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LAI FUNG HOLDINGS

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

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 JANUARY 2024

RESULTS

The board of directors (the “**Board**”) of Lai Fung Holdings Limited (the “**Company**”) announces the unaudited consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 31 January 2024 together with the comparative figures of the last corresponding period as follows:

Condensed Consolidated Income Statement For the six months ended 31 January 2024

		For the six months ended 31 January	
		2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
	Notes		
TURNOVER	3	1,409,290	1,002,365
Cost of sales		(729,543)	(527,521)
Gross profit		679,747	474,844
Other income and gains		49,237	58,234
Selling and marketing expenses		(76,098)	(53,652)
Administrative expenses		(121,954)	(161,297)
Other operating expenses, net		(61,863)	(56,911)
Fair value losses on investment properties		(106,006)	(71,316)
PROFIT FROM OPERATING ACTIVITIES	4	363,063	189,902
Finance costs	5	(314,681)	(274,452)
Share of profits/(losses) of joint ventures		(185)	188
Share of loss of an associate		(8)	(6)
PROFIT/(LOSS) BEFORE TAX		48,189	(84,368)
Tax	6	(250,226)	(138,210)
LOSS FOR THE PERIOD		(202,037)	(222,578)
ATTRIBUTABLE TO:			
Owners of the Company		(174,530)	(176,944)
Non-controlling interests		(27,507)	(45,634)
		(202,037)	(222,578)

Condensed Consolidated Income Statement (continued)
For the six months ended 31 January 2024

		For the six months ended	
		31 January	
		2024	2023
		(Unaudited)	(Unaudited)
	Note		
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY:	7		
Basic and diluted		<u>(HK\$0.527)</u>	<u>(HK\$0.535)</u>

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 31 January 2024

	For the six months ended	
	31 January	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
LOSS FOR THE PERIOD	(202,037)	(222,578)
OTHER COMPREHENSIVE EXPENSES THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT IN SUBSEQUENT PERIODS, NET OF TAX		
Exchange differences:		
Exchange differences arising on translation to the presentation currency	(71,102)	(123,966)
Reclassification of reserve upon deregistration of a subsidiary	—	(10,274)
Reclassification of reserve upon return of capital from a subsidiary	—	(13,511)
	(71,102)	(147,751)
Share of other comprehensive expenses of an associate	—	(1)
	(71,102)	(147,752)
TOTAL COMPREHENSIVE EXPENSES FOR THE PERIOD	<u>(273,139)</u>	<u>(370,330)</u>
ATTRIBUTABLE TO:		
Owners of the Company	(226,667)	(322,340)
Non-controlling interests	(46,472)	(47,990)
	<u>(273,139)</u>	<u>(370,330)</u>

Condensed Consolidated Statement of Financial Position
As at 31 January 2024

		31 January 2024 (Unaudited) HK\$'000	31 July 2023 (Audited) HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment		2,269,917	2,302,822
Right-of-use assets		479,753	487,714
Investment properties		19,572,500	19,720,100
Investments in joint ventures		18,293	18,478
Investment in an associate		91	99
Debtors, deposits and prepayments	8	482,585	477,974
		<hr/>	<hr/>
Total non-current assets		22,823,139	23,007,187
CURRENT ASSETS			
Properties under development		1,119,214	1,063,709
Completed properties for sale		2,444,559	2,926,175
Inventories		3,213	3,905
Debtors, deposits and prepayments	8	481,287	481,967
Prepaid tax		138,553	162,357
Pledged and restricted time deposits and bank balances		957,880	822,900
Cash and cash equivalents		1,193,734	1,648,823
		<hr/>	<hr/>
Assets classified as held for sale		6,338,440	7,109,836
		733	735
		<hr/>	<hr/>
Total current assets		6,339,173	7,110,571
CURRENT LIABILITIES			
Creditors, accruals and other payables	9	1,343,588	1,730,450
Contract liabilities and deposits received		301,145	874,884
Interest-bearing bank loans		698,246	1,116,841
Lease liabilities		2,435	2,822
Tax payable		615,941	458,984
Other borrowings		34,502	34,412
		<hr/>	<hr/>
Total current liabilities		2,995,857	4,218,393
NET CURRENT ASSETS			
		3,343,316	2,892,178
TOTAL ASSETS LESS CURRENT LIABILITIES			
		26,166,455	25,899,365

Condensed Consolidated Statement of Financial Position (continued)

As at 31 January 2024

		31 January 2024 (Unaudited) HK\$'000	31 July 2023 (Audited) HK\$'000
	Notes		
TOTAL ASSETS LESS CURRENT LIABILITIES		26,166,455	25,899,365
NON-CURRENT LIABILITIES			
Lease liabilities		1,501	278
Other payables	9	898,081	900,726
Long-term deposits received		142,364	129,385
Interest-bearing bank loans		9,214,894	8,805,753
Advances from a former substantial shareholder		50,803	50,953
Loans from a fellow subsidiary	10	—	610,245
Deferred tax liabilities		2,866,761	2,892,835
		<hr/>	<hr/>
Total non-current liabilities		13,174,404	13,390,175
		<hr/>	<hr/>
		12,992,051	12,509,190
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the Company			
Issued capital		1,655,167	1,655,167
Reserves		10,896,064	11,122,731
		<hr/>	<hr/>
		12,551,231	12,777,898
Non-controlling interests		440,820	(268,708)
		<hr/>	<hr/>
		12,992,051	12,509,190
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Notes to Condensed Consolidated Financial Statements

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 January 2024 have been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

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

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and basis of preparation adopted in the preparation of the unaudited condensed consolidated interim financial statements for the period under review are consistent with those used in the Group’s audited consolidated financial statements for the year ended 31 July 2023. These unaudited condensed consolidated results should be read in conjunction with the Company’s annual report for the year ended 31 July 2023.

