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LAI FUNG HOLDINGS

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

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 JULY 2021

RESULTS

The board of directors (the “**Board**”) of Lai Fung Holdings Limited (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 July 2021 together with the comparative figures for the previous year as follows:

Consolidated Income Statement

For the year ended 31 July 2021

	Notes	2021 HK\$'000	2020 HK\$'000
TURNOVER	3	3,196,582	1,201,779
Cost of sales		(2,477,462)	(604,505)
Gross profit		719,120	597,274
Other income and gains	3	106,640	78,168
Selling and marketing expenses		(137,511)	(63,326)
Administrative expenses		(247,668)	(267,164)
Other operating expenses, net		(525,579)	(196,596)
Write-down of completed properties for sale to net realisable value		—	(467,920)
Fair value gains/(losses) on investment properties		250,774	(599,081)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	4	165,776	(918,645)
Finance costs	5	(401,427)	(262,870)
Share of losses of joint ventures		(265)	(214)
Share of losses of associates		(235)	(617)
LOSS BEFORE TAX		(236,151)	(1,182,346)
Tax	6	(439,414)	(42,212)
LOSS FOR THE YEAR		(675,565)	(1,224,558)
ATTRIBUTABLE TO:			
Owners of the Company		(538,967)	(1,006,263)
Non-controlling interests		(136,598)	(218,295)
		(675,565)	(1,224,558)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY:	8		
Basic and diluted		(HK\$1.628)	(HK\$3.049)

Consolidated Statement of Comprehensive Income
For the year ended 31 July 2021

	2021	2020
	HK\$'000	HK\$'000
LOSS FOR THE YEAR	(675,565)	(1,224,558)
OTHER COMPREHENSIVE INCOME/(EXPENSES) THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT IN SUBSEQUENT PERIODS, NET OF TAX		
Exchange differences:		
Exchange differences arising on translation to the presentation currency	1,706,225	(508,893)
Reclassification of reserve upon deregistration of subsidiaries	1,239	—
	1,707,464	(508,893)
Share of other comprehensive income/(expenses) of an associate	20	(11)
	1,707,484	(508,904)
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE YEAR	1,031,919	(1,733,462)
ATTRIBUTABLE TO:		
Owners of the Company	1,122,003	(1,496,209)
Non-controlling interests	(90,084)	(237,253)
	1,031,919	(1,733,462)

Consolidated Statement of Financial Position*As at 31 July 2021*

	Notes	2021 HK\$'000	2020 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		3,416,099	3,547,337
Right-of-use assets		562,463	475,780
Investment properties		19,982,100	18,393,986
Investments in joint ventures		16,438	1,103
Investments in associates		45	533
Derivative financial instruments		—	6,821
Debtors, deposits and prepayments	9	526,687	—
Total non-current assets		24,503,832	22,425,560
CURRENT ASSETS			
Properties under development		749,677	1,444,316
Completed properties for sale		4,507,445	3,909,055
Inventories		6,253	6,341
Debtors, deposits and prepayments	9	616,961	598,884
Prepaid tax		53,100	42,154
Pledged and restricted time deposits and bank balances		1,879,366	1,330,619
Cash and cash equivalents		2,819,615	1,193,956
Assets classified as held for sale		10,632,417	8,525,325
		2,617	7,449
Total current assets		10,635,034	8,532,774
CURRENT LIABILITIES			
Creditors, accruals and other payables	10	2,289,675	2,335,241
Contract liabilities and deposits received	11	1,038,062	608,438
Interest-bearing bank loans		429,229	3,515,128
Lease liabilities		3,468	5,034
Derivative financial instruments		—	5,852
Tax payable		384,168	214,581
Other borrowings		41,159	41,050
Total current liabilities		4,185,761	6,725,324
NET CURRENT ASSETS		6,449,273	1,807,450
TOTAL ASSETS LESS CURRENT LIABILITIES		30,953,105	24,233,010

Consolidated Statement of Financial Position (continued)*As at 31 July 2021*

	Notes	2021 HK\$'000	2020 HK\$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		30,953,105	24,233,010
NON-CURRENT LIABILITIES			
Lease liabilities		5,799	787
Other payables	10	993,150	—
Long-term deposits received	11	139,631	119,852
Interest-bearing bank loans		7,903,894	3,635,370
Advances from a former substantial shareholder		56,181	51,738
Loans from a fellow subsidiary		445,835	396,475
Guaranteed notes		2,711,994	2,699,772
Derivative financial instruments		8,965	—
Deferred tax liabilities		3,236,058	2,909,494
Total non-current liabilities		15,501,507	9,813,488
		15,451,598	14,419,522
EQUITY			
Equity attributable to owners of the Company			
Issued capital		1,655,167	1,655,167
Reserves		13,776,092	12,653,932
		15,431,259	14,309,099
Non-controlling interests		20,339	110,423
		15,451,598	14,419,522

Notes to Consolidated Financial Statements

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for completed investment properties, certain investment properties under construction and derivative financial instruments, which have been measured at fair value. Non-current asset classified as held for sale is stated at the lower of its carrying amount and fair value less costs to sell. These financial statements are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year’s financial statements.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The adoption of the above revised standards has had no significant financial effect on the financial statements.

3. TURNOVER, OTHER INCOME AND GAINS AND OPERATING SEGMENT INFORMATION

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

An analysis of the Group's turnover, other income and gains is as follows:

	2021 HK\$'000	2020 HK\$'000
Turnover	3,196,582	1,201,779
Other income and gains	<u>106,640</u>	<u>78,168</u>
Total turnover, other income and gains	<u><u>3,303,222</u></u>	<u><u>1,279,947</u></u>
	2021 HK\$'000	2020 HK\$'000
Turnover, other income and gains from contracts with customers		
Sale of properties	1,811,355	424,563
Hotel and serviced apartment operation	207,910	116,686
Building management operation	119,828	100,499
Theme park operation	<u>30,769</u>	<u>19,153</u>
	<u>2,169,862</u>	<u>660,901</u>
Turnover, other income and gains from other sources		
Rental income from investment properties	562,574	540,878
Income from properties under finance lease	464,146	—
Interest income from bank deposits	48,362	23,479
Government grant*	24,383	6,896
Others	<u>33,895</u>	<u>47,793</u>
	<u>1,133,360</u>	<u>619,046</u>
Total turnover, other income and gains	<u><u>3,303,222</u></u>	<u><u>1,279,947</u></u>
Timing of recognition of turnover, other income and gains from contracts with customers		
At a point in time	1,811,355	424,563
Over time	<u>358,507</u>	<u>236,338</u>
Total	<u><u>2,169,862</u></u>	<u><u>660,901</u></u>

* There are no unfulfilled conditions or contingencies to this income.

