LAI FUNG HOLDINGS

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

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 JANUARY 2020

RESULTS

The board of directors (the "**Board**") of Lai Fung Holdings Limited (the "**Company**") announces the unaudited consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 31 January 2020 together with the comparative figures of the last corresponding period as follows:

Condensed Consolidated Income Statement
For the six months ended 31 January 2020

		For the six months ended 31 January	
		2020	2019
		(Unaudited)	(Unaudited)
	Notes	**HK$'000**	HK$'000
TURNOVER	3	**599,898**	571,086
Cost of sales		**(287,849)**	(211,949)
Gross profit		**312,049**	359,137
Other income and gains		**30,526**	38,121
Selling and marketing expenses		**(33,010)**	(19,707)
Administrative expenses		**(132,522)**	(122,416)
Other operating expenses, net		**(39,231)**	(11,507)
Fair value gains/(losses) on investment properties		**(387,598)**	109,692
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	4	**(249,786)**	353,320
Finance costs	5	**(115,477)**	(73,549)
Share of losses of joint ventures		**(107)**	(18,305)
Share of profits/(losses) of associates		**(8)**	23
PROFIT/(LOSS) BEFORE TAX		**(365,378)**	261,489
Tax	6	**(205,412)**	(178,803)
PROFIT/(LOSS) FOR THE PERIOD		**(570,790)**	82,686
ATTRIBUTABLE TO:			
Owners of the Company		**(442,388)**	69,005
Non-controlling interests		**(128,402)**	13,681
		(570,790)	82,686

Condensed Consolidated Income Statement (continued)
For the six months ended 31 January 2020

		For the six months ended 31 January	
		2020	2019
		(Unaudited)	(Unaudited)
	Note		
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY:	7		
Basic		**(HK$1.351)**	HK$0.211
Diluted		**(HK$1.351)**	HK$0.211

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 31 January 2020

	For the six months ended 31 January	
	2020	2019
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
PROFIT/(LOSS) FOR THE PERIOD	**(570,790)**	82,686
OTHER COMPREHENSIVE INCOME/(EXPENSES) THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT IN SUBSEQUENT PERIODS, NET OF TAX		
Exchange differences:		
Exchange differences arising on translation to presentation currency	**(424,811)**	351,925
Reclassification adjustments upon winding-up of a subsidiary	—	(10,134)
	(424,811)	341,791
Share of other comprehensive expenses of joint ventures	—	(7,165)
Share of other comprehensive expenses of an associate	**(9)**	(7)
	(424,820)	334,619
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE PERIOD	**(995,610)**	417,305
ATTRIBUTABLE TO:		
Owners of the Company	**(851,504)**	392,401
Non-controlling interests	**(144,106)**	24,904
	(995,610)	417,305

Condensed Consolidated Statement of Financial Position
As at 31 January 2020

	Notes	**31 January 2020 (Unaudited) HK$'000**	31 July 2019 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**3,632,349**	3,627,227
Prepaid land lease payments		—	3,951
Right-of-use assets		**442,034**	—
Investment properties		**20,447,565**	20,455,200
Properties under development		**591,227**	711,362
Investment in a joint venture		**1,210**	1,317
Investments in associates		**1,165**	5,804
Derivative financial instruments		**24,323**	20,581
Total non-current assets		**25,139,873**	24,825,442
CURRENT ASSETS			
Properties under development		**1,123,906**	1,811,683
Completed properties for sale		**1,892,248**	902,331
Inventories		**6,667**	5,012
Debtors, deposits and prepayments	8	**594,772**	554,897
Prepaid tax		**25,086**	42,031
Pledged and restricted time deposits and bank balances		**1,214,086**	1,173,775
Cash and cash equivalents		**1,249,053**	1,923,484
		6,105,818	6,413,213
Assets classified as held for sale		**17,325**	70,972
Total current assets		**6,123,143**	6,484,185
CURRENT LIABILITIES			
Creditors and accruals	9	**2,193,121**	2,062,621
Contract liabilities, deposits received and deferred income	9	**508,648**	540,744
Dividend payable		**65,499**	—
Interest-bearing bank loans		**1,049,407**	433,536
Lease liabilities		**6,450**	—
Loan from a fellow subsidiary		—	316,259
Tax payable		**192,318**	155,643
Other borrowings		**41,148**	41,440
Total current liabilities		**4,056,591**	3,550,243
NET CURRENT ASSETS		**2,066,552**	2,933,942
TOTAL ASSETS LESS CURRENT LIABILITIES		**27,206,425**	27,759,384

Condensed Consolidated Statement of Financial Position (continued)
As at 31 January 2020

	Note	**31 January 2020 (Unaudited) HK$'000**	31 July 2019 (Audited) HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**27,206,425**	27,759,384
NON-CURRENT LIABILITIES			
Lease liabilities		**2,742**	—
Long-term deposits received	9	**141,609**	149,213
Interest-bearing bank loans		**5,654,503**	5,554,150
Advances from a former substantial shareholder		**51,933**	53,006
Loans from a fellow subsidiary		**382,359**	—
Guaranteed notes		**2,703,874**	2,720,857
Derivative financial instruments		**3,660**	—
Deferred tax liabilities		**3,143,768**	3,100,475
Total non-current liabilities		**12,084,448**	11,577,701
		15,121,977	16,181,683
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**1,637,483**	1,636,935
Reserves		**13,280,924**	14,197,072
		14,918,407	15,834,007
Non-controlling interests		**203,570**	347,676
		15,121,977	16,181,683

Notes to Condensed Consolidated Financial Statements

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 January 2020 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**" and the "**Stock Exchange**") and the Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

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

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and basis of preparation adopted in the preparation of the unaudited condensed consolidated interim financial statements for the period under review are consistent with those used in the Group's audited consolidated financial statements for the year ended 31 July 2019. These unaudited condensed consolidated results should be read in conjunction with the Company's annual report for the year ended 31 July 2019.

In addition, the Group has adopted the following new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**", which also include HKASs and interpretations) for the first time for the current period's unaudited financial statements:

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements to HKFRSs 2015-2017 Cycle	*Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23*

Other than as explained below regarding the impact of HKFRS 16 Leases, the application of these new and revised HKFRSs has had no impact on the financial performance or financial position of the Group.

<u>HKFRS 16 Leases</u>

HKFRS 16 replaces HKAS 17 Leases, HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases - Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

HKFRS 16 Leases (continued)

The Group has adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 August 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1 August 2019, and the comparative information for the six months ended 31 January 2019 and as at 31 July 2019 was not restated and continued to be reported under HKAS 17 and related interpretations.

New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 August 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their stand-alone prices.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16
The Group has lease contracts for various items of certain office, warehouse premises and staff dormitory. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less ("short-term leases") (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets; and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impact on transition
Lease liabilities at 1 August 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 August 2019. The Group elected to present the lease liabilities separately in the condensed consolidated statement of financial position. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 August 2019 was about 5.65%.

Right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the condensed consolidated statement of financial position immediately before 1 August 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. In addition, land use rights previously included in property, plant and equipment and prepaid land lease payments on the condensed consolidated statement of financial position are grouped as part of the right-of-use assets with effect from 1 August 2019. The Group elected to present the right-of-use assets separately in the condensed consolidated statement of financial position.