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

3. TURNOVER AND OPERATING SEGMENT INFORMATION

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

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

	For the six months ended	
	31 January 2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Turnover from contracts with customers		
Sale of properties	897,917	570,476
Hotel and serviced apartment operation	149,748	109,365
Building management operation	71,688	61,684
Theme park operation	9,878	8,781
	<u>1,129,231</u>	<u>750,306</u>
Turnover from other sources		
Rental income from investment properties	<u>280,059</u>	<u>252,059</u>
Total turnover	<u><u>1,409,290</u></u>	<u><u>1,002,365</u></u>
Timing of recognition of turnover from contracts with customers		
At a point in time	897,917	570,476
Over time	<u>231,314</u>	<u>179,830</u>
Total	<u><u>1,129,231</u></u>	<u><u>750,306</u></u>

3. TURNOVER AND OPERATING SEGMENT INFORMATION (CONTINUED)

	For the six months ended 31 January (Unaudited)									
	Property development		Property investment		Hotel and serviced apartment operation		Theme park operation		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue/results:										
Segment revenue										
Sales to external customers	897,917	570,476	351,747	313,743	149,748	109,365	9,878	8,781	1,409,290	1,002,365
Other revenue	11,815	12,199	6,957	11,580	13	187	1,486	319	20,271	24,285
Total	<u>909,732</u>	<u>582,675</u>	<u>358,704</u>	<u>325,323</u>	<u>149,761</u>	<u>109,552</u>	<u>11,364</u>	<u>9,100</u>	<u>1,429,561</u>	<u>1,026,650</u>
Segment results	<u>358,772</u>	<u>239,328</u>	<u>38,052</u>	<u>30,590</u>	<u>14,533</u>	<u>(16,583)</u>	<u>(24,310)</u>	<u>(62,344)</u>	<u>387,047</u>	<u>190,991</u>
Interest income from bank deposits									20,542	30,196
Unallocated gains									8,424	3,753
Unallocated expenses, net									<u>(52,950)</u>	<u>(35,038)</u>
Profit from operating activities									363,063	189,902
Finance costs									(314,681)	(274,452)
Share of profits/(losses) of joint ventures	18	(1)	(203)	189	—	—	—	—	(185)	188
Share of loss of an associate	—	—	(8)	(6)	—	—	—	—	<u>(8)</u>	<u>(6)</u>
Profit/(loss) before tax									48,189	(84,368)
Tax									<u>(250,226)</u>	<u>(138,210)</u>
Loss for the period									<u>(202,037)</u>	<u>(222,578)</u>
Other segment information:										
Fair value losses on investment properties	—	—	106,006	71,316	—	—	—	—	106,006	71,316
Derecognition loss on rental receivable	—	—	—	3,686	—	—	—	—	—	3,686
Loss on disposal of items of property, plant and equipment	155	1	91	29	—	—	8	—	254	30

3. TURNOVER AND OPERATING SEGMENT INFORMATION (CONTINUED)

	Property development		Property investment		Hotel and serviced apartment operation		Theme park operation		Consolidated	
	31 January 2024 (Unaudited) HK\$'000	31 July 2023 (Audited) HK\$'000								
Segment assets/liabilities:										
Segment assets	4,145,609	4,599,637	19,832,501	19,970,488	1,749,461	1,792,433	848,448	849,329	26,576,019	27,211,887
Investments in joint ventures	94	76	18,199	18,402	—	—	—	—	18,293	18,478
Investment in an associate	—	—	91	99	—	—	—	—	91	99
Unallocated assets									2,567,176	2,886,559
Assets classified as held for sale	733	735	—	—	—	—	—	—	733	735
Total assets									<u>29,162,312</u>	<u>30,117,758</u>
Segment liabilities	448,733	1,115,626	840,871	1,037,645	98,202	104,543	32,413	95,128	1,420,219	2,352,942
Unallocated liabilities									<u>14,750,042</u>	<u>15,255,626</u>
Total liabilities									<u>16,170,261</u>	<u>17,608,568</u>

4. PROFIT FROM OPERATING ACTIVITIES

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

	For the six months ended	
	31 January	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment [#]	52,072	73,783
Depreciation of right-of-use assets [#]	9,910	10,365
Fair value losses on cross currency swaps ^{##}	—	5,951
Foreign exchange differences, net ^{##}	6,584	(26,219)
Loss on disposal of items of property, plant and equipment ^{##}	254	30
Derecognition loss on rental receivable ^{##}	—	3,686
	<u>58,816</u>	<u>67,335</u>

[#] The depreciation charge for hotels and serviced apartments and related leasehold improvements is HK\$40,669,000 (six months ended 31 January 2023: HK\$42,335,000). The depreciation charge for theme parks is HK\$13,421,000 (six months ended 31 January 2023: HK\$32,716,000). These items are included in "Other operating expenses, net" on the face of the condensed consolidated income statement.

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

5. FINANCE COSTS

	For the six months ended	
	31 January	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on:		
Bank loans	352,504	245,026
Guaranteed notes	—	68,320
Amortisation of transaction fees for:		
Bank loans	10,540	17,383
Guaranteed notes	—	2,577
Bank financing charges and direct costs	23,684	13,425
Interest on lease liabilities	75	164
Interest on put option liabilities	2,252	2,323
	<u>389,055</u>	<u>349,218</u>
Less: Capitalised in properties under development	(41,314)	(26,037)
Capitalised in investment properties under construction	(13,781)	(36,934)
Capitalised in construction in progress	(19,279)	(11,795)
	<u>(74,374)</u>	<u>(74,766)</u>
Total finance costs	<u><u>314,681</u></u>	<u><u>274,452</u></u>

6. TAX

The statutory rate of Hong Kong profits tax is 16.5% (six months ended 31 January 2023: 16.5%). No provision for Hong Kong profits tax had been made as the Group had no estimated assessable profits arising in Hong Kong during the period (six months ended 31 January 2023: Nil). Taxes on profits assessable elsewhere had been calculated at the tax rates prevailing in the jurisdictions in which the Group operates.

	For the six months ended	
	31 January	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current — Mainland China		
Corporate income tax	75,892	63,036
Land appreciation tax	170,679	101,376
Deferred	3,655	(26,202)
	<u>250,226</u>	<u>138,210</u>
Total tax charge for the period	<u><u>250,226</u></u>	<u><u>138,210</u></u>

7. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share amount was based on the loss for the period attributable to owners of the Company of HK\$174,530,000 (six months ended 31 January 2023: HK\$176,944,000), and the weighted average number of ordinary shares of 331,033,443 (six months ended 31 January 2023: 331,033,443) in issue during the period.

As the exercise prices of the share options are higher than the average market price of the shares during the period, the Group had no potentially dilutive ordinary shares in issue during the periods ended 31 January 2024 and 31 January 2023.