3. TURNOVER, OTHER INCOME AND GAINS AND OPERATING SEGMENT INFORMATION (CONTINUED)

	Property development		Property investment		Hotel and serviced apartment operation		Theme park operation		Consolidated	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Segment revenue/results:										
Segment revenue										
Sales to external customers	2,275,501	424,563	682,402	641,377	207,910	116,686	30,769	19,153	3,196,582	1,201,779
Other revenue	1,753	922	21,119	40,558	286	83	1,446	—	24,604	41,563
Total	<u>2,277,254</u>	<u>425,485</u>	<u>703,521</u>	<u>681,935</u>	<u>208,196</u>	<u>116,769</u>	<u>32,215</u>	<u>19,153</u>	<u>3,221,186</u>	<u>1,243,342</u>
Segment results	<u>94,700</u>	<u>(266,294)</u>	<u>538,630</u>	<u>(243,474)</u>	<u>(36,609)</u>	<u>(91,403)</u>	<u>(433,918)</u>	<u>(263,079)</u>	<u>162,803</u>	<u>(864,250)</u>
Interest income from bank deposits									48,362	23,479
Unallocated gains									33,674	13,126
Unallocated expenses, net									(79,063)	(91,000)
Profit/(loss) from operating activities									165,776	(918,645)
Finance costs									(401,427)	(262,870)
Share of losses of joint ventures	(1,047)	(214)	782	—	—	—	—	—	(265)	(214)
Share of losses of associates	—	—	(235)	(617)	—	—	—	—	(235)	(617)
Loss before tax									(236,151)	(1,182,346)
Tax									(439,414)	(42,212)
Loss for the year									<u>(675,565)</u>	<u>(1,224,558)</u>

3. TURNOVER, OTHER INCOME AND GAINS AND OPERATING SEGMENT INFORMATION (CONTINUED)

	Property development		Property investment		Hotel and serviced apartment operation		Theme park operation		Consolidated	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Segment assets/liabilities:										
Segment assets	5,954,564	5,445,982	20,240,298	18,583,714	2,229,339	2,248,776	1,599,193	1,699,030	30,023,394	27,977,502
Investments in joint ventures	56	1,103	16,382	—	—	—	—	—	16,438	1,103
Investments in associates	—	—	45	533	—	—	—	—	45	533
Unallocated assets									5,096,372	2,971,747
Assets classified as held for sale	2,617	7,449	—	—	—	—	—	—	2,617	7,449
Total assets									<u>35,138,866</u>	<u>30,958,334</u>
Segment liabilities	1,915,930	762,767	651,300	1,255,591	324,491	510,908	132,658	157,577	3,024,379	2,686,843
Unallocated liabilities									<u>16,662,889</u>	<u>13,851,969</u>
Total liabilities									<u>19,687,268</u>	<u>16,538,812</u>

During the year ended 31 July 2021, revenue of HK\$464,146,000 from property development segment was derived from a single customer. During the year ended 31 July 2020, no revenue from a single customer accounted for over 10% of the Group's total turnover.

No further geographical segment information is presented as over 90% of the Group's revenue was derived from Mainland China and over 90% of the Group's non-current assets were located in Mainland China.

3. TURNOVER, OTHER INCOME AND GAINS AND OPERATING SEGMENT INFORMATION (CONTINUED)

	Property development		Property investment		Hotel and serviced apartment operation		Theme park operation		Consolidated	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Other segment information:										
Depreciation	1,340	1,566	15,665	11,337	80,180	68,661	164,823	161,962	262,008	243,526
Corporate and other unallocated depreciation									5,742	4,501
									<u>267,750</u>	<u>248,027</u>
Capital expenditure	364	1,122	565,197	983,558	9,643	472,752	113,425	86,510	688,629	1,543,942
Corporate and other unallocated capital expenditure									1,752	3,255
									<u>690,381</u>	<u>1,547,197</u>
Fair value gains/(losses) on investment properties	—	—	250,774	(599,081)	—	—	—	—	250,774	(599,081)
Gain on disposal of assets classified as held for sale	4,417	55,560	—	—	—	—	—	—	4,417	55,560
Write-down of completed properties for sale to net realisable value	—	467,920	—	—	—	—	—	—	—	467,920
Write-down of properties under development to net realisable value	68,612	15,037	—	—	—	—	—	—	68,612	15,037
Derecognition loss on rental receivable	—	—	3,378	10,663	—	—	—	—	3,378	10,663
Foreseeable loss on finance lease contract	15,694	—	—	—	—	—	—	—	15,694	—
Loss on disposal of items of property, plant and equipment	157	40	4,826	1,074	—	—	—	11	4,983	1,125
Impairment of property, plant and equipment	—	—	—	—	—	—	189,355	—	189,355	—
Corporate and other unallocated loss on disposal of items of property, plant and equipment									—	105

4. PROFIT/LOSS FROM OPERATING ACTIVITIES

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

	2021	2020
	HK\$'000	HK\$'000
Cost of completed properties sold	1,986,728	223,100
Outgoings in respect of rental income, hotel and serviced apartment operation, theme park operation and building management operation	490,734	381,405
Depreciation of property, plant and equipment [#]	245,141	229,130
Depreciation of right-of-use assets [#]	22,609	18,897
Amortisation of prepaid land lease payments	12,314	8,148
Capitalised in properties under development	(12,314)	(8,148)
	<hr/>	<hr/>
	—	—
Foreign exchange differences, net ^{**}	(19,662)	(23,860)
Gain on disposal of assets classified as held for sale ^{**}	(4,417)	(55,560)
Loss on disposal of items of property, plant and equipment ^{**}	4,983	1,230
Impairment of property, plant and equipment ^{**}	189,355	—
Contingent rents ^{##}	(12,552)	(1,782)
Write-down of properties under development to net realisable value ^{**}	68,612	15,037
Derecognition loss on rental receivable ^{**}	3,378	10,663
Foreseeable loss on finance lease contract ^{**}	15,694	—
Fair value losses on cross currency swaps ^{**}	15,786	13,760
Fair value losses/(gains) on foreign currency forward contract ^{**}	(395)	5,852

[#] The depreciation charge for hotels and serviced apartments and related leasehold improvements is HK\$80,180,000 (2020: HK\$68,661,000). The depreciation charge for theme parks is HK\$161,863,000 (2020: HK\$159,302,000). These items are included in "Other operating expenses, net" on the face of the consolidated income statement.

^{##} The contingent rents are included in "Turnover" on the face of the consolidated income statement.