For the leasehold land and buildings (that were held to earn rental income and/or for capital appreciation) previously included in investment properties and measured at fair value, the Group has continued to include them as investment properties at 1 August 2019. They continue to be measured at fair value applying HKAS 40.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

HKFRS 16 Leases (continued)

As a lessee – Leases previously classified as operating leases (continued)

Impact on transition (continued)
The Group has used the following elective practical expedients when applying HKFRS 16 at 1 August 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application.
- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease.
- Using a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Excluding initial direct costs from the measurement of the right-of-use asset at the date of initial application.

The impact arising from the adoption of HKFRS 16 as at 1 August 2019 was as follows:

	Increase/(decrease) (Unaudited) HK$'000
Assets	
Right-of-use assets	452,808
Property, plant and equipment	(440,268)
Prepaid land lease payments	(3,951)
Increase in total assets	8,589
Liabilities	
Lease liabilities	8,589
Increase in total liabilities	8,589

The lease liabilities as at 1 August 2019 reconciled to the operating lease commitments as at 31 July 2019 were as follows:

	(Unaudited) HK$'000
Operating lease commitments as at 31 July 2019	9,833
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 July 2020	(776)
	9,057
Weighted average incremental borrowing rate as at 1 August 2019	5.65%
Lease liabilities as at 1 August 2019	8,589

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

HKFRS 16 Leases (continued)

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 July 2019 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 August 2019:

Right-of-use assets
Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "Completed properties for sale". The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life or the lease term. When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "Investment properties".

Lease liabilities
Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate), a change in the in-substance fixed lease payments or a change in assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

3. TURNOVER AND OPERATING SEGMENT INFORMATION

The Group's turnover represents revenue from the sale of properties, investment properties, hotels and serviced apartments, building management operation and theme park operation for the period ended 31 January 2020.

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

	For the six months ended 31 January	
	2020	2019
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Turnover from contracts with customers		
Sale of properties	**175,186**	145,668
Hotel and serviced apartment operation	**78,168**	80,072
Building management operation	**54,743**	55,551
Theme park operation	**13,949**	-
	322,046	281,291
Turnover from other sources		
Rental income from investment properties	**277,852**	289,795
Total turnover	**599,898**	571,086
Timing of recognition of turnover from contracts with customers		
At a point in time	**175,186**	145,668
Over time	**146,860**	135,623
Total	**322,046**	281,291

3. TURNOVER AND OPERATING SEGMENT INFORMATION (CONTINUED)

During the period ended 31 January 2020, segment information of hotels and serviced apartments previously included in the "property investment" segment has been reclassified to the "hotel and serviced apartment" segment. Accordingly, the comparative segment information has been reclassified to conform to the current period's presentation.

	For the six months ended 31 January (Unaudited)							
	Property development		**Property investment**		**Hotel and serviced apartment**		**Consolidated**	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue /results:								
Segment revenue								
Sales to external customers	**175,186**	145,668	**346,544**	345,346	**78,168**	80,072	**599,898**	571,086
Other revenue	**393**	194	**9,512**	22,614	**113**	20	**10,018**	22,828
Total	**175,579**	145,862	**356,056**	367,960	**78,281**	80,092	**609,916**	593,914
Segment results	**125,694**	72,905	**(354,207)**	285,533	**(12,231)**	9,250	**(240,744)**	367,688
Interest income from bank deposits							**12,416**	11,564
Unallocated gains							**8,092**	3,729
Unallocated expenses, net							**(29,550)**	(29,661)
Profit/(loss) from operating activities							**(249,786)**	353,320
Finance costs							**(115,477)**	(73,549)
Share of losses of joint ventures	**(107)**	(18,305)	**—**	—	**—**	—	**(107)**	(18,305)
Share of profits/ (losses) of associates	**—**	—	**(8)**	23	**—**	—	**(8)**	23
Profit/(loss) before tax							**(365,378)**	261,489
Tax							**(205,412)**	(178,803)
Profit/(loss) for the period							**(570,790)**	82,686
Other segment information:								
Fair value gains / (losses) on investment properties	**—**	—	**(387,598)**	109,692	**—**	—	**(387,598)**	109,692
Gain on disposal of assets classified as held for sale	**47,587**	—	**—**	—	**—**	—	**47,587**	—
Loss on disposal of items of property, plant and equipment	**35**	2	**633**	142	**—**	—	**668**	144
Corporate and other unallocated loss on disposal of items of property, plant and equipment	**—**	—	**—**	—	**—**	—	**104**	—

3. TURNOVER AND OPERATING SEGMENT INFORMATION (CONTINUED)

	Property development		Property investment		Hotel and serviced apartment		Consolidated	
	31 January 2020 (Unaudited) HK$'000	31 July 2019 (Audited) HK$'000	**31 January 2020 (Unaudited) HK$'000**	31 July 2019 (Audited) HK$'000	**31 January 2020 (Unaudited) HK$'000**	31 July 2019 (Audited) HK$'000	**31 January 2020 (Unaudited) HK$'000**	31 July 2019 (Audited) HK$'000
Segment assets /liabilities:								
Segment assets	**3,670,048**	3,467,453	**22,335,001**	22,358,508	**2,296,837**	1,855,727	**28,301,886**	27,681,688
Investments in joint ventures	**1,210**	1,317	**—**	—	**—**	—	**1,210**	1,317
Investments in associates	**—**	—	**1,165**	5,804	**—**	—	**1,165**	5,804
Unallocated assets							**2,941,430**	3,549,846
Assets classified as held for sale	**17,325**	70,972	**—**	—	**—**	—	**17,325**	70,972
Total assets							**31,263,016**	31,309,627
Segment liabilities	**641,385**	615,643	**946,900**	1,307,972	**885,283**	449,799	**2,473,568**	2,373,414
Unallocated liabilities							**13,667,471**	12,754,530
Total liabilities							**16,141,039**	15,127,944

4. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

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

	For the six months ended 31 January	
	2020 (Unaudited) HK$'000	2019 (Unaudited) HK$'000
Depreciation of property, plant and equipments#	**103,613**	36,438
Depreciation of right-of-use assets#	**8,383**	—
Fair value losses/(gains) on cross currency swaps##	**(3,742)**	5,513
Fair value losses on foreign currency forward contract##	**3,660**	—
Foreign exchange differences, net##	**(16,446)**	(24,727)
Gain on disposal of assets classified as held for sale##	**(47,587)**	—
Loss on disposal of items of property, plant and equipment##	**772**	144
Amortisation of prepaid land lease payments	**—**	89

The depreciation charge for hotels and serviced apartments and related leasehold improvements is HK$18,213,000 (six months ended 31 January 2019: HK$29,027,000). The depreciation charge for theme parks is HK$84,135,000 (six months ended 31 January 2019: Nil). These items are included in "Other operating expenses, net" on the face of the condensed consolidated income statement.

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

5. FINANCE COSTS

	For the six months ended 31 January	
	2020	2019
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interest on:		
Bank loans	**158,002**	151,343
Guaranteed notes	**74,126**	74,126
Loans from a joint venture	**—**	7,112
Amortisation of:		
Bank loans	**10,125**	15,881
Guaranteed notes	**2,336**	2,206
Bank financing charges and direct costs	**1,491**	4,919
Interest on lease liabilities	**228**	—
	246,308	255,587
Less: Capitalised in properties under development	**(20,708)**	(59,683)
Capitalised in investment properties under construction	**(92,443)**	(69,688)
Capitalised in construction in progress	**(17,680)**	(52,667)
	(130,831)	(182,038)
Total finance costs	**115,477**	73,549

6. TAX

The statutory rate of Hong Kong profits tax is 16.5% (six months ended 31 January 2019: 16.5%). No provision for Hong Kong profits tax had been made as the Group had no estimated assessable profits arising in Hong Kong during the period (six months ended 31 January 2019: Nil). Taxes on profits assessable elsewhere had been calculated at the tax rates prevailing in the jurisdictions in which the Group operates.

