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LAI FUNG HOLDINGS

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

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 JANUARY 2021

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 2021 together with the comparative figures of the last corresponding period as follows:

Condensed Consolidated Income Statement

For the six months ended 31 January 2021

		For the six months ended 31 January	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
	Notes		
TURNOVER	3	1,554,721	599,898
Cost of sales		<u>(1,264,139)</u>	<u>(287,849)</u>
Gross profit		290,582	312,049
Other income and gains		54,964	30,526
Selling and marketing expenses		(61,664)	(33,010)
Administrative expenses		(149,483)	(132,522)
Other operating expenses, net		(145,328)	(39,231)
Write-down of properties under development to net realisable value		(135,838)	—
Fair value gains/(losses) on investment properties		<u>87,405</u>	<u>(387,598)</u>
LOSS FROM OPERATING ACTIVITIES	4	(59,362)	(249,786)
Finance costs	5	(186,318)	(115,477)
Share of losses of joint ventures		(501)	(107)
Share of losses of associates		<u>(210)</u>	<u>(8)</u>
LOSS BEFORE TAX		(246,391)	(365,378)
Tax	6	<u>(247,704)</u>	<u>(205,412)</u>
LOSS FOR THE PERIOD		<u>(494,095)</u>	<u>(570,790)</u>
ATTRIBUTABLE TO:			
Owners of the Company		(446,124)	(442,388)
Non-controlling interests		<u>(47,971)</u>	<u>(128,402)</u>
		<u>(494,095)</u>	<u>(570,790)</u>

Condensed Consolidated Income Statement (continued)

For the six months ended 31 January 2021

**For the six months ended
31 January**
2021 **2020**
(Unaudited) **(Unaudited)**

Note

LOSS PER SHARE ATTRIBUTABLE TO
OWNERS OF THE COMPANY:

7

Basic and diluted

(HK\$1.348)

(HK\$1.351)

Condensed Consolidated Statement of Comprehensive Income*For the six months ended 31 January 2021*

	For the six months ended	
	31 January	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
LOSS FOR THE PERIOD	(494,095)	(570,790)
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	1,705,911	(424,811)
Reclassification of reserve upon deregistration of subsidiaries	1,239	—
	1,707,150	(424,811)
Share of other comprehensive income/(expenses) of an associate	18	(9)
	1,707,168	(424,820)
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE PERIOD	1,213,073	(995,610)
ATTRIBUTABLE TO:		
Owners of the Company	1,213,031	(851,504)
Non-controlling interests	42	(144,106)
	1,213,073	(995,610)

Condensed Consolidated Statement of Financial Position

As at 31 January 2021

	Notes	31 January 2021 (Unaudited) HK\$'000	31 July 2020 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		3,777,056	3,547,337
Right-of-use assets		554,407	475,780
Investment properties		19,552,800	18,393,986
Investments in joint ventures		16,202	1,103
Investments in associates		200	533
Derivative financial instruments		—	6,821
Debtors, deposits and prepayments	8	322,119	—
Total non-current assets		<u>24,222,784</u>	<u>22,425,560</u>
CURRENT ASSETS			
Properties under development		1,791,076	1,444,316
Completed properties for sale		4,017,184	3,909,055
Inventories		7,117	6,341
Debtors, deposits and prepayments	8	672,695	598,884
Prepaid tax		35,804	42,154
Pledged and restricted time deposits and bank balances		2,034,351	1,330,619
Cash and cash equivalents		2,290,979	1,193,956
		<u>10,849,206</u>	<u>8,525,325</u>
Assets classified as held for sale		2,617	7,449
Total current assets		<u>10,851,823</u>	<u>8,532,774</u>
CURRENT LIABILITIES			
Creditors, accruals and other payables	9	2,375,353	2,335,241
Contract liabilities and deposits received		1,101,809	608,438
Interest-bearing bank loans		2,938,220	3,515,128
Lease liabilities		3,090	5,034
Derivative financial instruments		5,973	5,852
Tax payable		258,149	214,581
Other borrowings		41,067	41,050
Total current liabilities		<u>6,723,661</u>	<u>6,725,324</u>
NET CURRENT ASSETS		<u>4,128,162</u>	<u>1,807,450</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>28,350,946</u>	<u>24,233,010</u>

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

	Note	31 January 2021 (Unaudited) HK\$'000	31 July 2020 (Audited) HK\$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		28,350,946	24,233,010
NON-CURRENT LIABILITIES			
Lease liabilities		—	787
Other payables	9	993,031	—
Long-term deposits received		137,411	119,852
Interest-bearing bank loans		5,186,778	3,635,370
Advances from a former substantial shareholder		56,175	51,738
Loans from a fellow subsidiary		389,795	396,475
Guaranteed notes		2,703,362	2,699,772
Derivative financial instruments		8,845	—
Deferred tax liabilities		3,242,797	2,909,494
Total non-current liabilities		<u>12,718,194</u>	<u>9,813,488</u>
		<u>15,632,752</u>	<u>14,419,522</u>
EQUITY			
Equity attributable to owners of the Company			
Issued capital		1,655,167	1,655,167
Reserves		13,867,120	12,653,932
		15,522,287	14,309,099
Non-controlling interests		<u>110,465</u>	<u>110,423</u>
		<u>15,632,752</u>	<u>14,419,522</u>

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 2021 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 2020. These unaudited condensed consolidated results should be read in conjunction with the Company's annual report for the year ended 31 July 2020.

