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LAI SUN GARMENT

Lai Sun Garment (International) Limited
(Incorporated in Hong Kong with limited liability)

(Stock Code: 191)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 JULY 2021

RESULTS

The board of directors (the “**Board**”) of Lai Sun Garment (International) 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 of the last year as follows:

Consolidated Income Statement

For the year ended 31 July 2021

	Notes	2021 HK\$'000	2020 HK\$'000
TURNOVER	4	6,089,785	5,324,153
Cost of sales		(4,688,838)	(3,665,399)
Gross profit		1,400,947	1,658,754
Other revenue and gains		576,624	548,595
Selling and marketing expenses		(272,041)	(187,720)
Administrative expenses		(913,170)	(999,008)
Other operating expenses		(1,541,568)	(1,684,648)
Write-down of completed properties for sale to net realisable value		(18,241)	(587,099)
Fair value losses on investment properties, net		(486,242)	(2,015,027)
LOSS FROM OPERATING ACTIVITIES	5	(1,253,691)	(3,266,153)
Finance costs	6	(790,351)	(735,274)
Share of profits and losses of associates		19,783	(21,186)
Share of profits and losses of joint ventures		(473,004)	(423,021)
LOSS BEFORE TAX		(2,497,263)	(4,445,634)
Tax	7	(261,986)	82,874
LOSS FOR THE YEAR		<u>(2,759,249)</u>	<u>(4,362,760)</u>
Attributable to:			
Owners of the Company		(1,267,964)	(1,965,907)
Non-controlling interests		(1,491,285)	(2,396,853)
		<u>(2,759,249)</u>	<u>(4,362,760)</u>
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	9		(Adjusted)
Basic and diluted		<u>(HK\$2.637)</u>	<u>(HK\$4.138)</u>

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

	2021 HK\$'000	2020 HK\$'000
LOSS FOR THE YEAR	<u>(2,759,249)</u>	<u>(4,362,760)</u>
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
<i>Other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods:</i>		
Financial assets at fair value through other comprehensive income:		
Changes in fair values	2,631	(1,618)
Reclassification adjustment for gain on disposal included in the consolidated income statement	<u>—</u>	<u>(2,641)</u>
	2,631	(4,259)
Exchange realignments	2,030,052	(418,908)
Share of other comprehensive expense of associates	(2,672)	(1,876)
Share of other comprehensive expense of joint ventures	(1,225)	(63)
Release of exchange reserve upon deregistration of subsidiaries	<u>974</u>	<u>—</u>
	<u>2,029,760</u>	<u>(425,106)</u>
<i>Other comprehensive expense that will not be reclassified to profit or loss in subsequent periods:</i>		
Changes in fair values of financial assets at fair value through other comprehensive income	<u>(39,415)</u>	<u>(192,048)</u>
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR	<u>1,990,345</u>	<u>(617,154)</u>
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR	<u><u>(768,904)</u></u>	<u><u>(4,979,914)</u></u>
Attributable to:		
Owners of the Company	(611,076)	(2,087,441)
Non-controlling interests	<u>(157,828)</u>	<u>(2,892,473)</u>
	<u><u>(768,904)</u></u>	<u><u>(4,979,914)</u></u>

Consolidated Statement of Financial Position
As at 31 July 2021

	Notes	2021 HK\$'000	2020 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		7,710,358	7,922,772
Right-of-use assets		5,304,503	5,281,458
Investment properties		39,788,552	38,699,089
Film rights		15,109	7,055
Film and TV program products		54,838	65,121
Music catalogs		3,124	25,047
Goodwill		274,423	271,958
Other intangible assets		150,853	151,228
Investments in associates		290,278	402,972
Investments in joint ventures		7,124,459	6,763,682
Financial assets at fair value through other comprehensive income		1,817,403	1,840,594
Financial assets at fair value through profit or loss		1,111,482	989,193
Derivative financial instruments		191	20,231
Debtors	10	526,687	—
Deposits, prepayments, other receivables and other assets		277,784	336,968
Deferred tax assets		2,147	4,259
Pledged and restricted bank balances and time deposits		71,483	88,393
		<u>64,523,674</u>	<u>62,870,020</u>
TOTAL non-current assets			
CURRENT ASSETS			
Properties under development		2,077,261	3,824,360
Completed properties for sale		7,374,096	5,983,249
Films and TV programs under production and film investments		235,844	313,384
Inventories		48,851	56,547
Financial assets at fair value through profit or loss		183,290	153,251
Debtors	10	349,351	311,688
Deposits, prepayments, other receivables and other assets		960,501	910,519
Prepaid tax		53,100	42,231
Pledged and restricted bank balances and time deposits		4,959,423	1,906,399
Cash and cash equivalents		8,738,747	4,187,778
		<u>24,980,464</u>	<u>17,689,406</u>
ASSETS classified as held for sale			
		<u>5,273</u>	<u>48,067</u>
TOTAL current assets			
		<u>24,985,737</u>	<u>17,737,473</u>
CURRENT LIABILITIES			
Creditors, other payables and accruals	11	3,513,230	3,462,177
Temporary receipt	12	2,637,580	—
Deposits received, deferred income and contract liabilities	13	1,446,335	1,106,385
Derivative financial instruments		—	5,852
Lease liabilities		281,997	279,984
Tax payable		551,009	446,370
Bank borrowings		3,193,624	8,441,293
Other borrowings		41,159	41,050
		<u>11,664,934</u>	<u>13,783,111</u>
TOTAL current liabilities			
		<u>11,664,934</u>	<u>13,783,111</u>
NET CURRENT ASSETS			
		<u>13,320,803</u>	<u>3,954,362</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>77,844,477</u>	<u>66,824,382</u>

Consolidated Statement of Financial Position (continued)

As at 31 July 2021

	Notes	2021 HK\$'000	2020 HK\$'000
NON-CURRENT LIABILITIES			
Lease liabilities		1,103,276	1,093,350
Bank borrowings		15,980,762	8,101,635
Other borrowings		707,350	685,943
Guaranteed notes		7,692,495	5,717,879
Derivative financial instruments		8,965	—
Deferred tax liabilities		5,322,668	5,078,720
Other payables and accruals	11	1,001,169	—
Long-term deposits received	13	216,253	206,328
Total non-current liabilities		32,032,938	20,883,855
		45,811,539	45,940,527
EQUITY			
Equity attributable to owners of the Company			
Share capital		1,297,237	1,297,237
Reserves		20,429,648	20,574,363
		21,726,885	21,871,600
Non-controlling interests		24,084,654	24,068,927
		45,811,539	45,940,527

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The financial information has 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 Hong Kong Companies Ordinance. It has been prepared under the historical cost convention, except for completed investment properties, certain investment properties under construction, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and derivative financial instruments, which have been measured at fair value. Non-current assets classified as held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. The financial information is presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand except when otherwise indicated.

The financial information relating to the years ended 31 July 2021 and 31 July 2020 included in this preliminary announcement of annual results for the year ended 31 July 2021 does not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 July 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 July 2021 in due course.

Auditor’s reports have been prepared on these financial statements of the Group for both years. The auditor’s reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* (the “**Conceptual Framework**”) 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 beyond 30 June 2021</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The Group has early adopted the amendment to HKFRS 16 in the current year’s financial statements. Except for the amendment to HKFRS 16, the adoption of the Conceptual Framework and the revised HKFRSs has had no significant financial effect on the financial performance or financial position of the Group.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Amendment to HKFRS 16 *Covid-19-Related Rent Concessions beyond 30 June 2021*

The Group has early adopted the amendment to HKFRS 16 *Covid-19-Related Rent Concessions beyond 30 June 2021* which provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2022; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with earlier application permitted. During the year ended 31 July 2021, certain monthly lease payments for the leases of the Group's cinema properties and shop units have been reduced or waived by the lessors as a result of the COVID-19 pandemic. The Group has early adopted the amendment on 1 August 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the COVID-19 pandemic during the year ended 31 July 2021. Accordingly, a reduction in lease payments arising from the rent concessions of HK\$82,382,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and credited to the consolidated income statement for the year ended 31 July 2021.

3. SEGMENT INFORMATION

For management purposes, the Group has the following reportable segments:

- (a) the property development and sales segment engages in property development and sale of properties;
- (b) the property investment segment invests in commercial and office buildings for their rental income potential and provides building management services;
- (c) the hotel operation segment engages in the operation of and provision of consultancy services to hotels and serviced apartments;
- (d) the restaurant operation segment engages in the operation of restaurants and retailing of food and beverage products;
- (e) the media and entertainment segment engages in the investment in and the production of entertainment events and provision of related advertising services, the provision of artiste management services, album sales and the distribution and licensing of music and trading of gaming products;
- (f) the film and TV program segment engages in the investment in, production of, sale, distribution and licensing of films and TV programs, the provision of related advertising services as well as the distribution of video format products derived from these films and films licensed-in by the Group;
- (g) the cinema operation segment engages in the operation of cinemas in Hong Kong and Mainland China;
- (h) the theme park operation segment engages in the development and operation of theme parks in Mainland China; and
- (i) the "others" segment mainly comprises luxury yachting business, the provision of property management services, leasing agency services and building services.

3. SEGMENT INFORMATION (continued)

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment results, which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax except that write-down of completed properties for sale to net realisable value, fair value losses on investment properties, net, finance costs, share of profits and losses of associates, share of profits and losses of joint ventures and other unallocated income and expenses are excluded from such measurement.

Segment assets mainly exclude investments in associates, investments in joint ventures, financial assets at fair value through other comprehensive income, certain financial assets at fair value through profit or loss, derivative financial instruments, deferred tax assets, prepaid tax, certain pledged and restricted bank balances and time deposits, certain cash and cash equivalents, assets classified as held for sale and other unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities mainly exclude bank borrowings, other borrowings, guaranteed notes, tax payable, deferred tax liabilities, derivative financial instruments, put option liabilities included in creditors, other payables and accruals, temporary receipt and other unallocated corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales are transacted with reference to the prevailing market prices.