	For the six months ended 31 January	
	2020	2019
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Current - Mainland China		
Corporate income tax	**44,487**	41,435
Land appreciation tax	**52,803**	54,468
Deferred	**108,122**	82,900
Total tax charge for the period	**205,412**	178,803

In connection with the listing of the Company on the Stock Exchange (currently on the Main Board), a tax indemnity deed was signed on 12 November 1997, pursuant to which Lai Sun Development Company Limited has undertaken to indemnify the Group in respect of certain potential Mainland China income tax and land appreciation tax payable or shared by the Group in consequence of the disposal of certain property interests attributable to the Group through its subsidiaries and its joint ventures as at 31 October 1997. During the period, no tax indemnity was received by the Group under the aforesaid indemnities (six months ended 31 January 2019: Nil).

7. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings/(loss) per share amounts was based on the profit/loss for the period attributable to owners of the Company of loss of HK$442,388,000 (six months ended 31 January 2019: profit of HK$69,005,000), and the weighted average number of ordinary shares of 327,493,578 (six months ended 31 January 2019: 327,044,134) in issue during the period.

During the period ended 31 January 2020, as anti-dilutive effect is resulted following the losses sustained by the Group, no adjustment has been made to the calculation of the dilutive loss per share.

During the period ended 31 January 2019, the calculation of diluted earnings per share amounts was based on the profit for the period attributable to owners of the Company as used in the basic earnings per share calculation. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings/(loss) per share are based on:

	For the six months ended 31 January	
	2020	2019
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Earnings/(loss)		
Profit/(loss) attributable to owners of the Company used in the basic earnings/(loss) per share calculation	**(442,388)**	69,005
	Number of shares	
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings/(loss) per share calculation	**327,493,578**	327,044,134
Effect of dilution – weighted average number of ordinary shares:		
Share options	**–**	376,452
	327,493,578	327,420,586

8. DEBTORS, DEPOSITS AND PREPAYMENTS

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

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

	31 January 2020 (Unaudited) HK$'000	31 July 2019 (Audited) HK$'000
Trade receivables, net:		
Within one month	**103,630**	102,169
One to three months	**2,768**	3,467
Over three months	**3,127**	5,346
	109,525	110,982
Other receivables, deposits and prepayments	**485,247**	443,915
Total	**594,772**	554,897

9. CREDITORS AND ACCRUALS AND CONTRACT LIABILITIES, DEPOSITS RECEIVED AND DEFERRED INCOME

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

	31 January 2020 (Unaudited) HK$'000	31 July 2019 (Audited) HK$'000
Trade payables:		
Within one month	**232,272**	921,207
One to three months	**5,117**	11
Over three months	**24,268**	1,798
	261,657	923,016
Accruals and other payables	**1,653,717**	859,885
Put option liabilities	**277,747**	279,720
Total	**2,193,121**	2,062,621

9. CREDITORS AND ACCRUALS AND CONTRACT LIABILITIES, DEPOSITS RECEIVED AND DEFERRED INCOME (CONTINUED)

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

	31 January 2020 (Unaudited) HK$'000	31 July 2019 (Audited) HK$'000
Contract liabilities	**306,212**	267,143
Deposits received and deferred income	**344,045**	422,814
	650,257	689,957
Amount classified as current liabilities	**(508,648)**	(540,744)
Non-current portion	**141,609**	149,213

INTERIM DIVIDEND

The Board has resolved not to pay an interim dividend for the six months ended 31 January 2020 (six months ended 31 January 2019: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Over the six months ended 31 January 2020 ("**Period Under Review**"), the Chinese economy was predominantly shadowed by the uncertainties around the trade disputes with the United States. Coupled with the anti-speculation measures by the government, home prices across China grew at a much slower pace than in recent years. The Group's turnover during the Period Under Review remained relatively stable at HK$599.9 million, increasing by 5.0% compared to HK$571.1 million for the six months ended on 31 January 2019 ("**Last Corresponding Period**").

The Lunar New Year holiday in 2020 was extended in the Mainland because of the outbreak of the novel coronavirus (COVID-19). Containment measures including, but not limited to, restrictions on group gatherings and public events, closure of unnecessary public communal space and amenities, designated drop-off and pick-up points for parcel and food delivery to minimise contact, quarantine controls and denial of access for certain individuals, lockdown of residential communities, etc. were imposed by local governments. As a result, factories were closed, travels were restricted, and cities were effectively in lockdown for an extended period of time. Many developers in China were faced with suspension of sales and construction. Subsequent to the Period Under Review, on 12 March 2020, the World Health Organisation officially declared the outbreak of the novel coronavirus a pandemic as confirmed cases surged to over 118,000 in 114 countries, posing a threat to the global supply chain. While the long term impact of such a global pandemic remains difficult to predict, the Group has been proactive in preparing for the challenges ahead, and will work closely with its stakeholders, and continue to prudently manage its financial position to weather the storm.

Property investment segment continued to be the major contributor to the Group's results. The Group's rental portfolio, comprising a total of 4.5 million square feet of rental gross floor area ("**GFA**") as of 31 January 2020 in Shanghai, Guangzhou, Zhongshan and Hengqin, being Tier 1 cities in China and cities within the Greater Bay Area, contributed over 68% of its total turnover for the Period Under Review.

Top tier cities and the Greater Bay Area will remain as the primary drivers for the Group's rental GFA growth in the coming years. Upon completion of the construction works of the existing projects on hand, which include the combined redevelopment of Shanghai Northgate Plaza I, Northgate Plaza II and the Hui Gong Building, the development of Guangzhou Haizhu Plaza, and Phase II ("**Novotown Phase II**") of the Novotown project in Hengqin ("**Novotown**"), the Group will have a rental portfolio of approximately 9.3 million square feet.

Aside from rental GFA growth, the Group also strives to strengthen its rental portfolio through operational enhancements. The two themed indoor experience centres in Phase I ("**Novotown Phase I**") of Novotown, namely "Lionsgate Entertainment World®" and "National Geographic Ultimate Explorer Hengqin", commenced operations on 31 July 2019 and 9 September 2019, respectively. The hotel, known as "Hyatt Regency Hengqin" soft opened on 31 December 2019. Leasing of the commercial area of Novotown Phase I is underway with approximately 76% of the leasable area having been leased. The introduction of Zhuhai Da Hengqin Real Estate Co., Ltd. (珠海大橫琴置業有限公司) in January 2020 strengthened the cash position for the operation of Novotown Phase I.

