LAI SUN DEVELOPMENT

(Stock Code: 488)

LAI SUN DEVELOPMENT COMPANY LIMITED

Annual Report
Year ended 31 July 2021

Cover Photo
Cheung Sha Wan Plaza

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Corporate Information

Place of Incorporation

Hong Kong

Board of Directors

Executive Directors

Lam Kin Ngok, Peter, *GBS (Chairman)*
Chew Fook Aun *(Deputy Chairman)*
Lau Shu Yan, Julius *(Chief Executive Officer)*
Lam Hau Yin, Lester *(also alternate director to U Po Chu)*
Tham Seng Yum, Ronald

Non-executive Directors

U Po Chu
Lam Kin Ming *(deceased on 8 January 2021)*

Independent Non-executive Directors

Ip Shu Kwan, Stephen, *GBS, JP*
Lam Bing Kwan
Leung Shu Yin, William
Leung Wang Ching, Clarence, *JP*

Audit Committee

Leung Shu Yin, William *(Chairman)*
Lam Bing Kwan
Leung Wang Ching, Clarence, *JP*

Remuneration Committee

Leung Shu Yin, William *(Chairman)*
Chew Fook Aun
Lam Bing Kwan

Company Secretary

Chow Kwok Wor

Registered Office / Principal Office

11th Floor
Lai Sun Commercial Centre
680 Cheung Sha Wan Road
Kowloon, Hong Kong

Tel: (852) 2741 0391
Fax: (852) 2785 2775

Authorised Representatives

Chew Fook Aun
Chow Kwok Wor

Share Registrar and Transfer Office

Tricor Tengis Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

Independent Auditor

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

Principal Bankers

Agricultural Bank of China Limited
Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd. Hong Kong Branch
The Bank of East Asia, Limited
China Construction Bank (Asia) Corporation Limited
Chong Hing Bank Limited
DBS Bank Ltd.
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China (Asia) Limited
Shanghai Pudong Development Bank Co., Ltd.
Standard Chartered Bank (Hong Kong) Limited
United Overseas Bank Limited

Shares Information

Place of Listing

The Main Board of The Stock Exchange of Hong Kong Limited

Stock Code / Board Lot

488 / 300 Shares

American Depositary Receipt

CUSIP Number:	50731V102
Trading Symbol:	LSNVY
ADR to Ordinary Share Ratio:	1 : 8
Depositary Bank:	The Bank of New York Mellon

Website

www.laisun.com

Investor Relations

Tel: (852) 2853 6116
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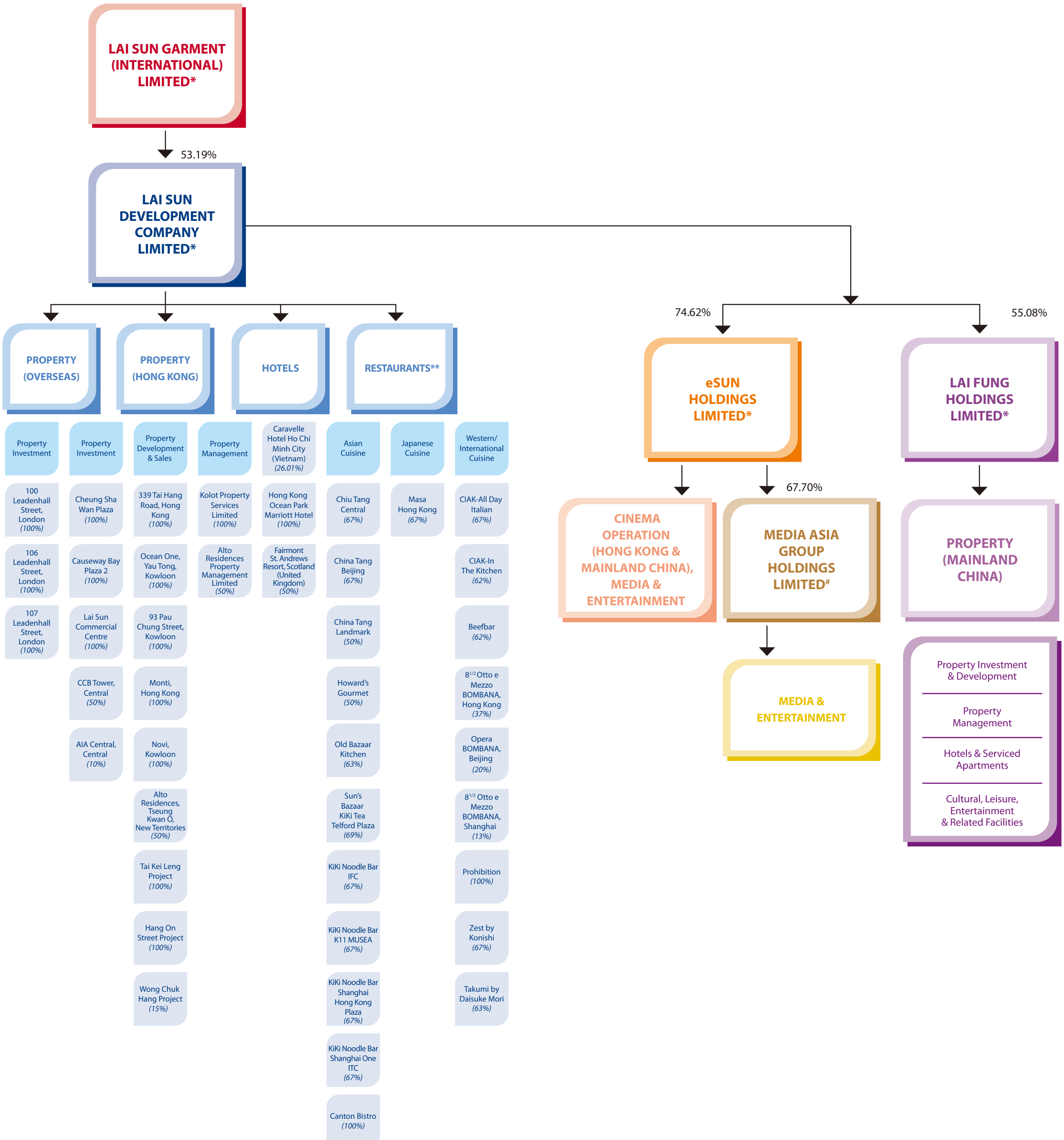
E-mail: ir@laisun.com

Corporate Profile

Lai Sun Development Company Limited is a member of the Lai Sun Group. The Company is well diversified and its principal activities include property investment, property development, investment in and operation of hotels and restaurants, media and entertainment, music production and distribution, films, video format products and television programmes production and distribution, cinema operation, cultural, leisure, entertainment and related facilities and investment holding. The Company was listed on The Stock Exchange of Hong Kong Limited in March 1988 following a reorganisation of the Group.



* Listed on the Main Board of The Stock Exchange of Hong Kong Limited
\# Listed on GEM of The Stock Exchange of Hong Kong Limited
** Operated under various subsidiaries and associates

Corporate structure as at 22 October 2021

Chairman's Statement

Dr. Lam Kin Ngok, Peter
Chairman

I am pleased to present the audited consolidated results of Lai Sun Development Company Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") for the year ended 31 July 2021.

Overview of Final Results

For the year ended 31 July 2021, the Group recorded turnover of HK$5,986.8 million (2020: HK$5,213.5 million) and a gross profit of HK$1,318.0 million (2020: HK$1,628.6 million). The increase in turnover from sale of properties primarily driven by the sales performance of Lai Fung Group's development projects in Mainland China during the year under review, which was partially offset by the decrease in revenue from hotel operations of the Group, as well as cinema operation and media and entertainment businesses of eSun Group amid the prolonged global COVID-19 pandemic.

Overview of Final Results (continued)

Set out below is the turnover by segment:

	For the year ended 31 July			
	2021 (HK$ million)	2020 (HK$ million)	Difference (HK$ million)	% change
Property investment	**1,287.3**	1,299.4	-12.1	-0.9%
Property development and sales	**2,503.3**	1,690.2	+813.1	+48.1%
Restaurant operation	**443.1**	421.8	+21.3	+5.0%
Hotel operation	**621.2**	673.3	-52.1	-7.7%
Media and entertainment	**321.1**	326.6	-5.5	-1.7%
Film and TV program	**298.9**	370.2	-71.3	-19.3%
Cinema operation	**212.0**	229.3	-17.3	-7.5%
Theme park operation	**30.8**	19.2	+11.6	+60.4%
Others	**269.1**	183.5	+85.6	+46.6%
Total	**5,986.8**	5,213.5	+773.3	+14.8%

For the year ended 31 July 2021, net loss attributable to owners of the Company was approximately HK$2,088.1 million (2020: HK$2,934.8 million). The narrowed loss is primarily attributable to the reduction in net fair value losses on investment properties, the write-down of completed properties for sale to net realisable value and the impairment of right-of-use assets during the year under review as compared to last year. Net loss per share was HK$3.034 (2020 (adjusted): HK$4.292).

Overview of Final Results (continued)

Excluding the effect of property revaluations, net loss attributable to owners of the Company was approximately HK$947.3 million (2020: HK$1,012.0 million). Net loss per share excluding the effect of property revaluations during the year under review was HK$1.377 (2020 (adjusted): HK$1.480).

Loss attributable to owners of the Company	For the year ended 31 July 2021 HK$ million	 2020 HK$ million
Reported	**(2,088.1)**	(2,934.8)
Less: Adjustments in respect of revaluation of investment properties held by		
— the Company and subsidiaries	**471.2**	1,425.1
— joint ventures	**635.5**	570.0
Deferred tax on investment properties	**34.1**	(72.3)
Net loss after tax excluding revaluation losses of investment properties	**(947.3)**	(1,012.0)

Equity attributable to owners of the Company as at 31 July 2021 amounted to HK$34,149.3 million, as compared to HK$34,970.2 million as at 31 July 2020. Net asset value per share attributable to owners of the Company decreased slightly to HK$55.791 per share as at 31 July 2021 from HK$57.218 per share as at 31 July 2020.

Final Dividend

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

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

Business Review and Outlook

Almost two years after the outbreak of the coronavirus ("**COVID-19**") pandemic, the global economy is experiencing a recovery in 2021. However, the rebound has been uneven across countries and the outlook of most major economies remains uncertain in the midst of, amongst other factors, the spread of the Delta variant, ongoing geopolitical tensions, rising global inflation as well as supply chain breakdowns and bottlenecks. While some of these events are likely to linger in the near future and continue to cast a shadow on the global economic recovery, we remain cautiously optimistic about the future prospects of the cities in which the Group has exposure, especially in the Greater Bay Area in southern China, and continue to regard Hong Kong, where our headquarters is situated, as one of the major beneficiary cities.

Business Review and Outlook (continued)

Hong Kong and Overseas Property Market

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

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

Business Review and Outlook (continued)

Hong Kong and Overseas Property Market (continued)

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

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

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

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

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

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

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

Business Review and Outlook (continued)

Mainland China Property Market

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

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

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

Business Review and Outlook (continued)

Mainland China Property Market (continued)

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

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

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

Cinema Operation/Media and Entertainment/Film Production and Distribution

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

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

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

Business Review and Outlook (continued)

Cinema Operation/Media and Entertainment/Film Production and Distribution (continued)

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

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

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

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

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

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

Other Business Updates

On 5 October 2020, the Group managed to sign a 5-year secured term loan and revolving credit facility with 19 leading banks to refinance the outstanding loan balance under the existing loan facility secured by the Cheung Sha Wan Plaza and finance the general corporate requirements of the Group. This loan facility was substantially over-subscribed with total commitment of HK$7,440 million being received, which represents approximately 207% of the total facility amount of HK$3,600 million. The financial liquidity of the Group has been further bolstered by the US$250 million guaranteed notes issued in July 2021 ("**LSD 2021 Notes**") and the US$250 million tap issue in September 2021 (being consolidated with and forming a single series with the LSD 2021 Notes). The proceeds from this new notes will help to refinance the US$400 million guaranteed notes issued by the Group in 2017 which will mature in September 2022.

The issue of 33,834,900 new shares of the Company under the general mandate ("**Subscription**") to an independent third party was completed in August 2021, which provided a good opportunity to broaden the shareholder base of the Group and increase the Company's issued shares that are held in public hands. The proceeds from the Subscription was approximately HK$235.2 million. As at the date of this Annual Report, all has been used for repayment of certain bank borrowings of the Group.

The rights issue ("**Rights Issue**") announced by the Company in August 2021 on the basis of one rights share for every two existing shares of the Company at a subscription price of HK$3.43 each was completed in October 2021. The total net proceeds of the Rights Issue, after deduction of estimated rights issue expenses, was approximately HK$1,093.8 million. As at the date of this Annual Report, HK$600.0 million has been used for repayment of certain bank borrowings of the Company.

The public float of the Company has fallen below 25% of the total issued shares of the Company due to the increase in the shareholding of Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk, being substantial shareholders and core connected persons of the Company under the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**"). The Company is considering steps to restore the public float at the minimum prescribed percentage in accordance with the Listing Rules.

As at 31 July 2021, the Group's consolidated cash and bank deposits amounted to HK$10,610.4 million (HK$4,269.8 million excluding eSun Group and Lai Fung Group) with undrawn facilities of HK$3,902.4 million (HK$852.8 million excluding eSun Group and Lai Fung Group). The net debt to equity ratio as at 31 July 2021 was approximately 47% (2020: 46%). The Group's gearing excluding the net debt of eSun Group and Lai Fung Group was approximately 32%. The Group's gearing excluding the net debt of eSun Group and Lai Fung Group and the net debt of the London portfolio which had a positive carry net of financing costs is 30%. The Group will continue its prudent and flexible approach in growing the landbank and managing its financial position.

Appreciation

Looking back on this financial year, I would like to thank my Board colleagues, the senior management team, our partners and everyone who worked with us during the year for their loyalty, support and outstanding teamwork. I firmly believe that through the concerted efforts of our staff and with the support of all our stakeholders, we will continue to grow the Group going forward in a prudent and sustainable manner.

Lam Kin Ngok Peter
Chairman
Hong Kong
22 October 2021

Financial Highlights

		Year ended 31 July 2021	Year ended 31 July 2020
Turnover	(HK$M)	**5,986.8**	5,213.5
Gross profit	(HK$M)	**1,318.0**	1,628.6
Gross profit margin	(%)	**22%**	31%
Operating loss	(HK$M)	**(1,181.0)**	(2,963.7)
Operating loss margin	(%)	**-20%**	-57%
Loss attributable to owners of the Company	(HK$M)		
— as reported		**(2,088.1)**	(2,934.8)
— adjusted *(Note 1)*		**(947.3)**	(1,012.0)
Net loss margin	(%)		
— as reported		**-35%**	-56%
— adjusted		**-16%**	-19%
Loss per share *(Note 2)*	(HK$)		
— as reported		**(3.034)**	(4.292)
— adjusted		**(1.377)**	(1.480)
Equity attributable to owners of the Company	(HK$M)	**34,149.3**	34,970.2
Net borrowings	(HK$M)	**16,171.8**	16,066.5
Net asset value per share *(Note 3)*	(HK$)	**55.791**	57.218
Share price as at 31 July	(HK$)	**5.310**	8.280
Price earnings ratio	(times)		
— as reported		**N/A**	N/A
— adjusted		**N/A**	N/A
Market capitalisation as at 31 July	(HK$M)	**3,250.2**	5,060.5
Return on shareholders' equity	(%)		
— as reported		**-5%**	-8%
— adjusted		**-2%**	-3%
Dividend per share	(HK$)	**Nil**	Nil
Dividend yield	(%)	**N/A**	N/A
Gearing — net debt to equity	(%)	**47%**	46%
Current Ratio	(times)	**2.5**	1.3
Discount to net asset value	(%)	**90%**	86%

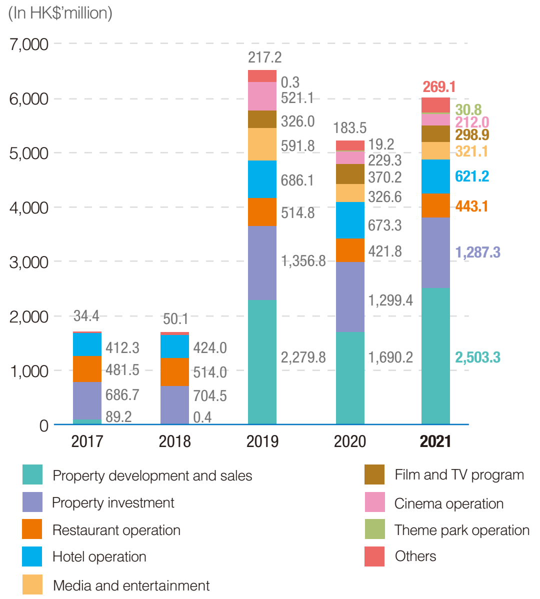
Note 1: *excluding the effect of property revaluations.*

Note 2: *calculated based on the loss attributable to owners of the Company and the weighted average number of ordinary shares in issue during the years.*

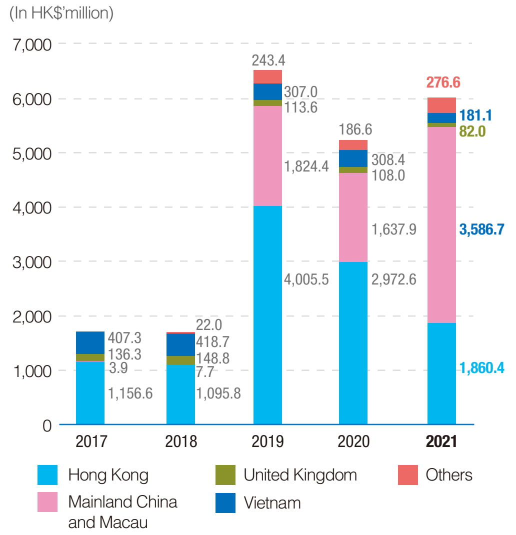
Note 3: *calculated based on the number of ordinary shares in issue as at the end of respective reporting periods.*

Financial Highlights

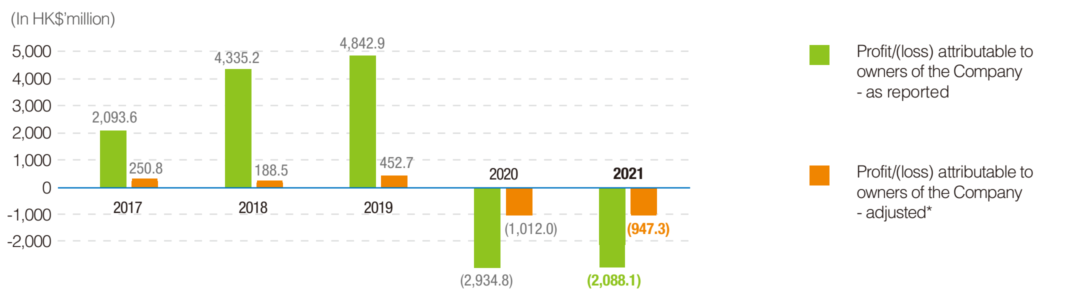
Turnover by Segment



Turnover by Geographical Location

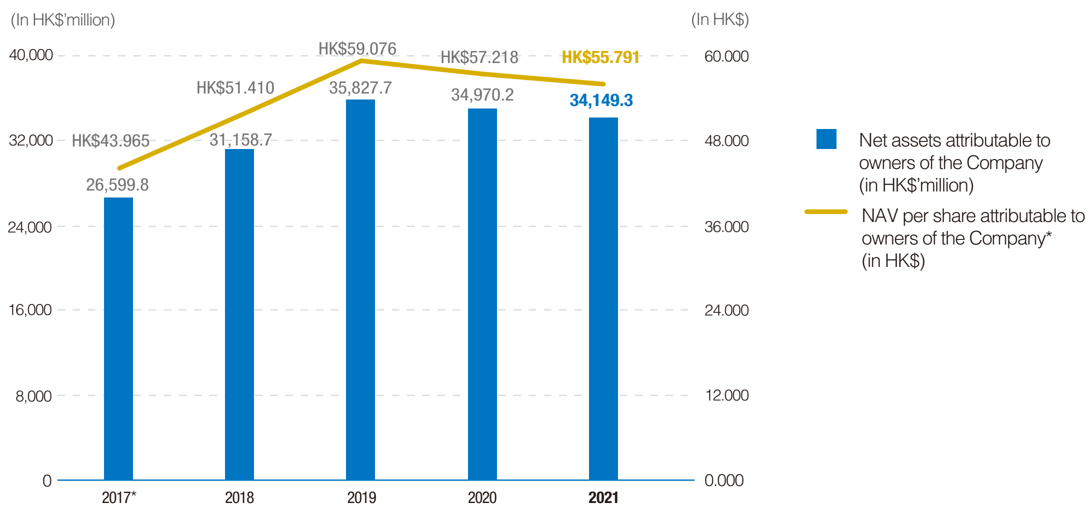


Profit/(loss) attributable to owners of the Company



* *excluding the effect of property revaluations and non-recurring transactions (if applicable).*

Net Assets & Net Asset Value ("NAV") per share attributable to owners of the Company



* *Adjustment has been made to the number of issued shares of the Company as at 31 July 2017 due to the share consolidation of the Company being effective on 15 August 2017.*

Management Discussion and Analysis

Property Portfolio Composition

The Group maintained a property portfolio with attributable GFA of approximately 9.2 million square feet as at 31 July 2021. All major properties of the Group in Mainland China are held through Lai Fung Group, except Novotown Phase I which is 80% owned by Lai Fung Group and 20% owned by the Group, and all major properties in Hong Kong and overseas are held by the Group excluding eSun Group and Lai Fung Group.

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

	Commercial/ Retail	Office	Hotel/ Serviced Apartments	Residential	Industrial	Total (excluding car-parking spaces & ancillary facilities)	No. of car-parking spaces
GFA of major properties and number of car-parking spaces of Lai Fung Group (on attributable basis[1])							
Completed Properties Held for Rental[2]	1,342	588	—	—	—	1,930	1,252
Completed Hotel Properties and Serviced Apartments[2]	—	—	538	—	—	538	—
Properties under Development[3]	397	1,485	319	—	—	2,201	1,229
Completed Properties Held for Sale	91	232	164	1,017	—	1,504	1,936
Subtotal	**1,830**	**2,305**	**1,021**	**1,017**	**—**	**6,173**	**4,417**
GFA of major properties and number of car-parking spaces of the Group excluding Lai Fung Group (on attributable basis[1])							
Completed Properties Held for Rental[2]	733	1,030	—	—	67	1,830	1,436
Completed Hotel Properties and Serviced Apartments[2]	—	—	722	—	—	722	92
Properties under Development[3]	8	—	—	201	—	209	38
Completed Properties Held for Sale	33	105	74	84	—	296	65
Subtotal	**774**	**1,135**	**796**	**285**	**67**	**3,057**	**1,631**
Total GFA attributable to the Group	**2,604**	**3,440**	**1,817**	**1,302**	**67**	**9,230**	**6,048**

Notes:

1. *As at 31 July 2021, Lai Fung is a 55.08%-owned subsidiary of the Group.*
2. *Completed and rental generating properties.*
3. *All properties under construction.*

Management Discussion and Analysis

Property Investment

Rental Income

During the year under review, the Group's rental operations recorded a turnover of HK$1,287.3 million (2020: HK$1,299.4 million), comprising turnover of HK$527.1 million, HK$82.0 million and HK$678.2 million from rental properties in Hong Kong, London and Mainland China, respectively.

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

	For the year ended 31 July			Year end
	2021	2020		occupancy
	HK$ million	HK$ million	% Change	(%)
Hong Kong				
Cheung Sha Wan Plaza	**302.0**	329.7	-8.4%	93.5%
Causeway Bay Plaza 2	**173.8**	179.0	-2.9%	91.7%
Lai Sun Commercial Centre	**47.1**	44.6	+5.6%	98.7%
Others	**4.2**	4.6	-8.7%	
Subtotal:	**527.1**	557.9	-5.5%	
London, United Kingdom				
107 Leadenhall Street	**44.5**	45.2	-1.5%	62.0%
100 Leadenhall Street	**31.2**	56.5	-44.8%	100.0%
106 Leadenhall Street	**6.3**	6.3	0.0%	100.0%
Subtotal:	**82.0**	108.0	-24.1%	
Mainland China				
Shanghai				
Shanghai Hong Kong Plaza	**292.5**	291.4	+0.4%	Retail: 90.3% Office: 83.8%
Shanghai May Flower Plaza	**42.7**	39.1	+9.2%	Retail: 99.5%
Shanghai Regents Park	**24.8**	22.0	+12.7%	100.0%
Guangzhou				
Guangzhou May Flower Plaza	**121.1**	111.4	+8.7%	97.9%
Guangzhou West Point	**26.5**	23.8	+11.3%	90.1%
Guangzhou Lai Fung Tower	**136.0**	123.2	+10.4%	Retail: 100.0% Office: 96.5%[1]
Zhongshan				
Zhongshan Palm Spring	**6.8**	5.6	+21.4%	Retail: 80.0%[1]
Hengqin				
Hengqin Novotown Phase I	**6.9**	3.9	+76.9%	Retail: 71.0%[2]
Others	**20.9**	13.1	+59.5%	
Subtotal:	**678.2**	633.5	+7.1%	
Total:	**1,287.3**	1,299.4	-0.9%	
Rental proceeds from joint venture projects				
Hong Kong				
CCB Tower[3] (50% basis)	**132.3**	137.2	-3.6%	95.7%
Alto Residences[4] (50% basis)	**28.0**	15.7	+78.3%	80.7%
Total:	**160.3**	152.9	+4.8%	

Property Investment (continued)

Rental Income (continued)

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

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

	For the year ended 31 July 2021			For the year ended 31 July 2020		
	Attributable interest to the Group	**Turnover (HK$ million)**	**Total GFA (square feet)**	Attributable interest to the Group	Turnover (HK$ million)	Total GFA (square feet)
Hong Kong						
Cheung Sha Wan Plaza	**100%**			100%		
Commercial		**149.8**	**233,807**		168.7	233,807
Office		**136.2**	**409,896**		144.1	409,896
Car-parking spaces		**16.0**	**N/A**		16.9	N/A
Subtotal:		**302.0**	**643,703**		329.7	643,703
Causeway Bay Plaza 2	**100%**			100%		
Commercial		**120.5**	**109,770**		122.3	109,770
Office		**48.8**	**96,268**		53.4	96,268
Car-parking spaces		**4.5**	**N/A**		3.3	N/A
Subtotal:		**173.8**	**206,038**		179.0	206,038
Lai Sun Commercial Centre	**100%**			100%		
Commercial		**24.0**	**95,063**		22.3	95,063
Office		**5.4**	**74,181**		4.6	74,181
Car-parking spaces		**17.7**	**N/A**		17.7	N/A
Subtotal:		**47.1**	**169,244**		44.6	169,244
Others		**4.2**	**63,592** [1]		4.6	63,592 [1]
Subtotal:		**527.1**	**1,082,577** [1]		557.9	1,082,577 [1]

Management Discussion and Analysis

Property Investment (continued)

Rental Income (continued)

	For the year ended 31 July 2021			For the year ended 31 July 2020		
	Attributable interest to the Group	Turnover (HK$ million)	Total GFA (square feet)	Attributable interest to the Group	Turnover (HK$ million)	Total GFA (square feet)
London, United Kingdom						
107 Leadenhall Street	100%			100%		
Commercial		4.5	48,182		4.1	48,182
Office		40.0	98,424		41.1	98,424
Subtotal:		44.5	146,606		45.2	146,606
100 Leadenhall Street	100%			100%		
Office		31.2	177,700		56.5	177,700
106 Leadenhall Street	100%			100%		
Commercial		1.0	3,540		1.2	3,540
Office		5.3	16,384		5.1	16,384
Subtotal:		6.3	19,924		6.3	19,924
Subtotal:		82.0	344,230		108.0	344,230
Mainland China						
Shanghai						
Shanghai Hong Kong Plaza	55.08%			54.56%		
Retail		186.2	468,434		177.7	468,434
Office		98.9	362,096		108.2	362,096
Car-parking spaces		7.4	N/A		5.5	N/A
Subtotal:		292.5	830,530		291.4	830,530
Shanghai May Flower Plaza	55.08%			54.56%		
Retail		38.2	320,314		35.4	320,314
Car-parking spaces		4.5	N/A		3.7	N/A
Subtotal:		42.7	320,314		39.1	320,314
Shanghai Regents Park	52.33%			51.83%		
Retail		22.1	82,062		19.8	82,062
Car-parking spaces		2.7	N/A		2.2	N/A
Subtotal:		24.8	82,062		22.0	82,062

Property Investment (continued)

Rental Income (continued)

	For the year ended 31 July 2021			For the year ended 31 July 2020		
	Attributable interest to the Group	**Turnover (HK$ million)**	**Total GFA (square feet)**	Attributable interest to the Group	Turnover (HK$ million)	Total GFA (square feet)
Guangzhou						
Guangzhou May Flower Plaza	**55.08%**			54.56%		
Retail		**103.2**	**357,424**		95.7	357,424
Office		**14.9**	**79,431**		13.0	79,431
Car-parking spaces		**3.0**	**N/A**		2.7	N/A
Subtotal:		**121.1**	**436,855**		111.4	436,855
Guangzhou West Point	**55.08%**			54.56%		
Retail		**26.5**	**171,968**		23.8	171,968
Guangzhou Lai Fung Tower	**55.08%**			54.56%		
Retail		**16.8**	**112,292**		12.3	112,292
Office		**112.7**	**625,821**		105.0	625,821
Car-parking spaces		**6.5**	**N/A**		5.9	N/A
Subtotal:		**136.0**	**738,113**		123.2	738,113
Zhongshan						
Zhongshan Palm Spring	**55.08%**			54.56%		
Retail		**6.8**	**148,106**		5.6	147,408
Hengqin						
Hengqin Novotown Phase I	**64.06%**[2]			63.65%		
Retail[3]		**6.9**	**682,073**[3]		3.9	682,073[3]
Others		**20.9**	**N/A**		13.1	N/A
Subtotal:		**678.2**	**3,410,021**		633.5	3,409,323
Total:		**1,287.3**	**4,836,828**[1]		1,299.4	4,836,130[1]

Management Discussion and Analysis

Property Investment (continued)

Rental Income (continued)

	For the year ended 31 July 2021			For the year ended 31 July 2020		
	Attributable interest to the Group	**Turnover (HK$ million)**	**Total GFA (square feet)**	Attributable interest to the Group	Turnover (HK$ million)	Total GFA (square feet)
Joint Venture Projects						
Hong Kong						
CCB Tower[4] (50% basis)	**50%**			50%		
Office		**131.7**	**114,603[5]**		136.7	114,603[5]
Car-parking spaces		**0.6**	**N/A**		0.5	N/A
Subtotal:		**132.3**	**114,603[5]**		137.2	114,603[5]
Alto Residences[6] (50% basis)	**50%**			50%		
Commercial		**8.1**	**47,067[7]**		3.3	47,067[7]
Residential units[8]		**17.1**	**20,613[9]**		11.8	19,587[9]
Car-parking spaces		**2.8**	**N/A**		0.6	N/A
Subtotal:		**28.0**	**67,680**		15.7	66,654
Total:		**160.3**	**182,283**		152.9	181,257

Notes:

1. *Excluding 10% interest in AIA Central.*
2. *Including the Company's 20% direct interest in Novotown Phase I and 44.06% attributable interest through Lai Fung. As at 31 July 2021, Novotown Phase I is 80% owned by Lai Fung and Lai Fung is a 55.08%-owned subsidiary of the Company.*
3. *Excluding the cultural attraction spaces occupied by Lionsgate Entertainment World® and National Geographic Ultimate Explorer Hengqin.*
4. *CCB Tower is a joint venture project with CCB in which each of the Group and CCB has an effective 50% interest. For the year ended 31 July 2021, the joint venture recorded rental proceeds of approximately HK$264.5 million (2020: HK$274.3 million).*
5. *GFA attributable to the Group. The total GFA is 229,206 square feet.*
6. *Alto Residences is a joint venture project with Empire Group in which each of the Group and Empire Group has an effective 50% interest. For the year ended 31 July 2021, the joint venture recorded rental proceeds of approximately HK$56.0 million (2020: HK$31.4 million).*
7. *GFA attributable to the Group. Total GFA is 94,133 square feet.*
8. *Referring to those sold residential units offering early occupation benefit which allows the purchasers to move in earlier before completion of the sale.*
9. *Saleable area attributable to the Group. The total saleable area is 41,226 square feet (2020: 39,174 square feet).*

Property Investment (continued)

Rental Income (continued)

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

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

Review of major investment properties

Hong Kong Properties

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

Causeway Bay Plaza 2
The asset comprises a 28-storey commercial/office building with car-parking facilities at basement levels which was completed in 1992. It is located at the heart of Causeway Bay with a total GFA of 206,038 square feet (excluding car-parking spaces). Key tenants include a HSBC branch and commercial offices and major restaurants.

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

Cheung Sha Wan Plaza

Causeway Bay Plaza 2

Lai Sun Commercial Centre

Management Discussion and Analysis

Property Investment (continued)

Review of major investment properties (continued)

Hong Kong Properties (continued)

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

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

Overseas Properties

107 Leadenhall Street, London EC3, United Kingdom
In April 2014, the Group acquired a property located at the core of the insurance district in the City of London, surrounded by 30 St Mary Axe (commonly known as the Gherkin), Lloyd's of London and the Willis Building at 51 Lime Street. It is a freehold commercial property housing commercial, offices and retail space. The building comprises 146,606 square feet gross internal area of office accommodation extending over basement, ground, mezzanine and seven upper floors. The occupancy at the end of July 2021 was approximately 62.0%.

100 Leadenhall Street, London EC3, United Kingdom
Following the acquisition of 107 Leadenhall Street in April 2014, the Group completed the acquisition of 100 Leadenhall Street in January 2015. This property comprises a basement, a lower ground floor, ground floor and nine upper floors and provides 177,700 square feet gross internal area of offices and ancillary accommodation. The property is currently fully let to Chubb Market Company Limited.

106 Leadenhall Street, London EC3, United Kingdom
In December 2015, the Group acquired the property located adjacent to 100 and 107 Leadenhall Street, namely 106 Leadenhall Street, which is a multi-tenanted asset with approximately 19,924 square feet gross internal area of commercial and offices including ancillary space. The property is currently fully leased out.

CCB Tower

AIA Central

Property Investment (continued)

Review of major investment properties (continued)

Overseas Properties (continued)

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

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

Mainland China Properties

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

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

100 Leadenhall Street, London

107 Leadenhall Street, London

106 Leadenhall Street, London

Management Discussion and Analysis

Property Investment (continued)

Review of major investment properties (continued)

Mainland China Properties (continued)

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

Lai Fung Group owns 100% of this property.

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

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

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

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

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

Lai Fung Group owns 100% of this property.

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

Lai Fung Group owns 100% of this property.

Property Investment (continued)

Review of major investment properties (continued)

Mainland China Properties (continued)

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

Lai Fung Group owns 100% of this property.

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

Lai Fung Group owns 100% of this property.

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

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

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

Management Discussion and Analysis

Property Development

Recognised Sales

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

Hong Kong

Recognised Basis	No. of Units	Approximate Saleable Area (Square feet)	Average Selling Price [1] (HK$/square foot)	Turnover (HK$ million)
Monti				
Residential Units	31	10,167	22,397	227.8
Subtotal				**227.8**

Mainland China

Recognised Basis	No. of Units	Approximate GFA (Square feet)	Average Selling Price [2] (HK$/square foot)	Turnover [3] (HK$ million)
Shanghai Wuli Bridge Project				
Residential Units	24	60,148	15,331	846.0
Zhongshan Palm Spring				
Residential High-rise Units	352	423,309	1,698	663.7
Residential House Units	26	55,808	3,248	172.6
Hengqin Novotown Phase I				
Cultural Studios	4	16,965	4,983	80.5
Cultural Workshop Units	6	5,154	3,531	16.7
Hengqin Novotown Phase II				
Harrow ILA Hengqin Building [4]	N/A	414,417	1,251	464.1
Shanghai Wuli Bridge Project				
Car-parking Spaces	27	N/A	N/A	17.9
Shanghai Regents Park				
Car-parking Spaces	14	N/A	N/A	9.4
Guangzhou Eastern Place				
Car-parking Spaces	2	N/A	N/A	2.1
Guangzhou King's Park				
Car-parking Spaces	2	N/A	N/A	1.2
Guangzhou West Point				
Car-parking Spaces	2	N/A	N/A	1.1
Zhongshan Palm Spring				
Car-parking Space	1	N/A	N/A	0.2
Subtotal				**2,275.5**
Total				**2,503.3**

Property Development (continued)

Recognised Sales (continued)

Recognised sales from joint venture project

Hong Kong

Recognised Basis	**No. of Units**	**Approximate Saleable Area** (Square feet)	**Average Selling Price** [1] (HK$/square foot)	**Turnover** (HK$ million)
Alto Residences (50% basis)				
Houses	2 [5]	3,390 [5]	24,258	82.2 [6]
Residential Units	3 [7]	2,678 [7]	24,267	65.0 [8]
Car-parking Spaces	1 [9]	N/A	N/A	1.4
Total				**148.6**

Notes:

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

Property Development (continued)

Contracted Sales

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

Hong Kong

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

Mainland China

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

Contracted sales from joint venture project

Hong Kong

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

Notes:

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

Management Discussion and Analysis

Property Development (continued)

Review of Major Projects for Sale and under Development

Hong Kong Properties

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

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

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

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

Greenwich Village, Alto Residences

93 Pau Chung Street

Property Development (continued)

Review of Major Projects for Sale and under Development (continued)

Hong Kong Properties (continued)

Novi

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

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

Monti

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

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

Novi


Monti

Property Development (continued)

Review of Major Projects for Sale and under Development (continued)

Hong Kong Properties (continued)

Tai Kei Leng project

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

Hang On Street project

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

Wong Chuk Hang project

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

Tai Kei Leng project

Hang On Street project

Property Development (continued)

Review of Major Projects for Sale and under Development (continued)

Mainland China Properties

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

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

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

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

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

Property Development (continued)

Review of Major Projects for Sale and under Development (continued)

Mainland China Properties (continued)

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

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

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

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

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

As at 31 July 2021, completed units held for sale in this development, including residential units, serviced apartment units and commercial units, amounted to approximately 1,831,894 square feet and 2,682 car-parking spaces remained unsold.

Property Development (continued)

Review of Major Projects for Sale and under Development (continued)

Mainland China Properties (continued)

Hengqin Novotown

Phase I

Sales of the cultural studios and cultural workshop units of Hengqin Novotown Phase I are in progress. During the year under review, sales of 16,965 square feet of cultural studios and 5,154 square feet of cultural workshop units were recognised at an average selling price of HK$4,983 and HK$3,531 per square foot, respectively, which contributed a total of HK$97.2 million to the Group's turnover. As at 31 July 2021, contracted but not yet recognised sales for cultural studios and cultural workshop units amounted to HK$71.3 million and HK$3.8 million, at an average selling price of HK$5,137 per square foot and HK$3,950 per square foot, respectively. As at 31 July 2021, completed properties held for sale in Novotown Phase I, including cultural studios, cultural workshops units and office units, amounted to approximately 1,067,000 square feet.

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

Phase II

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

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

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

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

Management Discussion and Analysis

Restaurant Operation

The extension of containment measures in Hong Kong for catering businesses continued to weigh on the performance of the Group's restaurants. Revenue of this segment of the Group has been inevitably affected by compulsory social distancing and seat restrictions, as well as restrictions on reduced dining time. For the year ended 31 July 2021, restaurant operation segment contributed HK$443.1 million to the Group's turnover (2020: HK$421.8 million). Up to the date of this Annual Report, restaurant operation includes the Group's interests in 22 restaurants in Hong Kong and Mainland China and 2 restaurants in Hong Kong and Macau under management. Details of each existing restaurant of the Group are as follows:

Cuisine	Restaurant	Location	Attributable interest to the Group	Award
Owned restaurants				
Western/ International Cuisine	8½ Otto e Mezzo BOMBANA Hong Kong	Hong Kong	37%	Three Michelin stars (2012-2021)
	8½ Otto e Mezzo BOMBANA Shanghai	Shanghai	13%	Two Michelin stars (2017-2021)
	Opera BOMBANA	Beijing	20%	
	CIAK-In The Kitchen	Hong Kong	62%	One Michelin star (2015-2017)
	CIAK-All Day Italian	Hong Kong	67%	Michelin Bib Gourmand (2017-2021)
	Beefbar	Hong Kong	62%	One Michelin star (2017-2021)
	Takumi by Daisuke Mori	Hong Kong	63%	One Michelin star (2018-2021)
	Prohibition *(Note)*	Hong Kong	100%	
	Zest by Konishi	Hong Kong	67%	One Michelin star (2020-2021)
	Cipriani	Hong Kong	44%	
Asian Cuisine	China Tang Landmark	Hong Kong	50%	The Plate Michelin (2019-2021)
	China Tang Beijing	Beijing	67%	
	Howard's Gourmet	Hong Kong	50%	
	Chiu Tang Central	Hong Kong	67%	
	Old Bazaar Kitchen	Hong Kong	63%	
	Sun's Bazaar KiKi Tea Telford Plaza	Hong Kong	69%	
	Canton Bistro *(Note)*	Hong Kong	100%	
	KiKi Noodle Bar IFC	Hong Kong	67%	
	KiKi Noodle Bar K11 MUSEA	Hong Kong	67%	
	KiKi Noodle Bar Shanghai Hong Kong Plaza	Shanghai	67%	
	KiKi Noodle Bar Shanghai One ITC	Shanghai	67%	
Japanese Cuisine	Masa Hong Kong	Hong Kong	67%	
Managed restaurants				
Western Cuisine	8½ Otto e Mezzo BOMBANA, Macau	Macau	N/A	One Michelin star (2016-2021)
Asian Cuisine	China Club	Hong Kong	N/A	

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

Hotel and Serviced Apartment Operation

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

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

8½ Otto e Mezzo BOMBANA Hong Kong

CIAK-All Day Italian

Prohibition

Canton Bistro

Hotel and Serviced Apartment Operation (continued)

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

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

Notes:

1. *On 100% basis.*

2. *No. of rooms and GFA attributable to the Group. The total no. of rooms and total GFA are 211 and 276,482 square feet, respectively.*

Masa Hong Kong

Takumi by Daisuke Mori

Hotel and Serviced Apartment Operation (continued)

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

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

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

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

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

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

Ocean Park Marriott Hotel

Ocean Park Marriott Hotel — Kids Pool

Management Discussion and Analysis

Cinema Operation

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

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

Note: On 100% basis.

China Tang Landmark

Howard's Gourmet

Media and Entertainment

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

Live Entertainment

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

Music Production, Distribution and Publishing

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

Artiste Management

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

Film and TV Programme Production and Distribution

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

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

Interests in Joint Ventures

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

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

Management Discussion and Analysis

Liquidity and Financial Resources

As at 31 July 2021, cash and bank balances and undrawn facilities held by the Group amounted to HK$10,610.4 million and HK$3,902.4 million, respectively. Cash and bank balances held by the Group of which about 50% was denominated in Hong Kong dollars and United States dollars, and about 45% was denominated in Renminbi. Cash and bank balances and undrawn facilities held by the Group excluding eSun Group and Lai Fung Group as at 31 July 2021 were HK$4,269.8 million and HK$852.8 million, respectively.