3. SEGMENT INFORMATION (continued)

Segment revenue and results

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

	Property development and sales		Property investment		Hotel operation		Restaurant operation		Media and entertainment		Film and TV program		Cinema operation		Theme park operation		Others		Consolidated		
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Segment revenue:																					
Sales to external customers	2,503,316	1,690,213	1,392,714	1,412,178	621,199	673,359	443,089	421,764	321,126	326,604	298,892	370,215	211,986	229,264	30,769	19,153	266,694	181,403	6,089,785	5,324,153	
Intersegment sales	—	—	41,162	41,714	457	683	12	148	4	128	8,597	6,231	1,495	527	—	—	28,914	33,665	80,641	83,096	
Other revenue and gains	7,860	11,703	33,898	45,363	18,504	8,589	35,393	20,217	16,558	6,241	37,147	3,935	98,675	73,684	1,446	—	41,669	42,504	291,150	212,236	
Total	<u>2,511,176</u>	<u>1,701,916</u>	<u>1,467,774</u>	<u>1,499,255</u>	<u>640,160</u>	<u>682,631</u>	<u>478,494</u>	<u>442,129</u>	<u>337,688</u>	<u>332,973</u>	<u>344,636</u>	<u>380,381</u>	<u>312,156</u>	<u>303,475</u>	<u>32,215</u>	<u>19,153</u>	<u>337,277</u>	<u>257,572</u>	<u>6,461,576</u>	<u>5,619,485</u>	
Elimination of intersegment sales																			(80,641)	(83,096)	
Total																				<u>6,380,935</u>	<u>5,536,389</u>
Segment results	<u>(261,691)</u>	<u>(3,860)</u>	<u>960,807</u>	<u>946,748</u>	<u>(348,765)</u>	<u>(368,419)</u>	<u>(89,252)</u>	<u>(110,903)</u>	<u>(33,531)</u>	<u>(30,172)</u>	<u>(95,019)</u>	<u>(79,962)</u>	<u>(151,664)</u>	<u>(515,156)</u>	<u>(444,474)</u>	<u>(263,350)</u>	<u>45,902</u>	<u>(21,130)</u>	<u>(417,687)</u>	<u>(446,204)</u>	
Unallocated other revenue and gains																			285,474	336,359	
Write-down of completed properties for sale to net realisable value	(18,241)	(587,099)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(18,241)	(587,099)	
Fair value losses on investment properties, net	—	—	(486,242)	(2,015,027)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(486,242)	(2,015,027)	
Unallocated expenses																			<u>(616,995)</u>	<u>(554,182)</u>	
Loss from operating activities																			<u>(1,253,691)</u>	<u>(3,266,153)</u>	
Finance costs																			<u>(790,351)</u>	<u>(735,274)</u>	
Share of profits and losses of associates	77	83	(502)	(4,162)	(558)	(274)	3	130	—	—	—	—	—	—	—	—	1,990	2,498	1,010	(1,725)	
Share of profits and losses of associates — unallocated																			<u>18,773</u>	<u>(19,461)</u>	
Share of profits and losses of joint ventures	105,959	70,252	(569,167)	(468,856)	(10,216)	(24,505)	—	—	1,309	(155)	(889)	243	—	—	—	—	—	—	<u>(473,004)</u>	<u>(423,021)</u>	
Loss before tax																			<u>(2,497,263)</u>	<u>(4,445,634)</u>	
Tax																			<u>(261,986)</u>	<u>82,874</u>	
Loss for the year																			<u>(2,759,249)</u>	<u>(4,362,760)</u>	

3. SEGMENT INFORMATION (continued)

Segment assets and liabilities

The following table presents the total assets and liabilities for the Group's reportable segments:

	Property development and sales		Property investment		Hotel operation		Restaurant operation		Media and entertainment		Film and TV program		Cinema operation		Theme park operation		Others		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	10,278,316	10,017,192	40,436,806	39,449,263	9,426,177	9,692,806	593,884	615,008	353,929	352,992	588,886	763,534	1,349,565	1,169,897	1,602,919	1,712,839	1,084,402	1,003,077	65,714,884	64,776,608
Investments in associates	2,177	2,099	73,160	74,553	171,359	178,033	(10,105)	(10,105)	—	—	—	—	—	—	—	—	5,688	3,156	242,279	247,736
Investments in associates — unallocated	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	47,999	155,236
Investments in joint ventures	2,115,704	1,133,702	4,909,949	5,523,518	82,730	92,916	—	—	15,018	11,599	1,058	1,947	—	—	—	—	—	—	7,124,459	6,763,682
Unallocated assets	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	16,374,517	8,616,164
Assets classified as held for sale	5,273	14,952	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	33,115	5,273	48,067
Total assets																			<u>89,509,411</u>	<u>80,607,493</u>
Segment liabilities	2,025,242	905,354	849,544	1,471,041	513,188	751,426	177,914	211,133	131,324	117,541	367,820	381,929	1,259,934	1,144,518	132,658	157,577	384,570	328,132	5,842,194	5,468,651
Bank borrowings	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	19,174,386	16,542,928
Guaranteed notes	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	7,692,495	5,717,879
Other borrowings	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	748,509	726,993
Temporary receipt	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2,637,580	—
Unallocated liabilities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	7,602,708	6,210,515
Total liabilities																			<u>43,697,872</u>	<u>34,666,966</u>

3. SEGMENT INFORMATION (continued)

Other segment information

The following table presents the other segment information for the Group's reportable segments:

	Property development and sales		Property investment		Hotel operation		Restaurant operation		Media and entertainment		Film and TV program		Cinema operation		Theme park operation		Others		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	880	921	21,074	9,959	241,172	231,846	19,866	38,985	1,081	1,340	155	508	52,368	56,597	146,296	143,785	6,571	8,103	489,463	492,044
Depreciation of property, plant and equipment — unallocated																			10,572	10,456
																			<u>500,035</u>	<u>502,500</u>
Depreciation of right-of-use assets	496	1,259	4,241	35,445	155,828	119,296	58,295	66,638	1,353	3,407	2,693	6,382	129,030	154,233	18,807	18,447	13,850	17,441	384,593	422,548
Depreciation of right-of-use assets — unallocated																			28,347	26,197
																			<u>412,940</u>	<u>448,745</u>
Impairment of property, plant and equipment	—	—	—	—	—	—	—	26,083	494	638	125	273	8,149	94,832	199,631	—	643	2,408	209,042	124,234
Impairment of right-of-use assets	—	—	—	—	—	—	—	23,059	2,613	2,656	865	5,183	18,335	272,073	—	—	1,379	832	23,192	303,803
Amortisation of film rights	—	—	—	—	—	—	—	—	—	—	6,595	29,689	—	—	—	—	—	—	6,595	29,689
Amortisation of film and TV program products	—	—	—	—	—	—	—	—	—	—	176,388	128,011	—	—	—	—	—	—	176,388	128,011
Amortisation of music catalogs	—	—	—	—	—	—	—	—	21,923	31,671	—	—	—	—	—	—	—	—	21,923	31,671
Impairment of films and TV programs under production	—	—	—	—	—	—	—	—	—	—	2,553	12,439	—	—	—	—	—	—	2,553	12,439
Write-down of properties under development to net realisable value	68,612	15,037	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	68,612	15,037
Impairment of debtors	—	—	6,661	7,487	—	—	—	—	7,209	7,466	2,683	131	—	—	—	—	—	—	16,553	15,084
Impairment of advances and other receivables	—	2,595	—	—	—	—	—	—	20,290	5,530	3,609	16,065	—	—	—	—	—	775	23,899	24,965
Derecognition loss on rental receivables	—	—	15,239	19,739	—	—	—	—	—	—	—	—	—	—	—	—	—	—	15,239	19,739
Foreseeable loss on finance lease contract	15,694	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	15,694	—
Capital expenditure	664	1,957	587,897	1,002,984	31,826	621,663	22,837	59,212	987	1,539	1,537	2,705	331,734	144,340	113,425	86,510	10,273	21,510	1,101,180	1,942,420
Capital expenditure — unallocated																			82,118	9,092
																			<u>1,183,298</u>	<u>1,951,512</u>

3. SEGMENT INFORMATION (continued)

Geographical information

The following table presents revenue and assets by geographical location of the assets:

	Hong Kong		Mainland China and Macau		United Kingdom		Vietnam		Others		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	2021 HK\$'000	2020 HK\$'000
Segment revenue												
Sales to external customers	1,963,412	3,083,195	3,586,739	1,637,902	81,968	108,042	181,121	308,384	276,545	186,630	6,089,785	5,324,153
Other revenue	210,713	159,650	65,702	49,222	7,409	138	3	601	7,323	2,625	291,150	212,236
Total	<u>2,174,125</u>	<u>3,242,845</u>	<u>3,652,441</u>	<u>1,687,124</u>	<u>89,377</u>	<u>108,180</u>	<u>181,124</u>	<u>308,985</u>	<u>283,868</u>	<u>189,255</u>	<u>6,380,935</u>	<u>5,536,389</u>
Segment assets												
Non-current assets	22,915,238	24,001,768	26,388,753	24,302,996	3,560,918	3,251,828	540,728	569,682	397,856	412,156	53,803,493	52,538,430
Current assets	2,914,704	2,869,256	8,430,504	8,839,104	46,364	92,847	137,864	162,121	381,955	274,850	11,911,391	12,238,178
Total	<u>25,829,942</u>	<u>26,871,024</u>	<u>34,819,257</u>	<u>33,142,100</u>	<u>3,607,282</u>	<u>3,344,675</u>	<u>678,592</u>	<u>731,803</u>	<u>779,811</u>	<u>687,006</u>	<u>65,714,884</u>	<u>64,776,608</u>

Information about major customers

For both the years ended 31 July 2021 and 31 July 2020, there was no revenue derived from a single customer which contributed more than 10% of the Group's revenue for the respective years.

4. TURNOVER

An analysis of turnover is as follows:

	2021 HK\$'000	2020 HK\$'000
<u>Turnover from contracts with customers:</u>		
Sale of properties	2,039,170	1,690,213
Building management fee income	213,684	197,793
Income from hotel operation	621,199	673,359
Income from restaurant operation	443,089	421,764
Distribution commission income, licence fee income and sales of film and TV program products and film rights	297,562	368,548
Box-office takings, concessionary income and related income from cinemas	211,986	229,264
Entertainment event income	72,429	68,922
Sale of game products	157,597	156,520
Album sales, licence income and distribution commission income from music publishing and licensing	79,171	89,197
Artiste management fee income	11,929	11,965
Advertising income	1,330	1,667
Income from theme park operation	30,769	19,153
Others	266,694	181,403
	<u>4,446,609</u>	<u>4,109,768</u>
<u>Turnover from other sources:</u>		
Rental income	1,179,030	1,214,385
Income from properties under finance lease	464,146	—
	<u>1,643,176</u>	<u>1,214,385</u>
Total turnover	<u><u>6,089,785</u></u>	<u><u>5,324,153</u></u>
<u>Timing of recognition of turnover from contracts with customers:</u>		
At a point in time	3,805,846	3,555,643
Over time	640,763	554,125
	<u><u>4,446,609</u></u>	<u><u>4,109,768</u></u>

5. LOSS FROM OPERATING ACTIVITIES

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

	2021 HK\$'000	2020 HK\$'000
Cost of completed properties sold	2,549,514	1,582,021
Cost of inventories sold	356,521	356,407
Cost of film rights, licence rights and film and TV program products	346,297	324,814
Cost of artiste management services and services for entertainment events provided	100,572	101,980
Cost of theatrical releasing and concessionary sales	80,483	83,250
Depreciation of property, plant and equipment [^]	500,035	502,500
Depreciation of right-of-use assets [^]	412,940	448,745
Impairment of property, plant and equipment [*]	209,042	124,234
Impairment of right-of-use assets [*]	23,192	303,803
Amortisation of film rights [#]	6,595	29,689
Amortisation of film and TV program products [#]	176,388	128,011
Amortisation of music catalogs [#]	21,923	31,671
Impairment of films and TV programs under production [#]	2,553	12,439
Fair value change from film investments [*]	12,702	5,014
Write-down of properties under development to net realisable value [*]	68,612	15,037
Impairment of debtors [*]	16,553	15,084
Impairment of advances and other receivables [*]	23,899	24,965
Derecognition loss on rental receivables [*]	15,239	19,739
Foreseeable loss on finance lease contract [*]	15,694	—
Service fee for operation of a club in hotel operation in Vietnam [*]	19,746	36,989
Fair value losses on cross currency swaps [*]	29,005	33,553
Fair value gains on financial assets at fair value through profit or loss, net [@]	(114,556)	(203,863)
Foreign exchange differences, net [@]	(50,462)	(44,184)
Government grants [@]	(107,633)	(47,012)
Rent concessions related to COVID-19 [@]	(82,382)	(47,156)
Interest income from bank deposits [@]	(59,981)	(42,552)
Other interest income [@]	(36,214)	(37,894)
Dividend income from financial assets at fair value through other comprehensive income [@]	(42,400)	(21,194)

These items are included in “cost of sales” on the face of the consolidated income statement.