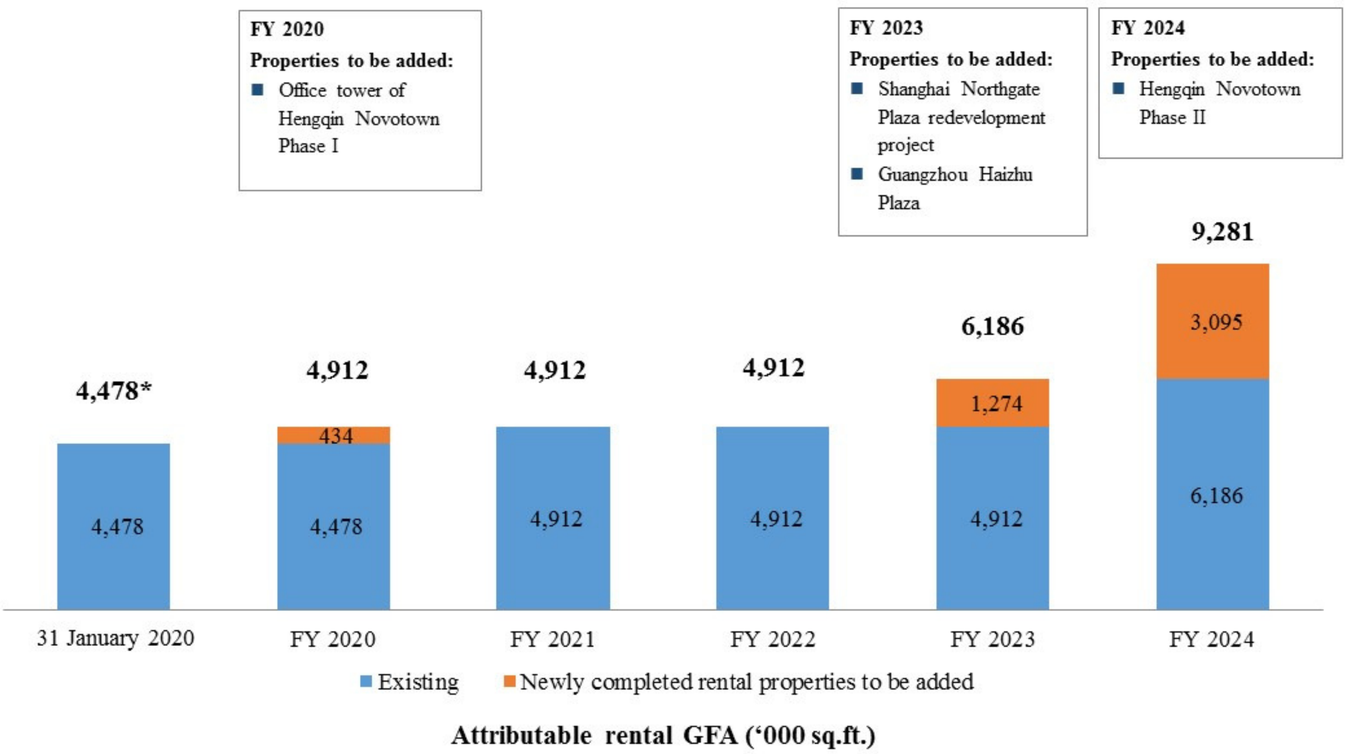
Despite the temporary closure of Novotown Phase I as part of preventive and protective measures in light of the outbreak of novel coronavirus since 24 January 2020, the Group remains confident that the resumption of operations will make Novotown a new contributor to the Group's results in the long run. The Group is carefully monitoring the evolving situation, stays in close contact with local officials and will announce the reopening date upon confirmation. On 23 January 2020, the Group renewed the management agreement with Ascott Group with respect to the serviced residence in Shanghai. Through extending the longstanding partnership with Ascott, the Group wishes to continue to leverage on the Ascott Group's extensive experience and expertise in operating and branding serviced residences to enhance the value of the serviced residence to the Group.

The Group is in the process of obtaining the sales permit for the Shanghai Wuli Bridge Project, which is a high-end luxury residential project located by the Huangpu River in Huangpu District. Upon the grant of sales permit, the Group will reassess the market conditions in preparation for the launch. Development of Phase III and Phase IV of Zhongshan Palm Spring is on track and expected to be completed in the third quarter of 2020 and the third quarter of 2021 respectively. Construction work of Novotown Phase I has been completed by end of 2019 pending for the filing of as-built inspection of office tower and cultural workshop tower with relevant construction administrative department of the Chinese government and the cultural workshops have been launched for sale during the Period Under View. The residential units in Shanghai Wuli Bridge project, serviced apartment units and remaining residential units in Zhongshan Palm Spring as well as the cultural studios and cultural workshops of Hengqin Novotown Phase I are expected to contribute to the income of the Group in the coming financial years.

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

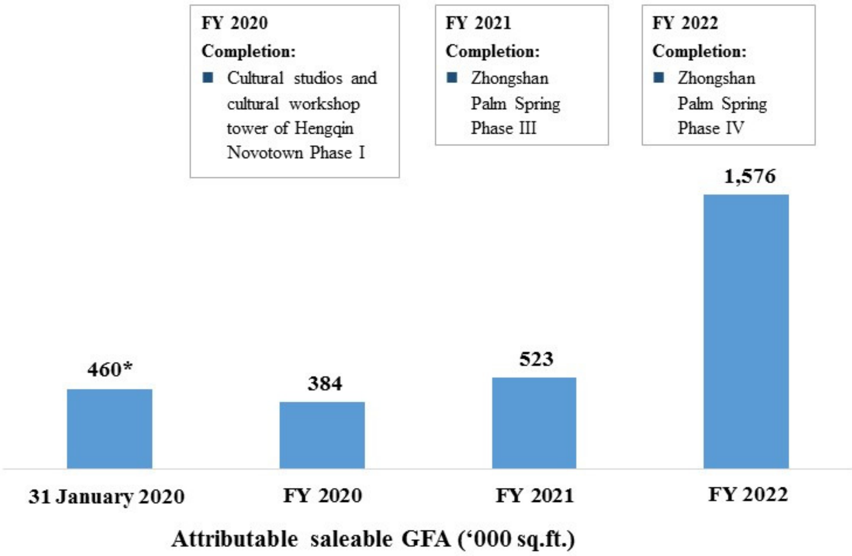
Set out below is the expected growth of the Group's rental portfolio and the property development pipeline as at 31 January 2020, with reference to existing projects in hand:

Rental Portfolio



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

For-sale Projects



* *Excluding commercial portion of the Zhongshan Palm Spring for self-use*

As disclosed in an announcement made by the Company on 18 September 2019, the public float of the Company fell below 25% of the total issued shares of the Company. The Company has been monitoring the situation closely and is considering steps to restore the public float at the minimum prescribed percentage in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

On 21 February 2020, the Company disclosed in a joint announcement that it had been approached by Lai Sun Development Company Limited ("**LSD**") and its wholly-owned subsidiary, Holy Unicorn Limited ("**Offeror**") in connection with a conditional voluntary general cash offer ("**LFH Offers**") to acquire all of the issued shares of the Company (other than those already owned by LSD, the Offeror or the other wholly-owned subsidiaries of LSD) and to cancel all the outstanding share options of the Company. The composite document containing, among other things, further terms and details of the LFH Offers will be despatched to shareholders and optionholders of the Company as soon as practicable in compliance with the requirements of the Hong Kong Code on Takeovers and Mergers and other applicable laws and regulations. As at the date of this results announcement, the Company remains a 50.99%-owned subsidiary of eSun Holdings Limited.

As at 31 January 2020, the Group has approximately HK$2,463.1 million of cash on hand (HK$3,097.3 million as at 31 July 2019) and undrawn facilities of HK$3,756.0 million (HK$2,647.9 million as at 31 July 2019) with a net debt to equity ratio of 50% as at 31 January 2020 (38% as at 31 July 2019). The Group will continue its prudent and flexible approach in growing the landbank and managing its financial position.