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

3. TURNOVER AND OPERATING SEGMENT INFORMATION

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

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

	For the six months ended	
	31 January	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Turnover from contracts with customers		
Sale of properties	816,617	175,186
Hotel and serviced apartment operation	103,215	78,168
Building management operation	58,758	54,743
Theme park operation	14,197	13,949
	<u>992,787</u>	<u>322,046</u>
Turnover from other sources		
Rental income from investment properties	282,702	277,852
Income from properties under finance lease	279,232	—
	<u>561,934</u>	<u>277,852</u>
Total turnover	<u>1,554,721</u>	<u>599,898</u>
Timing of recognition of turnover from contracts with customers		
At a point in time	816,617	175,186
Over time	176,170	146,860
Total	<u>992,787</u>	<u>322,046</u>

3. TURNOVER AND OPERATING SEGMENT INFORMATION (CONTINUED)

During the period ended 31 January 2021, segment information of theme parks previously included in the "property investment" segment has been reclassified to the "theme park operation" 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 operation		Theme park operation		Consolidation	
	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
				(Restated)				(Restated)		
Segment revenue /results:										
Segment revenue										
External customers	1,095,849	175,186	341,460	332,595	103,215	78,168	14,197	13,949	1,554,721	599,898
Other revenue	931	393	6,163	9,512	208	113	2,277	—	9,579	10,018
Total	1,096,780	175,579	347,623	342,107	103,423	78,281	16,474	13,949	1,564,300	609,916
Segment results	(147,627)	125,694	226,490	(203,433)	(28,506)	(12,231)	(117,672)	(150,774)	(67,315)	(240,744)
Interest income from bank deposits									16,463	12,416
Unallocated gains									28,922	8,092
Unallocated expenses, net									(37,432)	(29,550)
Loss from operating activities									(59,362)	(249,786)
Finance costs									(186,318)	(115,477)
Share of losses of joint ventures	(501)	(107)	—	—	—	—	—	—	(501)	(107)
Share of losses of associates	—	—	(210)	(8)	—	—	—	—	(210)	(8)
Loss before tax									(246,391)	(365,378)
Tax									(247,704)	(205,412)
Loss for the period									(494,095)	(570,790)
Other segment information:										
Fair value gains / (losses) on investment properties	—	—	87,405	(387,598)	—	—	—	—	87,405	(387,598)
Gain on disposal of assets classified as held for sale	4,341	47,587	—	—	—	—	—	—	4,341	47,587
Write-down of properties under development to net realisable value	135,838	—	—	—	—	—	—	—	135,838	—
Foreseeable loss on finance lease contract	26,183	—	—	—	—	—	—	—	26,183	—
Loss on disposal of items of property, plant and equipment	153	35	4,565	633	—	—	27	—	4,745	668
Corporate and other unallocated loss on disposal of items of property, plant and equipment	—	—	—	—	—	—	—	—	5	104

3. TURNOVER AND OPERATING SEGMENT INFORMATION (CONTINUED)

	<u>Property development</u>		<u>Property investment</u>		<u>Hotel and serviced apartment operation</u>		<u>Theme park operation</u>		<u>Consolidated</u>	
	31 January 2021 (Unaudited) HK\$'000	31 July 2020 (Audited) HK\$'000	31 January 2021 (Unaudited) HK\$'000	31 July 2020 (Audited) HK\$'000	31 January 2021 (Unaudited) HK\$'000	31 July 2020 (Audited) HK\$'000	31 January 2021 (Unaudited) HK\$'000	31 July 2020 (Audited) HK\$'000	31 January 2021 (Unaudited) HK\$'000	31 July 2020 (Audited) HK\$'000
Segment assets /liabilities:										
Segment assets	6,309,335	5,445,982	19,797,044	18,583,714	2,348,253	2,248,776	1,855,714	1,699,030	30,310,346	27,977,502
Investments in joint ventures	602	1,103	15,600	—	—	—	—	—	16,202	1,103
Investments in associates	—	—	200	533	—	—	—	—	200	533
Unallocated assets									4,745,242	2,971,747
Assets classified as held for sale	2,617	7,449	—	—	—	—	—	—	2,617	7,449
Total assets									35,074,607	30,958,334
Segment liabilities	1,978,724	762,767	569,114	1,255,591	512,851	510,908	171,684	157,577	3,232,373	2,686,843
Unallocated liabilities									16,209,482	13,851,969
Total liabilities									19,441,855	16,538,812

4. LOSS FROM OPERATING ACTIVITIES

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

	For the six months ended	
	31 January 2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation of property, plant and equipments [#]	133,891	103,613
Depreciation of right-of-use assets [#]	11,304	8,383
Fair value losses/(gains) on cross currency swaps ^{##}	15,666	(3,742)
Fair value losses on foreign currency forward contract ^{##}	121	3,660
Foreign exchange differences, net ^{##}	(26,460)	(16,446)
Gain on disposal of assets classified as held for sale ^{##}	(4,341)	(47,587)
Loss on disposal of items of property, plant and equipment ^{##}	4,750	772
Foreseeable loss on finance lease contract ^{##}	26,183	—

[#] The depreciation charge for hotels and serviced apartments and related leasehold improvements is HK\$52,805,000 (six months ended 31 January 2020: HK\$18,213,000). The depreciation charge for theme parks is HK\$80,049,000 (six months ended 31 January 2020: HK\$84,135,000). These items are included in "Other operating expenses, net" on the face of the condensed consolidated income statement.

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

5. FINANCE COSTS

	For the six months ended 31 January	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Interest on:		
Bank loans	178,526	158,002
Guaranteed notes	74,126	74,126
Amortisation of:		
Bank loans	12,870	10,125
Guaranteed notes	2,470	2,336
Bank financing charges and direct costs	2,898	1,491
Interest on lease liabilities	137	228
Interest on put option liabilities	1,974	—
	<u>273,001</u>	<u>246,308</u>
Less: Capitalised in properties under development	(28,245)	(20,708)
Capitalised in investment properties under construction	(54,901)	(92,443)
Capitalised in construction in progress	(3,537)	(17,680)
	<u>(86,683)</u>	<u>(130,831)</u>
Total finance costs	<u>186,318</u>	<u>115,477</u>

6. TAX

The statutory rate of Hong Kong profits tax is 16.5% (six months ended 31 January 2020: 16.5%). No provision for Hong Kong profits tax had been made as the Group had no estimated assessable profits arising in Hong Kong during the period (six months ended 31 January 2020: 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	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Current - Mainland China		
Corporate income tax	104,916	44,487
Land appreciation tax	55,304	52,803
Deferred	<u>87,484</u>	<u>108,122</u>
Total tax charge for the period	<u>247,704</u>	<u>205,412</u>

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 2020: Nil).

7. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share amount was based on the loss for the period attributable to owners of the Company of HK\$446,124,000 (six months ended 31 January 2020: HK\$442,388,000), and the weighted average number of ordinary shares of 331,033,443 (six months ended 31 January 2020: 327,493,578) in issue during the period.

During the periods ended 31 January 2021 and 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.

8. DEBTORS, DEPOSITS AND PREPAYMENTS

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

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 2021 (Unaudited) HK\$'000	31 July 2020 (Audited) HK\$'000
Trade receivables, net:		
Within one month	130,505	123,608
One to three months	4,796	11,849
Over three months	10,910	8,483
	146,211	143,940
Long-term finance lease receivables not yet due	322,119	—
Other receivables, deposits and prepayments	526,484	454,944
	994,814	598,884
Amounts classified as current assets	(672,695)	(598,884)
Non-current portion	322,119	—

9. CREDITORS, ACCRUALS AND OTHER PAYABLES

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

	31 January 2021 (Unaudited) HK\$'000	31 July 2020 (Audited) HK\$'000
Trade payables:		
Within one month	350,017	321,518
One to three months	232,273	26,611
Over three months	2,518	14,854
	584,808	362,983
Accruals and other payables	1,513,345	1,695,172
Put option liabilities (<i>Note</i>)	1,270,231	277,086
	3,368,384	2,335,241
Amounts classified as current liabilities	(2,375,353)	(2,335,241)
Non-current portion	993,031	—

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

According to the Agreement, Da Hengqin has been granted a put option pursuant to which Da Hengqin has the right (but not an obligation) to require Laisun Creative Culture and/or Winfield to acquire all equity interest held by Da Hengqin in Laisun Creative Culture upon occurrence of certain events. Accordingly, financial liabilities of approximately RMB825,606,000 (equivalent to approximately HK\$993,031,000), 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 condensed consolidated statement of financial position as at the end of the reporting period.

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

INTERIM DIVIDEND

The Board has resolved not to pay an interim dividend for the six months ended 31 January 2021 (six months ended 31 January 2020: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Based on data released by the National Bureau of Statistics of the People's Republic of China ("**China**"), the Chinese economy has seen a recovery from the COVID-19 pandemic more quickly compared to the rest of world, concluding the year of 2020 with a strong gross domestic product growth in the final quarter primarily fueled by manufacturing and export activities. With the Chinese government's proactive approach towards testing and tracing and its effective implementation of containment measures from time to time, we believe the probability of a resurgence of the COVID-19 will be relatively remote. Yet, in the near term, the Chinese economy is expected to continue to be impacted by the COVID-19 hit, as travel and consumption activities have yet to restore to pre-pandemic levels. 2021 is expected to be a monumental year for China as it marks the start of the country's 14th Five-Year Plan and celebrates the 100th anniversary of the founding of the Communist Party of China. The Group remains optimistic about the long term prospects and sustainability of the business environment in China in light of the dual circulation development model by the Chinese government, which emphasizes on the rebalancing of domestic and overseas demand.

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

Leasing of the commercial area of Phase I of Novotown ("**Novotown Phase I**") is underway with approximately 66% 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, Decathlon, 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.

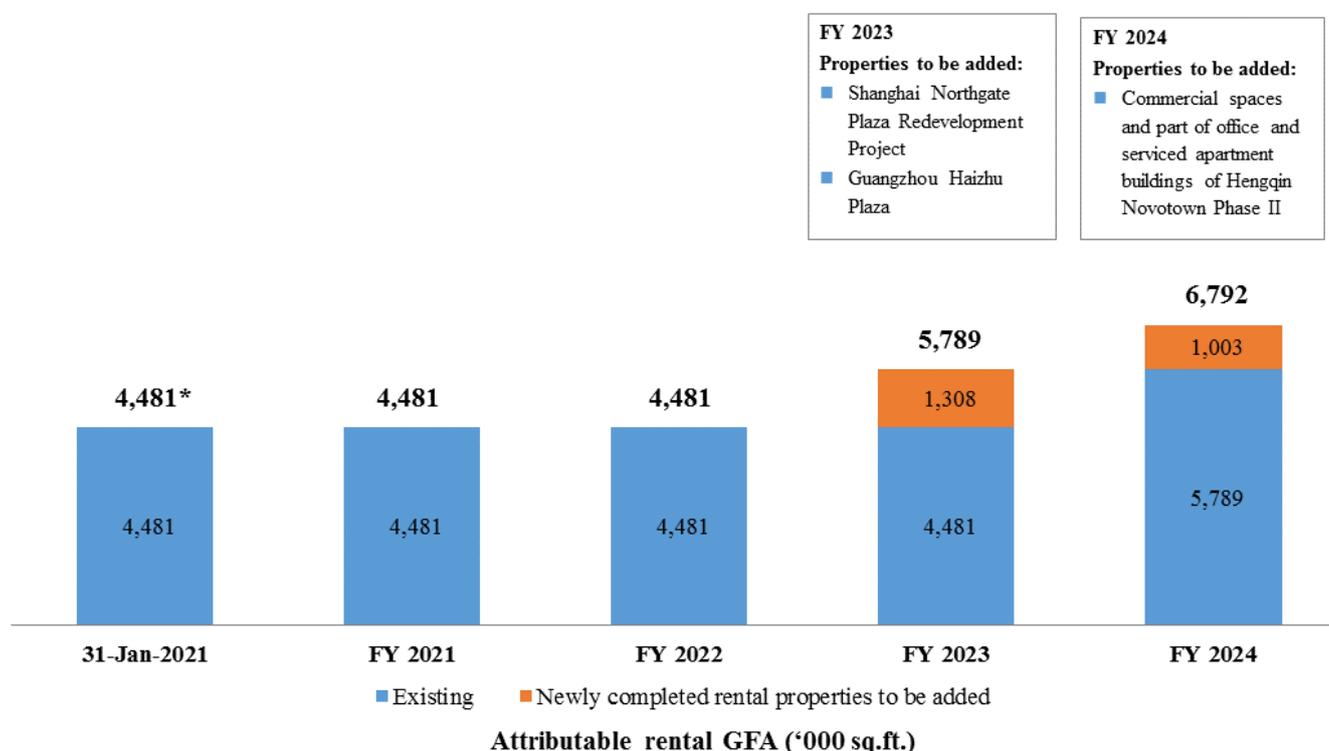
Construction of Novotown Phase II is in progress. This mixed-used development project is expected to complete in phases by 2024, providing commercial and experiential entertainment facilities, office and serviced apartment spaces of 387,700 square feet, 1,599,300 square feet and 586,800 square feet, respectively. Real Madrid World and Ducati Experience Centre are expected to be the key experiential entertainment facilities in Novotown Phase II. Part of 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 period under review, which enabled the Group to crystallise the value of its investment in Novotown Phase II and gradually recoup funding to improve the project's working capital position. The Group remains confident that the growing commitment from corporations amongst Guangdong, Hong Kong and Macau in the development of the Greater Bay Area will make Novotown a new contributor to the Group's results in the long run.