@ These items are included in “other revenue and gains” on the face of the consolidated income statement.

* These items are included in “other operating expenses” on the face of the consolidated income statement.

[^] Depreciation charge of approximately HK\$839,944,000 (2020: HK\$865,854,000) are included in “other operating expenses” on the face of the consolidated income statement.

6. FINANCE COSTS

	2021 HK\$'000	2020 HK\$'000
Interest on bank borrowings	519,799	605,323
Interest on guaranteed notes	319,069	316,197
Interest on other borrowings	16,964	17,111
Interest on lease liabilities	55,137	56,395
Bank financing charges	74,981	63,066
Interest expenses arising from revenue contracts	—	7,854
Interest on put option liabilities	4,424	—
	<u>990,374</u>	<u>1,065,946</u>
Less: Amount capitalised in construction in progress	(11,917)	(32,072)
Amount capitalised in properties under development	(109,142)	(124,748)
Amount capitalised in investment properties under construction	(78,964)	(173,852)
	<u>(199,823)</u>	<u>(330,672)</u>
	<u><u>790,351</u></u>	<u><u>735,274</u></u>

7. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2020: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2020: 8.25%) and the remaining assessable profits are taxed at 16.5% (2020: 16.5%).

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

	2021 HK\$'000	2020 HK\$'000
Current tax		
— Hong Kong		
Charge for the year	41,320	42,548
Overprovision in prior years	(7,361)	(16,176)
	<u>33,959</u>	<u>26,372</u>
— Mainland China		
Corporate income tax		
Charge for the year	167,631	143,304
Overprovision in prior years	(1,310)	(60)
Land appreciation tax		
Charge for the year	191,688	85,788
Underprovision in prior years	4,755	—
	<u>362,764</u>	<u>229,032</u>
— Elsewhere		
Charge for the year	11,073	21,878
(Overprovision)/underprovision in prior years	(3,911)	4,363
	<u>7,162</u>	<u>26,241</u>
	<u>403,885</u>	<u>281,645</u>
Deferred tax	<u>(141,899)</u>	<u>(364,519)</u>
Tax charge/(credit) for the year	<u><u>261,986</u></u>	<u><u>(82,874)</u></u>

8. DIVIDEND

	2021 HK\$'000	2020 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) — Nil (2020: HK7.40 cents per ordinary share)	<u>—</u>	<u>28,629</u>

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

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

	2021 HK\$'000	2020 HK\$'000
Loss		
Loss for the purpose of basic and diluted loss per share	<u>(1,267,964)</u>	<u>(1,965,907)</u>
	'000	'000 (Adjusted)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share (Note)	<u>480,748</u>	<u>475,098</u>

Note: No adjustment has been made to the basic loss per share amount presented for the years ended 31 July 2021 and 2020 in respect of a dilution as the impact of the share options of the Company, Lai Sun Development Company Limited (“LSD”) and Lai Fung Holdings Limited (“Lai Fung”) had an anti-dilutive effect on the basic loss per share amount presented.

The basic and diluted loss per share for the year ended 31 July 2020 have been adjusted to reflect the effect of a rights issue of the Company subsequently completed on 2 August 2021. Pursuant to the prospectus dated 9 July 2021, the Company proposed a rights issue of 196,305,311 shares on the basis of one rights share for every two existing shares of the Company at a subscription price of HK\$2.24 each.

10. DEBTORS

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

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

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

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

	2021 HK\$'000	2020 HK\$'000
Trade receivables:		
Not yet due or less than 30 days past due	281,544	247,864
31 — 60 days past due	21,193	20,095
61 — 90 days past due	5,238	8,816
Over 90 days past due	39,579	34,913
	<u>347,554</u>	311,688
Finance lease receivables, not yet due	<u>528,484</u>	—
	876,038	311,688
Less: Portion classified as current	<u>(349,351)</u>	<u>(311,688)</u>
Non-current portion	<u><u>526,687</u></u>	<u>—</u>

11. CREDITORS, OTHER PAYABLES AND ACCRUALS

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

	2021 HK\$'000	2020 HK\$'000
Creditors:		
Not yet due or less than 30 days past due	448,806	361,088
31 — 60 days past due	32,956	34,855
61 — 90 days past due	6,019	1,411
Over 90 days past due	8,925	19,512
	<u>496,706</u>	<u>416,866</u>
Other payables and accruals	2,746,717	2,768,225
Put option liabilities (Note)	1,270,976	277,086
	<u>4,514,399</u>	<u>3,462,177</u>
Less: Portion classified as current	<u>(3,513,230)</u>	<u>(3,462,177)</u>
Non-current portion	<u>1,001,169</u>	<u>—</u>

Note: On 19 January 2020, Winfield Concept Limited (“**Winfield**”), a subsidiary owned by Lai Fung and LSD (other than interests held through Lai Fung) as to 80% and 20%, respectively, together with its wholly-owned subsidiary, Zhuhai Hengqin Laisun Creative Culture City Co., Ltd. (“**Laisun Creative Culture**”), entered into an agreement (the “**Da Hengqin Agreement**”) with an independent third-party, Zhuhai Da Hengqin Real Estate Co., Ltd. (“**Da Hengqin**”). Pursuant to the Da Hengqin Agreement, among others, Da Hengqin has agreed to make a total capital contribution of approximately RMB948,448,000 in Laisun Creative Culture (the “**Da Hengqin Transaction**”). The Da Hengqin 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 Da Hengqin 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 as at the end of the reporting period.

Further details of the Da Hengqin Transaction are set out in a circular of Lai Fung dated 30 April 2020.

12. TEMPORARY RECEIPT

Temporary receipt represented proceeds from over-subscription of rights issue as at 31 July 2021 which were refunded to the subscribers subsequent to the end of the reporting period.

Details of the rights issue are disclosed in note 14.

13. DEPOSITS RECEIVED, DEFERRED INCOME AND CONTRACT LIABILITIES

An analysis of the deposits received, deferred income and contract liabilities is as follows:

	2021 HK\$'000	2020 HK\$'000
Deposits received and deferred income	595,693	803,892
Contract liabilities	<u>1,066,895</u>	<u>508,821</u>
	1,662,588	1,312,713
Less: Portion classified as current	<u>(1,446,335)</u>	<u>(1,106,385)</u>
Non-current portion	<u><u>216,253</u></u>	<u><u>206,328</u></u>

14. EVENTS AFTER THE REPORTING PERIOD

(a) Pursuant to the prospectus dated 9 July 2021, the Company proposed a rights issue of 196,305,311 shares on the basis of one rights share for every two existing shares of the Company at a subscription price of HK\$2.24 each. The rights issue was subsequently completed on 2 August 2021 (the “**Completion**”). The net proceeds from the rights issue of approximately HK\$435 million, after deduction of rights issue expenses of approximately HK\$5 million, were recorded as other reserve as at 31 July 2021. Following the Completion, such amount were credited to share capital.

(b) On 9 September 2021, Lai Sun MTN Limited, a wholly-owned subsidiary of LSD issued guaranteed notes in an aggregate principal amount of US\$250 million. The notes are guaranteed by LSD, bear a fixed interest rate of 5% per annum with interest payable semi-annually in arrears and due in July 2026.

The net proceeds from the offering of the notes of approximately US\$248 million will be used for general corporate purposes.

(c) Pursuant to the prospectus dated 10 September 2021, LSD proposed a rights issue of 322,961,962 shares on the basis of one rights share for every two existing shares of LSD at a subscription price of HK\$3.43 each. The rights issue was subsequently completed on 6 October 2021. The net proceeds from the rights issue of approximately HK\$1,094 million would be credited to share capital.

FINAL DIVIDEND

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

No interim dividend was declared during the year (2020: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Almost two years after the outbreak of the coronavirus (“**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. While some of these events are likely to linger in the near future and continue to cast a shadow on the global economic recovery, we remain cautiously optimistic about the future prospects of the cities in which the Group has exposure, especially in 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.

Hong Kong and Overseas Property Market

The property sector in Hong Kong as a whole continued to show resilience and robustness amid the stable pandemic situation and a gradually improving local economy. The retail segment remained reliant on domestic consumption as the COVID-19 related social distancing measures and travel restrictions continued and has showed moderate growth amidst the economic recovery. However, retail rental has been mixed due to the tenant mix moving from a focus on luxury to the mid-to-mass market. Small to medium-sized shops, especially those suitable for restaurants have seen emerging signs of demand, whereas larger vacant space, especially those in prominent retail locations had to strive hard to find suitable tenants. The office market continued to stabilise since early this year and leasing activities have regained momentum. Central business district continued to be underpinned by the People’s Republic of China (“**PRC**” or “**China**”) and financial corporations and other commercial areas have benefited from the rising demand for core locations and more companies starting to expand amid a more affordable rent level. The residential market continued to be robust and demonstrated modest price increases supported by limited supply, solid pent-up demand driven by local end-users and the prevailing low interest rate environment. Despite the improving property market in Hong Kong, the recent surge in the Delta variant cases around the world, lack of cross-border visitors as well as geopolitical risks pose threats to a full economic recovery to the pre-pandemic level.

The management believes it is paramount to prepare the Group for the challenges and opportunities ahead. During the year under review, the Group’s major Hong Kong properties performed relatively steadily at over 90% occupancy. The Group worked closely with its stakeholders, including its tenants, to progress through unprecedented challenging times and provided rental relief arrangements in the form of rental deferrals or rental concessions with certain tenants on a case-by-case basis. With the planning consent approved by the City of London’s Planning and Transportation Committee, Lai Sun Development Company Limited (“**LSD**”) and its subsidiaries (together, “**LSD Group**”) keep monitoring the market conditions in London closely for the potential redevelopment of the three properties on Leadenhall Street in London, comprising 100, 106 and 107 Leadenhall Street (“**Leadenhall Properties**”). Despite the pandemic challenges and the complexity of the UK-EU relations, which may cause near-term uncertainties around the UK economy, the Group is of the view that the City of London’s positioning as a major financial and business centre should remain unchanged. The potential redevelopment of the Leadenhall Properties set to be a mixed-use development has been designed by Skidmore, Owings & Merrill. The 56-storey commercial building will target a carbon net zero strategy in line with RIBA 2030 standards thereby meeting the demands of all major global occupiers by the time of delivery. Knight Frank and CBRE have been appointed as Office Leasing and Development advisers. London & Oriental LLP are the UK Client Representative and Development Adviser.