OVERVIEW OF INTERIM RESULTS

For the Period Under Review, the Group recorded a turnover of HK$599.9 million (2019: HK$571.1 million) and a gross profit of HK$312.0 million (2019: HK$359.1 million). Set out below is the turnover by segment:

	Six months ended 31 January			Six months ended 31 January		
	2020[1] **(HK$ million)**	2019[1] (HK$ million)	% change	**2020 (RMB million)**	2019 (RMB million)	% change
Rental income[2]	**410.8**	425.4	-3.4%	**370.2**	373.5	-0.9%
Sales of properties	**175.2**	145.7	+20.2%	**157.9**	127.9	+23.5%
Theme park operation	**13.9**	-	N/A	**12.5**	-	N/A
Total:	**599.9**	571.1	+5.0%	**540.6**	501.4	+7.8%

1. *The exchange rates adopted for the six months ended 31 January 2020 and 2019 are 0.9012 and 0.8780, respectively*
2. *Including rental turnover of major properties of the Group and property management income*

Net loss attributable to owners of the Company was approximately HK$442.4 million for the Period Under Review, as compared to net profit attributable to owners of the Company of HK$69.0 million for the Last Corresponding Period. The decline in results was primarily due to the decrease in fair value of the investment properties held by the Group, resulting in the recognition of a significant fair value loss arising from the revaluation of the Group's investment properties for the Period Under Review.

Net loss per share was HK$1.351 (2019: net profit of HK$0.211 per share).

Excluding the net effect of property revaluations, net loss attributable to owners of the Company was approximately HK$213.1 million for the Period Under Review, as compared to the net loss of HK$12.9 million for the Last Corresponding Period. Net loss per share excluding the effect of property revaluations was approximately HK$0.6508 (2019: net loss of HK$0.0395 per share).

Profit/(loss) attributable to owners of the Company (HK$ million)	**Six months ended 31 January** **2020**	2019
Reported	**(442.4)**	69.0
Adjustments in respect of investment properties		
Revaluation of properties	**387.6**	(109.7)
Deferred tax on investment properties	**(96.9)**	27.4
Non-controlling interests' share of revaluation movements less deferred tax	**(61.4)**	0.4
Net loss after tax excluding revaluation gains/losses of investment properties	**(213.1)**	(12.9)

Net assets attributable to owners of the Company as at 31 January 2020 amounted to HK$14,918.4 million (31 July 2019: HK$15,834.0 million). Net asset value per share attributable to owners of the Company decreased slightly to HK$45.55 per share as at 31 January 2020 from HK$48.36 per share as at 31 July 2019.

PROPERTY PORTFOLIO COMPOSITION

Approximate attributable GFA (in '000 square feet) and number of car-parking spaces as at 31 January 2020:

	Commercial/ Retail	**Office**	**Hotels and Serviced Apartments**	**Residential**	**Total (excluding car-parking spaces & ancillary facilities)**	**No. of car-parking spaces**
Completed Properties Held for Rental[1]	2,436[2]	1,067	-	-	**3,503**	2,274
Completed Hotels Properties and Serviced Apartments	-	-	975	-	**975**	-
Properties under Development[3]	3,425	1,548	346	1,968	**7,287**	3,316
Completed Properties Held for Sale	34[4]	-	-	460	**494**	2,167
Total GFA of major properties of the Group	**5,895**	**2,615**	**1,321**	**2,428**	**12,259**	**7,757**

1. *Completed and rental generating properties*
2. *Including cultural attraction spaces in Novotown Phase I that have been occupied by Lionsgate Entertainment World® and National Geographic Ultimate Explorer Hengqin with approximately 194,325 square feet and 40,309 square feet attributable to the Group, respectively*
3. *All properties under construction*
4. *Completed properties for sale, including 33,699 square feet of commercial space in Zhongshan Palm Spring which is currently for self-use*

PROPERTY INVESTMENT

Rental Income

For the six months ended 31 January 2020, the Group's rental operations recorded a turnover of HK$410.8 million. The average Renminbi exchange rate for the Period under Review depreciated by approximately 2.6% compared with the Last Corresponding Period. Excluding the effect of currency translation, the Renminbi denominated revenue from lease of properties decreased slightly by 0.9% to RMB370.2 million.

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

	Six months ended 31 January			Six months ended 31 January			
	2020#	2019#	%	**2020**	2019	%	**Period end**
	HK$ million	HK$ million	Change	**RMB million**	RMB million	Change	**occupancy (%)**
Shanghai							
Shanghai Hong Kong Plaza	**209.4**	227.9	-8.1%	**188.7**	200.1	-5.7%	Retail: 97.5% Office: 90.4% Serviced Apartments: 64.1%
Shanghai May Flower Plaza	**35.7**	32.7	+9.2%	**32.2**	28.7	+12.2%	Retail: 100.0% Hotel: 57.7%
Shanghai Regents Park	**11.7**	10.6	+10.4%	**10.6**	9.3	+14.0%	100.0%
Guangzhou							
Guangzhou May Flower Plaza	**62.8**	65.1	-3.5%	**56.6**	57.2	+1.0%	98.3%
Guangzhou West Point	**12.8**	13.2	-3.0%	**11.5**	11.6	-0.9%	99.9%
Guangzhou Lai Fung Tower	**61.5**	62.9	-2.2%	**55.4**	55.2	+0.4%	Retail: 100.0% Office: 98.9%*
Zhongshan							
Zhongshan Palm Spring**	**3.5**	6.0	-41.7%	**3.2**	5.3	-39.6%	Retail: 84.4%*
Hengqin							
Hengqin Novotown	**5.7**	-	N/A	**5.1**	-	N/A	Retail: 75.8%*** Hotel: N/A****
Others	**7.7**	7.0	+10.0%	**6.9**	6.1	+13.1%	N/A
Total:	**410.8**	425.4	-3.4%	**370.2**	373.5	-0.9%	

\# *The exchange rates adopted for the six months ended 31 January 2020 and 2019 are 0.9012 and 0.8780, respectively*

* *Excluding self-use area*

** *STARR Resort Residence Zhongshan has been closed and the serviced apartment units were launched for sale in May 2019, hence no rental turnover was generated from that during the Period Under Review*

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

**** *Hyatt Regency Hengqin soft opened on 31 December 2019 has been temporarily closed since 1 February 2020 due to the outbreak of novel coronavirus in the Mainland*

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

	Six months ended 31 January 2020			Six months ended 31 January 2019		
	Group interest	**Turnover (HK$ million)**	**Attributable GFA (square feet)**	Group interest	Turnover (HK$ million)	Attributable GFA (square feet)
Shanghai						
Shanghai Hong Kong Plaza	100%			100%		
Retail		**98.4**	**468,434**		106.9	468,434
Office		**52.0**	**362,096**		57.9	362,096
Serviced Apartments (room revenue and F&B)		**56.0**	**355,267**		60.0	355,267
Car-parking Spaces		**3.0**	**N/A**		3.1	N/A
		209.4	**1,185,797**		227.9	1,185,797
Shanghai May Flower Plaza	100%			100%		
Retail		**17.3**	**320,314**		13.5	320,314
Hotel (room revenue and F&B)		**16.5**	**143,846**		17.3	143,846
Car-parking Spaces		**1.9**	**N/A**		1.9	N/A
		35.7	**464,160**		32.7	464,160
Shanghai Regents Park	95%			95%		
Retail		**10.6**	**77,959**		8.9	77,959
Car-parking Spaces		**1.1**	**N/A**		1.7	N/A
		11.7	**77,959**		10.6	77,959
Guangzhou						
Guangzhou May Flower Plaza	100%			100%		
Retail		**54.9**	**357,424**		57.2	357,424
Office		**6.5**	**79,431**		6.6	79,431
Car-parking Spaces		**1.4**	**N/A**		1.3	N/A
		62.8	**436,855**		65.1	436,855
Guangzhou West Point	100%			100%		
Retail		**12.8**	**171,968**		13.2	171,968
Guangzhou Lai Fung Tower	100%			100%		
Retail		**7.5**	**112,292**		8.1	99,054
Office		**51.1**	**625,821**		52.1	606,495
Car-parking Spaces		**2.9**	**N/A**		2.7	N/A
		61.5	**738,113**		62.9	705,549
Zhongshan						
Zhongshan Palm Spring	100%			100%		
Retail*		**3.5**	**147,408**		3.2	147,408
Serviced Apartments** (room revenue)		**-**	**-**		2.8	98,556
		3.5	**147,408**		6.0	245,964
Hengqin						
Novotown Phase I	80%			80%		
Retail***		**0.1**	**545,661**		-	N/A
Hotel (room revenue and F&B)		**5.6**	**475,805**		-	N/A
		5.7	**1,021,466**		-	N/A
Others		**7.7**	**N/A**		7.0	N/A
Total:		**410.8**	**4,243,726**		425.4	3,288,252