Construction of 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 15 residential units and 15 car-parking spaces have been completed during the period under review, contributing a total turnover of approximately HK\$529.5 million and the contracted sales for 8 residential units and 7 car-parking spaces of this development as at 31 January 2021 amounted to approximately HK\$300.9 million. Up to 28 February 2021, the remaining 5 residential units with 6 car-parking spaces have been sold subject to contract, contributing RMB162.0 million in total, which are expected to be turned into contracted property sales in coming months. Construction of Phase III of Zhongshan Palm Spring was completed in November 2020 and handover of pre-sold units is in progress. Development of Phase IV of Zhongshan Palm Spring is on track and expected to be completed in the third quarter of 2021. The residential units in Shanghai Wuli Bridge Project, serviced apartment units and residential units in Zhongshan Palm Spring as well as the cultural studios, cultural workshops and office of Hengqin Novotown Phase I are expected to contribute to the income of the Group in coming financial years.

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

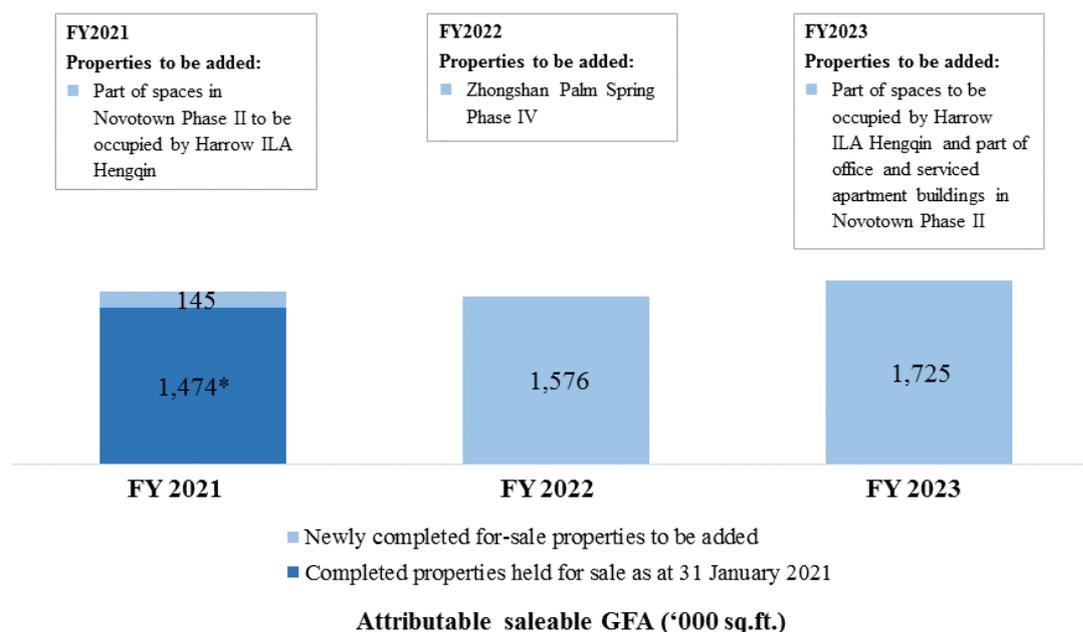
Set out below is the expected growth of the rental portfolio of the Group and the pipeline of development projects of the Group as at 31 January 2021:

Rental Portfolio



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

For-sale Projects



FY2021
Properties to be added:
 ■ Part of spaces in Novotown Phase II to be occupied by Harrow ILA Hengqin

FY2022
Properties to be added:
 ■ Zhongshan Palm Spring Phase IV

FY2023
Properties to be added:
 ■ Part of spaces to be occupied by Harrow ILA Hengqin and part of office and serviced apartment buildings in Novotown Phase II

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

As disclosed in the 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. It further decreased to below 15% immediately following the close of the conditional voluntary general cash offers ("**LF Offers**") made by Holy Unicorn Limited ("**Offeror**"), a wholly-owned subsidiary of Lai Sun Development Company Limited ("**LSD**") to acquire all 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. Trading in the shares of the Company on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") was suspended with effect from 9:00 am on 29 May 2020. The public float was eventually restored on 3 August 2020 when Mr Yu Cheuk Yi and Ms Yu Siu Yuk ceased to be substantial shareholders of the Company upon their disposal of 1,658,800 shares of the Company, and the trading in the shares of the Company on the Stock Exchange was resumed with effect from 9:00 am on 5 August 2020.

As at 31 January 2021, the Group has approximately HK\$4,325.3 million of cash on hand (HK\$2,524.6 million as at 31 July 2020) and undrawn facilities of HK\$2,934.9 million (HK\$3,034.2 million as at 31 July 2020) with a net debt to equity ratio of 45% as at 31 January 2021 (55% as at 31 July 2020). Subsequent to the period end, the Group managed to sign a HK\$3,280 million 5-year offshore secured term/revolving loan facility and a HK\$692 million equivalent 5-year onshore secured term loan facility ("**Facilities**") on 12 March 2021 with 12 leading financial institution groups. The proceeds of the Facilities will be used for financing investments in property related projects, refinancing the existing offshore loans due 2021, refinancing the existing onshore loans due 2021 secured by certain investment properties of the Group situated in China and general corporate purposes of the Group. The Group will continue its prudent and flexible approach in growing the landbank and managing its financial position.