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

5. FINANCE COSTS

	2021 HK\$'000	2020 HK\$'000
Interest on:		
Bank loans	371,969	343,446
Guaranteed notes	147,043	147,043
Amortisation of transaction fees for:		
Bank loans	25,980	22,463
Guaranteed notes	4,977	4,710
Bank financing charges and direct costs	11,199	3,465
Interest on lease liabilities	241	442
Interest on put option liabilities	4,424	—
	<u>565,833</u>	<u>521,569</u>
Less: Capitalised in properties under development	(73,525)	(52,775)
Capitalised in investment properties under construction	(78,964)	(173,852)
Capitalised in construction in progress	(11,917)	(32,072)
	<u>(164,406)</u>	<u>(258,699)</u>
Total finance costs	<u><u>401,427</u></u>	<u><u>262,870</u></u>

6. TAX

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

	2021 HK\$'000	2020 HK\$'000
Current — Mainland China		
Corporate income tax		
Charge for the year	162,872	70,795
Overprovision in prior years	(1,189)	—
	<u>161,683</u>	<u>70,795</u>
Land appreciation tax		
Charge for the year	191,688	85,788
Underprovision in prior years	4,755	—
	<u>196,443</u>	<u>85,788</u>
Deferred	<u>81,288</u>	<u>(114,371)</u>
Total tax charge for the year	<u><u>439,414</u></u>	<u><u>42,212</u></u>

7. DIVIDEND

	2021	2020
	HK\$'000	HK\$'000
Final dividend paid in respect of the year ended 31 July 2020 (2020: final dividend paid in respect of the year ended 31 July 2019)	<u>—</u>	<u>65,499</u>

No final dividend was declared for the years ended 31 July 2021 and 31 July 2020.

During the year ended 31 July 2020, 3,536,887 new shares of HK\$5.0 each were issued by the Company at a deemed price of HK\$10.008 per share, credited as fully paid, to shareholders of the Company who had elected to receive scrip shares in lieu of cash under the relevant scrip dividend scheme to settle HK\$35,397,000 of the final dividend for the year ended 31 July 2019. The remainder of the final dividend of HK\$30,102,000 was satisfied by cash.

8. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic loss per share amount was based on the loss for the year attributable to owners of the Company of HK\$538,967,000 (2020: HK\$1,006,263,000), and the weighted average number of ordinary shares of 331,033,443 (2020: 330,039,623) in issue during the year.

As anti-dilutive effect is resulted following the losses sustained by the Group, no adjustment has been made to the calculation of the dilutive loss per share.

9. 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 related 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.

The Group did not hold any collateral or other credit enhancements over these balances.

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

	2021	2020
	HK\$'000	HK\$'000
Trade receivables, net		
Within one month	123,371	123,608
One to three months	5,494	11,849
Over three months	9,952	8,483
	138,817	143,940
Finance lease receivables, not yet due	528,484	—
Other receivables, deposits and prepayments	476,347	454,944
	1,143,648	598,884
Amounts classified as current assets	(616,961)	(598,884)
Non-current portion	526,687	—

10. CREDITORS, ACCRUALS AND OTHER PAYABLES

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

	2021 HK\$'000	2020 HK\$'000
Trade payables		
Within one month	394,265	321,518
One to three months	21,889	26,611
Over three months	3,797	14,854
	<u>419,951</u>	<u>362,983</u>
Accruals and other payables	1,591,898	1,695,172
Put option liabilities (<i>Note</i>)	1,270,976	277,086
	<u>3,282,825</u>	<u>2,335,241</u>
Amounts classified as current liabilities	<u>(2,289,675)</u>	<u>(2,335,241)</u>
Non-current portion	<u>993,150</u>	<u>—</u>

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

According to the Agreement, Da Hengqin has been granted a put option pursuant to which Da Hengqin has the right (but not an obligation) to require Laisun Creative Culture and/or Winfield to acquire all equity interest held by Da Hengqin in Laisun Creative Culture upon occurrence of certain events. Accordingly, financial liabilities of approximately RMB825,606,000 (equivalent to approximately HK\$993,150,000), equal to the amount of capital contribution made by Da Hengqin in cash to Laisun Creative Culture, are recorded as put option liabilities under long-term “other payables” of the consolidated statement of financial position.

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

11. CONTRACT LIABILITIES AND DEPOSITS RECEIVED

An analysis of the contract liabilities and deposits received as at the end of the reporting period is as follows:

	2021 HK\$'000	2020 HK\$'000
Contract liabilities	933,082	291,771
Deposits received	244,611	436,519
	<u>1,177,693</u>	<u>728,290</u>
Amounts classified as current liabilities	<u>(1,038,062)</u>	<u>(608,438)</u>
Non-current portion	<u>139,631</u>	<u>119,852</u>

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 July 2021 (2020: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Almost two years after the outbreak of the COVID-19 pandemic, the global economy is experiencing a recovery in 2021. However, the rebound has been uneven across countries and the outlook of most major economies remains uncertain in the midst of, amongst other factors, the spread of the Delta variant, ongoing geopolitical tensions, rising global inflation as well as supply chain breakdowns and bottlenecks. Some of these events are likely to linger in the near future and continue to cast a shadow on the global economic recovery.

China's economy has sustained robust growth after bouncing back from the worst of the COVID-19 pandemic last year. Notwithstanding the weakened economic momentum in recent months due to policy tightening across a range of sectors reflecting different policy priorities, modest Delta variant-driven COVID-19 outbreaks as well as natural disasters, we believe that these are temporary and the Chinese Government will continue to forge ahead and deliver stable economic growth through a combination of more neutral fiscal policy and moderately supportive monetary policy. We remain optimistic about the long-term prospects and sustainability of the business environment in China in light of the dual circulation development model emphasising on the rebalancing of domestic and overseas demand and are fully confident about future prospects of the cities in which the Group has exposure in, especially the Greater Bay Area in southern China, and continue to regard Hong Kong, where our headquarters is situated, as one of the major beneficiary cities.

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

Leasing of the commercial area of Phase I of Novotown ("**Novotown Phase I**") is progressing with approximately 71% of the leasable area having been leased and key tenants include two themed indoor experience centres, namely "Lionsgate Entertainment World[®]" and "National Geographic Ultimate Explorer Hengqin", Pokiddo Trampoline Park, Adidas Outlet, Paulaner Wirtshaus Hengqin, Oyster King, Starbucks and McDonald's. In February 2021, a new interactive attraction "Wonders of Kung Fu" was launched in the outdoor garden space of Novotown Phase I, which includes light shows providing immersive experience and interactive games with Chinese Kungfu and cuisine being the key underlying theme. This attraction in the 5,000 square meters outdoor garden offers more than 10 interactive points, aiming not only to bring new experiences to visitors in terms of advanced visual/media technologies and cultural enlightenment, but also with an objective to boost the night economy at Novotown.

