after the completion of the Rights Issue.
- (3) Lai Sun Garment (International) Limited ("**LSG**") and two of its wholly-owned subsidiaries, namely Zimba International Limited ("**Zimba International**") and Joy Mind Limited ("**Joy Mind**"), subscribed 257,694,765 Rights Shares and its interest in the Company increased from 515,389,531 Shares to 773,084,296 Shares after the completion of the Rights issue.

LSG, Zimba International and Joy Mind beneficially owned 773,084,296 Shares, representing approximately 53.19% of the issued share capital of the Company. Dr. Lam Kin Ngok, Peter was deemed to be interested in the same 773,084,296 Shares by virtue of, in aggregate, his personal (excluding underlying shares) and deemed interests of approximately 41.93% in the issued share capital of LSG. LSG is approximately 12.70% owned by Dr. Lam Kin Ngok, Peter and is approximately 29.23% owned by Wisdoman Limited ("**Wisdoman**") which in turn is 100% beneficially owned by Dr. Lam Kin Ngok, Peter.

LSG pledged approximately 208,513,987 Shares held by LSG, Zimba International and Joy Mind as security pursuant to its 7.70% secured guaranteed notes due 2018 under a Share Charge dated 24 July 2014. The amount has been repaid in full.

- (4) Madam U Po Chu is the widow of the late Mr. Lim Por Yen whose estate includes an interest of 8,718,829 Shares, representing approximately 0.60% of the issued share capital of the Company.
- Madam U Po Chu subscribed 20,189 Rights Shares and her interest in the Company increased from 40,378 Shares to 60,567 Shares after the completion of the Rights Issue.
- (5) The 1,831,500 Shares were owned by The Orchid Growers Association Limited. By virtue of his 100% interest in the issued share capital of The Orchid Growers Association Limited, Mr. Chew Fook Aun was deemed to be interested in these 1,831,500 Shares.
- (6) Mr. Lau Shu Yan, Julius subscribed 197,625 Rights Shares and his interest in the Company increased from 395,250 Shares to 592,875 Shares after the completion of the Rights Issue.
- (7) The 486,452 share options, the 2,432,259 share options, the 4,864,519 share options and the 969,854 share options were granted by the Company to each of Dr. Lam Kin Ngok, Peter, Mr. Lau Shu Yan, Julius, Mr. Lam Hau Yin, Lester and Mr Lee Tze Yan, Ernest on 18 January 2013 expired on 18 January 2023.

Corporate Governance and Other Information *(Continued)*

DIRECTORS' INTERESTS *(CONTINUED)*

(2) Associated Corporations

- (i) Lai Sun Garment (International) Limited (“LSG”) — the ultimate holding company of the Company

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

Name of Director	Capacity	Personal interests	Family interests	Corporate interests	Other interests	Total interests	Approximate % of total interests to total issued LSG Shares <i>(Note 1)</i>
Lam Kin Ngok, Peter	Beneficial owner/Owner of controlled corporations	112,211,038 <i>(Note 2)</i>	Nil	258,168,186 <i>(Note 3)</i>	1,832,017 <i>(Note 6)</i>	372,211,241	42.14%
Chew Fook Aun	Beneficial owner	Nil	Nil	Nil	5,135,275 <i>(Note 6)</i>	5,135,275	0.58%
Lam Hau Yin, Lester	Beneficial owner	28,033,218 <i>(Note 4)</i>	Nil	Nil	6,519,095 <i>(Note 6)</i>	34,552,313	3.91%
U Po Chu	Beneficial owner	1,857,430 <i>(Note 5)</i>	Nil	Nil	Nil	1,857,430	0.21%

Notes:

- (1) The percentage has been compiled based on the total number of issued LSG Shares as at 31 January 2023 (i.e. 883,373,901 LSG Shares).

On 3 January 2023, LSG issued and allotted 294,457,967 new ordinary shares pursuant to the 1-for-2 Rights Issue (“**LSG Rights Issue**”) and the total number of issued LSG Shares increased from 588,915,934 LSG Shares to 883,373,901 LSG Shares.

- (2) Dr. Lam Kin Ngok, Peter subscribed 37,403,679 LSG Rights Shares and his interest in LSG increased from 74,807,359 LSG Shares to 112,211,038 LSG Shares after the completion of the LSG Rights Issue.

- (3) Wisdoman subscribed 86,056,062 LSG Rights Shares and its interest in LSG increased from 172,112,124 LSG Shares to 258,168,186 LSG Shares after the completion of the LSG Rights Issue.

- (4) Mr. Lam Hau Yin, Lester subscribed 9,344,406 LSG Rights Shares and his interest in LSG increased from 18,688,812 LSG Shares to 28,033,218 LSG Shares after the completion of the LSG Rights Issue.

- (5) Madam U Po Chu subscribed 619,143 LSG Rights Shares and her interest in LSG increased from 1,238,287 LSG Shares to 1,857,430 LSG Shares after the completion of the LSG Rights Issue.