OVERVIEW OF INTERIM RESULTS

For the six months ended 31 January 2021, the Group recorded a turnover of HK\$1,554.7 million (2020: HK\$599.9 million), representing an increase of approximately 159.2% over the same period last year. The increase was primarily due to higher turnover from property sales during the period under review. The average Renminbi exchange rate for the period under review appreciated by approximately 4.5% over the same period last year. Excluding the effect of currency translation, the increase in Renminbi denominated turnover was 147.9%. The gross profit decreased by 6.9% to HK\$290.6 million from that of HK\$312.0 million for the same period last year.

Set out below is the turnover by segment:

	Six months ended 31 January			Six months ended 31 January		
	2021 ¹ (HK\$ million)	2020 ¹ (HK\$ million)	% change	2021 (RMB million)	2020 (RMB million)	% change
Rental income ²	444.7	410.8	8.3%	383.4	370.2	3.6%
Sale of properties ³	1,095.8	175.2	525.5%	944.8	157.9	498.4%
Theme park operation	14.2	13.9	2.2%	12.2	12.5	-2.4%
Total:	1,554.7	599.9	159.2%	1,340.4	540.6	147.9%

- The exchange rates adopted for the six months ended 31 January 2021 and 2020 are 0.8622 and 0.9012, respectively*
- Including rental turnover of major properties of the Group, turnover from hotel and serviced apartment operation and property management income*
- Including property sales revenue and income from properties under finance lease*

Net loss attributable to owners of the Company was approximately HK\$446.1 million for the period under review (2020: HK\$442.4 million). The absence of a significant fair value loss during the period under review as compared to the same period last year and fair value gain arising from the revaluation of the Group's investment properties for the period under review were offset by the write-down of properties under development to net realisable value and the increased other operating expenses during the period under review. The increase in the other operating expenses was primarily due to (i) decrease in the gain on disposal of assets classified as held for sale in relation to the sale of serviced apartment units of Zhongshan Palm Spring during the period under review as compare to the same period last year; (ii) recognition of the foreseeable loss on finance lease contract during the period under review in relation to the sale of properties in Novotown Phase II occupied by Harrow ILA Hengqin; and (iii) increase in depreciation expenses of property, plant and equipment during the period under review.

Net loss per share was HK\$1.348 (2020: HK\$1.351 per share).

Excluding the net effect of property revaluations, net loss attributable to owners of the Company was approximately HK\$510.3 million for the period under review (2020: HK\$213.1 million). Net loss per share excluding the effect of property revaluations was approximately HK\$1.5414 (2020: HK\$0.6508).

Loss attributable to owners of the Company (HK\$ million)	Six months ended 31 January	
	2021	2020
Reported	(446.1)	(442.4)
Adjustments in respect of investment properties		
Revaluation of properties	(87.4)	387.6
Deferred tax on investment properties	21.9	(96.9)
Non-controlling interests' share of revaluation movements less deferred tax	1.3	(61.4)
Net loss after tax excluding revaluation gains/losses of investment properties	(510.3)	(213.1)

Net assets attributable to owners of the Company as at 31 January 2021 amounted to HK\$15,522.3 million (31 July 2020: HK\$14,309.1 million). Net asset value per share attributable to owners of the Company increased to HK\$46.89 per share as at 31 January 2021 from HK\$43.23 per share as at 31 July 2020.

PROPERTY PORTFOLIO COMPOSITION

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

	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	2,438 ²	1,067	-	-	3,505	2,274
Completed Hotels Properties and Serviced Apartments	-	-	976	-	976	-
Properties under Development ³	679	3,010 ⁴	587	1,482	5,758	3,336
Completed Properties Held for Sale	69 ⁵	421	301	752	1,543	2,537
Total GFA of major properties of the Group	3,186	4,498	1,864	2,234	11,782	8,147

1. Completed and rental generating properties
2. Including cultural attraction spaces in Novotown Phase I that have been occupied by Lionsgate Entertainment World® and National Geographic Ultimate Explorer Hengqin with approximately 194,325 square feet and 40,309 square feet attributable to the Group, respectively
3. All properties under construction
4. Including 299,421 square feet of spaces to be occupied by Harrow ILA Hengqin upon completion
5. Including 31,226 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 2021, the Group's rental operations recorded a turnover of HK\$444.7 million. The average Renminbi exchange rate for the period under review appreciated by approximately 4.5% compared with the same period last year. Excluding the effect of currency translation, the Renminbi denominated revenue from lease of properties increased slightly by 3.6% to RMB383.4 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			Period end occupancy (%)
	2021 [#]	2020 [#]	%	2021	2020	%	
	HK\$ million	HK\$ million	Change	RMB million	RMB million	Change	
Shanghai							
Shanghai Hong Kong Plaza	194.8	209.4	-7.0%	168.0	188.7	-11.0%	Retail: 91.8% Office: 83.4% Serviced Apartments: 83.6%
Shanghai May Flower Plaza	31.9	35.7	-10.6%	27.5	32.2	-14.6%	Retail: 99.2% Hotel: 46.5%
Shanghai Regents Park	11.6	11.7	-0.9%	10.0	10.6	-5.7%	100.0%
Guangzhou							
Guangzhou May Flower Plaza	59.0	62.8	-6.1%	50.9	56.6	-10.1%	98.8%
Guangzhou West Point	13.4	12.8	+4.7%	11.6	11.5	+0.9%	96.0%
Guangzhou Lai Fung Tower	73.8	61.5	+20.0%	63.6	55.4	+14.8%	Retail: 95.9% Office: 98.3%*
Zhongshan							
Zhongshan Palm Spring	3.3	3.5	-5.7%	2.8	3.2	-12.5%	Retail: 74.5%*
Hengqin							
Hengqin Novotown Phase I	46.9	5.7	+722.8%	40.4	5.1	+692.2%	Retail: 66.2%** Hotel: 26.7%
Others	10.0	7.7	+29.9%	8.6	6.9	+24.6%	N/A
Total:	444.7	410.8	+8.3%	383.4	370.2	+3.6%	