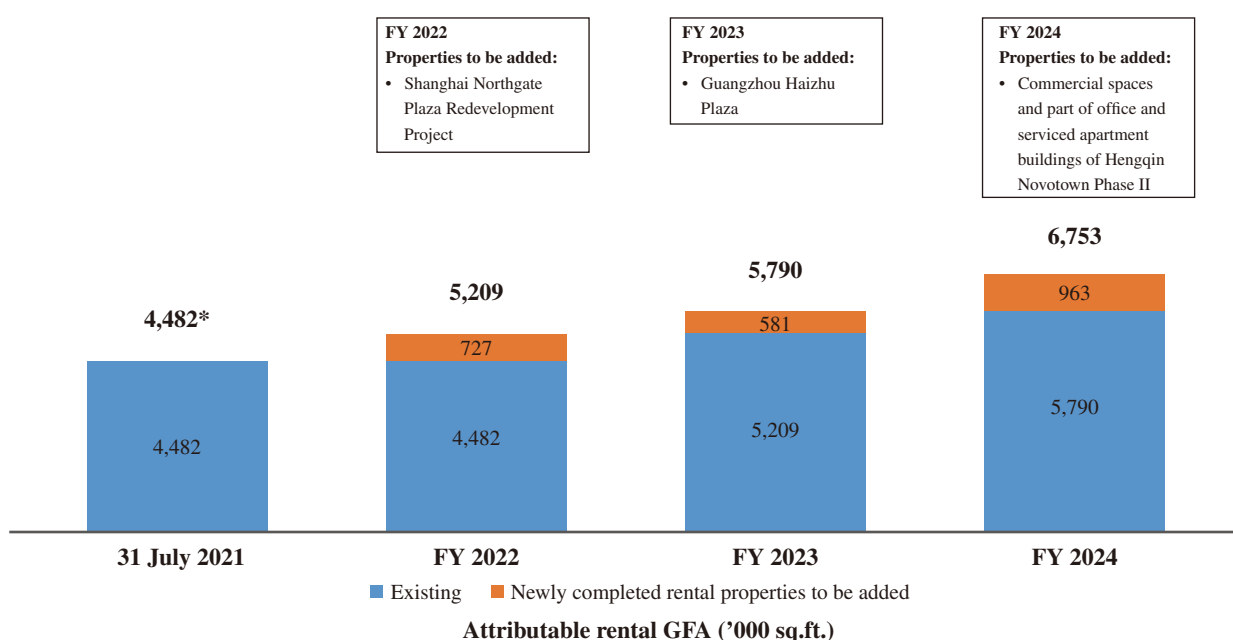
Construction of Novotown Phase II is in progress. This mixed-used development project is expected to complete in phases by 2024, providing commercial and experiential entertainment facilities, office and serviced apartment spaces of 357,100 square feet, 1,584,300 square feet and 578,400 square feet, respectively. Part of the office and serviced apartment spaces have been designated as for-sale properties. Properties in Novotown Phase II occupied by Harrow Innovation Leadership Academy Hengqin (“**Harrow ILA Hengqin**”) were sold to the school operator during the year under review, which enabled the Group to crystallise the value of its investment in Novotown Phase II and gradually recoup funding to improve the project’s working capital position. The Group remains confident that the deepening of cooperation between Hengqin and Macau, as announced by the Guangdong and Macau governments on 17 September 2021, will encourage more people to reside in Hengqin and further enhance the tourism market, making Novotown a new contributor to the Group’s results in the long run.

Construction of the Shanghai Wuli Bridge Project, the high-end luxury residential project located by the Huangpu River in Huangpu District has been completed. The project providing 28 residential units and 43 car-parking spaces was launched for sale in September 2020 and has received an enthusiastic response from the market. Sales of 24 residential units and 27 car-parking spaces have been completed during the year under review, contributing a total turnover of approximately HK\$863.9 million. Contracted sales for 2 residential units and 2 car-parking spaces of this development as at 31 July 2021 amounted to approximately HK\$63.0 million. Up to the date of this results announcement, the remaining 2 residential units with 2 car-parking spaces have been sold subject to contract, contributing sales proceeds of RMB69.6 million in total, which are expected to be turned into contracted property sales in the next financial year. Construction of remaining phases of Zhongshan Palm Spring has been completed during the year under review and handover of pre-sold units is in progress. The residential units in Shanghai Wuli Bridge Project, serviced apartment units and residential units in Zhongshan Palm Spring as well as the cultural studios, cultural workshops and office of Hengqin Novotown Phase I are expected to contribute to the income of the Group in the coming financial years.

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

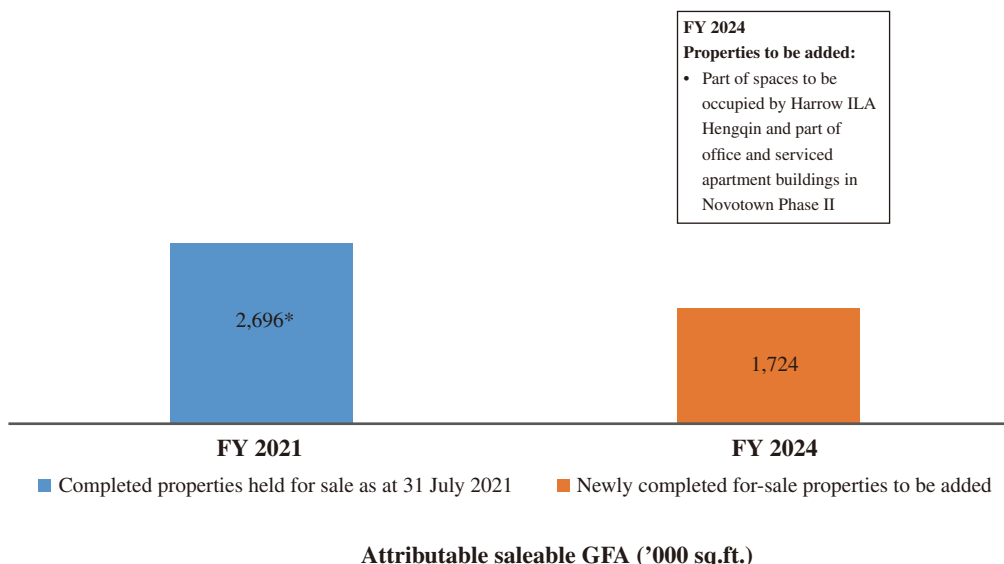
Set out below is the expected growth of the rental portfolio of the Group and the pipeline of development projects of the Group as at 31 July 2021:

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 commercial portion of the Zhongshan Palm Spring for self-use

As disclosed in the announcement made by the Company on 21 April 2021, the public float of the Company fell below 25% of the total issued shares of the Company. The Company is considering steps to restore the public float of the Company at the minimum prescribed percentage in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**” and “**Stock Exchange**”, respectively). Further announcement(s) will be made by the Company regarding the restoration of public float as and when appropriate.

As at 31 July 2021, the Group has approximately HK\$4,699.0 million of cash on hand (2020: HK\$2,524.6 million) and undrawn facilities of HK\$3,026.3 million (2020: HK\$3,034.2 million) with a net debt to equity ratio of 45% as at 31 July 2021 (2020: 55%). On 12 March 2021, the Group managed to sign a HK\$3,280 million 5-year offshore secured term/revolving loan facility and a HK\$692 million equivalent 5-year onshore secured term loan facility (“**Facilities**”) with 12 leading financial institution groups. The proceeds of the Facilities will be used for financing investments in property related projects, refinancing the existing offshore loans due 2021, refinancing the existing onshore loans due 2021 secured by certain investment properties of the Group situated in China and general corporate purposes of the Group. The Group will continue its prudent and flexible approach in growing the landbank and managing its financial position.