Corporate Governance and Other Information (Continued)

DIRECTORS' INTERESTS (CONTINUED)

(2) Associated Corporations (Continued)

- (i) Lai Sun Garment (International) Limited (“LSG”) — the ultimate holding company of the Company (Continued)

Notes: (Continued)

- (6) Share options were granted by LSG to each of Dr. Lam Kin Ngok, Peter, Mr. Chew Fook Aun and Mr. Lam Hau Yin, Lester, the particulars of which are set out below:

Registered Name	Date of grant	Number of underlying LSG Shares comprised in share options before the LSG Rights Issue	Exercise period	Exercise price prior to the LSG Rights Issue HK\$ per LSG Share	Adjusted Number of underlying LSG Shares comprised in share options after the LSG Rights Issue	Adjusted exercise price after the LSG Rights Issue HK\$ per LSG Share
Lam Kin Ngok, Peter	19/06/2017	425,033	19/06/2017-18/06/2027	11.763	448,197	11.155
	25/01/2022	1,312,300	25/01/2022-24/01/2032	3.874	1,383,820	3.673
Chew Fook Aun	19/06/2017	4,869,867	19/06/2017-18/06/2027	11.763	5,135,275	11.155
Lam Hau Yin, Lester	19/06/2017	4,869,867	19/06/2017-18/06/2027	11.763	5,135,275	11.155
	25/01/2022	1,312,300	25/01/2022-24/01/2032	3.874	1,383,820	3.673

- (ii) eSun Holdings Limited (“eSun”) — a subsidiary of the Company

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

Name of Director	Capacity	Personal interests	Family interests	Corporate interests	Other interests	Total interests	Approximate % of total interests to total issued eSun Shares (Note 1)
Lam Kin Ngok, Peter	Beneficial owner/Owner of controlled corporations	2,794,443	Nil	1,113,260,072 (Note 2)	Nil	1,116,054,515	74.81%
Lam Hau Yin, Lester	Beneficial owner	2,794,443	Nil	Nil	Nil	2,794,443	0.19%

Notes:

- (1) The percentage has been compiled based on the total number of issued eSun Shares as at 31 January 2023 (i.e. 1,491,854,598 eSun Shares).
- (2) As at 31 January 2023, LSG was interested in 773,084,296 Shares in the Company, representing approximately 53.19% of the issued share capital of the Company. Transtrend Holdings Limited (“Transtrend”), a wholly-owned subsidiary of the Company, was interested in 1,113,260,072 eSun Shares, representing approximately 74.62% of the issued share capital of eSun. As such, Dr. Lam Kin Ngok, Peter was deemed to be interested in the same 1,113,260,072 eSun Shares by virtue of, in aggregate, his personal (excluding underlying shares) and deemed interests of approximately 41.93% and 53.26% in the issued share capital of LSG and the Company, respectively.

Corporate Governance and Other Information *(Continued)*

DIRECTORS' INTERESTS *(CONTINUED)*

(2) Associated Corporations *(Continued)*

(iii) Lai Fung Holdings Limited (“Lai Fung”) — a subsidiary of the Company

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

Name of Director	Capacity	Personal interests	Family interests	Corporate interests	Other interests	Total interests	Approximate % of total interests to total issued Lai Fung Shares <i>(Note 1)</i>
Lam Kin Ngok, Peter	Beneficial owner/Owner of controlled corporations	Nil	Nil	182,318,266 <i>(Note 2)</i>	Nil <i>(Note 3)</i>	182,318,266	55.08%
Lau Shu Yan, Julius	Beneficial owner	Nil	Nil	Nil	Nil <i>(Note 3)</i>	Nil	N/A
Lam Hau Yin, Lester	Beneficial owner	Nil	Nil	Nil	Nil <i>(Note 3)</i>	Nil	N/A
Lee Tze Yan, Ernest	Beneficial owner	Nil	Nil	Nil	Nil <i>(Note 3)</i>	Nil	N/A

Notes:

- (1) The percentage has been compiled based on the total number of issued Lai Fung Shares as at 31 January 2023 (i.e. 331,033,443 Lai Fung Shares).
- (2) As at 31 January 2023, the Company was interested or deemed to be interested in 182,318,266 Lai Fung Shares, of which 180,600,756 Lai Fung Shares were beneficially owned by Holy Unicorn Limited, a wholly-owned subsidiary of the Company and 1,717,510 Lai Fung Shares were beneficially owned by Transtrend. As such, Dr. Lam Kin Ngok, Peter was deemed to be interested in the same 182,318,266 Lai Fung Shares (representing approximately 55.08% of the issued share capital of Lai Fung) by virtue of, in aggregate, his approximate 41.93% and 53.26% personal (excluding underlying shares) and deemed interests in the issued share capital of LSG and the Company, respectively.
- (3) The 321,918 share options, the 965,754 share options, the 3,219,182 share options and the 640,000 share options were granted by Lai Fung to each of Dr. Lam Kin Ngok, Peter, Mr. Lau Shu Yan, Julius, Mr. Lam Hau Yin, Lester and Mr. Lee Tze Yan, Ernest on 18 January 2013 lapsed on 18 January 2023.

Corporate Governance and Other Information *(Continued)*

DIRECTORS' INTERESTS *(CONTINUED)*

(2) Associated Corporations *(Continued)*

(iv) Media Asia Group Holdings Limited ("MAGHL") — a subsidiary of eSun

Long positions in the shares of MAGHL ("MAGHL Shares") and the underlying MAGHL Shares

Name of Director	Capacity	Number of MAGHL Shares held	Number of underlying MAGHL Shares held	Total number of MAGHL Shares and underlying MAGHL Shares held	Approximate % of total interests to total issued MAGHL Shares <i>(Note 1)</i>
Lam Kin Ngok, Peter	Owner of controlled corporations	2,021,848,647 <i>(Note 2)</i>	Nil	2,021,848,647	67.70%

Notes:

- (1) The percentage has been compiled based on the total number of issued MAGHL Shares as at 31 January 2023 (i.e. 2,986,314,015 MAGHL Shares).
- (2) As at 31 January 2023, these interests in MAGHL represented the MAGHL Shares beneficially owned by Perfect Sky Holdings Limited, a wholly-owned subsidiary of eSun, representing approximately 67.70% of the issued share capital of MAGHL. eSun was owned as to approximately 74.62% by the Company which was in turn owned as to approximately 53.19% by LSG. As LSG was approximately 12.70% (excluding underlying shares) owned by Dr. Lam Kin Ngok, Peter and approximately 29.23% owned by Wisdoman which was in turn 100% beneficially owned by Dr. Lam Kin Ngok, Peter, he was deemed to be interested in the said 2,021,848,647 MAGHL Shares.