8. DEBTORS, DEPOSITS AND PREPAYMENTS

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

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

	31 January 2024 (Unaudited) HK\$'000	31 July 2023 (Audited) HK\$'000
Trade receivables, net		
Within one month	119,767	105,627
One to three months	7,611	8,620
Over three months	17,112	19,069
	144,490	133,316
Finance lease receivables, not yet due	487,131	482,099
Other receivables, deposits and prepayments	332,251	344,526
	963,872	959,941
Amounts classified as current assets	(481,287)	(481,967)
Non-current portion	482,585	477,974

9. CREDITORS, ACCRUALS AND OTHER PAYABLES

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

	31 January 2024 (Unaudited) HK\$'000	31 July 2023 (Audited) HK\$'000
Trade payables		
Within one month	195,930	163,841
One to three months	6,479	9,089
Over three months	63,140	100,888
	265,549	273,818
Accruals and other payables	864,124	1,243,278
Put option liabilities	1,111,996	1,114,080
	2,241,669	2,631,176
Amounts classified as current liabilities	(1,343,588)	(1,730,450)
Non-current portion	898,081	900,726

10. LOANS FROM A FELLOW SUBSIDIARY

The fellow subsidiary, as a non-controlling shareholder of a subsidiary (the “**Subsidiary**”) of the Company advanced loans to the Subsidiary according to its percentage of interest in the Subsidiary and the aforesaid loans have been capitalised during the period.

INTERIM DIVIDEND

The Board has resolved not to pay an interim dividend for the six months ended 31 January 2024 (six months ended 31 January 2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Global economy encountered persistent challenges of inflation and subdued growth prospects during the period under review. Despite a stronger-than-anticipated global GDP growth in 2023 largely due to post COVID-19 recovery, global GDP growth gradually slowed down due to geopolitical tensions, tighter financial conditions, weaker trade growth, and declining business and consumer confidence. The near-term outlook was unfavorable given heightened geopolitical tensions such as the ongoing Russia-Ukraine conflict, the recent conflict between Israel and Palestine, and significant tensions between major economies. These challenges, coupled with persistently high interest rates presented substantial obstacles to global recovery. The stronger than expected economic data in the United States, which led to a slower than expected interest rate cut surprised the market, implies a high interest rate environment is likely to persist for some time. Although China experienced limited direct impact, the enduring tensions with the United States, along with trade restrictions, resulted in the reduction of investor confidence and external demand. China sought to address this decline by implementing domestic initiatives and engaging in the belt and road initiative. Nevertheless, the repercussions of these challenges were felt across China, highlighting the widespread consequences on its economy.

China announced GDP growth target this year of around 5.0% at the National People's Congress held in March 2024, indicating the challenges posed by the economic slowdown. Despite the stimulus and support measures rolled out by the Chinese government to bolster economic growth, China has experienced a deceleration in economic conditions due to the weakened trade and a deepening downturn in the real estate sector. We believe that the Chinese government will continue to forge ahead and demonstrate more commitment to stimulate consumers activities. These can be seen through reducing initial down payments, extending mortgage duration, and lowering mortgage rates. We remain cautiously 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 operates, especially the Greater Bay Area in southern China, and continue to regard Hong Kong, where our headquarters is situated, as one of the major beneficiary cities.

The Group has adopted a regional focus and rental-led strategy. The rental portfolio, comprising approximately 5.9 million square feet in Shanghai, Guangzhou, Zhongshan and Hengqin, all of which are Tier 1 cities in China and cities within the Greater Bay Area, has delivered an improved performance in rental income for the period under review. Notably, the completion of two new grade A office towers, Shanghai Skyline Tower and Guangzhou Lai Fung International Center, in September and November 2022 respectively, has significantly expanded the Group's rental portfolio. These new properties have made a significant contribution to the Group's rental operations during the period, surpassing the revenue generated in the same period last year. Nonetheless, the Group has faced a challenging business environment in China due to the economic slowdown. This has resulted in a dampening effect on office leasing activities and therefore suppressed rental rates and some increase in vacancy levels. Consequently, these factors have slightly offset the increment in rental income for the period under review.

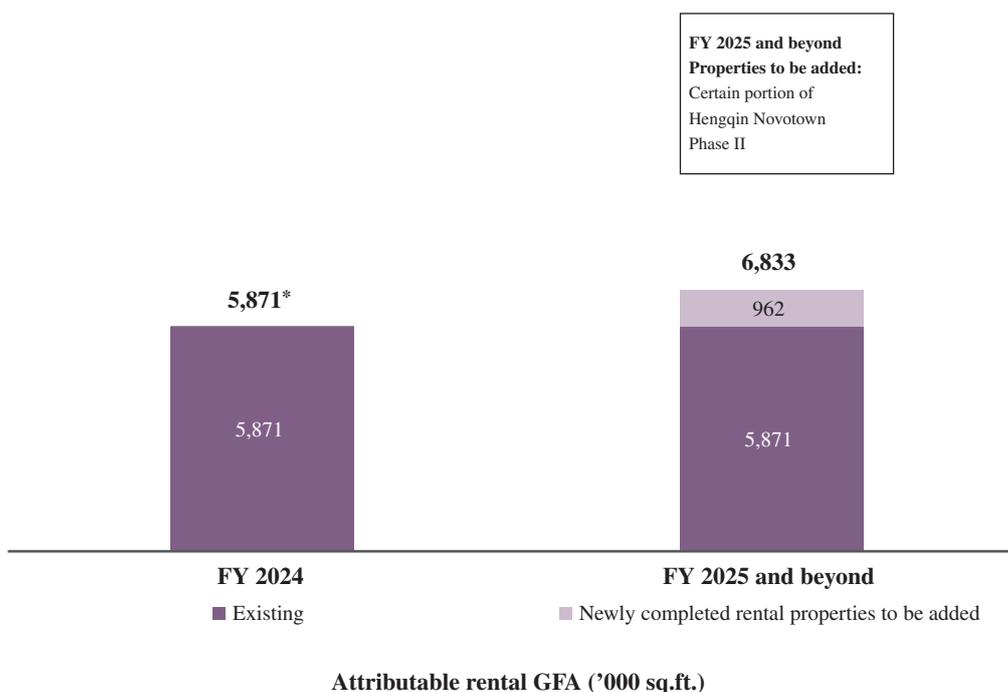
Construction of Phase II (“**Novotown Phase II**”) of the Novotown project in Hengqin (“**Novotown**”) is in progress. This mixed-used development project is expected to provide commercial and experiential entertainment facilities, office and serviced apartment spaces of 355,500 square feet, 1,585,000 square feet and 578,400 square feet, respectively. As at the date of this results announcement, leasing of the commercial area of Phase I of Novotown (“**Novotown Phase I**”) is underway with approximately 83% 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, Pokiddo Trampoline Park, Kunpeng Go-Kart Sports Centre, Snow Alarm, Da Yin Restaurant, Oyster King, Zhen Qi Ji, Ai Shang Niu Ding Ji, Vanguard Life Superstore and ULSC Hengqin. The Group remains confident that the deepening of cooperation between Hengqin and Macau, and the continuous development of the Guangdong-Macau In-Depth Cooperation Zone in Hengqin will position Hengqin as a prominent piece 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 the Group’s results in the long run.