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

As at 31 July 2021, the Group had bank borrowings of approximately HK$18,771.1 million, guaranteed notes of approximately HK$7,692.5 million and other borrowings of approximately HK$318.6 million. As at 31 July 2021, the maturity profile of the bank borrowings of HK$18,771.1 million is spread with HK$3,109.6 million repayable within 1 year, HK$1,428.9 million repayable in the second year, HK$12,797.2 million repayable in the third to fifth years, and HK$1,435.4 million repayable beyond the fifth year.

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

Approximately 70% and 29% of the Group's total borrowings carried interest on a floating rate basis and fixed rate basis, respectively, and the remaining 1% of the Group's borrowings were interest-free.

The gearing ratio, expressed as a percentage of the total outstanding net debt (being the total borrowings less cash and bank balances) to consolidated net assets attributable to owners of the Company, was approximately 47%. Excluding the net debt of eSun Group and Lai Fung Group, the Group's gearing ratio was approximately 32%. Excluding the net debt of London portfolio which had a positive carry net of financing costs, and the net debt of eSun Group and Lai Fung Group, the Group's gearing ratio was approximately 30%.

As at 31 July 2021, certain investment properties with carrying amounts of approximately HK$30,343.4 million, certain property, plant and equipment with carrying amounts of approximately HK$3,103.5 million, certain right-of-use assets of approximately HK$3,010.0 million, certain completed properties for sale of approximately HK$1,698.7 million, certain properties under development of approximately HK$2,063.0 million, certain serviced apartments and related leasehold improvements of approximately HK$378.1 million, certain construction in progress of approximately HK$182.7 million, and certain bank balances and time deposits with banks of approximately HK$523.4 million were pledged to banks to secure banking facilities granted to the Group. In addition, certain shares in subsidiaries were pledged to banks to secure banking facilities granted to the Group. Shares in certain joint ventures were pledged to banks to secure banking facilities granted to the respective joint ventures of the Group. The Group's secured bank borrowings were also secured by floating charges over certain assets held by the Group.

Liquidity and Financial Resources (continued)

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

Contingent Liabilities

Details of contingent liabilities of the Group at the end of the reporting period are set out in note 45 to the financial statements.

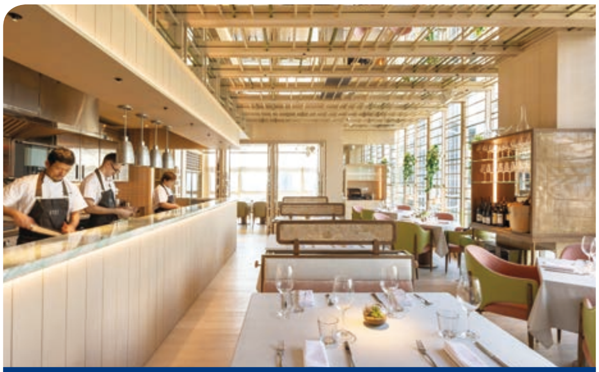
Employees and Remuneration Policies

As at 31 July 2021, the Group employed a total of approximately 4,400 full-time 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.

KiKi Noodle Bar K11 MUSEA

Sun's Bazaar KiKi Tea Telford Plaza

Beefbar



ZEST by Konishi

Summary of Financial Information

A summary of the results, assets, liabilities and non-controlling interest of the Group for the last five financial years is set out below.

Results

	Year ended 31 July				
	2021	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**5,986,752**	5,213,529	6,493,612	1,693,010	1,704,080
(Loss)/profit before tax	**(2,401,379)**	(4,102,612)	4,892,157	4,420,873	2,203,563
Tax	**(255,806)**	90,025	(159,297)	(49,984)	(76,450)
(Loss)/profit for the year	**(2,657,185)**	(4,012,587)	4,732,860	4,370,889	2,127,113
Attributable to:					
Owners of the Company	**(2,088,090)**	(2,934,813)	4,842,944	4,335,202	2,093,572
Non-controlling interests	**(569,095)**	(1,077,774)	(110,084)	35,687	33,541
	(2,657,185)	(4,012,587)	4,732,860	4,370,889	2,127,113

Assets, Liabilities and Non-Controlling Interests

	As at 31 July				
	2021 HK$'000	2020 HK$'000	2019 HK$'000	2018 HK$'000	2017 HK$'000
Property, plant and equipment	**7,464,101**	7,666,270	10,337,776	5,276,957	4,034,466
Right-of-use assets	**5,306,475**	5,282,544	—	—	—
Prepaid land lease payments	**—**	—	1,623,441	18,846	19,873
Investment properties	**37,035,152**	35,824,589	38,807,637	18,356,990	16,447,014
Property under development for sale (classified as non-current assets)	**—**	—	3,044,000	932,978	1,571,635
Film rights	**15,109**	7,055	24,608	—	—
Film and TV program products	**54,838**	65,121	75,022	—	—
Music Catalogs	**3,124**	25,047	56,718	—	—
Goodwill	**274,423**	271,958	227,033	235,778	5,161
Other intangible assets	**150,853**	151,228	113,945	120,306	—
Investments in associates	**217,163**	328,952	344,433	3,596,585	3,555,876
Investments in joint ventures	**7,124,459**	6,763,682	7,411,355	7,272,859	7,224,183
Available-for-sale financial assets	**—**	—	—	2,162,254	1,589,670
Financial assets at fair value through other comprehensive income	**1,689,200**	1,717,411	1,907,735	—	—
Financial assets at fair value through profit or loss	**1,041,480**	951,436	645,631	—	—
Derivative financial instruments	**191**	20,231	53,784	6,171	—
Debtors (classified as non-current assets)	**526,687**	—	—	—	—
Deposits, prepayments, other receivables and other assets (classified as non-current assets)	**275,008**	335,563	311,266	341,204	231,868
Deferred tax assets	**2,147**	4,259	39,371	34,534	—
Loans to related companies	**—**	—	—	650,000	—
Pledged and restricted bank balances and time deposits (classified as non-current assets)	**55,105**	70,765	81,345	82,909	69,675
Current assets	**21,802,583**	17,631,525	13,520,882	7,614,561	3,691,570
TOTAL ASSETS	**83,038,098**	77,117,636	78,625,982	46,702,932	38,440,991
Current liabilities	**(8,851,869)**	(13,285,021)	(9,484,926)	(3,457,150)	(3,459,879)
Lease liabilities (classified as non-current liabilities)	**(1,103,892)**	(1,093,757)	—	—	—
Bank borrowings (classified as non-current liabilities)	**(15,661,477)**	(8,101,635)	(8,988,292)	(7,698,454)	(6,748,399)
Other borrowings (classified as non-current liabilities)	**(277,398)**	(267,315)	(262,894)	—	—
Guarantee notes (classified as non-current liabilities)	**(7,692,495)**	(5,717,879)	(5,736,654)	(3,118,594)	—
Derivative financial instruments (classified as non-current liabilities)	**(8,965)**	—	—	—	—
Deferred tax liabilities	**(5,256,477)**	(5,012,622)	(5,470,430)	(176,044)	(141,291)
Provision for tax indemnity	**—**	—	—	—	(93,000)
Other payables and accruals (classified as non-current liabilities)	**(1,001,169)**	—	(87,410)	(119,266)	(100,350)
Long-term deposits received	**(199,653)**	(188,477)	(241,286)	(514,743)	(793,533)
TOTAL LIABILITIES	**(40,053,395)**	(33,666,706)	(30,271,892)	(15,084,251)	(11,336,452)
NON-CONTROLLING INTERESTS	**(8,835,389)**	(8,480,761)	(12,526,389)	(459,988)	(504,749)
NET ASSETS ATTRIBUTABLE TO OWNERS OF THE COMPANY	**34,149,314**	34,970,169	35,827,701	31,158,693	26,599,790

Particulars of Major Properties

Completed Properties Held for Rental

As at 31 July 2021

Property Name	Location	Attributable Interest to the Group	Tenure	Approximate Attributable GFA (square feet) Commercial/ Retail	Office	Industrial	Total (excluding car-parking spaces & ancillary facilities)	No. of car-parking spaces attributable to the Group
Hong Kong								
Cheung Sha Wan Plaza	833 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon, Hong Kong (New Kowloon Inland Lot No. 5955)	100%	The property is held for a term expiring on 30 June 2047	233,807	409,896	—	643,703	355
Causeway Bay Plaza 2	463-483 Lockhart Road, Causeway Bay, Hong Kong (Section J and the Remaining Portions of Sections D, E, G, H, K, L, M and O, Subsection 4 of Section H and the Remaining Portion of Inland Lot No. 2833)	100%	The property is held for a term of 99 years commencing on 15 April 1929 and renewable for a further term of 99 years	109,770	96,268	—	206,038	57
Lai Sun Commercial Centre	680 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon, Hong Kong (New Kowloon Inland Lot No. 5984)	100%	The property is held for a term of which expired on 27 June 1997 and has been extended upon expiry until 30 June 2047	95,063	74,181	—	169,244	538
CCB Tower	3 Connaught Road Central, Hong Kong (Inland Lot No. 8736)	50%	The property is held for a term commencing from 28 June 1989 and expiring on 30 June 2047	—	114,603	—	114,603	19
Alto Residences	29 Tong Yin Street, Tseung Kwan O, New Territories, Hong Kong	50%	The property is held for a term of 50 years commencing from 17 December 2012	47,067	—	—	47,067	68
Wyler Centre, Phase II (20/F and 27/F and car-parking spaces nos. 17, 18, 53, 58 and 59 on 2/F)	192-200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong	100%	The property is held for a term of which expired on 27 June 1997 and has been extended upon expiry until 30 June 2047	—	—	51,236	51,236	5
AIA Central	1 Connaught Road Central, Hong Kong (Marine Lot No. 275, Section A and the Remaining Portion of Marine Lot No. 278)	10%	The property is held for a term of 999 years commencing from 9 September 1895 (for Marine Lot No. 275) and 999 years commencing from 12 October 1896 (for Marine Lot no. 278)	—	42,896	—	42,896	6

Completed Properties Held for Rental (continued)

As at 31 July 2021

Property Name	Location	Attributable Interest to the Group	Tenure	Approximate Attributable GFA (square feet) Commercial/ Retail	Office	Industrial	Total (excluding car-parking spaces & ancillary facilities)	No. of car-parking spaces attributable to the Group
Metropolitan Factory and Warehouse Building (Units A and B on 10/F and car-parking space nos. 1, 2, 13 and 14 on G/F)	30-32 Chai Wan Kok Street, Tsuen Wan, New Territories, Hong Kong	100%	The property is held for a term of which expired on 27 June 1997 and has been extended upon expiry until 30 June 2047	—	—	11,370	11,370	4
Luen Fat Loong Factory Building (4/F)	19 Cheung Lee Street, Chai Wan, Hong Kong	100%	The property is held for a term of 75 years commencing on 4 November 1963 renewable for a further term of 75 years	—	—	4,290	4,290	—
			Subtotal of major completed properties held for rental in Hong Kong:	**485,707**	**737,844**	**66,896**	**1,290,447**	**1,052**
United Kingdom								
107 Leadenhall Street London[†]	107 Leadenhall Street, London EC3, United Kingdom	100%	The property is held freehold	48,182	98,424	—	146,606	—
100 Leadenhall Street London[†]	100 Leadenhall Street, London EC3, United Kingdom	100%	The property is held freehold	—	177,700	—	177,700	15
106 Leadenhall Street London[†]	106 Leadenhall Street, London EC3, United Kingdom	100%	The property is held freehold	3,540	16,384	—	19,924	—
			Subtotal of major completed properties held for rental in United Kingdom:	**51,722**	**292,508**	**—**	**344,230**	**15**
Mainland China								
Shanghai								
Shanghai Hong Kong Plaza	282 & 283 Huaihaizhong Road, Huangpu District	55.08%	The property is held for a term of 50 years commencing on 16 September 1992	258,013	199,442	—	457,455	193
May Flower Plaza	Sujiaxiang, Jing'an District	55.08%	The property is held for a term of 40 years for commercial use commencing on 5 February 2007	176,429	—	—	176,429	—
Regents Park	88 Huichuan Road, Changning District	52.33%	The property is held for a term of 70 years commencing on 4 May 1996	42,940	—	—	42,940	—
			Subtotal of major completed properties held for rental in Shanghai:	**477,382**	**199,442**	**—**	**676,824**	**193**

Particulars of Major Properties

Completed Properties Held for Rental (continued)

As at 31 July 2021

Property Name	Location	Attributable Interest to the Group	Tenure	Approximate Attributable GFA (square feet) Commercial/ Retail	Office	Industrial	Total (excluding car-parking spaces & ancillary facilities)	No. of car-parking spaces attributable to the Group
Guangzhou								
May Flower Plaza	68 Zhongshanwu Road, Yuexiu District	55.08%	The property is held for a term of 40 years for commercial use and 50 years for other uses commencing on 14 October 1997	196,869	43,751	–	240,620	75
West Point	Zhongshan Qi Road, Liwan District	55.08%	The property is held for a term of 40 years for commercial use and 50 years for other uses commencing on 11 January 2006	94,720	–	–	94,720	–
Lai Fung Tower	787 Dongfeng East Road, Yuexiu District	55.08%	The property is held for a term of 40 years for commercial uses and 50 years for other uses commencing on 21 October 1997	61,850	344,702	–	406,552	172
			Subtotal of major completed properties held for rental in Guangzhou:	**353,439**	**388,453**	**–**	**741,892**	**247**
Zhongshan								
Palm Spring	Caihong Planning Area, Western District	55.08%	The property is held for a term expiring on 30 March 2075 for commercial/ residential uses	81,577	–	–	81,577	–
			Subtotal of major completed properties held for rental in Zhongshan:	**81,577**	**–**	**–**	**81,577**	**–**
Hengqin								
Novotown Phase I[2]	East side of Yiwener Road, south side of Caihong Road, west side of Tianyu Road and north side of Hengqin Road, Hengqin New Area, Zhuhai City	64.06%	The property is held for a term of 40 years for office, commercial and serviced apartment and hotel uses and 50 years for other uses commencing on 31 December 2013	624,858[3]	–	–	624,858	1,181
			Subtotal of major completed properties held for rental in Hengqin:	**624,858**	**–**	**–**	**624,858**	**1,181**
			Subtotal of major completed properties held for rental in Mainland China:	**1,537,256**	**587,895**	**–**	**2,125,151**	**1,621**
			Total of major completed properties held for rental:	**2,074,685**	**1,618,247**	**66,896**	**3,759,828**	**2,688**

Notes:
1. *Gross internal area.*
2. *As at 31 July 2021, Novotown Phase I was 80% owned by Lai Fung Group and 20% owned by the Group.*
3. *Including cultural attraction spaces occupied by Lionsgate Entertainment World® and National Geographic Ultimate Explorer Hengqin.*

Completed Hotel Properties and Serviced Apartments

As at 31 July 2021

Property Name	Location	Attributable Interest to the Group	Tenure	No. of rooms	Approximate Attributable GFA (square feet)	No. of car-parking spaces attributable to the Group
Hong Kong						
Hong Kong Ocean Park Marriott Hotel	180 Wong Chuk Hang Road, Ocean Park, Hong Kong	100%	The property is held for a term of 75 years commencing from 22 December 1972	471	365,974	16
Vietnam						
Caravelle Hotel	19 Lam Son Square, District 1, Ho Chi Minh City	26.01%	The property is held under a land use right due to expire on 8 October 2040	335	98,376	–
United Kingdom						
Fairmont St. Andrews	St. Andrews KY16 8PN, United Kingdom	50%	The property is held freehold	211	138,241	76
Mainland China						
Shanghai						
Ascott Huaihai Road Shanghai	282 Huaihaizhong Road, Huangpu District	55.08%	The property is held for a term of 50 years commencing on 16 September 1992	310	197,191	–
STARR Hotel Shanghai	Sujiaxiang, Jing'an District	55.08%	The property is held for a term of 50 years for commercial use commencing on 5 February 2007	239	79,230	–
Hengqin						
Hyatt Regency Hengqin	1295 Qisecaihong Road, Hengqin New Area, Zhuhai City	64.06%	The property is held for a term of 40 years commencing on 31 December 2013	493	381,029	–
Subtotal of major completed hotel properties and serviced apartments in Mainland China:				**1,042**	**657,450**	**–**
Total of major completed hotel properties and serviced apartments:				**2,059**	**1,260,041**	**92**

Particulars of Major Properties

Properties Under Development

As at 31 July 2021

Property Name	Location	Attributable Interest to the Group	Stage of Construction	Expected Completion Date	Approximate Site Area (square feet)[1]	Approximate Attributable GFA (square feet)					No. of car-parking spaces attributable to the Group
						Commercial/ Retail	Office	Hotel/Serviced Apartments	Residential	Total (excluding car-parking spaces & ancillary facilities)	
Hong Kong											
Hang On Street project	No. 18 Hang On Street, Kwun Tong, Hong Kong	100%	Construction works in progress	2023	8,500	8,100	–	–	63,700	71,800	12
Tai Kei Leng project	No. 266 Tai Kei Leng, Lot No. 5382 in Demarcation District No.116, Tai Kei Leng, Yuen Long, Hong Kong	100%	Construction works in progress	2024	12,000	–	–	–	42,200	42,200	–
Wong Chuk Hang Station Package Five development project	Site E of Aberdeen Inland Lot No. 467	15%	Project design in progress	2026	95,600	–	–	–	95,430	95,430	26
Subtotal of major properties under development in Hong Kong:						**8,100**	**–**	**–**	**201,330**	**209,430**	**38**
Mainland China											
Guangzhou											
Haizhu Plaza	Chang Di Main Road, Yuexiu District	55.08%	Construction work in progress	H1 2023	90,708	57,373	262,545	–	–	319,918	168
Subtotal of major properties under development in Guangzhou:						**57,373**	**262,545**	**–**	**–**	**319,918**	**168**
Shanghai											
Northgate Plaza Redevelopment Project	Tian Mu Road West, Jing'an District	55.08%	Construction work in progress	Q2 2022	107,223	51,011	349,557	–	–	400,568	305
Subtotal of major properties under development in Shanghai:						**51,011**	**349,557**	**–**	**–**	**400,568**	**305**

Properties Under Development (continued)

As at 31 July 2021

Property Name	Location	Attributable Interest to the Group	Stage of Construction	Expected Completion Date	Approximate Site Area (square feet)[1]	Approximate Attributable GFA (square feet) Commercial/ Retail	Office	Hotel/Serviced Apartments	Residential	Total (excluding car-parking spaces & ancillary facilities)	No. of car-parking spaces attributable to the Group
Hengqin											
Novotown Phase II	East side of Yiwener Road, south side of Xiangjiang Road, west side of Yiwenyi Road and north side of Zhishui Road, Hengqin New Area, Zhuhai City	55.08%	Construction work in progress	2024 (by phases)	1,547,523	288,683	872,614	318,555	–	1,479,852	756
Subtotal of major properties under development in Hengqin:						**288,683**	**872,614**	**318,555**	**–**	**1,479,852**	**756**
Subtotal of major properties under development in Mainland China:						**397,067**	**1,484,716**	**318,555**	**–**	**2,200,338**	**1,229**
Total of major properties under development:						**405,167**	**1,484,716**	**318,555**	**201,330**	**2,409,768**	**1,267**

Note:

1. *On project basis.*

Particulars of Major Properties

Completed Properties Held for Sale

As at 31 July 2021

Property Name	Location	Attributable Interest to the Group	Approximate Attributable GFA (square feet) Commercial/ Retail	Office	Serviced Apartments	Residential	Total (excluding car-parking spaces & ancillary facilities)	No. of car-parking spaces attributable to the Group
Hong Kong								
Ocean One	6 Shung Shun Street, Yau Tong, Kowloon, Hong Kong	100%	27,306	–	–	–	27,306	7
339 Tai Hang Road	339 Tai Hang Road, Hong Kong	100%	–	–	–	6,458	6,458	3
Alto Residences	29 Tong Yin Street, Tseung Kwan O, New Territories, Hong Kong	50%	–	–	–	35,656	35,656	36
93 Pau Chung Street	20-32 San Shan Road and 93 Pau Chung Street, Ma Tau Kok, Kowloon, Hong Kong	100%	–	–	–	–	–	13
Novi	50 Ki Lung Street, Kowloon, Hong Kong	100%	5,996	–	–	–	5,996	–
Monti	9 Sai Wan Ho Street, Shau Kei Wan, Hong Kong	100%	–	–	–	7,146	7,146	6
Subtotal of major completed properties held for sale in Hong Kong:			**33,302**	**–**	**–**	**49,260**	**82,562**	**65**
Mainland China								
Zhongshan								
Palm Spring	Caihong Planning Area, Western District	55.08%	90,529	–	–	936,655	1,027,184	1,477
Subtotal of major completed properties held for sale in Zhongshan:			**90,529**	**–**	**–**	**936,655**	**1,027,184**	**1,477**
Hengqin								
Novotown Phase I	East side of Yiwener Road, south side of Caihong Road, west side of Tianyu Road and north side of Hengqin Road, Hengqin New Area, Zhuhai City	64.06%	–	336,878	237,983	108,803	683,664	–
Subtotal of major completed properties held for sale in Hengqin:			**–**	**336,878**	**237,983**	**108,803**	**683,664**	**–**
Shanghai								
Wuli Bridge Project	Wuliqiao Road, 104 Jie Fang, Huangpu District	55.08%	–	–	–	5,902	5,902	9
May Flower Plaza	Sujiaxiang, Jing'an District	55.08%	–	–	–	–	–	252
Regents Park, Phase II	88 Huichuan Road, Changning District	52.33%	–	–	–	–	–	121
Subtotal of major completed properties held for sale in Shanghai:			**–**	**–**	**–**	**5,902**	**5,902**	**382**

Completed Properties Held for Sale (continued)

As at 31 July 2021

Property Name	Location	Attributable Interest to the Group	Approximate Attributable GFA (square feet) Commercial/ Retail	Office	Serviced Apartments	Residential	Total (excluding car-parking spaces & ancillary facilities)	No. of car-parking spaces attributable to the Group
Guangzhou								
Eastern Place Phase V	787 Dongfeng East Road, Yuexiu District	55.08%	–	–	–	–	–	6
Dolce Vita	Jinshazhou, Heng Sha, Baiyun District	26.16%	–	–	–	–	–	1
King's Park	Donghua Dong Road, Yuexiu District	55.08%	–	–	–	–	–	4
West Point	Zhongshan Qi Road, Liwan District	55.08%	–	–	–	–	–	66
Subtotal of major completed properties held for sale in Guangzhou:			**–**	**–**	**–**	**–**	**–**	**77**
Subtotal of major completed properties held for sale in Mainland China:			**90,529**	**336,878**	**237,983**	**1,051,360**	**1,716,750**	**1,936**
Total of major completed properties held for sale:			**123,831**	**336,878**	**237,983**	**1,100,620**	**1,799,312**	**2,001**

Environmental, Social and Governance Report

About This Report

The Company is delighted to publish its annual Environmental, Social and Governance ("**ESG**") report, summarising the ESG management approach, strategies and performance of the Company and its subsidiaries (together, the "**Group**") in accordance with the ESG Reporting Guide contained in Appendix 27 to the Rules Governing the Listing of Securities on the main board of The Stock Exchange of Hong Kong Limited ("**HKEX**"). This report follows the four reporting principles listed in the HKEX ESG Reporting Guide, including materiality, quantitative, balance and consistency for report disclosure and historical data comparison. Unless otherwise specified, this report covers the ESG management and performance of the Group from 1 August 2020 to 31 July 2021.

The reporting boundary of this report covers properties under the Group's property investment, property development and investment and operation of hotel, restaurant, cinema, media and entertainment businesses in Hong Kong and Mainland China. For more details of the specific properties included in the reporting scope, please refer to the section on Summary of Environmental Performance.

This report has been approved by the management team and the board of directors of the Company (the "**Board**").

ESG Governance

Board Statement

The Group recognises the significance of ESG issues to build long-lasting business success. The Board endorses the ESG report, oversees key ESG issues including material ESG risks associated with the business operations and their integration with the Group's ESG strategies, policies, procedures and initiatives.

During the reporting year, the Executive Committee of the Company (the "**Committee**") has been delegated by the Board to review and monitor the management and implementation effectiveness of relevant ESG-associated issues including implementation of goals and targets. The Group's environmental targets are being approved by the Board and will be reviewed by the Committee annually. With the Group's diverse business portfolio, management from different business units report regularly to the Committee on relevant ESG-associated issues and their progress. Regular briefings to the Board are arranged by the Committee to assist the Board in monitoring and reviewing material ESG-related issues, associated business risk and progress and implementation of ESG policies, procedures and initiatives.

Material ESG issues are being identified and prioritised through our stakeholder engagement exercise. This year, we have conducted an extensive stakeholder engagement exercise to further understand and update the ESG issues deemed important by our stakeholders. The list of material ESG issues was reviewed and validated by the Board and incorporated into the Group's planning for business strategies and ESG initiatives. Going forward, the list of material ESG issues will be reviewed annually by the Board, the Committee and the management. For more details on materiality analysis of ESG issues, please refer to the Stakeholder Engagement section.

ESG Governance (continued)

Stakeholder Engagement

The Group strives to maintain a long-term relationship with stakeholders and highly values their issues of concern through different communication channels. During the reporting year, an independent consultant was commissioned to conduct an extensive stakeholder engagement exercise through the means of online survey to understand stakeholders' perception on material ESG issues and risks. Over 400 responses were collected from a range of stakeholder groups, including management, general employees, customers, tenants, business partners, media, investors and non-governmental organizations. The Group takes into account insightful feedback from both internal and external stakeholder groups which enables the Group to refine its ESG strategies and management practices to better meet stakeholders' expectations.

Materiality Analysis

During the reporting year, we adopted a four-step process to identify the material issues that are most relevant to our business and stakeholders.

Identification	A total of 23 ESG issues were identified and considered as relevant to the Group with reference to peer benchmarking results.
Prioritisation	Stakeholders were invited to rank the materiality of ESG issues through online surveys. The result of peer benchmarking and stakeholder engagement exercise were analysed and consolidated in terms of their importance to stakeholders and to the Group's business development to derive the overall materiality level of each ESG issues.
Validation	Based on the survey results and validation from the Board, a total of 17 ESG issues relevant to the Company's business operations were identified to be material.
Review	An annual review on the ESG issues is conducted to ensure their relevance and materiality to the Group's business development.

ESG Governance (continued)

Stakeholder Engagement (continued)

Materiality Analysis (continued)

ESG issues that are considered material to our stakeholders and the Group are listed in the following table:

Aspects		ESG Issues	Property	Hotel	Restaurant	Cinema	Entertainment
Environment		Energy	✔	✔	✔		
		Waste management	✔	✔	✔		
		Water resources			✔		
Social	People	Employee relationship	✔	✔			
		Recruitment and retention	✔	✔		✔	✔
		Occupational health and safety	✔	✔	✔	✔	✔
		Training and development	✔	✔	✔	✔	✔
		Equal opportunities	✔	✔	✔	✔	✔
	Operating practices	Supply chain management	✔	✔	✔	✔	✔
		Customer satisfaction	✔	✔	✔		
		Product/service quality and safety	✔	✔	✔	✔	✔
		Intellectual property	✔				
		Marketing and labelling		✔			
		Customer/tenant privacy	✔	✔		✔	✔
		Anti-corruption	✔	✔	✔	✔	✔
		Legal compliance	✔	✔		✔	✔
	Community	Community investment	✔	✔		✔	✔

Environment

Integrating Environmental Sustainability into Our Operations

The Group endeavours to minimise our environmental impacts and conduct our businesses in an environmentally sustainable manner. Along with our commitment to incorporate environmental considerations into our business planning and decision-making processes, we have adopted effective management of the Group's emissions, energy and water consumption, waste generation and resources use. To further affirm our commitment to environmental protection, the Group has formulated qualitative targets on various environmental aspects for the property investment businesses in this reporting year, including targets to reduce greenhouse gas ("**GHG**") emissions, energy consumption and waste generation.

The Group monitors and evaluates our environmental performance and the effectiveness of environmental measures on a regular basis to ensure full compliance with applicable laws and regulations. During the reporting year, there were no recorded incidents of non-compliance with environmental legislations as listed in the List of Significant Laws and Regulations section.

Green Building Development and Operations

Expanding the sustainability potential in our development projects has always been part of the Group's missions. We strive to incorporate sustainable features in the design and construction of our buildings and closely monitor our adherence to the applicable standards, laws and regulations on air, noise and wastewater pollution as well as waste disposal. Green building consultants and specialists are engaged as necessary to provide technical assistance on the properties' environmentally sustainable building design and emission controls such as waste disposal and sewage discharge in accordance with the standards stipulated in the required emission permits. For example, heating, ventilation and air conditioning ("**HVAC**") specialists were engaged for the redesigning of the air-conditioning energy management system in Shanghai Hong Kong Plaza to improve energy efficiency. The Group also endeavour to achieve internationally recognised green building certifications in its properties. Up to this reporting year, the Guangzhou Lai Fung Tower has obtained Gold certification and our Guangzhou Haizhu Plaza development project and Northgate Plaza Redevelopment Project have attained the pre-certified Gold rating under the LEED 2009 Building Design and Construction: Core and Shell Development rating system. Moreover, the Hong Kong Ocean Park Marriott Hotel ("**Ocean Park Marriott Hotel**") has achieved BEAM Plus final gold certification. During the reporting year, the Novotown project in Hengqin and Hyatt Regency Hengqin have recently acquired the two-star "Certificate of Green Building Design Label" in recognition of their outstanding performance as green building projects.

The Group has expanded its efforts to cover wider aspects of environmental protections and management on construction sites. For instance, it is mandatory for contractors to complete and submit an Environmental Management Plan that identifies and assesses the environmental risks, as well as proposing effective mitigation measures to minimise the environmental impacts during construction works. We also perform regular reviews on the actual performance on site against the plan to ensure all planned control measures are put in place to address the potential environmental risks.

The Group is dedicated to enhancing the environmental performance of managed properties by obtaining internationally recognised environmental management system standards across our portfolio. During the reporting year, the Guangzhou operations and Shanghai Hong Kong Plaza in Shanghai maintained its ISO 14001:2015 certification. Meanwhile, CCB Tower in Hong Kong also received several green labels and awards in recognition of its environmental efforts, including obtaining excellent level under the Wastewi$e Certificate and Green Office Award Labelling Scheme. In addition, environmentally friendly materials with lower volatile organic compounds are preferred in the Group's managed properties' maintenance and renovation work.

Environment (continued)

Integrating Environmental Sustainability into Our Operations (continued)

Responding to Climate Change

Recognising climate change poses significant threats across the globe, the Group has optimised our management approaches to build up our climate resilience and enhance our adaptive capacity. A climate risk assessment exercise is conducted to identify and assess the potential risks in our operations, thereby facilitating the formulation of our climate risk mitigation measures.

We commissioned a third-party consultant to conduct a climate risk assessment exercise to identify and analyse the risks across our operational regions. Regarding our physical risk exposure, tropical cyclones are identified as the most significant climate-related risk to our operations, with the potential to cause massive property damages and economic losses. Our climate risk assessment results suggested that our businesses in Hong Kong and Southern China could potentially be materially impacted by flooding due to the proximity to coastal areas, while Eastern China operations are subject to a limited flood risk. Meanwhile, policy and legal risks are also considered as a material transition risk to the Hong Kong and Mainland China operations. Additionally, it is anticipated that more stringent policies and initiatives are likely to be implemented by the government to meet the carbon emission reduction targets and net zero ambitions, thus higher operating costs and replacement of equipment with higher efficiency models are expected to ensure future compliance to the regulations.

A range of mitigation measures is carried out to avoid and reduce the climate-related impacts on our business operations. To increase its preparedness under extreme weather conditions, the Group has formulated a typhoon and extreme weather condition work arrangement guideline to standardise the operating procedures under tropical cyclone warnings and bad weather conditions, the property management teams will perform checking and take suitable measures before typhoon events, such as fixing gondolas securely, checking the roof rainwater outlet and other surface channels for proper drainage and checking whether external bamboo scaffolding is fixed properly.

Emissions to the Environment

The Group is aware of the environmental impacts associated with our businesses and makes every endeavour to minimise the amount of air pollutants, GHG emissions, wastewater discharge and waste generation in our operations. We have introduced a host of group-wide and business unit-specific abatement procedures and control measures to manage our emissions to the environment. In an attempt to reduce energy consumption and GHG emission, we have procured energy-saving equipment across our operations and adopted locally and globally recognised standards for building design and construction.

This year, we have reviewed our historical environmental performance and existing environmental management measures with the aim to set up environmental targets on electricity reduction, GHG emissions and waste reduction. The targets currently cover our investment properties in Mainland China and Hong Kong due to its higher level of materiality and data readiness. The targets are approved by the Board and will be reviewed annually by the Committee.

Environment (continued)

Emissions to the Environment (continued)

The Group targets to upgrade the lighting and HVAC systems and appliances of all operating sites to energy-saving models by phase. Some properties have already formulated replacement plans for the systems and appliances. We will continue to communicate with property managers and relevant stakeholders to apply the upgrading plan across our operating sites to achieve the target. In addition, the Group targets to increase the number of properties with certified environmental management system and green building certificates in our portfolio. In regard to this, Lai Fung Tower in Guangzhou and Novotown Phase I in Hengqin are already in the progress of preparing certification documents and we anticipate the abovenamed projects will earn certification in the coming two years. Moreover, the Shanghai Hong Kong Plaza in Shanghai is in the process of evaluating the feasibility of achieving a green building certification. As our main source of GHG emission is from electricity consumption, by achieving the abovementioned targets, electricity and energy efficiency can be enhanced thereby reducing electricity usage along with GHG emissions.

For the waste reduction target, the Group strives to improve our recycling rate. As an initial step, the Group target to disclose the amount of hazardous and non-hazardous waste recycled by the Group's property investment business in Mainland China in the coming ESG report and progressively expand the disclosure of recycling performance data across all business operation in Mainland China. Investment properties in Hong Kong are also taking a step forward in waste management and have planned to review and enhance their waste collection and recycling procedure. Moreover, the Group has already planned initiatives to increase awareness, encourage and educate tenants and employees on waste reduction and recycling in the upcoming reporting year. With the current targets, the Group aims to lay out the foundation for setting more comprehensive waste reduction and recycling targets in the future.

The Group's current waste management has always aligned with the key principles of waste reduction, reuse, sorting and recycling. For example, waste is classified into recyclables or non-recyclables in our operations. Recycling bins are placed at office areas and properties to facilitate the collection of recyclable waste. Festive packaging materials such as red packet envelopes and moon cake boxes are recycled as well. In addition, properties in Zhongshan have allocated smart recycling bins integrating with the big data platform "Xiao Huang Gou" which helps to handle and recycle a range of non-hazardous and hazardous wastes in a smarter way and add value to the whole recycling value chain. Regarding the collection, treatment and disposal of electronic waste and other hazardous waste, we would appoint qualified waste management companies or take part in relevant recycling schemes to handle the waste disposal in a safe, responsible and legal manner.

Apart from waste reduction, the Group has also adopted a range of initiatives to manage air emission and wastewater discharges. For instance, we specify our environmental expectations in the agreements with our contractors in accordance with the applicable local and national environmental laws and regulations.

Environment (continued)

Emissions to the Environment (continued)

Minimising Air Pollution from Property Development

The Group has carried out a variety of control measures to minimise the air pollutants emitted at our construction sites. Regarding dust suppression and control measures, it is compulsory for our contractors to implement dust abatement procedures during activities such as material handling and vehicle movement to reduce dust emissions at construction sites. In terms of air pollution control, we have widely adopted the use of ultra — low sulphur diesel at our Group's development projects, aiming to reduce our air emissions. Moreover, our project teams prioritise construction materials that are in strict compliance with the limits specified in the Air Pollution Control (Volatile Organic Compounds) Regulation and building materials with lower volatile organic compounds during the material procurement processes.

Managing Waste from Property Development

To enhance our efforts in waste reduction and recycling at the construction sites, all contractors from the Group's property development business are required to submit a Waste Disposal Plan with comprehensive waste management procedures as a part of their commitment to sustainability. The plan shall include explanations and application of 3R principles (reduce, reuse and recycle) and detailed illustrations of their waste management initiatives at the construction site. Regarding the management of construction waste, we reuse construction materials wherever possible. We sort inert waste, including but not limited to rocks, soil and sand at construction sites and reuse them as road sub-base as well as utilising excavated soil for backfilling purposes. In an attempt to further reduce the amount of waste disposal, we recycle dry concrete into aggregates for concrete production and reuse wooden boards whenever possible. The Group has set up numerous recycling bins at construction sites to encourage our workers and contractors to participate in the Group's recycling initiatives. The other non-recyclable waste would be disposed at landfills operated by the Hong Kong Environmental Protection Department ("**EPD**") with a registered billing account or with the required waste disposal permit. In Hong Kong, we hired licensed contractors to be responsible for handling the construction waste disposal in Hong Kong.

We recognised the importance of safe handling and final disposal of chemical waste, the Group is in full compliance with the Waste Disposal (Chemical Waste) (General) Regulation and has carried out rigorous management strategies. All construction projects of the Group are registered with EPD as a chemical waste producer. Since it is inevitable that some chemical waste would be generated during the construction work, we endeavour to minimise our waste production by packaging, labelling and storing waste such as the empty chemical cans, contaminated soil and liquid chemical waste in a proper way in accordance to the "Code of Practice on the Packaging, Labelling and Storage of Chemical Wastes". In Mainland China, we appointed authorised third party contractors to handle all chemical waste and other hazardous waste identified in the "Directory of National Hazardous Wastes".

Emissions to the Environment (continued)

Reducing Waste in Food and Beverage Services

The Group strives to achieve food waste reduction at source in our food and beverage business. To minimise food waste, appropriate stock management of perishable food is in place and the usage of all raw materials in food production is maximised, while non-perishable and unspoiled perishable food would be donated to charitable organisations. We also hired a licensed vendor to collect the waste oil in our operations, thereby ensuring a safe and responsible disposal of hazardous waste. To scale up our efforts in reducing food waste, the Ocean Park Marriott Hotel has collaborated with local non-governmental organisations including Foodlink and Food Angel to donate surplus food such as bread, pastries and desserts from buffet and cafeteria to vulnerable communities.

Minimising Waste in Hotel Operations

As part of the Group's commitment to environmental protection, it is essential to cultivate the environmental awareness of employees and guide them on different environmental practices. For instance, we encourage our employees to reduce paper consumption by adopting double-sided printing whenever possible and reusing wastepaper. In Mainland China, it is recorded that our serviced apartment — Ascott Huaihai Road Shanghai has saved 1,030 kg of paper annually by reusing paper in office. Treatment of hazardous waste such as cell batteries and fluorescent lamps were collected by the relevant authorities for proper disposal. Hotel operations usually consume a lot of single-use items, yet the Group has put various waste reduction measures into practice to lower the waste generation while keeping the service quality. Since 2019, STARR Hotel Shanghai no longer offered single-use items including disposable toothbrushes, combs, bath wipes, razors, nail files and shoe wipes, unless requested by guests. Moreover, both recycling and trash bins are placed inside the guestrooms in our Ocean Park Marriott Hotel to increase the recycling rate.

Managing Waste in Cinema Operations

In light of the COVID-19 pandemic, cinemas were closed for much of this reporting year. Eating and drinking are also prohibited in cinema houses according to the Hong Kong government's Prevention and Control of Disease (Requirements and Directions) (Business and Premises) Regulation (Cap. 599F) policy. Hence, the Group has reduced the purchase volume and the types of food and drinks offered in the concession counters and suspended the sale of products with shorter shelf life to minimise the food waste in our operations.

ENVIRONMENT (CONTINUED)

Use of Resources

Conscious management of energy is well advocated across the Group. Our efforts in resources management are strengthened through the introduction of green policies and environmental initiatives to reduce our energy and water consumption, as well as GHG emissions.

Building Operations

Environmental performance in resource consumption across our businesses is periodically monitored and evaluated. The Group's property management team reviews the energy and water consumption monthly to check on water leakage and avoid excessive energy usage. We are dedicated to continuously enhance the resource efficiency of operations and actively explore the potential to reduce our environmental impact. The Group has set up qualitative targets on energy use this year which are stated in the above "Emissions to the Environment" section.

As one of our resource conservation strategies, we constantly upgrade the facilities used in our buildings and a host of energy and water saving devices were installed. CCB Tower has switched the air conditioning supply from water-cooled to air-cooled operations during non-office hours and public holidays, and installed motion sensors for lighting at the staircases and car parks, which is estimated to have saved around 180,000 kWh of electricity per year and hence reducing 125,000 kg of carbon emissions. Lai Sun Commercial Centre will also commence its solar panel installation project in 2022, which is expected to generate 150,000 kWh of solar power every year subject to actual weather conditions. Further details regarding this project will be disclosed in the future.

In Mainland China, the Group has formulated a Resource and Energy Management Plan to guide our resource conservation efforts. Regarding equipment upgrade, our operations in Guangzhou have installed motion sensors with LED lights in the car parks, which is estimated to save 163,000 kWh of electricity each year. Electronic water descaler for air conditioning system is also adopted in Lai Fung Tower in Guangzhou, reducing 79,000 kWh of electricity consumption each year. Novotown in Hengqin has replaced all water taps in restrooms with automatic sensor taps, contributing to approximately 3,000m^3 water savings per year. In addition, the Shanghai Hong Kong Plaza has also adopted the smart building automation system during the reporting year to facilitate the data collection of resource consumption and optimise the management of energy use, thereby enhancing our efforts in energy conservation.

We endeavour to continuously monitor and assess the efficiency performance of other leasing and investment properties, actively identify areas for improvement and come up with future resource-saving initiatives.

Use of Resources (continued)

Food and Beverage Operations

The Group enhances the major facilities and equipment to boost our resource efficiency throughout our operations. In terms of electricity-saving, all lightings and air-conditioning in private rooms would be turned off when not in use. We have also installed LED lighting at most of our restaurants to maximise our energy efficiency. To reduce our water consumption, the Group will consider replacing the current dish washers with ones with higher energy and water efficiency, as well as greater detergent saving in the future. We have also adopted recyclable packaging materials with minimal impacts posed to the environment.

Hotel Operations

We strongly believe that optimising building operations and arousing the environmental awareness of customers contribute to the improvement in resources conservation. In light of this, our hotels in Hong Kong and Mainland China have introduced a range of energy and water conservation initiatives to advance our resources management. In Hong Kong, the Ocean Park Marriott Hotel has participated in the government's Charter on External Lighting and Energy Saving Charter to illustrate its commitment to energy conservation. For better indoor temperature regulation, aluminum alloy coating is applied on the hotel exterior for solar shading. Meanwhile, the hotel has also installed LED lights and established a rainwater collection system for irrigation purposes, which are estimated to save around 43,200 kWh of energy and 4,450 m^2 of water on an annual basis.