(v) Lai Sun MTN Limited — a subsidiary of the Company

Long position in the 5% guaranteed medium term notes due 2026

Name of Director	Capacity	Nature of interests	Principal amount
Lam Kin Ngok, Peter	Beneficial owner	Personal	USD10,000,000

Save as disclosed above, as at 31 January 2023, none of the Directors and the 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/or debentures of the Company or any of its associated corporations, which were required to be notified to the Company and the Stock Exchange, or recorded in the Register of Directors and Chief Executive as aforesaid, notified under the Securities Code or otherwise known by the Directors.

Corporate Governance and Other Information (Continued)

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS

As at 31 January 2023, so far as was known by or otherwise notified by 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 of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded 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:

Long positions in the Shares and the underlying Shares of the Company

Name	Capacity	Nature of interests	Number of Shares and underlying Shares	Approximate % of Shares in issue (Note 1)
Lai Sun Garment (International) Limited	Beneficial owner	Corporate	773,084,296 (Note 2)	53.19%
Lam Kin Ngok, Peter	Beneficial owner/ Owner of controlled corporations	Personal and corporate	774,060,203 (Note 2)	53.26%
Yu Cheuk Yi	Beneficial owner	Personal	274,177,500 (Note 3)	18.87% (Note 3)
Yu Siu Yuk	Beneficial owner	Personal	274,177,500 (Note 3)	18.87% (Note 3)

Notes:

(1) The percentage has been compiled based on the total number of issued Shares as at 31 January 2023 (i.e. 1,453,328,830 Shares).

(2) LSG with Zimba International and Joy Mind subscribed 257,694,765 Rights Shares and its interest in the Company increased from 515,389,531 Shares to 773,084,296 Shares after the completion of the Rights Issue.

Dr. Lam Kin Ngok, Peter subscribed 325,302 Rights Shares and his interest in the Company increased from 650,605 Shares to 975,907 Shares after the completion of the Rights Issue.

LSG and two of its wholly-owned subsidiaries, namely Zimba International and Joy Mind beneficially owned 773,084,296 Shares, representing approximately 53.19% of the issued share capital of the Company. Dr. Lam Kin Ngok, Peter was deemed to be interested in the same 773,084,296 Shares by virtue of, in aggregate, his personal and deemed interests of approximately 41.93% in the issued share capital of LSG.

(3) Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk jointly held 274,177,500 Shares (18.87%), based on the total number of issued Shares (i.e. 1,453,328,830 Shares) according to shareholding shown in the Individual Substantial Notice (Form 1) filed for an event on 31 January 2023. Subsequent to 31 January 2023 and as at the date of this Interim Report, Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk jointly held 276,926,400 Shares (19.05%), based on the total number of issued Shares (i.e. 1,453,328,830 Shares) according to shareholding shown in last Individual Substantial Notice (Form 1) filed for an event on 23 March 2023.

Save as disclosed above, the Directors are not aware of any other corporation or individual (other than a Director or the chief executive of the Company) who, as at 31 January 2023, had the Voting Entitlements or 5% or more interests or short positions in the Shares or underlying Shares of the Company recorded in the Register of Shareholders.

Corporate Governance and Other Information *(Continued)*

SHARE OPTION SCHEMES

(1) The Company

Reference is made to the annual report of the Company for the year ended 31 July 2022 dated 21 October 2022 ("**2022 Annual Report**").

As shown on page 144 and 145 of the 2022 Annual Report, particulars of outstanding options at the beginning and end of the financial year, as well as options granted during the financial year have been set out according to Rule 17.07 of the Listing Rules. The following additional disclosure is provided below as required under Rule 17.09(3) of the Listing Rules. Terms used herein shall have the same meaning as defined in the 2022 Annual Report unless otherwise expressed.

As at the date of the 2022 Annual Report ("**Report Date**"), (i) a maximum number of 10,256,358 shares of the Company are available for issue in relation to the underlying shares comprised in the subsisting option granted under the Old Scheme and remained outstanding representing approximately 1.06% of the shares in issue as at the Report Date; (ii) a maximum number of 706,329 shares of the Company are available for issue in relation to the underlying shares comprised in the subsisting option granted under the New Scheme and remained outstanding representing approximately 0.07% of the shares in issue as at the Report Date; and (iii) further options to subscribe for a maximum of 39,302,738 could be granted under the New Scheme, representing approximately 4.06% of the shares in issue as at the Report Date.

At the annual general meeting of the Company held on 16 December 2022, the shareholders of the Company approved the adoption of a new share option scheme ("**2022 New Scheme**"). The 2022 New Scheme has also approved by the shareholders of LSG at its annual general meeting on 16 December 2022. The share option schemes adopted by the Company on 22 December 2006 ("**2006 Old Scheme**") and 11 December 2015 ("**2015 Old Scheme**") terminated when the 2022 New Scheme was adopted on 16 December 2022 and became effective on 19 December 2022 ("**Effective Date**"). No more options will be granted under the 2006 Old Scheme and the 2015 Old Scheme but the subsisting options granted prior to its termination will continue to be valid and exercisable in accordance with the terms of the 2006 Old Scheme and the 2015 Old Scheme.