* *Excluding self-use area*

** *STARR Resort Residence Zhongshan has been closed and the serviced apartment units were launched for sale in May 2019*

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

Review of Major Rental Properties

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

Connected by an indoor footbridge, the property comprises a 32-storey office building, a 32-storey serviced apartment (managed by the Ascott Group), a shopping mall and carpark. The property's total GFA is approximately 1,185,800 square feet excluding 350 car-parking spaces, comprising approximately 362,100 square feet for office, approximately 355,300 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, Coach, Tasaki, etc.

The Group owns 100% of this property.

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

The Group owns 100% of 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. The Group secured a lease with Hema Fresh (盒馬鮮生), which is one of the first supermarkets opened in China under Alibaba Group's New Retail initiatives.

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

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

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

The Group owns 100% of this property.

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

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.

Upon completion of the asset swap transaction with Guangzhou Light Industry Real Estate Development Company in August 2017, the total GFA of this property owned by the Group increased to approximately 738,100 square feet excluding car-parking spaces and the commercial area and the office building excluding self-use area have been fully leased.

Zhongshan Palm Spring Rainbow Mall
Zhongshan Palm Spring is located in Caihong Planning Area, Western District of Zhongshan. It has a total GFA of approximately 181,100 square feet and excluding self-use area, the occupancy rate as at period end was approximately 84.4%.

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 Mainland China, with close proximity to Macau and Hong Kong. Novotown Phase I comprises a 493-room hotel (operating under the "Hyatt Regency" brand), offices, cultural workshops, cultural studios, shopping and leisure facilities and 1,844 car-parking spaces. The GFA breakdown by usage of the Novotown Phase I excluding ancillary facilities and car-parking spaces as at 31 January 2020 is set out below:

Usage	**GFA (square feet)**
Cultural themed hotel	594,756
Cultural commercial area	526,117
Performance halls	155,959
Cultural attractions (Lionsgate Entertainment World®)	242,906
Cultural attractions (National Geographic Ultimate Explorer Hengqin)	50,386
Office	543,020
Cultural workshops (for sale)	432,025
Cultural studios (for sale)	198,391
Total:	**2,743,560**

The Period Under Review had been remarkable to Novotown as numerous project milestones had been achieved. 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. Leasing of the commercial area of Novotown Phase I is underway with approximately 76% of the leasable area let. Despite the temporary closure of the project as part of preventive and protective measures in light of the outbreak of novel coronavirus since 24 January 2020, the Group remains confident that the resumption of operations will make Novotown a new contributor to the Group's results in the long run.

The Group owns 80% of the Novotown Phase I.

Hotel and Serviced Apartments

Ascott Huaihai Road Shanghai
Ascott Huaihai Road in Shanghai Hong Kong Plaza is managed by the Ascott Group and it is one of a premier collection of the Ascott Limited's serviced residences in over 70 cities in Asia Pacific, Europe and the Gulf region. The residence with total GFA of approximately 357,000 square feet and approximately 355,300 square feet attributable to the Group has 308 contemporary apartments of various sizes: studios (640-750 sq.ft.), one-bedroom apartments (915-1,180 sq.ft.), two-bedroom apartments (1,720 sq.ft.), three-bedroom apartments (2,370 sq.ft.) and two luxurious penthouses on the highest two floors (4,520 sq.ft.). An average occupancy rate of 82.8% was achieved during the Period Under Review and the average room tariff was approximately HK$1,130.

STARR Hotel Shanghai
STARR Hotel Shanghai is a 17-storey hotel located in the Mayflower Lifestyle complex in Jing'an District, within walking distance to Lines 1, 3 and 4 of the Shanghai Metro Station with easy access to major motorways. There are 239 fully furnished and equipped hotel units with stylish separate living room, bedroom, fully-equipped kitchenette and luxurious bathroom amenities for short or extended stays to meet the needs of the business travelers from around the world and the total GFA is approximately 143,800 square feet. The GFA attributable to the Group is approximately 143,800 square feet. An average occupancy rate of 74.2% was achieved during the Period Under Review and the average room tariff was approximately HK$500.

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

PROPERTY DEVELOPMENT

Recognised Sales
For the six months ended 31 January 2020, the Group's property development operations recorded a turnover of HK$175.2 million from sale of properties, representing a 20.2% increase compared to the Last Corresponding Period. Total recognised sales was primarily driven by the sales performance of cultural studios of Hengqin Novotown Phase I and residential units of Zhongshan Palm Spring during the Period Under Review.

Breakdown of turnover for the six months ended 31 January 2020 from sales of properties is as follows:

Recognised basis	No. of Units	Approximate GFA	Average Selling Price#	Turnover*	
		(Square feet)	(HK$/square foot)	(HK$ million##)	(RMB million)
Zhongshan Palm Spring					
Residential High-rise Units	13	17,556	1,667	27.9	25.1
Residential House Units	10	21,105	2,565	51.5	46.5
Hengqin Novotown Phase I					
Cultural Studios	7	22,315	4,175	88.7	79.9
Subtotal	**30**	**60,976**	**2,896**	**168.1**	**151.5**
Shanghai Regents Park					
Car-parking Spaces	6			3.8	3.4
Guangzhou Eastern Place					
Car-parking Spaces	2			2.1	1.9
Guangzhou West Point					
Car-parking Spaces	2			1.2	1.1
Total				**175.2**	**157.9**

Before business tax and value-added tax inclusive

The exchange rate adopted for the six months ended 31 January 2020 is 0.9012

* *After business tax and value-added tax exclusive*

Contracted Sales

As at 31 January 2020, the Group's property development operations has contracted but not yet recognised sales of HK$332.7 million, comprising HK$84.3 million and HK$245.7 million from sales of residential units and serviced apartment units in Zhongshan Palm Spring and cultural studios and cultural workshops in Hengqin Novotown Phase I, respectively and HK$2.7 million from sales of car-parking spaces in Shanghai Regents Park and Guangzhou King's Park. Sales of the cultural studios and cultural workshops of Hengqin Novotown Phase I were strong and achieved an average selling price of HK$4,537 and HK$3,411 per square foot, respectively. The cultural workshops of Novotown Phase I were launched for sale during the Period Under View. Excluding the effect of currency translation, the Renminbi denominated contracted but not yet recognised sales of residential units, serviced apartment units, cultural studios, cultural workshops and car-parking spaces as at 31 January 2020 amounted to RMB299.8 million (31 July 2019: RMB207.8 million).