The sale of remaining phases of Zhongshan Palm Spring, the cultural studios and cultural workshop units of Hengqin Novotown Phase I are in progress. The residential units in Zhongshan Palm Spring, the cultural studios, cultural workshops and office of Hengqin Novotown Phase I, as well as elements of Hengqin Novotown Phase II are expected to contribute to the income of the Group in coming financial years.

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

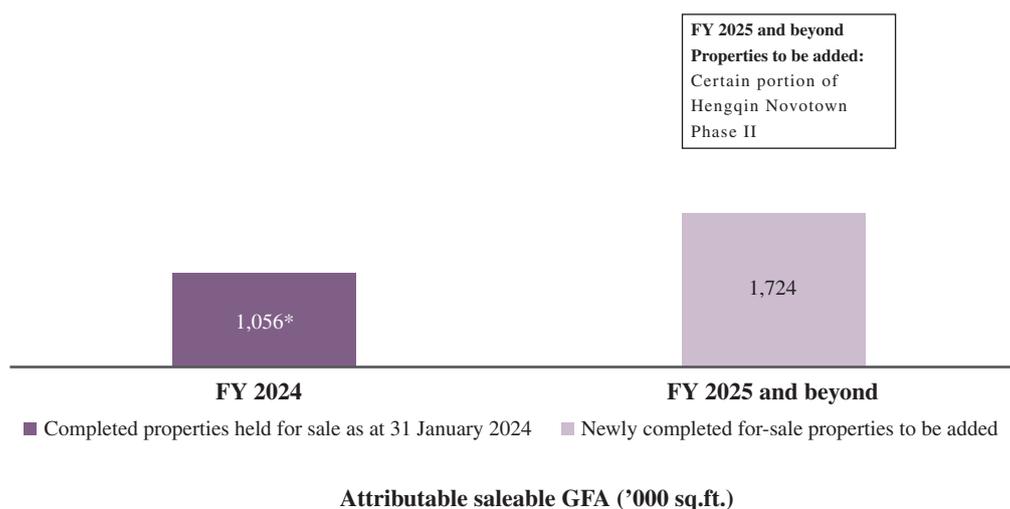
Set out below is the expected growth of the rental portfolio of the Group and the pipeline of development projects of the Group as at 31 January 2024:

Rental Portfolio



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

For-sale Projects



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

Trading in the shares of the Company (“**Shares**”) on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) was resumed on 11 November 2022. The Board has been discussing with core connected persons of the Company to consider disposing of some of their respective holdings in the Shares (the “**Potential Sell-down**”) to restore the public float of the Company. As at the date of this results announcement, discussions on the Potential Sell-down are still ongoing and no legally binding agreements have been entered into. Public float of the Company remains below the minimum requirement under the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”). Announcement(s) will be made by the Company on a quarterly basis until the public float of the Company is restored in accordance with the Listing Rules, so as to keep shareholders of the Company (“**Shareholders**”) and the market informed on the progress made in carrying out the proposed public float restoration plans.

As at 31 January 2024, the Group has approximately HK\$2,151.6 million of cash on hand (31 July 2023: HK\$2,471.7 million) and undrawn facilities of HK\$3,091.8 million (31 July 2023: HK\$2,013.9 million) with a net debt to equity ratio of 63% as at 31 January 2024 (31 July 2023: 64%). 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 2024, the Group recorded a turnover of HK\$1,409.3 million (2023: HK\$1,002.4 million), representing a significant increase of approximately 40.6% over the same period last year. The average Renminbi (“RMB”) exchange rate depreciated by approximately 3.0% over the same period last year. Excluding the effect of currency translation, the increase in RMB denominated turnover was approximately 45.0%. The increase was primarily due to higher income from rental, property sales and theme park operation during the period under review as compared to the same period last year. The gross profit increased by 43.2% to HK\$679.7 million from that of HK\$474.8 million last period under review.

Set out below is the turnover by segment:

	For the six months ended 31 January			For the six months ended 31 January		
	2024 ¹ (HK\$ million)	2023 ¹ (HK\$ million)	% change	2024 (RMB million)	2023 (RMB million)	% change
Rental income ²	501.5	423.1	+18.5%	463.4	379.1	+22.2%
Sale of properties	897.9	570.5	+57.4%	829.7	511.2	+62.3%
Theme park operation	9.9	8.8	+12.5%	9.1	7.9	+15.2%
Total	1,409.3	1,002.4	+40.6%	1,302.2	898.2	+45.0%

1. The exchange rates adopted for the six months ended 31 January 2024 and 2023 are 0.9240 and 0.8960, respectively
2. Including rental turnover of major properties of the Group, turnover from hotel and serviced apartment operation and property management income

Net loss attributable to owners of the Company was approximately HK\$174.5 million, as compared to net loss attributable to owners of the Company of HK\$176.9 million for the last corresponding period under review. The slight decreased loss, partially offset by increased fair value losses on investment properties, finance costs and tax expense, was primarily attributed to the increased revenue from rental, property sales and theme park operation during the period under review.

Net loss per share was HK\$0.527 (2023: HK\$0.535 per share).