The purpose of the 2022 New Scheme is to recognise the contribution or future contribution of the Eligible Participants (as defined in the 2022 New Scheme) for their contribution to the Group by granting share options to them as incentives or rewards and to attract, retain and motivate high-calibre Eligible Participants in line with the performance goals of the Group and the Related Entities (as defined in the 2022 New Scheme). Eligible Participants include but not limited to the Directors, chief executive, employees of the Group and related entity and the service providers. The 2022 New Scheme shall strengthen the many long-term relationships that the Eligible Participants may have with the Group. Unless otherwise altered or terminated, the 2022 New Scheme will be valid and effective for a period of 10 years commencing on the Effective Date.

The principal terms of the 2022 New Scheme are set out in the circular of the Company dated 17 November 2022. The number of shares available for grant under the 2022 New Scheme as at the Effective Date and the end of the financial period for the six months ended 31 January 2023 was 96,888,588 shares (representing 6.67% of the Company's issued shares as at 31 January 2023). The service provider sublimit as at the Effective Date and the end of the financial period for the six months ended 31 January 2023 was 9,688,858 shares (representing 0.67% of the Company's issued shares as at 31 January 2023).

During the six-month period ended 31 January 2023, 486,452 options, 2,432,259 options, 4,864,519 options, 969,854 options granted to the Directors, namely, Dr. Lam Kin Ngok, Peter, Mr. Lau Shu Yan, Julius, Mr. Lam Hau Yin, Lester, Mr. Lee Tze Yan, Ernest and 1,212,318 options granted to certain eligible participants, respectively under the 2006 Old Scheme and the 2015 Old Scheme expired on 18 January 2023. The outstanding balance of 997,285 share options granted under the 2006 Old Scheme and the 2015 Old Scheme were adjusted to 993,191 share options effective from 30 January 2023 upon the allotment and issue of the Rights Shares pursuant to the Rights Issue.

As at 31 January 2023 and the date of this Interim Report, share options comprising a total of 993,191 underlying shares granted under the 2006 Old Scheme and 2015 Old Scheme were outstanding, representing approximately 0.07% of the shares currently in issue (including 289,763 and 703,428 underlying shares granted under the 2006 Old Scheme and the 2015 Old Scheme were outstanding respectively, representing approximately 0.02% and 0.05% of the shares currently in issue). The total number of shares which the Company may issue under the 2022 New Scheme and any other share schemes is 96,888,588, representing approximately 6.67% of the 1,453,328,830 shares currently in issue.

During the six months ended 31 January 2023, no share options had been granted under the 2022 New Scheme and all its old share options schemes. Accordingly, there were no shares of the Company that might be issued in respect of share options granted under all share option schemes of the Company during the said period.

Corporate Governance and Other Information (Continued)

SHARE OPTION SCHEMES (CONTINUED)

(1) The Company (Continued)

Particulars of the outstanding options under the 2006 Old Scheme and the 2015 Old Scheme at the beginning and at the end of the financial period are as follows:

Name and category of participants	Date of grant of options (Note 1)	Number of underlying Shares comprised in share options						Outstanding at 31/01/2023	Exercisable period of share options	Exercise price of share options prior the Rights Issue HK\$ per Share	Adjusted Exercise price of share options after the Rights Issue HK\$ per Share (Note 2)
		Outstanding at 01/08/2022	Adjusted after the Rights Issue	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 31/01/2023				
Directors											
Lam Kin Ngok, Peter (Note 3)	18/01/2013	486,452	—	—	—	(486,452)	—	18/01/2013 - 17/01/2023	13.811	N/A	
Lau Shu Yan, Julius (Note 4)	18/01/2013	2,432,259	—	—	—	(2,432,259)	—	18/01/2013 - 17/01/2023	13.811	N/A	
Lam Hau Yin, Lester (Note 5)	18/01/2013	4,864,519	—	—	—	(4,864,519)	—	18/01/2013 - 17/01/2023	13.811	N/A	
Lee Tze Yan, Ernest (Note 6)	18/01/2013	969,854	—	—	—	(969,854)	—	18/01/2013 - 17/01/2023	13.811	N/A	
Subtotal:		8,753,084	—	—	—	(8,753,084)	—				
Other employee participants (Note 7)											
	18/01/2013	1,212,318	—	—	—	(1,212,318)	—	18/01/2013 - 17/01/2023	13.811	N/A	
	26/07/2013	96,985	96,587	—	—	—	96,587	26/07/2013 - 25/07/2023	9.650	9.689	
	21/01/2015	193,971	193,176	—	—	—	193,176	21/01/2015 - 20/01/2025	7.163	7.192	
	22/01/2016	69,940	69,652	—	—	—	69,652	22/01/2016 - 21/01/2026	4.032	4.048	
	20/01/2017	69,940	69,652	—	—	—	69,652	20/01/2017 - 19/01/2027	6.991	7.019	
	26/01/2021	256,449	255,395	—	—	—	255,395	26/01/2021 - 25/01/2031	5.455	5.476	
	25/01/2022	310,000	308,729	—	—	—	308,729	25/01/2022 - 24/01/2032	4.380	4.397	
Subtotal:		2,209,603	993,191	—	—	(1,212,318)	993,191				
Total:		10,962,687	993,191	—	—	(9,965,402)	993,191				