OVERVIEW OF FINAL RESULTS

For the year ended 31 July 2021, the Group recorded a turnover of HK\$3,196.6 million (2020: HK\$1,201.8 million), representing an increase of approximately 166.0% over the last financial year. The increase was primarily due to higher turnover from property sales during the year under review as compared to last year. The average Renminbi exchange rate for the year under review appreciated by approximately 6.9% over last year. Excluding the effect of currency translation, the increase in Renminbi denominated turnover was 148.9%. The gross profit increased by 20.4% to HK\$719.1 million from that of HK\$597.3 million last year.

Set out below is the turnover by segment:

	For the year ended 31 July			For the year ended 31 July		
	2021 ¹	2020 ¹	% change	2021	2020	% change
	(HK\$ million)	(HK\$ million)		(RMB million)	(RMB million)	
Rental income ²	890.3	758.1	17.4%	754.4	686.5	9.9%
Sale of properties ³	2,275.5	424.6	435.9%	1,928.0	384.5	401.4%
Theme park operation	30.8	19.1	61.3%	26.1	17.3	50.9%
Total	3,196.6	1,201.8	166.0%	2,708.5	1,088.3	148.9%

1. The exchange rates adopted for the year ended 31 July 2021 and 2020 are 0.8473 and 0.9056, respectively
2. Including rental turnover of major properties of the Group, turnover from hotel and serviced apartment operation and property management income
3. Including property sales revenue and income from properties under finance lease

Net loss attributable to owners of the Company narrowed to approximately HK\$539.0 million, as compared to net loss attributable to owners of the Company of HK\$1,006.3 million for last year. The significant decrease was primarily due to (i) the absence of a significant fair value loss on investment properties and the write-down of completed properties for sale to net realisable value during the year under review as compared to the same period last year; and (ii) fair value gain arising from the revaluation of the Group's investment properties, partially offset by the write-down of properties under development to net realisable value for the year under review.

Net loss per share was HK\$1.628 (2020: HK\$3.049).

Excluding the effect of property revaluations, net loss attributable to owners of the Company was approximately HK\$727.5 million (2020: HK\$628.7 million). Net loss per share excluding the effect of property revaluations was approximately HK\$2.198 (2020: HK\$1.905).

Loss attributable to owners of the Company (HK\$ million)	For the year ended 31 July	
	2021	2020
Reported	(539.0)	(1,006.3)
Adjustments in respect of investment properties		
Revaluation of properties	(250.8)	599.1
Deferred tax on investment properties	62.7	(149.8)
Non-controlling interests' share of revaluation movements less deferred tax	(0.4)	(71.7)
Loss excluding revaluation gains/losses of investment properties	(727.5)	(628.7)

Net assets attributable to owners of the Company as at 31 July 2021 amounted to HK\$15,431.3 million (2020: HK\$14,309.1 million). Net asset value per share attributable to owners of the Company increased slightly to HK\$46.62 per share as at 31 July 2021 from HK\$43.23 per share as at 31 July 2020.

PROPERTY PORTFOLIO COMPOSITION

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

	Commercial/ Retail	Office	Hotel and Serviced Apartment	Residential	Total (excluding car-parking spaces & ancillary facilities)	No. of car-parking spaces
Completed Properties						
Held for Rental ¹	2,437 ²	1,067	—	—	3,504 ²	2,274
Completed Hotel Properties and Serviced Apartments	—	—	978	—	978	—
Properties under Development ³	721	2,696	578	—	3,995	2,232
Completed Properties Held for Sale	164 ⁴	421	297	1,847	2,729	3,514
Total GFA of major properties of the Group	3,322	4,184	1,853	1,847	11,206	8,020

1. Completed and rental generating properties
2. Including cultural attraction spaces in Novotown Phase I that have been occupied by Lionsgate Entertainment World® and National Geographic Ultimate Explorer Hengqin with approximately 194,325 square feet and 40,309 square feet attributable to the Group, respectively
3. All properties under construction
4. Including 33,001 square feet of commercial space in Zhongshan Palm Spring which is currently for self-use

PROPERTY INVESTMENT

Revenue from Rental Operation

For the year ended 31 July 2021, the Group's rental operations recorded a turnover of HK\$890.3 million (2020: HK\$758.1 million). The average Renminbi exchange rate for the year under review appreciated by approximately 6.9% over last year. Excluding the effect of currency translation, the Renminbi denominated revenue from the lease of properties increased by 9.9% to RMB754.4 million.

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

	For the year ended 31 July			For the year ended 31 July			Year end occupancy (%)
	2021 [#] (HK\$ million)	2020 [#] (HK\$ million)	% Change	2021 (RMB million)	2020 (RMB million)	% Change	
Shanghai							
Shanghai Hong Kong Plaza	398.7	377.6	+5.6%	337.8	341.9	-1.2%	Retail: 90.3% Office: 83.8% Serviced Apartments: 90.2%
Shanghai May Flower Plaza	67.0	63.4	+5.7%	56.8	57.4	-1.0%	Retail: 99.5% Hotel: 80.6%
Shanghai Regents Park	24.8	22.0	+12.7%	21.0	19.9	+5.5%	100.0%
Guangzhou							
Guangzhou May Flower Plaza	122.3	114.8	+6.5%	103.6	104.0	-0.4%	97.9%
Guangzhou West Point	26.5	23.9	+10.9%	22.5	21.6	+4.2%	90.1%
Guangzhou Lai Fung Tower	136.0	123.2	+10.4%	115.2	111.6	+3.2%	Retail: 100.0% Office: 96.5%*
Zhongshan							
Zhongshan Palm Spring	6.8	5.6	+21.4%	5.8	5.1	+13.7%	Retail: 80.0%*
Hengqin							
Hengqin Novotown Phase I	86.1	12.1	+611.6%	73.0	11.0	+563.6%	Retail: 71.0%** Hotel: 40.6%
Others	22.1	15.5	+42.6%	18.7	14.0	+33.6%	N/A
Total	890.3	758.1	+17.4%	754.4	686.5	+9.9%	