In Mainland China, Ascott Huaihai Road Shanghai has formulated an Energy Conservation Committee to regularly monitor and evaluate its performance in resource management. By implementing initiatives such as switching off air-conditioning and lighting in back-office areas when not in use, replacing more fluorescent lights with LED lights and adopting smart lighting control system in public areas, it is anticipated that the hotel can minimise its energy consumption by nearly 255,000 kWh each year. We have also renewed the long-term accommodation agreements by adding terms of energy price cap to facilitate our monitoring on the guests' energy consumption and it is expected that the hotel can achieve a 5% annual reduction of the total electricity consumption from this initiative. Regarding the implementation of a smart management system, infrared sensors were installed in Hyatt Regency Hengqin to automatically switch off the lights when the guestrooms are unoccupied for 45 minutes, saving around 200,000 kWh of electricity per year. In STARR Hotel Shanghai, a small card is placed in the guest room for the guest to indicate if they would like to keep the towels and bed sheets unchanged to reduce the water consumption for laundry services.

Cinema Operations

As energy remains the major resource consumed in our cinema operations, we have formulated a range of management strategies in effectively managing our electricity usage. The electricity consumption of cinemas would be monitored on a regular basis to ensure our high standards were maintained and fulfilled in the cinemas. Other energy-saving initiatives such as the installation of energy-efficient lighting and automatic induction devices are also implemented in some of the Group's cinemas.

People

Employment Practices

The Group recognises the value of its employees as a key factor to its success. In order to show the Group's determination to attract and retain talent, and offer an equal, appealing and harmonious working environment, the Group strictly complies with the applicable employment laws and regulations in Hong Kong and Mainland China. Outlined in its staff handbook are relevant terms and conditions of employment, together with employee benefits, compensation and dismissal, anti-discrimination, working hours, leave entitlement and the Group's expectations on employees' conduct and behaviour.

The Group's policy and grievance mechanisms reaffirm its commitment in creating an inclusive and non-discriminating workplace. We encourage employees who encounter or observe any unfair employment practices to report the issues according to the procedures stipulated in the Code of Conduct and staff handbook. To ensure the rights of victims are protected, all complaints regarding workplace harassment will be addressed and handled in a confidential and professional manner. In addition, the Group endeavours to improve employee engagement and maintain good employee relationship via effective communication channels, including daily emails, meetings, internal newsletters and social media platforms.

There were no non-compliance cases with employment laws and regulations during the reporting year.

Employee Welfare

Beyond compliance with employment laws and regulations, the Group has signed the Good Employer Charter of the Labour Department as a commitment to providing not only a supportive working environment for the employees, but also other aspects such as employee care, benefits, communications and work-life balance. Attractive welfare packages including mandatory provident fund ("**MPF**"), medical or commercial insurance, social security and housing fund are offered to employees in respective regions.

The Group also proactively offers value-added employee benefits and wellbeing programs to its employees. The Group provides employees with a variety of fringe benefits, including additional holidays, vaccination leave, free entry to club-house facilities for employees working in Mainland China properties and annual health check-up. During the COVID-19 pandemic period, full-paid special leave and allowance to compulsory quarantine hotel expenses were granted to those HK, Macau or Taiwan and foreign nationals employed in China when they returned to their home place for personal reasons and then returned to China for work. In Hong Kong, the Group arranges film screenings, monthly "Lunch Talk" on variety of topics such as MPF and health-related knowledge and gives out festival gifts such as mooncake and Chinese New Year puddings to our employee for festival celebration. All events taken place during the reporting year strictly followed the government's restrictions and guidance on group gathering to prevent the spread of COVID-19. Through the abovementioned, the Group strives to develop good sense of belonging and strong team bonding among employees.

Health and Safety

Safeguarding the health and safety of our employees is the Group's top priority and it is dedicated to minimising potential occupational health and safety risks in its operations. In Hong Kong, the Group refers to the guideline and information stipulated by the Labour Department on occupational safety and health. The management teams of various business units are responsible for managing and implementing health and safety preventive and control measures. Relevant trainings, reminders and protective equipment are provided to protect employees in the Group's premises from health and safety hazards.

During the reporting year, COVID-19 has been one of the major health and safety concerns at workplace. In response to this, the Group provides masks and sanitisers at all operations. All employees are required to wear masks and measure body temperature before work. Beyond the compliance of preventive measures required by the government, the Group continues to provide updates to all employees to keep them informed of the latest development of the pandemic, and introduced vaccination leave to encourage employees and cleaning workers to either receive the COVID-19 vaccine or conduct COVID-19 testing every 14 days to prevent the spread of COVID-19.

Furthermore, the Group recognises the importance of promoting good physical and mental wellness. During the reporting year, the Group organised a variety of wellness activities such as "Lunch Talk" on health awareness in Hong Kong, week-long activities during the Global Health Week in Hyatt Regency Hengqin. Sports activities (gym, yoga, basketball, squash, table tennis and swimming, etc.) were organized in Zhongshan and Guangzhou, while bi-monthly leisure activities (flower bouquet, Chinese calligraphy, cake making, essential oil sachet making, traditional Chinese medicine and programming, etc.) were arranged in Shanghai. All activities held during the reporting year strictly followed local government's restrictions and guidance on group gatherings to prevent the spread of COVID-19.

During the reporting year, there were no non-compliance cases with health and safety laws and regulations listed in the List of Significant Laws and Regulations section.

At Construction Sites and in Building Operations

The Group strives to safeguard workplace safety in all property projects and put its emphasis on promoting awareness among employees. The Group encourages its property managers to have their properties comply with international standards and certifications such as obtaining OHSAS 180001:2007 Occupational Health and Safety Management.

People (continued)

Health and Safety (continued)

At Construction Sites and in Building Operations (continued)

Construction sites are one of the Group's premises with the highest occupational health and safety risks. Therefore, the Group has adopted a wide range of measures to ensure a safe working environment. The Group strictly requires our contractors to comply with Chapter 59 Factories and Industrial Undertakings Ordinance in Hong Kong. Appointed safety officers of each project are responsible for overseeing health and safety issues and preparing on-site safety management plan. Bi-weekly meetings are arranged to identify safety issues and review the implementation of appropriate preventive and corrective measures. To ensure all employees possess sufficient knowledge and awareness of occupational health and safety, regular safety trainings are also organised.

For the property management arm, the Group provides different health and safety awareness measures for employees. The Group prepares property management safety handbooks for residential or commercial property management teams to refresh their knowledge at their convenience. Besides, the Group offers regular awareness trainings on safety-related risks and measures for new joiners and existing employees, covering topics including use of equipment, fire safety, safe production, epidemic prevention and control trainings. Qualified trainers are also invited to the workshops to provide safety advice on specific topics such as working at height and health, safety and environmental management. In addition to preventive measures and training, Shanghai Hong Kong Plaza has planned to improve its work safety management and acquire the occupational safety and health management system certification by next reporting year.

In response to COVID-19, property management has implemented specific preventive measures to minimise the risk of transmission. Flexible working arrangement was provided for employees to maintain social distance at the workplace. Since 2020, a special workforce team for COVID-19 has been set up for properties in Zhongshan to oversee and manage COVID-19 preventive measures and issues. Moreover, an internal guideline is in place to standardise workplace health and safety in Mainland China to strengthen disinfection and ventilation measures in offices, and remind employees to maintain good personal hygiene and reduce gatherings.

At Hotels

To provide a safe working environment for the employees, Ocean Park Marriott Hotel and Ascott Huaihai Road Shanghai has established a Safety Committee. Comprising of management and heads from different departments, it manages health and safety issues in hotels. Relevant trainings are also conducted to maintain employees' occupational health and safety awareness, covering topics on first-aid, emergency response and fire safety.

In view of the COVID-19 pandemic, all hotels have adopted a wide range of preventive measures to protect their employees. All guests must register and fill in health declaration forms upon check-in. At Hyatt Regency Hengqin, employees are required to scan health codes and report their itinerary. At STARR Hotel Shanghai, the disinfection of high-touch surfaces of public facilities such as lift buttons and the front desk are strengthened. Quarantined guests are arranged to the same floors to reduce the risk of transmission, while protective equipment is provided for employees in case of emergency. In Hong Kong, Ocean Park Marriott Hotel divided the team into two separate on-duty teams to control the risk of COVID-19 at the workplace in the beginning of the pandemic.

People (continued)

Development and Training

Employee competencies are important to the Group's long-term business growth. The Group offers training and education subsidy schemes for employees as stipulated in the staff handbook. To equip employees with necessary skills and knowledge, the Group provides on-the-job and relevant training programmes along with career development opportunities to both managerial and general employees.

To encourage continuous competence building, employees from all business units who have worked over 12 months in the Group are entitled to apply for tuition schemes, in which the Group will provide sponsorship for them to pursue further training and development courses in relation to their positions and scope of work. Various subsidised courses are also offered to further support our employees to achieve professional qualifications.

Employee performance evaluation is an essential part of sustainable development of the talent pool. Annual performance assessment is conducted at year end to review employees' performance; whereas a bi-annual performance appraisal is carried out in July and December respectively for Mainland China employees. For employees who have outstanding performance during the year, promotion opportunity or special salary adjustment will be taken into consideration.

Capacity Building for the Property Business

To enhance the capabilities of the Group's property management teams, online and onsite training programmes are delivered to employees as appropriate for their job duties and needs. Onboarding training, safety training and legal training are arranged for new joiners. Apart from this, drills and regular training on sales and marketing skills, etiquette, customer services, complaint handling, personal development, English communication, property safety management, occupational health and safety and computer literacy programmes are also provided to different employees to sharpen their skills. The Group also recognises the importance of knowledge exchange and keeping employees abreast of the latest industry trends. Therefore, internal and external trainings on the licensing of property management service, land development were also organised during the reporting year.

The Group's 14-month Management Trainee Program helps develop its talent in property development and management. The Group recruits graduates annually and provides the trainees with on-the-job training, management and professional training workshop, action learning projects, visits to the Group's property in Mainland China, and job rotation opportunities which the trainees can expose to more aspects in the property industry. After the completion of the management programme, they will eventually be assigned to a specific department to further their career in the Group.

People (continued)

Development and Training (continued)

Training Opportunities for the Hotel Industry

The Group's hotel operations also make continuous efforts in nurturing its employees and organises programmes as per their business needs. During the reporting period, Ocean Park Marriott Hotel conducted Foundation of Leadership training and provided awareness training on GreenKey certificate implementation for all employees. Besides, Hyatt Regency Hengqin launched a management trainee programme, which provided the youth with a wide-ranging exposure to hotel operation. STARR Hotel Shanghai and Ascott Huaihai Road Shanghai also provided a wide range of training programmes for employees, covering topics such as occupational health and safety, food safety, business development, hotel operational standards, computer literacy, first-aid, customer services and COVID-19 prevention during the reporting year. Through these programmes, the Group seeks to grow together with its employees.

Labour Standards

The Group is committed to safeguarding the labour rights of its employees and has stipulated the related policy in the staff handbook. The Human Resources Department is responsible for monitoring the employment practices and ensures that the Group protects employees' interest and complies with the employment related ordinance including regulation in prohibiting the use of child labour and forced labour in all business operations. The Human Resources Department will check the suitability of potential candidate and ensure he/she can be legally employed under the employment or relevant ordinances. Each employee will sign an employment contract with the Company, which states the employment and labour related terms. This would allow the employee to understand their terms and help the Company in prohibiting the use of child labour and forced labour in all business operations.

In addition, the Group is in full compliance with the laws and regulations related to forced overtime work in Mainland China. Workers will be paid according to relevant legal requirements in case of required overtime work, which also applies to contractors of the Group across all regions.

There were no non-compliance cases with relevant laws and regulations listed in the "List of Significant Laws and Regulations" section during the reporting year.

Operating Practices

Responsible and Ethical Practices

Responsible Marketing Practices for Property Sales

The Group takes necessary measures to avoid providing any misleading information to its customers. We ensure that all sales brochures, price lists, show flats, advertisements and sales arrangements comply with Chapter 621 Residential Properties (First-Hand Sales) Ordinance in Hong Kong. In order to avoid any possible misrepresentation in our marketing materials, the contents are reviewed by external and internal solicitors.

The Group also complies with the relevant laws and regulations of "Urban Real Estate Administration Law of the People's Republic of China" regarding the process of property sales in Mainland China. When compiling marketing materials, we have arranged multiple departments such as finance, project management, sales and marketing to participate in the compilation process to ensure that the actual project planning and surrounding facilities can be accurately and fairly reflected. We ensure that all the marketing materials do not contain exaggerated, false and misleading content. As a monitoring measure, the Group also consulted its legal and management teams on marketing materials. Relying on strict compliance with local government's laws and regulations, the Group obtains the official sales permit from the Real Estate Administrative Department.

During the reporting year, the Group had no recordable non-compliance cases with relevant laws and regulations in Hong Kong and Mainland China regarding the sales process of the properties and the marketing materials.

Service Excellence

Delivering Excellent Property Management Services

The Group aims to provide customers with high-quality services in the property management operation. The Group regularly sends questionnaires to customers in order to obtain their opinions and satisfaction level regarding the Group's services, such as customer service, security service, environmental greening and construction management. During the reporting year, our Group continued to record a high customer satisfaction rate across its properties. In Guangzhou, the overall satisfaction rate of Lai Fung Tower, West Point and May Flower Plaza are 99%, 97% and 100% respectively. Moreover, Lai Fung Tower was awarded "Super Grade A Commercial Office Building", as one of the seventeen office buildings receiving such honor issued by the Guangzhou Municipal Commerce Bureau. The customer satisfaction rate in Zhongshan Palm Spring reached 96%. In order to effectively monitor the quality of services, we appointed an independent third party to conduct an anonymous customer service standard-checking on several important areas such as staff attentiveness, site and environmental cleanliness, aroma, temperature, and COVID-19 precautionary measures in our properties, and received positive comments overall. In the long run, the Group understands that all feedback received is essential to improving the quality of property management services. To further improve employee performance, the Group has provided employees with trainings in customer service and makeup skills. In Hong Kong, the Group continues to offer "Seasonal Star Award" to encourage frontline employees to maintain excellent work performance. Award-winning employees will receive bonuses and certificates issued by senior management.

Environmental, Social and Governance Report

Operating Practices (continued)

Service Excellence (continued)

Delivering Excellent Property Management Services (continued)

The Group has established standard complaint handling guidelines and procedures to guide the frontline staff of the Group to deal with complaints from customers and tenants in a professional manner. We value customer's opinion on our customer service, so we have set up a customer complaint box at our shopping mall in Hengqin to collect customer feedback and to understand their expectations on our services. During the reporting year, our properties in Guangzhou and Zhongshan received 10 and 16 complaints respectively, most of which were related to issues such as expectations on improving air circulation in the lift, lack of certain public facilities, and concerns on inappropriate disposal of cigarette butts and rubbish by tenants. Our property management have followed up the complaints and have taken the appropriate actions. We have engaged and received approval from all property owners of the relevant property to install air curtains in the lifts to improve the air circulation and addition of public facilities. We also adopted measures to avoid inappropriate disposal, such as increasing the frequency of the inspection and issuance of public notices. In addition, the Group encourages direct communication with the complainers to ensure proper follow-up and resolution of related complaints. All complaints will be properly filed to promote future improvements of the Group.

Handling Complaints for Food and Beverage Services and Hotel Operations

In terms of hotel and restaurant operations, the Group strives to identify potential complaints as early as possible and takes timely mitigation measures after receiving the complaints. All management staff are well equipped to manage complaints in different situations. According to the management policy of the Group, relevant employees are required to submit incident reports to the headquarters every day to ensure that all matters are properly followed up.

To ensure customer satisfaction at our restaurants, our restaurant in-charge will approach dine-in customers and ask for comments directly to ensure we address their concerns and follow up in time. Moreover, a separated email address has been shown on company website for customers to give comments. Every comment will be forwarded to department head to follow-up accordingly.

To monitor the quality of our services at hotels, we strive to collect customer feedback through different channels. For example, Ascott Huaihai Road Shanghai distributes customer satisfaction surveys via email after the check-out procedure, while Ocean Park Marriott Hotel has an online system for customers to express their opinions after staying with the hotel. The front desk team will conduct a performance evaluation together with the operation team after receiving feedback. To ensure that customers' comments can be properly responded to, they will take follow-up actions within 24 hours after receiving the comments. In order to encourage employees for their efforts in providing high quality services, the hotel also regularly evaluates and appraise their performance. During the year, Ocean Park Marriott Hotel received multiple awards in service excellence, namely the KLOOK Staycation Award — Best Service Hotel Award and Agoda's 2021 Customer Review Award.

Operating Practices (continued)

Service Excellence (continued)

Ensuring Customer Experience for Cinema Operations

The Group collects feedbacks from cinema customers through different channels, such as hotlines and emails. All comments and complaints are handled by our customer service representatives. We also ensure that customers' queries are responded within a service target time. All communications with customers are overseen by the management team to ensure timely and reasonable responses.

In Hong Kong, the Group complies with Standard Operating Procedure ("**SOP**") to provide quality customer service, and regularly provides monthly customer service training for both full-time and part-time employees. Apart from a centralised hotline, on-site customer feedback will be handled by our operation manager promptly, and when needed, be diverted to head office for further follow-up. During the reporting year, the Group received a total of 120 complaint cases, most of which were related to issues such as ticketing, membership scheme and the special closure arrangement during COVID-19 pandemic.

Customer Health and Safety

Since the end of 2019, the COVID-19 pandemic has brought challenges to the Group's operations and customers. To this end, the Group has implemented a series of measures covering all business units to safeguard the health of customers and employees. The Group operates in strict accordance with the crowd control and social distancing rules issued by the government, and proactively took additional disinfection steps to maintain a safe and hygienic environment.

Preventive Measures against COVID-19 in Property Management Business

The health and safety of our customers is the top priority in our business operations. In Guangzhou, Lai Fung Tower, West Point and May Flower Plaza have all adopted different COVID-19 prevention measures in response to the different stages of the pandemic outbreak. In the first stage of the pandemic, the Group cooperated and executed the internal emergency plan on closed-off community management, which involved personnel monitoring and frequent disinfection. In the second stage, as business and operations gradually resumed, the Group worked closely with tenants to promote shopping malls and increase passenger flow. In the third stage, despite the decline in the number of COVID-19 cases, the Group continued to implement different preventive measures and provide short-term leases. In Shanghai, a three-stage pandemic preventive measure is also being adopted. In addition, visitors from at-risk areas whose health codes are yellow and red must be advised and reported in accordance with relevant government regulations to ensure the safety of other customers and tenants. These response plans have received positive feedback from our customers, of which our properties in Zhongshan have been recognized as "Excellent Unit" and "Advanced Unit for Anti-epidemic Prevention and Control" by the local residential committee and property management industry association for their work in this area.

Operating Practices (continued)

Customer Health and Safety (continued)

Preventive Measures against COVID-19 in Property Management Business (continued)

In Hong Kong, antiseptic coatings are used in the public areas of Cheung Sha Wan Plaza, Lai Sun Commercial Centre and Causeway Bay Plaza 2 to reduce the spread of virus. Our CCB Tower in Hong Kong has complied with the requirements of the Anti-Epidemic Hygiene Measures Certification Scheme from Hong Kong Quality Assurance Agency with its outstanding performance in hygienic control measures. Moreover, Indoor Air Quality ("**IAQ**") sensor has been installed in the passenger lift lobby area of CCB Tower to detect major indoor air pollutants and monitor the air quality. The figures of the sensor show that the IAQ always maintains at excellent level overall.

Preventive Measures against COVID-19 in Hotel Business

In response to the challenges posed by the pandemic, our hotels have adopted various COVID-19 prevention measures to ensure the health and safety of customers and employees. For example, Ascott Huaihai Road Shanghai has formulated SOP, which set out the requirements for the use of masks, temperature checks, indoor ventilation control and reporting procedures for suspected cases. Employees must strictly adhere to the SOP to ensure the comprehensive COVID-19 prevention measures are effectively implemented. Similarly, the Ocean Park Marriott Hotel also conducts temperature checks at the entrance of the hotel. All customers are required to fill in a declaration form for health status and travel records. Up-to-date information were provided via digital signage to maintain guest and staff awareness on the pandemic.

Preventive Measures against COVID-19 at Cinemas

During the COVID-19 pandemic, our Group are responsible for following the government's recommendations and operation instructions related to the social distancing measures. Upon the relaxation of the government instruction and despite the decreasing coronavirus cases, we continued to adopt infection prevention and control measures to protect our customers' health. For instance, customers and staff are required to take temperature checks and wear masks before entering the cinema. Antiseptic coatings were applied to different places within the cinema area and longer time between each scheduled show was arranged to allow more frequent disinfection of individual theatres. Number of seats to be sold were also limited to 85% (as the date of this report) of the normal seating capacity to maximise physical distancing. Hand sanitizers were also provided at the ticketing kiosk, snack bar and entrance for customers.

Safety and Hygiene in Food and Beverage Services and Cinema Operations

Maintaining food safety is important to our Group's food and beverage and cinema operations. The Group has appointed management staff as hygiene supervisors as per the Hygiene Manager and Hygiene Supervisor Scheme by the Food and Environmental Hygiene Department. To maintain a high standard of food hygiene, we have provided staff with checklists on proper food handling practices. The Group also conducts regular internal audits to keep track of the quality of food being sold to customers. For better food source traceability and control, the Group only purchases food from authorized suppliers. The Group will keep abreast of government regulations and announcements, such as the Notice of Centre for Food Safety, and take immediate countermeasures in response to related matters. During the reporting year, there were no non-compliance cases related to food safety and hygiene.

Data Protection and Privacy

Protecting customer privacy is critical to maintaining customer relationship and confidence. The Group strictly complies with Chapter 486 Personal Data (Privacy) Ordinance while handling the personal and confidential data of our clients. Our Group only collect personal data from employees, suppliers and artistes when deemed necessary, and carefully manage the access to personal data. Personal Information Collection Statement will be provided to data providers to obtain their consent when or before personal particulars are collected. We have communicated with business partners and clients to ensure they are aware of the measures as well.

During the reporting year, there were no recorded incidents of non-compliance with data privacy.

Property Business

The Group has a set of written procedures for handling personal data collected in the process of property sales and management. In addition to the Personal Data Collection Statement, all personal data, sales records and other data obtained during the sales process are also stored in the internal system of the Group. Only management level employees are granted access to the system, and ordinary employees must seek prior approval from the management when accessing the system. In the process of property sales and marketing, ordinary employees can only obtain the right to browse their own customer information. All information collected is stored in an absolutely confidential manner and only for sales purposes. The Group has established various procedures and measures to ensure that customer data will not be used improperly for any purpose other than the original data collection purpose.

Hotel and Cinema Operations

The Group is committed to maintaining information security while providing tailored and high-quality services to customers. The Group has adopted various data handling measures including the Information Protection & Cyber Security Policy, the Information Protection Awareness Guide and compliance with the Payment Card Industry Data Security Standard. These have become standard guidelines and procedures in our hotel operations. To ensure its staff are aware of the guidelines, the Group has provided training sessions which include the above content to its employees.

For cinema operation, the Group collects customers' personal data and information only for necessary use to manage customer memberships, including members' name, birthday, email and telephone number. When customers enrol in the loyalty programme, the Group has included the Personal Information Collection Statement and Privacy Policy Statement in the application form. All data are handled in accordance with statement, which clearly lays out the appropriate steps and procedures of data collection and disposal for all relevant staff to protect personal data privacy. Any marketing materials will not be sent to unsubscribed individuals without consents.

Regarding the online ticketing system, access rights are strictly controlled and regular reviews are conducted to ensure that only authorized personnel have access to the database. The online ticketing data is stored in the head office's database to minimise the points of access. Whenever feasible, the Group only collects basic personal information of customers for potential refunds and ticket redemption. Any personally identifiable information will be destroyed in a safe manner as soon as possible after the completion of the relevant service.

Operating Practices (continued)

Supply Chain Management

The Group recognises the importance of transparency and fairness in its tendering process and supply chain operation and management. The Group has established a solid cooperative relationship with many business partners that maintain strict quality control and high service standards. All suppliers are carefully selected based on their quality, strength and experience.

ESG Considerations in Selecting Construction Contractors

The Group has formed a clear and systematic tendering process to outline a required quotation number for construction projects in various extents. Apart from requiring contractors to comply with the Group's standards and requirements in compliance with local regulations, the Group is also aware of the environmental and safety performance of its contractors. As one of the selection criteria in the tendering process, the Group would assess whether the environmental and safety procedures of the contractor meet our expectation. All selected contractors are required to submit an Environmental Management Plan and a Safety Management Plan to the Group to ensure that the relevant procedures are properly implemented. In addition, new suppliers are required to sign a confirmation to ensure their compliance with our environmental protection requirements.

In order to minimise the adverse effect of pollution and waste to the surrounding environment, the contractor must follow the mitigation measures specified in the plan and the environmental impact assessment when available. The management team also regularly visits the site to hold meetings with site management personnel (including resident site engineers, project supervisors and building services inspectors) and approved third-party consultants to discuss the quality of the project and the environment, health and safety ("**EHS**") conditions.

Selecting Sustainable Suppliers for Hotels

When selecting suppliers for hotels located in Mainland China, our Group follow standard procurement procedures. For example, Ascott Huaihai Road Shanghai has set out requirements on EHS performance in its SOP. Suppliers are required to comply with the hotel's Sustainable Building Guideline and Occupational Health and Safety Plan, which contain expectations for waste management, material use and safety equipment. All contracts involving working at height or fire hazards must obtain specific certifications. Hyatt Regency Hengqin also has an array of standard procedures before tendering. All tendering documents are confirmed before bidding, and our Code of Conduct is sent to the supplier for signing in order to ensure the suppliers commit to our compliance requirement.

Supply Chain Management (continued)

Responsible Food Sourcing in Food and Beverage Services

To minimise the adverse impact on biodiversity and the ecosystem, the Group has put full effort to provide a responsible source of food for selected restaurants. Restaurants in Ocean Park Marriott Hotel have partnered with WWF and adhere to its Seafood Guide. The introduction of sustainable seafood menus helps the public make responsible consumption choices and promotes sustainable procurement. To identify risks along the supply chain, the hotel in Hengqin has adopted Hyatt Food Safety Management System, which includes procurement control procedures, identification and traceability control procedures and food fraud prevention and elimination procedures. Moreover, we regularly inspect our food suppliers and priorities suppliers with ISO or HACCP certification when selecting new suppliers. When purchasing food for our hotel operation, we prefer ASC, MSC or organic certified food to ensure responsible food sourcing. We also take healthiness, organic and fair trade into consideration when purchasing concession products for our cinema operations.

Integrity and Discipline

The Group is committed to maintaining a high standard of integrity, fairness and discipline in its business operations. Employees are required to demonstrate ethics and integrity in their daily duties and adhere to rules and procedures in accordance with relevant laws and regulations. The Group is determined to prevent any business segment from involving in fraud and corruption cases.

In the staff handbook, the Group has clearly defined “advantages” and outlined relevant procedures to guide employees to prevent the possible violation of bribery, corruption and conflicts of interest. When handling any presents or gifts involved in business settings, employees should make declarations on any potential “advantages”. For violation of any policy and procedure, employees shall be subject to penalties, while those who violate relevant government ordinances will also be subject to legal consequences.

To maintain integrity and discipline in all levels of the Group, a whistleblowing procedure is in place as a monitoring and control system. Any personnel who discovers any inappropriate act is encouraged to report to our management level for an immediate investigation into the case. During the reporting year, there were no non-compliance cases in relation to bribery, extortion, fraud and money laundering in Hong Kong and Mainland China. There were also no legal cases regarding corrupt practices brought against the Group or its employees during the reporting year.

Moreover, for our hotel operation in Hong Kong, all managers are subject to compulsory online training on FCPA and Global Anti-corruption and be certified every year. During the year, the Finance Department of Ascott Huaihai Road Shanghai organised an anti-corruption training for all department managers and all Sales Department employees at the hotel. For our food and beverage services in Hong Kong, our Human Resource Department has previously organised a seminar with Independent Commission Against Corruption for staff training, and such anti-corruption training will be planned to take place again in the future.

For our property investment operations, anti-corruption seminars covering topics such as integrity and discipline, confidentiality and conflict of interest are regularly held for our employees in Mainland China. In particular, the topic of anti-corruption is covered in the induction training for the newly recruited employees in Mainland China.

Operating Practices (continued)

Intellectual Property Rights

The Group respects all intellectual property rights and has adopted appropriate security measures and confidentiality agreements accordingly. To minimise the chance of infringement, the Group's legal team is responsible for reviewing the agreements on collaboration with third parties in all business segments and within the Group.

Respecting Creations in our Entertainment Business

The Group understands that intellectual property is vitally important to the development of the entertainment business. The Group complies with all relevant intellectual property laws and regulations, including but not limited to Chapter 559 Trade Marks Ordinance, Chapter 528 Copyright Ordinance and Chapter 544 Prevention of Copyright Piracy Ordinance. As part of the production process, the Group will ensure that the producers and their teams of films, television programs and music productions are familiar and have clarified the rights before using or referencing any other creative works. If there is any behaviour that is deemed to be a violation of relevant regulations and infringement, the Group will take immediate action to clear the rights or deal with related matters.

During the reporting year, there were no non-compliance cases in the aforementioned laws and regulations.

Community

The Group recognises the importance of creating positive impacts in the community and strives to take a proactive approach in corporate social responsibility. We direct a majority of our community engagement resources towards the focus areas of local employment and youth education, as well as targets groups of aided family and people with disabilities.

In Mainland China, our Group actively identifies and addresses social needs to ensure a sustainable growth of our business. Regarding our efforts to combat COVID-19, our employees have provided voluntary on-site support at the community COVID-19 testing centres in Zhongshan to help ensure smooth operations at the venue. Meanwhile, we also organised a volunteer medical consultation on the Mother's Day to provide health checks and medical advice for the community in Zhongshan. During the reporting year, the Group organised condolence visits to poor households and people with critical illness during festivals, provided anti-epidemic materials, donated computer materials to the needy, and also participated in a charity walk and money donation to support community development.

In Hong Kong, during the reporting year, the Group supported Konica Minolta Green Concert, which aimed to promote environmental awareness in the community and raise funds for the Children's Heart Foundation. We also collaborated with ICBC (Asia) and Caritas Hong Kong to organise "Step for Love" virtual charity walk fund-raising event to provide economic assistance to families facing financial hardship. Apart from food donation collaboration with local non-governmental organisations, the Group donated gift sets containing daily necessities and worked with Holy Café to distribute meal boxes to the elderly and people who need assistance, aiming to deliver love to the needy and build a caring community in Hong Kong.

Summary of Environmental Performance Note1

Hong Kong Property Investment Note 2 & 3	Unit	2021	2020
A1.2 Greenhouse gas emissions in total and intensity			
Indirect GHG emissions (Scope 2)	tonnes CO_2e	9,081	11,327
GHG emissions intensity	**tonnes CO_2e/m^2**	**0.05**	**0.07**
A1.3 Total hazardous waste produced and intensity Note 4			
Fluorescent lamp waste	kg	444	435
Hazardous waste disposed intensity	**kg/m^2**	**0.0026**	**0.0026**
A1.4 Total non-hazardous waste produced and intensity			
General waste	kg	6,724,180	7,133,770
Non-hazardous waste produced intensity	**kg/m^2**	**39.87**	**42.30**
A2.1 Direct and/or indirect energy consumption by type in total and intensity			
Electricity consumption	kWh	18,065,030	18,087,330
Energy consumption intensity	**kWh/m^2**	**107.12**	**107.25**
A2.2 Water consumption in total and intensity			
Water consumption	m^3	103,908	106,765
Water consumption intensity	**m^3/m^2**	**0.62**	**0.63**

Note 1: *Calculations are based on method and conversion factor mentioned in "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs (version updated on 28 May 2021)" by The Stock Exchange of Hong Kong Limited and Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 edition), unless otherwise specified.*

Note 2: *The reporting scope of the summary of environmental performance includes investment properties in Hong Kong, namely Cheung Sha Wan Plaza, Causeway Bay Plaza 2, Lai Sun Commercial Centre, CCB Tower and Alto Residences. Compared with the year ended 31 July 2020, the reporting scope is unchanged. The gross floor area and hence respective data were reviewed every year and restated as appropriate.*

Note 3: *Direct energy consumption is not significant and thus not reported. Packaging material used for finished products is not a material issue for the property investment business and thus not reported.*

Note 4: *Waste from Alto Residences is excluded from the scope due to data unavailability.*

Environmental, Social and Governance Report

Summary of Environmental Performance Note1 (continued)

Hong Kong Property Development Note 5 & 6	Unit	2021	2020
A1.2 Greenhouse gas emissions in total and intensity Note 7			
Direct GHG emissions (Scope 1)	tonnes CO_2e	213	46
Indirect GHG emissions (Scope 2)	tonnes CO_2e	16	44
Total GHG emissions	**tonnes CO_2e**	**229**	**89**
Total GHG emissions intensity	**tonnes CO_2e/m^2**	**0.02**	**0.01**
A1.4 Total non-hazardous waste produced and intensity			
General construction waste	kg	5,952,880	1,510,230
Steel recycled	kg	18,080	11,450
Total non-hazardous waste produced	**kg**	**5,970,960**	**1,521,680**
Total non-hazardous waste produced intensity	**kg/m^2**	**606.71**	**94.24**
A2.1 Direct and/or indirect energy consumption by type in total and intensity			
Electricity consumption	kWh	42,355	57,642
Diesel oil consumption for electric generator	L	81,568	17,405
Total energy consumption	**kWh**	**915,397**	**243,932**
Total energy consumption intensity	**kWh/m^2**	**93.01**	**15.11**
A2.2 Water consumption in total and intensity			
Water consumption	m^3	5,025	1,505
Total water consumption intensity	**m^3/m^2**	**0.51**	**0.09**

Note 5: The reporting scope of the summary of environmental performance includes the Group's property development projects in Hong Kong, namely Tai Kei Leng project and Hang On Street project. Compared with the year ended 31 July 2020, Monti was removed from the reporting scope due to project completion. Their gross floor area and hence respective data were reviewed every year and restated as appropriate.

Note 6: Hazardous waste generation is not significant and thus not reported. Packaging material used for finished products is not a material issue for the property development business and thus not reported.

Note 7: Direct GHG emission (Scope 1) refers to diesel oil consumption for electric generator. Indirect GHG emission (Scope 2) refers to electricity consumed.

SUMMARY OF ENVIRONMENTAL PERFORMANCE [Note1] (CONTINUED)

China Property Investment [Note 8 & 9]	Unit	2021	2020
A1.1 The types of air emissions and respective emissions data [Note 10]			
Nitrogen oxides ("**NOx**") emissions	kg	2,256.75	147.06
Sulphur oxides ("**SOx**") emissions	kg	0.31	N/A
Particulate Matter ("**PM**") emissions	kg	0.98	N/A
A1.2 Greenhouse gas emissions in total and intensity [Note 11]			
Direct GHG emissions (Scope 1)	tonnes CO_2e	2,320	164
Indirect GHG emissions (Scope 2)	tonnes CO_2e	56,007	77,532
Total GHG emissions	**tonnes CO_2e**	**58,327**	**77,696**
Total GHG emissions intensity	**tonnes CO_2e/m^2**	**0.05**	**0.07**
A1.3 Total hazardous waste produced and intensity			
Fluorescent lamp waste	kg	963	980
Hazardous waste disposed intensity	**kg/m²**	**0.0008**	**0.0009**
A1.4 Total non-hazardous waste produced and intensity [Note 12]			
General waste	kg	6,619,209	1,329,750
Renovation waste	kg	7,832,600	11,379,872
Food waste produced	kg	2,526,973	N/A
Total non-hazardous waste produced	**kg**	**16,978,782**	**12,709,622**
Non-hazardous waste produced intensity	**kg/m²**	**14.89**	**11.83**
A2.1 Direct and/or indirect energy consumption by type in total and intensity [Note 13]			
Electricity consumption	kWh	91,799,642	81,906,758
Natural gas consumption	m^3	1,260,034	75,544
Diesel oil consumption for electric generator	L	1,565	100
Gasoline consumption for transportation	L	21,262	N/A
Total energy consumption	**kWh**	**104,485,768**	**82,724,700**
Total energy consumption intensity	**kWh/m²**	**91.63**	**76.97**
A2.2 Water consumption in total and intensity			
Water consumption	m^3	1,408,292	877,368
Water consumption intensity	**m^3/m^2**	**1.24**	**0.82**

Note 8: The reporting scope of the summary of environmental performance includes the Group's investment properties in Mainland China, namely Shanghai Hong Kong Plaza, Shanghai May Flower Plaza and Regents Park in Shanghai, Palm Spring in Zhongshan, May Flower Plaza, West Point and Lai Fung Tower in Guangzhou and Novotown in Hengqin. Their gross floor area and hence respective data were reviewed every year and restated as appropriate.

Note 9: Packaging material used for finished products is not a material issue for the property investment business and thus not reported.

Note 10: It refers to air emissions from natural gas consumption of Novotown and Shanghai Hong Kong Plaza as well as vehicles in Novotown. For natural gas, it is calculated with reference to "Non-CO2 Emissions From Stationary Combustion" by IPCC.

Note 11: Direct GHG emission (Scope 1) refers to natural gas consumption in Mainland China, gasoline for transportation and diesel oil consumption for electric generator. For natural gas, it is calculated with reference to "Emission Factors for Greenhouse Gas Inventories" by US EPA. Indirect GHG emission (Scope 2) refers to electricity consumed.

Note 12: Data collection scope is expanded to cover general waste and food waste produced during the reporting year and hence respective data for the year ended 31 July 2020 was also restated.

Note 13: Data collection scope is expanded to cover diesel oil consumption for electric generator and gasoline consumption for transportation during the reporting year and hence respective data for the year ended 31 July 2020 was also restated.

SUMMARY OF ENVIRONMENTAL PERFORMANCE Note1 (CONTINUED)

China Property Development Note 14 & 15	Unit	2021	2020
A1.2 Greenhouse gas emissions in total and intensity Note 16			
Indirect GHG emissions (Scope 2)	tonnes CO_2e	1,430	4,836
Total GHG emissions	**tonnes CO_2e**	**1,430**	**4,836**
Total GHG emissions intensity	**tonnes CO_2e/m^2**	**0.002**	**0.006**
A1.3 Total hazardous waste produced and intensity			
Chemical disposal	kg	885,000	N/A
Hazardous waste disposed intensity	kg/m^2	1.040	N/A
A1.4 Total non-hazardous waste produced and intensity Note 17			
General construction waste	kg	708,700	10,900,000
Soil excavation	kg	63,500	71,500,000
Concrete	kg	70,660	N/A
Bricks	kg	41,860	N/A
Timber	kg	132,490	95,000
Steel recycled	kg	91,910	1,970,000
Total non-hazardous waste produced	**kg**	**1,109,120**	**84,465,000**
Total non-hazardous waste produced intensity	**kg/m^2**	**1.35**	**102.70**
A2.1 Direct and/or indirect energy consumption by type in total and intensity			
Electricity consumption	kWh	2,343,040	5,797,911
Diesel oil consumption for electric generator	L	475	0
Total energy consumption	**kWh**	**2,348,124**	**5,797,911**
Total energy consumption intensity	**kWh/m^2**	**2.86**	**7.05**
A2.2 Water consumption in total and intensity			
Water consumption	m^3	153,677	153,792
Water consumption intensity	**m^3/m^2**	**0.19**	**0.19**

Note 14: The reporting scope of the summary of environmental performance includes the Group's property development projects in Mainland China, namely Northgate Plaza redevelopment project in Shanghai, Phase IV of Palm Spring in Zhongshan, Haizhu Square in Guangzhou and Novotown in Hengqin. Their gross floor area and hence respective data were reviewed every year and restated as appropriate.

Note 15: Air emissions and direct GHG emissions (Scope 1) are not significant and thus not available reported. Packaging material used for finished products is not a material issue for the property development business and thus not reported.

Note 16: Indirect GHG emission (Scope 2) refers to electricity consumed.

Note 17: Novotown and Phase IV of Palm Spring in Zhongshan are excluded from the scope for the years ended 31 July 2020 and 2021 due to data unavailability. Data collection scope is expanded to cover concrete and bricks during the reporting year.

SUMMARY OF ENVIRONMENTAL PERFORMANCE *Note1* (CONTINUED)

Hotel *Note 18 & 19 & 20 & 21*	**Unit**	**2021**	**2020**
A1.1 The types of air emissions and respective emissions data *Note 22*			
Nitrogen oxides ("**NOx**") emissions	kg	493.42	N/A
Sulphur oxides ("**SOx**") emissions	kg	0.34	N/A
Particulate Matter ("**PM**") emissions	kg	0.32	N/A
A1.2 Greenhouse gas emissions in total and intensity *Note 23*			
Direct GHG emissions (Scope 1)	tonnes CO_2e	1,262	794
Indirect GHG emissions (Scope 2)	tonnes CO_2e	15,899	9,760
Total GHG emissions	**tonnes CO_2e**	**17,161**	**10,554**
Total GHG emissions intensity	**tonnes CO_2e/m^2**	**0.12**	**0.13**
A1.3 Total hazardous waste produced and intensity *Note 24*			
Fluorescent lamp waste	kg	325	23
Toner cartridge waste produced	kg	252	108
Total hazardous waste produced	**kg**	**577**	**131**
Total hazardous waste disposed intensity	**kg/m^2**	**0.0040**	**0.0016**

Note 18: The reporting scope of the summary of environmental performance includes the Group's hotels, namely STARR Hotel Shanghai, Ascott Huai Hai Road Shanghai, Ocean Park Marriott Hotel and Hyatt Regency Hengqin. Compared with the year ended 31 July 2020, Hyatt Regency Hengqin was newly added.

Note 19: Depending on the hotel operation, each hotel's energy portfolio varies. For the year ended 31 July 2020, gas supply in STARR Hotel Shanghai is excluded, while gasoline for transportation in Ocean Park Marriott Hotel is excluded. For the year ended 31 July 2021, gasoline consumption for transportation has excluded Hyatt Regency Hengqin and Ocean Park Marriott Hotel.

Note 20: Packaging material used for finished products is not a material issue for the hotel business and thus not reported.

Note 21: COVID-19 outbreak and social unrest led to lower-than-usual environmental footprint during the year ended 31 July 2020.

Note 22: It refers to air emission from Towngas consumption in Hong Kong, natural gas consumption in Mainland China and use of company vehicles. For natural gas, it is calculated with reference to "Non-CO2 Emissions From Stationary Combustion" by IPCC.

Note 23: Direct GHG emission (Scope 1) refers to Towngas consumption in Hong Kong, natural gas consumption in Mainland China, gasoline for transportation and diesel oil consumption for electric generator. For natural gas, it is calculated with reference to "Emission Factors for Greenhouse Gas Inventories" by US EPA. Indirect GHG emission (Scope 2) refers to electricity consumed and indirect emission from Towngas gas consumption.

Note 24: Data collection scope is expanded to cover toner cartridge waste produced during the reporting year and hence respective data for the year ended 31 July 2020 was also restated.