Corporate Governance and Other Information *(Continued)*

SHARE OPTION SCHEMES *(CONTINUED)*

(1) The Company *(Continued)*

Notes:

1. *The share options were vested on the date of grant.*
2. *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.*
3. *The 486,452 share options of Dr. Lam Kin Ngok, Peter was expired on 18 January 2023.*
4. *The 2,432,259 share options of Mr. Lau Shu Yan, Julius was expired on 18 January 2023.*
5. *The 4,864,519 share options of Mr. Lam Hau Yin, Lester was expired on 18 January 2023.*
6. *The 969,854 share options of Mr. Lee Tze Yan, Ernest was expired on 18 January 2023.*
7. *Other employee participants including the employees of the Group.*

Save as disclosed above, no share options were granted, exercised, cancelled, or lapsed in accordance with the terms of the 2006 Old Scheme, the 2015 Old Scheme and the 2022 New Scheme during the six months ended 31 January 2023.

(2) eSun

On 11 December 2015, eSun adopted a share option scheme ("**eSun 2015 Scheme**") which became effective on 23 December 2015 and should remain in force for 10 years commencing on its adoption date. The maximum number of eSun's ordinary shares of HK\$0.50 each ("**eSun Shares**") issuable pursuant to the eSun 2015 Scheme is 124,321,216, being 10% of the total issued eSun Shares on the date of the approval of the eSun 2015 Scheme.

Upon the closing of eSun's offers on 22 August 2018, all outstanding share options granted under the eSun 2015 Scheme had been cancelled. On 21 January 2022, eSun granted share options under the eSun 2015 Scheme to the eligible participants to subscribe for a total of 1,500,000 underlying eSun Shares (equivalent to approximately 0.10% of the total issued eSun Shares as at that date (i.e. 1,491,854,598)) at the exercise price of HK\$0.50 per eSun Shares with the exercise period from 21 January 2022 to 20 January 2032.

As at 31 July 2022 and the date of eSun's annual report for the year ended 31 July 2022 ("**eSun Annual Report**"), share options comprising a total of 1,500,000 underlying eSun Shares granted under the eSun 2015 Scheme were outstanding, together with further options to subscribe for a maximum of 122,821,216 eSun Shares could be granted under the eSun 2015 Scheme, a total number of 124,321,216 eSun Shares was available for issue under the eSun 2015 Scheme, representing approximately 8.33% of the total issued eSun Shares as at the date of eSun Annual Report.

The eSun 2015 Scheme was terminated and a new share option scheme ("**eSun 2022 Scheme**") was adopted by eSun's shareholders ("**eSun Shareholders**") at its annual general meeting held on 16 December 2022. The eSun 2022 Scheme has also been approved by shareholders of both LSG and the Company at their respective annual general meetings held on the same date and became effective on 19 December 2022 ("**eSun Effective Date**").

The number of eSun Shares available for grant under the eSun 2015 Scheme at the beginning of the financial period for the six months ended 31 January 2023 was 122,821,216. Following termination of the eSun 2015 Scheme, no further share options will be granted thereunder but the outstanding share options granted prior to the termination will continue to be valid and exercisable in accordance with the terms of the eSun 2015 Scheme.

Unless otherwise cancelled or amended, the eSun 2022 Scheme will remain in force for 10 years from the eSun Effective Date. The principal terms of the eSun 2022 Scheme are set out in the circular of eSun dated 17 November 2022. The maximum number of eSun Shares issuable and the service provider sublimit pursuant to the eSun 2022 Scheme were 149,185,459 and 14,918,545 eSun Shares (being 10% and 1% of the total issued eSun Shares) as at the eSun Effective Date and the end of the financial period for the six months ended 31 January 2023 respectively.

Corporate Governance and Other Information (Continued)

SHARE OPTION SCHEMES (CONTINUED)

(2) eSun (Continued)

The purpose of the eSun 2022 Scheme is to recognise the contribution or future contribution of the Eligible Participants (as defined in the eSun 2022 Scheme) for their contribution to eSun and its subsidiaries (“eSun Group”) by granting share options to them as incentives or rewards and to attract, retain and motivate high-calibre Eligible Participants in line with the performance goals of the eSun Group and the related entities. The eSun 2022 Scheme shall strengthen the many long-term relationships that the Eligible Participants may have with the eSun Group. Eligible Participants include but not limited to the directors, chief executives, employees and service providers of the eSun Group as well as the related entity participants.

As at 31 January 2023 and the date of this Interim Report, share options comprising a total of 1,500,000 underlying eSun Shares (representing approximately 0.10% of the total issued eSun Shares as at that dates (i.e. 1,491,854,598)) granted under the eSun 2015 Scheme were outstanding and no further share options can be granted under the eSun 2015 Scheme upon its termination on 16 December 2022.

During the six months ended 31 January 2023, no share options had been granted under the eSun 2015 Scheme and the eSun 2022 Scheme. Accordingly, there were no eSun Shares that might be issued in respect of share options granted under all share option schemes of eSun during the said period.

The movement of eSun share options granted under the eSun 2015 Scheme during the six months ended 31 January 2023 is as follows:

Category of grantees	Date of grant (Note 1)	Number of underlying eSun Shares comprised in eSun share options				Outstanding at 31/01/2023	Exercisable period	Exercisable price per eSun Share (HK\$) (Note 2)
		Outstanding at 01/08/2022	Granted during the period	Exercised during the period	Lapsed during the period			
Eligible Participants								
Employee	21/01/2022	400,000	—	—	—	400,000	21/01/2022 – 20/01/2032	0.50
Other eligible participants	21/01/2022	1,100,000	—	—	—	1,100,000	21/01/2022 – 20/01/2032	0.50
Total:		1,500,000	—	—	—	1,500,000		

Notes:

1. The eSun share options were vested on the date of grant.
2. The exercise price of the eSun share options is subject to adjustment in the case of rights or bonus issues, or other specific changes in eSun’s share capital.