[#] The exchange rates adopted for the years ended 31 July 2021 and 2020 are 0.8473 and 0.9056, 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 year ended 31 July 2021			For the year ended 31 July 2020		
	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		187.8	468,434		179.2	468,434
Office		99.0	362,096		108.8	362,096
Serviced Apartments (room revenue and F&B)		104.5	358,009		84.1	356,638
Car-parking Spaces		7.4	N/A		5.5	N/A
		398.7	1,188,539		377.6	1,187,168
Shanghai May Flower Plaza	100%			100%		
Retail		38.2	320,314		35.4	320,314
Hotel (room revenue and F&B)		24.3	143,846		24.3	143,846
Car-parking Spaces		4.5	N/A		3.7	N/A
		67.0	464,160		63.4	464,160
Shanghai Regents Park	95%			95%		
Retail		22.1	77,959		19.8	77,959
Car-parking Spaces		2.7	N/A		2.2	N/A
		24.8	77,959		22.0	77,959
Guangzhou						
Guangzhou May Flower Plaza	100%			100%		
Retail		104.4	357,424		99.1	357,424
Office		14.9	79,431		13.0	79,431
Car-parking Spaces		3.0	N/A		2.7	N/A
		122.3	436,855		114.8	436,855
Guangzhou West Point	100%			100%		
Retail		26.5	171,968		23.9	171,968
Guangzhou Lai Fung Tower	100%			100%		
Retail		16.8	112,292		12.3	112,292
Office		112.7	625,821		105.0	625,821
Car-parking Spaces		6.5	N/A		5.9	N/A
		136.0	738,113		123.2	738,113
Zhongshan						
Zhongshan Palm Spring	100%			100%		
Retail*		6.8	148,106		5.6	147,408
Hengqin						
Novotown Phase I	80%			80%		
Retail**		6.9	545,658		3.9	545,658
Hotel (room revenue and F&B)		79.2	475,810		8.2	475,810
		86.1	1,021,468		12.1	1,021,468
Others		22.1	N/A		15.5	N/A
Total		890.3	4,247,168		758.1	4,245,099

* Excluding self-use area

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

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 etc.

The Group owns 100% of this property.

Shanghai May Flower Plaza

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

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

Shanghai Regents Park

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

Guangzhou May Flower Plaza

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

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

The Group owns 100% of this property.

Guangzhou West Point

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

The Group owns 100% of this property.

Guangzhou Lai Fung Tower

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

The Group owns 100% of this property.

Zhongshan Palm Spring Rainbow Mall

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

The Group owns 100% of this property.

Hengqin Novotown Phase I

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

Lionsgate Entertainment World® featuring attractions, retail, and dining experiences themed around Lionsgate's most captivating global film franchises, including The Hunger Games, The Twilight Saga, The Divergent Series, Now You See Me, Gods of Egypt and Escape Plan commenced operation on 31 July 2019. The family edutainment center, National Geographic Ultimate Explorer Hengqin, containing 18 individual attractions including rides, F&B facilities, retail premises, virtual reality and/or 4-D interactive experiences, and other types of entertainment and educational attractions officially commenced operations on 9 September 2019. In February 2021, a new interactive attraction "Wonders of Kung Fu" was launched in the outdoor garden space of Novotown Phase I, which includes light shows providing immersive experience and interactive games with Chinese Kungfu and cuisine being the key underlying theme. This attraction in the 5,000 square meters outdoor garden offers more than 10 interactive points, aiming not only to bring new experiences to visitors in terms of advanced visual/media technologies and cultural enlightenment, but also with an objective to boost night economy at Novotown. Leasing of the commercial area of Novotown Phase I is underway with approximately 71% of the leasable area let. Except for the two themed indoor experience centres, key tenants include Pokiddo Trampoline Park, Adidas Outlet, Paulaner Wirtshaus Hengqin, Oyster King, Starbucks and McDonald's.

The Group owns 80% of Novotown Phase I. The remaining 20% is owned by Lai Sun Development Company Limited ("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 87.7% was achieved during the year under review and the average room tariff was approximately HK\$1,026.

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 64.9% was achieved during the year under review and the average room tariff was approximately HK\$430.

Hyatt Regency Hengqin

Hyatt Regency Hengqin soft opened on 31 December 2019 is located in Novotown Phase I in Hengqin, Zhuhai, the heart of the Greater Bay Area and is within easy reach of the bridge linking Zhuhai with Hong Kong and Macau. Hyatt Regency Hengqin with a total GFA of approximately 594,800 square feet and approximately 475,800 square feet attributable to the Group has 493 guest rooms including 55 suites ranging in size from 430 sq.ft. to 2,580 sq.ft., a wide range of dining options, as well as banqueting and conference facilities of over 40,000 square feet. An average occupancy rate of 34.4% was achieved during the year under review and the average room tariff was approximately HK\$658.

PROPERTY DEVELOPMENT

Recognised Sales

For the year ended 31 July 2021, the Group's property development operations recorded a turnover of HK\$2,275.5 million (2020: HK\$424.6 million) from sale of properties, representing a 435.9% increase in sales revenue over last year. Total recognised sales was primarily driven by the sales performance of residential units and car-parking spaces of Shanghai Wuli Bridge Project and residential units of Zhongshan Palm Spring, as well as the sale of properties in Novotown Phase II being occupied by Harrow ILA Hengqin.

Breakdown of turnover for the year ended 31 July 2021 from property sales is as follows:

Recognised basis	No. of Units	Approximate GFA (square feet)	Average Selling Price# (HK\$/square foot)	Turnover##	
				(HK\$ million*)	(RMB million)
Shanghai Wuli Bridge Project					
Residential Units	24	60,148	15,331	846.0	716.8
Zhongshan Palm Spring					
Residential High-rise Units	352	423,309	1,698	663.7	562.3
Residential House Units	26	55,808	3,248	172.6	146.3
Hengqin Novotown Phase I					
Cultural Studios	4	16,965	4,983	80.5	68.2
Cultural Workshop Units	6	5,154	3,531	16.7	14.1
Hengqin Novotown Phase II					
Harrow ILA Hengqin Building**	N/A	414,417	1,251	464.1	393.3
Subtotal	412	975,801	2,504	2,243.6	1,901.0
Shanghai Wuli Bridge Project					
Car-parking Spaces	27			17.9	15.1
Shanghai Regents Park					
Car-parking Spaces	14			9.4	8.0
Guangzhou Eastern Place					
Car-parking Spaces	2			2.1	1.8
Guangzhou King's Park					
Car-parking Spaces	2			1.2	1.0
Guangzhou West Point					
Car-parking Spaces	2			1.1	0.9
Zhongshan Palm Spring					
Car-parking Space	1			0.2	0.2
Subtotal	48			31.9	27.0
Total				2,275.5	1,928.0

Value-added tax inclusive

Value-added tax exclusive

* The exchange rate adopted for the year ended 31 July 2021 is 0.8473

** Classified as income from properties under finance lease

Contracted Sales

As at 31 July 2021, the Group's property development operations has contracted but not yet recognised sales of HK\$1,670.7 million, primarily driven by the sale performance of residential units in Zhongshan Palm Spring and Shanghai Wuli Bridge Project, cultural studios and cultural workshop unit in Hengqin Novotown Phase I, as well as the sale of properties in Novotown Phase II being occupied by Harrow ILA Hengqin. Excluding the effect of currency translation, the Renminbi denominated contracted but not yet recognised sales of residential units, serviced apartment units, cultural studios, cultural workshop unit and car-parking spaces as at 31 July 2021 amounted to RMB1,415.7 million (2020: RMB504.9 million).