During the year under review, the Group continued to source and evaluate suitable land acquisition opportunities to grow the pipeline. In January 2021, the consortium formed by LSD Group together with New World Development Company Limited, Empire Development Hong Kong (BVI) Limited and CSI Properties Limited successfully won the tender for the Wong Chuk Hang Station Package Five Property Development. This residential development project sitting on top of the Wong Chuk Hang MTR station in the prominent Southern district of Hong Kong covers a site area of approximately 95,600 square feet, with a gross floor area (“GFA”) of approximately 636,200 square feet and is expected to deliver two residential towers, offering around 1,050 residential units. Subsequent to the year end, the LSD Group acquired a 3-storey building at No. 116 Waterloo Road in Ho Man Tin in September 2021 and the transaction is expected to complete with vacant possession in mid-2022. LSD Group intends to redevelop the site into residential units with total GFA of approximately 46,000 square feet.

Construction works for the sites located at No. 18 Hang On Street, Kwun Tong, Hong Kong and No. 266 Tai Kei Leng, Lot No. 5382 in Demarcation District No. 116, Tai Kei Leng, Yuen Long, Hong Kong are on track. Upon completion, these two residential projects are expected to add a total GFA of approximately 64,000 square feet and 42,200 square feet, respectively, to the development portfolio of LSD Group. Pre-sale of residential units in Hang On Street project is expected to be launched in the first half of 2022.

Up to 17 October 2021, all the 605 units, including 23 detached houses in Alto Residences have been sold, achieving an average selling price of approximately HK\$18,000 per square foot. LSD Group has released in total 86 car-parking spaces of Alto Residences for sale since March 2019. Up to 17 October 2021, 76 car-parking spaces have been sold and the total sales proceeds amounted to approximately HK\$206.9 million.

The sale and handover of all 209 residential units and 7 commercial units of 93 Pau Chung Street have been completed. Car-parking spaces of 93 Pau Chung Street were launched for sale in July 2019. Up to 17 October 2021, 7 out of 20 car-parking spaces and 4 out of 5 motor-parking spaces have been sold and the total sales proceeds amounted to approximately HK\$10.2 million.

The sale and handover of all 138 residential units of Novi, the Ki Lung Street project in Sham Shui Po, Kowloon, Hong Kong have been completed. As at the date of this results announcement, 4 commercial units of Novi have been fully leased.

Construction of Monti, the Sai Wan Ho Street project has been completed. Up to 17 October 2021, 136 out of 144 units in Monti has been sold with saleable area of approximately 43,034 square feet and the average selling price amounted to approximately HK\$21,300 per square foot. Handover of the sold residential units has been substantially completed.

The Group will continue its prudent and flexible approach and be prepared to capture development opportunities as soon as the economy is on track for a recovery.

Mainland China Property Market

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.

The regional focus and rental-led strategy of Lai Fung Holdings Limited (“**Lai Fung**”) and its subsidiaries (together, “**Lai Fung Group**”) 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 Lai Fung 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**”), Lai Fung 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 Lai Fung Group to crystallise the value of its investment in Novotown Phase II and gradually recoup funding to improve the project’s working capital position. Lai Fung Group 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 Lai Fung 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 Lai Fung Group in the coming financial years.

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

Cinema Operation/Media and Entertainment/Film Production and Distribution

This financial year has been one of the toughest years in the history of the entertainment industry marked by the global COVID-19 pandemic. Although vaccination programs have been launched on massive scales by various governments, the sector remains at the mercy of the coronavirus, with the recent rising prevalence of the Delta variant affecting business confidence and the risks of future outbreaks ever present.

The disruption of cinema operation of eSun Holdings Limited (“**eSun**”) and its subsidiaries (together, “**eSun Group**”) continued during the year ended 31 July 2021. eSun Group’s cinemas in Hong Kong have been requested to close twice for a total of 105 days during the year under review. The latest mandatory closure occurred when the fourth wave of COVID-19 emerged from 2 December 2020 to 17 February 2021 throughout the holiday season and has inevitably impacted eSun Group’s box office performance. Cinemas in Mainland China re-opened in late July 2020 after being closed for over 5 months and the box office has shown a sign of recovery. The recent resurgence of Delta variant cases in Mainland China halted people’s plan to go to the cinemas. The May Flower Cinema in Guangzhou was forced to close for 28 days in response to the Delta variant outbreak in Guangdong province in June 2021. The business performance of cinemas in Hong Kong and Mainland China, that are allowed to re-open, are still suffering from the delay in releases of blockbuster movies and the social distancing measures such as restrictions on the seating capacity and bans on eating and drinking in the cinema houses. Despite the challenging operating environment under the COVID-19 pandemic, eSun Group remains cautiously optimistic about the fundamental demand for entertainment in long run and continues to evaluate opportunities to maintain and enhance its market positioning as a leading multiplex cinema operator in Hong Kong.

During the year under review, eSun Group took over three sites that were previously operated by U A Cinema Circuit Limited, including one at K11 MUSEA in Tsim Sha Tsui, Kowloon, one at Citygate, Tung Chung and the other one at Amoy Plaza, Kowloon. The K11 Art House with 12 houses and a total of 1,708 seats started the business on 6 March 2021 and is the first cinema in Hong Kong that uses IMAX laser, equipped with all the latest audiovisual technology, such as IMAX 12-channel IMMERSIVE Sound system and 4K RGB Laser for an extraordinary theatrical effect. The MCL Citygate Cinema and the MCL Amoy Cinema opened on 17 June 2021 and 15 July 2021, respectively. Another new cinema of eSun Group in Kai Tak, Kowloon is expected to commence business in the fourth quarter of 2022. eSun Group also secured the cinema site at The ONE in Tsim Sha Tsui, Kowloon and the operation is expected to commence in April 2023. eSun Group is closely monitoring the market conditions in Hong Kong and Mainland China and will continue to improve its overall operating efficiency and take a prudent approach in evaluating opportunities for further expansion of its footprint.

The outbreak of novel COVID-19 also posted unprecedented challenges to the media and entertainment industry, with entertainment spending affected severely by the accompanying economic recession and social distancing measures. The entertainment consumption of the PRC and local markets started to recover amid the novel coronavirus epidemic. Media Asia Group Holdings Limited (“**MAGHL**”, a non-wholly-owned subsidiary of eSun, together with its subsidiaries, “**MAGHL Group**”), being the media and entertainment arm of eSun Group, continues focusing on producing high quality and commercially viable products to rise the challenge and has also been directing its resources towards development of online content for streaming platforms and e-commerce to capture the related market opportunities.

MAGHL Group continues to invest in original production of quality films with Chinese themes. “*Tales from the Occult*”, a psychological thriller made up of three short stories produced by John Chong and Mathew Tang, and directed by Wesley Hoi, Fung Chih Chiang and Fruit Chan is in post-production stage. “*Septet: the Story of Hong Kong*”, an omnibus film produced by seven Hong Kong film masters including Johnnie To, Tsui Hark, Ann Hui, Patrick Tam, Sammo Hung, Yuen Woo-Ping and the memorable Ringo Lam, was selected as the opening film of the 45th Hong Kong International Film Festival. This film is scheduled for theatrical release soon.

A 30 episode modern-day drama series “*Modern Dynasty*”, featuring Cheung Chi Lam and Tavia Yeung, tailor-made for Alibaba’s Youku platforms, is in post-production stage. Projects under development include “*Twin Shadows*”, a 24 episode modern-day drama featuring Bosco Wong, which will commence shooting in December 2021. eSun Group is in discussion with various Chinese portals and video websites for new project development in TV drama production.

The distribution licence of music products with Tencent Music Entertainment (Shenzhen) Co., Ltd and Warner Music continues to provide stable income contribution to eSun Group. MAGHL Group will keep looking for new talent in Greater China and further cooperation with Asian artistes with an aim to build up a strong artiste roster for eSun Group.

The recent “*Leon Lai Talk & Sing 2021 Concert*” and “*C AllStar in Concert 2021*” have earned good reports/feedback and public praises. MAGHL Group will continue to work with prominent local and Asian artistes for concert promotion and upcoming events including concerts of Eman Lam, Yoga Lin and Tsai Chin.

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

Other Business Updates

The rights issue (“**Rights Issue**”) announced by the Company in June 2021 on the basis of one rights share for every two existing shares of the Company at a subscription price of HK\$2.24 each was completed in August 2021. The total net proceeds of the Rights Issue, after deduction of estimated rights issue expenses, was approximately HK\$434.6 million. As at the date of this results announcement, HK\$70 million has been used for repayment of certain bank borrowings of the Company.

As at 31 July 2021, the Group’s consolidated cash and bank deposits amounted to HK\$13,769.7 million (HK\$3,159.3 million excluding LSD Group) with undrawn facilities of HK\$4,482.4 million (HK\$580.0 million excluding LSD Group). The net debt to equity ratio as at 31 July 2021 was approximately 76% (2020: 77%). The Group’s gearing excluding the net debt of LSD Group was approximately 2%. On 10 December 2020, the Group managed to sign a 5-year secured term loan and revolving credit facility with 5 financial institutions to refinance the outstanding loan balance under the existing loan facility secured by Por Yen Building and G/F to 9/F of Crocodile Center and finance the general corporate requirements 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 turnover of HK\$6,089.8 million (2020: HK\$5,324.2 million) and a gross profit of HK\$1,400.9 million (2020: HK\$1,658.8 million). The increase in turnover from sale of properties primarily driven by the sales performance of Lai Fung Group's development projects in Mainland China during the year under review, which was partially offset by the decrease in revenue from hotel operations of the Group, as well as cinema operation and media and entertainment businesses of eSun Group amid the prolonged global COVID-19 pandemic.

Set out below is the turnover by segment:

	For the year ended 31 July			
	2021 (HK\$ million)	2020 (HK\$ million)	Difference (HK\$ million)	% change
Property investment	1,392.7	1,412.2	-19.5	-1.4%
Property development and sales	2,503.3	1,690.2	+813.1	+48.1%
Restaurant operation	443.1	421.8	+21.3	+5.0%
Hotel operation	621.2	673.3	-52.1	-7.7%
Media and entertainment	321.1	326.6	-5.5	-1.7%
Film and TV program	298.9	370.2	-71.3	-19.3%
Cinema operation	212.0	229.3	-17.3	-7.5%
Theme park operation	30.8	19.2	+11.6	+60.4%
Others	266.7	181.4	+85.3	+47.0%
Total	6,089.8	5,324.2	+765.6	+14.4%

For the year ended 31 July 2021, net loss attributable to owners of the Company was approximately HK\$1,268.0 million (2020: HK\$1,965.9 million). The narrowed loss is primarily attributable to the reduction in net fair value losses on investment properties, the write-down of completed properties for sale to net realisable value and the impairment of right-of-use assets during the year under review as compared to last year. Net loss per share was HK\$2.637 (2020 (adjusted): HK\$4.138).