Excluding the net effect of property revaluations, net loss attributable to owners of the Company was approximately HK\$100.5 million for the period under review (2023: HK\$125.2 million). Net loss per share excluding the effect of property revaluations was approximately HK\$0.304 (2023: HK\$0.378).

Loss attributable to owners of the Company (HK\$ million)	For the six months ended 31 January	
	2024	2023
Reported	(174.5)	(176.9)
Adjustments in respect of investment properties		
Revaluation losses of investment properties	106.0	71.3
Deferred tax on revaluation of investment properties	(26.5)	(17.8)
Non-controlling interests' share of revaluation movements less deferred tax	(5.5)	(1.8)
Net loss after tax excluding revaluation losses of investment properties	(100.5)	(125.2)

Net assets attributable to owners of the Company as at 31 January 2024 amounted to HK\$12,551.2 million (31 July 2023: HK\$12,777.9 million). Net asset value per share attributable to owners of the Company slightly decreased to HK\$37.92 per share as at 31 January 2024 from HK\$38.60 per share as at 31 July 2023.

PROPERTY PORTFOLIO COMPOSITION

Approximate attributable GFA (in '000 square feet) and number of car parking spaces as at 31 January 2024:

	Commercial/ Retail	Office	Hotel and Serviced Apartment	Residential	Total (excluding car parking spaces & ancillary facilities)	No. of Car Parking Spaces
Completed Properties Held for Rental ¹	2,673 ²	2,208	—	—	4,881 ²	2,984
Completed Hotel Properties and Serviced Apartments	—	—	990	—	990	—
Subtotal	2,673	2,208	990	—	5,871	2,984
Properties under Development ³	523	1,585	578	—	2,686	1,352
Completed Properties Held for Sale	164 ⁴	421	210	294	1,089	3,422
Total GFA of major properties of the Group	3,360	4,214	1,778	294	9,646	7,758

1. Completed and rental generating properties
2. Including cultural attraction spaces in Novotown Phase I that have been occupied by Lionsgate Entertainment World® and National Geographic Ultimate Explorer Hengqin with approximately 258,616 square feet and 49,191 square feet attributable to the Group, respectively
3. All properties under construction
4. Including 33,001 square feet of commercial space in Zhongshan Palm Spring which is currently for self-use

PROPERTY INVESTMENT

Revenue from Rental Operation

The completion of two new grade A office towers in Shanghai and Guangzhou, namely Shanghai Skyline Tower and Guangzhou Lai Fung International Center in September and November 2022, respectively, has significantly expanded the Group's rental portfolio. These new properties have made a significant contribution to the Group's rental operations during the period, surpassing the revenue generated in the same period last year. Moreover, since the relaxation of COVID-19 restrictions in early December 2022, there has been a noticeable recovery in the hotel business in Mainland China compared to the same period last year. Nonetheless, China continued to experience an economic slowdown generally, coupled with oversupply in certain segment and locations, dampened office leasing activities, resulting in suppressed rental rates and increased vacancy levels.

For the six months ended 31 January 2024, the Group's rental operations recorded a turnover of HK\$501.5 million (2023: HK\$423.1 million), representing an increase of approximately 18.5% over the same period last year. The average RMB exchange rate for the period under review depreciated by approximately 3.0% compared to the same period last year. Excluding the effect of currency translation, the RMB denominated revenue from lease of properties significantly increased by 22.2% to RMB463.4 million.

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

	For the six months ended 31 January			For the six months ended 31 January			Period end occupancy (%)			
	2024 [#] (HK\$ million)	2023 [#] (HK\$ million)	% Change	2024 (RMB million)	2023 (RMB million)	% Change	2024	2023		
Shanghai										
Shanghai Hong Kong Plaza	187.9	180.8	+3.9%	173.6	162.0	+7.2%	Retail: Office: Serviced Apartment:	96.2% 89.7% 85.8%	Retail: Office: Serviced Apartment:	90.3% 87.1% 62.8%
Shanghai May Flower Plaza	35.3	30.2	+16.9%	32.6	27.1	+20.3%	Retail: Hotel:	100.0% 61.3%	Retail: Hotel:	97.0% 52.5%
Shanghai Regents Park	8.8	9.8	-10.2%	8.1	8.8	-8.0%		100.0%		100.0%
Shanghai Skyline Tower	23.1	0.1	+23,000.0%	21.3	0.1	+21,200.0%	Retail: Office:	83.9% 32.8%		22.8%*
Guangzhou										
Guangzhou May Flower Plaza	49.6	47.2	+5.1%	45.8	42.3	+8.3%		90.0%		91.0%
Guangzhou West Point	11.1	11.2	-0.9%	10.3	10.0	+3.0%		91.0%		83.5%
Guangzhou Lai Fung Tower	60.7	67.3	-9.8%	56.1	60.3	-7.0%	Retail: Office:	100.0% 86.5%**	Retail: Office:	100.0% 90.9%**
Guangzhou Lai Fung International Center	17.3	1.4	+1,135.7%	16.0	1.3	+1,130.8%	Retail: Office:	71.0% 40.3%		31.6%*
Zhongshan										
Zhongshan Palm Spring Rainbow Mall	3.1	3.4	-8.8%	2.9	3.0	-3.3%	Retail:	68.5%**	Retail:	66.2%**
Hengqin										
Hengqin Novotown Phase I	85.4	57.5	+48.5%	78.9	51.5	+53.2%	Retail: Hotel:	83.2%*** 78.3%	Retail: Hotel:	77.7%*** 77.7%
Others	19.2	14.2	+35.2%	17.8	12.7	+40.2%		N/A		N/A
Total	501.5	423.1	+18.5%	463.4	379.1	+22.2%				

[#] The exchange rates adopted for the six months ended 31 January 2024 and 2023 are 0.9240 and 0.8960, respectively

* Shanghai Skyline Tower and Guangzhou Lai Fung International Center were completed in September and November 2022, respectively