Save as disclosed above, no eSun share options were granted, exercised, cancelled, or lapsed in accordance with the terms of the eSun 2015 Scheme and eSun 2022 Scheme during the six months ended 31 January 2023.

Corporate Governance and Other Information *(Continued)*

SHARE OPTION SCHEMES *(CONTINUED)*

(3) Lai Fung

The share option scheme adopted by Lai Fung on 18 December 2012 ("**Lai Fung 2012 Share Option Scheme**") had expired on 17 December 2022 ("**Expiration Date**"). The number of shares available for grant under the Lai Fung 2012 Share Option Scheme at the beginning of the financial period for the six months ended 31 January 2023 was 23,531,135 shares. Following the Expiration Date, no further share options shall be granted under the Lai Fung 2012 Share Option Scheme but the outstanding share options granted thereunder shall continue to be valid and exercisable in accordance with the terms of the Lai Fung 2012 Share Option Scheme.

At the annual general meeting of Lai Fung held on 16 December 2022, a new share option scheme ("**Lai Fung 2022 Share Option Scheme**") was adopted for the purpose of recognising the contribution or future contribution of the Eligible Participants (as defined in the Lai Fung 2022 Share Option Scheme) to Lai Fung and its subsidiaries ("**Lai Fung Group**"). Eligible Participants include but are not limited to the directors, chief executive and employees of the Lai Fung Group and related entities, and service providers of the Lai Fung Group. The Lai Fung 2022 Share Option Scheme has also been approved by the shareholders of LSG and the Company at their respective annual general meetings and became effective on 19 December 2022 ("**Lai Fung Effective Date**"). Unless otherwise cancelled or amended, the Lai Fung 2022 Share Option Scheme will remain in force for 10 years from the Lai Fung Effective Date. The principal terms of the Lai Fung 2022 Share Option Scheme are set out in the circular of Lai Fung dated 17 November 2022. The number of shares available for grant under the Lai Fung 2022 Share Option Scheme as at the Lai Fung Effective Date and the end of the financial period for the six months ended 31 January 2023 was 33,103,344 Lai Fung Shares (representing 10% of Lai Fung's issued shares as at 31 January 2023). The service provider sublimit as at the Lai Fung Effective Date and the end of the financial period for the six months ended 31 January 2023 was 3,310,334 Lai Fung Shares (representing 1% of Lai Fung's issued shares as at 31 January 2023).

As at 31 January 2023, share options comprising a total of 1,170,000 underlying Lai Fung Shares (representing 0.35% of Lai Fung's issued shares as at 31 January 2023) granted under the Lai Fung 2012 Share Option Scheme were outstanding.

During the six months ended 31 January 2023, no share options had been granted under the Lai Fung 2012 Share Option Scheme and the Lai Fung 2022 Share Option Scheme. Accordingly, there were no shares of Lai Fung that might be issued in respect of share options granted under all share option schemes of Lai Fung during the said period.

Corporate Governance and Other Information (Continued)

SHARE OPTION SCHEMES (CONTINUED)

(3) Lai Fung (Continued)

The movement of Lai Fung share options granted under the Lai Fung 2012 Share Option Scheme during the six months ended 31 January 2023 is as follows:

Name or category of grantees	Date of grant (Note 1)	Number of underlying Lai Fung Shares comprised in Lai Fung share options					Outstanding at 31/01/2023	Exercisable period	Exercisable price per Lai Fung Share (HK\$) (Note 2)
		Outstanding at 01/08/2022	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 31/01/2023			
Directors of Lai Fung									
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	
Subtotal		4,503,018	—	—	(4,503,018)	—			
Other employee participants									
	18/01/2013	1,381,918 (Note 3)	—	—	(1,381,918) (Note 3)	—	18/01/2013 - 17/01/2023	11.40	
	26/07/2013	60,000	—	—	—	60,000	26/07/2013 - 25/07/2023	9.50	
	16/01/2015	120,000	—	—	—	120,000	16/01/2015 - 15/01/2025	8.00	
	19/01/2018	150,000	—	—	—	150,000	19/01/2018 - 18/01/2028	13.52	
	22/01/2019	260,000	—	—	—	260,000	22/01/2019 - 21/01/2029	10.18	
	22/01/2021	60,000	—	—	—	60,000	22/01/2021 - 21/01/2031	7.364	
	21/01/2022	240,000	—	—	(60,000)	180,000	21/01/2022 - 20/01/2032	5.75	
Subtotal		2,271,918	—	—	1,441,918	830,000			
Related entity participants									
	18/01/2013	1,325,754 (Note 4)	—	—	(1,325,754) (Note 4)	—	18/01/2013 - 17/01/2023	11.40	
	26/07/2013	100,000	—	—	—	100,000	26/07/2013 - 25/07/2023	9.50	
	19/01/2018	40,000	—	—	—	40,000	19/01/2018 - 18/01/2028	13.52	
	21/01/2022	200,000	—	—	—	200,000	21/01/2022 - 20/01/2032	5.75	
Subtotal		1,665,754	—	—	(1,325,754)	340,000			
Total		8,440,690	—	—	(7,270,690)	1,170,000			