Breakdown of contracted but not yet recognised sales as at 31 July 2021 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	572	678,116	1,838	1,246.6	1,056.3
Residential House Units	13	27,144	3,540	96.1	81.4
Serviced Apartment Units*	3	3,082	1,460	4.5	3.8
Shanghai Wuli Bridge Project					
Residential Units	2	5,248	11,738	61.6	52.2
Hengqin Novotown Phase I					
Cultural Studios	3	13,881	5,137	71.3	60.4
Cultural Workshop Unit	1	962	3,950	3.8	3.2
Hengqin Novotown Phase II					
Harrow ILA Hengqin Building**	N/A	149,078	1,205	179.7	152.3
Subtotal	594	877,511	1,896	1,663.6	1,409.6
Shanghai Wuli Bridge Project					
Car-parking Spaces	2			1.4	1.2
Shanghai Regents Park					
Car-parking Spaces	3			2.1	1.8
Guangzhou Eastern Place					
Car-parking Spaces	2			2.1	1.8
Guangzhou King's Park					
Car-parking Spaces	2			1.5	1.3
Subtotal	9			7.1	6.1
Total				1,670.7	1,415.7

[#] Value-added tax inclusive

^{##} The exchange rate adopted for the year ended 31 July 2021 is 0.8473

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

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

Review of Major Properties Completed for Sale and under Development

Shanghai Northgate Plaza Redevelopment Project

Shanghai Northgate Plaza I is located on Tian Mu Road West in the Jing'an District of Shanghai near the Shanghai Railway Terminal and comprises office units, a retail podium and car-parking spaces. Shanghai Northgate Plaza II is a vacant site adjacent to Northgate Plaza I. In September 2016, the Group completed the acquisition of the 6th to 11th floors of Hui Gong Building which is physically connected to Northgate Plaza I, together with the right to use 20 car-parking spaces in the basement. Redevelopment of Shanghai Northgate Plaza I, Northgate Plaza II and the Hui Gong Building together under a comprehensive redevelopment plan which includes an office tower, a shopping mall and an underground car-parking structure is in progress and is expected to add a total GFA of approximately 727,200 square feet excluding car-parking spaces to the rental portfolio of the Group. Construction work is on track and this project is expected to complete in the second quarter of 2022.

Shanghai Wuli Bridge Project

Shanghai Wuli Bridge Project is a high-end luxury residential project located by Huangpu River in Huangpu District in Shanghai with a site area of approximately 74,100 square feet. Construction work has been completed in August 2019. This project providing 28 residential units with an attributable GFA of approximately 77,900 square feet and 43 car-parking spaces was launched for sale in September 2020 and has received an enthusiastic response from the market. During the year under review, sales of 24 residential units with a total GFA of 60,148 square feet were recognised at an average selling price of HK\$15,331 per square foot, which contributed a total of HK\$846.0 million to the Group's turnover and the sale of 27 car-parking spaces contributed HK\$17.9 million to the Group's turnover. As at 31 July 2021, contracted but not yet recognised sales for 2 residential units and 2 car-parking spaces amounted to HK\$63.0 million. As at 31 July 2021, 4 residential units and 16 car-parking spaces of this development remained unsold with a total carrying amount of approximately HK\$150.8 million.

Shanghai May Flower Plaza

Shanghai May Flower Plaza is a completed mixed-use project located at the junction of Da Tong Road and Zhi Jiang Xi Road in Su Jia Xiang in the Jing'an District in Shanghai and situated near the Zhongshan Road North Metro Station. As of 31 July 2021, 458 car-parking spaces of this development remained unsold with a carrying amount of approximately HK\$108.0 million.

Shanghai Regents Park

Shanghai Regents Park is a large-scale residential/commercial composite development located in the Zhongshan Park Commercial Area at the Changning District, Shanghai. It is situated within walking distance of the Zhongshan Park Metro Station. As at 31 July 2021, a total of 230 car-parking spaces of this development remained unsold with a carrying amount of approximately HK\$58.8 million.

Guangzhou King's Park

This is a high-end residential development located on Donghua Dong Road in Yuexiu District. The attributable GFA is approximately 98,300 square feet excluding 57 car-parking spaces and ancillary facilities. During the year under review, the sales of 2 car-parking spaces contributed HK\$1.2 million to the turnover. As at 31 July 2021, the contracted but not yet recognised sales of the 2 car-parking spaces amounted to approximately HK\$1.5 million and the 7 unsold car-parking spaces have a total carrying amount of approximately HK\$4.9 million.

Guangzhou Haizhu Plaza

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

Zhongshan Palm Spring

The project is located in Caihong Planning Area, Western District of Zhongshan. The overall development has a total planned GFA of approximately 6.075 million square feet. The project comprises of high-rise residential towers, townhouses and commercial blocks totaling 4.466 million square feet. Construction of Phases III and IV of Zhongshan Palm Spring has been completed and handover of pre-sold units is in progress.

During the year under review, 423,309 square feet of high-rise residential units and 55,808 square feet of house units were recognised at average selling prices of HK\$1,698 and HK\$3,248 per square foot, respectively, which contributed a total of HK\$836.3 million to the sales turnover. As at 31 July 2021, contracted but not yet recognised sales for high-rise residential units and house units amounted to HK\$1,246.6 million and HK\$96.1 million, at average selling prices of HK\$1,838 and HK\$3,540 per square foot, respectively.

STARR Resort Residence Zhongshan comprising two 16-storey blocks in the Palm Lifestyle complex was closed in 2019. The serviced apartment units were launched for sale in May 2019 and have been re-classified from “Property, plant and equipment” to “Assets classified as held for sale” in the consolidated statement of financial position of the Group. During the year under review, 7 serviced apartment units have been sold for a total sales proceed of approximately HK\$9.8 million. The sale of these serviced apartment units is recorded as disposal of assets classified as held for sale and the sales proceeds net of cost are included in other operating income in the consolidated income statement of the Group. As at 31 July 2021, contracted but not yet recognised sales for serviced apartment units amounted to HK\$4.5 million, at an average selling prices of HK\$1,460 per square foot.

As at 31 July 2021, completed units held for sale in this development, including residential units, serviced apartment units and commercial units, amounted to approximately 1,831,894 square feet with a total carrying amount of approximately HK\$1,346.8 million. The carrying amount of the 2,682 unsold car-parking spaces of this development as at 31 July 2021 was approximately HK\$252.2 million.