** Excluding self-use area

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

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

	For the six months ended 31 January 2024			For the six months ended 31 January 2023		
	Group interest	Turnover (HK\$ million)	Attributable GFA (square feet)	Group interest	Turnover (HK\$ million)	Attributable GFA (square feet)
Shanghai						
Shanghai Hong Kong Plaza	100%			100%		
Retail		83.4	468,434		80.3	468,434
Office		48.6	362,096		52.7	362,096
Serviced Apartment (room revenue and F&B)		52.8	358,009		44.8	358,009
Car Parking Spaces		3.1	N/A		3.0	N/A
		<u>187.9</u>	<u>1,188,539</u>		<u>180.8</u>	<u>1,188,539</u>
Shanghai May Flower Plaza	100%			100%		
Retail		18.1	320,314		18.8	320,314
Hotel (room revenue and F&B)		15.0	143,846		9.3	143,846
Car Parking Spaces		2.2	N/A		2.1	N/A
		<u>35.3</u>	<u>464,160</u>		<u>30.2</u>	<u>464,160</u>
Shanghai Regents Park	95%			95%		
Retail		8.5	77,959		8.7	77,959
Car Parking Spaces		0.3	N/A		1.1	N/A
		<u>8.8</u>	<u>77,959</u>		<u>9.8</u>	<u>77,959</u>
Shanghai Skyline Tower*	100%			100%		
Retail		2.7	92,226		–	92,226
Office		19.4	634,839		0.1	634,839
Car Parking Spaces		1.0	N/A		–	N/A
		<u>23.1</u>	<u>727,065</u>		<u>0.1</u>	<u>727,065</u>
Guangzhou						
Guangzhou May Flower Plaza	100%			100%		
Retail		43.0	357,424		40.4	357,424
Office		4.9	79,431		5.7	79,431
Car Parking Spaces		1.7	N/A		1.1	N/A
		<u>49.6</u>	<u>436,855</u>		<u>47.2</u>	<u>436,855</u>
Guangzhou West Point	100%			100%		
Retail		11.1	182,344		11.2	182,344
Guangzhou Lai Fung Tower	100%			100%		
Retail		8.5	112,292		8.1	112,292
Office		49.0	625,821		56.0	625,821
Car Parking Spaces		3.2	N/A		3.2	N/A
		<u>60.7</u>	<u>738,113</u>		<u>67.3</u>	<u>738,113</u>
Guangzhou Lai Fung International Center*	100%			100%		
Retail		3.6	109,320		–	109,320
Office		12.4	505,301		1.4	505,301
Car Parking Spaces		1.3	N/A		–	N/A
		<u>17.3</u>	<u>614,621</u>		<u>1.4</u>	<u>614,621</u>
Zhongshan						
Zhongshan Palm Spring Rainbow Mall	100%			100%		
Retail**		3.1	148,106		3.4	148,106
Hengqin						
Novotown Phase I Commercial***	80%***			80%***		
Hotel (room revenue and F&B)		3.4	804,873		2.3	796,573
		<u>82.0</u>	<u>488,432</u>		<u>55.2</u>	<u>488,432</u>
		<u>85.4</u>	<u>1,293,305</u>		<u>57.5</u>	<u>1,285,005</u>
Others		19.2	N/A		14.2	N/A
Total		<u>501.5</u>	<u>5,871,067</u>		<u>423.1</u>	<u>5,862,767</u>

* Shanghai Skyline Tower and Guangzhou Lai Fung International Center were completed in September and November 2022, respectively

** Excluding self-use area

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

**** Including the cultural attraction spaces occupied by Lionsgate Entertainment World® and National Geographic Ultimate Explorer Hengqin (self-use area), the attributable GFA of which was approximately 307,807 square feet as at 31 January 2024. Revenue from Lionsgate Entertainment World® and National Geographic Ultimate Explorer Hengqin are recognised under turnover from theme park operation of the Group

Review of Major Rental Properties

Shanghai Hong Kong Plaza

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

Connected by an indoor footbridge, the property comprises a 32-storey office building, a 32-storey serviced apartment (managed by the Ascott Group), a shopping mall and carpark. The property's total GFA is approximately 1,188,500 square feet excluding 350 car parking spaces, comprising approximately 362,100 square feet for office, approximately 358,000 square feet for serviced apartment, and approximately 468,400 square feet for shopping mall. Anchor tenants, as of the date of this results announcement, include The Apple Store, Tiffany, Genesis Motor, Tasaki, Swarovski etc.

The Group owns 100% of this property.

Shanghai May Flower Plaza

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

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

Shanghai Regents Park

Shanghai Regents Park is a large-scale residential/commercial composite development located in the Zhongshan Park Commercial Area at the Changning District, Shanghai. It is situated within walking distance of the Zhongshan Park Metro Station. The Group retains a 95% interest in the commercial portion which has a total GFA of approximately 82,100 square feet (GFA attributable to the Group is approximately 78,000 square feet).

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 been awarded the Leadership in Energy and Environmental Design ("LEED") v4 Gold Certification in October 2023. The construction was completed in September 2022 and leasing is underway. As at the date of this results announcement, approximately 84% of commercial and 33% of office areas have been secured, respectively.

The 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.

The Group owns 100% of this property.

Guangzhou West Point

Guangzhou West Point is located on Zhongshan Qi Road and is within walking distance from the Ximenkou Subway Station. This is a mixed-use property where the Group has sold all the residential and office units.

The Group owns 100% in the commercial podium with GFA of approximately 182,300 square feet. Tenants of the retail podium include renowned restaurants and local retail brands.

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.

The Group owns 100% of this property.

Guangzhou Lai Fung International Center

Guangzhou Lai Fung International Center, formerly 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. As at the date of this results announcement, approximately 95% of commercial and 42% of office areas have been secured, respectively.

The Group owns 100% of this property.

Zhongshan Palm Spring Rainbow Mall

Zhongshan Palm Spring Rainbow Mall is the commercial portion of Zhongshan Palm Spring, a multi-phases project located in Caihong Planning Area, Western District of Zhongshan. It is positioned as a community retail facility with a total GFA of approximately 181,100 square feet.

The 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.

As at the date of this results announcement, leasing of the commercial area of Novotown Phase I is underway with approximately 83% of the leasable area. Except for the two themed indoor experience centers, namely Lionsgate Entertainment World® and National Geographic Ultimate Explorer Hengqin, key tenants include Zhuhai Duty Free, Pokiddo Trampoline Park, Kunpeng Go-Kart Sports Centre, Snow Alarm, Da Yin Restaurant, Oyster King, Zhen Qi Ji, Ai Shang Niu Ding Ji, Vanguard Life Superstore and ULSC Hengqin.