Corporate Governance and Other Information *(Continued)*

SHARE OPTION SCHEMES *(CONTINUED)*

(3) Lai Fung *(Continued)*

Notes:

1. *The Lai Fung share options vested on the date of grant.*
2. *The exercise price of the Lai Fung share options is subject to adjustment in the case of rights or bonus issues or other similar changes in Lai Fung's share capital.*
3. *Dr. Lam Kin Ngok, Peter (a substantial shareholder of Lai Fung within the meaning of Part XV of the SFO) was granted a share option to subscribe for a total of 321,918 Lai Fung Shares on 18 January 2013. Such share option lapsed in accordance with the terms of the Lai Fung 2012 Share Option Scheme on 18 January 2023.*
4. *Mr. Lau Shu Yan, Julius, a director of the Company was granted a share option to subscribe for a total of 965,754 Lai Fung Shares on 18 January 2013. Such share option lapsed in accordance with the terms of the Lai Fung 2012 Share Option Scheme on 18 January 2023.*

Save as disclosed above, no share options were granted, vested, exercised, cancelled, or lapsed in accordance with the terms of the Lai Fung 2012 Share Option Scheme and the Lai Fung 2022 Share Option Scheme during the six months ended 31 January 2023.

(4) MAGHL

At the annual general meeting of Media Asia Group Holdings Limited ("**MAGHL**", a company listed on GEM of the Stock Exchange ("**GEM**") and a subsidiary of eSun since 9 June 2011) held on 16 December 2022, the shareholders of MAGHL approved the adoption of a new share option scheme ("**MAGHL 2022 Share Option Scheme**") to replace the share option scheme adopted by MAGHL on 18 December 2012 ("**MAGHL 2012 Share Option Scheme**") which was due to expire on 17 December 2022. The MAGHL 2022 Share Option Scheme has also been approved by shareholders of each of LSG, the Company and eSun at their respective annual general meetings held on the same date.

No share options have been granted under the MAGHL 2012 Share Option Scheme since its adoption until its expiry.

The purpose of the MAGHL 2022 Share Option Scheme is to recognise the contribution or future contribution of the eligible participants (as defined in MAGHL 2022 Share Option Scheme) for their contribution to MAGHL and its subsidiaries ("**MAGHL Group**") by granting share options to them as incentives or rewards and to attract, retain and motivate high-calibre eligible participants in line with the performance goals of MAGHL Group and its related entities; and strengthen the many long-term relationships that its eligible participants may have with the MAGHL Group. Eligible participants of MAGHL include but not limited to the directors, chief executive, employees and service providers of MAGHL Group as well as the related entity participants.

The MAGHL 2022 Share Option Scheme which became effective on 19 December 2022 ("**MAGHL Effective Date**") will remain in force for 10 years from MAGHL Effective Date. The principal terms of the MAGHL 2022 Share Option Scheme are set out in the circular of MAGHL dated 31 October 2022. The maximum number of MAGHL Shares issuable and MAGHL's service provider submit pursuant to the MAGHL 2022 Share Option Scheme were 298,631,401 and 29,863,140 MAGHL Shares (being 10% and 1% of the total issued MAGHL Shares) as at MAGHL Effective Date and the end of the financial period for the six months ended 31 January 2023 respectively.

No share options had been granted under the MAGHL 2022 Share Option Scheme since its adoption. As the listing of MAGHL Shares on GEM was withdrawn at 4:00 p.m. on 20 March 2023, the MAGHL 2022 Share Option Scheme was terminated thereafter by MAGHL's board of directors and sole member.

Corporate Governance and Other Information (Continued)

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

LSD Bonds (2017) Limited, a wholly-owned subsidiary of the Company, issued the US\$400,000,000 4.6% guaranteed notes due 13 September 2022 (“LSD Guaranteed Notes”) in September 2017.

The maturity amount and interest amount of the LSD Guaranteed Notes due was fully paid on the maturity date of 13 September 2022.

Lai Fung Bonds (2018) Limited (“LF Bonds”, a wholly-owned subsidiary of Lai Fung) issued the US\$350,000,000 5.65% guaranteed notes due 2023 (“LF Guaranteed Notes”) in January 2018.

On 12 August 2022, LF Bonds repurchased the LF Guaranteed Notes in a principal amount of US\$3,500,000, for an aggregate consideration (with accrued interest) of approximately US\$3,235,000 (equivalent to approximately HK\$25,365,000) in the open market. On 18 January 2023, LF Bonds fully redeemed its outstanding LF Guaranteed Notes at principal amount upon maturity.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the six months ended 31 January 2023.

UPDATE OF DIRECTORS’ INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in Directors’ and Chief Executive Officer’s information since the disclosure made in the Company’s annual report 2021-2022 are set out as follows:

- (1) The Group usually considers adjusting basic salaries and pays bonuses in January. No increment of salary was proposed for the EDs this year and there was no discretionary bonus proposed to be paid to the EDs except for the contractual bonus. Directors’ remuneration for the six months ended 31 January 2023 and 2022 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 2023				
Executive directors				
Lam Kin Ngok, Peter (<i>Chairman</i>) (<i>note a</i>)	90	14,335	2	14,427
Chew Fook Aun (<i>Deputy Chairman</i>) (<i>note b</i>)	—	8,210	27	8,237
Lau Shu Yan, Julius (<i>Chief Executive Officer</i>)	—	2,378	—	2,378
Lam Hau Yin, Lester (<i>note c</i>)	—	1,687	18	1,705
Lee Tze Yan, Ernest (<i>note d</i>)	—	3,786	18	3,804
	90	30,396	65	30,551
Non-executive director				
U Po Chu (<i>note e</i>)	125	2,128	—	2,253
Independent non-executive directors				
Ip Shu Kwan, Stephen	175	—	—	175
Lam Bing Kwan (<i>note g</i>)	350	—	—	350
Leung Shu Yin, William	175	—	—	175
	700	—	—	700
	915	32,524	65	33,504