Excluding the effect of property revaluations, net loss attributable to owners of the Company was approximately HK\$499.3 million (2020: HK\$600.6 million). Net loss per share excluding the effect of property revaluations during the year under review was HK\$1.039 (2020 (adjusted): HK\$1.264).

	For the year ended 31 July	
	2021	2020
Loss attributable to owners of the Company	HK\$ million	HK\$ million
Reported	(1,268.0)	(1,965.9)
Less: Adjustments in respect of revaluation of investment properties held by		
– the Company and subsidiaries	391.9	1,081.3
– associates and joint ventures	357.6	324.6
Deferred tax on investment properties	19.2	(40.6)
Net loss after tax excluding revaluation losses of investment properties	(499.3)	(600.6)

Equity attributable to owners of the Company as at 31 July 2021 amounted to HK\$21,726.9 million, as compared to HK\$21,871.6 million as at 31 July 2020. Net asset value per share attributable to owners of the Company decreased slightly to HK\$55.340 per share as at 31 July 2021 from HK\$55.708 per share as at 31 July 2020.

PROPERTY PORTFOLIO COMPOSITION

The Group maintained a property portfolio with attributable GFA of approximately 5.4 million square feet as at 31 July 2021. All major properties of the Group in Mainland China are held through Lai Fung Group, except Novotown Phase I which is 80% owned by Lai Fung Group and 20% owned by LSD Group, and all major properties in Hong Kong and overseas are held by LSD Group excluding eSun Group and Lai Fung Group.

Approximate attributable GFA (in '000 square feet) of the Group's major properties and number of car-parking spaces as at 31 July 2021 are set out as follows:

	Commercial/ Retail	Office	Hotel/ Serviced Apartments	Residential	Industrial	Total (excluding car-parking spaces & ancillary facilities)	No. of car-parking spaces
GFA of major properties and number of car-parking spaces of Lai Fung Group (on attributable basis¹)							
Completed Properties Held for Rental ²	753	330	—	—	—	1,083	703
Completed Hotel Properties and Serviced Apartments ²	—	—	302	—	—	302	—
Properties under Development ³	223	833	179	—	—	1,235	689
Completed Properties Held for Sale	51	130	93	571	—	845	1,086
Subtotal	1,027	1,293	574	571	—	3,465	2,478
GFA of major properties and number of car-parking spaces of LSD Group excluding Lai Fung Group (on attributable basis¹)							
Completed Properties Held for Rental ²	411	578	—	—	38	1,027	806
Completed Hotel Properties and Serviced Apartments ²	—	—	405	—	—	405	52
Properties under Development ³	4	—	—	113	—	117	21
Completed Properties Held for Sale	19	59	42	47	—	167	36
Subtotal	434	637	447	160	38	1,716	915
GFA of major properties and number of car-parking spaces of the Group excluding LSD Group (on attributable basis¹)							
Completed Properties Held for Rental ²	91	—	—	—	159	250	38
Subtotal	91	—	—	—	159	250	38
Total GFA attributable to the Group	1,552	1,930	1,021	731	197	5,431	3,431

Notes:

- As at 31 July 2021, Lai Fung is a 55.08%-owned subsidiary of LSD and LSD is a 56.13%-owned subsidiary of the Company.
- Completed and rental generating properties.
- All properties under construction.

PROPERTY INVESTMENT

Rental Income

During the year under review, the Group's rental operations recorded a turnover of HK\$1,392.7 million (2020: HK\$1,412.2 million), comprising turnover of HK\$632.5 million, HK\$82.0 million and HK\$678.2 million from rental properties in Hong Kong, London and Mainland China, respectively.

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

	For the year ended 31 July		% Change	Year end occupancy (%)
	2021 HK\$ million	2020 HK\$ million		
Hong Kong				
Cheung Sha Wan Plaza	302.0	329.7	-8.4%	93.5%
Causeway Bay Plaza 2	173.8	179.0	-2.9%	91.7%
Lai Sun Commercial Centre	46.3	44.0	+5.2%	98.7%
Crocodile Center (commercial podium)	86.1	93.2	-7.6%	100.0%
Por Yen Building	15.7	15.7	0.0%	96.8%
Others	8.6	9.1	-5.5%	
Subtotal:	632.5	670.7	-5.7%	
London, United Kingdom				
107 Leadenhall Street	44.5	45.2	-1.5%	62.0%
100 Leadenhall Street	31.2	56.5	-44.8%	100.0%
106 Leadenhall Street	6.3	6.3	0.0%	100.0%
Subtotal:	82.0	108.0	-24.1%	
Mainland China				
<u>Shanghai</u>				
Shanghai Hong Kong Plaza	292.5	291.4	+0.4%	Retail: 90.3% Office: 83.8%
Shanghai May Flower Plaza	42.7	39.1	+9.2%	Retail: 99.5%
Shanghai Regents Park	24.8	22.0	+12.7%	100.0%
<u>Guangzhou</u>				
Guangzhou May Flower Plaza	121.1	111.4	+8.7%	97.9%
Guangzhou West Point	26.5	23.8	+11.3%	90.1%
Guangzhou Lai Fung Tower	136.0	123.2	+10.4%	Retail: 100.0% Office: 96.5% ¹
<u>Zhongshan</u>				
Zhongshan Palm Spring	6.8	5.6	+21.4%	Retail: 80.0% ¹
<u>Hengqin</u>				
Hengqin Novotown Phase I	6.9	3.9	+76.9%	Retail: 71.0% ²
Others	20.9	13.1	+59.5%	
Subtotal:	678.2	633.5	+7.1%	
Total:	1,392.7	1,412.2	-1.4%	
Rental proceeds from joint venture projects				
Hong Kong				
CCB Tower ³ (50% basis)	132.3	137.2	-3.6%	95.7%
Alto Residences ⁴ (50% basis)	28.0	15.7	+78.3%	80.7%
Total:	160.3	152.9	+4.8%	

Notes:

1. Excluding self-use area.
2. Including the cultural attraction spaces occupied by Lionsgate Entertainment World® and National Geographic Ultimate Explorer Hengqin.
3. CCB Tower is a joint venture project with China Construction Bank Corporation (“CCB”) in which each of LSD Group and CCB has an effective 50% interest. For the year ended 31 July 2021, the joint venture recorded rental proceeds of approximately HK\$264.5 million (2020: HK\$274.3 million).
4. Alto Residences is a joint venture project with Empire Group Holdings Limited (“Empire Group”) in which each of LSD Group and Empire Group has an effective 50% interest. For the year ended 31 July 2021, the joint venture recorded rental proceeds of approximately HK\$56.0 million (2020: HK\$31.4 million).

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

	For the year ended 31 July 2021			For the year ended 31 July 2020		
	Attributable interest to the Group	Turnover (HK\$ million)	Total GFA (square feet)	Attributable interest to the Group	Turnover (HK\$ million)	Total GFA (square feet)
Hong Kong						
Cheung Sha Wan Plaza	56.13%			56.22%		
Commercial		149.8	233,807		168.7	233,807
Office		136.2	409,896		144.1	409,896
Car-parking spaces		16.0	N/A		16.9	N/A
Subtotal:		302.0	643,703		329.7	643,703
Causeway Bay Plaza 2	56.13%			56.22%		
Commercial		120.5	109,770		122.3	109,770
Office		48.8	96,268		53.4	96,268
Car-parking spaces		4.5	N/A		3.3	N/A
Subtotal:		173.8	206,038		179.0	206,038
Lai Sun Commercial Centre	56.13%			56.22%		
Commercial		24.0	95,063		22.3	95,063
Office		5.0	74,181		4.4	74,181
Car-parking spaces		17.3	N/A		17.3	N/A
Subtotal:		46.3	169,244		44.0	169,244
Crocodile Centre	100%			100%		
Commercial		86.1	91,201		93.2	91,201
Por Yen Building	100%			100%		
Industrial		15.4	109,010		15.4	109,010
Car-parking spaces		0.3	N/A		0.3	N/A
Subtotal:		15.7	109,010		15.7	109,010
Others		8.6	108,810 ¹		9.1	108,810 ¹
Subtotal:		632.5	1,328,006¹		670.7	1,328,006¹
London, United Kingdom						
107 Leadenhall Street	56.13%			56.22%		
Commercial		4.5	48,182		4.1	48,182
Office		40.0	98,424		41.1	98,424
Subtotal:		44.5	146,606		45.2	146,606
100 Leadenhall Street	56.13%			56.22%		
Office		31.2	177,700		56.5	177,700
106 Leadenhall Street	56.13%			56.22%		
Commercial		1.0	3,540		1.2	3,540
Office		5.3	16,384		5.1	16,384
Subtotal:		6.3	19,924		6.3	19,924
Subtotal:		82.0	344,230		108.0	344,230

	For the year ended 31 July 2021			For the year ended 31 July 2020		
	Attributable interest to the Group	Turnover (HK\$ million)	Total GFA (square feet)	Attributable interest to the Group	Turnover (HK\$ million)	Total GFA (square feet)
Mainland China						
Shanghai						
Shanghai Hong Kong Plaza	30.92%			30.67%		
Retail		186.2	468,434		177.7	468,434
Office		98.9	362,096		108.2	362,096
Car-parking spaces		7.4	N/A		5.5	N/A
Subtotal:		292.5	830,530		291.4	830,530
Shanghai May Flower Plaza	30.92%			30.67%		
Retail		38.2	320,314		35.4	320,314
Car-parking spaces		4.5	N/A		3.7	N/A
Subtotal:		42.7	320,314		39.1	320,314
Shanghai Regents Park	29.37%			29.14%		
Retail		22.1	82,062		19.8	82,062
Car-parking spaces		2.7	N/A		2.2	N/A
Subtotal:		24.8	82,062		22.0	82,062
Guangzhou						
Guangzhou May Flower Plaza	30.92%			30.67%		
Retail		103.2	357,424		95.7	357,424
Office		14.9	79,431		13.0	79,431
Car-parking spaces		3.0	N/A		2.7	N/A
Subtotal:		121.1	436,855		111.4	436,855
Guangzhou West Point	30.92%			30.67%		
Retail		26.5	171,968		23.8	171,968
Guangzhou Lai Fung Tower	30.92%			30.67%		
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
Subtotal:		136.0	738,113		123.2	738,113
Zhongshan						
Zhongshan Palm Spring	30.92%			30.67%		
Retail		6.8	148,106		5.6	147,408
Hengqin						
Hengqin Novotown Phase I	35.96%			35.78%		
Retail ²		6.9	682,073 ²		3.9	682,073 ²
Others		20.9	N/A		13.1	N/A
Subtotal:		678.2	3,410,021		633.5	3,409,323
Total:		1,392.7	5,082,257 ¹		1,412.2	5,081,559 ¹
Joint Venture Projects						
Hong Kong						
CCB Tower ³ (50% basis)	28.07%			28.11%		
Office		131.7	114,603 ⁴		136.7	114,603 ⁴
Car-parking spaces		0.6	N/A		0.5	N/A
Subtotal:		132.3	114,603 ⁴		137.2	114,603 ⁴
Alto Residences ⁵ (50% basis)	28.07%			28.11%		
Commercial		8.1	47,067 ⁶		3.3	47,067 ⁶
Residential units ⁷		17.1	20,613 ⁸		11.8	19,587 ⁸
Car-parking spaces		2.8	N/A		0.6	N/A
Subtotal:		28.0	67,680		15.7	66,654
Total:		160.3	182,283		152.9	181,257

Notes:

1. Excluding 10% interest in AIA Central.
2. Excluding the cultural attraction spaces occupied by Lionsgate Entertainment World® and National Geographic Ultimate Explorer Hengqin.
3. CCB Tower is a joint venture project with CCB in which each of LSD Group and CCB has an effective 50% interest. For the year ended 31 July 2021, the joint venture recorded rental proceeds of approximately HK\$264.5 million (2020: HK\$274.3 million).
4. GFA attributable to LSD Group. The total GFA is 229,206 square feet.
5. Alto Residences is a joint venture project with Empire Group in which each of LSD Group and Empire Group has an effective 50% interest. For the year ended 31 July 2021, the joint venture recorded rental proceeds of approximately HK\$56.0 million (2020: HK\$31.4 million).
6. GFA attributable to LSD Group. Total GFA is 94,133 square feet.
7. Referring to those sold residential units offering early occupation benefit which allows the purchasers to move in earlier before completion of the sale.
8. Saleable area attributable to LSD Group. The total saleable area is 41,226 square feet (2020: 39,174 square feet).