[#] The exchange rates adopted for the six months ended 31 January 2021 and 2020 are 0.8622 and 0.9012, respectively

* Excluding self-use area

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

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

	Six months ended 31 January 2021			Six months ended 31 January 2020		
	Group interest	Turnover (HK\$ million)	Attributable GFA (square feet)	Group interest	Turnover (HK\$ million)	Attributable GFA (square feet)
Shanghai						
Shanghai Hong Kong Plaza	100%			100%		
Retail		91.7	468,434		98.4	468,434
Office		50.2	362,096		52.0	362,096
Serviced Apartments (room revenue and F&B)		49.1	356,638		56.0	355,267
Car-parking Spaces		3.8	N/A		3.0	N/A
		194.8	1,187,168		209.4	1,185,797
Shanghai May Flower Plaza	100%			100%		
Retail		18.6	320,314		17.3	320,314
Hotel (room revenue and F&B)		11.4	143,846		16.5	143,846
Car-parking Spaces		1.9	N/A		1.9	N/A
		31.9	464,160		35.7	464,160
Shanghai Regents Park	95%			95%		
Retail		10.5	77,959		10.6	77,959
Car-parking Spaces		1.1	N/A		1.1	N/A
		11.6	77,959		11.7	77,959
Guangzhou						
Guangzhou May Flower Plaza	100%			100%		
Retail		50.5	357,424		54.9	357,424
Office		6.9	79,431		6.5	79,431
Car-parking Spaces		1.6	N/A		1.4	N/A
		59.0	436,855		62.8	436,855
Guangzhou West Point	100%			100%		
Retail		13.4	171,968		12.8	171,968
Guangzhou Lai Fung Tower	100%			100%		
Retail		9.0	112,292		7.5	112,292
Office		61.5	625,821		51.1	625,821
Car-parking Spaces		3.3	N/A		2.9	N/A
		73.8	738,113		61.5	738,113
Zhongshan						
Zhongshan Palm Spring	100%			100%		
Retail*		3.3	149,433		3.5	147,408
Hengqin						
Novotown Phase I	80%			80%		
Retail**		4.3	545,658		0.1	545,661
Hotel (room revenue and F&B)		42.6	475,810		5.6	475,805
		46.9	1,021,468		5.7	1,021,466
Others		10.0	N/A		7.7	N/A
Total:		444.7	4,247,124		410.8	4,243,726

* Excluding self-use area

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

Review of Major Rental Properties

Shanghai Hong Kong Plaza

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

Connected by an indoor footbridge, the property comprises a 32-storey office building, a 32-storey serviced apartment (managed by the Ascott Group), a shopping mall and carpark. The property's total GFA is approximately 1,187,100 square feet excluding 350 car-parking spaces, comprising approximately 362,100 square feet for office, approximately 356,600 square feet for serviced apartment, and approximately 468,400 square feet for shopping mall. Anchor tenants, as of the date of this results announcement, include The Apple Store, Tiffany, Genesis Motor, Tasaki etc.

The Group owns 100% of this property.

Shanghai May Flower Plaza

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

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

Shanghai Regents Park

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

Guangzhou May Flower Plaza

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

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

The Group owns 100% of this property.

Guangzhou West Point

Guangzhou West Point is located on Zhongshan Qi Road and is within walking distance from the Ximenkou Subway Station. This is a mixed-use property where the Group has sold all the residential and office units and retained 100% interest in the commercial podium with GFA of approximately 172,000 square feet. Tenants of the retail podium include renowned restaurants and local retail brands.

The Group owns 100% of this property

Guangzhou Lai Fung Tower

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

The Group owns 100% of this property.

Zhongshan Palm Spring Rainbow Mall

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

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 66% of the leasable area let. Except for the two themed indoor experience centres, key tenants include Pokiddo Trampoline Park, Adidas Outlet, Decathlon, Paulaner Wirtshaus Hengqin, Oyster King, Starbucks, and McDonald's.

The Group owns 80% of 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 a total GFA of approximately 358,400 square feet and approximately 356,600 square feet attributable to the Group has 309 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 86.2% was achieved during the period under review and the average room tariff was approximately HK\$978.

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 59.7% was achieved during the period under review and the average room tariff was approximately HK\$424.

Hyatt Regency Hengqin

Hyatt Regency Hengqin soft opened on 31 December 2019 is located in Novotown Phase I in Hengqin, Zhuhai, the heart of the Greater Bay Area and is within easy reach of the bridge linking Zhuhai with Hong Kong and Macau. Hyatt Regency Hengqin with a total GFA of approximately 594,800 square feet and approximately 475,800 square feet attributable to the Group has 493 guest rooms including 55 suites ranging in size from 430 sq.ft. to 2,580 sq.ft., a wide range of dining options, as well as banqueting and conference facilities of over 40,000 square feet. An average occupancy rate of 36.5% was achieved during the period under review and the average room tariff was approximately HK\$752.

PROPERTY DEVELOPMENT

Recognised Sales

For the six months ended 31 January 2021, the Group's property development operations recorded a turnover of HK\$1,095.8 million from sale of properties, representing a 525.5% increase compared to the same period last year. Total recognised sales was primarily driven by the sales performance of residential units and car-parking spaces of Shanghai Wuli Bridge Project and residential units of Zhongshan Palm Spring, as well as the sale of properties in Novotown Phase II being occupied by Harrow ILA Hengqin.