Breakdown of contracted but not yet recognised sales as at 31 January 2020 is as follows:

Contracted basis	No. of Units	Approximate GFA	Average Selling Price#	Turnover#	
		(Square feet)	(HK$/square foot)	(HK$ million##)	(RMB million)
Zhongshan Palm Spring					
Residential High-rise Units	25	30,936	1,555	48.1	43.4
Residential House Units	3	6,379	3,135	20.0	18.0
Serviced Apartment Units###	11	11,387	1,423	16.2	14.6
Hengqin Novotown Phase I					
Cultural Studios	7	30,282	4,537	137.4	123.8
Cultural Workshops	47	31,754	3,411	108.3	97.6
Subtotal	**93**	**110,738**	**2,980**	**330.0**	**297.4**
Shanghai Regents Park					
Car-parking Spaces	3			2.0	1.8
Guangzhou King's Park					
Car-parking Space	1			0.7	0.6
Subtotal				**2.7**	**2.4**
Total				**332.7**	**299.8**

Before business tax and value-added tax inclusive

The exchange rate adopted for the six months ended 31 January 2020 is 0.9012

The sale of serviced apartment units of Zhongshan Palm Spring 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

Review of Major Properties Completed for Sale and under Development

Shanghai Northgate Plaza redevelopment project
Shanghai Northgate Plaza I is located on Tian Mu Road West in the Jing'an District of Shanghai near the Shanghai Railway Terminal and comprises office units, a retail podium and car-parking spaces. Shanghai Northgate Plaza II is a vacant site adjacent to Northgate Plaza I. In September 2016, the Group completed the acquisition of the 6th to 11th floors of Hui Gong Building which is physically connected to Northgate Plaza I, together with the right to use 20 car-parking spaces in the basement. The Group plans to redevelop 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 and is expected to add a total GFA of approximately 693,600 square feet excluding car-parking spaces to the rental portfolio of the Group. This project is expected to complete in the second half of 2022.

Shanghai Wuli Bridge Project
In July 2014, the Group succeeded in the auction for the land use rights of a piece of land 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 high-end luxury residential project has attributable GFA of approximately 77,900 square feet and the Group is in the process of obtaining the sales permit.

Shanghai May Flower Plaza
Shanghai May Flower Plaza is a completed mixed-use project located at the junction of Da Tong Road and Zhi Jiang Xi Road in Su Jia Xiang in the Jing'an District in Shanghai and situated near the Zhongshan Road North Metro Station. As of 31 January 2020, 458 car-parking spaces of this development remained unsold with a carrying amount of approximately HK$100.0 million.

Shanghai Regents Park
Shanghai Regents Park is a large-scale residential/commercial composite development located in the Zhongshan Park Commercial Area at the Changning District, Shanghai. It is situated within walking distance of the Zhongshan Park Metro Station. As at 31 January 2020, a total of 247 car-parking spaces of this development remained unsold with a carrying amount of approximately HK$58.3 million.

Guangzhou King's Park
This is a high-end residential development located on Donghua Dong Road in Yuexiu District. The attributable GFA is approximately 98,300 square feet excluding 57 car-parking spaces and ancillary facilities. As at 31 January 2020, the contracted but not yet recognised sales of the 1 car-parking space amounted to approximately HK$0.7 million and the 13 unsold car-parking spaces have a total carrying amount of approximately HK$9.4 million.

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

Zhongshan Palm Spring
The project is located in Caihong Planning Area, Western District of Zhongshan. The overall development has a total planned GFA of approximately 6.075 million square feet. The project will comprise of high-rise residential towers, townhouses, serviced apartments and commercial blocks totaling 4.466 million square feet.

During the Period Under Review, 17,556 square feet of high-rise residential units and 21,105 square feet of house units were recognised at average selling prices of HK$1,667 and HK$2,565 per square foot, respectively, which contributed a total of HK$79.4 million to the sales turnover. As at 31 January 2020, contracted but not yet recognised sales for high-rise residential units and house units amounted to HK$48.1 million and HK$20.0 million, at average selling prices of HK$1,555 and HK$3,135 per square foot, respectively.

STARR Resort Residence Zhongshan comprising two 16-storey blocks in the Palm Lifestyle complex was closed. The serviced apartment units were launched for sale in May 2019 and have been re-classified from "Property, property and equipment" to "Assets classified as held for sale" in the consolidated statement of financial position of the Group. As at 31 January 2020, contracted but not yet recognised sales for serviced apartment units amounted to HK$16.2 million, at an average selling prices of HK$1,423 per square foot. The sale of these serviced apartment units 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.

As at 31 January 2020, completed units held for sale in this development, including high-rise residential units, house units and serviced apartment units, amounted to approximately 261,000 square feet with a total carrying amount of approximately HK$213.7 million. The carrying amount of the 1,215 unsold car-parking spaces of this development as at 31 January 2020 was approximately HK$109.5 million.

The remaining GFA under development was approximately 2,099,200 square feet. Set out below is the current expectation on the development of the remaining phases:

Phase	**Description**	**Approximate GFA* (square feet)**	**Expected completion**
III	High-rise residential units including commercial units	523,100	Q3 2020
IV	High-rise residential units including commercial units	1,576,100	Q3 2021

** Excluding car-parking spaces and ancillary facilities*

Hengqin Novotown

Phase I
Construction work of Novotown Phase I has been completed by end of 2019 pending for the filing of as-built inspection of office tower and cultural workshop tower with relevant construction administrative department of the Chinese government.

Sales of the cultural studios of Hengqin Novotown Phase I were strong. During the Period Under Review, sales of 22,315 square feet was recognised at an average selling price of HK$4,175 per square foot, which contributed HK$88.7 million to the Group's turnover. As at 31 January 2020, contracted but not yet recognised sales for cultural studios and cultural workshops amounted to HK$137.4 million and HK$108.3 million, at an average selling price of HK$4,537 and HK$3,411 per square foot, respectively. Completed cultural studios held for sale in this development as at 31 January 2020 amounted to approximately 150,916 square feet with a carrying amount of approximately HK$280.6 million.

The Group owns 80% of the Novotown Phase I.

Phase II
In June 2017, the Group entered into a licence agreement with Real Madrid Club de Fútbol in relation to the development and operation of a location based entertainment centre, namely Real Madrid World in Novotown. The Real Madrid World is expected to consist of three floors with over 20 attractions spanning across a total area of approximately 12,000 square meters, and will be made up of several signature experiences including the Flying Theatre and the Stuntpit, an array of interactive training games, a walkthrough of Real Madrid history, plus dining and retail outlets.

In November 2017, the Group entered into a cooperation agreement with Harrow International (China) Management Services Limited and ILA Holdings Limited to introduce Harrow International China Group, the world's leading learning institution, to set up ILA Hengqin in Hengqin. The curriculum at ILA Hengqin is structured to bring together the very best of British and Chinese educational philosophies and will initially offer grade 7-12 education for approximately 900 students as well as facilities for boarding students.

The Group entered into a license agreement in December 2018 with Ducati Motor Holding S.p.A in relation to the development and operation of the Ducati Experience Centre in Novotown. The Ducati Experience Centre expects to cover an area of no less than 4,500 square meters and will offer experiential attractions including immersive racing experiences, exclusive Ducati exhibits and retail concessions.