Hengqin Novotown

Phase I

Sales of the cultural studios and cultural workshop units of Hengqin Novotown Phase I are in progress. During the year under review, sales of 16,965 square feet of cultural studios and 5,154 square feet of cultural workshop units were recognised at an average selling price of HK\$4,983 and HK\$3,531 per square foot, respectively, which contributed a total of HK\$97.2 million to the Group’s turnover. As at 31 July 2021, contracted but not yet recognised sales for cultural studios and cultural workshop units amounted to HK\$71.3 million and HK\$3.8 million, at an average selling price of HK\$5,137 per square foot and HK\$3,950 per square foot, respectively. As at 31 July 2021, completed properties held for sale in Novotown Phase I, including cultural studios, cultural workshops units and office units, amounted to approximately 1,067,000 square feet with a total carrying amount of approximately HK\$2,538.1 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 2 times. The Group succeeded in bidding for the land use rights of the land offered for sale by The Land and Resources Bureau of Zhuhai through the listing-for-sale process in December 2018.

Construction works are on track and the completion is expected to be in phases by 2024. This mixed-used development project is expected to provide commercial and experiential entertainment facilities, office space and serviced apartment space of 357,100 square feet, 1,584,300 square feet and 578,400 square feet, respectively. The Group entered into a licence agreement with Real Madrid Club de Fútbol in June 2017 in relation to the development and operation of the location based entertainment centre, namely Real Madrid World in Novotown. Real Madrid World is currently under construction and is expected to contain over 20 attractions upon completion and will be made up of several signature experiences including an array of interactive training games, a walkthrough of Real Madrid history, plus dining and retail outlets. The Group is in the process of identifying and planning for a motor-themed experience centre, as well as other facilities in Novotown Phase II.

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

The Group remains confident that the deepening of cooperation between Hengqin and Macau, as announced by the Guangdong and Macau governments on 17 September 2021, will encourage more population to reside in Hengqin and further enhance the tourism market, making Novotown a new contributor to the Group's results in the long run.

CAPITAL STRUCTURE, LIQUIDITY AND DEBT MATURITY PROFILE

As at 31 July 2021, cash and bank balances held by the Group amounted to HK\$4,699.0 million and undrawn facilities of the Group was HK\$3,026.3 million.

As at 31 July 2021, the Group had total borrowings amounting to HK\$11,588.3 million (2020: HK\$10,339.5 million), representing an increase of HK\$1,248.8 million from 31 July 2020. The consolidated net assets attributable to the owners of the Company amounted to HK\$15,431.3 million (2020: HK\$14,309.1 million). The gearing ratio, being net debt (total borrowings less cash and bank balances) to net assets attributable to the owners of the Company was approximately 45% (2020: 55%). The maturity profile of the Group's borrowings of HK\$11,588.3 million is well spread with HK\$470.4 million repayable within one year, HK\$4,284.6 million repayable in the second year, HK\$5,397.9 million repayable in the third to fifth years and HK\$1,435.4 million repayable beyond the fifth year.

Approximately 23% and 72% of the Group's borrowings were on a fixed rate basis and floating rate basis, respectively, and the remaining 5% of the Group's borrowings were interest-free. Apart from the guaranteed notes, the Group's other borrowings of HK\$8,876.3 million were 50% denominated in Renminbi ("RMB"), 46% in Hong Kong dollars ("HKD") and 4% in United States dollars ("USD").

The Group's guaranteed notes of HK\$2,712.0 million were denominated in USD. The Group has entered into cross currency swap agreements with financial institutions and the guaranteed notes have been effectively converted into HKD denominated debts.

The Group's cash and bank balances of HK\$4,699.0 million were 96% denominated in RMB, 3% in HKD and 1% in USD. The Group's presentation currency is denominated in HKD. The Group's monetary assets, liabilities and transactions are principally denominated in RMB, USD and HKD. The Group, with HKD as its presentation currency, is exposed to foreign currency risk arising from the exposure of HKD against USD and RMB, respectively. Considering that the USD guaranteed notes have been effectively converted into HKD denominated debts, the Group believes that the corresponding exposure to USD exchange rate fluctuation is nominal. However, the Group has a net exchange exposure to RMB as the Group's assets are principally located in China and the revenues are predominantly in RMB. Apart from the aforesaid cross currency swap, the Group does not have any derivative financial instruments or hedging instruments outstanding.

Certain assets of the Group have been pledged to secure borrowings and bank facilities of the Group, including investment properties with a total carrying amount of approximately HK\$14,850.2 million, properties under development with a total carrying amount of approximately HK\$749.7 million, serviced apartments and related leasehold improvements with a total carrying amount of approximately HK\$424.0 million, completed properties for sale with a total carrying amount of approximately HK\$705.0 million, construction in progress with a total carrying amount of approximately HK\$289.8 million and time deposits and bank balances of approximately HK\$77.1 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year under review, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company is committed to achieving and maintaining high standards of corporate governance and has established policies and procedures for compliance with the principles and code provisions set out from time to time in the Corporate Governance Code ("**CG Code**") contained in Appendix 14 to the Listing Rules.

The Company has complied with all the code provisions set out in the CG Code for the year ended 31 July 2021 save for the deviations from code provisions A.4.1 and A.5.1 as follows:

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

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

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

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

EMPLOYEES AND REMUNERATION POLICIES

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

INVESTOR RELATIONS

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

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 year 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	Organiser	Investor Base
October 2020	Post results non-deal roadshow	DBS	Hong Kong/Singapore
March 2021	Post results non-deal roadshow	DBS	Hong Kong/Singapore
March 2021	Post results non-deal roadshow	Daiwa	United States
April 2021	Post results non-deal roadshow	Daiwa	Europe
June 2021	DBS Vickers HK Property Conference Calls	DBS	Hong Kong/Singapore/ United States

The Company is keen on promoting investor relations and enhancing communication with the Shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public who may contact the Investor Relations Department by phone on (852) 2853 6116, by fax at (852) 2853 6651 or by e-mail at ir@laifung.com.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company currently comprises four INEDs, namely Mr. Law Kin Ho, Mr. Lam Bing Kwan, Mr. Ku Moon Lun and Mr. Mak Wing Sum, Alvin. The committee has reviewed the consolidated results (including the consolidated financial statements) of the Company for the year ended 31 July 2021.

REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY THE INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 July 2021 as set out in the preliminary announcement have been agreed by the Company's auditor to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the Company's auditor, Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company ("AGM") will be held on Friday, 17 December 2021. Notice of the AGM together with the Company's Annual Report for the year ended 31 July 2021 will be published on the respective websites of the Stock Exchange and the Company and despatched to Shareholders in mid-November 2021.

By Order of the Board
Chew Fook Aun
Chairman

Hong Kong, 19 October 2021

As at the date of this announcement, the Board comprises seven Executive Directors, namely Mr. Chew Fook Aun (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 Tham Seng Yum, Ronald; and five Independent Non-executive Directors, namely Messrs. Lam Bing Kwan, Ku Moon Lun, Law Kin Ho, Mak Wing Sum, Alvin and Shek Lai Him, Abraham.