The average Sterling exchange rate for the year under review appreciated by approximately 7.0% compared with last year. Excluding the effect of currency translation, the Sterling denominated turnover from London properties decreased by 29.1% during the year under review. Breakdown of rental turnover of London portfolio for the year ended 31 July 2021 is as follows:

	2021 HK\$'000	2020 HK\$'000	% Change	2021 GBP'000	2020 GBP'000	% Change
107 Leadenhall Street	44,472	45,208	-1.6%	4,223	4,594	-8.1%
100 Leadenhall Street	31,173	56,518	-44.8%	2,960	5,744	-48.5%
106 Leadenhall Street	6,323	6,316	0.1%	600	642	-6.5%
Total:	81,968	108,042	-24.1%	7,783	10,980	-29.1%

Review of major investment properties

Hong Kong Properties

Cheung Sha Wan Plaza

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

Causeway Bay Plaza 2

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

Lai Sun Commercial Centre

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

Por Yen Building

Por Yen Building, being a 14-storey industrial building with total GFA of 109,010 square feet (excluding car-parking spaces), is located at the hub of Cheung Sha Wan Business Area and is near to the Lai Chi Kok MTR station.

Crocodile Center

Crocodile Center is a 25-storey commercial/office building which was completed in 2009 and located near the Kwun Tong MTR station. The Group owns the commercial podium which has a total GFA of 91,201 square feet (excluding car-parking spaces). Tenants dominated by local restaurant groups.

CCB Tower

This is a 50:50 joint venture between LSD Group and CCB involving the redevelopment of the former Ritz-Carlton Hotel in Central. This 27-storey office tower is a landmark property in Central featuring underground access to the Central MTR station. The property has a total GFA of 229,206 square feet (excluding car-parking spaces). 20 floors of the office floors and 2 banking hall floors of CCB Tower are leased to CCB for its Hong Kong operations.

AIA Central

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

Overseas Properties

107 Leadenhall Street, London EC3, United Kingdom

In April 2014, LSD Group acquired a property located at the core of the insurance district in the City of London, surrounded by 30 St Mary Axe (commonly known as the Gherkin), Lloyd's of London and the Willis Building at 51 Lime Street. It is a freehold commercial property housing commercial, offices and retail space. The building comprises 146,606 square feet gross internal area of office accommodation extending over basement, ground, mezzanine and seven upper floors. The occupancy at the end of July 2021 was approximately 62.0%.

100 Leadenhall Street, London EC3, United Kingdom

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

106 Leadenhall Street, London EC3, United Kingdom

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

The City of London's Planning and Transportation Committee has approved a resolution to grant Planning Consent to LSD Group to redevelop the Leadenhall Properties. The Leadenhall Properties currently have a combined GFA of approximately 344,230 square feet. The Planning Consent would allow LSD Group to redevelop the Leadenhall Properties into a 56 storey tower with i) approximately 1,068,510 square feet gross internal area of office space as well as new retail space of approximately 8,730 square feet; ii) a free, public viewing gallery of approximately 19,967 square feet at levels 55 and 56 of the building which offers 360 degree views across London; and iii) new pedestrian routes between Leadenhall Street, Bury Street and St Mary Axe, and new public spaces around the base of the building. Including ancillary facilities of approximately 178,435 square feet, the total gross internal area of the proposed tower is expected to be approximately 1,275,642 square feet upon completion. This mixed-use development has been designed by Skidmore, Owings & Merrill and the building will target a carbon net zero strategy in line with RIBA 2030 standards thereby meeting the demands of all major global occupiers by the time of delivery. Knight Frank and CBRE have been appointed as Office Leasing and Development advisers. London & Oriental LLP are the UK Client Representative and Development Adviser.

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

Mainland China Properties

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

Shanghai Hong Kong Plaza

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

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

Lai Fung Group owns 100% of this property.

Shanghai May Flower Plaza

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

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

Shanghai Regents Park

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

Lai Fung Group owns 100% of this property.

Guangzhou West Point

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

Lai Fung 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.

Lai Fung Group owns 100% of this property.

Zhongshan Palm Spring Rainbow Mall

Zhongshan Palm Spring Rainbow Mall is the commercial portion of Zhongshan Palm Spring, 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.

Lai Fung 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.

Novotown Phase I is 80% owned by Lai Fung Group and 20% owned by LSD Group.

PROPERTY DEVELOPMENT

Recognised Sales

For the year ended 31 July 2021, recognised turnover from sales of properties was HK\$2,503.3 million (2020: HK\$1,690.2 million). Breakdown of turnover for the year ended 31 July 2021 from sales of properties is as follows:

Hong Kong				
Recognised Basis	No. of Units	Approximate Saleable Area (Square feet)	Average Selling Price¹ (HK\$/square foot)	Turnover (HK\$ million)
Monti Residential Units	31	10,167	22,397	227.8
Subtotal				227.8
Mainland China				
Recognised Basis	No. of Units	Approximate GFA (Square feet)	Average Selling Price² (HK\$/square foot)	Turnover³ (HK\$ million)
Shanghai Wuli Bridge Project Residential Units	24	60,148	15,331	846.0
Zhongshan Palm Spring Residential High-rise Units	352	423,309	1,698	663.7
Residential House Units	26	55,808	3,248	172.6
Hengqin Novotown Phase I Cultural Studios	4	16,965	4,983	80.5
Cultural Workshop Units	6	5,154	3,531	16.7
Hengqin Novotown Phase II Harrow ILA Hengqin Building ⁴	N/A	414,417	1,251	464.1
Shanghai Wuli Bridge Project Car-parking Spaces	27	N/A	N/A	17.9
Shanghai Regents Park Car-parking Spaces	14	N/A	N/A	9.4
Guangzhou Eastern Place Car-parking Spaces	2	N/A	N/A	2.1
Guangzhou King's Park Car-parking Spaces	2	N/A	N/A	1.2
Guangzhou West Point Car-parking Spaces	2	N/A	N/A	1.1
Zhongshan Palm Spring Car-parking Spaces	1	N/A	N/A	0.2
Subtotal				2,275.5
Total				2,503.3
Recognised sales from joint venture project				
Hong Kong				
Recognised Basis	No. of Units	Approximate Saleable Area (Square feet)	Average Selling Price¹ (HK\$/square foot)	Turnover (HK\$ million)
Alto Residences (50% basis) Houses	2 ⁵	3,390 ⁵	24,258	82.2 ⁶
Residential Units	3 ⁷	2,678 ⁷	24,267	65.0 ⁸
Car-parking Spaces	1 ⁹	N/A	N/A	1.4
Total				148.6

Notes:

1. Excluding the financing component for sale of completed properties in accordance with Hong Kong Financial Reporting Standard 15 “Revenue from Contracts with Customers”.
2. Before PRC business tax and value-added tax inclusive.
3. After PRC business tax and value-added tax exclusive.
4. Classified as income from properties under finance lease.
5. No. of houses and saleable area attributable to LSD Group. The total no. of houses recognised and total saleable area are 3 and 6,779 square feet, respectively.
6. Representing property sales proceeds of HK\$81.4 million and rental proceeds of HK\$0.8 million in relation to certain houses offering early occupation benefit which allows the purchasers to move in earlier before completion of the sale.
7. No. of residential units and saleable area attributable to LSD Group. The total no. of residential units recognised and total saleable area are 5 and 5,356 square feet, respectively.
8. Representing property sales proceeds of HK\$63.0 million and rental proceeds of HK\$2.0 million in relation to certain residential units offering early occupation benefit which allows the purchasers to move in earlier before completion of the sale.
9. No. of car-parking spaces attributable to LSD Group. The total no. of car-parking spaces recognised is 2.

Contracted Sales

As at 31 July 2021, the Group’s property development operation has contracted but not yet recognised sales of HK\$1,708.2 million. Including the joint venture project of the Group, the total contracted but not yet recognised sales of the Group as at 31 July 2021 amounted to HK\$2,568.3 million. Breakdown of contracted but not yet recognised sales as at 31 July 2021 is as follows:

Hong Kong

Contracted basis	No. of Units	Approximate Saleable Area (Square feet)	Average Selling Price (HK\$/square foot)	Turnover (HK\$ million)
Monti Residential Units	5	1,630	23,008	37.5
Subtotal				37.5

Mainland China

Contracted basis	No. of Units	Approximate GFA (Square feet)	Average Selling Price ¹ (HK\$/square foot)	Turnover ¹ (HK\$ million)
Zhongshan Palm Spring Residential High-rise Units	572	678,116	1,838	1,246.6
Residential House Units	13	27,144	3,540	96.1
Serviced Apartment Units ²	3	3,082	1,460	4.5
Shanghai Wuli Bridge Project Residential Units	2	5,248	11,738	61.6
Hengqin Novotown Phase I Cultural Studios	3	13,881	5,137	71.3
Cultural Workshop Units	1	962	3,950	3.8
Hengqin Novotown Phase II Harrow ILA Hengqin Building ³	N/A	149,078	1,205	179.7
Shanghai Wuli Bridge Project Car-parking Spaces	2	N/A	N/A	1.4
Shanghai Regents Park Car-parking Spaces	3	N/A	N/A	2.1
Guangzhou Eastern Place Car-parking Spaces	2	N/A	N/A	2.1
Guangzhou King’s Park Car-parking Spaces	2	N/A	N/A	1.5
Subtotal				1,670.7
Total				1,708.2

Contracted sales from joint venture project Hong Kong

Contracted basis	No. of Units	Approximate Saleable Area (Square feet)	Average Selling Price (HK\$/square foot)	Turnover (HK\$ million)
Alto Residences (50% basis)				
Houses	9 ⁴	23,493 ⁴	23,453	551.0 ⁵
Residential Units	11 ⁶	10,463 ⁶	27,142	284.0 ⁷
Car-parking Spaces	9 ⁸	N/A	N/A	25.1
Total				860.1

Notes:

1. Value-added tax inclusive.
2. 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.
3. Will be recognised as income from finance lease under turnover.
4. No. of houses and saleable area attributable to LSD Group. The total no. of houses contracted and total saleable area are 17 and 46,986 square feet, respectively.
5. Representing property sales proceeds of HK\$501.2 million and rental proceeds of HK\$49.8 million in relation to certain houses offering early occupation benefit which allows the purchasers to move in earlier before completion of the sale.
6. No. of residential units and saleable area attributable to LSD Group. The total no. of residential units contracted and total saleable area are 21 and 20,925 square feet, respectively.
7. Representing property sales proceeds of HK\$257.1 million and rental proceeds of HK\$26.9 million in relation to certain residential units offering early occupation benefit which allows the purchasers to move in earlier before completion of the sale.
8. No. of car-parking spaces attributable to LSD Group. The total no. of car-parking spaces contracted is 18.