Summary of Environmental Performance Note1 (continued)

Hotel	Unit	2021	2020
A1.4 Total non-hazardous waste produced and intensity Note 25			
General waste produced	kg	159,580	178,344
Metal recycled	kg	2,449	360
Paper recycled	kg	43,253	24,365
Plastic recycled	kg	3,689	691
Food waste produced Note 26	kg	248,886	7,917
Total non-hazardous waste produced	**kg**	**457,857**	**211,677**
Total non-hazardous waste produced intensity	**kg/m^2**	**3.20**	**2.63**
A2.1 Direct and/or indirect energy consumption by type in total and intensity Note 27			
Electricity Consumption	kWh	23,913,768	11,850,057
Gas consumption	kWh	6,652,610	4,106,132
Gasoline consumption for transportation	L	1,917	2,778
Diesel oil consumption for electric generator	L	180	N/A
Total energy consumption	**kWh**	**30,586,880**	**15,983,112**
Total energy consumption intensity	**kWh/m^2**	**214.04**	**198.56**
A2.2 Water consumption in total and intensity			
Water Consumption	m^3	239,590	96,446
Water Consumption intensity	**m^3/m^2**	**1.68**	**1.20**

Note 25: Data for the year ended 31 July 2020 were restated after data review.

Note 26: It refers to the total amount of food waste disposed and recycled, hence, respective data for the year ended 31 July 2020 was also restated. The catering service for STARR Hotel Shanghai is outsourced, and thus food waste is excluded from the scope due to data unavailability.

Note 27: Data collection scope is expanded to cover natural gas consumption and diesel oil consumption during the reporting year. Only Hyatt Regency Hengqin indicate the use of diesel oil consumption for electric generator and no natural gas were used in Ascott Huaihai Road during the reporting year.

Summary of Environmental Performance Note1 (continued)

Food & Beverage Note 28 & 29	Unit	2021	2020
A1.1 The types of air emissions and respective emissions data Note30			
Nitrogen oxides ("**NOx**") emissions	kg	92.10	N/A
Sulphur oxides ("**SOx**") emissions	kg	0.28	N/A
A1.2 Greenhouse gas emissions in total and intensity Note 31			
Direct GHG emissions (Scope 1)	tonnes CO_2e	788	944
Indirect GHG emissions (Scope 2)	tonnes CO_2e	3,070	4,107
Total GHG emissions	**tonnes CO_2e**	**3,858**	**5,051**
Total GHG emissions intensity	**tonnes CO_2e/m^2**	**0.45**	**0.54**
A1.4 Total non-hazardous waste produced and intensity Note 32			
Grease oil Note 33	kg	18,816	N/A
Non-hazardous waste produced intensity	**kg/m^2**	**2.19**	**N/A**
A2.1 Direct and/or indirect energy consumption by type in total and intensity			
Electricity consumption	kWh	4,498,935	5,148,655
Gas supply consumption	kWh	4,117,533	4,891,682
Total Energy consumption	**kWh**	**8,616,468**	**10,040,337**
Total Energy consumption intensity	**kWh/m^2**	**1,004.13**	**1,072.11**
A2.2 Water consumption in total and intensity			
Water consumption	m^3	83,491	N/A
Water consumption intensity	**m^3/m^2**	**9.73**	**N/A**

Note 28: *The reporting scope of the summary of environmental performance includes the restaurant in Hong Kong and Mainland China held by the Group (CIAK in the Kitchen, CIAK-All Day Italian, Beefbar, Takumi by Daisuke Mori, China Tang Landmark, China Tang Harbour City, Chiu Tang Central, Howard's Gourmet, Old Bazaar Kitchen, ZEST by Konishi, Sun's Bazaar KiKi Tea Telford Plaza, KiKi Noodle Bar IFC, KiKi Noodle Bar K11 MUSEA, Sun's Bazaar Pacific Place, Canton Bistro, Prohibition and KiKi Noodle Bar Shanghai Hong Kong Plaza in Shanghai). Compared with the year ended 31 July 2020, Kiki Noodle Bar Shanghai One ITC in Shanghai were newly added. Beijing Howard's Gourmet and Sushi Masataka were removed from the reporting scope. Their gross floor area and hence respective data were reviewed every year and restated as appropriate.*

Note 29: *Packaging material used for finished products is not a material issue for the F&B business and thus not reported. Hazardous waste data is not reported due to data unavailability.*

Note 30: *It refers to air emission from Towngas consumption for restaurants in Hong Kong and natural gas consumption for restaurants in Mainland China. For natural gas, it is calculated with reference to "Non-CO2 Emissions From Stationary Combustion" by IPCC.*

Note 31: *Direct GHG emission (Scope 1) refers to Towngas consumption for restaurants in Hong Kong and natural gas consumption for restaurants in Mainland China. For natural gas, it is calculated with reference to "Emission Factors for Greenhouse Gas Inventories" by US EPA. Indirect GHG emission (Scope 2) refers to electricity consumed. Indirect GHG emission (Scope 2) refers to electricity consumed and indirect emission from Towngas gas consumption. For data comparability, the data for the year ended 31 July 2020 were also restated.*

Note 32: *Waste from Takumi by Daisuke Mori is excluded from the scope due to data unavailability.*

Note 33: *Conversion factor 0.90 kg/L were used with reference to "Volume-to-Weight Conversion Factors" by US EPA.*

SUMMARY OF ENVIRONMENTAL PERFORMANCE Note1 (CONTINUED)

Cinema Note 34 & 35 & 36	Unit	2021	2020
A1.2 Greenhouse gas emissions in total and intensity			
Indirect GHG emissions (Scope 2)	tonnes CO_2e	1,601	1,773
GHG emissions intensity	**tonnes CO_2e/m^2**	**0.06**	**0.08**
A1.3 Total hazardous waste produced and intensity			
Fluorescent lamp waste	kg	116	95
Hazardous waste disposed intensity	**kg/m^2**	**0.0044**	**0.0041**
A1.4 Total non-hazardous waste produced and intensity			
General waste	kg	27,977	38,058
Non-hazardous waste disposed intensity	**kg/m^2**	**1.06**	**1.62**
A2.1 Direct and/or indirect energy consumption by type in total and intensity			
Electricity consumption	kWh	3,419,451	3,095,432
Energy consumption intensity	**kWh/m^2**	**129.90**	**131.93**
A2.2 Water consumption in total and intensity Note 37 & 38			
Water consumption	m^3	3,724	4,131
Water consumption intensity	**m^3/m^2**	**0.14**	**0.18**

Note 34: The reporting scope of the summary of environmental performance includes the cinemas in Hong Kong held by the Group (Festival Grand Cinema, MCL Cheung Sha Wan Cinema, MCL Metro City Cinema, MCL Telford Cinema, STAR Cinema, Grand Kornhill Cinema, MCL South Horizons Cinema, MCL Green Code Cinema, Grand Windsor Cinema, Movie Town and MCL Cyberport Cinema). Compared with the year ended 31 July 2020, MCL Cyberport Cinema was newly added.

Note 35: Air emissions and Direct GHG emissions (Scope 1) are not significant and thus not available reported. Packaging material used for finished products is not a material issue for the cinema business and thus not reported.

Note 36: Closure of cinemas due to COVID-19 outbreak in both financial years and social unrest during the year ended 31 July 2020 have led to lower environmental footprint.

Note 37: Grand Kornhill Cinema and MCL Cyberport Cinema are excluded from the scope of both financial years as their water consumption is managed by the central management of the property and there are no separate water meter for the cinemas.

Note 38: Subject to different billing cut-off date for different cinemas, water consumption from the period of 1 June 2020 to 1 June 2021 is reported for STAR Cinema, the period of 17 June 2020 to 21 June 2021 is reported for MCL South Horizons Cinema and the period of 2 July 2020 to 3 July 2021 is reported for Grand Windsor Cinema. For Movie Town, Festival Grand Cinema, MCL Metro City Cinema and MCL Telford Cinema, their water consumption for the reporting period of 1 August 2020 to 31 July 2021 are estimated based on their average daily water consumption during the reporting period. Water consumption data for the year ended 31 July 2020 is restated upon the receipt of water bills from the Hong Kong Water Supplies Department in 2021.

Summary of Environmental Performance Note1 (continued)

Entertainment Note 39 & 40	Unit	2021	2020
A1.1 Types of emissions and respective emissions data Note 41			
Sulphur oxides ("**SOx**") emissions	kg	0.13	0.13
A1.2 Greenhouse gas emissions in total and intensity Note 42			
Direct GHG emissions (Scope 1)	tonnes CO_2e	24	24
Indirect GHG emissions (Scope 2)	tonnes CO_2e	91	139
Total GHG emissions	**tonnes CO_2e**	**115**	**162**
GHG emissions intensity	**tonnes CO_2e/m^2**	**0.05**	**0.07**
A1.4 Total non-hazardous waste produced			
Non-hazardous waste Note 43	kg	2,880	/
Total non-hazardous waste produced intensity	**kg/m^2**	**1.21**	**/**
A2.1 Direct and/or indirect energy consumption by type in total and intensity			
Electricity consumption	kWh	245,940	277,130
Gasoline consumption for transportation	L	9,026	8,810
Total energy consumption	**kWh**	**333,418**	**362,512**
Total energy consumption intensity	**kWh/m^2**	**140.08**	**152.30**

Note 39: The reporting scope of the summary of environmental performance includes the Group's major office of the entertainment business in Wyler Centre, Kwai Chung, New Territories.

Note 40: Water consumption are managed by the central property management of the office building, and thus they are not available for this report. Packaging material used for finished products is not a material issue for the entertainment business and thus not reported. Hazardous wastes are not significant for entertainments operations thus not reported.

Note 41: It refers to air emission from fuel consumption of company vehicles. For data comparability, respective data for the year ended 31 July 2020 were also calculated according to the same method. Subject to data availability, only sulphur oxides emission is disclosed.

Note 42: Direct GHG emission (Scope 1) refers to gasoline combustion of company vehicles. Indirect GHG emission (Scope 2) refers to electricity consumed.

Note 43: Non-hazardous waste includes general waste produced from the office operation.

Summary of Social Performance

The Group [Note 44]	Unit	2021
B1.1 Total Workforce by gender, employment type, age group and geographical region (excluding contractors and subcontractors)		
Number of employees	No. of people	4,748
By gender		
Male	No. of people	2,616
Female	No. of people	2,132
By age group		
Below 30	No. of people	1,533
30-50	No. of people	2,272
Above 50	No. of people	943
By employment type		
Full time — Male	No. of people	2,374
Full time — Female	No. of people	1,870
Part time — Male	No. of people	242
Part time — Female	No. of people	262
By geographical region		
Hong Kong SAR	No. of people	2,330
Mainland China	No. of people	2,101
Other	No. of people	317
B1.2 Employee turnover rate by gender, age group and geographical region [Note 45]		
Total employee turnover rate	%	31
By gender		
Male	%	33
Female	%	28
By age group		
Below 30	%	47
30-50	%	22
Above 50	%	25
By geographical region		
Hong Kong SAR	%	29
Mainland China	%	32
Other	%	38

Note 44: The reporting scope of Summary of Social Performance includes Lai Sun Development Company Limited and its subsidiaries (excluding Camper & Nicholsons International S.A. and its subsidiaries).

Note 45: Turnover rate (in percentage) = Total number of full time employees leaving employment in the category/ Total number of employees in the category × 100%.

Summary of Social Performance (continued)

The Group Note 44	Unit	2021
B2.1 Number and rate of work-related fatalities Note 4		
Number of work-related fatalities	No. of fatalities	0
Rate of work-related fatalities	%	0
B2.2 Lost days due to work injury		
Number of lost days	No. of lost days	2,032 Note47
Number of attendance by employees attended training by gender and employee category		
By employee category		
Senior management	No. of attendance	121
Middle management	No. of attendance	575
General staff	No. of attendance	4,089
By gender		
Male	No. of attendance	2,551
Female	No. of attendance	2,234
B3.2 The average training hours completed per employee by gender and employee category Note 48		
By employee category		
Senior management	No. of hours	4
Middle management	No. of hours	9
General staff	No. of hours	12
By gender		
Male	No. of hours	11
Female	No. of hours	12
B5.1 Number of suppliers by geographical region		
Hong Kong	No. of suppliers	969
Mainland China	No. of suppliers	925
Other	No. of suppliers	27
B8.2 Resources contributed to community investment		
Cash Donations and sponsorships	HKD	9,095,000
Volunteering Hours	Hours	683

Note 46: Number and rate of work-related fatalities occurred in each of the past three years including the reporting year was 0.

Note 47: Mainly resulted from traffic accident on the way to work and accidental slip and fall for property and hotel operations, accidental slip and fall and minor cuts from F&B operations.

Note 48: Average number of training hours per employee = Total training hours in the category/Total workforce in the category.

List of Significant Laws and Regulations

Environment

Aspect A1-A3: Environmental

Hong Kong:
- Cap 311 Air Pollution Control Ordinance
- Cap 358 Water Pollution Control Ordinance
- Cap 354 Waste Disposal Ordinance
- Cap 400 Noise Control Ordinance
- Cap 499 Environmental Impact Assessment Ordinance

Mainland China
- Environmental Protection Law of the People's Republic of China ("**PRC**")
- Atmospheric Pollution Prevention and Control Law of the PRC
- Water Pollution Prevention and Control Law of the PRC
- Law of the PRC on Prevention and Control of Pollution from Environmental Noise
- Land Administration Law of the PRC
- Regulations on the Administration of Construction Project Environmental Protection
- Law of the PRC on the Prevention and Control of Environment Pollution Caused by Solid Wastes

Employee

Aspect B1: Employment

Hong Kong:
- Cap 57 Employment Ordinance
- Cap 282 Employees' Compensation Ordinance
- Cap 608 Minimum Wage Ordinance
- Cap 480 Sex Discrimination Ordinance
- Cap 487 Disability Discrimination Ordinance
- Cap 527 Family Status Discrimination Ordinance
- Cap 602 Race Discrimination Ordinance

Mainland China:
- Labour Law of the PRC
- Labour Contract Law of the PRC

Aspect B2: Health and Safety

Hong Kong:
- Cap 509 Occupational Safety and Health Ordinance
- Cap 59 Factories and Industrial Undertakings Ordinance

Mainland China:
- Work Safety Law of the PRC
- Law of the PRC on the Prevention and Control of Occupational Diseases
- Construction Law of the PRC

List of Significant Laws and Regulations (continued)

Employee (continued)

Aspect B4: Labour Standards

Hong Kong:
- Cap 57B Employment of Children Regulations
- Cap 57C Employment of Young Persons (Industry) Regulations

Mainland China:
- Labour Laws of the PRC
- Provisions on the Prohibition of Using Child Labour

Operating Practices

Aspect B6: Product Responsibility

Hong Kong:
- Chapter 349 Hotel and Guesthouse Accommodation Ordinance
- Chapter 362 Trade Descriptions Ordinance
- Chapter 392 Film Censorship Ordinance
- Chapter 486 Personal Data (Privacy) Ordinance
- Chapter 621 Residential Properties (First-Hand Sales) Ordinance
- Chapter 612 Food Safety Ordinance
- Chapter 528 Copyright Ordinance
- Chapter 544 Prevention of Copyright Piracy Ordinance
- Chapter 559 Trade Marks Ordinance
- Food Hygiene Code

Mainland China:
- Urban Real Estate Administration Law of the PRC
- Food Safety Law of the PRC
- Food Hygiene Law of the PRC
- Law of PRC on Protection of Consumer Rights and Interests
- Cybersecurity Law of the People's Republic of China

Aspect B7: Anti-corruption

Hong Kong:
- Chapter 201 Prevention of Bribery Ordinance

Mainland China:
- Criminal Law of the PRC
- Law of the PRC on Anti-Corruption and Bribery

References to HKEX ESG Reporting Guide

Subject Areas, Aspects, General Disclosure and KPIs		Sections/Remarks
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Emissions to the Environment; Integrating Environmental Sustainability into Our Operations
A1.1	The types of emissions and respective emissions data.	Summary of Environmental Performance
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Summary of Environmental Performance
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Summary of Environmental Performance
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Summary of Environmental Performance
A1.5	Description of emission target(s) set and steps taken to achieve them.	Emissions to the Environment
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions to the Environment
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Integrating Environmental Sustainability into Our Operations; Use of Resources
A2.1	Direct and/or indirect consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Summary of Environmental Performance
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Summary of Environmental Performance
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Emissions to the Environment; Use of Resources
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources; No water efficiency targets are in place during the reporting year.
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The use of packaging materials for finished products is not applicable to the Group's business.
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Integrating Environmental Sustainability into Our Operations
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Emissions to the Environment; Use of Resources
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Integrating Environmental Sustainability into Our Operations
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Integrating Environmental Sustainability into Our Operations

References to HKEX ESG Reporting Guide (continued)

Subject Areas, Aspects, General Disclosure and KPIs		Sections/Remarks
B. Social		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.	Employment Practices; Employee Welfare
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Summary of Social Performance
B1.2	Employee turnover rate by gender, age group and geographical region.	Summary of Social Performance
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Summary of Social Performance
B2.2	Lost days due to work injury.	Summary of Social Performance
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	During the reporting year, only the number of training attendees are being recorded and disclosed.
B3.2	The average training hours completed per employee by gender and employee category.	Summary of Social Performance
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
B4.2	Description of steps taken to eliminate such practices when discovered.	The Group does not tolerate any use of child or forced labour and has established procedures to ensure that no child or forced labour is engaged.

References to HKEX ESG Reporting Guide (continued)

Subject Areas, Aspects, General Disclosure and KPIs		Sections/Remarks
B. Social		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
B5.1	Number of suppliers by geographical region.	Summary of Social Performance
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Responsible and Ethical Practices; Service Excellence; Customer Health and Safety; Data Protection and Privacy; Intellectual Property Rights
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable to the Group's business
B6.2	Number of products and service related complaints received and how they are dealt with.	Service Excellence
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property Rights
B6.4	Description of quality assurance process and recall procedures.	Service Excellence
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Data Protection and Privacy
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Integrity and Discipline
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Integrity and Discipline
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Integrity and Discipline
B7.3	Description of anti-corruption training provided to directors and staff.	Integrity and Discipline
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community
B8.2	Resources contributed (e.g. money or time) to the focus area.	Summary of Social Performance

Corporate Governance Report

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

(1) Corporate Governance Practices

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

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

None of the existing non-executive directors ("**NEDs**", including the independent non-executive directors ("**INEDs**")) of the Company is appointed for a specific term. However, all directors of the Company ("**Directors**") are subject to the retirement provisions of the Articles of Association of the Company ("**Articles of Association**"), which require that the Directors for the time being shall retire from office by rotation once every three years since their last election by shareholders of the Company ("**Shareholders**") and the retiring Directors are eligible for re-election. In addition, any person appointed by the board of Directors ("**Board**") as an additional Director (including a NED) will hold office only until the next annual general meeting of the Company ("**AGM**") and will then be eligible for re-election. Further, in line with the relevant code provision of the CG Code, each of the Directors appointed to fill a casual vacancy would/will be subject to election by the Shareholders at the first general meeting after his/her appointment. In view of these, the Board considers that such requirements are sufficient to meet the underlying objective of the said code provision A.4.1 and, therefore, does not intend to take any remedial steps in this regard.

Under code provision A.5.1, a nomination committee comprising a majority of 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. The Company has achieved and maintained diversity of the Board including professional qualifications and experience, cultural and educational background, race and ethnicity, gender, age and length of service which meet the Company's business model and specific needs. Potential new Directors will be recruited based on their knowledge, skills, experience and expertise and the requirements of the Company at the relevant time and candidates for the INEDs must meet the independence criterion. The process of identifying and selecting appropriate candidates for consideration and approval by the Board has been, and will continue to be, carried out by the executive Directors ("**EDs**"). In January 2019, the Company adopted the Nomination Policy which set out the criteria, process and procedures by which the Company will select candidates for possible inclusion in the Board. As the above selection and nomination policies and procedures have already been in place and the other duties of the nomination committee as set out in the CG Code have long been performed by the full Board effectively, the Board does not consider it necessary to establish a nomination committee at the current stage.

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

Due to other pre-arranged business commitments which must be attended to by Dr. Lam Kin Ngok, Peter, the Chairman, he was not present at the AGM held on 18 December 2020. However, Mr. Chew Fook Aun, the Deputy Chairman and an ED present at that AGM took the chair of that AGM pursuant to Article 71 of the Articles of Association to ensure an effective communication with the Shareholders thereat.

(2) Board of Directors

(2.1) Responsibilities and delegation

The Board oversees the overall management of the Company's business and affairs. The Board's primary duty is to ensure the viability of the Company and to ascertain that it is managed in the best interests of its Shareholders as a whole while taking into account the interests of other stakeholders.

The Board has established specific committees with written terms of reference to assist it in the efficient implementation of its functions, namely the Executive Committee, the Audit Committee and the Remuneration Committee. Specific responsibilities have been delegated to the above committees.

The Board has delegated the day-to-day management of the Company's business to the management and the Executive Committee, and focuses its attention on matters affecting the Company's long-term objectives and plans for achieving these objectives, the overall business and commercial strategy of the Company and its subsidiaries (together, "**Group**") as well as overall policies and guidelines.

All Directors have been provided, on a monthly basis, with the Group's management information updates, giving a balanced and understandable assessment of the Group's performance, position, recent developments and prospects in sufficient detail to keep them abreast of the Group's affairs and facilitate them to discharge their duties under the relevant requirements of the Listing Rules.

(2) Board of Directors (continued)

(2.2) Composition of the Board

The Board currently comprises ten members, of whom five are EDs, one is NED and the remaining four are INEDs, in compliance with the minimum number of INEDs required under Rule 3.10(1) of the Listing Rules. The Company has also complied with Rule 3.10A with INEDs representing at least one-third of the Board. The Directors who served the Board during the Year and up to the date of this Report are named as follows:

Executive Directors ("EDs")
Lam Kin Ngok, Peter, GBS *(Chairman)*
Chew Fook Aun *(Deputy Chairman)*
Lau Shu Yan, Julius *(Chief Executive Officer)*
Lam Hau Yin, Lester *(also alternate director of U Po Chu)*
Tham Seng Yum, Ronald

Non-executive Directors ("NEDs")
Lam Kin Ming (passed away on 8 January 2021)
U Po Chu

Independent Non-executive Directors ("INEDs")
Ip Shu Kwan, Stephen, GBS, JP
Lam Bing Kwan
Leung Shu Yin, William
Leung Wang Ching, Clarence, JP

The brief biographical particulars of the Directors are set out in the section headed "Biographical Details of Directors" of this Annual Report on pages 113 to 120.

Dr. Lam Kin Ngok, Peter, Chairman of the Board and an ED, is the son of Madam U Po Chu, a NED and the father of Mr. Lam Hau Yin, Lester, an ED.

Save as disclosed above and in the "Biographical Details of Directors" section of this Annual Report, none of the Directors has any financial, business, family or other material/relevant relationships with one another.

(2) Board of Directors (continued)

(2.3) Directors' attendance at Board meetings

The Board had held four meetings during the Year. The attendance record of individual Directors at these Board meetings is set out below:

Directors	Number of Meetings Attended/ Number of Meetings Held
Executive Directors	
Lam Kin Ngok, Peter, GBS *(Chairman)*	4/4
Chew Fook Aun *(Deputy Chairman)*	4/4
Lau Shu Yan, Julius *(Chief Executive Officer)*	4/4
Lam Hau Yin, Lester *(also alternate director to U Po Chu)*	4/4
Tham Seng Yum, Ronald	4/4
Non-executive Directors	
Lam Kin Ming*	1/1
U Po Chu	4/4
Independent Non-executive Directors	
Ip Shu Kwan, Stephen, GBS, JP	4/4
Lam Bing Kwan	4/4
Leung Shu Yin, William	4/4
Leung Wang Ching, Clarence, JP	4/4

* *Dr. Lam Kin Ming passed away on 8 January 2021.*

(2.4) INEDs

The Company has complied with the requirements under Rules 3.10(1) and 3.10(2) of the Listing Rules which require that every board of directors of a listed issuer must include at least three INEDs and at least one of the INEDs must have appropriate professional qualifications or accounting or related financial management expertise. The Company has received from each of the INEDs an annual confirmation in writing of his independence for the Year and all INEDs meet the guidelines for assessment of their independence as set out in Rule 3.13 of the Listing Rules.

Further, up to the date of this Report, the Board has not been aware of the occurrence of any events which would cause it to believe that the independence of any INED has been impaired.

(2) Board of Directors (continued)

(2.5) Directors' and Officers' Liabilities Insurance

The Company has arranged appropriate directors' and officers' liabilities insurance coverage for the Directors and officers of the Company.

(3) Directors' Induction and Continuous Professional Development

On appointment to the Board, each Director receives a comprehensive induction package covering business operations, policy and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director to ensure that he/she is sufficiently aware of his/her responsibilities under the Listing Rules and other relevant regulatory requirements.

The Directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, the Company has been encouraging the Directors and senior executives to enroll in a wide range of professional development courses and seminars relating to the Listing Rules, companies ordinance/act and corporate governance practices organised by professional bodies, independent auditor and/or law firms in Hong Kong so that they can continuously update and further improve their relevant knowledge and skills.

From time to time, Directors are provided with written training materials to develop and refresh their professional skills; the Group's legal and company secretarial departments also organise and arrange seminars/webinars on the latest development of applicable laws, rules and regulations for the Directors to assist them in discharging their duties.

(3) Directors' Induction and Continuous Professional Development (continued)

According to the records maintained by the Company, the current Directors received the following training with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the requirement of the CG Code on continuous professional development during the Year:

Directors	Corporate Governance/ Updates on Laws, Rules & Regulations		Accounting/ Financial/Management or Other Professional Skills	
	Read Materials	Attend Seminars/ Webinars Briefings	Read Materials	Attend Seminars/ Webinars Briefings
Executive Directors				
Lam Kin Ngok, Peter, GBS	✔	✔	✔	—
Chew Fook Aun	✔	✔	✔	✔
Lau Shu Yan, Julius	✔	✔	✔	✔
Lam Hau Yin, Lester *(also alternate director to U Po Chu)*	✔	✔	✔	✔
Tham Seng Yum, Ronald	✔	✔	✔	✔
Non-executive Directors				
Lam Kin Ming*	✔	—	✔	—
U Po Chu	✔	✔	✔	—
Independent Non-executive Directors				
Ip Shu Kwan, Stephen, GBS, JP	✔	✔	✔	✔
Lam Bing Kwan	✔	✔	✔	✔
Leung Shu Yin, William	✔	✔	✔	✔
Leung Wang Ching, Clarence, JP	✔	✔	✔	✔

* *Dr. Lam Kin Ming passed away on 8 January 2021.*

(4) Board Committees

The Executive Committee comprising members appointed by the Board amongst the EDs was established on 18 November 2005 with written terms of reference to assist the Board in monitoring the ongoing management of the Company's business and in implementing the Company's objectives in accordance with the strategy and policies approved by the Board. The Board has also delegated its authority to the following Committees to assist it in the implementation of its functions:

(4.1) Remuneration Committee

The Board established on 18 November 2005 a Remuneration Committee which currently comprises two INEDs, namely Mr. Leung Shu Yin, William (Chairman) and Mr. Lam Bing Kwan and an ED, Mr. Chew Fook Aun.

The Remuneration Committee has adopted the operation model where it performs an advisory role to the Board, with the Board retaining the final authority to approve the remuneration packages of the Directors and senior management. The terms of reference of the Remuneration Committee setting out its authority, duties and responsibilities are available on the respective website of the Company and the Stock Exchange.

(a) Duties of the Remuneration Committee

The Remuneration Committee has been charged with the responsibility of making recommendations to the Board, in consultation with the Chairman of the Board and/or the Chief Executive Officer, on an appropriate policy and framework for all aspects of remuneration of all Directors and senior management, including but not limited to Directors' fees, salaries, allowances, bonuses, share options, benefits in kind and pension rights, to ensure that the level of remuneration offered by the Company is competitive and sufficient to attract, retain and motivate personnel of the required quality to manage the Company successfully.

(b) Work performed by the Remuneration Committee

The Remuneration Committee held one meeting during the Year to discuss remuneration-related matters, the payment of discretionary bonus to EDs, review of remuneration packages of EDs and INEDs. No Director was involved in deciding his own remuneration at the meeting of the Remuneration Committee.

(c) Attendance at the Remuneration Committee meeting

The attendance record of the committee members at this meeting is set out below:

Committee Members	Number of Meeting Attended/ Number of Meeting Held
Independent Non-executive Directors	
Leung Shu Yin, William	1/1
Lam Bing Kwan	1/1
Executive Director	
Chew Fook Aun	1/1

(4) Board Committees (continued)

(4.2) Audit Committee

The Board established an Audit Committee on 31 March 2000 which currently comprises three INEDs, namely Mr. Leung Shu Yin, William (Chairman), Mr. Lam Bing Kwan, and Mr. Leung Wang Ching, Clarence.

The Company has complied with Rule 3.21 of the Listing Rules, which requires that at least one of the members of the Audit Committee (which must comprise a minimum of three members and must be chaired by an INED) is an INED who possesses appropriate professional qualifications or accounting or related financial management expertise.

(a) Duties of the Audit Committee (including corporate governance functions)

While recognising corporate governance is the collective responsibility of all of its members, the Board has delegated the corporate governance functions to the members of the Audit Committee who are considered to be better positioned to provide an objective and independent guidance on governance-related matters.

On 29 March 2012, the Board formalised the governance-related policies and procedures, established on the foundations of accountability, transparency, fairness and integrity and adopted by the Group for years, into a set of corporate governance policy ("**CG Policy**"). The terms of reference of the Audit Committee were revised in line with the CG Policy and had incorporated the new corporate governance-related functions required under the CG Code effective from 1 April 2012.

In compliance with the Stock Exchange's implementation of the revised Listing Rules relating to the risk management and internal controls for accounting periods beginning on or after 1 January 2016, the terms of reference of the Audit Committee were revised by the Board on 23 March 2016. The terms of reference of the Audit Committee were further revised in January 2019 in compliance with the revised code provision of the CG Code relating to the extension of cooling-off period from one year to two years for appointing a former partner of the issuer's existing external auditor as a member of its audit committee. The terms of reference setting out the Audit Committee's authority, duties and responsibilities are available on the respective websites of the Stock Exchange and the Company.

During the Year, an independent external risk advisory firm ("**Independent Advisor**") had been retained to conduct certain internal control reviews of the Group. The relevant reports from the Independent Advisor were presented to and reviewed by the Audit Committee and the Board.

(4) Board Committees (continued)

(4.2) Audit Committee (continued)

(a) Duties of the Audit Committee (including corporate governance functions) (continued)

Apart from performing the corporate governance functions, the Audit Committee is principally responsible for the monitoring of the integrity of periodical financial statements of the Company, the review of significant financial reporting judgments contained in them before submission to the Board for approval, and the review and monitoring of the auditor's independence and objectivity as well as the effectiveness of the audit process.

The Audit Committee is also responsible to oversight the Company's internal control and risk management systems as assisted by the Independent Advisor.

(b) Work performed by the Audit Committee

The Audit Committee held three meetings during the Year. It has reviewed the audited results of the Company for the year ended 31 July 2020, the unaudited interim results of the Company for the six months ended 31 January 2021 and other matters related to the financial and accounting policies and practices of the Company as well as the nature and scope of the audit for the Year. Further, it has reviewed the Group's internal audit plan and the budget for the ensuing year and put forward relevant recommendations to the Board.

On 21 October 2021, the Audit Committee reviewed the draft audited consolidated financial statements of the Company as well as the accounting principles and policies for the Year with the Company's management in the presence of the representatives of the Independent Auditor of the Company. It also reviewed this Corporate Governance Report, the internal control review reports on the Company and report on enterprise risk management prepared by the Independent Advisor.

(c) Attendance at the Audit Committee meetings

The attendance record of the committee members at these meetings held during the Year is set out below:

Committee Members	Number of Meetings Attended/ Number of Meetings Held
Independent Non-executive Directors	
Leung Shu Yin, William	3/3
Lam Bing Kwan	3/3
Leung Wang Ching, Clarence, JP	3/3

(5) Chairman and Chief Executive

The CG Code provides that the roles of the chairman and the chief executive should be separated and performed by different individuals.

During the Year and up to the date of this Report, Dr. Lam Kin Ngok, Peter is the Chairman of the Company while Mr. Chew Fook Aun and Mr. Lau Shu Yan, Julius is the Deputy Chairman and Chief Executive Officer of the Company, respectively.

(6) Non-Executive Directors

As explained in Paragraph (1) above, none of the existing NEDs (including the INEDs) was appointed for a specific term.

(7) Nomination Policy for Directors

As explained in Paragraph (1) above, the Company does not establish a nomination committee. The Company has adopted the Nomination Policy in January 2019 which sets the criteria, process and procedures by which the Company will select candidate for possible inclusion in the Board. The Nomination Policy contains a number of factors in assessing the suitability of a proposed candidate which include the candidate's skills and experience, commitment and integrity, and the independence criterial under Rule 3.13 of the Listing Rules if the candidate is proposed to be appointed as an INED. Nomination of new Directors will normally be proposed by the Chairman subject to the Board's approval. During the Year, the Board as a whole regularly reviewed the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business as the Company. The independence of the INEDs was assessed according to the relevant rules and requirements under the Listing Rules.

(8) Board Diversity Policy

The Company has adopted a board diversity policy ("**Policy**") in July 2013 which sets out the approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board.

The Company recognises Board diversity will strengthen the Company's strategic objectives in driving business results; enhancing good corporate governance and reputation; and attracting and retaining talent for the Board.

Board diversity ensures the Board has the appropriate balance and level of skills, experience and perspective required to support the execution of its business strategies. The Company seeks to achieve Board diversity through the consideration of a number of factors, including professional qualifications and experience, cultural and educational background, race and ethnicity, gender, age and length of service. The Company will also take into consideration factors based on its own business model and specific needs from time to time in determining the optimum composition of the Board.

On recommendation from the EDs, the Board will set measurable objectives to implement the Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. The EDs will review the Policy, as appropriate, to ensure its continued effectiveness from time to time.

(8) Board Diversity Policy (continued)

A copy of the Policy is published on the Company's website for public information.

Currently, the Board comprises ten members, of whom five are executive directors, one is non-executive director and the remaining four are independent non-executive directors. The current Board comprises individuals who are professionals with real estate, investment, textile and apparel industry, accounting, financial, general management and tourism backgrounds.

(9) Dividend Policy

The Company has adopted the dividend policy ("**Dividend Policy**") on 25 January 2019 which sets out the principles and guidelines for the Board to determine (i) whether dividends are to be declared and paid, and (ii) the level of dividend to be paid to the Shareholders.

The Company aims to allow the Shareholders to participate in the Company's profits whilst retaining adequate cash reserves for maintaining its working capital requirement and future growth as well as its share value.

The Board has the sole discretion to declare and distribute dividends to the Shareholders, subject to all applicable requirements (including without limitation restrictions on dividend declaration and payment) under the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) ("**Companies Ordinance**") and the Company's Articles of Association.

The Board may propose the payment of dividends, if any, with respect to the Company's shares on a per share basis.

The Company determines/proposes the frequency, amount and form of any dividend in any financial year/period through the consideration of a number of factors. The Company does not have any pre-determined dividend ratio.

The Board will review the Dividend Policy as appropriate from time to time and reserves the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time, and the Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

(10) Securities Transactions by Directors and Designated Employees

The Company has adopted a Code of Practice for Securities Transactions by Directors and Designated Employees ("**Securities Code**") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules. The Company has made specific enquiry of all Directors and they have confirmed in writing their compliance with the required standard set out in the Securities Code during the Year.

(11) Independent Auditor's Remuneration

The fees in respect of the audit and non-audit services provided to the Group by the Independent Auditor, Ernst & Young, Certified Public Accountants, ("**Ernst & Young**") Hong Kong for the Year amounted to HK$15,960,000 and HK$10,130,000, respectively. The non-audit services mainly consist of advisory, review, tax compliance service and other reporting services. An analysis of such fees is set out below:

	Audit service HK$'000	**Non-audit service** HK$'000
The Group (excluding eSun Holdings Limited ("**eSun**"), Lai Fung Holdings Limited ("**Lai Fung**") and their respective subsidiaries)	5,887	5,284
eSun and its subsidiaries (including Media Asia Group Holdings Limited and its subsidiaries)	6,360	4,279
Lai Fung and its subsidiaries	3,713	567
Total	**15,960**	**10,130**

(12) Directors' Responsibility for Preparing Financial Statements

The Directors acknowledge that they are responsible for overseeing the preparation of the financial statements which give a true and fair view of the financial position of the Group and of the financial performance and cash flows for such reporting period. In doing so, the Directors select suitable accounting policies and apply them consistently and make accounting estimates that are appropriate in the circumstances. With the assistance of the accounting and finance staff, the Directors ensure that the financial statements of the Group are prepared in accordance with statutory requirements and appropriate financial reporting standards.

(13) Independent Auditor's Reporting Responsibility

The statement by the Independent Auditor about their reporting and auditing responsibilities for the financial statements is set out in the "Independent Auditor's Report" contained in this Annual Report.

(14) Risk Management and Internal Control

The main features of the risk management and internal control systems are to provide a clear governance structure, policies and procedures, as well as reporting mechanism to facilitate the Group to manage it risks across business operations.

(14) Risk Management and Internal Control (continued)

The Group has established a risk management framework, which consists of the Board, the Audit Committee and the Risk Management Taskforce. The Board determines the nature and extent of risks that shall be taken in achieving the Group's strategic objectives, and has the overall responsibility for monitoring the design, implementation and the overall effectiveness of risk management and internal control systems.

The Group has formulated and adopted Risk Management Policy in providing direction in identifying, evaluating and managing significant risks. At least on an annual basis, the Risk Management Taskforce identifies risks that would adversely affect the achievement of the Group's objectives, and assesses and prioritises the identified risks according to a set of standard criteria. Risk mitigation plans and risk owners are then established for those risks considered to be significant.

In addition, the Group has engaged an independent professional advisor to assist the Board and the Audit Committee in ongoing monitoring of the risk management and internal control systems of the Group. Deficiencies in the design and implementation of internal controls are identified and recommendations are proposed for improvement. Significant internal control deficiencies are reported to the Audit Committee and the Board on a timely basis to ensure prompt remediation actions are taken.

Risk management report and internal control report are submitted to the Audit Committee and the Board at least once a year. The Board had performed annual review on the effectiveness of the Group's risk management and internal control systems, including but not limited to the Group's ability to cope with its business transformation and changing external environment; the scope and quality of management's review on risk management and internal control systems; result of internal audit work; the extent and frequency of communication with the Board in relation to result of risk and internal control review; significant failures or weaknesses identified and their related implications; and status of compliance with the Listing Rules. The Board considers the Group's risk management and internal control systems in place for the year and up to date of this Annual Report are effective and adequate.

The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Procedures and internal controls for the handling and dissemination of inside information

The Group complies with requirements of Securities & Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("**SFO**") and the Listing Rules. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the Safe Harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in announcements are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

(15) Company Secretary

During the Year, the company secretary of the Company ("**Company Secretary**") has complied with the relevant training requirement under Rule 3.29 of the Listing Rules.

(16) Shareholders' Rights

(16.1) Procedures for Shareholders to convene a general meeting

Pursuant to the Articles of Association and the Companies Ordinance, registered Shareholders representing at least 5% of the total voting rights of all the members having a right to vote at general meetings of the Company ("**GM Requisitionists**") can deposit a written request to convene a general meeting ("**GM**") at the registered office of the Company ("**Registered Office**"), which is situated at the 11th Floor, Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong for the attention of the Company Secretary.

The GM Requisitionists must state in their request(s) the general nature of the business to be dealt with at the GM and such request(s) must be authenticated by all the GM Requisitionists and may consist of several documents in like form.

The Company's share registrar ("**Share Registrar**") will verify the GM Requisitionists' particulars in the GM Requisitionists' request. Promptly after confirmation from the Share Registrar that the GM Requisitionists' request is in order, the Company Secretary will arrange with the Board to convene a GM by serving sufficient notice to all the registered Shareholders in accordance with all the relevant statutory and regulatory requirements. On the contrary, if the GM Requisitionists' request is verified not in order, the GM Requisitionists will be advised of the outcome and accordingly, a GM will not be convened as requested.

The GM Requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a GM if within twenty-one (21) days of the deposit of the GM Requisitionists' request, the Board does not proceed duly to convene a GM for a day not more than twenty-eight (28) days after the date on which the notice convening the GM is given, provided that any GM so convened is held within three (3) months from the date of the original GM Requisitionists' request. Any reasonable expenses incurred by the GM Requisitionists by reason of the Board's failure to duly convene a GM shall be repaid to the GM Requisitionists by the Company.

(16) SHAREHOLDERS' RIGHTS (CONTINUED)

(16.2) Procedures for putting forward proposals at general meeting

Pursuant to Section 580 and 615 of the Companies Ordinance, either the Shareholders of the Company representing at least 2.5% of the total voting rights of all the Shareholders who have a right to vote on the resolution at the GM, or at least 50 registered Shareholders who have a right to vote on the resolution at the GM, may request the Company in writing to give to the Shareholders entitled to receive notice of the GM of any resolution which may properly be moved and is intended to be moved at that meeting; and to circulate statements regarding resolutions proposed at GM.

The requisition (i) must be sent to the Company in hard copy form at the Registered Office stated in paragraph (16.1) above or in electronic form by email at lscomsec@laisun.com; (ii) must identify the resolution of which notice is to be given; (iii) must be authenticated by the person or persons making it; and (iv) (a) in the case requisition for the circulation of resolutions to be moved at GM, the requisition must be received by the Company not later than 6 weeks before the GM or (b) in the case of requisition for the circulation of statements regarding resolutions proposed at the GM, such requisition must be received by the Company not later than 7 days before the GM, or if later, the time at which notice is given of that meeting.

(16.3) Procedures for proposing a person for election as a director

As regards the procedures for proposing a person for election as a director, please refer to the procedures made available under the Corporate Governance section (Shareholders' Right sub-section) of the Company's website at www.laisun.com.

(16.4) Procedures for directing Shareholders' enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary whose contact details are as follows:

11/F., Lai Sun Commercial Centre
680 Cheung Sha Wan Road
Kowloon, Hong Kong

Fax: (852) 2743 8459
Email: lscomsec@laisun.com

Shareholders may also make enquiries with the Board at the GM of the Company.

(17) Communication With Shareholders

(17.1) Shareholders' Communication Policy

On 29 March 2012, the Board adopted a Shareholders' Communication Policy reflecting mostly the current practices of the Company for communication with its Shareholders. Such policy aims at providing the Shareholders and potential investors with ready and timely access to balanced and understandable information of the Company. However, it will be reviewed regularly to ensure its effectiveness and compliance with the prevailing regulatory and other requirements.

The Company has established a number of channels for maintaining an on-going dialogue with its Shareholders as follows:

(i) corporate communications such as annual reports, interim reports and circulars are issued in printed form and are available on the Stock Exchange's website at www.hkex.com.hk and the Company's website at www.laisun.com;

(ii) financial highlights, press releases and results roadshows presentations are also posted on the Company's website;

(iii) periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;

(iv) corporate information and the Articles of Association of the Company are made available on the Company's website and the latter is also posted on the website of the Stock Exchange;

(v) participate in roadshows and investors' conferences to meet Shareholders/investors, media and financial analysts;

(vi) AGMs and/or GMs provide a forum for the Shareholders to make comments and exchange views with the Directors and senior management; and

(vii) the Share Registrar serves the Shareholders in respect of share registration, dividend payment, change of Shareholders' particulars and related matters.