Breakdown of turnover for the six months ended 31 January 2021 from sales of properties is as follows:

Recognised basis	No. of Units	Approximate GFA (Square feet)	Average Selling Price [#] (HK\$/square foot)	Turnover ^{##}	
				(HK\$ million [*])	(RMB million)
Shanghai Wuli Bridge Project Residential Units	15	37,976	14,922	519.9	448.3
Hengqin Novotown Phase I Cultural Studios	3	13,990	5,026	67.0	57.8
Cultural Workshop Unit	1	655	3,435	2.1	1.8
Hengqin Novotown Phase II Harrow ILA Hengqin Building [@]	N/A	271,381	1,029	279.2	240.7
Zhongshan Palm Spring Residential High-rise Units	81	102,910	1,647	158.0	136.2
Residential House Units	9	20,200	2,932	56.4	48.6
Subtotal	109	447,112	2,566	1,082.6	933.4
Shanghai Wuli Bridge Project Car-parking Spaces	15			9.6	8.3
Shanghai Regents Park Car-parking Spaces	4			2.6	2.2
Guangzhou Eastern Place Car-parking Space	1			1.0	0.9
Subtotal	20			13.2	11.4
Total				1,095.8	944.8

[#] Value-added tax inclusive

^{##} Value-added tax exclusive

^{*} The exchange rate adopted for the six months ended 31 January 2021 is 0.8622

[@] Classified as income from properties under finance lease

Contracted Sales

As at 31 January 2021, the Group's property development operations has contracted but not yet recognised sales of HK\$2,092.2 million, primarily driven by the sale performance of residential units in Zhongshan Palm Spring and Shanghai Wuli Bridge Project, cultural studios and cultural workshop unit in Hengqin Novotown Phase I, as well as the sale of properties in Novotown Phase II being occupied by Harrow ILA Hengqin. Excluding the effect of currency translation, the Renminbi denominated contracted but not yet recognised sales as at 31 January 2021 amounted to RMB1,803.9 million (31 July 2020: RMB504.9 million).

Breakdown of contracted but not yet recognised sales as at 31 January 2021 is as follows:

Contracted basis	No. of Units	Approximate GFA (Square feet)	Average Selling Price# (HK\$/square foot)	Turnover#	
				(HK\$ million##)	(RMB million)
Zhongshan Palm Spring					
Residential High-rise Units	563	660,791	1,713	1,131.9	976.0
Residential House Units	16	33,473	3,200	107.1	92.3
Serviced Apartment Units*	2	2,120	1,462	3.1	2.7
Shanghai Wuli Bridge Project					
Residential Units	8	19,633	15,061	295.7	254.9
Hengqin Novotown Phase I					
Cultural Studios	2	11,106	5,276	58.6	50.5
Serviced Apartment Units	2	1,597	3,632	5.8	5.0
Hengqin Novotown Phase II					
Harrow ILA Hengqin Buildings**	N/A	293,729	1,641	481.9	415.5
Subtotal	593	1,022,449	2,038	2,084.1	1,796.9
Shanghai Wuli Bridge Project					
Car-parking Spaces	7			5.2	4.5
Shanghai Regents Park					
Car-parking Spaces	3			2.1	1.8
Guangzhou King's Park					
Car-parking Space	1			0.8	0.7
Subtotal	11			8.1	7.0
Total				2,092.2	1,803.9

Value-added tax inclusive

The exchange rate adopted for the six months ended 31 January 2021 is 0.8622

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

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

Review of Major Properties Completed for Sale and under Development

Shanghai Northgate Plaza Redevelopment Project

Shanghai Northgate Plaza I is located on Tian Mu Road West in the Jing'an District of Shanghai near the Shanghai Railway Terminal and comprises office units, a retail podium and car-parking spaces. Shanghai Northgate Plaza II is a vacant site adjacent to Northgate Plaza I. In September 2016, the Group completed the acquisition of the 6th to 11th floors of Hui Gong Building which is physically connected to Northgate Plaza I, together with the right to use 20 car-parking spaces in the basement. Redevelopment of Shanghai Northgate Plaza I, Northgate Plaza II and the Hui Gong Building together under a comprehensive redevelopment plan which includes an office tower, a shopping mall and an underground car-parking structure is in progress and is expected to add a total GFA of approximately 727,200 square feet excluding car-parking spaces to the rental portfolio of the Group. Construction work is on track and this project is expected to complete in the second half 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 28 car-parking spaces was launched for sale in September 2020 and has received enthusiastic response from the market. During the period under review, sales of 15 residential units with a total GFA of 37,976 square feet were recognised at an average selling price of HK\$14,922 per square foot, which contributed a total of HK\$519.9 million to the Group's turnover and the sale of 15 car-parking spaces contributed HK\$9.6 million to the Group's turnover. As at 31 January 2021, contracted but not yet recognised sales for 8 residential units and 7 car-parking spaces amounted to HK\$300.9 million. As at 31 January 2021, 13 residential units and 28 car-parking spaces of this development remained unsold with a total carrying amount of approximately HK\$498.8 million.

Shanghai May Flower Plaza

Shanghai May Flower Plaza is a completed mixed-use project located at the junction of Da Tong Road and Zhi Jiang Xi Road in Su Jia Xiang in the Jing'an District in Shanghai and situated near the Zhongshan Road North Metro Station. As of 31 January 2021, 458 car-parking spaces of this development remained unsold with a carrying amount of approximately HK\$107.9 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 2021, a total of 240 car-parking spaces of this development remained unsold with a carrying amount of approximately HK\$61.3 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 2021, the contracted but not yet recognised sales of the 1 car-parking space amounted to approximately HK\$0.8 million and the 9 unsold car-parking spaces have a total carrying amount of approximately HK\$7.0 million.

Guangzhou Haizhu Plaza

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

Zhongshan Palm Spring

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

During the period under review, 102,910 square feet of high-rise residential units and 20,200 square feet of house units were recognised at average selling prices of HK\$1,647 and HK\$2,932 per square foot, respectively, which contributed a total of HK\$214.4 million to the sales turnover. As at 31 January 2021, contracted but not yet recognised sales for high-rise residential units and house units amounted to HK\$1,131.9 million and HK\$107.1 million, at average selling prices of HK\$1,713 and HK\$3,200 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, plant and equipment" to "Assets classified as held for sale" in the consolidated statement of financial position of the Group. During the period under review, 7 serviced apartment units have been sold for a total sales proceed of approximately HK\$9.6 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 January 2021, contracted but not yet recognised sales for serviced apartment units amounted to HK\$3.1 million, at an average selling prices of HK\$1,462 per square foot.