Review of major projects for sale and under development

Hong Kong Properties

Alto Residences

In November 2012, LSD Group successfully tendered for and secured a site located at Area 68A2, Tseung Kwan O, New Territories, through a 50% joint venture vehicle. The lot has an area of 229,338 square feet with a total GFA of 573,268 square feet split into 458,874 square feet for residential use and 114,394 square feet for commercial use. Construction has been completed with the Occupation Permit issued by the Buildings Department in May 2018. The Certificate of Compliance was issued by the Lands Department in September 2018.

This project providing 605 flats, including 23 detached houses was named "Alto Residences" and was launched for pre-sale in October 2016. Up to 17 October 2021, LSD Group has sold all 605 units in Alto Residences with saleable area of approximately 408,936 square feet at an average selling price of approximately HK\$18,000 per square foot. Handover of the sold residential units has been substantially completed. LSD Group released in total 86 car-parking spaces of Alto Residences for sale since March 2019. Up to 17 October 2021, 76 car-parking spaces have been sold and the total sales proceeds amounted to approximately HK\$206.9 million.

93 Pau Chung Street

In April 2014, LSD Group was successful in its bid for the development right to the San Shan Road/ Pau Chung Street project from the Urban Renewal Authority in Ma Tau Kok, Kowloon, Hong Kong. The lot has an area of 12,599 square feet with a total GFA of 111,354 square feet split into 94,486 square feet for residential use and 16,868 square feet for commercial use. The construction was completed with the Occupation Permit issued by the Buildings Department in July 2018 and the Certificate of Compliance issued by the Lands Department in November 2018.

This project was named “93 Pau Chung Street” and launched for pre-sale in September 2016. The sale and handover of all 209 residential units and 7 commercial units have been completed, achieving an average selling price of approximately HK\$16,400 per square foot and HK\$23,500 per square foot, respectively. Up to 17 October 2021, 7 out of 20 car-parking spaces and 4 out of 5 motor-parking spaces have been sold and the total sales proceeds amounted to approximately HK\$10.2 million.

Novi

On 16 May 2016, LSD Group completed the purchase of the remaining unit for the proposed development on Ki Lung Street in Sham Shui Po, Kowloon. The site comprises numbers 48-56 on Ki Lung Street and has a combined site area of 5,054 square feet. The construction works of this commercial/residential development have been completed with the Occupation Permit issued by the Buildings Department in July 2019.

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

Monti

LSD Group was successful in its bid for the development rights to the Sai Wan Ho Street project in September 2015 from the Urban Renewal Authority in Shau Kei Wan, Hong Kong. The project covers a site area of 7,642 square feet and provide 144 residential units with a total saleable area of approximately 45,822 square feet. Construction work has been completed. The Occupation Permit was issued by the Buildings Department in October 2019 and the Certificate of Compliance was issued by the Lands Department in March 2020.

This project was named “Monti” and launched for pre-sale in August 2018. Up to 17 October 2021, LSD Group has sold 136 units in Monti with saleable area of approximately 43,034 square feet at an average selling price of approximately HK\$21,300 per square foot. Handover of the sold residential units has been substantially completed.

Tai Kei Leng project

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

Hang On Street project

In April 2019, LSD Group successfully secured the Urban Renewal Authority project covering a site area of approximately 8,500 square feet at No.18 Hang On Street, Kwun Tong, Hong Kong which will be developed into a total GFA of approximately 64,000 square feet of residential spaces. Construction work is in progress and is expected to be completed in the third quarter of 2023. Pre-sale of residential units is expected to be launched in the first half of 2022.

Wong Chuk Hang project

In January 2021, the consortium formed by LSD Group together with New World Development Company Limited, Empire Development Hong Kong (BVI) Limited and CSI Properties Limited successfully won the tender for the Wong Chuk Hang Station Package Five Property Development. This residential development project sitting on top of the Wong Chuk Hang MTR station in the prominent Southern district of Hong Kong covers a site area of approximately 95,600 square feet, with a total GFA of approximately 636,200 square feet and is expected to deliver two residential towers, offering around 1,050 residential units.

Mainland China Properties

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

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, Lai Fung 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 Lai Fung 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 Lai Fung Group's turnover and the sale of 27 car-parking spaces contributed HK\$17.9 million to Lai Fung 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.

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.

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.

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 car-parking spaces remained unsold.

Guangzhou Haizhu Plaza

Guangzhou Haizhu Plaza is located on Chang Di Main Road in Yuexiu District, Guangzhou along the Pearl River. Lai Fung 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 and 2,682 car-parking spaces remained unsold.

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.

Novotown Phase I is 80% owned by Lai Fung Group and 20% owned by LSD Group.

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

Construction 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. Lai Fung Group entered into a licence agreement with Real Madrid Club de Fútbol in June 2017 in relation to the development and operation of the location based entertainment 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. Lai Fung 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 Lai Fung 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.

Lai Fung 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 Lai Fung Group's results in the long run.

RESTAURANT OPERATION

The extension of containment measures in Hong Kong for catering businesses continued to weigh on the performance of the Group's restaurants, which are owned and operated by LSD Group. Revenue of this segment of the Group has been inevitably affected by compulsory social distancing and seat restrictions, as well as restrictions on reduced dining time. For the year ended 31 July 2021, restaurant operation segment contributed HK\$443.1 million to the Group's turnover (2020: HK\$421.8 million). Up to the date of this results announcement, restaurant operation includes LSD Group's interests in 21 restaurants in Hong Kong and Mainland China and 2 restaurants in Hong Kong and Macau under management. Details of each existing restaurant of LSD Group are as follows:

Cuisine	Restaurant	Location	Attributable interest to LSD Group	Award	
Owned restaurants					
Western/ International Cuisine	8½ Otto e Mezzo BOMBANA Hong Kong	Hong Kong	37%	Three Michelin stars (2012-2021)	
	8½ Otto e Mezzo BOMBANA Shanghai	Shanghai	13%	Two Michelin stars (2017-2021)	
	Opera BOMBANA	Beijing	20%		
	CIAK - In The Kitchen	Hong Kong	62%	One Michelin star (2015-2017)	
	CIAK - All Day Italian	Hong Kong	67%	Michelin Bib Gourmand (2017-2021)	
	Beefbar	Hong Kong	62%	One Michelin star (2017-2021)	
	Takumi by Daisuke Mori	Hong Kong	63%	One Michelin star (2018-2021)	
	Prohibition ^(Note)	Hong Kong	100%		
	Zest by Konishi	Hong Kong	67%	One Michelin star (2020-2021)	
	Asian Cuisine	China Tang Landmark	Hong Kong	50%	The Plate Michelin (2019-2021)
		China Tang Beijing	Beijing	67%	
		Howard's Gourmet	Hong Kong	50%	
		Chiu Tang Central	Hong Kong	67%	
Old Bazaar Kitchen		Hong Kong	63%		
Sun's Bazaar KiKi Tea Telford Plaza		Hong Kong	69%		
Canton Bistro ^(Note)		Hong Kong	100%		
KiKi Noodle Bar IFC		Hong Kong	67%		
KiKi Noodle Bar K11 MUSEA		Hong Kong	67%		
KiKi Noodle Bar Shanghai Hong Kong Plaza		Shanghai	67%		
KiKi Noodle Bar Shanghai One ITC	Shanghai	67%			
Japanese Cuisine	Masa Hong Kong	Hong Kong	67%		
Managed restaurants					
Western Cuisine	8½ Otto e Mezzo BOMBANA, Macau	Macau	N/A	One Michelin star (2016-2021)	
	Cipriani	Hong Kong	N/A		

Note:

Performance of these two restaurants in Ocean Park Marriott Hotel is included in the hotel operation segment for segment reporting purpose.

HOTEL AND SERVICED APARTMENT OPERATION

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

COVID-19 pandemic has presented unprecedented challenges to global tourism and hospitality industry. Since early 2020, a number of social distancing measures and travel restrictions have been implementing by countries around the world to prevent the spread of the virus and the tourist economy has experienced a record contraction. For the year ended 31 July 2021, the hotel and serviced apartment operation contributed HK\$621.2 million to the Group's turnover (2020: HK\$673.3 million).

Breakdown of turnover for the year ended 31 July 2021 from hotel and serviced apartment operations is as follows:

	Location	Attributable interest to LSD Group	No. of Rooms ¹	Total GFA (square feet)	Turnover (HK\$ million)	Year end occupancy rate (%)
Hotel and serviced apartment						
Ocean Park Marriott Hotel	Hong Kong	100%	471	365,974	230.5	82.4
Ascott Huaihai Road Shanghai	Shanghai	55.08%	310	358,009	104.5	90.2
STARR Hotel Shanghai	Shanghai	55.08%	239	143,846	23.8	80.6
Hyatt Regency Hengqin	Hengqin	64.06%	493	594,763	79.2	40.6
Caravelle Hotel	Ho Chi Minh City	26.01%	335	378,225	181.1	2.7
Subtotal			1,848	1,840,817	619.1	
Hotel management fee					2.1	
Total					621.2	
Joint Venture Project						
Fairmont St. Andrews (50% basis)	Scotland	50%	106 ²	138,241 ²	44.8	62.4

Notes:

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

Ocean Park Marriott Hotel officially commenced its operations on 19 February 2019, adding a total of 471 rooms and approximately 365,974 square feet of attributable rental space to the rental portfolio of LSD Group. Despite the impact of the COVID-19 pandemic on the tourism industry in Hong Kong, LSD Group remains cautiously optimistic about the prospects of the Ocean Park Marriott Hotel given the popularity of Ocean Park, as well as its newly opened Water World, being Asia's first all-season water park.

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

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

The 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.

Lai Fung Group also owns 100% interest in the Ascott Huaihai Road in Shanghai Hong Kong Plaza which is managed by the Ascott Group and it is one of a premier collection of the Ascott Limited's serviced residences in over 70 cities in Asia Pacific, Europe and the Gulf region. The residence with a total GFA of approximately 359,700 square feet and approximately 358,000 square feet attributable to Lai Fung Group has 310 contemporary apartments of various sizes: studios (640-750 square feet), one-bedroom apartments (915-1,180 square feet), two-bedroom apartments (1,720 square feet), three-bedroom apartments (2,370 square feet) and two luxurious penthouses on the highest two floors (4,520 square feet).