(17) Communication With Shareholders (continued)

(17.2) Directors' attendance at general meeting

During the Year, the Company had held an AGM and the attendance record of individual Directors at this meeting is set out below:

Directors	Number of Meeting Attended/ Number of Meeting Held
Executive Directors	
Lam Kin Ngok, Peter, GBS *(Chairman)*	0/1
Chew Fook Aun *(Deputy Chairman)*	1/1
Lau Shu Yan, Julius *(Chief Executive Officer)*	1/1
Lam Hau Yin, Lester *(also alternate director to U Po Chu)*	0/1
Tham Seng Yum, Ronald	1/1
Non-executive Directors	
Lam Kin Ming*	0/1
U Po Chu	0/1
Independent Non-executive Directors	
Ip Shu Kwan, Stephen, GBS, JP	1/1
Lam Bing Kwan	1/1
Leung Shu Yin, William	1/1
Leung Wang Ching, Clarence, JP	1/1

* *Dr. Lam Kin Ming passed away on 8 January 2021.*

(17.3) Details of the Last general meeting

The last general meeting of the Company, being the AGM for 2020 was held at 11:00 a.m. on 18 December 2020 at Grand Ballrooms 1 and 2, Level B, Hong Kong Ocean Park Marriott Hotel, 180 Wong Chuk Hang Road, Aberdeen, Hong Kong ("**2020 AGM**"). At the 2020 AGM, Shareholders approved by a vast majority of votes (i) the adoption of the audited financial statements of the Company for the year ended 31 July 2020 and the reports of the directors and the independent auditor thereon; (ii) the re-election of Mr. Lau Shu Yan, Julius as ED, Dr. Lam Kin Ming as NED, Mr. Lam Bing Kwan and Mr. Leung Shu Yin, William as INEDs; (iii) the authorisation for the Board to fix the remuneration of the Directors; (iv) the appointment of Ernst & Young as the Independent Auditor for the Year and the authorisation for the Board to fix their remuneration; (v) the granting to the Directors a general mandate to buy back the Company's shares not exceeding 10% of the aggregate number of the issued shares of the Company; (vi) the granting to the Directors a general mandate to issue, allot and deal with additional shares of the Company of not exceeding 20% of the aggregate number of the issued shares; (vii) the extension to the general mandate granted to the Directors to issue share of the Company by adding the number of shares bought back. The notice of the 2020 AGM and the poll results announcement in respect of the 2020 AGM were published on the websites of both the Stock Exchange and the Company on 18 November 2020 and 18 December 2020, respectively.

(18) Investor Relations

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

Despite the pandemic, the Group maintains proactive interactions with the investment community and provides them with updates on the Group's operations, financial performance and outlook. During the year under review, the Company has been communicating with a number of research analysts and investors via online meetings and conference calls as follows:

Month	Event	Organiser	Investor Base
October 2020	Post results non-deal roadshow	DBS	Hong Kong/ Singapore
March 2021	Post results non-deal roadshow	DBS	Hong Kong/ Singapore
March 2021	Post results non-deal roadshow	Daiwa	United States
April 2021	Post results non-deal roadshow	Daiwa	Europe
June 2021	DBS Vickers HK Property Conference Calls	DBS	Hong Kong/ Singapore/ United States
July 2021	Deal roadshow-LSD USD guaranteed notes	BNP/DBS/ HSBC/UBS	Hong Kong/ Singapore

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

Biographical Details of Directors

Executive Directors

Each of the current executive directors of the Company ("**Executive Directors**") named below holds directorships in a number or certain of the subsidiaries of the Company and all of them hold directorships in all or certain of the Company's listed affiliates, namely Lai Sun Garment (International) Limited ("**LSG**"), eSun Holdings Limited ("**eSun**"), Lai Fung Holdings Limited ("**Lai Fung**") and Media Asia Group Holdings Limited ("**MAGHL**"). The issued shares of LSG, eSun and Lai Fung are listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") and MAGHL's issued shares are listed and traded on the Growth Enterprise Market of the Stock Exchange. LSG is the ultimate holding company of the Company which in turn is the holding company of eSun and Lai Fung, while MAGHL is the subsidiary of eSun.

Dr. Lam Kin Ngok, Peter, Chairman, aged 64, has been an Executive Director since June 1977 and is a member of the Executive Committee of the Company. He is also the chairman and an executive director of LSG and MAGHL and an executive director of Crocodile Garments Limited ("**CGL**"), a company listed on the Main Board of the Stock Exchange. Dr. Lam was an executive director of eSun from 15 October 1996 to 13 February 2014 and was the chairman and an executive director of Lai Fung from 25 November 1993 to 31 October 2012. Dr. Lam has extensive experience in the property development and investment business, hospitality and media and entertainment business. He was conferred an Honorary Doctorate by The Hong Kong Academy for Performing Arts in June 2011. Dr. Lam received the Gold Bauhinia Star award from the Government of the Hong Kong Special Administrative Region ("**HKSAR**") on 1 July 2015.

Currently, Dr. Lam is the chairman of the Hong Kong Trade Development Council. He is also a standing committee member of the 13th National Committee of the Chinese People's Political Consultative Conference. In addition, Dr. Lam is the chairman of Hong Kong Chamber of Films Limited, a life honorable president of Hong Kong Motion Picture Industry Association Limited, a director of The Real Estate Developers Association of Hong Kong, a trustee of The Better Hong Kong Foundation, a vice chairman of Friends of Hong Kong Association Limited, a director of Hong Kong-Vietnam Chamber of Commerce Limited, an honorary chairman of Federation of HK Jiangsu Community Organisations, the president of Hong Kong Association of Cultural Industries Limited, the chairman of Hong Kong Cultural Development Research Institute Limited, a non-official member of the Trade and Industry Advisory Board, a member of each of the board of West Kowloon Cultural District Foundation Limited (a wholly-owned subsidiary of West Kowloon Cultural District Authority) and the general committee of Hong Kong General Chamber of Commerce.

Dr. Lam is the son of Madam U Po Chu (a Non-executive Director of the Company) and the father of Mr. Lam Hau Yin, Lester (an Executive Director of the Company).

Dr. Lam does not have a service contract with the Company. However, in accordance with the provisions of the articles of association of the Company ("**Articles of Association**"), he will be subject to retirement from office as director by rotation once every three years if re-elected at the forthcoming annual general meeting of the Company ("**AGM**") and will also be eligible for re-election at future AGMs. Dr. Lam presently receives from the Company an annual remuneration of HK$13,985,280 and discretionary bonus to be determined by the Board with reference to the performance of the Company, his duties and responsibilities with the Company as well as prevailing market practice. Dr. Lam also receives an annual remuneration and an annual director's fee of HK$3,096,840 and HK$48,000 from LSG, an annual remuneration of HK$11,188,200 and HK$2,797,320 from eSun and Lai Fung and an annual director's fee of HK$180,000 from MAGHL, respectively.

Biographical Details of Directors

Executive Directors (continued)

As at the date of this annual report, Dr. Lam is interested or deemed to be interested within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong ("**SFO**") in 516,040,136 shares and share options comprising 486,452 shares in the Company, 246,669,483 shares and share options comprising 425,033 shares in LSG, 1,113,260,272 shares in eSun and 182,318,266 shares and share options comprising 321,918 shares in Lai Fung. Save as disclosed herein, Dr. Lam does not hold any interest or short position in the shares, underlying shares and/or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

For the purpose of his re-election as a director of the Company at the forthcoming AGM in accordance with Article 102 of the Articles of Association, save as disclosed above, there are no other matters which need to be brought to the attention of the shareholders of the Company, and there is no information which is discloseable pursuant to any of the requirements of Rule 13.51(2) of the Rules Governing the Listing of securities on the Stock Exchange ("**Listing Rules**").

Please also refer to the Note at the end of this section of "Biographical Details of Directors".

Mr. Chew Fook Aun, aged 59, was appointed the Deputy Chairman and an Executive Director of the Company on 5 June 2012. He is a member of the Executive Committee and Remuneration Committee of the Company and is also a deputy chairman and an executive director of LSG, an executive director of eSun and the chairman and an executive director of Lai Fung.

Prior to joining the Lai Sun Group, Mr. Chew was an executive director and the group chief financial officer of Esprit Holdings Limited ("**Esprit**") from 1 February 2009 to 1 May 2012, an executive director and the chief financial officer of The Link Management Limited (now known as Link Asset Management Limited) acting as manager of The Link Real Estate Investment Trust (now known as Link Real Estate Investment Trust) ("**Link REIT**")) from February 2007 to January 2009. He was also the chief financial officer of Kerry Properties Limited ("**Kerry Properties**") from 1996 to 2004, a director of corporate finance for Kerry Holdings Limited from 1998 to 2004 and an executive director of Kyard Limited in charge of the property portfolio of a private family office from 2004 to 2007. The issued shares of Esprit and Kerry Properties and the issued units of the Link REIT are listed and traded on the Stock Exchange.

Executive Directors (continued)

Mr. Chew has over 30 years of experience in accounting, auditing and finance in the United Kingdom ("**UK**") and Hong Kong. He graduated from the London School of Economics and Political Science of the University of London in the UK with a Bachelor of Science (Economics) Degree. Mr. Chew is a fellow member of both the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and The Institute of Chartered Accountants in England and Wales. He was a council member of the HKICPA from 2003 to 2010 and its vice president in 2010. Mr. Chew is a board member of the Hong Kong Sports Institute Limited and has been appointed as Vice Chairman for a term of two years with effect from 1 April 2021 to 31 March 2023. He has been re-appointed as a member of the Barristers Disciplinary Tribunal Panel for a further term of five years with effect from 1 September 2020. He was a member of the Advisory Committee of the Securities and Futures Commission from 1 June 2007 to 31 May 2013, the Citizens Advisory Committee on Community Relations of the Independent Commission Against Corruption ("**ICAC**") from 1 January 2007 to 31 December 2008, the Corruption Prevention Advisory Committee of the ICAC from 1 January 2009 to 31 December 2014, the Operations Review Committee of the ICAC from 1 January 2015 to 31 December 2020, the Standing Committee on Company Law Reform of the Companies Registry from 1 February 2009 to 31 January 2015, a council member of the Financial Reporting Council ("**FRC**") in 2009 and ended on 30 November 2015 and a member of the Investigation and Compliance Committee of the FRC until 30 September 2021.

The Company has entered into an employment contract with Mr. Chew with no fixed term, but such contract is determinable by the Company or Mr. Chew by serving the other party not less than 3 months' written notice or payment in lieu thereof. In accordance with the provisions of the Articles of Association, Mr. Chew will be subject to retirement as director by rotation once every three years if re-elected at the forthcoming AGM and will also be eligible for re-election at future AGMs. Mr. Chew presently receives from the Company an annual remuneration of HK$8,010,000 and discretionary bonus to be determined by the Board with reference to the results of the Company and its subsidiaries, his performance, duties and responsibilities as well as the prevailing market conditions. Mr. Chew also receives an annual remuneration of HK$1,335,360, HK$4,005,120 and HK$4,005,120 from each of LSG, eSun and Lai Fung.

Save as disclosed above, Mr. Chew does not have any relationship with any other directors, senior management or substantial or controlling shareholders of the Company. As at the date of this annual report, except for his personal or deemed interest in 1,831,500 shares and share options comprising 2,275,301 shares in the Company and share options comprising 4,869,867 shares in LSG. Mr. Chew does not hold any interest or short position in the shares, underlying shares and/or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

For the purpose of his re-election as a director of the Company at the forthcoming AGM in accordance with Article 102 of the Articles of Association, save as disclosed above, there are no other matters which need to be brought to the attention of the shareholders of the Company, and there is no information which is discloseable pursuant to any of the requirements of Rule 13.51(2) of the Listing Rules.

Please also refer to the Note at the end of this section of "Biographical Details of Directors".

Biographical Details of Directors

Executive Directors (continued)

Mr. Lau Shu Yan, Julius, Chief Executive Officer, aged 65, joined the Company as an Executive Director in July 1991 and is a member of the Executive Committee of the Company. Mr. Lau was an executive director of Lai Fung from 22 April 2005 to 16 January 2015. Prior to joining the Lai Sun Group, he was a director of Jones Lang Wootton Limited and subsequently Jardine Fleming Broking Limited. Mr. Lau is a director and a member of the Executive Committee of The Real Estate Developers Association of Hong Kong. Mr. Lau graduated with an honour degree of Bachelor of Social Science from the University of Hong Kong in 1980.

Mr. Lam Hau Yin, Lester, aged 40, was appointed an Executive Director and a member of the Executive Committee of the Company with effect from 1 November 2012. He is also an alternate director to Madam U Po Chu, a non-executive director of the Company. He is an executive director of LSG and eSun as well as an executive director and the chief executive officer of Lai Fung. Further, Mr. Lam is an alternate director to Madam U Po Chu in her capacity as an executive director of LSG and Lai Fung as well as a non-executive director of eSun.

Mr. Lam holds a Bachelor of Science in Business Administration degree from the Northeastern University in Boston of the United States of America. He completed the Kellogg-HKUST Executive MBA program in 2016. Mr. Lam has acquired working experience since 1999 in various companies engaged in securities investment, hotel operations, environmental products, entertainment and property development and investment. He is currently a member of the general committee of The Chamber of Hong Kong Listed Companies.

Mr. Lam is a son of Dr. Lam Kin Ngok, Peter (Chairman and an Executive Director of the Company) and a grandson of Madam U Po Chu (a Non-executive Director of the Company).

The Company has entered into a service contract with Mr. Lam with no fixed term, but such contract is determinable by the Company or him by giving the other party not less than 3 months' notice or payment in lieu thereof. In accordance with the provisions of the Articles of Association of the Company, he will be subject to retirement from office as director by rotation once every three years if re-elected at the forthcoming AGM and will also be eligible for re-election at future AGMs. Mr. Lam presently receives an annual remuneration of HK$1,748,160 and is entitled to receive such other remuneration and discretionary bonus as may be determined by the Board from time to time with reference to the performance of the Company, his duties and responsibilities with the Company as well as prevailing market practice. Mr. Lam also receives an annual remuneration of HK$1,592,040 from Lai Fung.

Executive Directors (continued)

Save as disclosed above, Mr. Lam does not have any relationship with any other directors, senior management or substantial or controlling shareholders of the Company. As at the date of this annual report, except for his personal interest in the share options comprising 4,864,519 shares in the Company, 18,688,812 shares and share options comprising 4,869,867 shares in LSG, 2,794,443 shares in eSun and share options comprising 3,219,182 shares in Lai Fung, Mr. Lam does not hold any interest or short position in the shares, underlying shares and/or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

For the purpose of his re-election as a director of the Company at the forthcoming AGM in accordance with Article 102 of the Articles of Association of the Company, save as disclosed above, there are no other matters which need to be brought to the attention of the shareholders of the Company, and there is no information which is discloseable pursuant to any of the requirements of Rule 13.51(2) of the Listing Rules.

Please also refer to the Note at the end of this section of "Biographical Details of Directors".

Mr. Tham Seng Yum, Ronald, aged 52, was appointed an Executive Director of the Company in August 2019 and is a member of the Executive Committee of the Company. He is also an executive director of Lai Fung.

Mr. Tham has over 30 years of experience in banking, accounting and finance and management gained mainly in Greater China, Asia Pacific and the UK. Mr. Tham was awarded a Master of Engineering degree in Chemical Engineering from Imperial College, University of London, UK in 1991. Mr. Tham is a fellow member of both the Institute of Chartered Accountants in England and Wales and the HKICPA. He is also a member of the Hong Kong Securities and Investment Institute. Mr. Tham is currently a member of the Finance Committee of the Council of The Hong Kong University of Science and Technology and the Chairman of the Registration and Practicing Committee of the HKICPA.

Prior to joining the Company, Mr. Tham was General Manager, Corporate Banking of Sumitomo Mitsui Banking Corporation, Hong Kong Branch since June 2018. He worked for the Swire Group from July 2012 to May 2018 where he held the positions of Finance Director of Swire Pacific Offshore based in Singapore and Director of Corporate Finance of Swire Pacific Limited based in Hong Kong. He was Managing Director, Head of Family Office and Coverage, Hong Kong at HSBC Global Banking from January 2011 to June 2012. He worked for Macquarie Capital Asia based in Hong Kong from August 2004 to December 2010 where his last position was Senior Managing Director, Head of Real Estate, Asia. He worked for HSBC Investment Banking, Asia based in Hong Kong from November 1994 to July 2004 where his last position was Director, Corporate Finance. He worked for Price Waterhouse, in London, UK and Hong Kong as an auditor from August 1991 to October 1994.

Biographical Details of Directors

Non-Executive Director

Madam U Po Chu, aged 96, has been a Director of the Company since December 1993. She is also a non-executive director of eSun and an executive director of LSG and Lai Fung.

Madam U has over 55 years' experience in the garment manufacturing business and had been involved in the printing business since the mid-1960's. She started to expand the business to fabric bleaching and dyeing in the early 1970's and became involved in property development and investment in the late 1980's.

She is the mother of Dr. Lam Kin Ngok, Peter (Chairman and Executive Director of the Company) and the grandmother of Mr. Lam Hau Yin, Lester (an Executive Director of the Company).

Independent Non-Executive Directors

Mr. Lam Bing Kwan, aged 71, was appointed an Independent Non-Executive Director in July 2002 and is a member of both the Audit Committee and the Remuneration Committee of the Company. Mr. Lam graduated from the University of Oregon in the United States of America with a Bachelor of Business Administration degree in 1974. He has substantial experience in the property development and investment in China, having been actively involved in this industry since the mid-1980's. Mr. Lam has served on the boards of directors of a number of listed companies in Hong Kong for over 15 years and is currently a non-executive director of Sino-i Technology Limited and Nan Hai Corporation Limited and an independent non-executive director of LSG, and Lai Fung. The issued shares of all the aforesaid companies are listed and traded on the Main Board of the Stock Exchange.

Mr. Leung Shu Yin, William, aged 72, was appointed an Independent Non-Executive Director in September 2004 and is the chairman of both the Remuneration Committee and the Audit Committee of the Company. Mr. Leung is a certified public accountant, a member of the Hong Kong Securities and Investment Institute and a fellow of both the Association of Chartered Certified Accountants in UK and the HKICPA. He is a practising director of two certified public accountants' firms in Hong Kong and is also an independent non-executive director of LSG and Mainland Headwear Holdings Limited. He is also an independent non-executive director and deputy chairman of CGL. The issued shares of all the aforesaid companies are listed and traded on the Main Board of the Stock Exchange.

Independent Non-Executive Directors (continued)

Mr. Ip Shu Kwan, Stephen, aged 70, was appointed an Independent Non-Executive Director of the Company in December 2009. Mr. Ip graduated from the University of Hong Kong with a Bachelor degree in Social Sciences in 1973. He joined the Hong Kong Government in November 1973 and was promoted to the rank of Director of Bureau in April 1997. He worked in the Government of the HKSAR as a Principal Official from July 1997 to June 2007. Senior positions held by Mr. Ip in the past included Commissioner of Insurance, Commissioner for Labour, Secretary for Economic Services and Secretary for Financial Services. Mr. Ip took up the position of Secretary for Economic Development and Labour on 1 July 2002. His portfolio in respect of economic development covered air and sea transport, logistics development, tourism, energy, postal services, meteorological services, competition and consumer protection. He was also responsible for labour policies including matters relating to employment services, labour relations and employees' rights. Mr. Ip retired from the Government of the HKSAR in July 2007. Mr. Ip received the Gold Bauhinia Star award from the Government of the HKSAR in 2001 and is an unofficial Justice of the Peace.

Mr. Ip is currently an independent non-executive director of six other publicly-listed companies, namely China Resources Cement Holdings Limited, Kingboard Laminates Holdings Limited, Luk Fook Holdings (International) Limited, Nameson Holdings Limited, Million Cities Holdings Limited and C-Mer Eye Care Holdings Limited. The issued shares of all the aforesaid companies are listed and traded on the Main Board of the Stock Exchange. He was formerly an independent non-executive director of Time Infrastructure Holdings Limited (now known as Beijing Energy International Holding Co., Ltd.), Milan Station Holdings Limited, PICC Property and Casualty Company Limited, Viva China Holdings Limited, Yangtze China Investment Limited and Synergis Holdings Limited.

Mr. Leung Wang Ching, Clarence, aged 42, was appointed an Independent Non-Executive Director of the Company with effect on 1 August 2018. He is a member of the Audit Committee of the Company.

Mr. Leung graduated from the University of Cambridge in the United Kingdom with a Bachelor of Arts degree and a Master of Arts degree in Economics in June 1999 and March 2003, respectively. Mr. Leung has approximately 18 years of experience in the textile and apparel industry. He is a director of Sun Hing Knitting Factory Limited and an independent non-executive director of Hingtex Holdings Limited, a company listed on the Main Board of the Stock Exchange.

Mr. Leung participates in several government committees of the HKSAR. Mr. Leung is a vice chairman of Community Care Fund Task Force. He is member of the Tourism Strategy Group, the Hong Kong Tourism Board, the Youth Development Commission and board member of the Vocational Training Council. He also served as member of the Town Planning Board, Textiles Advisory Board, the HKSAR SME Committee, the Trade and Industry Advisory Board, the Legal Aid Services Council, the Commission on Poverty and non-full-time member of the Central Policy Unit.

Biographical Details of Directors

Independent Non-Executive Directors (continued)

Mr. Leung does not have a service contract with the Company. However, in accordance with the provisions of the Articles of Association, he will be subject to retirement from office as director by rotation once every three years if re-elected at the forthcoming AGM and will also be eligible for re-election at future AGMs. Mr. Leung presently receives an annual director's fee of HK$350,000 and is entitled to receive such other remuneration and discretionary bonus as may be determined by the Board from time to time with reference to the results of the Company, his performance, duties and responsibilities as well as the prevailing market conditions.

Save as disclosed above, Mr. Leung does not have any relationship with any other directors, senior management or substantial or controlling shareholders of the Company. As at the date of this annual report, Mr. Leung does not have any interests or short positions in the shares, underlying shares and/or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

For the purpose of his re-election as a director of the Company at the forthcoming AGM in accordance with Article 102 of the Articles of Association, save as disclosed above, there are no other matters which need to be brought to the attention of the shareholders of the Company, and there is no information which is discloseable pursuant to any of the requirements of Rule 13.51(2) of the Listing Rules.

Please also refer to the Note at the end of this section of "Biographical Details of Directors".

Note:

*Dr. Lam Kin Ngok, Peter, Mr. Chew Fook Aun, Mr. Lam Hau Yin, Lester and Mr. Leung Wang Ching, Clarence ("**Retiring Directors**") will retire as directors by rotation at the forthcoming annual general meeting of the Company. Being eligible, they offer themselves for re-election. For the purpose of each of the Retiring Directors' re-election, save as disclosed above, there are no other matters which need to be brought to the attention of the shareholders of the Company, and there is no information which is discloseable pursuant to any of the requirements of Rule 13.51(2) of the Rules Governing the Listing of Securities on the Stock Exchange.*

Report of the Directors

The directors of the Company ("**Directors**") present their report and the audited financial statements of the Company and its subsidiaries ("**Group**") for the year ended 31 July 2021 ("**Year**").

Principal Activities

During the Year, the Group's principal activities have not changed and the Group focused on property investment, property development, investment in and operation of hotels and restaurants, media and entertainment, music production and distribution, films, video format products and television programmes production and distribution, cinema operation, cultural, leisure, entertainment and related facilities and investment holding.

Results and Dividends

Details of the consolidated loss of the Company for the Year and the state of affairs of the Company and of the Group as at 31 July 2021 are set out in the consolidated financial statements and their accompanying notes on pages 154 to 336.

The Directors does not recommend the payment of a final dividend in respect of the Year (2020: Nil). No interim dividend was paid or declared in respect of the Year (2020: Nil).

Business Review

A review of the business of the Group during the Year and a discussion on the Group's future business development, possible risks and uncertainties that the Group may be facing are provided in the Chairman's Statement on pages 4 to 14 and Management Discussion and Analysis on pages 17 to 45 of this Annual Report.

The financial risk management objectives and policies of the Group are shown in note 48 to the financial statements.

An analysis of the Group's performance during the Year using financial key performance indicators is provided in the Chairman's Statement on pages 4 to 14 and Financial Highlights on pages 15 to 16 of this Annual Report.

Discussions on the Group's environmental policies, relationships with its key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group are contained in the Environmental, Social and Governance Report on pages 56 to 94 of this Annual Report.

Distributable Reserves

The Company's reserves available for distribution to shareholders as at 31 July 2021 were approximately HK$4,534,599,000.

Shares Issued in the Year

Details of the ordinary shares issued by the Company in the Year are set out in note 40 to the financial statements. The ordinary shares issued during the Year were in lieu of cash dividends and upon exercise of share options.

Report of the Directors

Permitted Indemnity Provision

Pursuant to the Company's Articles of Association, every Director shall be entitled to be indemnified out of the assets of the Company against all loss or liabilities (to the fullest extent permitted by the Companies Ordinance (Chapter 622)) which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group.

Directors

The Directors who were in office during the Year and those as at the date of this Report are named as follows:

Executive Directors ("EDs")
Lam Kin Ngok, Peter, GBS ("**Dr. Peter Lam**") *(Chairman)*
Chew Fook Aun ("**Mr. FA Chew**") *(Deputy Chairman)*
Lau Shu Yan, Julius ("**Mr. Julius Lau**") *(Chief Executive Officer)*
Lam Hau Yin, Lester ("**Mr. Lester Lam**") *(also alternate director to U Po Chu)*
Tham Seng Yum, Ronald ("**Mr. Ronald Tham**")

Non-executive Directors ("NEDs")
Lam Kin Ming ("**Dr. KM Lam**") *(deceased on 8 January 2021)*
U Po Chu ("**Madam U**")

Independent Non-executive Directors ("INEDs")
Ip Shu Kwan, Stephen, GBS, JP ("**Mr. Stephen Ip**")
Lam Bing Kwan ("**Mr. BK Lam**")
Leung Shu Yin, William ("**Mr. William Leung**")
Leung Wang Ching, Clarence, JP ("**Mr. Clarence Leung**")

In accordance with Article 102 of the Articles of Association of the Company ("**Articles of Association**") and pursuant to Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**"), Dr. Peter Lam, Mr. FA Chew, Mr. Lester Lam and Mr. Clarence Leung ("**Retiring Directors**") will retire by rotation at the forthcoming AGM. Being eligible, they offer themselves for re-election.

Details of the Retiring Directors proposed for re-election required to be disclosed under Rule 13.51(2) of the Listing Rules are set out in the section headed "Biographical Details of Directors" and the section headed "Directors' Interests" of this Annual Report and in the circular of the Company dated 18 November 2021.

The list of directors who have served on the boards of the Company's subsidiaries during the Year and up to the date of this Report is available on the Company's website at www.laisun.com under Corporate Governance section.

Biographical Details of Directors

Brief biographical particulars of the existing Directors are set out on pages 113 to 120 of this Annual Report. Directors' other particulars are contained in this Report and elsewhere in this Annual Report.

Directors' Service Contracts

None of the Directors proposed for re-election at the forthcoming AGM has an unexpired service contract with the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

Directors' Remuneration

The Directors' fees and other emoluments are supervised by the Remuneration Committee of the Company and determined by the Board with reference to Directors' duties, responsibilities and performance and the results of the Company as well as the prevailing market conditions. Details of the Directors' remuneration are set out in the note 9 to the financial statements.

Directors' Interests in Transactions, Arrangements or Contracts

Save as disclosed in note 5 to the financial statements headed "Related Party Transactions" and the section headed "Continuing Connected Transactions/Connected Transactions" of this Report below, no Director had a material interest, whether directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the Year.

Controlling Shareholder's Interests in Significant Contracts

Save as disclosed in note 5 to the financial statements headed "Related Party Transactions" and the section headed "Continuing Connected Transactions" of this Report below, at no time during the Year had the Company or any of its subsidiaries, and the controlling shareholder (as defined in the Listing Rules) or any of its subsidiaries entered into any contract of significance or any contract of significance for the provision of services by the controlling shareholder or any of its subsidiaries to the Company or any of its subsidiaries.

Continuing Connected Transactions

The Company has certain continuing connected transactions ("**CCTs**") (as defined in the Listing Rules) during the Year, brief particulars of which are as follows:

1. Ascott Management Agreement

As announced by the Company, Lai Sun Garment (International) Limited ("**LSG**"), eSun Holdings Limited ("**eSun**", together with its subsidiaries "**eSun Group**") and Lai Fung Holdings Limited ("**Lai Fung**", together with its subsidiaries "**Lai Fung Group**") on 23 January 2020, Shanghai Li Xing Real Estate Development Co., Ltd. ("**Li Xing**"), a wholly-owned subsidiary of Lai Fung and Ascott Property Management (Shanghai) Co., Ltd. ("**Ascott**"), a wholly-owned subsidiary of CapitaLand Limited ("**CapitaLand**") entered into the 2020 Management Agreement to renew the 2009 Management Agreement which would expire on 30 April 2020 pursuant to which Ascott agreed to provide certain management services to Li Xing in relation to a serviced residence property owned by and units leased to Li Xing in Shanghai.

Continuing Connected Transactions (continued)

1. Ascott Management Agreement (continued)

Pursuant to the announcement dated 23 January 2020, Lai Fung had adopted a maximum aggregate annual cap of RMB15 million per annum for the management and other service fees payable to Ascott under the 2020 Management Agreement.

For the year ended 31 July 2021, the management and other service fees paid or payable by the Group to Ascott amounted to RMB5,719,000 (equivalent to approximately HK$6,750,000).

CapitaLand is an indirect substantial shareholder of Lai Fung. Accordingly, Ascott is a connected person of the Company under Chapter 14A.07 of the Listing Rules, and the transactions contemplated under the 2020 Management Agreement constitute CCTs for the Company under Chapter 14A of the Listing Rules.

2. Property Management Services Agreements and Cost-Sharing Agreements

As announced by the Company and LSG on 16 July 2020,

(i) Zhuhai Hengqin Novotown Business Management Co., Ltd. ("**Novotown Business Management**"), an indirect wholly-owned subsidiary of Lai Fung and Zhuhai Hengqin Novotown Creative Culture Co., Ltd. ("**Novotown Creative Culture**") of which Rosy Commerce Holdings Limited ("**Rosy Commerce**", indirectly owned by Lai Fung and the Company (excluding the interest hold through Lai Fung) as to 80% and 20%, respectively) holds 70% equity interest, entered into the Novotown Creative Culture Property Management Services Agreement on 16 July 2019 pursuant to which Novotown Business Management will provide property management services to Novotown Creative Culture from 1 September 2019 to 31 August 2022;

(ii) Novotown Business Management and Zhuhai Hengqin Novotown Entertainment Co., Ltd. ("**Novotown Entertainment**") of which Rosy Commerce holds 70% equity interest, entered into the Novotown Entertainment Property Management Services Agreement on 16 July 2019 pursuant to which Novotown Business Management will provide property management services to Novotown Entertainment from 1 August 2019 to 31 July 2022;

(iii) Novotown Business Management and Zhuhai Hengqin Laisun Creative Culture City Co., Ltd. ("**Laisun Creative Culture**"), a subsidiary of Rosy Commerce, entered into the Laisun Creative Culture Property Management Services Agreement on 23 July 2019 pursuant to which Novotown Business Management will provide property management services to Laisun Creative Culture from 1 October 2019 to 30 September 2022;

(iv) Novotown Business Management and Laisun Creative Culture entered into the Laisun Creative Culture Cost-sharing Agreement on 16 July 2019 pursuant to which Novotown Business Management and Laisun Creative Culture will share the costs and expenses in connection with the use of certain premises leased by Novotown Business Management ("**Head Lease Premises**") as staff quarter on a cost basis from 1 September 2019 to 30 April 2021;

2. Property Management Services Agreements and Cost-Sharing Agreements (continued)

(v) Novotown Business Management and Novotown Creative Culture entered into the Novotown Creative Culture Cost-sharing Agreement on 16 July 2019 pursuant to which Novotown Business Management and Novotown Creative Culture will share the costs and expenses in connection with the use of the Head Lease Premises as staff quarter on a cost basis from 1 September 2019 to 30 April 2021; and

(vi) Novotown Business Management and Novotown Entertainment entered into the Novotown Entertainment Cost-sharing Agreement on 16 July 2019 pursuant to which Novotown Business Management and Novotown Entertainment will share the costs and expenses in connection with the use of the Head Lease Premises as staff quarter on a cost basis from 1 September 2019 to 30 April 2021.

Pursuant to the announcement made by the Company and LSG on 16 July 2020, Lai Fung had adopted an annual cap of property management services fees payable to Novotown Business Management for the year ended 31 July 2021 of (i) HK$5,200,000 in respect of services with Novotown Creative Culture; (ii) HK$23,800,000 in respect of services with Novotown Entertainment; and (iii) HK$70,900,000 in respect of services with Laisun Creative Culture. Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk ("**Yu Shareholders**") ceased to be substantial shareholders of Lai Fung and Lai Fung ceased to be a connected subsidiary on 3 August 2020.

For the period from 1 August to 3 August 2020, there were no property management services fees paid or payable to Novotown Business Management by Laisun Creative Culture, Novotown Entertainment and Novotown Creative Culture.

Pursuant to the announcement made by the Company and LSG on 16 July 2020, Lai Fung had adopted an annual cap of cost-sharing of HK$3,300,000, HK$2,800,000 and HK$500,000 for the year ended 31 July 2021 for Laisun Creative Culture, Novotown Entertainment and Novotown Creative Culture in respect of transactions with Novotown Business Management under the Cost-sharing Agreements, respectively. Yu Shareholders ceased to be substantial shareholders of Lai Fung and Lai Fung ceased to be a connected subsidiary on 3 August 2020.

For the period from 1 August to 3 August 2020, the cost sharing paid or payable to Novotown Business Management by Laisun Creative Culture, Novotown Entertainment and Novotown Creative Culture amounted to RMB18,000 (equivalent to approximately HK$20,000), RMB15,000 (equivalent to approximately HK$17,000) and RMB3,000 (equivalent to approximately HK$3,000), respectively.

Continuing Connected Transactions (continued)

2. Property Management Services Agreements and Cost-Sharing Agreements (continued)

Yu Shareholders are substantial shareholders of the Company and hence connected persons of the Company under the Listing Rules. On the basis of the Yu Shareholders' disclosures of interests in Lai Fung, the Yu Shareholders held over 10% of the issued share capital of Lai Fung during the period from 16 September 2019 to 3 August 2020. For the purposes of the Listing Rules, Lai Fung became a connected subsidiary of the Company pursuant to Rule 14A.16(1) of the Listing Rules, and is a connected person of the Company. Whilst the terms of the Property Management Services Agreements and the Cost-sharing Agreements remain unchanged, the transactions thereunder have become CCTs of the Company under Chapter 14A of the Listing Rules. As such, the transactions contemplated thereunder constitute CCTs of the Company from 16 September 2019 to 3 August 2020. No annual caps were set for the Company in respect of the transactions under such pre-existing agreements.

3. The May Flower Cinema Leases

Guangdong May Flower Cinema City Company Limited ("**Guangdong Cinema City**"), an indirect wholly-owned subsidiary of eSun (as lessee) entered into the Zhongshan May Flower Cinema Lease with Zhongshan Baoli Property Development Company Limited, an indirect wholly-owned subsidiary of Lai Fung (as lessor) on 31 October 2015 for extension of the lease of certain premises in Zhongshan Palm Spring for a further term of 15 years.

Guangdong Cinema City (as lessee) entered into the Guangzhou May Flower Cinema Lease with Guangzhou Jieli Real Estate Company Limited, an indirect wholly-owned subsidiary of Lai Fung (as lessor) on 1 November 2015 for extension of the lease of certain premises in Guangzhou May Flower Plaza for a further term of 15 years.

As announced by the Company, LSG, eSun and Lai Fung on 31 July 2020, Lai Fung had become a connected subsidiary and hence a connected person of the Company pursuant to Chapter 14A of the Listing Rules. In relation to the amounts payable as a lessee, the Company has adopted an annual cap of RMB6,000,000 (equivalent to approximately HK$6,647,000) for each of the ten financial years ending 31 July 2030 and RMB1,500,000 (equivalent to approximately HK$1,662,000) for the financial year ending 31 July 2031.

Yu Shareholders ceased to be substantial shareholders of Lai Fung and Lai Fung ceased to be a connected subsidiary on 3 August 2020.

For the period from 1 August to 3 August 2020, the amounts payable as a lessee other than the base rent were RMB17,000 (equivalent to approximately HK$21,000).

4. 2020 Commercial Letting Framework Agreement

The Company, LSG, eSun, Lai Fung and Media Asia Group Holdings Limited ("**MAGHL**") (collectively, "**Lai Sun Group**") entered into a new memorandum of agreement ("**Renewal Agreement**") on 31 July 2017 to renew the memorandum of agreement dated 14 February 2014 in relation to all existing or future transactions with regard to the letting and/or licensing of various premises owned or held by other members of the Lai Sun Group ("**Transactions**") for a period of three years commencing on 1 August 2017 and expiring on 31 July 2020.

As announced on 31 July 2020, in view of expiry of the Renewal Agreement on 31 July 2020, the Lai Sun Group entered into the 2020 Commercial Letting Framework Agreement to govern the Transactions constituting their respective CCTs for a period of three years commencing on 1 August 2020 and expiring on 31 July 2023.

Pursuant to the announcement made by the Lai Sun Group on 31 July 2020, the Company had set the following annual caps:

As lessee:

(i) the annual caps for the total value of the right-of-use assets in respect of the Transactions is HK$11,200,000 for the financial year ended 31 July 2021 and HK$12,100,000 and HK$8,400,000 for the respective financial years ending 31 July 2022 and 2023; and

(ii) the annual caps for licensing and other fees other than the fixed rental payment in respect of the Transactions is HK$9,900,000 for the financial year ended 31 July 2021 and HK$10,900,000 and HK$12,100,000 for the respective financial years ending 31 July 2022 and 2023.

As lessor:

The annual caps for the annual rental, licensing fees and/or other fees receivable by the Group in respect of the Transactions is HK$5,500,000 for the financial year ended 31 July 2021 and HK$5,900,000 and HK$6,100,000 for the respective financial years ending 31 July 2022 and 2023.

Details of the 2020 Commercial Letting Framework Agreement are set out in the announcement dated 31 July 2020 jointly published by the Lai Sun Group.

For the financial year ended 31 July 2021, in respect of the Transactions:

(i) total value of the right-of-use assets amounted to HK$2,880,000;

(ii) licensing and other fees other than the fixed rental payments paid or payable by the Group amounted to HK$843,000; and

(iii) annual rental, licensing fees and/or other fees received or receivable by the Group amounted to HK$800,000.

The Company will comply with the requirements under the connected transactions rules of the Listing Rules if any cap is exceeded, or when the 2020 Commercial Letting Framework Agreement is renewed or there are material changes to the provisions of the 2020 Commercial Letting Framework Agreement.

Continuing Connected Transactions (continued)

Under Rule 14A.55 of the Listing Rules, the INEDs have reviewed annually the CCTs listed above and confirmed that the transactions have been entered into:

(a) in the ordinary and usual course of business of the Group;

(b) on normal commercial terms or better; and

(c) according to the agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Ernst & Young, Certified Public Accountants ("**Ernst & Young**"), the Company's independent auditor, were engaged to report on the CCTs of the Group in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young issued a letter in respect of the CCTs listed above to the Board (with a copy provided to the Stock Exchange) in accordance with Rule 14A.56 of the Listing Rules and confirming that nothing has come to their attention that causes them to believe that the disclosed CCTs;

(i) have not been approved by the Board;

(ii) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(iii) have exceeded the annual cap as set by the Company.

In respect of the pre-existing Property Management Services Agreements and Cost-sharing Agreements entered into prior to Lai Fung becoming a connected subsidiary (and therefore a connected person) of the Company as a result of the Yu Shareholders becoming connected persons of each of the Company and Lai Fung, no annual caps were set for the Company in respect of such transactions.

In addition, during the Year, there were sharing of corporate salaries and administrative expenses on a cost basis allocated from and to the Group, the LSG Group, the eSun Group and the Lai Fung Group. These transactions are exempt from announcement, reporting and shareholders' approval requirements pursuant to Rule 14A.98 of the Listing Rules.

Directors' Interests in Competing Businesses

During the Year and up to the date of this Report, the following Directors are considered to have interests in the businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules.

Dr. Peter Lam, Mr. FA Chew, Madam U and Mr. Lester Lam ("**Interested Directors**") held shareholding interests and/or directorships in companies/entities engaged in the businesses of property investment and development in Hong Kong including CGL.

Directors' Interests in Competing Businesses (continued)

Dr. Peter Lam held shareholding or other interests and/or directorships in companies or entities engaged in the business of investment in and operation of restaurants in Hong Kong.

The Directors do not consider the interests held by the Interested Directors to be competing in practice with the relevant business of the Group in view of:

(1) different locations and different uses of the properties owned by the above companies and those of the Group; and

(2) different target customers of the restaurant operations as well as the concerts and albums of the above companies and those of the Group.

However, the Board is independent from the boards of directors/governing committees of the aforesaid companies/entities and none of the Interested Directors can personally control the Board. Further, each of the Interested Directors is fully aware of, and has been discharging his/her fiduciary duty to the Company and has acted and will continue to act in the best interest of the Company and its shareholders as a whole. Therefore, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of such companies/entities.

Share Option Schemes

(1) The Company

At the annual general meeting of the Company held on 11 December 2015, the shareholders of the Company approved the adoption of a new share option scheme ("**New Scheme**"). The share option scheme adopted by the Company on 22 December 2006 ("**Old Scheme**") terminated when the New Scheme became effective on 23 December 2015 ("**Effective Date**"). No more options will be granted under the Old Scheme but the subsisting options granted prior to its termination will continue to be valid and exercisable in accordance with the terms of the Old Scheme.

The purpose of the New Scheme is to recognise the contribution or future contribution of (i) any employee of any member of the Company together with its subsidiaries ("**Group**") or of any of LSG, eSun, Lai Fung and MAGHL together with its subsidiaries ("**Affiliated Group**") that is affiliated with the Company ("**Relevant Companies**"); (ii) any director, officer or consultant of any member of the Relevant Companies; and (iii) any other group or classes of participants which the Directors, in its absolute discretion, considers to have contributed or will contribute, whether by way of business alliance or other business arrangement, to the development and growth of the Group ("**Eligible Participants**"), for their contribution to the Group by granting Options to them as incentives or rewards and to attract, retain or motivate Eligible Participants in line with the performance goals of the Relevant Companies. Unless otherwise altered or terminated, the New Scheme will be valid and effective for a period of 10 years commencing on the Effective Date.

As at 31 July 2021, share options comprising a total of 12,327,810 underlying shares were outstanding, of which share options comprising 10,937,810 underlying shares were granted under the Old Scheme and share options comprising 1,390,000 underlying shares were granted under the New Scheme.