As at 31 January 2021, completed units held for sale in this development, including residential units, serviced apartment units and commercial units, amounted to approximately 611,973 square feet with a total carrying amount of approximately HK\$552.5 million. The carrying amount of the 1,621 unsold car-parking spaces of this development as at 31 January 2021 was approximately HK\$163.3 million.

The remaining GFA of Phase IV of Palm Spring under development was approximately 1,576,100 square feet excluding car-parking spaces and ancillary facilities. Construction work is on track and expected to be completed in the third quarter of 2021.

Hengqin Novotown

Phase I

Sales of the cultural studios and cultural workshop units of Hengqin Novotown Phase I are in progress. During the period under review, sales of 13,990 square feet of cultural studios and 655 square feet of cultural workshop units were recognised at an average selling price of HK\$5,026 and HK\$3,435 per square foot, respectively, which contributed a total of HK\$69.1 million to the Group's turnover. As at 31 January 2021, contracted but not yet recognised sales for cultural studios and cultural workshop units amounted to HK\$58.6 million and HK\$5.8 million, at an average selling price of HK\$5,276 per square foot and HK\$3,632 per square foot, respectively. As at 31 January 2021, completed properties held for sale in Novotown Phase I, including cultural studios, cultural workshops units and office units, amounted to approximately 1,074,000 square feet with a total carrying amount of approximately HK\$2,579.3 million.

The Group owns 80% of Novotown Phase I.

Phase II

Novotown Phase II is situated adjacent to Novotown Phase I with a total site area of approximately 143,800 square meters and a maximum plot ratio of 2 times. The Group succeeded in bidding for the land use rights of the land offered for sale by The Land and Resources Bureau of Zhuhai through the listing-for-sale process in December 2018.

The Group entered into a licence agreement with Real Madrid Club de Fútbol in June 2017 in relation to the development and operation of the location based entertainment centre, namely Real Madrid World in Novotown. Real Madrid World is expected to contain over 20 attractions 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. The Group also entered into a license agreement in December 2018 with Ducati Motor Holding S.p.A for 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.

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 387,700 square feet, 1,599,300 square feet and 586,800 square feet, respectively. Real Madrid World and Ducati Experience Centre are expected to be the key experiential entertainment facilities in Novotown Phase II. Real Madrid World is currently under construction and the Group is in the process of finalising the development plan for Ducati 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 period under review, which enabled the Group to crystallise the value in its investment in Novotown Phase II and recycle the capital to improve its working capital position. Harrow ILA Hengqin opened in February 2021.

The Group remains confident that the growing commitment from cooperation amongst Guangdong, Hong Kong and Macau in the development of the Greater Bay Area will make Novotown a new contributor to the Group's results in the long run.

CAPITAL STRUCTURE, LIQUIDITY AND DEBT MATURITY PROFILE

As at 31 January 2021, cash and bank balances held by the Group amounted to HK\$4,325.3 million and undrawn facilities of the Group was HK\$2,934.9 million.

As at 31 January 2021, the Group had total borrowings amounting to HK\$11,315.4 million (as at 31 July 2020: HK\$10,339.5 million), representing an increase of HK\$975.9 million from 31 July 2020. The consolidated net assets attributable to the owners of the Company amounted to HK\$15,522.3 million (as at 31 July 2020: HK\$14,309.1 million). The gearing ratio, being net debt (total borrowings less cash and bank balances) to net assets attributable to the owners of the Company was approximately 45% (as at 31 July 2020: 55%). The maturity profile of the Group's borrowings of HK\$11,315.4 million is well spread with HK\$2,979.3 million repayable within one year, HK\$4,060.8 million repayable in the second year, HK\$2,703.7 million repayable in the third to fifth years and HK\$1,571.6 million repayable beyond the fifth year.

Approximately 24% and 72% 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\$8,612.0 million were 52% denominated in Renminbi ("**RMB**"), 42% in Hong Kong dollars ("**HKD**") and 6% in United States dollars ("**USD**").

The Group's guaranteed notes of HK\$2,703.4 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\$433.4 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\$4,325.3 million were 95% denominated in RMB, 3% in HKD and 2% 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, 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\$14,563.0 million, properties under development with a total carrying amount of approximately HK\$1,116.0 million, serviced apartments and related leasehold improvements with a total carrying amount of approximately HK\$417.0 million, completed properties for sale with a total carrying amount of approximately HK\$29.1 million, construction in progress with a total carrying amount of approximately HK\$229.3 million and time deposits and bank balances of approximately HK\$933.0 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 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 January 2021, 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 2021 save for the deviations from code provisions A.4.1 and A.5.1 as follows:

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

None of the existing 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 2021, the Group employed a total of around 2,000 employees. The Group recognises the importance of maintaining a stable staff force in its continued success. Under the Group's existing policies, employee pay rates are maintained at competitive levels whilst promotion and salary increments are assessed on a performance-related basis. Discretionary bonuses are granted to employees based on their merit and in accordance with industry practice. Other benefits including share option scheme, mandatory provident fund scheme, free hospitalisation insurance plan, subsidised medical care and sponsorship for external education and training programmes are offered to eligible employees.

INVESTOR RELATIONS

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

During the period under review, certain investor relations activities have been postponed or cancelled due to the global COVID-19 pandemic. The Group keeps proactive interactions with the investment community via conference call and virtual events and provides them with updates on the Group's operations, financial performance and outlook. The Company is keen on promoting investor relations and enhancing communication with the Shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public who may contact the Investor Relations Department by phone on (852) 2853 6116, by fax at (852) 2853 6651 or by e-mail at ir@laifung.com.

REVIEW OF 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 2021.

By Order of the Board
Chew Fook Aun
Chairman

Hong Kong, 23 March 2021

As at the date of this announcement, the Board of the Company comprises seven Executive Directors, namely Mr. Chew Fook Aun (Chairman), Mr. Lam Kin Hong, Matthew (Executive Deputy Chairman), Mr. Lam Hau Yin, Lester (Chief Executive Officer) (also alternate to Madam U Po Chu), Madam U Po Chu and Messrs. Cheng Shin How, Lee Tze Yan, Ernest and Tham Seng Yum, Ronald; 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.