Corporate Governance and Other Information (Continued)

UPDATE OF DIRECTORS' INFORMATION (CONTINUED)

(1) (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 2022				
Executive directors				
Lam Kin Ngok, Peter (<i>Chairman</i>) (<i>note a</i>)	90	16,958	9	17,057
Chew Fook Aun (<i>Deputy Chairman</i>) (<i>note b</i>)	—	9,712	27	9,739
Lau Shu Yan, Julius (<i>Chief Executive Officer</i>)	—	2,728	15	2,743
Lam Hau Yin, Lester (<i>note c</i>)	—	1,812	18	1,830
Lee Tze Yan, Ernest (<i>note d</i>)	—	107	1	108
Tham Seng Yum, Ronald (<i>note f</i>)	—	4,120	18	4,138
	90	35,437	88	35,615
Non-executive director				
U Po Chu (<i>note e</i>)	125	2,166	—	2,291
Independent non-executive directors				
Ip Shu Kwan, Stephen	175	—	—	175
Lam Bing Kwan (<i>note g</i>)	350	—	—	350
Leung Shu Yin, William	175	—	—	175
Leung Wang Ching, Clarence (<i>note h</i>)	175	—	—	175
	875	—	—	875
	1,090	37,603	88	38,781

Notes:

- a. The amounts included fees and salaries paid by the eSun Group of HK\$5,824,000 and salaries paid by Lai Fung of HK\$1,434,000 (six months ended 31 January 2022: paid by the eSun Group of HK\$6,873,000 and paid by Lai Fung of HK\$1,696,000).
- b. The amounts included salaries and pension scheme contributions paid by the eSun Group of HK\$2,062,000 and paid by Lai Fung of HK\$2,062,000 (six months ended 31 January 2022: paid by the eSun Group of HK\$2,437,000 and paid by Lai Fung of HK\$2,437,000).
- c. The amounts included salaries and pension scheme contributions paid by Lai Fung of HK\$813,000 (six months ended 31 January 2022: HK\$873,000).
- d. Mr. Lee Tze Yan, Ernest was appointed an executive director of the Company with effect from 25 January 2022. The amounts included salaries and pension scheme contributions paid by Lai Fung of HK\$955,000 (six months ended 31 January 2022: HK\$27,000).
- e. The amounts included salaries paid by Lai Fung of HK\$2,128,000 (six months ended 31 January 2022: HK\$2,166,000).
- f. Mr. Tham Seng Yum, Ronald resigned as an executive director of the Company with effect from 27 January 2022. The amounts for the six months ended 31 January 2022 included salaries and pension scheme contributions paid by Lai Fung of HK\$2,069,000.
- g. The amounts included fees paid by Lai Fung of HK\$175,000 (six months ended 31 January 2022: HK\$175,000).
- h. Mr. Leung Wang Ching, Clarence resigned as an independent non-executive director of the Company with effect from 25 July 2022.

Corporate Governance and Other Information *(Continued)*

UPDATE OF DIRECTORS' INFORMATION *(CONTINUED)*

- (2) Dr. Lam Kin Ngok, Peter was appointed a standing committee member of the 14th National Committee of the Chinese People's Political Consultative Conference with effect from 11 March 2023.
- (3) Mr. Lau Shu Yan, Julius was appointed an independent non-executive director and a member of audit committee of Lien Hoe Corporation Berhad on 27 February 2023.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 January 2023, the Group employed a total of approximately 4,200 employees. The Group recognises the importance of maintaining a stable staff force in its continued success. Under the Group's existing policies, employee pay rates are maintained at competitive levels whilst promotion and salary increments are assessed on a performance-related basis. Discretionary bonuses are granted to employees based on their merit and in accordance with industry practice. Other benefits including share option scheme, mandatory provident fund scheme, free hospitalisation insurance plan, subsidised medical care and sponsorship for external education and training programmes are offered to eligible employees.

INVESTOR RELATIONS

To ensure our investors have a better understanding of the Company, our management engages in a proactive investor relations programme. Our Executive Directors and Investor Relations Department communicate with research analysts and institutional investors on an on-going basis and meet with research analysts and the press after our results announcements, attend major investors' conferences and participate in international non-deal roadshows to communicate the Company's financial performance and global business strategy.

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 2022	Post results non-deal roadshow	DBS	Hong Kong
October 2022	Post results non-deal roadshow	DBS	United States
November 2022	Post results non-deal roadshow	DBS	United States
December 2022	DBS Vickers Hong Kong Property and Logistics Conference Calls	DBS	Hong Kong/Singapore

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@laisun.com.

Corporate Governance and Other Information *(Continued)*

REVIEW OF INTERIM REPORT

The audit committee of the Company (“**Audit Committee**”) currently comprises three INEDs, Mr. Leung Shu Yin, William, Mr. Lam Bing Kwan and Mr. Ip Shu Kwan, Stephen. The Audit Committee has reviewed the interim report (including the unaudited condensed consolidated financial statements) of the Company for the six months ended 31 January 2023.

By Order of the Board
Lam Kin Ngok, Peter
Chairman

Hong Kong, 24 March 2023