Share Option Schemes (continued)

(1) The Company (continued)

During the Year, there were 915,000 options exercised by Mr. Chew Fook Aun on 7 August 2020 under the Old Scheme, 470,000 options were granted to eligible participants under the New Scheme on 26 January 2021 and 1,314,324 options lapsed by certain eligible participants in March 2021 under the Old Scheme. Apart from that, no options were granted, exercised, cancelled or lapsed in accordance with the terms of the share option schemes. Particulars of the outstanding options at the beginning and at the end of the financial period are as follows:

	Number of underlying shares comprised in share options							
Name and category of participant	Date of grant of options	Outstanding at 01/08/2020	Granted during the Year	*Exercise price of share options HK$ per Share	Exercised during the Year	Lapsed during the Year	*Outstanding at 31/07/2021	Exercise period of share options
Directors								
Lam Kin Ngok, Peter	18/01/2013	417,308	–	16.100	–	–	417,308	18/01/2013-17/01/2023
Chew Fook Aun	05/06/2012	2,867,081	–	5.350	(915,000)	–	1,952,081	05/06/2012-04/06/2022
Lau Shu Yan, Julius	18/01/2013	2,086,540	–	16.100	–	–	2,086,540	18/01/2013-17/01/2023
Lam Hau Yin, Lester	18/01/2013	4,173,081	–	16.100	–	–	4,173,081	18/01/2013-17/01/2023
Tham Seng Yum, Ronald	19/08/2019	800,000	–	9.920	–	–	800,000	19/08/2019-18/08/2029
Other employees	18/01/2013	3,311,124	–	16.100	–	(1,251,924)	2,059,200	18/01/2013-17/01/2023
Other employees	26/07/2013	83,200	–	11.250	–	–	83,200	26/07/2013-25/07/2023
Other employees	21/01/2015	228,800	–	8.350	–	(62,400)	166,400	21/01/2015-20/01/2025
Other employees	22/01/2016	60,000	–	4.700	–	–	60,000	22/01/2016-21/01/2026
Other employees	20/01/2017	60,000	–	8.150	–	–	60,000	20/01/2017-19/01/2027
Other employees	26/01/2021	–	470,000	6.360	–	–	470,000	26/01/2021-25/01/2031
Total:		**14,087,134**	**470,000**	–	**(915,000)**	**(1,314,324)**	**12,327,810**	

Share Option Schemes (continued)

(1) The Company (continued)

** Notes:*

1. *Subsequent to 31 July 2021 and as at the date of this Report ("**Report Date**"), the exercise price of and the total number of underlying shares entitled to be subscribed for under the outstanding share options have been adjusted in the following manner after the completion of the 1-for-2 rights issue of the Company on 6 October 2021 ("**Rights Issue**"):*

Name and category of participant	Number of underlying shares comprised in share options before the Rights Issue	Exercise price of share options prior to the Rights Issue HK$ per Share	Adjusted number of underlying shares comprised in share options after the Rights Issue	Adjusted exercise price of share options after the Rights Issue HK$ per Share
Directors				
Lam Kin Ngok, Peter	417,308	16.100	486,452	13.811
Chew Fook Aun	1,952,081	5.350	2,275,301	4.590
Lau Shu Yan, Julius	2,086,540	16.100	2,432,259	13.811
Lam Hau Yin, Lester	4,173,081	16.100	4,864,519	13.811
Tham Seng Yum, Ronald	800,000	9.920	932,552	8.509
Other employees				
In aggregate	2,059,200	16.100	2,400,389	13.811
In aggregate	83,200	11.250	96,985	9.650
In aggregate	166,400	8.350	193,971	7.163
In aggregate	60,000	4.700	69,940	4.032
In aggregate	60,000	8.150	69,940	6.991
In aggregate	470,000	6.360	547,872	5.455
Total:	**12,327,810**		**14,370,180**	

2. *As at the Report Date, there were 968,885,887 shares in issue and the new shares available for issue upon exercise of the above 14,370,180 outstanding share options (as adjusted), representing approximately 1.48% of the shares in issue.*

Details of the Share Option Scheme are set out in note 41 to the financial statements.

Share Option Schemes (continued)

(2) eSun

On 11 December 2015, eSun adopted a new share option scheme ("**2015 Scheme**") and terminated its share option scheme adopted on 23 December 2005 ("**2005 Scheme**"). The 2015 Scheme which became effective on 23 December 2015 remains in force for a period of 10 years commencing on its adoption date. The details of the 2015 Scheme are set out in the circular of eSun dated 12 November 2015. The maximum number of eSun's shares ("**eSun Shares**") issuable pursuant to the 2015 Scheme is 124,321,216, being 10% of the total issued Shares on the date of the approval of the 2015 Scheme.

Upon the closing of the eSun's offers on 22 August 2018, all outstanding share options under the 2005 Scheme and the 2015 Scheme had lapsed or had been cancelled. Since then and as at 31 July 2021, no eSun's share options have been granted under the 2015 Scheme.

(3) Lai Fung

Lai Fung adopted a share option scheme ("**Scheme**") on 18 December 2012 ("**Adoption Date**") for the purpose of recognising the contribution or future contribution of the Eligible Participants (as defined in the Scheme) to the Lai Fung Group. Eligible Participants include but are not limited to the directors and any employees of the Lai Fung Group. Unless otherwise cancelled or amended, the Scheme will remain in force for 10 years from the Adoption Date.

As at 31 July 2021, share options comprising a total of 8,680,690 underlying Lai Fung Shares granted under the Scheme were outstanding.

Share Option Schemes (continued)

(3) Lai Fung (continued)

The movement of the share options granted under the Scheme during the Year is as follows:

Name and category of participant	Date of grant *(Note 1)*	Outstanding at 01/08/2020	Granted during the Year	Exercised during the Year	Lapsed/ cancelled during the Year	Outstanding at 31/07/2021	Exercise period	Exercise price per Lai Fung Share (HK$) *(Note 2)*
	Number of underlying Lai Fung Shares comprised in Lai Fung share options							
Directors *(Note 3)*								
Lam Kin Ngok, Peter	18/01/2013	321,918	–	–	–	321,918	18/01/2013-17/01/2023	11.40
Lau Shu Yan, Julius	18/01/2013	965,754	–	–	–	965,754	18/01/2013-17/01/2023	11.40
Lam Hau Yin, Lester	18/01/2013	3,219,182	–	–	–	3,219,182	18/01/2013-17/01/2023	11.40
Tham Seng Yum, Ronald	19/08/2019	500,000	–	–	–	500,000	19/08/2019-18/08/2029	6.784
Other eligible participants (in aggregate) *(Note 4)*								
Batch 1	18/01/2013	3,627,672	–	–	(863,836)	2,763,836	18/01/2013-17/01/2023	11.40
Batch 2	26/07/2013	220,000	–	–	–	220,000	26/07/2013-25/07/2023	9.50
Batch 3	16/01/2015	180,000	–	–	(60,000)	120,000	16/01/2015-15/01/2025	8.00
Batch 4	19/01/2018	190,000	–	–	–	190,000	19/01/2018-18/01/2028	13.52
Batch 5	22/01/2019	460,000	–	–	(200,000)	260,000	22/01/2019-21/01/2029	10.18
Batch 6	22/01/2021	–	120,000	–	–	120,000	22/01/2021-21/01/2031	7.364
Total:		**9,684,526**	**120,000**	**–**	**(1,123,836)**	**8,680,690**		

Notes:

1. *The share options vested on the date of grant.*
2. *The exercise price of the share options is subject to adjustment in the case of rights or bonus issues or other similar changes in Lai Fung's share capital.*
3. *Directors refer to Directors of the Company.*
4. *Other Eligible Participants include directors of Lai Fung.*

Share Option Schemes (continued)

(3) Lai Fung (continued)

Save as disclosed above, no share options were granted, exercised, cancelled, or lapsed in accordance with the terms of the Scheme during the Year.

As at the Report Date, further options to subscribe for a maximum of 23,291,135 shares in Lai Fung could be granted under the Scheme, together with the 8,680,690 underlying shares comprised in the share options granted under the Scheme and remained outstanding as at the Report Date, a total number of 31,971,825 shares are available for issue under the Scheme, representing approximately 9.66% of the shares of Lai Fung in issue as at the Report Date.

(4) MAGHL

On 18 December 2012, MAGHL, a company listed on GEM of the Stock Exchange and a non-wholly-owned subsidiary of eSun since 9 June 2011, adopted a share option scheme ("**MAGHL Scheme**") which was also approved by the shareholders at a special general meeting of eSun held on 18 December 2012. The MAGHL Scheme will remain in force for a period of 10 years commencing on its adoption date.

In compliance with Chapter 23 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange ("**GEM Listing Rules**"), MAGHL's shareholders passed a resolution at its annual general meeting held on 11 December 2015 to refresh the scheme limit under the MAGHL Scheme, allowing MAGHL to grant options to subscribe for up to a total of 213,605,682 MAGHL's shares ("**Refreshment**"), representing 10% of its total issued shares as at the date of passing the relevant resolution. The Refreshment was also approved by the shareholders at the eSun AGM held on 11 December 2015 pursuant to the requirements of Rule 17.01(4) of the Listing Rules and Rule 23.01(4) of the GEM Listing Rules.

No share options have been granted under MAGHL Scheme since its adoption on 18 December 2012. As a result of the share consolidation becoming effective on 22 December 2020 and the completion of the loan capitalisation on 18 January 2021, the total issued shares of MAGHL became 2,901,105,682 MAGHL Shares. On 17 March 2021, 1,875,000 fee MAGHL Shares were issued, increasing the total issued shares of MAGHL to 2,902,980,682. On 28 June 2021, MAGHL issued and allotted a total of 42,721,136 new MAGHL Shares to THL G Limited at the subscription price of HK$1.20 per MAGHL Share, thus increasing the total issued shares in MAGHL from 2,902,980,682 to 2,945,701,818. On 3 August 2021, MAGHL issued a total of 40,612,197 new MAGHL shares to THL G Limited at the subscription price of HK$1.20 per MAGHL Share, thus increasing the total issued shares in MAGHL from 2,945,701,818 to 2,986,314,015. As at the date of this Report, MAGHL might grant options under the MAGHL Scheme to subscribe for a maximum of 21,360,568 MAGHL shares (after adjustment for the share consolidation of MAGHL), representing approximately 0.73% of the total issued shares of MAGHL as at 31 July 2021.

Directors' Interests

The following Directors and the chief executive of the Company who held office on 31 July 2021 and their respective close associates (as defined in the Listing Rules) were interested or were deemed to be interested in the following interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("**SFO**")) on that date (a) as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they were taken or deemed to have under such provisions of the SFO); or (b) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO ("**Register of Directors and Chief Executive**"); or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Code of Practice for Securities Transactions by Directors and Designated Employees adopted by the Company ("**Securities Code**"); or (d) as known by the Directors:

(1) The Company

Long positions in the ordinary shares of the Company ("Shares") and the underlying Shares

Name of Director	Capacity	Personal interests	Family interests	Corporate interests	Other interests	Total interests	Approximate % of total interests to total issued Shares *(Note 1)*
Lam Kin Ngok, Peter	Beneficial owner/ Owner of controlled corporations	433,737 *(Note 2)*	Nil	343,593,021 *(Note 3)*	417,308 *(Note 7)*	344,444,066	56.27%
Chew Fook Aun	Beneficial owner/ Owner of controlled corporations	Nil	Nil	1,221,000 *(Note 5)*	1,952,081 *(Note 7)*	3,173,081	0.52%
Lau Shu Yan, Julius	Beneficial owner	263,500 *(Note 6)*	Nil	Nil	2,086,540 *(Note 7)*	2,350,040	0.38%
Lam Hau Yin, Lester	Beneficial owner	Nil	Nil	Nil	4,173,081 *(Note 7)*	4,173,081	0.68%
Tham Seng Yum, Ronald	Beneficial owner	Nil	Nil	Nil	800,000 *(Note 7)*	800,000	0.13%
U Po Chu *(Note 4)*	Beneficial owner	26,919 *(Note 4)*	Nil	Nil	Nil	26,919	0.01%

Directors' Interests (continued)

(1) The Company (continued)

Notes:

(1) *The percentage has been compiled based on the total number of issued Shares as at 31 July 2021 (i.e. 612,089,025 Shares).*

*On 30 August 2021, the Company issued and allotted a total of 33,834,900 new shares pursuant to a subscription agreement dated 12 August 2021 as amended by a deed of variation dated 27 August 2021 ("**Subscription Agreement**"), the total number of issued Shares increased from 612,089,025 to 645,923,925.*

On 6 October 2021, the Company issued and allotted 322,961,962 Rights Shares pursuant to the completion of the Rights Issue and the total number of issued Shares increased from 645,923,925 to 968,885,887.

(2) *Subsequent to 31 July 2021 and as at the Report Date, Dr. Lam Kin Ngok, Peter subscribed 216,868 Rights Shares and his interest in the Company increased from 433,737 Shares to 650,605 Shares after the completion of the Rights Issue.*

(3) *Lai Sun Garment (International) Limited ("**LSG**") and two of its wholly-owned subsidiaries, namely Zimba International Limited ("**Zimba International**") and Joy Mind Limited ("**Joy Mind**"), beneficially owned 343,593,021 Shares, representing approximately 56.13% of the issued share capital of the Company. Dr. Lam Kin Ngok, Peter was deemed to be interested in the same 343,593,021 Shares by virtue of, in aggregate, his personal (excluding underlying Shares) and deemed interests of approximately 41.86% in the issued share capital of LSG. LSG is approximately 12.63% owned by Dr. Lam Kin Ngok, Peter and is approximately 29.23% owned by Wisdoman Limited which in turn is 100% beneficially owned by Dr. Lam Kin Ngok, Peter.*

LSG pledged approximately 208,513,987 Shares held by LSG, Zimba International and Joy Mind as security pursuant to its 7.70% secured guaranteed notes due 2018 under a Share Charge dated 24 July 2014. The amount has been repaid in full.

Subsequent to 31 July 2021 and as at the Report Date, LSG with Zimba International and Joy Mind subscribed 171,796,510 Rights Shares and its interest in the Company increased from 343,593,021 Shares to 515,389,531 Shares after the completion of the Rights Issue.

(4) *Madam U Po Chu is the widow of the late Mr. Lim Por Yen whose estate includes an interest of 5,812,553 Shares, representing approximately 0.60% of the issued share capital of the Company.*

Subsequent to 31 July 2021 and as at the Report Date, Madam U Po Chu subscribed 13,459 Rights Shares and her interest in the Company increased from 26,919 Shares to 40,378 Shares after the completion of the Rights Issue.

(5) *The 1,221,000 Shares were owned by The Orchid Growers Association Limited. By virtue of his 100% interest in the issued share capital of The Orchid Growers Association Limited, Mr. Chew Fook Aun was deemed to be interested in these 1,221,000 Shares.*

Subsequent to 31 July 2021 and as at the Report Date, Mr. Chew Fook Aun subscribed 610,500 Rights Shares and his interest in the Company increased from 1,221,000 Shares to 1,831,500 Shares after the completion of the Rights Issue.

(1) The Company (continued)

Notes: (continued)

(6) *Subsequent to 31 July 2021 and as at the Report Date, Mr. Lau Shu Yan, Julius subscribed 131,750 Rights Shares and his interest in the Company increased from 263,500 Shares to 395,250 Shares after the completion of the Rights Issue.*

(7) *A share option was granted by the Company to each of Dr. Lam Kin Ngok, Peter, Mr. Chew Fook Aun, Mr. Lau Shu Yan, Julius, Mr. Lam Hau Yin, Lester and Mr. Tham Seng Yum, Ronald, the particulars of which are set out below:*

Registered Name	Date of grant	*Number of underlying Shares comprised in the option	Exercise period	*Exercise price per Share
Lam Kin Ngok, Peter	18/01/2013	417,308	18/01/2013-17/01/2023	HK$16.100
Chew Fook Aun	05/06/2012	1,952,081	05/06/2012-04/06/2022	HK$5.350
Lau Shu Yan, Julius	18/01/2013	2,086,540	18/01/2013-17/01/2023	HK$16.100
Lam Hau Yin, Lester	18/01/2013	4,173,081	18/01/2013-17/01/2023	HK$16.100
Tham Seng Yum, Ronald	19/08/2019	800,000	19/08/2019-18/08/2029	HK$9.920

* *Subsequent to 31 July 2021 and as at the Report Date, the exercise price of and the total number of underlying Shares entitled to be subscribed for under the outstanding share options have been adjusted in the following manner after the completion of the Rights Issue:*

Registered Name	Number of underlying Shares comprised in share options before the Rights Issue	Exercise price prior to the Rights Issue HK$ per Share	Adjusted number of underlying Shares comprised in share options after the Rights Issue	Adjusted exercise price after the Rights Issue HK$ per Share
Lam Kin Ngok, Peter	417,308	16.100	486,452	13.811
Chew Fook Aun	1,952,081	5.350	2,275,301	4.590
Lau Shu Yan, Julius	2,086,540	16.100	2,432,259	13.811
Lam Hau Yin, Lester	4,173,081	16.100	4,864,519	13.811
Tham Seng Yum, Ronald	800,000	9.920	932,552	8.509

Directors' Interests (continued)

(2) Associated Corporations

(i) **Lai Sun Garment (International) Limited ("LSG") — the ultimate holding company of the Company**

Long positions in the ordinary shares of LSG ("LSG Shares") and the underlying LSG Shares

Name of Director	Capacity	Personal interests	Family interests	Corporate interests	Other interests	Total interests	Approximate % of total interests to total issued LSG Shares *(Note 1)*
Lam Kin Ngok, Peter	Beneficial owner/ Owner of controlled corporations	49,605,906 *(Note 2)*	Nil	114,741,416	333,333 *(Note 5)*	164,680,655	41.95%
Chew Fook Aun	Beneficial owner/ Owner of controlled corporations	Nil	Nil	Nil	3,819,204 *(Note 5)*	3,819,204	0.97%
Lam Hau Yin, Lester	Beneficial owner	12,459,208 *(Note 3)*	Nil	Nil	3,819,204 *(Note 5)*	16,278,412	4.15%
U Po Chu	Beneficial owner	825,525 *(Note 4)*	Nil	Nil	Nil	825,525	0.21%

Notes:

(1) The percentage has been compiled based on the total number of issued LSG Shares as at 31 July 2021 (i.e. 392,610,623 LSG Shares).

*On 2 August 2021, LSG issued and allotted 196,305,311 new ordinary shares pursuant to the 1-for-2 Rights Issue ("**LSG Rights Issue**") and the total number of issued LSG Shares increased from 392,610,623 LSG Shares to 588,915,934 LSG Shares.*

(2) Dr. Lam Kin Ngok, Peter purchased 603,000 and 200,000 LSG Shares on 28 and 29 July 2021, respectively, increasing his shareholding interest from 48,802,906 LSG Shares to 49,605,906 LSG Shares.

Subsequent to 31 July 2021 and as at the Report Date, Dr. Lam Kin Ngok, Peter subscribed 24,401,453 LSG Rights Shares and his interest in LSG increased from 49,605,906 LSG Shares to 74,007,359 LSG Shares after the completion of the LSG Rights Issue.

On 4 August 2021, Dr. Lam Kin Ngok, Peter purchased 550,000 LSG Shares and his shareholding interest increased from 74,007,359 LSG Shares to 74,557,359 LSG Shares.

DIRECTORS' INTERESTS (CONTINUED)

(2) Associated Corporations (continued)

(i) Lai Sun Garment (International) Limited ("LSG") — the ultimate holding company of the Company (continued)

Notes: (continued)

(3) Subsequent to 31 July 2021 and as at the Report Date, Mr. Lam Hau Yin, Lester subscribed 6,229,604 LSG Rights Shares and his interest in LSG increased from 12,459,208 LSG Shares to 18,688,812 LSG Shares after the completion of the LSG Rights Issue.

(4) Subsequent to 31 July 2021 and as at the Report Date, Madam U Po Chu subscribed 412,762 LSG Rights Shares and her interest in LSG increased from 825,525 LSG Shares to 1,238,287 LSG Shares after the completion of the LSG Rights Issue.

(5) A share option was granted by LSG to each of Dr. Lam Kin Ngok, Peter, Mr. Chew Fook Aun and Mr. Lam Hau Yin, Lester, the particulars of which are set out below:

Registered Name	Date of grant	*Number of underlying LSG Shares comprised in the option	Exercise period	*Exercise price per LSG Share
Lam Kin Ngok, Peter	19/06/2017	333,333	19/06/2017-18/06/2027	HK$15.00
Chew Fook Aun	19/06/2017	3,819,204	19/06/2017-18/06/2027	HK$15.00
Lam Hau Yin, Lester	19/06/2017	3,819,204	19/06/2017-18/06/2027	HK$15.00

** Subsequent to 31 July 2021 and as at the Report Date, the exercise price of and the total number of underlying LSG Shares entitled to be subscribed for under the outstanding LSG share options have been adjusted in the following manner after the completion of the LSG Rights Issue:*

Registered Name	Number of underlying LSG Shares comprised in share options before the LSG Rights Issue	Exercise price prior to the LSG Rights Issue HK$ per LSG Share	Adjusted number of underlying LSG Shares comprised in share options after the LSG Rights Issue	Adjusted exercise price after the LSG Rights Issue HK$ per LSG Share
Lam Kin Ngok, Peter	333,333	15.00	425,033	11.763
Chew Fook Aun	3,819,204	15.00	4,869,867	11.763
Lam Hau Yin, Lester	3,819,204	15.00	4,869,867	11.763

(6) The late Dr. Lam King Ming whose estate includes an interest of 1,532,164 LSG Shares, representing 0.26% of the issued share capital of LSG.

Directors' Interests (continued)

(2) Associated Corporations (continued)

(ii) eSun Holdings Limited ("eSun") — a subsidiary of the Company

Long positions in the ordinary shares of eSun ("eSun Shares") and the underlying eSun Shares

Name of Director	Capacity	Personal interests	Family interests	Corporate interests	Other interests	Total interests	Approximate % of total interests to total issued eSun Shares *(Note 1)*
Lam Kin Ngok, Peter	Beneficial owner/ Owner of controlled corporations	2,794,443	Nil	1,113,260,072 *(Note 2)*	Nil	1,116,054,515	74.81%
Lam Hau Yin, Lester	Beneficial owner	2,794,443	Nil	Nil	Nil	2,794,443	0.19%

Notes:

(1) The percentage has been compiled based on the total number of issued eSun Shares as at 31 July 2021 (i.e. 1,491,854,598 eSun Shares).

*(2) LSG was interested in 343,593,021 Shares in the Company, representing approximately 56.13% of the issued share capital of the Company. Transtrend Holdings Limited ("**Transtrend**"), a wholly-owned subsidiary of the Company, was interested in 1,113,260,072 eSun Shares, representing approximately 74.62% of the issued share capital of eSun. As such, Dr. Lam Kin Ngok, Peter was deemed to be interested in the same 1,113,260,072 eSun Shares by virtue of, in aggregate, his personal (excluding underlying shares) and deemed interests of approximately 41.86% and 56.20% in the issued share capital of LSG and the Company, respectively.*

(2) Associated Corporations (continued)

(iii) Lai Fung Holdings Limited ("Lai Fung") — a subsidiary of the Company

Long positions in the ordinary shares of Lai Fung ("Lai Fung Shares") and the underlying Lai Fung Shares

Name of Director	Capacity	Personal interests	Family interests	Corporate interests	Other interests	Total interests	Approximate % of total interests to total issued Lai Fung Shares *(Note 1)*
Lam Kin Ngok, Peter	Beneficial owner/ Owner of controlled corporations	Nil	Nil	182,318,266 *(Note 2)*	321,918 *(Note 3)*	182,640,184	55.17%
Lau Shu Yan, Julius	Beneficial owner	Nil	Nil	Nil	965,754 *(Note 3)*	965,754	0.29%
Lam Hau Yin, Lester	Beneficial owner	Nil	Nil	Nil	3,219,182 *(Note 3)*	3,219,182	0.97%
Tham Seng Yum, Ronald	Beneficial owner	Nil	Nil	Nil	500,000 *(Note 3)*	500,000	0.15%

Directors' Interests (continued)

(2) Associated Corporations (continued)

(iii) Lai Fung Holdings Limited ("Lai Fung") — a subsidiary of the Company (continued)

Notes:

(1) The percentage has compiled based on the total number of issued Lai Fung Shares as at 31 July 2021 (i.e. 331,033,443 Lai Fung Shares).

(2) The Company purchased 1,700,000 Lai Fung Shares through Transtrend on 15 April 2021.

As at 31 July 2021, the Company was interested or deemed to be interested in 182,318,266 Lai Fung Shares, of which 180,600,756 Lai Fung Shares were beneficially owned by Holy Unicorn Limited, a wholly-owned subsidiary of the Company and 1,717,510 Lai Fung Shares were beneficially owned by Transtrend. As such, Dr. Peter Lam was deemed to be interested in the same 182,318,266 Lai Fung Shares (representing approximately 55.08% of the issued share capital of Lai Fung) by virtue of, in aggregate, his approximate 41.86% and 56.20% personal (excluding underlying shares) and deemed interests in the issued share capital of LSG and the Company, respectively.

(3) A share option was granted by Lai Fung to each of Dr. Lam Kin Ngok, Peter, Mr. Lau Shu Yan, Julius, Mr. Lam Hau Yin, Lester and Mr. Tham Seng Yum, Ronald, the particulars of which are set out below:

Registered Name	Date of grant	Number of underlying Lai Fung Shares comprised in the option	Exercise period	Exercise price per Lai Fung Share
Lam Kin Ngok, Peter	18/01/2013	321,918	18/01/2013-17/01/2023	HK$11.400
Lau Shu Yan, Julius	18/01/2013	965,754	18/01/2013-17/01/2023	HK$11.400
Lam Hau Yin, Lester	18/01/2013	3,219,182	18/01/2013-17/01/2023	HK$11.400
Tham Seng Yum, Ronald	19/08/2019	500,000	19/08/2019-18/08/2029	HK$6.784

(2) Associated Corporations (continued)

(iv) Media Asia Group Holdings Limited ("MAGHL") — a subsidiary of eSun

Long positions in the shares of MAGHL ("MAGHL Shares") and the underlying MAGHL Shares

Name of Director	Capacity	Number of MAGHL Shares held	Number of underlying MAGHL Shares held	Total number of issued MAGHL Shares and underlying MAGHL Shares	Approximate % of total interests to total issued MAGHL Shares *(Note 1)*
Lam Kin Ngok, Peter	Owner of controlled corporations	2,021,848,647 *(Note 2)*	Nil	2,021,848,647	68.64%

Notes:

(1) *As a result of the share consolidation of MAGHL becoming effective on 22 December 2020 and the completion of the loan capitalisation of MAGHL on 18 January 2021, the total issued shares of MAGHL became 2,901,105,682 MAGHL Shares. On 17 March 2021, 1,875,000 fee MAGHL Shares were issued, increasing the total issued shares of MAGHL to 2,902,980,682. On 28 June 2021, MAGHL issued and allotted a total of 42,721,136 new MAGHL Shares to THL G Limited at the subscription price of HK$1.20 per MAGHL Share, thus increasing the total issued shares in MAGHL from 2,902,980,682 to 2,945,701,818. The percentage has been compiled based on the total number of issued MAGHL Shares as at 31 July 2021 (i.e. 2,945,701,818 MAGHL Shares).*

On 3 August 2021, MAGHL issued and allotted an aggregate of 40,612,197 subscription shares at the subscription price of HK$1.20 per MAGHL Share, thus increasing the total issued shares in MAGHL from 2,945,701,818 to 2,986,314,015.

(2) *As at 31 July 2021, these interests in MAGHL represented the MAGHL Shares beneficially owned by Perfect Sky Holdings Limited, a wholly-owned subsidiary of eSun, representing approximately 68.64% of the issued share capital of MAGHL. eSun was owned as to approximately 74.62% by the Company which was in turn owned as to approximately 56.13% by LSG. As LSG was approximately 12.63% (excluding underlying shares) owned by Dr. Lam Kin Ngok, Peter and approximately 29.23% owned by Wisdoman which was in turn 100% beneficially owned by Dr. Lam Kin Ngok, Peter, he was deemed to be interested in the said 2,021,848,647 MAGHL Shares.*

Save as disclosed above, as at 31 July 2021, none of the Directors and the chief executive of the Company and their respective close associates was interested or was deemed to be interested in the long and short positions in the shares, underlying shares and/or debentures of the Company or any of its associated corporations, which were required to be notified to the Company and the Stock Exchange, or recorded in the Register of Directors and Chief Executive as aforesaid, notified under the Securities Code or otherwise known by the Directors.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed in the sections headed "Share Option Scheme" and "Directors' Interests" in this Report and in note 41 headed "Share Option Schemes" to the financial statements, at no time during the Year was the Company or any of its subsidiaries a party to any arrangement to enable a Director to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Substantial Shareholders' and Other Persons' Interests

As at 31 July 2021, so far as was known by or otherwise notified by any Director or the chief executive of the Company, the particulars of the corporations or individuals (are being a Director), who had 5% or more interests in the following long positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO ("**Register of Shareholders**") or were entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company ("**Voting Entitlements**") (i.e. within the meaning of Substantial Shareholders of the Listing Rules) were as follows:

Long positions in the Shares and the underlying Shares of the Company

Name	Capacity	Nature of interests	Number of Shares and underlying Shares	Approximate % of Shares in issue *(Note 1)*
Lai Sun Garment (International) Limited	Beneficial owner	Corporate	343,593,021 *(Note 2)*	56.13% *(Note 2)*
Lam Kin Ngok, Peter	Beneficial owner/ Owner of controlled corporations	Personal and corporate	344,444,066 *(Note 2)*	56.27% *(Note 2)*
Yu Cheuk Yi	Beneficial owner	Personal	158,945,100 *(Note 3)*	25.97%
Yu Siu Yuk	Beneficial owner	Personal	158,945,100 *(Note 3)*	25.97%

Substantial Shareholders' and Other Persons' Interests (continued)

Notes:

(1) *The percentage has been compiled based on the total number of issued Shares as at 31 July 2021 (i.e. 612,089,025 Shares).*

(2) *LSG and two of its wholly-owned subsidiaries, namely Zimba International and Joy Mind beneficially owned 343,593,021 Shares, representing approximately 56.13% of the issued share capital of the Company. Dr. Lam Kin Ngok, Peter was deemed to be interested in the same 343,593,021 Shares by virtue of, in aggregate, his personal and deemed interests of approximately 41.86% in the issued share capital of LSG.*

Subsequent to 31 July 2021 and as at the Report Date, LSG's shareholding interest in the Company decreased from 56.13% to 53.19% after the issue of a total of 33,834,900 new shares pursuant to the Subscription Agreement increasing the total number of issued Shares of the Company from 612,089,025 Shares to 645,923,925 Shares.

Subsequent to 31 July 2021 and as at the Report Date, LSG with Zimba International and Joy Mind subscribed 171,796,510 Rights Shares and its interest in the Company increased from 343,593,021 Shares to 515,389,531 Shares after the completion of the Rights Issue.

Subsequent to 31 July 2021 and as at the Report Date, Dr. Lam Kin Ngok, Peter subscribed 216,868 Rights Shares and his interest in the Company increased from 433,737 Shares to 650,605 Shares after the completion of the Rights Issue.

(3) *Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk jointly held 158,945,100 Shares (25.97%) according to shareholding shown in the Individual Substantial Notice (Form 1) filed for an event on 26 July 2021. Subsequent to 31 July 2021 and as at the Report Date, Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk jointly held 254,550,900 Shares (26.27%, based on the total number of issued Shares after the completion of the Rights Issue (i.e. 968,885,887 Shares) according to shareholding shown in last individual Substantial Notice (Form 1) filed for an event on 6 October 2021.*

Save as disclosed above, the Directors are not aware of any other corporation or individual (other than a Director or the chief executive of the Company) who, as at 31 July 2021, had the Voting Entitlements or 5% or more interests or short positions in the Shares or underlying Shares of the Company as recorded in the Register of Shareholders.

Purchase, Sale or Redemption of Listed Securities

During the Year, the Company did not redeem any of its Shares listed and traded on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such Shares.

Property, Plant and Equipment, Investment Properties and Properties Under Development for Sale

Details of the movements in the property, plant and equipment, investment properties and properties under development for sale of the Company and the Group during the Year are set out in notes 14, 15 and 17, respectively, to the financial statements. Further details of the Group's investment properties and properties under development for sale are set out in the "Particulars of Major Properties" of this Annual Report.

Report of the Directors

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the issued Shares held by the public is below the prescribed public float applicable to the Company under the Listing Rules of 25% during the Year.

As disclosed in the announcement of the Company dated 28 June 2021, the public float of the Company remains below the minimum percentage of 25% as prescribed by Rule 8.08(1)(a) of the Listing Rules. As at the date of the joint announcement of the Company with LSG dated 12 August 2021, the public float of the Company was approximately 17.08%.

Upon the New Subscription Completion as announced by the Company with LSG on 27 August 2021, the Shares to be held by the public will increase from approximately 16.26% to approximately 20.65% of the total number of issued Shares at the New Subscription Completion.

While the process of identifying the most appropriate course of action is still ongoing, the Company is mindful that any effective course of action to restore the public float would be contingent upon the support of the shareholders, including the substantial shareholders. The Company will continue to take such action and step as may be appropriate in the circumstances with a view to be in compliance with the Listing Rules.

Principal Subsidiaries

Particulars of the Company's principal subsidiaries as at 31 July 2021 are set out in note 50 to the financial statements.

Charitable Contributions

During the Year, the Group made charitable contributions totalling approximately HK$8,817,000.

Major Customers and Suppliers

During the Year, sales to the Group's five largest customers accounted for less than 30% of the Group's total sales for the Year.

During the Year, purchases from the Group's five largest suppliers accounted less than 30% of the Group's total purchases for the Year.

None of the Directors or any of their close associates or any Shareholders, which to the best knowledge of the Directors, own more than 5% of the Company's issued share capital, had any beneficial interest in the Group's five largest suppliers.

Summary of Financial Information

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years is set out in the "Summary of Financial Information" of this Annual Report on pages 46 and 47.

Corporate Governance

Particulars of the Company's corporate governance practices are set out in the Corporate Governance Report of this Annual Report on pages 95 to 112.

Independence of Independent Non-Executive Directors

The Company has received from each of the INEDs in writing an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers all the INEDs to be independent.

Equity-Linked Agreements

For the Year, the Company has not entered into any equity-linked agreements, save for options granted under the above section of "Share Option Scheme" of this Report.

Review by Audit Committee

The Audit Committee of the Company comprises three INEDs, Mr. Leung Shu Yin, William, Mr. Lam Bing Kwan and Mr. Leung Wang Ching, Clarence. The Audit Committee has reviewed with the management the audited consolidated financial statements of the Company for the Year.

Events after the Reporting Period

Details of significant events of the Group after the reporting period are set out in note 54 to the financial statements.

Independent Auditor

The consolidated financial statements of the Company for the Year have been audited by Ernst & Young who will retire and being eligible, offer themselves for re-appointment at the forthcoming AGM. Having approved by the Board upon the Audit Committee's recommendation, a resolution for the re-appointment of Ernst & Young as independent auditor of the Company for the ensuing year will be put to the forthcoming AGM for shareholders' approval.

On behalf of the Board

Chew Fook Aun
Executive Director and Deputy Chairman

Hong Kong
22 October 2021

Shareholders' Information

Key Dates

Shareholders and investors are advised to note the following key dates of the Company and take appropriate action:

	For Financial Year 2020/2021
Annual results announcement	22 October 2021
Latest time and date for lodging transfer documents with the share registrar to ascertain entitlement to attending and voting at the 2021 annual general meeting ("**AGM**")	4:30 p.m. on 13 December 2021
2021 AGM	17 December 2021

	For Financial Year 2021/2022
Interim results announcement	on or before 31 March 2022
Annual results announcement	on or before 31 October 2022

Annual Report

To ensure that all shareholders have equal and timely access to important corporate information, the Company makes extensive use of its website to deliver up-to-date information. This 2020-2021 Annual Report is printed in both English and Chinese and is available on the Company's website at www.laisun.com.

AGM

The AGM will be held on 17 December 2021. Details of the AGM are set out in the notice of the AGM which constitutes part of the circular of the Company dated 18 November 2021. Notice of the AGM and the proxy form are also available on the Company's website.

Independent Auditor's Report

To the members of Lai Sun Development Company Limited
(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of Lai Sun Development Company Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 154 to 336, which comprise the consolidated statement of financial position as at 31 July 2021, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 July 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment of a hotel property located in Hong Kong	
Included in property, plant and equipment is a hotel property (the "**HK Hotel**") located in Hong Kong, which is stated at cost less accumulated depreciation and impairment losses, if any. The carrying amounts of the HK Hotel and the related right-of-use assets as at 31 July 2021 were approximately HK$3,104 million and HK$1,493 million, respectively. Significant judgements and assumptions, including those related to cash flow projections, such as the forecast average daily room rate, forecast occupancy rate and discount rate, are required to assess whether a provision for impairment is required. To support management's impairment assessment, the Group engaged an external valuer to perform a valuation using the cash flow projections. Related disclosures are disclosed in notes 3, 14 and 16 to the consolidated financial statements.	Our audit procedures included, among others, involving our internal valuation specialists to assist us to evaluate (i) the methodologies used in the valuation, and (ii) the key assumptions used in the valuation, including the forecast average daily room rate, forecast occupancy rate and discount rate, by comparing with the Group's historical data and future plans, market data of comparable companies and other industry specific statistics. We performed sensitivity analyses on certain key assumptions to assess whether impairment would have been required. We also evaluated the objectivity, independence and competency of the valuer.
Estimation of fair values of investment properties	
Investment properties are stated at fair value. The carrying amount of investment properties as at 31 July 2021 was approximately HK$37,035 million. Significant judgements and assumptions are required to determine the fair values of the investment properties. To support management's determination of the fair values, the Group engaged external valuers to perform valuations on the investment properties at the end of the reporting period. Related disclosures are disclosed in notes 3 and 15 to the consolidated financial statements.	Our audit procedures included, among others, involving our internal valuation specialists to assist us to evaluate the assumptions and methodologies used in the valuations. We also evaluated the objectivity, independence and competency of the valuers. We then assessed the Group's disclosures of investment properties.

Other Information Included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

* Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

* Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

* Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

* Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

* Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

* Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lai Wan Fung, Jacky.