Hyatt Regency Hengqin 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 has 493 guest rooms including 55 suites ranging in size from 430 square feet to 2,580 square feet, a wide range of dining options, as well as banqueting and conference facilities of over 40,000 square feet.

CINEMA OPERATION

The cinema operation is managed by eSun Group. For the year ended 31 July 2021, this segment recorded a turnover of HK\$212.0 million (2020: HK\$229.3 million) and segment results of a loss of HK\$151.7 million (2020: HK\$515.2 million). Decrease in segment loss is primarily due to decrease in the impairment of right-of-use assets and property, plant and equipment during the year under review as compared to last year. As at the date of this results announcement, eSun Group operates fourteen cinemas in Hong Kong and three cinemas in Mainland China and details on the number of screens and seats of each cinema of eSun Group are as follows:

Cinema	Attributable interest to eSun Group (%)	No. of screens <i>(Note)</i>	No. of seats <i>(Note)</i>
Mainland China			
Suzhou Grand Cinema City	100	10	1,440
Guangzhou May Flower Cinema City	100	7	606
Zhongshan May Flower Cinema City	100	5	905
Subtotal		22	2,951
Hong Kong			
K11 Art House	100	12	1,708
Movie Town (including MX4D theatre)	100	7	1,702
MCL Cyberport Cinema	100	4	818
MCL Citygate Cinema	100	4	673
MCL Amoy Cinema	100	3	603
Festival Grand Cinema	95	8	1,196
MCL Metro City Cinema	95	6	690
MCL Telford Cinema (including MX4D theatre)	95	6	789
STAR Cinema	95	6	622
Grand Kornhill Cinema (including MX4D theatre)	95	5	706
MCL Cheung Sha Wan Cinema	95	4	418
MCL South Horizons Cinema	95	3	555
MCL Green Code Cinema	95	3	285
Grand Windsor Cinema	95	3	246
Subtotal		74	11,011
Total		96	13,962

Note: On 100% basis.

MEDIA AND ENTERTAINMENT

The media and entertainment businesses are operated by eSun Group. For the year ended 31 July 2021, this segment recorded a turnover of HK\$321.1 million (2020: HK\$326.6 million) and segment results of a loss of HK\$33.5 million (2020: HK\$30.2 million).

Live Entertainment

During the year under review, eSun Group organised and invested in 14 (2020: 39) shows by popular local, Asian and internationally renowned artistes, including Leon Lai, C AllStar and Eman Lam.

Music Production, Distribution and Publishing

For the year ended 31 July 2021, eSun Group released 19 (2020: 15) albums, including titles by Sammi Cheng, C AllStar, Andy Leung, Chan Kin On, Jay Fung, Nowhere Boys and Joyce Cheng.

Artiste Management

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

FILM AND TV PROGRAMME PRODUCTION AND DISTRIBUTION

The film and TV programme production and distribution businesses are operated by eSun Group. For the year ended 31 July 2021, this segment recorded a turnover of HK\$298.9 million (2020: HK\$370.2 million) and segment showed a loss of HK\$95.0 million (2020: HK\$80.0 million).

During the year under review, a total of 6 (2020: 5) films produced/invested by eSun Group were theatrically released, namely “*I’m Livin’ It*”, “*The Calling of A Bus Driver*”, “*All U Need is Love*”, “*The Legend of the Condor Heroes: The Cadaverous Claws*”, “*The Legend of the Condor Heroes: The Dragon Tamer*” and “*1921*”. eSun Group also distributed 27 (2020: 25) films and 165 (2020: 468) videos with high profile titles including “*1921*”, “*Stand By Me Doraemon 2*”, “*77 Heartwarmings*” and “*Snake Eyes*”.

INTERESTS IN JOINT VENTURES

During the year ended 31 July 2021, losses from joint ventures amounted to HK\$473.0 million, as compared to losses of HK\$423.0 million for last year. This is primarily due to the decrease in fair value of CCB Tower during the year under review.

	For the year ended 31 July	
	2021 (HK\$ million)	2020 (HK\$ million)
Revaluation losses, net	(635.5)	(570.0)
Operating profits	162.5	147.0
Share of losses from joint ventures	(473.0)	(423.0)

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 July 2021, cash and bank balances and undrawn facilities held by the Group amounted to HK\$13,769.7 million and HK\$4,482.4 million, respectively. Cash and bank balances held by the Group of which about 61% was denominated in Hong Kong dollars and United States dollars, and about 35% was denominated in Renminbi. Cash and bank balances and undrawn facilities held by the Group excluding LSD Group as at 31 July 2021 were HK\$3,159.3 million and HK\$580.0 million, respectively.

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

As at 31 July 2021, the Group had bank borrowings of approximately HK\$19,174.4 million, guaranteed notes of approximately HK\$7,692.5 million, other borrowings of approximately HK\$748.5 million and other payable of approximately HK\$59.1 million. As at 31 July 2021, the maturity profile of the bank borrowings of HK\$19,174.4 million is spread with HK\$3,193.6 million repayable within 1 year, HK\$1,442.9 million repayable in the second year and HK\$12,839.2 million repayable in the third to fifth years, and HK\$1,698.7 million repayable beyond the fifth year.

The Group issued guaranteed notes in an aggregate principal amount of US\$1,000 million. The guaranteed notes have terms of five years and bear fixed interest rates ranging from 4.6% to 5.65% per annum with interest payable semi-annually in arrears. The guaranteed notes are listed on the Stock Exchange and were issued for refinancing the previous notes and for general corporate purposes. The Group entered into cross currency swap agreements with financial institutions for the purpose of hedging the foreign currency risk of certain guaranteed notes.

Approximately 71% and 28% of the Group's total borrowings carried interest on a floating rate basis and fixed rate basis, respectively, and the remaining 1% of Group's borrowings were interest-free.

The gearing ratio, expressed as a percentage of the total outstanding net debt (being the total borrowings less cash and bank balances excluding the cash received in relation to over-subscription of rights issue) to consolidated net assets attributable to owners of the Company, was approximately 76%. Excluding the net debt of LSD Group, the Group's gearing ratio was approximately 2%.

As at 31 July 2021, certain investment properties with carrying amounts of approximately HK\$32,909.4 million, certain property, plant and equipment with carrying amounts of approximately HK\$3,103.5 million, certain right-of-use assets of approximately HK\$3,010.0 million, certain completed properties for sale of approximately HK\$1,698.7 million, certain properties under development of approximately HK\$2,063.0 million, certain serviced apartments and related leasehold improvements of approximately HK\$378.1 million, certain construction in progress of approximately HK\$182.7 million, and certain bank balances and time deposits with banks of approximately HK\$591.1 million were pledged to banks to secure banking facilities granted to the Group. In addition, certain shares in subsidiaries were pledged to banks to secure banking facilities granted to the Group. Shares in certain joint ventures were pledged to banks to secure banking facilities granted to the respective joint ventures of the Group. The Group's secured bank borrowings were also secured by floating charges over certain assets held by the Group.

The Group's major assets and liabilities and transactions were denominated in Hong Kong dollars, United States dollars, Pound Sterling and Renminbi. Considering that Hong Kong dollars are pegged against United States dollars, the Group believes that the corresponding exposure to exchange rate risk arising from United States dollars is nominal. The Group has investments in United Kingdom with the assets and liabilities denominated in Pound Sterling. These investments were primarily financed by bank borrowings denominated in Pound Sterling in order to minimise the net foreign exchange exposure. Lai Fung Group has a net exchange exposure to Renminbi as their assets are principally located in Mainland China and the revenues are predominantly in Renminbi. Other than the abovementioned, the remaining monetary assets and liabilities of the Group were denominated in Euro, Malaysian Ringgit and Vietnamese Dong which were also insignificant as compared with the Group's total assets and liabilities. The Group manages its foreign currency risk by closely reviewing the movement of the foreign currency rate and considers hedging significant foreign currency exposure should the additional need arise.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 July 2021, the Company did not redeem any of its shares listed and traded on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such shares.

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 in the Corporate Governance Code ("**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange from time to time.

The Company has complied with all the code provisions set out in the CG Code throughout the year ended 31 July 2021 save for the deviations from code provisions A.4.1, A.5.1 and E.1.2.

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

None of the existing non-executive directors ("**NEDs**", including the independent non-executive directors ("**INEDs**")) of the Company is appointed for a specific term. However, all directors of the Company ("**Directors**") are subject to the retirement provisions of the 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 shareholders of the Company ("**Shareholders**") and the retiring Directors are eligible for re-election. In addition, any person appointed by the board of directors ("**Board**") as an additional Director (including a NED) will hold office only until the next annual general meeting of the Company ("**AGM**") and will then be eligible for re-election. Further, in line with the relevant code provision of the CG Code, each of the Directors appointed to fill a casual vacancy would/will be subject to election by the Shareholders at the first general meeting after his/her appointment. 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 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. The Company has achieved and maintained diversity of the Board including professional qualifications and experience, cultural and educational background, race and ethnicity, gender, age and length of service which meet the Company's business model and specific needs. Potential new Directors will be recruited based on their knowledge, skills, experience and expertise and the requirements of the Company at the relevant time and candidates for the INEDs must meet the independence criterion. The process of identifying and selecting appropriate candidates for consideration and approval by the Board has been, and will continue to be, carried out by the executive Directors ("EDs"). In January 2019, the Company adopted the Nomination Policy which set out the criteria, process and procedures by which the Company will select candidates 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.

Under code provision E.1.2, the chairman of the board should attend the annual general meeting

As Dr. Lam Kin Ming was not present at the AGM held on 18 December 2020, Mr. Chew Fook Aun, the Deputy Chairman and an ED present at that AGM took the chair of that AGM pursuant to Article 71 of the Articles of Association to ensure an effective communication with the Shareholders thereat.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 July 2021, the Group employed a total of approximately 4,400 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@laisun.com.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company ("**Audit Committee**") currently comprises three INEDs, namely Messrs. Leung Shu Yin, William (Chairman of the Audit Committee), Lam Bing Kwan and Chow Bing Chiu. The Audit Committee has reviewed the consolidated results (including the consolidated financial statements) of the Company for the year ended 31 July 2021.

REVIEW OF THE PRELIMINARY ANNOUNCEMENT OF RESULTS BY INDEPENDENT AUDITORS

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, Ernst & Young, Certified Public Accountants to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the Company's auditor 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 the Company's auditor on the preliminary announcement.

ANNUAL GENERAL MEETING

The AGM of the Company will be held on Friday, 17 December 2021. Notice of the AGM together with the proxy form and the Annual Report of the Company 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
Lam Kin Ngok, Peter
Chairman

Hong Kong, 22 October 2021

As at the date of this announcement, the Board comprises five executive directors, namely Dr. Lam Kin Ngok, Peter (Chairman), Mr. Chew Fook Aun (Deputy Chairman), Madam U Po Chu, Mr. Lam Kin Hong, Matthew and Mr. Lam Hau Yin, Lester (also alternate to Madam U Po Chu); and three independent non-executive directors, namely Messrs. Leung Shu Yin, William, Lam Bing Kwan and Chow Bing Chiu.