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

Hotel and Serviced Apartment

Ascott Huaihai Road Shanghai

Ascott Huaihai Road in Shanghai Hong Kong Plaza is managed by the Ascott Group and it is one of a premier collection of the Ascott Limited's serviced residences in over 70 cities in Asia Pacific, Europe and the Gulf region. The residence with a total GFA of approximately 359,700 square feet and approximately 358,000 square feet attributable to the Group has 310 contemporary apartments of various sizes: studios (640-750 sq.ft.), one-bedroom apartments (915-1,180 sq.ft.), two-bedroom apartments (1,720 sq.ft.), three-bedroom apartments (2,370 sq.ft.) and two luxurious penthouses on the highest two floors (4,520 sq.ft.). An average occupancy rate of 88.7% was achieved during the period under review and the average room tariff was approximately HK\$1,030.

STARR Hotel Shanghai

STARR Hotel Shanghai is a 17-storey hotel located in the Mayflower Lifestyle complex in Jing'an District, within walking distance to Lines 1, 3 and 4 of the Shanghai Metro Station with easy access to major motorways. There are 239 fully furnished and equipped hotel units with stylish separate living room, bedroom, fully-equipped kitchenette and luxurious bathroom amenities for short or extended stays to meet the needs of the business travelers from around the world and the total GFA is approximately 143,800 square feet. The GFA attributable to the Group is approximately 143,800 square feet. An average occupancy rate of 78.3% was achieved during the period under review and the average room tariff was approximately HK\$426.

Hyatt Regency Hengqin

Hyatt Regency Hengqin is located in Novotown Phase I in Hengqin, Zhuhai, the heart of the Greater Bay Area and is within easy reach of the Hong Kong-Zhuhai-Macau Bridge. Hyatt Regency Hengqin with a total GFA of approximately 610,500 square feet and approximately 488,400 square feet attributable to the Group has 493 guest rooms including 55 suites ranging in size from 430 sq.ft. to 2,580 sq.ft., a wide range of dining options, as well as banqueting and conference facilities of over 40,000 square feet. An average occupancy rate of 68.4% was achieved during the period under review and the average room tariff was approximately HK\$821.

The Group owns 80% interest in Hyatt Regency Hengqin. The remaining 20% is owned by LSD, the intermediate holding company of the Company.

PROPERTY DEVELOPMENT

Recognised Sales

For the six months ended 31 January 2024, the Group's property development operations recorded a turnover of HK\$897.9 million (2023: HK\$570.5 million) from sale of properties, representing a significant increase of 57.4% compared to the same period last year. The average RMB exchange rate depreciated by approximately 3.0% compared to same period last year. Excluding the effect of currency translation, the RMB denominated property sales revenue was RMB829.7 million (2023: RMB511.2 million). The recognised sales during the period under review was primarily driven by the sales performance of residential units of Zhongshan Palm Spring as well as cultural studios and cultural workshop units of Hengqin Novotown Phase I.

Breakdown of turnover for the six months ended 31 January 2024 from properties sales is as follows:

Recognised Basis	No. of Units	Approximate GFA (square feet)	Average Selling Price [#] (HK\$/square foot)	Turnover ^{##} (HK\$ million [*])	(RMB million)
Hengqin Novotown Phase I					
Cultural Studios	10	35,784	4,512	152.4	140.8
Cultural Workshop Units	64	46,107	2,220	93.9	86.8
Zhongshan Palm Spring					
Residential High-rise Units	351	423,352	1,633	634.3	586.1
Subtotal	425	505,243	1,891	880.6	813.7
Shanghai Regents Park					
Car Parking Spaces	9			5.6	5.2
Guangzhou West Point					
Car Parking Spaces	27			10.9	10.1
Zhongshan Palm Spring					
Car Parking Spaces	5			0.8	0.7
Subtotal	41			17.3	16.0
Total				897.9	829.7

[#] Value-added tax inclusive

^{##} Value-added tax exclusive

^{*} The exchange rate adopted for the six months ended 31 January 2024 is 0.9240

Contracted Sales

As at 31 January 2024, the Group's property development operations has contracted but not yet recognised sales of HK\$321.9 million, primarily driven by the sale performance of residential units in Zhongshan Palm Spring and cultural studios and cultural workshop units in Hengqin Novotown Phase I, as well as the sale of properties in Novotown Phase II being occupied by Harrow Innovation Leadership Academy Hengqin (“**Harrow ILA Hengqin**”). Excluding the effect of currency translation, the RMB denominated contracted but not yet recognised sales of residential units, cultural studios, cultural workshop units and car parking spaces as at 31 January 2024 amounted to RMB297.4 million (31 July 2023: RMB869.8 million).

Breakdown of contracted but not yet recognised sales as at 31 January 2024 is as follows:

Contracted Basis	No. of Units	Approximate GFA (square feet)	Average Selling Price [#] (HK\$/square foot)	Turnover [#] (HK\$ million ^{##})	(RMB million)
Zhongshan Palm Spring Residential High-rise Units	58	72,763	1,748	127.2	117.5
Hengqin Novotown Phase I Cultural Studios	2	6,367	4,319	27.5	25.4
Cultural Workshop Units	3	2,235	2,819	6.3	5.8
Hengqin Novotown Phase II Harrow ILA Hengqin Buildings*	N/A	149,078	1,075	160.3	148.1
Subtotal	63	230,443	1,394	321.3	296.8
Shanghai Regents Park Car Parking Space	1			0.6	0.6
Subtotal	1			0.6	0.6
Total				321.9	297.4

[#] Value-added tax inclusive

^{##} The exchange rate adopted for the six months ended 31 January 2024 is 0.9240

* Will be recognised as income from finance lease under turnover

Review of Major Properties Completed for Sale and under Development

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. As at 31 January 2024, all residential units and 30 car parking spaces have been sold. The total carrying amount of remaining 13 unsold car parking spaces of this development was approximately HK\$8.5 million as at 31 January 2024.

The 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 2024, 458 car parking spaces of this development remained unsold with a carrying amount of approximately HK\$97.6 million.

The 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 nine car parking spaces contributed HK\$5.6 million to the turnover. As at 31 January 2024, the contracted but not yet recognised sales of one car parking space amounted to approximately HK\$0.6 million and a total of 191 car parking spaces of this development remained unsold with a carrying amount of approximately HK\$44.1 million.