Ernst & Young
Certified Public Accountants
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

22 October 2021

Consolidated Income Statement

Year ended 31 July 2021

	Notes	**2021 HK$'000**	2020 HK$'000
TURNOVER	6	**5,986,752**	5,213,529
Cost of sales		**(4,668,713)**	(3,584,979)
Gross profit		**1,318,039**	1,628,550
Other revenue and gains	6	**555,960**	540,912
Selling and marketing expenses		**(272,041)**	(187,720)
Administrative expenses		**(875,773)**	(955,638)
Other operating expenses		**(1,530,089)**	(1,668,085)
Write-down of completed properties for sale to net realisable value		**(18,241)**	(587,099)
Fair value losses on investment properties, net	15	**(358,857)**	(1,734,627)
LOSS FROM OPERATING ACTIVITIES	7	**(1,181,002)**	(2,963,707)
Finance costs	8	**(767,423)**	(698,243)
Share of profits and losses of associates		**20,050**	(17,641)
Share of profits and losses of joint ventures		**(473,004)**	(423,021)
LOSS BEFORE TAX		**(2,401,379)**	(4,102,612)
Tax	11	**(255,806)**	90,025
LOSS FOR THE YEAR		**(2,657,185)**	(4,012,587)
Attributable to:			
Owners of the Company		**(2,088,090)**	(2,934,813)
Non-controlling interests		**(569,095)**	(1,077,774)
		(2,657,185)	(4,012,587)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	13		(Adjusted)
Basic and diluted		**(HK$3.034)**	(HK$4.292)

Consolidated Statement of Comprehensive Income

Year ended 31 July 2021

	2021 **HK$'000**	2020 HK$'000
LOSS FOR THE YEAR	**(2,657,185)**	(4,012,587)
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
Other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods:		
Exchange realignments	**2,030,052**	(418,908)
Share of other comprehensive expense of associates	**(2,672)**	(1,876)
Share of other comprehensive expense of joint ventures	**(1,225)**	(63)
Release of exchange reserve upon deregistration of subsidiaries	**974**	—
	2,027,129	(420,847)
Other comprehensive expense that will not be reclassified to profit or loss in subsequent periods:		
Changes in fair values of financial assets at fair value through other comprehensive income	**(41,463)**	(190,325)
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR	**1,985,666**	(611,172)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR	**(671,519)**	(4,623,759)
Attributable to:		
Owners of the Company	**(926,132)**	(3,140,115)
Non-controlling interests	**254,613**	(1,483,644)
	(671,519)	(4,623,759)

Consolidated Statement of Financial Position

31 July 2021

	Notes	2021 HK$'000	2020 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**7,464,101**	7,666,270
Right-of-use assets	16(a)	**5,306,475**	5,282,544
Investment properties	15	**37,035,152**	35,824,589
Film rights	18	**15,109**	7,055
Film and TV program products	19	**54,838**	65,121
Music catalogs	20	**3,124**	25,047
Goodwill	21	**274,423**	271,958
Other intangible assets	22	**150,853**	151,228
Investments in associates	23	**217,163**	328,952
Investments in joint ventures	24	**7,124,459**	6,763,682
Financial assets at fair value through other comprehensive income	25	**1,689,200**	1,717,411
Financial assets at fair value through profit or loss	26	**1,041,480**	951,436
Derivative financial instruments	27	**191**	20,231
Debtors	33	**526,687**	—
Deposits, prepayments, other receivables and other assets	28	**275,008**	335,563
Deferred tax assets	39	**2,147**	4,259
Pledged and restricted bank balances and time deposits	29	**55,105**	70,765
Total non-current assets		**61,235,515**	59,486,111
CURRENT ASSETS			
Properties under development	17	**2,075,324**	3,822,423
Completed properties for sale	30	**7,351,128**	5,960,281
Films and TV programs under production and film investments	31	**235,844**	313,384
Inventories		**48,851**	56,547
Financial assets at fair value through profit or loss	26	**183,290**	153,251
Debtors	33	**340,954**	305,068
Deposits, prepayments, other receivables and other assets	28	**953,539**	905,618
Prepaid tax		**53,100**	42,231
Pledged and restricted bank balances and time deposits	29	**2,270,483**	1,860,097
Cash and cash equivalents	29	**8,284,797**	4,164,558
		21,797,310	17,583,458
Assets classified as held for sale	32	**5,273**	48,067
Total current assets		**21,802,583**	17,631,525

	Notes	2021 HK$'000	2020 HK$'000
CURRENT LIABILITIES			
Creditors, other payables and accruals	34	**3,441,480**	3,391,676
Deposits received, deferred income and contract liabilities	35	**1,430,586**	1,092,209
Derivative financial instruments	27	**—**	5,852
Lease liabilities	16(b)	**283,725**	280,673
Tax payable		**545,295**	439,521
Bank borrowings	37	**3,109,624**	8,034,040
Other borrowings	38	**41,159**	41,050
Total current liabilities		**8,851,869**	13,285,021
NET CURRENT ASSETS		**12,950,714**	4,346,504
TOTAL ASSETS LESS CURRENT LIABILITIES		**74,186,229**	63,832,615
NON-CURRENT LIABILITIES			
Lease liabilities	16(b)	**1,103,892**	1,093,757
Bank borrowings	37	**15,661,477**	8,101,635
Other borrowings	38	**277,398**	267,315
Guaranteed notes	36	**7,692,495**	5,717,879
Derivative financial instruments	27	**8,965**	—
Deferred tax liabilities	39	**5,256,477**	5,012,622
Other payables and accruals	34	**1,001,169**	—
Long-term deposits received	35	**199,653**	188,477
Total non-current liabilities		**31,201,526**	20,381,685
		42,984,703	43,450,930
EQUITY			
Equity attributable to owners of the Company			
Share capital	40	**4,134,565**	4,127,703
Reserves	42	**30,014,749**	30,842,466
		34,149,314	34,970,169
Non-controlling interests		**8,835,389**	8,480,761
		42,984,703	43,450,930

Chew Fook Aun
Director

Lau Shu Yan, Julius
Director

Consolidated Statement of Changes in Equity

Year ended 31 July 2021

	Attributable to owners of the Company											
	Share capital HK$'000	Fair value reserve — financial assets HK$'000	Share option reserve HK$'000	Capital reduction reserve HK$'000	General reserve HK$'000	Other reserve HK$'000	Statutory reserve HK$'000	Exchange fluctuation reserve HK$'000	Retained profits HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 August 2019	4,081,774	1,663,216	58,760	4,692	646,700	(32,509)	2,312	(531,399)	29,934,155	35,827,701	12,526,389	48,354,090
Loss for the year	—	—	—	—	—	—	—	—	(2,934,813)	(2,934,813)	(1,077,774)	(4,012,587)
Other comprehensive expense that may be reclassified to profit or loss in subsequent periods:												
Exchange realignments	—	—	—	—	—	—	—	(20,755)	—	(20,755)	(398,153)	(418,908)
Share of other comprehensive expense of associates	—	—	—	—	—	—	—	(1,733)	—	(1,733)	(143)	(1,876)
Share of other comprehensive expense of joint ventures	—	—	—	—	—	—	—	(43)	—	(43)	(20)	(63)
Other comprehensive expense that will not be reclassified to profit or loss in subsequent periods:												
Changes in fair values of financial assets at fair value through other comprehensive income	—	(182,771)	—	—	—	—	—	—	—	(182,771)	(7,554)	(190,325)
Total comprehensive expense for the year	—	(182,771)	—	—	—	—	—	(22,531)	(2,934,813)	(3,140,115)	(1,483,644)	(4,623,759)
Final 2019 dividend declared (note 12)	—	—	—	—	—	—	—	—	(65,498)	(65,498)	—	(65,498)
Shares issued in lieu of cash dividend (note 40(a))	39,135	—	—	—	—	—	—	—	—	39,135	—	39,135
Shares issued upon exercise of share options (note 40(b))	6,794	—	(1,948)	—	—	—	—	—	—	4,846	—	4,846
Shares issued by a subsidiary in lieu of cash dividend (note 50(a))	—	—	—	—	—	42,184	—	—	—	42,184	(39,884)	2,300
Shares issued by a subsidiary upon exercise of share options (note 50(a))	—	—	—	—	—	(2,461)	—	—	—	(2,461)	3,190	729
Dividend paid/payable to non-controlling interests of subsidiaries	—	—	—	—	—	—	—	—	—	—	(33,802)	(33,802)
Repayment to non-controlling interests of subsidiaries	—	—	—	—	—	—	—	—	—	—	(1,150)	(1,150)
Capital contributions from non-controlling interests of subsidiaries	—	—	—	—	—	—	—	—	—	—	9,294	9,294
Equity-settled share option arrangements	—	—	3,248	—	—	—	—	—	—	3,248	—	3,248
Equity-settled share option arrangements of a subsidiary	—	—	—	—	—	—	—	—	—	—	674	674
Release of reserve upon lapse of share options	—	—	(841)	—	—	—	—	—	841	—	—	—
Release of reserve upon cancellation and lapse of share options of a subsidiary	—	—	—	—	—	—	—	—	2,029	2,029	(2,029)	—
Transfer to statutory reserve	—	—	—	—	—	—	5,260	—	(5,260)	—	—	—
Acquisition of subsidiaries (note 52(a))	—	—	—	—	—	—	—	—	—	—	12,527	12,527
Acquisition of additional interests in subsidiaries (notes 50(a), (b), (c))	—	—	—	—	—	2,359,247	—	(100,147)	—	2,259,100	(2,510,804)	(251,704)
At 31 July 2020	4,127,703	1,480,445*	59,219*	4,692*	646,700*	2,366,461*	7,572*	(654,077)*	26,931,454*	34,970,169	8,480,761	43,450,930

	Attributable to owners of the Company											
	Share capital HK$'000	Fair value reserve — financial assets HK$'000	Share option reserve HK$'000	Capital reduction reserve HK$'000	General reserve HK$'000	Other reserve HK$'000	Statutory reserve HK$'000	Exchange fluctuation reserve HK$'000	Retained profits HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 August 2020	4,127,703	1,480,445	59,219	4,692	646,700	2,366,461	7,572	(654,077)	26,931,454	34,970,169	8,480,761	43,450,930
Loss for the year	–	–	–	–	–	–	–	–	(2,088,090)	(2,088,090)	(569,095)	(2,657,185)
Other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods:												
Exchange realignments	–	–	–	–	–	–	–	1,205,668	–	1,205,668	824,384	2,030,052
Share of other comprehensive (expense)/income of associates	–	–	–	–	–	–	–	(3,645)	–	(3,645)	973	(2,672)
Share of other comprehensive (expense)/income of joint ventures	–	–	–	–	–	–	–	(1,339)	–	(1,339)	114	(1,225)
Release of exchange reserve upon deregistration of subsidiaries	–	–	–	–	–	–	–	522	–	522	452	974
Other comprehensive expense that will not be reclassified to profit or loss in subsequent periods:												
Changes in fair values of financial assets at fair value through other comprehensive income	–	(39,248)	–	–	–	–	–	–	–	(39,248)	(2,215)	(41,463)
Total comprehensive income/(expense) for the year	–	(39,248)	–	–	–	–	–	1,201,206	(2,088,090)	(926,132)	254,613	(671,519)
Shares issued upon exercise of share options (note 40(b))	6,862	–	(1,967)	–	–	–	–	–	–	4,895	–	4,895
Shares issued by a subsidiary to non-controlling interest of a subsidiary, net (note 50(d))	–	–	–	–	–	23,499	–	–	–	23,499	27,032	50,531
Dividend paid to a non-controlling interest of a subsidiary	–	–	–	–	–	–	–	–	–	–	(2,331)	(2,331)
Equity-settled share option arrangements	–	–	1,224	–	–	–	–	–	–	1,224	–	1,224
Equity-settled share-based payment of subsidiaries	–	–	–	–	–	96	–	–	–	96	361	457
Repayment to non-controlling interests of subsidiaries	–	–	–	–	–	–	–	–	–	–	(2,101)	(2,101)
Release of reserve upon lapse of share options	–	–	(6,472)	–	–	–	–	–	6,472	–	–	–
Release of reserve upon lapse of share options of a subsidiary	–	–	–	–	–	–	–	–	1,853	1,853	(1,853)	–
Release of fair value reserve upon disposal of a financial asset at fair value through other comprehensive income	–	7,930	–	–	–	–	–	–	(7,930)	–	–	–
Transfer to statutory reserve	–	–	–	–	–	–	33,884	–	(33,884)	–	–	–
Acquisition of additional interests in subsidiaries, net (notes 50(a), (d))	–	–	–	–	–	73,710	–	–	–	73,710	32,522	106,232
Capital contribution from a non-controlling interest of a subsidiary	–	–	–	–	–	–	–	–	–	–	47,180	47,180
Deregistration of subsidiaries	–	–	–	–	–	–	–	–	–	–	(795)	(795)
At 31 July 2021	4,134,565	1,449,127*	52,004*	4,692*	646,700*	2,463,766*	41,456*	547,129*	24,809,875*	34,149,314	8,835,389	42,984,703

* These reserve accounts comprise the consolidated reserves of HK$30,014,749,000 (2020: HK$30,842,466,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 July 2021

	Notes	2021 HK$'000	2020 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(2,401,379)**	(4,102,612)
Adjustments for:			
Finance costs	8	**767,423**	698,243
Share of profits and losses of associates		**(20,050)**	17,641
Share of profits and losses of joint ventures		**473,004**	423,021
Fair value losses on investment properties, net	15	**358,857**	1,734,627
Depreciation of property, plant and equipment	7	**489,690**	492,131
Depreciation of right-of-use assets	7	**414,352**	449,169
Impairment of property, plant and equipment	7	**209,042**	124,234
Impairment of right-of-use assets	7	**23,515**	303,803
Impairment of goodwill	7	**—**	1,319
Loss on disposal/write-off of items of property, plant and equipment	7	**5,070**	1,645
Write-down of completed properties for sale to net realisable value		**18,241**	587,099
Write-down of properties under development to net realisable value	7	**68,612**	15,037
Impairment of films and TV programs under production	7	**2,553**	12,439
Amortisation of film rights	7	**6,595**	29,689
Amortisation of film and TV program products	7	**176,388**	128,011
Amortisation of music catalogs	7	**21,923**	31,671
Amortisation of other intangible assets	7	**1,631**	1,334
Impairment of debtors, net	7	**16,553**	11,744
Impairment of advances and other receivables	7	**23,899**	24,965
Impairment of amounts due from joint ventures	7	**90**	1,468
Write-back of impairment losses of advances and other receivables		**(842)**	—
(Write-back of impairment loss)/impairment of amounts due from associates	23	**(85)**	99
Write-off of amount due from an associate		**332**	—
Fair value gains on financial assets at fair value through profit or loss, net	7	**(101,525)**	(208,722)
Losses/(gains) on disposal of financial assets at fair value through profit or loss		**95**	(461)
Impairment of inventories	7	**3,601**	6,730
Gain on deregistration of subsidiaries		**(576)**	(11)
Loss on disposal of joint ventures	7	**142**	—
Gain on termination of a lease		**(163)**	—
Fair value losses on cross currency swaps	7	**29,005**	33,553
Fair value (gains)/losses on foreign currency forward contract	7	**(395)**	5,852
Foreseeable loss on finance lease contract	7	**15,694**	—
Derecognition loss on rental receivables	7	**14,070**	16,855
		615,362	840,573

	Notes	2021 HK$'000	2020 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES (continued)			
Interest income	6	**(90,134)**	(67,846)
Rent concessions related to COVID-19	6	**(82,382)**	(47,156)
Other rent concessions	6	**—**	(9,897)
Dividend income from financial assets at fair value through other comprehensive income	6	**(42,400)**	(21,194)
Fair value changes from film investments	7	**12,702**	5,014
Fair value changes from entertainment events organised by co-investors	7	**1,280**	(2,962)
Equity-settled share option expenses	7	**1,381**	3,922
Equity-settled share-based payment		**300**	—
Foreign exchange differences, net		**(43,352)**	(31,972)
Increase in properties under development		**(921,614)**	(789,631)
Decrease in completed properties for sale		**2,697,194**	1,456,065
Decrease in assets classified as held for sale		**43,746**	124,501
Decrease in inventories		**8,474**	2,619
Additions of films and TV programs under production	31	**(177,193)**	(141,825)
Increase in film investments	31	**(37,825)**	(13,472)
Additions of film and TV program products	19	**(2,661)**	(1,655)
Decrease in film and TV program products	19	**132,684**	117,535
Additions of film rights		**(14,649)**	(12,136)
Increase in debtors		**(69,564)**	(30,750)
Decrease in financial assets at fair value through profit or loss		**—**	17,574
(Increase)/decrease in deposits, prepayments, other receivables and other assets		**(534,144)**	46,778
Increase/(decrease) in creditors, other payables and accruals		**794,152**	(109,036)
Decrease in deposits received, deferred income and contract liabilities		**(80,797)**	(660,994)
Cash generated from operations		**2,210,560**	674,055
Interest received		**90,134**	65,404
Interest paid on bank borrowings		**(519,867)**	(583,919)
Interest paid on guaranteed notes		**(281,370)**	(282,214)
Hong Kong profits tax paid, net		**(84,781)**	(39,983)
Mainland China taxes paid, net		**(224,496)**	(103,149)
Overseas taxes paid, net		**(19,915)**	(23,862)
Net cash flows from/(used in) operating activities		**1,170,265**	(293,668)

Consolidated Statement of Cash Flows

Year ended 31 July 2021

	Note	2021 HK$'000	2020 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment		**(449,930)**	(635,331)
Additions to investment properties		**(523,599)**	(955,095)
Additions to right-of-use assets		**(9,104)**	(8,823)
Deposits paid for purchase of items of property, plant and equipment		**(112)**	(332)
Deposits paid for additions to investment properties		**(7,610)**	(2,429)
Acquisition of a financial asset at fair value through other comprehensive income		**(33,285)**	—
Acquisition of financial assets at fair value through profit or loss		**(57,364)**	(93,450)
Proceeds from disposal of equity investment at fair value through other comprehensive income		**20,032**	—
Proceeds from disposal of equity investments at fair value through profit or loss		**40,260**	105,584
Proceeds from disposal of items of property, plant and equipment		**2,243**	1,056
Proceeds from disposal of joint ventures		**1,104**	—
Acquisition of subsidiaries	52(a)	**—**	(58,900)
Advances to associates		**(4,268)**	(14,448)
Repayment from associates		**126,762**	4,141
Dividends received from associates		**—**	2,516
Acquisition of joint ventures		**—**	(273,050)
Advances to joint ventures		**(972,487)**	(20,864)
Investment in a joint venture		**(15,600)**	—
Repayment from joint ventures		**82,268**	442,461
Dividends received from joint ventures		**66,775**	70,000
Dividends received from financial assets at fair value through other comprehensive income		**42,400**	21,194
Increase in pledged and restricted bank balances and time deposits		**(300,943)**	(432,704)
Decrease in non-pledged and non-restricted time deposits with original maturity of more than three months when acquired		**—**	39,309
Net cash flows used in investing activities		**(1,992,458)**	(1,809,165)

	Notes	2021 HK$'000	2020 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank borrowings raised		**12,018,821**	8,067,611
Repayment of bank borrowings		**(9,741,645)**	(5,185,455)
Bank financing charges		**(65,203)**	(50,862)
Principal portion of lease payments	16(b)	**(260,142)**	(227,153)
Settlement of foreign currency forward contract	27	**(5,457)**	—
Guaranteed notes issued		**1,942,750**	—
Guaranteed notes issue expenses		**(14,009)**	—
Increase in put option liabilities		**738,352**	—
Acquisition of additional interests in subsidiaries		**—**	(151,267)
Dividend paid		**—**	(26,363)
Dividends paid to non-controlling interests of subsidiaries		**(2,331)**	(31,502)
Amount received from a potential non-controlling interest of a subsidiary		**—**	220,848
Repayment to non-controlling interests of subsidiaries		**(2,101)**	(1,150)
Capital contributions from non-controlling interests of subsidiaries		**47,180**	9,294
Proceeds from exercise of share options		**4,895**	4,846
Proceeds from exercise of share options of a subsidiary		**—**	729
Proceeds from the clawback offer and placing of shares of a subsidiary		**129,595**	—
Proceeds from issuance of shares of a subsidiary		**51,265**	—
Issue costs of issuance of shares of a subsidiary		**(9,170)**	—
Net cash flows from financing activities		**4,832,800**	2,629,576
NET INCREASE IN CASH AND CASH EQUIVALENTS		**4,010,607**	526,743
Cash and cash equivalents at beginning of year		**4,164,558**	3,682,798
Effect of foreign exchange rate changes, net		**109,632**	(44,983)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**8,284,797**	4,164,558
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Non-pledged and non-restricted cash and bank balances		**6,464,317**	3,185,222
Non-pledged and non-restricted time deposits		**1,820,480**	979,336
Cash and cash equivalents as stated in the consolidated statement of financial position		**8,284,797**	4,164,558

Notes to Financial Statements

31 July 2021

1. Corporate and Group Information

Lai Sun Development Company Limited (the "**Company**") is a limited liability company incorporated in Hong Kong with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The registered office of the Company is located at 11th Floor, Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong. In the opinion of the directors, the Company's ultimate holding company is Lai Sun Garment (International) Limited ("**LSG**"), a limited liability company incorporated in Hong Kong with its shares listed on the Main Board of the Stock Exchange.

During the year, the Company and its subsidiaries (collectively referred to as the "**Group**") were involved in the following principal activities:

- property development for sale;
- property investment;
- investment in and operation of hotels;
- investment in and operation of restaurants;
- development and operation of and investment in media, entertainment, music production and distribution;
- investment in and production and distribution of television programs, films and video format products;
- cinema operation;
- development and operation of and investment in cultural, leisure, entertainment and related facilities; and
- investment holding.

Details of the principal subsidiaries are set out in note 50 to the financial statements.

2.1 Basis of Preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for completed investment properties, certain investment properties under construction, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, derivative financial instruments and certain financial assets, which have been measured at fair value. Non-current assets classified as held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in note 2.4. These financial statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

2.1 Basis of Preparation (continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 July 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in the income statement. The Group's share of components previously recognised in other comprehensive income is reclassified to the income statement or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 Changes in Accounting Policies and Disclosures

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

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021*
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

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

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

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

2.3 Issued But Not Yet Effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform — Phase 2*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKFRS 17	*Insurance Contracts*[3, 6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[3, 5]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[3]
Amendments to HKAS 8	*Definition of Accounting Estimates*[3]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[3]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to HKAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*[2]
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41[2]

1 Effective for annual periods beginning on or after 1 January 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after 1 January 2023
4 No mandatory effective date yet determined but available for adoption
5 As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion
6 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in the position to state whether these new and revised HKFRSs would have a significant impact on the Group's financial performance and financial position.

2.4 Summary of Significant Accounting Policies

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated income statement and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the income statement.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

2.4 Summary of Significant Accounting Policies (continued)

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in the income statement.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in the income statement. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in the income statement as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 July. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

2.4 Summary of Significant Accounting Policies (continued)

Business combinations and goodwill (continued)

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its completed investment properties, certain investment properties under construction, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, derivative financial instruments and certain financial assets at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than properties under development, completed properties for sale, inventories, deferred tax assets, financial assets, investment properties, assets classified as held for sale and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.4 Summary of Significant Accounting Policies (continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 Summary of Significant Accounting Policies (continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5, as further explained in the accounting policy for "Non-current assets held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	Over the remaining lease terms
Hotel properties	Over the remaining lease terms
Leasehold improvements	20% or over the terms of the related leases, whichever is shorter
Theme parks, excluding land and buildings	10% — 20%
Furniture, fixtures and equipment	10% — 25%
Motor vehicles	10% — 30%
Computers	18% — 33%
Motor vessels	15% — 25%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents buildings under construction or equipment under installation or testing, which are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.4 Summary of Significant Accounting Policies (continued)

Investment properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. These include land held for a currently undetermined future use and properties which are constructed for future use as investment properties.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions as at the end of the reporting period. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of the retirement or disposal.

Properties under construction for future use as investment properties are accounted for in the same way as completed investment properties. Specifically, construction costs incurred for investment properties under construction are capitalised as part of the carrying amounts of the investment properties under construction. Investment properties under construction are measured at fair value as at the end of the reporting period. Any difference between the fair values of the investment properties under construction and their carrying amounts is recognised in the income statement in the period in which it arises.

If the fair value of an investment property under construction is at present not reliably determinable but is expected to be reliably determinable when construction is completed, such investment property under construction is stated at cost until either its fair value becomes reliably determinable or construction is completed, whichever is earlier.

A transfer from investment property under construction to property under development/construction in progress shall be made when, and only when, there is a change in use, evidenced by commencement of development with a view to sale/owner-occupation.

For a transfer from investment property to owner-occupied property or inventory, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use.

2.4 Summary of Significant Accounting Policies (continued)

Properties under development

Properties under development are stated at the lower of cost and net realisable value. Cost comprises the prepaid land lease payments or cost of land together with any other direct costs attributable to the development of the properties and other related expenses capitalised during the development period. Net realisable value is determined by the directors based on prevailing market prices on an individual property basis less estimated costs of completion and costs to be incurred in selling the property.

Once the construction or development of these properties is completed, these properties are reclassified to the appropriate categories of assets.

If a property under development is intended to be redeveloped into an owner-occupied property, it is transferred to construction in progress at the carrying amount.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets and its sale must be highly probable.

Non-current assets (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

2.4 Summary of Significant Accounting Policies (continued)

Intangible assets (other than goodwill) (continued)

(i) Trademarks

Trademarks are stated at cost less impairment losses.

(ii) Customer relationships

Customer relationships are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over the estimated useful life of 8 to 10 years.

Completed properties for sale

Completed properties for sale are stated at the lower of cost and net realisable value. Cost includes all development expenditure, applicable borrowing costs and other direct costs attributable to such properties. Cost is determined by an apportionment of the total costs of land and buildings attributable to unsold properties. Net realisable value is determined by the directors based on the prevailing market prices on an individual property basis less cost to be incurred in selling the property.

If an item of completed property for sale becomes owner-occupied, it is transferred to property, plant and equipment at carrying amount.

For a transfer from an item of completed property for sale to investment property that will be carried at fair value as its use has changed as evidenced by commencement of an operating lease, any difference between the fair value of the property at that date and its previous carrying amount shall be recognised in the income statement.

Music catalogs

Music catalogs represent song catalogs, music video recording rights and publishing rights of songs acquired from outsiders. They are stated at cost less accumulated amortisation and impairment losses.

The costs of music catalogs less accumulated impairment loss are amortised based on the proportion of actual revenue earned during the year to total estimated projected revenues subject to a maximum of 15 years. Additional adjustment to accumulated amortisation is made if the projected revenues are different from the previous estimation or to reflect the actual consumption of economic benefits, as appropriate. Estimated projected revenues and related future cash flows, and the amortisation method are reviewed, and adjusted if appropriate, at least at the end of each reporting period.

2.4 Summary of Significant Accounting Policies (continued)

Film and TV program products and films and TV programs under production

Film and TV program products are stated at cost less accumulated amortisation and any impairment losses. The portion of film and TV program products to be recovered through use, less estimated residual value and accumulated impairment losses, is amortised based on the proportion of actual revenues earned during the year to their total estimated projected revenues as an approximation of the consumption of their economic benefits. Additional adjustment to accumulated amortisation is made if the projected revenues are different from the previous estimation or to reflect the actual consumption of economic benefits, as appropriate. Cost of film and TV program products, accounted for on a project-by-project basis, includes production costs, costs of services, direct labour costs, facilities and raw materials consumed in the creation of a film or TV program.

Films and TV programs under production include production costs, costs of services, direct labour costs, facilities and raw materials consumed in the creation of films or TV programs. Upon completion and available for commercial exploitation, these films and TV programs under production are reclassified as film and TV program products. Films and TV programs under production are accounted for on a project-by-project basis and are stated at cost less any impairment losses.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2.4 Summary of Significant Accounting Policies (continued)

Leases (continued)

Group as a lessee (continued)

(a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. 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. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	Over the unexpired lease terms
Cinema related properties	2 to 16 years
Other properties	2 to 15 years
Equipment	5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

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 "Properties under development" and "Completed properties for sale". 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".

(b) *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 lease. 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.

2.4 Summary of Significant Accounting Policies (continued)

Leases (continued)

Group as a lessee (continued)

(b) Lease liabilities (continued)

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) or a change in assessment of an option to purchase the underlying asset.

(c) 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.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the income statement due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

At the commencement date, as the Group acts as a manufacturer or dealer lessor, the following for each of its finance leases should be recognised:

a) revenue being the fair value of the underlying asset, or, if lower, the present value of the lease payments accruing to the lessor, discounted using a market rate of interest;

b) the cost of sale being the cost, or carrying amount if different, of the underlying asset less the present value of the unguaranteed residual value; and

c) selling profit or loss (being the difference between revenue and the cost of sale) in accordance with its policy for outright sales to which HKFRS 15 applies at the commencement date.

2.4 Summary of Significant Accounting Policies (continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of debtors that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Debtors that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

The Group has certain investments in film projects and entertainment events which entitle the Group to receive a fixed and/or variable income based on the Group's investment amount and/or expected rate of return as specified in respective agreements. All film investments and investments in entertainment events which give rise to cash flows that are not SPPI on the principal amount outstanding are stated at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Investments and other financial assets (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the income statement when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the income statement. Dividends are recognised as other revenue in the income statement when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the income statement.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other revenue in the income statement when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

2.4 Summary of Significant Accounting Policies (continued)

Investments and other financial assets (continued)

Financial assets at fair value through profit or loss (continued)

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the income statement. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

* the rights to receive cash flows from the asset have expired; or

* the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4 Summary of Significant Accounting Policies (continued)

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for debtors which apply the simplified approach as detailed below:

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.4 Summary of Significant Accounting Policies (continued)

Impairment of financial assets (continued)

Simplified approach

For debtors that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debtors that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs as described above.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the income statement.

Financial liabilities (continued)

Subsequent measurement (continued)

Put option liabilities

Put options are financial instruments granted by the Group whereby counterparties may have the rights to request the Group to purchase their equity interests in certain of the Group's subsidiaries for cash when certain conditions are met. If the Group does not have the unconditional right to avoid delivering cash under the put option, the Group has to recognise a financial liability at the present value of the estimated future cash outflows under the put option. The financial liability is initially recognised at fair value.

Subsequently, if the Group revises its estimates of the payments, the Group adjusts the carrying amount of the financial liability to reflect actual and revised estimated cash outflows. At the end of each reporting period, the Group recalculates the carrying amount by computing the present value of the revised estimated future cash outflows at the financial instrument's original effective interest rate and adjustment to its carrying amount is to be recognised as income or expenses in the income statement.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.4 Summary of Significant Accounting Policies (continued)

Derivative financial instruments

Initial recognition and subsequent measurement

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the income statement.

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

Inventories

Inventories comprise food, beverages, cutlery, linen, supplies used in hotel and restaurant operation, video products and gaming products, are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work-in-progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

2.4 Summary of Significant Accounting Policies (continued)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside the profit or loss is recognised either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

2.4 Summary of Significant Accounting Policies (continued)

Income tax (continued)

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Dividend income derived from the Company's subsidiaries in Mainland China is subject to a withholding tax under the prevailing tax rules and regulations of the People's Republic of China (the "**PRC**").

Mainland China Land Appreciation Tax ("LAT")

LAT is levied at prevailing progressive rates on the appreciation of land value, being the proceeds from the sale of properties less deductible costs.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the income statement by way of a reduced depreciation charge.

2.4 Summary of Significant Accounting Policies (continued)

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(a) *Sale of properties*
Revenue from the sale of completed properties is recognised at the point in time when the control of the property is transferred to the purchaser.

(b) *Building management services*
Revenue from the provision of building management services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

(c) *Service from hotel operation*
Revenue from the provision of services from hotel operation is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

(d) *Revenue from restaurant operation*
Revenue from restaurant operation is recognised at the point in time when the control of the assets is transferred to the customer, generally upon consumption of the food and beverage items by the customer.

2.4 Summary of Significant Accounting Policies (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

(e) *Revenue from theme park operation*

Revenue from admission tickets sold is recognised over time when the theme park service is provided to the customer or at the point in time when the tickets expire.

(f) *Entertainment events*

Revenue from entertainment events organised by the Group is recognised when the events are completed.

(g) *Film distribution*

Income from films licensed to movie theatres is recognised when the films are exhibited.

(h) *Film licence fee*

Licence income from films and TV programs licensed for a fixed fee or non-refundable guarantee under a non-cancellable contract is recognised where an assignment is granted to the licensee which permits the licensee to exploit those rights freely, and where the Group has no remaining obligations to perform and when the film materials have been delivered to licensees.

Licence income from films and TV programs licensed, other than for a fixed fee or non-refundable guarantee under a non-cancellable contract, to licensees, over the licence period is recognised when the films and TV programs are available for showing or telecast.

(i) *Sale of products and albums*

Sale of products and albums are recognised when control of the asset is transferred to the customers, generally on delivery of the products or in accordance with the terms of the relevant agreements.

(j) *Distribution commission*

Distribution commission income is recognised when albums, film materials or TV program materials have been delivered to the wholesalers, distributors and licensees.

(k) *Album licensing and music publishing*

Album licence income and music publishing income are recognised when the licence is used by the customer or the customer simultaneously receives and consumes the benefits provided by the Group in accordance with the terms of the relevant agreements.

2.4 Summary of Significant Accounting Policies (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

(l) *Box-office takings*

Revenue from gross box-office takings for film exhibition is recognised at the point in time, upon the sale of tickets and when the film is exhibited.

(m) *Advertising, artiste management, producer and consultancy services*

Advertising income, artiste management fee income, producer fee income and consultancy service income from entertainment events and TV programs and commission income and handling fees from entertainment events are recognised in the period in which the relevant services are rendered to the customer or the customer simultaneously receives and consumes the benefits provided by the Group.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Income from properties under finance lease is recognised at the commencement date of finance lease when the risks and rewards incidental to the ownership of the underlying properties are substantially transferred to the lessee.

Other revenue

(a) Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

(b) Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

2.4 Summary of Significant Accounting Policies (continued)

Contract costs

Costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the income statement on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the income statement.

2.4 Summary of Significant Accounting Policies (continued)

Foreign currencies (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or the income statement is also recognised in other comprehensive income or the income statement, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas/Mainland China subsidiaries, joint ventures and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas/Mainland China subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas/Mainland China subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

2.4 Summary of Significant Accounting Policies (continued)

Employee benefits

Share-based payments

The Group operates share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("**equity-settled transactions**").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using the Binomial Option Pricing Model.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2.4 Summary of Significant Accounting Policies (continued)

Employee benefits (continued)

Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the year end is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the end of the reporting period for the material expected future cost of such paid leave earned during the current financial year by the employees and carried forward.

Retirement benefits

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Vietnam and Mainland China are required to participate in central pension schemes operated by the respective governments in Vietnam and the PRC. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension schemes. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension schemes.

3. Significant Accounting Judgements and Estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

3. Significant Accounting Judgements and Estimates (continued)

Judgements (continued)

Impairment of a hotel property located in Hong Kong (the "HK Hotel") and the related right-of-use assets

The HK Hotel is stated at cost less accumulated depreciation and impairment losses, if any. In determining whether there is any indication of impairment, the Group has to exercise judgement, particularly in assessing the appropriate key assumptions to be applied in preparing cash flow projections. To support the impairment assessment, the Group engaged an external valuer to perform a valuation on the HK Hotel and the related right-of-use assets. Changing the assumptions selected by the valuer to determine whether there is any indication of impairment, including those related to the cash flow projections, such as the forecast average daily room rate, forecast occupancy rate and discount rate, could materially affect the net present value used in the impairment test. The carrying amounts of the HK Hotel and the related right-of-use assets as at 31 July 2021 were approximately HK$3,104 million (2020: HK$3,232 million) and HK$1,493 million (2020: HK$1,549 million), respectively.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

When fair value of investment properties under construction can be reliably measured

If the fair value of an investment property under construction is at present not reliably measurable, such property is stated at cost until either its fair value becomes reliably measurable or construction is completed, whichever is earlier.

The Group has to exercise judgement in determining when the fair value of an investment property under construction can be reliably measured by assessing whether a substantial part of the project risk has been reduced or eliminated, which might include the consideration of (i) whether the asset is being constructed in a developed liquid market; (ii) whether the construction permits have been obtained; and (iii) the stage of construction or completion. Other indications may also be appropriate in light of the facts and circumstances of individual developments.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Judgements (continued)

Income tax

Deferred tax is provided using the liability method, on all temporary differences as at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

As explained in note 39 to the financial statements, withholding tax is levied on dividends to be distributed by subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008. Deferred tax is provided, at the applicable withholding tax rate, on the undistributed earnings of the Group's PRC subsidiaries that would be distributed to their respective holding companies outside Mainland China in the foreseeable future.

Put option liabilities

As explained in note 34 to the financial statements, put option liabilities arising from the buy-back upon the occurrence of certain triggering events are recognised as financial liabilities. When determining the classification and measurement of the put option liabilities, judgements are exercised, including determining whether the Group has the present ownership interest in the shares subject to the put options, the timing that the triggering events would occur and the possibility that the buy-back would be exercised.

Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the lease.

The Group includes the renewal period as part of the lease term for leases of leased properties.

3. Significant Accounting Judgements and Estimates (continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment assessment of film and TV program products and films and TV programs under production

Films and TV programs under production are accounted for on a project-by-project basis and are stated at cost less any impairment losses. Film and TV program products are stated at cost less accumulated amortisation and any impairment losses. Management estimates the costs to be incurred to complete production and the total projected revenues and related future cash flows, as appropriate, of each film and TV program under production and film and TV program product based on the historical cost, performance and cash flows of similar films and TV programs, incorporating factors such as the production plan, target markets and distribution plans of respective films and TV programs, the past box office or similar records and/or other relevant information of the main artistes and directors of the films and TV programs, the genre of the films and TV programs, their anticipated performance in relevant theatrical, home entertainment, television and other ancillary markets, with reference to agreements for future sales, licensing and other exploitations, as appropriate.

These estimated costs to be incurred to complete production, projected revenues and related future cash flows can change significantly due to a variety of factors. Based on both internal and external information available on the films and TV programs under production and film and TV program products, management reviews the estimated costs to be incurred to complete production, the projected revenues and the related future cash flows of the relevant assets, as appropriate, to assess whether there is any impairment or reversal of impairment. Any change in estimates may have a significant impact on the Group's financial performance. The carrying amounts of film and TV program products and films and TV programs under production are disclosed in notes 19 and 31 to the financial statements, respectively.

Estimation of fair values of investment properties and a financial asset at fair value through other comprehensive income

The best evidence of fair value is current prices in an active market for similar properties in the same location and condition and subject to similar leases and other contracts. In the absence of such information, management determines the amount within a range of reasonable fair value estimates. In making its judgement, management considers information from (i) independent valuations; (ii) current prices in an active market for properties of a different nature, condition or location by reference to available market information; (iii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the dates of transactions that occurred at those prices; and (iv) discounted cash flow projections, based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rates for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of cash flows. The carrying amount of investment properties measured at fair value as at 31 July 2021 was approximately HK$37,035 million (2020: HK$34,869 million) and that of a financial asset at fair value through other comprehensive income of which the principal asset is an investment property, as at 31 July 2021 was approximately HK$1,536 million (2020: HK$1,563 million).

3. Significant Accounting Judgements and Estimates (continued)

Estimation uncertainty (continued)

Estimation of total budgeted costs and costs to completion for properties under development/ investment properties under construction

The total budgeted costs for properties under development/investment properties under construction comprise (i) leasehold land, (ii) building costs, and (iii) any other direct costs attributable to the development of the properties. In estimating the total budgeted costs for properties under development/ investment properties under construction, management makes reference to information such as (i) current offers from contractors and suppliers, (ii) recent offers agreed with contractors and suppliers, and (iii) professional estimation on construction and material costs.

Provision for ECLs on debtors and other receivables

The Group uses a provision matrix to calculate ECLs for debtors. The provision rates are based on days past due for groupings of various customer segments with shared risk characteristics. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECLs on the Group's debtors is disclosed in note 33 to the financial statements.

The loss allowances for other receivables are based on assumption about risk of default and expected loss rates. The Group makes adjustment in making these assumptions and selecting the inputs to the ECL calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. A number of significant judgements are also required in applying the accounting requirements for measuring ECLs, such as:

— Determining criteria for a significant increase in credit risk;
— Identifying economic indicators for forward-looking measurement; and
— Estimating future cash flows for the other receivables.

The information about the provision for ECLs on the Group's other receivables is disclosed in note 28 to the financial statements.

3. Significant Accounting Judgements and Estimates (continued)

Estimation uncertainty (continued)

Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in production, expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed at each financial year end date based on changes in circumstances.

Business combinations and goodwill

When the Group completes a business combination, the identifiable assets acquired and the liabilities assumed are recognised at their fair value. Management estimation is required to determine the fair values of the assets acquired, the liabilities assumed, and the purchase consideration, and on the allocation of the purchase consideration to the identifiable assets and liabilities. The fair values of the identifiable assets acquired and the liabilities assumed are determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from an observable market where possible but where this is not feasible, a degree of judgement and estimation is required in establishing fair values. Management must estimate the expected future cash flows and discount rate in order to calculate the fair value.

Impairment of goodwill and trademarks with indefinite useful lives

The Group determines whether goodwill and trademarks with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units or the fair value of a trademark to which the goodwill and trademarks with indefinite useful lives are allocated. Estimating the value in use and fair value requires the Group to make an estimate of the expected future cash flows from the cash-generating units or trademarks and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Details of goodwill and trademarks with indefinite useful lives are disclosed in notes 21 and 22 to the financial statements.

Impairment of non-financial assets (other than goodwill)

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the Group has to exercise judgement in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

3. Significant Accounting Judgements and Estimates (continued)

Estimation uncertainty (continued)

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Fair value of derivative financial instruments

Where fair value of derivative financial instruments cannot be derived from active markets, it is determined using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement including considerations of inputs such as expected exposure at default, credit spread and loss given default ratio. Changes in assumptions about these factors could affect the reported fair value of derivative financial instruments. The fair value of the Group's derivative financial instruments are disclosed in note 27 to the financial statements.

Provision for LAT and corporate income tax ("CIT")

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to their understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculations and payments with the tax authorities for certain property development projects. The final tax outcome could be different from the amounts that were initially recorded, and any differences will impact the LAT expenses and the related LAT provision in the period in which such taxes are finalised with the tax authorities.

The Group is mainly subject to CIT in the PRC. As a result of the fact that certain matters relating to the CIT have not been confirmed by the tax authorities, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for CIT. Where the final tax outcomes of these matters are different from the amounts originally recorded, the differences will impact on the CIT and related CIT provision in the period in which such taxes are finalised with the tax authorities.

4. Segment Information

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

(a) the property development and sales segment engages in property development and sale of properties;

(b) the property investment segment invests in commercial and office buildings for their rental income potential and provides building management services;

(c) the hotel operation segment engages in the operation of and provision of consultancy services to hotels and serviced apartments;

(d) the restaurant operation segment engages in the operation of restaurants and sales of food and beverage products;

(e) the media and entertainment segment engages in the investment in and the production of entertainment events and provision of related advertising services, the provision of artiste management services, album sales and the distribution and licensing of music and trading of gaming products;

(f) the film and TV program segment engages in the investment in, production of, sale, distribution and licensing of films and TV programs, the provision of related advertising services as well as the distribution of video format products derived from these films and films licensed-in by the Group;

(g) the cinema operation segment engages in the operation of cinemas in Hong Kong and Mainland China;

(h) the theme park operation segment engages in development and operation of theme parks in Mainland China; and

(i) the "others" segment mainly comprises luxury yachting business, the provision of property management services, leasing agency services and building services.