The Group succeeded in bidding for the land use rights of the land offered for sale by The Land and Resources Bureau of Zhuhai through the listing-for-sale process in December 2018 and the land 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 and has been designated for the development of Novotown Phase II. Real Madrid World, ILA Hengqin and Ducati Experience Centre are expected to be the key elements in Novotown Phase II and details of the development plan will be formulated upon finalisation of the master layout plan with the Chinese Government.

Construction works for Novotown Phase II were inevitably affected by the recent outbreak of, and the containment measures around, the novel coronavirus. Management has been closely monitoring the development of the situation, and will adhere to the measures as announced by the local government from time to time. Through communicating and working amicably with project partners, the Group is confident that damages as a result of any of such delay can be minimised.

The Group will continue to explore and evaluate potential strategic alliances and financing alternatives to accelerate the growth of Novotown.

CAPITAL STRUCTURE, LIQUIDITY AND DEBT MATURITY PROFILE

As at 31 January 2020, cash and bank balances held by the Group amounted to HK$2,463.1 million and undrawn facilities of the Group was HK$3,756.0 million.

As at 31 January 2020, the Group had total borrowings amounting to HK$9,883.2 million (as at 31 July 2019: HK$9,119.2 million), representing an increase of HK$764.0 million from 31 July 2019. The consolidated net assets attributable to the owners of the Company amounted to HK$14,918.4 million (as at 31 July 2019: HK$15,834.0 million). The gearing ratio, being net debt (total borrowings less cash and bank balances) to net assets attributable to the owners of the Company was approximately 50% (as at 31 July 2019: 38%). The maturity profile of the Group's borrowings of HK$9,883.2 million is well spread with HK$1,090.6 million repayable within one year, HK$3,340.5 million repayable in the second year, HK$4,329.4 million repayable in the third to fifth years and HK$1,122.7 million repayable beyond the fifth year.

Approximately 32% and 64% of the Group's borrowings were on a fixed rate basis and floating rate basis, respectively, and the remaining 4% of the Group's borrowings were interest free.

Apart from the guaranteed notes, the Group's other borrowings of HK$7,179.3 million were 49% denominated in Renminbi ("**RMB**"), 44% in Hong Kong dollars ("**HKD**") and 7% in United States dollars ("**USD**").

The Group's guaranteed notes of HK$2,703.9 million were denominated in USD. The Group has entered into cross currency swap agreements with financial institutions and the guaranteed notes have been effectively converted into HKD denominated debts. In addition, certain bank loans of the Group with a total carrying amount of HK$446.5 million were denominated in USD. The Group has entered into a forward contract with a financial institution and the bank loans have been effectively converted into HKD denominated debts.

The Group's cash and bank balances of HK$2,463.1 million were 80% denominated in RMB, 13% in HKD and 7% in USD.

The Group's presentation currency is denominated in HKD. The Group's monetary assets, liabilities and transactions are principally denominated in RMB, USD and HKD. The Group, with HKD as its presentation currency, is exposed to foreign currency risk arising from the exposure of HKD against USD and RMB, respectively. Considering that the USD guaranteed notes and certain USD bank loans have been effectively converted into HKD denominated debts and HKD is pegged against USD, the Group believes that the corresponding exposure to USD exchange rate fluctuation is nominal. However, the Group has a net exchange exposure to RMB as the Group's assets are principally located in China and the revenues are predominantly in RMB. Apart from the aforesaid cross currency swap and forward contract arrangements, the Group does not have any derivative financial instruments or hedging instruments outstanding.

Certain assets of the Group have been pledged to secure borrowings and bank facilities of the Group, including investment properties with a total carrying amount of approximately HK$11,698.3 million, serviced apartments and related leasehold improvements with a total carrying amount of approximately HK$416.5 million, completed properties for sale with a total carrying amount of approximately HK$1,089.4 million and bank balances of approximately HK$1,069.2 million.

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

CONTINGENT LIABILITIES

There has been no material change in contingent liabilities of the Group since 31 July 2019.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 January 2020, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out from time to time in the Corporate Governance Code ("**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the six months ended 31 January 2020 save for the deviations from code provisions A.4.1 and A.5.1 as follows:

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

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

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

The Company has not established a nomination committee whose functions are assumed by the full Board. Potential new Directors will be recruited based on their knowledge, skills, experience and expertise and the requirements of the Company at the relevant time and candidates for the INEDs must meet the independence criterion. The process of identifying and selecting appropriate candidates for consideration and approval by the Board has been, and will continue to be, carried out by the executive Directors. In January 2019, the Company adopted the Nomination Policy which sets out the criteria, process and procedures by which the Company will select 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.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 January 2020, the Group employed a total of around 2,000 employees. The Group recognises the importance of maintaining a stable staff force in its continued success. Under the Group's existing policies, employee pay rates are maintained at competitive levels whilst promotion and salary increments are assessed on a performance-related basis. Discretionary bonuses are granted to employees based on their merit and in accordance with industry practice. Other benefits including share option scheme, mandatory provident fund scheme, free hospitalisation insurance plan, subsidised medical care and sponsorship for external education and training programmes are offered to eligible employees.

INVESTOR RELATIONS

To ensure our investors have a better understanding of the Company, our management engages in a pro-active 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.

Since 1 August 2019, the Company has met with a number of research analysts and investors and attended non-deal roadshows as follows:

Month	Event	Organiser	Location
September 2019	HSBC 3rd Annual Asia Credit Conference	HSBC	Hong Kong
October 2019	J.P. Morgan Asia Credit Conference	J.P. Morgan	Hong Kong
November 2019	Post results non-deal roadshow	DBS	Hong Kong
November 2019	Post results non-deal roadshow	DBS	Singapore
November 2019	Post results non-deal roadshow	DBS	New York / Philadelphia / Los Angeles / San Francisco
November 2019	Post results non-deal roadshow	DBS	London
January 2020	Daiwa Hong Kong Expert Series – Hengqin & its position in the Greater Bay Area	Daiwa	Hong Kong

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 during normal business hours, by fax at (852) 2853 6651 or by e-mail at ir@laifung.com.

REVIEW OF INTERIM RESULTS

The audit committee of the Company ("**Audit Committee**") currently comprises two of the INEDs, namely Mr. Law Kin Ho and Mr. Lam Bing Kwan, and a NED, Mr. Lucas Ignatius Loh Jen Yuh (alternate: Mr. Puah Tze Shyang). The Audit Committee has reviewed the unaudited interim results (including the unaudited condensed consolidated financial statements) of the Company for the six months ended 31 January 2020.

By Order of the Board
Chew Fook Aun
Chairman

Hong Kong, 27 March 2020

As at the date of this announcement, the Board of the Company comprises eight Executive Directors, namely Mr. Chew Fook Aun (Chairman), Dr. Lam Kin Ming (Deputy Chairman), Mr. Lam Kin Hong, Matthew (Executive Deputy Chairman), Mr. Lam Hau Yin, Lester (Chief Executive Officer), Madam U Po Chu and Messrs. Cheng Shin How, Lee Tze Yan, Ernest and Tham Seng Yum, Ronald; two Non-executive Directors, namely Mr. Lucas Ignatius Loh Jen Yuh and Mr. Puah Tze Shyang (also alternate to Mr. Lucas Ignatius Loh Jen Yuh); and five Independent Non-executive Directors, namely Messrs. Lam Bing Kwan, Ku Moon Lun, Law Kin Ho, Mak Wing Sum, Alvin and Shek Lai Him, Abraham.