The 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. As at 31 January 2024, two unsold car parking spaces have a total carrying amount of approximately HK\$1.0 million.

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

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, 423,352 square feet of high-rise residential units were recognised at an average selling price of HK\$1,633 per square foot, which contributed a total of HK\$634.3 million to the sales turnover. As at 31 January 2024, contracted but not yet recognised sales for high-rise residential units amounted to HK\$127.2 million, at an average selling price of HK\$1,748 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 the 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 the Group. As at 31 January 2024, a serviced apartment unit remained unsold.

As at 31 January 2024, completed units held for sale in this development, including residential units and commercial units, amounted to approximately 396,700 square feet with a total carrying amount of approximately HK\$277.9 million. The carrying amount of the 2,672 unsold car parking spaces of this development as at 31 January 2024 was approximately HK\$216.1 million.

The 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 35,784 square feet of cultural studios and 46,107 square feet of cultural workshop units were recognised at an average selling price of HK\$4,512 per square foot and HK\$2,220 per square foot, respectively, which contributed a total of HK\$246.3 million to the Group’s turnover. As at 31 January 2024, contracted but not yet recognised sales for cultural studios and cultural workshop units amounted to HK\$27.5 million and HK\$6.3 million, at an average selling price of HK\$4,319 per square foot and HK\$2,819 per square foot, respectively. As at 31 January 2024, completed properties held for sale in Novotown Phase I, including cultural studios, cultural workshop units and office units, amounted to approximately 823,700 square feet with a total carrying amount of approximately HK\$1,759.2 million.

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

Phase II

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

Construction work is in progress. 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. Properties in Novotown Phase II occupied by Harrow ILA Hengqin have been sold to the school operator, which enabled the Group to crystallise the value of its investment in Novotown Phase II and gradually recoup funding to improve the project's working capital position.

The Group remains confident that the continuous development of the Guangdong-Macau In-Depth Cooperation Zone in Hengqin will position Hengqin as a prominent piece 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 the Group's results in the long run.

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

CAPITAL STRUCTURE, LIQUIDITY AND DEBT MATURITY PROFILE

As at 31 January 2024, cash and bank balances held by the Group amounted to HK\$2,151.6 million and undrawn facilities of the Group was HK\$3,091.8 million.

As at 31 January 2024, the Group had total borrowings amounting to HK\$9,998.4 million (as at 31 July 2023: HK\$10,618.2 million), representing a decrease of HK\$619.8 million from 31 July 2023. The consolidated net assets attributable to the owners of the Company amounted to HK\$12,551.2 million (as at 31 July 2023: HK\$12,777.9 million). The gearing ratio, being net debt (total borrowings less cash and bank balances) to net assets attributable to the owners of the Company was approximately 63% (as at 31 July 2023: 64%). The maturity profile of the Group's borrowings of HK\$9,998.4 million is well spread with HK\$732.7 million repayable within one year, HK\$2,212.9 million repayable in the second year, HK\$5,120.0 million repayable in the third to fifth years and HK\$1,932.8 million repayable beyond the fifth year.

Approximately 99% and 1% of the Group's borrowings were interest bearing on a floating rate basis and interest-free, respectively. The Group's borrowings of HK\$9,998.4 million were 52% denominated in Renminbi ("RMB"), 45% in Hong Kong dollars ("HKD") and 3% in United States dollars ("USD").

The Group's cash and bank balances of HK\$2,151.6 million were 76% denominated in RMB, 23% in HKD and 1% in USD. The Group's monetary assets, liabilities and transactions are principally denominated in RMB, USD and HKD. The Group, with HKD as its presentation currency, is exposed to foreign currency risk arising from the exposure of HKD against USD and RMB, respectively. The Group has a net exchange exposure to RMB as the Group's assets are principally located in China and the revenues are predominantly in RMB. The Group does not have any derivative financial instruments or hedging instruments outstanding.

Certain assets of the Group have been pledged to secure borrowings and bank facilities of the Group, including investment properties with a total carrying amount of approximately HK\$17,169.7 million, properties under development with a total carrying amount of approximately HK\$838.8 million, property, plant and equipment and the related right-of-use assets with a total carrying amount of approximately HK\$2,326.6 million, completed properties for sale with a total carrying amount of approximately HK\$179.9 million and time deposits and bank balances of approximately HK\$471.7 million.

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

CONTINGENT LIABILITIES

There has been no material change in contingent liabilities of the Group since 31 July 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 January 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Corporate Governance Code contained in Part 2 of Appendix C1 to the Listing Rules throughout the six months ended 31 January 2024 except for 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 15 December 2023. Mr. Cheung Sum, Sam, an executive director of the Company ("**Executive Director**") who was present at that AGM was elected chairman of that AGM pursuant to Article 78 of the second amended and restated articles of association of the Company to ensure an effective communication with the Shareholders thereat.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 January 2024, the Group employed a total of around 1,700 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 regularly.

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 range of stakeholders via physical/online meetings and conference calls.

The Company is keen on promoting investor relations and enhancing communication with its 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 6106, by fax at (852) 2853 6651 or by e-mail at ir@laifung.com.

REVIEW OF INTERIM RESULTS

The audit committee of the Company (“**Audit Committee**”) currently comprises four independent non-executive directors, namely Messrs. Law Kin Ho, Lam Bing Kwan, Ku Moon Lun and Mak Wing Sum, Alvin. The Audit Committee has reviewed the unaudited interim results (including the unaudited condensed consolidated financial statements) of the Company for the six months ended 31 January 2024.

By order of the Board
Lam Kin Ngok, Peter
Chairman

Hong Kong, 19 March 2024

As at the date of this announcement, the Board comprises seven Executive Directors, namely Dr. Lam Kin Ngok, Peter (Chairman), Mr. Lam Kin Hong, Matthew (Executive Deputy Chairman), Mr. Lam Hau Yin, Lester (Chief Executive Officer) (also alternate to Madam U Po Chu), Madam U Po Chu and Messrs. Cheng Shin How, Lee Tze Yan, Ernest and Cheung Sum, Sam; and six Independent Non-executive Directors, namely Messrs. Lam Bing Kwan, Ku Moon Lun, Law Kin Ho, Mak Wing Sum, Alvin, Shek Lai Him, Abraham and Au Hoi Fung.