4. Segment Information (continued)

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

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

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

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

4. Segment Information (continued)

Segment revenue and results

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

	Property development and sales		Property investment		Hotel operation		Restaurant operation		Media and entertainment		Film and TV program		Cinema operation		Theme park operation		Others		Consolidated	
	2021 HK$'000	2020 HK$'000	**2021 HK$'000**	2020 HK$'000	**2021 HK$'000**	2020 HK$'000	**2021 HK$'000**	2020 HK$'000	**2021 HK$'000**	2020 HK$'000	**2021 HK$'000**	2020 HK$'000	**2021 HK$'000**	2020 HK$'000	**2021 HK$'000**	2020 HK$'000	**2021 HK$'000**	2020 HK$'000	**2021 HK$'000**	2020 HK$'000
Segment revenue:																				
Sales to external customers	**2,503,316**	1,690,213	**1,287,297**	1,299,408	**621,199**	673,359	**443,089**	421,764	**321,126**	326,604	**298,892**	370,215	**211,986**	229,264	**30,769**	19,153	**269,078**	183,549	**5,986,752**	5,213,529
Intersegment sales	**–**	–	**38,199**	39,099	**457**	683	**12**	148	**4**	128	**8,597**	6,231	**1,495**	527	**–**	–	**26,530**	31,519	**75,294**	78,335
Other revenue and gains	**7,860**	11,703	**33,898**	45,363	**18,504**	8,589	**35,393**	20,217	**16,558**	6,241	**37,147**	3,935	**98,675**	73,684	**1,446**	–	**41,669**	42,504	**291,150**	212,236
Total	**2,511,176**	1,701,916	**1,359,394**	1,383,870	**640,160**	682,631	**478,494**	442,129	**337,688**	332,973	**344,636**	380,381	**312,156**	303,475	**32,215**	19,153	**337,277**	257,572	**6,353,196**	5,504,100
Elimination of intersegment sales																			**(75,294)**	(78,335)
Total																			**6,277,902**	5,425,765
Segment results	**(261,691)**	59,241	**874,936**	850,827	**(340,979)**	(360,633)	**(88,919)**	(110,570)	**(33,531)**	(30,172)	**(95,019)**	(79,962)	**(151,664)**	(515,156)	**(444,474)**	(263,350)	**45,902**	(21,130)	**(495,439)**	(470,905)
Unallocated other revenue and gains																			**264,810**	328,676
Write-down of completed properties for sale to net realisable value	**(18,241)**	(587,099)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(18,241)**	(587,099)
Fair value losses on investment properties, net	**–**	–	**(358,857)**	(1,734,627)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(358,857)**	(1,734,627)
Unallocated expenses																			**(573,275)**	(499,752)
Loss from operating activities																			**(1,181,002)**	(2,963,707)
Finance costs																			**(767,423)**	(698,243)
Share of profits and losses of associates	**77**	83	**(235)**	(617)	**(558)**	(274)	**3**	130	**–**	–	**–**	–	**–**	–	**–**	–	**1,990**	2,498	**1,277**	1,820
Share of profits and losses of associates – unallocated																			**18,773**	(19,461)
Share of profits and losses of joint ventures	**105,959**	70,252	**(569,167)**	(468,856)	**(10,216)**	(24,505)	**–**	–	**1,309**	(155)	**(889)**	243	**–**	–	**–**	–	**–**	–	**(473,004)**	(423,021)
Loss before tax																			**(2,401,379)**	(4,102,612)
Tax																			**(255,806)**	90,025
Loss for the year																			**(2,657,185)**	(4,012,587)

4. Segment Information (continued)

Segment assets and liabilities

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

	Property development and sales		Property investment		Hotel operation		Restaurant operation		Media and entertainment		Film and TV program		Cinema operation		Theme park operation		Others		Consolidated	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment assets	**10,253,411**	9,992,287	**37,675,821**	36,568,822	**9,272,393**	9,531,236	**580,155**	600,946	**353,929**	352,992	**588,886**	763,534	**1,349,565**	1,169,897	**1,602,919**	1,712,839	**1,084,402**	1,003,077	**62,761,481**	61,695,630
Investments in associates	**2,177**	2,099	**45**	533	**171,359**	178,033	**(10,105)**	(10,105)	**–**	–	**–**	–	**–**	–	**–**	–	**5,688**	3,156	**169,164**	173,716
Investments in associates – unallocated																			**47,999**	155,236
Investments in joint ventures	**2,115,704**	1,133,702	**4,909,949**	5,523,518	**82,730**	92,916	**–**	–	**15,018**	11,599	**1,058**	1,947	**–**	–	**–**	–	**–**	–	**7,124,459**	6,763,682
Unallocated assets																			**12,929,722**	8,281,305
Assets classified as held for sale	**5,273**	14,952	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	33,115	**5,273**	48,067
Total assets																			**83,038,098**	77,117,636
Segment liabilities	**2,025,242**	905,354	**812,513**	1,438,886	**513,188**	751,426	**177,914**	211,133	**131,324**	117,541	**367,820**	381,929	**1,259,934**	1,144,518	**132,658**	157,577	**384,570**	328,132	**5,805,163**	5,436,496
Bank borrowings																			**18,771,101**	16,135,675
Guaranteed notes																			**7,692,495**	5,717,879
Other borrowings																			**318,557**	308,365
Unallocated liabilities																			**7,466,079**	6,068,291
Total liabilities																			**40,053,395**	33,666,706

4. Segment Information (continued)

Other segment information

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

	Property development and sales		Property investment		Hotel operation		Restaurant operation		Media and entertainment		Film and TV program		Cinema operation		Theme park operation		Others		Consolidated	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Depreciation of property, plant and equipment	**880**	921	**21,018**	9,879	**233,386**	224,060	**19,533**	38,652	**1,081**	1,340	**155**	508	**52,368**	56,597	**146,296**	143,785	**6,571**	8,103	**481,288**	483,845
Depreciation of property, plant and equipment – unallocated																			**8,402**	8,286
																			489,690	492,131
Depreciation of right-of-use assets	**496**	1,259	**5,653**	35,869	**155,828**	119,296	**58,295**	66,638	**1,353**	3,407	**2,693**	6,382	**129,030**	154,233	**18,807**	18,447	**13,850**	17,441	**386,005**	422,972
Depreciation of right-of-use assets – unallocated																			**28,347**	26,197
																			414,352	449,169
Impairment of property, plant and equipment	**–**	–	**–**	–	**–**	–	**–**	26,083	**494**	638	**125**	273	**8,149**	94,832	**199,631**	–	**643**	2,408	**209,042**	124,234
Impairment of right-of-use assets	**–**	–	**–**	–	**–**	–	**–**	23,059	**2,613**	2,656	**865**	5,183	**18,335**	272,073	**–**	–	**1,702**	832	**23,515**	303,803
Loss on disposal/write-off of items of property, plant and equipment	**157**	40	**4,826**	1,085	**72**	70	**–**	–	**3**	30	**–**	4	**12**	243	**–**	–	**–**	24	**5,070**	1,496
Loss on disposal/write-off of items of property, plant and equipment – unallocated																			**–**	149
																			5,070	1,645

4. Segment Information (continued)

Other segment information (continued)

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

	Property development and sales		Property investment		Hotel operation		Restaurant operation		Media and entertainment		Film and TV program		Cinema operation		Theme park operation		Others		Consolidated	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Write-down of properties under development to net realisable value	**68,612**	15,037	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**68,612**	15,037
Impairment of films and TV programs under production	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**2,553**	12,439	**–**	–	**–**	–	**–**	–	**2,553**	12,439
Amortisation of film rights	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**6,595**	29,689	**–**	–	**–**	–	**–**	–	**6,595**	29,689
Amortisation of film and TV program products	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**176,388**	128,011	**–**	–	**–**	–	**–**	–	**176,388**	128,011
Amortisation of music catalogs	**–**	–	**–**	–	**–**	–	**–**	–	**21,923**	31,671	**–**	–	**–**	–	**–**	–	**–**	–	**21,923**	31,671
Amortisation of other intangible assets	**–**	–	**–**	–	**–**	–	**1,221**	950	**–**	–	**–**	–	**–**	–	**–**	–	**410**	384	**1,631**	1,334
Impairment of debtors	**–**	–	**6,661**	4,147	**–**	–	**–**	–	**7,209**	7,466	**2,683**	131	**–**	–	**–**	–	**–**	–	**16,553**	11,744
Impairment of advances and other receivables	**–**	2,595	**–**	–	**–**	–	**–**	–	**20,290**	5,530	**3,609**	16,065	**–**	–	**–**	–	**–**	775	**23,899**	24,965
Impairment of amounts due from joint ventures	**–**	–	**–**	–	**–**	–	**–**	–	**1,273**	703	**(1,183)**	765	**–**	–	**–**	–	**–**	–	**90**	1,468
Foreseeable loss on finance lease contract	**15,694**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**15,694**	–
Derecognition loss on rental receivables	**–**	–	**14,070**	16,855	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**14,070**	16,855
Impairment of inventories	**–**	–	**–**	–	**–**	–	**–**	–	**821**	59	**777**	2,466	**4**	20	**–**	–	**1,999**	4,185	**3,601**	6,730
Impairment of goodwill	**–**	–	**–**	–	**–**	–	**–**	1,319	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	1,319
Capital expenditure	**664**	1,957	**581,612**	1,002,529	**31,826**	621,663	**22,837**	59,212	**987**	1,539	**1,537**	2,705	**331,734**	144,340	**113,425**	86,510	**10,273**	21,510	**1,094,895**	1,941,965
Capital expenditure – unallocated																			**82,017**	9,058
																			1,176,912	1,951,023

4. Segment Information (continued)

Geographical information

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

	Hong Kong		Mainland China and Macau		United Kingdom		Vietnam		Others		Consolidated	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue												
Sales to external customers	**1,860,379**	2,972,571	**3,586,739**	1,637,902	**81,968**	108,042	**181,121**	308,384	**276,545**	186,630	**5,986,752**	5,213,529
Other revenue	**210,713**	159,650	**65,702**	49,222	**7,409**	138	**3**	601	**7,323**	2,625	**291,150**	212,236
Total	**2,071,092**	3,132,221	**3,652,441**	1,687,124	**89,377**	108,180	**181,124**	308,985	**283,868**	189,255	**6,277,902**	5,425,765
Segment assets												
Non-current assets	**20,148,111**	21,113,204	**26,388,753**	24,302,996	**3,560,918**	3,251,828	**386,946**	408,112	**397,856**	412,156	**50,882,584**	49,488,296
Current assets	**2,882,210**	2,838,412	**8,430,504**	8,839,104	**46,364**	92,847	**137,864**	162,121	**381,955**	274,850	**11,878,897**	12,207,334
Total	**23,030,321**	23,951,616	**34,819,257**	33,142,100	**3,607,282**	3,344,675	**524,810**	570,233	**779,811**	687,006	**62,761,481**	61,695,630

Information about major customers

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

5. Related Party Transactions

In addition to the related party transactions and balances detailed elsewhere in the financial statements, the Group entered into the following material transactions with related parties during the year:

(a) Transactions with related parties

	Notes	2021 HK$'000	2020 HK$'000
Lease payments and building management fees paid or payable to:			
— LSG	(i), (ii)	**833**	1,462
— an associate of LSG	(i), (ii)	**215**	1,022
Rental income and management fee income received or receivable from LSG	(i)	**739**	813
Interest income received or receivable from advance to joint ventures	(i)	**4,747**	11,072
Production fee paid or payable to joint ventures	(i)	**1,450**	1,170
Share of net gain from entertainment events organised by the Group to a joint venture		**2,423**	—
Management and other service fees paid or payable to a subsidiary of a substantial shareholder of Lai Fung Holdings Limited ("**Lai Fung**")	(i)	**6,750**	7,001
Multimedia design fee paid or payable to a joint venture	(i)	**17,078**	—
Sharing of corporate salaries on a cost basis allocated to LSG		**9,085**	10,956
Sharing of administrative expenses on a cost basis allocated to LSG		**1,197**	2,406
Sharing of corporate salaries on a cost basis allocated from LSG		**7,508**	8,508

5. Related Party Transactions (continued)

(a) Transactions with related parties (continued)

Notes:

(i) These transactions were entered into based on terms stated in the respective agreements or contracts and were charged on bases mutually agreed by the respective parties.

(ii) In addition to the variable lease payments and lease payments for short-term leases to the related parties, right-of-use assets of approximately HK$2,445,000 (2020: HK$2,982,000) and lease liabilities of approximately HK$2,831,000 (2020: HK$3,009,000) related to the leases with related parties were recognised in the consolidated statement of financial position as at 31 July 2021. During the year ended 31 July 2021, depreciation of these right-of-use assets of approximately HK$2,654,000 (2020: HK$1,369,000) and finance costs on these lease liabilities of approximately HK$96,000 (2020: HK$85,000) were recognised in the consolidated income statement.

(b) Compensation of key management personnel of the Group

	2021 **HK$'000**	2020 HK$'000
Short term employee benefits	**66,891**	74,823
Post-employment benefits	**377**	377
Total compensation paid to key management personnel	**67,268**	75,200

Further details of directors' emoluments are included in note 9 to the financial statements.

6. Turnover and Other Revenue and Gains

An analysis of turnover is as follows:

	2021 HK$'000	2020 HK$'000
Turnover from contracts with customers:		
Sale of properties	**2,039,170**	1,690,213
Building management fee income	**199,469**	183,467
Income from hotel operation	**621,199**	673,359
Income from restaurant operation	**443,089**	421,764
Distribution commission income, licence income from and sales of film and TV program products and film rights	**297,562**	368,548
Box-office takings, concessionary income and related income from cinemas	**211,986**	229,264
Entertainment event income	**72,429**	68,922
Sale of game products	**157,597**	156,520
Album sales, licence income and distribution commission income from music publishing and licensing	**79,171**	89,197
Artiste management fee income	**11,929**	11,965
Advertising income	**1,330**	1,667
Income from theme park operation	**30,769**	19,153
Others	**269,078**	183,549
	4,434,778	4,097,588
Turnover from other sources:		
Rental income	**1,087,828**	1,115,941
Income from properties under finance lease	**464,146**	—
	1,551,974	1,115,941
Total turnover	**5,986,752**	5,213,529
Timing of recognition of turnover from contracts with customers:		
At a point in time	**3,808,230**	3,557,789
Over time	**626,548**	539,799
	4,434,778	4,097,588

6. Turnover and Other Revenue and Gains (continued)

(a) Disaggregated revenue information:

	For the year ended 31 July 2021									
	Property development and sales HK$'000	Property investment HK$'000	Hotel operation HK$'000	Restaurant operation HK$'000	Media and entertainment HK$'000	Film and TV program HK$'000	Cinema operation HK$'000	Theme park operation HK$'000	Others HK$'000	Consolidated HK$'000
Type of goods or services										
Sale of properties	2,039,170	–	–	–	–	–	–	–	–	2,039,170
Building management fee income	–	199,469	–	–	–	–	–	–	–	199,469
Income from hotel operation	–	–	621,199	–	–	–	–	–	–	621,199
Income from restaurant operation	–	–	–	443,089	–	–	–	–	–	443,089
Distribution commission income, licence income from and sales of film and TV program products and film rights	–	–	–	–	–	297,562	–	–	–	297,562
Box-office takings, concessionary income and related income from cinemas	–	–	–	–	–	–	211,986	–	–	211,986
Entertainment event income	–	–	–	–	72,429	–	–	–	–	72,429
Sale of game products	–	–	–	–	157,597	–	–	–	–	157,597
Album sales, licence income and distribution commission income from music publishing and licensing	–	–	–	–	79,171	–	–	–	–	79,171
Artiste management fee income	–	–	–	–	11,929	–	–	–	–	11,929
Advertising income	–	–	–	–	–	1,330	–	–	–	1,330
Income from theme park operation	–	–	–	–	–	–	–	30,769	–	30,769
Others	–	–	–	–	–	–	–	–	269,078	269,078
Total turnover from contracts with customers	2,039,170	199,469	621,199	443,089	321,126	298,892	211,986	30,769	269,078	4,434,778
Turnover from other sources										
– rental income	–	1,087,828	–	–	–	–	–	–	–	1,087,828
– income from properties under finance lease	464,146	–	–	–	–	–	–	–	–	464,146
Total turnover from other sources	464,146	1,087,828	–	–	–	–	–	–	–	1,551,974
Total turnover	2,503,316	1,287,297	621,199	443,089	321,126	298,892	211,986	30,769	269,078	5,986,752

6. Turnover and Other Revenue and Gains (continued)

(a) Disaggregated revenue information: (continued)

	For the year ended 31 July 2021									
	Property development and sales HK$'000	Property investment HK$'000	Hotel operation HK$'000	Restaurant operation HK$'000	Media and entertainment HK$'000	Film and TV program HK$'000	Cinema operation HK$'000	Theme park operation HK$'000	Others HK$'000	Consolidated HK$'000
Geographical markets										
Hong Kong	227,815	70,345	232,174	347,114	243,899	52,582	185,985	–	43,620	1,403,534
Mainland China and Macau	1,811,355	117,280	207,904	95,975	49,915	222,536	26,001	30,769	–	2,561,735
United Kingdom	–	11,844	–	–	–	–	–	–	–	11,844
Vietnam	–	–	181,121	–	–	–	–	–	–	181,121
Others	–	–	–	–	27,312	23,774	–	–	225,458	276,544
Total turnover from contracts with customers	2,039,170	199,469	621,199	443,089	321,126	298,892	211,986	30,769	269,078	4,434,778
Turnover from other sources										
– rental income	–	1,087,828	–	–	–	–	–	–	–	1,087,828
– income from properties under finance lease	464,146	–	–	–	–	–	–	–	–	464,146
Total turnover from other sources	464,146	1,087,828	–	–	–	–	–	–	–	1,551,974
Total turnover	2,503,316	1,287,297	621,199	443,089	321,126	298,892	211,986	30,769	269,078	5,986,752
Timing of recognition of turnover from contracts with customers										
At a point in time	2,039,170	–	300,635	443,089	264,212	298,442	211,986	–	250,696	3,808,230
Over time	–	199,469	320,564	–	56,914	450	–	30,769	18,382	626,548
Total turnover from contracts with customers	2,039,170	199,469	621,199	443,089	321,126	298,892	211,986	30,769	269,078	4,434,778
Turnover from other sources										
– rental income	–	1,087,828	–	–	–	–	–	–	–	1,087,828
– income from properties under finance lease	464,146	–	–	–	–	–	–	–	–	464,146
Total turnover from other sources	464,146	1,087,828	–	–	–	–	–	–	–	1,551,974
Total turnover	2,503,316	1,287,297	621,199	443,089	321,126	298,892	211,986	30,769	269,078	5,986,752

6. TURNOVER AND OTHER REVENUE AND GAINS (CONTINUED)

(a) Disaggregated revenue information: (continued)

	For the year ended 31 July 2020									
	Property development and sales HK$'000	Property investment HK$'000	Hotel operation HK$'000	Restaurant operation HK$'000	Media and entertainment HK$'000	Film and TV program HK$'000	Cinema operation HK$'000	Theme park operation HK$'000	Others HK$'000	Consolidated HK$'000
Type of goods or services										
Sale of properties	1,690,213	–	–	–	–	–	–	–	–	1,690,213
Building management fee income	–	183,467	–	–	–	–	–	–	–	183,467
Income from hotel operation	–	–	673,359	–	–	–	–	–	–	673,359
Income from restaurant operation	–	–	–	421,764	–	–	–	–	–	421,764
Distribution commission income, licence income from and sales of film and TV program products and film rights	–	–	–	–	–	368,548	–	–	–	368,548
Box-office takings, concessionary income and related income from cinemas	–	–	–	–	–	–	229,264	–	–	229,264
Entertainment event income	–	–	–	–	68,922	–	–	–	–	68,922
Sale of game products	–	–	–	–	156,520	–	–	–	–	156,520
Album sales, licence income and distribution commission income from music publishing and licensing	–	–	–	–	89,197	–	–	–	–	89,197
Artiste management fee income	–	–	–	–	11,965	–	–	–	–	11,965
Advertising income	–	–	–	–	–	1,667	–	–	–	1,667
Income from theme park operation	–	–	–	–	–	–	–	19,153	–	19,153
Others	–	–	–	–	–	–	–	–	183,549	183,549
Total turnover from contracts with customers	1,690,213	183,467	673,359	421,764	326,604	370,215	229,264	19,153	183,549	4,097,588
Turnover from other source – rental income	–	1,115,941	–	–	–	–	–	–	–	1,115,941
Total turnover	1,690,213	1,299,408	673,359	421,764	326,604	370,215	229,264	19,153	183,549	5,213,529

6. Turnover and Other Revenue and Gains (continued)

(a) Disaggregated revenue information: (continued)

	For the year ended 31 July 2020									
	Property development and sales HK$'000	Property investment HK$'000	Hotel operation HK$'000	Restaurant operation HK$'000	Media and entertainment HK$'000	Film and TV program HK$'000	Cinema operation HK$'000	Theme park operation HK$'000	Others HK$'000	Consolidated HK$'000
Geographical markets										
Hong Kong	1,265,650	72,697	248,307	346,612	205,370	57,778	213,003	–	44,121	2,453,538
Mainland China and Macau	424,563	98,367	116,668	75,152	87,916	298,554	16,261	19,153	–	1,136,634
United Kingdom	–	12,403	–	–	515	22	–	–	–	12,940
Vietnam	–	–	308,384	–	–	–	–	–	–	308,384
Others	–	–	–	–	32,803	13,861	–	–	139,428	186,092
Total turnover from contracts with customers	1,690,213	183,467	673,359	421,764	326,604	370,215	229,264	19,153	183,549	4,097,588
Turnover from other source – rental income	–	1,115,941	–	–	–	–	–	–	–	1,115,941
Total turnover	1,690,213	1,299,408	673,359	421,764	326,604	370,215	229,264	19,153	183,549	5,213,529
Timing of recognition of turnover from contracts with customers										
At a point in time	1,690,213	–	425,099	421,764	256,004	370,215	229,264	–	165,230	3,557,789
Over time	–	183,467	248,260	–	70,600	–	–	19,153	18,319	539,799
Total turnover from contracts with customers	1,690,213	183,467	673,359	421,764	326,604	370,215	229,264	19,153	183,549	4,097,588
Turnover from other source – rental income	–	1,115,941	–	–	–	–	–	–	–	1,115,941
Total turnover	1,690,213	1,299,408	673,359	421,764	326,604	370,215	229,264	19,153	183,549	5,213,529

6. Turnover and Other Revenue and Gains (continued)

(a) Disaggregated revenue information: (continued)

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2021	2020
	HK$'000	HK$'000
Sale of properties	**226,203**	765,116
Other operations	**173,653**	186,214
	399,856	951,330

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of properties

Revenue from the sale of properties is recognised at a point in time when the completed property is transferred to customers, being at the point that the customer obtains the control of the completed property. Payment in advance is normally required.

Hotel operation and building management operation

The performance obligation is satisfied over time as services are rendered. Contracts for hotel services and building management services are for certain periods and are billed based on the time incurred.

Entertainment events

Revenue from entertainment events organised by the Group is recognised at a point in time when the events are completed. Payment is generally due within 30 to 60 days from the date of billing.

6. Turnover and Other Revenue and Gains (continued)

(b) Performance obligations (continued)

Film and TV program licence fee income

The performance obligation is satisfied at a point in time (i) when the films or TV programs licensed to movie theatres are exhibited, (ii) where an assignment is granted to the licensee which permits the licensee to exploit those rights freely and where the Group has no remaining obligations to perform and when the materials have been delivered to the licensee, or (iii) when the films or TV programs are available for showing or telecast. Partial payment in advance for license income is normally required and the remaining balance is billed according to the payment schedule as stipulated in agreements or upon completion of exhibition of the films or TV programs which is generally due within 30 to 60 days from the date of billing.

(c) Transaction price allocated to the remaining performance obligations

The amount of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) regarding contracts for sale of properties as at 31 July 2021 was HK$32,200,000 (2020: HK$81,634,000) and is expected to be recognised as revenue within one year.

The Group elected to apply the practical expedient under HKFRS 15 and does not disclose the amount of the transaction price allocated to the remaining obligations for contracts with an original expected duration for one year or less or contracts for hotel and serviced apartment and building management operations for which the Group bills a fixed amount for each month of service provided and recognises revenue in the amount to which the Group has a right to invoice.

The ultimate consideration for those contracts will depend on the occurrence or non-occurrence of future customer’s fulfillment of contracts. Accordingly, the above may not reflect the actual performance of the Group in the future. The analysis is solely for compliance with the HKFRS 15 disclosure requirement in respect of the transaction price allocated to the remaining performance obligations.

6. TURNOVER AND OTHER REVENUE AND GAINS (CONTINUED)

(d) Other revenue and gains

An analysis of other revenue and gains is as follows:

	Notes	**2021** **HK$'000**	2020 HK$'000
Other revenue and gains			
Interest income from bank deposits		**59,954**	40,796
Other interest income		**30,180**	27,050
Dividend income from financial assets at fair value through other comprehensive income		**42,400**	21,194
Fair value change from entertainment events organised by co-investors		**—**	2,962
Fair value gains on foreign currency forward contract	27	**395**	—
Fair value gains on financial assets at fair value through profit or loss, net		**101,525**	208,722
Government grants*		**106,505**	46,760
Compensation income		**7,409**	—
Foreign exchange differences, net		**50,029**	47,155
Rent concessions related to COVID-19	16(b),(c)	**82,382**	47,156
Other rent concessions	16(b),(c)	**—**	9,897
Others		**75,181**	89,220
		555,960	540,912

* During the years ended 31 July 2021 and 2020, government grants mainly represented the amount received under the "Anti-epidemic Fund" of the Government of the Hong Kong Special Administrative Region. Government grants received for which related expenditure had not yet been incurred were included in "Deposits received, deferred income and contract liabilities" of the consolidated statement of financial position as at 31 July 2020. There are no unfulfilled conditions or contingencies related to these grants.

7. Loss From Operating Activities

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

	Notes	2021 HK$'000	2020 HK$'000
Cost of completed properties sold		**2,549,514**	1,518,919
Cost of inventories sold		**356,521**	356,407
Cost of film rights, licence rights and film and TV program products		**346,297**	324,814
Cost of artiste management services and services for entertainment events provided		**100,572**	101,980
Cost of theatrical releasing and concessionary sales		**80,483**	83,250
Depreciation of property, plant and equipment^	14	**489,690**	492,131
Depreciation of right-of-use assets^	16(a), (c)	**414,352**	449,169
Impairment of property, plant and equipment*	14	**209,042**	124,234
Impairment of right-of-use assets*	16(a), (c)	**23,515**	303,803
Loss on disposal/write-off of items of property, plant and equipment*		**5,070**	1,645
Write-down of properties under development to net realisable value*	17	**68,612**	15,037
Staff costs (including directors' remuneration — note 9):			
Wages and salaries		**1,299,277**	1,323,249
Pension scheme contributions##		**39,661**	37,599
Equity-settled share option expenses		**1,381**	3,922
		1,340,319	1,364,770
Capitalised in properties under development/ investment properties under construction/ property, plant and equipment/construction in progress		**(106,470)**	(144,123)
		1,233,849	1,220,647
Auditor's remuneration		**15,960**	16,284
Lease payments not included in the measurement of lease liabilities		**14,908**	20,292
Contingent rents incurred for:			
Entertainment events#		**6,215**	2,821
Cinema*		**625**	1,115
Total	16(c)	**21,748****	24,228**
Minimum lease income under operating leases		**(1,074,729)**	(1,113,635)
Contingent rents		**(13,099)**	(2,306)
Total operating lease income		**(1,087,828)**	(1,115,941)
Less: Outgoings		**416,222**	313,171
Net rental income		**(671,606)**	(802,770)

7. Loss From Operating Activities (continued)

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

	Notes	2021 HK$'000	2020 HK$'000
Impairment of films and TV programs under production#	31	**2,553**	12,439
Fair value changes from film investments*	31	**12,702**	5,014
Fair value changes from entertainment events organised by co-investors		**1,280***	(2,962)@
Amortisation of film rights#		**6,595**	29,689
Amortisation of film and TV program products#	19	**176,388**	128,011
Amortisation of music catalogs#		**21,923**	31,671
Amortisation of other intangible assets*	22	**1,631**	1,334
Impairment of debtors, net*	33	**16,553**	11,744
Impairment of advances and other receivables*	28	**23,899**	24,965
Impairment of amounts due from joint ventures*	24	**90**	1,468
Loss on disposal of joint ventures*	24	**142**	—
Fair value losses on cross currency swaps*	27	**29,005**	33,553
Fair value (gains)/losses on foreign currency forward contract	27	**(395)@**	5,852*
Fair value gains on financial assets at fair value through profit or loss, net@		**(101,525)**	(208,722)
Derecognition loss on rental receivables*		**14,070**	16,855
Impairment of inventories#		**3,601**	6,730
Impairment of goodwill*	21	**—**	1,319
Foreign exchange differences, net@		**(50,029)**	(47,155)
Foreseeable loss on finance lease contract*		**15,694**	—
Service fee for operation of a club in hotel operation in Vietnam*		**19,746**	36,989

7. Loss From Operating Activities (continued)

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

These items are included in "cost of sales" on the face of the consolidated income statement. The contingent rents were charged based on certain percentages of the gross ticket proceeds collected in respect of the entertainment events.

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

* These items are included in "other operating expenses" on the face of the consolidated income statement. The contingent rents were charged based on certain percentages of the gross box-office takings in respect of the cinema operation.

^ Depreciation charges of approximately HK$829,655,000 (2020: HK$855,565,000) are included in "other operating expenses" on the face of the consolidated income statement.

** Lease payments of approximately HK$7,121,000 (2020: HK$9,967,000) are included in "other operating expenses" on the face of the consolidated income statement.

As at 31 July 2021 and 31 July 2020, the Group had no forfeited contributions from the pension schemes available to reduce its contributions to the pension schemes in future years.

8. Finance Costs

	Notes	**2021** **HK$'000**	2020 HK$'000
Interest on bank borrowings		**513,325**	585,235
Interest on guaranteed notes		**319,069**	316,197
Interest on other borrowings		**5,640**	5,689
Interest on lease liabilities	16(b), (c)	**55,188**	56,415
Bank financing charges		**69,800**	57,525
Interest expenses arising from revenue contracts		**—**	7,854
Interest on put option liabilities		**4,424**	—
		967,446	1,028,915
Less: Amount capitalised in construction in progress	14	**(11,917)**	(32,072)
Amount capitalised in properties under development	17	**(109,142)**	(124,748)
Amount capitalised in investment properties under construction	15	**(78,964)**	(173,852)
		767,423	698,243

Where funds have been borrowed generally and used for the purpose of obtaining qualifying assets, capitalisation at rates ranging from 3.0% to 5.1% (2020: 4.0% to 5.7%) have been applied to the expenditure on the individual assets for the year ended 31 July 2021.

9. Directors' Remuneration

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2021 **HK$'000**	2020 HK$'000
Fees	**2,290**	2,430
Other emoluments:		
Salaries, allowances and benefits in kind	**64,601**	68,471
Equity-settled share option expenses	**—**	3,922
Pension scheme contributions	**377**	377
	64,978	72,770
	67,268	75,200
Capitalised in properties under development/investment properties under construction/construction in progress	**(9,816)**	(9,863)
	57,452	65,337

9. DIRECTORS' REMUNERATION (CONTINUED)

The remuneration paid to executive directors, non-executive directors and independent non-executive directors during the year were as follows:

	Notes	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Equity-settled share option expenses HK$'000	Pension scheme contributions HK$'000	Total HK$'000
2021						
Executive directors:						
Lam Kin Ngok, Peter	(a)	180	27,971	—	18	28,169
Chew Fook Aun	(b)	—	16,020	—	54	16,074
Lau Shu Yan, Julius	(c)	—	4,663	—	233	4,896
Lam Hau Yin, Lester	(d)	—	3,340	—	36	3,376
Tham Seng Yum, Ronald	(e)	—	7,800	—	36	7,836
		180	59,794	—	377	60,351
Non-executive directors:						
Lam Kin Ming	(f)	110	500	—	—	610
U Po Chu	(g)	250	4,307	—	—	4,557
		360	4,807	—	—	5,167
Independent non-executive directors:						
Ip Shu Kwan, Stephen		350	—	—	—	350
Lam Bing Kwan	(h)	700	—	—	—	700
Leung Shu Yin, William		350	—	—	—	350
Leung Wang Ching, Clarence		350	—	—	—	350
		1,750	—	—	—	1,750
		2,290	64,601	—	377	67,268

9. Directors' Remuneration (continued)

	Notes	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Equity-settled share option expenses HK$'000	Pension scheme contributions HK$'000	Total HK$'000
2020						
Executive directors:						
Lam Kin Ngok, Peter	(a)	180	29,136	—	18	29,334
Chew Fook Aun	(b)	—	17,355	—	54	17,409
Lau Shu Yan, Julius	(c)	—	5,051	—	233	5,284
Lam Hau Yin, Lester	(d)	—	3,479	—	36	3,515
Tham Seng Yum, Ronald	(e)	—	8,063	3,922	36	12,021
		180	63,084	3,922	377	67,563
Non-executive directors:						
Lam Kin Ming	(f)	250	1,140	—	—	1,390
U Po Chu	(g)	250	4,247	—	—	4,497
		500	5,387	—	—	5,887
Independent non-executive directors:						
Ip Shu Kwan, Stephen		350	—	—	—	350
Lam Bing Kwan	(h)	700	—	—	—	700
Leung Shu Yin, William		350	—	—	—	350
Leung Wang Ching, Clarence		350	—	—	—	350
		1,750	—	—	—	1,750
		2,430	68,471	3,922	377	75,200

9. DIRECTORS' REMUNERATION (CONTINUED)

Notes:

(a) The amounts included fees and salaries paid by eSun Holdings Limited ("**eSun**") and its subsidiaries (collectively the "**eSun Group**") of HK$11,368,000 and salaries paid by Lai Fung of HK$2,797,000 (2020: fees and salaries paid by the eSun Group of HK$11,834,000 and salaries paid by Lai Fung of HK$2,914,000).

(b) The amounts included salaries and pension scheme contributions paid by the eSun Group of HK$4,023,000 and paid by Lai Fung of HK$4,023,000 (2020: paid by the eSun Group of HK$4,357,000 and paid by Lai Fung of HK$4,357,000).

(c) Lau Shu Yan, Julius is also the chief executive officer of the Company.

(d) The amounts included salaries and pension scheme contributions paid by Lai Fung of HK$1,610,000 (2020: HK$1,676,000).

(e) The amounts included salaries and pension scheme contributions paid by Lai Fung of HK$3,918,000 (2020: salaries, equity-settled share option expenses and pension scheme contributions paid by Lai Fung of HK$4,724,000).

(f) Lam Kin Ming deceased on 8 January 2021. The amounts included salaries paid by Lai Fung of HK$500,000 (2020: HK$1,140,000).

(g) The amounts included salaries paid by Lai Fung of HK$4,307,000 (2020: HK$4,247,000).

(h) The amounts included fees paid by Lai Fung of HK$350,000 (2020: HK$350,000).

(i) Lai Fung ceased to be a subsidiary of eSun since May 2020 as set out in note 50(a) to the financial statements. For the year ended 31 July 2020, the amounts paid by the eSun Group excluded the amounts paid by Lai Fung.

There were no other emoluments payable to the independent non-executive directors during the year (2020: Nil).

There was no arrangement under which a director or the chief executive officer waived or agreed to waive any remuneration during the year (2020: Nil).

10. Employees' Remuneration

The five highest paid employees during the year included three (2020: three) directors, details of whose remuneration are set out in note 9 above. Details of the remuneration of the remaining two (2020: two) highest paid employees who are neither a director nor chief executive officer of the Company are as follows:

	2021 **HK$'000**	2020 HK$'000
Fees	**180**	180
Other emoluments:		
Salaries, allowances and benefits in kind	**13,665**	14,576
Pension scheme contributions	**66**	66
	13,731	14,642
	13,911	14,822
Capitalised in properties under development/ investment properties under construction/ construction in progress	**(3,952)**	(3,633)
	9,959	11,189

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2021	2020
HK$6,500,001 to HK$7,000,000	**1**	—
HK$7,000,001 to HK$7,500,000	**1**	1
HK$7,500,001 to HK$8,000,000	**—**	1
	2	2

11. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

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

	2021 HK$'000	2020 HK$'000
Current		
— Hong Kong		
Charge for the year	**35,223**	36,142
Overprovision in prior years	**(7,351)**	(16,156)
	27,872	19,986
— Mainland China		
CIT		
Charge for the year	**167,631**	143,304
Overprovision in prior years	**(1,310)**	(60)
LAT		
Charge for the year	**191,688**	85,788
Underprovision in prior years	**4,755**	—
	362,764	229,032
— Elsewhere		
Charge for the year	**11,073**	21,878
(Overprovision)/underprovision in prior years	**(3,911)**	4,363
	7,162	26,241
	397,798	275,259
Deferred tax (note 39)	**(141,992)**	(365,284)
Tax charge/(credit) for the year	**255,806**	(90,025)

11. TAX (continued)

A reconciliation of the tax charge/(credit) applicable to loss before tax at the statutory rate for the location in which the Company and the majority of its subsidiaries are domiciled to the tax charge/(credit) at the effective tax rate is as follows:

	2021 **HK$'000**	2020 HK$'000
Loss before tax	**(2,401,379)**	(4,102,612)
Add/(less): Share of profits and losses of associates	**(20,050)**	17,641
Share of profits and losses of joint ventures	**473,004**	423,021
Loss before tax attributable to the Group	**(1,948,425)**	(3,661,950)
Tax at the statutory tax rate of 16.5% (2020: 16.5%)	**(321,490)**	(604,222)
Higher tax rate for other countries	**(44,889)**	(122,321)
Adjustments in respect of current tax of previous periods	**(12,572)**	(11,853)
Income not subject to tax	**(33,469)**	(38,835)
Expenses not deductible for tax purposes	**455,411**	472,801
Tax losses utilised from previous periods	**(30,134)**	(20,313)
Tax losses not recognised	**287,752**	291,392
Effect on deferred tax to reflect tax consequence of recovering the carrying amount of the relevant properties through sale	**—**	86,448
Provision for LAT	**196,443**	85,787
Tax effect of provision for LAT	**(49,111)**	(21,447)
Other temporary differences	**(238,360)**	(218,598)
Withholding tax on the distributable earnings of the subsidiaries established in Mainland China	**44,033**	9,293
Withholding tax on the interest income from the subsidiaries established in Mainland China	**2,192**	1,843
Tax charge/(credit) for the year	**255,806**	(90,025)

12. Dividend

	2021 **HK$'000**	2020 HK$'000
Final dividend paid in respect of the year ended 31 July 2020 (2020: final dividend paid in respect of the year ended 31 July 2019) — Nil (2020: HK10.80 cents per ordinary share)	**—**	65,498

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

13. Loss Per Share Attributable to Owners of the Company

	2021 **HK$'000**	2020 HK$'000
Loss		
Loss for the purpose of basic and diluted loss per share	**(2,088,090)**	(2,934,813)

	'000	'000 (Adjusted)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share (Note)	**688,131**	683,865

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

The basic and diluted loss per share for the year ended 31 July 2020 have been adjusted to reflect the effect of a rights issue of the Company subsequently completed on 6 October 2021. Pursuant to the prospectus dated 10 September 2021, the Company proposed a rights issue of 322,961,962 shares on the basis of one rights share for every two existing shares of the Company at a subscription price of HK$3.43 each (note 54).

14. Property, Plant and Equipment

	Notes	Hotel properties HK$'000	Leasehold buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Computers HK$'000	Motor vessels HK$'000	Theme parks HK$'000	Construction in progress HK$'000	Total HK$'000
Cost:											
At 1 August 2019		4,213,049	349,591	580,767	382,186	45,144	79,619	55,642	1,367,603	1,241,794	8,315,395
Finance costs capitalised	8	—	—	—	—	—	—	—	—	32,072	32,072
Additions		65,080	2,768	79,320	64,885	5,773	16,841	1,851	49,857	533,529	819,904
Transfer in/(out)		1,608,235	—	—	—	—	—	—	173,601	(1,781,836)	—
Transfer from investment properties	15	—	—	—	—	—	—	—	—	59,000	59,000
Transfer to assets classified as held for sale		—	(7,781)	—	—	—	—	—	—	—	(7,781)
Disposals/write-off		(367)	(4,764)	(1,953)	(14,381)	(1,380)	(1,654)	—	—	—	(24,499)
Exchange realignment		(4,344)	(9,992)	(9,507)	(1,052)	(384)	(218)	—	(29,984)	(25,559)	(81,040)
At 31 July 2020		**5,881,653**	**329,822**	**648,627**	**431,638**	**49,153**	**94,588**	**57,493**	**1,561,077**	**59,000**	**9,113,051**
Finance costs capitalised	8	—	—	—	—	—	—	—	—	**11,917**	**11,917**
Additions		**10,941**	—	**64,952**	**35,913**	**2,774**	**7,979**	**76,946**	—	**116,900**	**316,405**
Transfer from investment properties	15	—	**3,000**	—	—	—	—	—	—	**31,507**	**34,507**
Disposals/write-off		—	—	**(15,180)**	**(7,015)**	**(3,131)**	**(6,212)**	—	—	—	**(31,538)**
Adjustment		**(111,516)**	—	—	—	—	—	—	**(20,998)**	—	**(132,514)**
Exchange realignment		**168,904**	**23,889**	**31,864**	**7,635**	**2,155**	**2,763**	—	**113,427**	**4,097**	**354,734**
At 31 July 2021		**5,949,982**	**356,711**	**730,263**	**468,171**	**50,951**	**99,118**	**134,439**	**1,653,506**	**223,421**	**9,666,562**

14. Property, Plant and Equipment (continued)

	Notes	Hotel properties HK$'000	Leasehold buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Computers HK$'000	Motor vessels HK$'000	Theme parks HK$'000	Construction in progress HK$'000	Total HK$'000
Accumulated depreciation and impairment:											
At 1 August 2019		271,915	32,974	278,125	168,736	33,974	23,887	55,259	—	—	864,870
Depreciation provided during the year	7	180,423	14,845	74,468	60,920	4,322	15,186	795	141,172	—	492,131
Impairment during the year	7	—	—	104,936	17,695	97	1,506	—	—	—	124,234
Transfer to assets classified as held for sale		—	(2,117)	—	—	—	—	—	—	—	(2,117)
Disposals/write-off		—	(4,287)	(1,585)	(13,776)	(686)	(1,464)	—	—	—	(21,798)
Exchange realignment		(924)	(801)	(7,837)	(1,154)	(201)	(117)	—	495	—	(10,539)
At 31 July 2020		**451,414**	**40,614**	**448,107**	**232,421**	**37,506**	**38,998**	**56,054**	**141,667**	**—**	**1,446,781**
Depreciation provided during the year	7	**191,137**	**18,193**	**44,426**	**63,001**	**4,249**	**15,977**	**9,367**	**143,340**	**—**	**489,690**
Impairment during the year	7	**—**	**—**	**7,820**	**767**	**—**	**824**	**—**	**199,631**	**—**	**209,042**
Disposals/write-off		**—**	**—**	**(9,710)**	**(5,346)**	**(2,979)**	**(6,190)**	**—**	**—**	**—**	**(24,225)**
Exchange realignment		**14,371**	**3,313**	**34,699**	**5,539**	**889**	**1,971**	**—**	**20,391**	**—**	**81,173**
At 31 July 2021		**656,922**	**62,120**	**525,342**	**296,382**	**39,665**	**51,580**	**65,421**	**505,029**	**—**	**2,202,461**
Net carrying amount:											
At 31 July 2021		**5,293,060**	**294,591**	**204,921**	**171,789**	**11,286**	**47,538**	**69,018**	**1,148,477**	**223,421**	**7,464,101**
At 31 July 2020		5,430,239	289,208	200,520	199,217	11,647	55,590	1,439	1,419,410	59,000	7,666,270

14. Property, Plant and Equipment (continued)

At 31 July 2021, the HK Hotel comprising hotel properties, leasehold improvements, furniture, fixtures and equipment and computers, named "Hong Kong Ocean Park Marriott Hotel", with carrying amounts of approximately HK$3,034,565,000, HK$38,915,000, HK$20,687,000, and HK$9,343,000, respectively, totalling HK$3,103,510,000; certain serviced apartments under hotel properties (including related leasehold improvements) and certain construction in progress with aggregate carrying amounts of approximately HK$378,084,000 and HK$182,682,000, respectively, were pledged to banks to secure banking facilities granted to the Group (note 37).

At 31 July 2020, the HK Hotel comprising hotel properties, leasehold improvements, furniture, fixtures and equipment and computers of Hong Kong Ocean Park Marriott Hotel, with carrying amounts of approximately HK$3,148,422,000, HK$43,267,000, HK$27,376,000, and HK$13,305,000, respectively, totalling HK$3,232,370,000; certain serviced apartments under hotel properties (including related leasehold improvements) and certain construction in progress with aggregate carrying amounts of approximately HK$378,353,000 and HK$50,521,000, respectively, were pledged to banks to secure banking facilities granted to the Group (note 37).

As at 31 July 2021, the Group had conducted an impairment test on property, plant and equipment including property, plant and equipment related to theme parks (each treated as a cash generating unit). The carrying amounts of the cash-generating units were in excess of their recoverable amounts given the market conditions and the impact after the outbreak of COVID-19 were out of management's expectation. Accordingly, a provision for impairment of approximately HK$209,042,000 (2020: HK$124,234,000) was charged to the consolidated income statement for the year. The estimated recoverable amounts as at 31 July 2021 were determined based on their value in use amounts estimated by using discount rates ranging from 9% to 24% (2020: 8.55% to 26%).

15. Investment Properties

	2021 **HK$'000**	2020 HK$'000
Completed investment properties	**32,413,952**	31,571,726
Investment properties under construction, at fair value	**4,621,200**	3,296,777
	37,035,152	34,868,503
Investment properties under construction, at cost*	**—**	956,086
	37,035,152	35,824,589

* Certain investment properties under construction were carried at cost as at the end of the reporting period as such properties were under the planning stage and their fair values were not reliably measurable.

15. INVESTMENT PROPERTIES (CONTINUED)

	Notes	2021 HK$'000	2020 HK$'000
Carrying amount at beginning of year		**35,824,589**	38,807,637
Additions		**560,900**	985,256
Finance costs capitalised	8	**78,964**	173,852
Transfer from completed properties for sale		**2,011**	—
Transfer to construction in progress	14	**(34,507)**	(59,000)
Transfer to right-of-use assets	16(a)	**(64,699)**	(39,514)
Transfer to properties under development	17	**(769,245)**	(2,001,486)
Fair value losses, net		**(358,857)**	(1,734,627)
Exchange realignment		**1,795,996**	(307,529)
Carrying amount at end of year		**37,035,152**	35,824,589

Most of the investment properties of the Group are leased to third parties under operating leases, further summary details of which are included in note 16 to the financial statements.

Certain investment properties of the Group with an aggregate carrying amount of approximately HK$30,343,392,000 (2020: HK$28,912,942,000) were pledged to banks to secure banking facilities granted to the Group (note 37).

Valuation process

The directors of the Company have determined that investment properties are completed properties held for rental and investment properties under construction, based on the nature, characteristics and risks of each property. The Group's investment properties were revalued on 31 July 2021 based on valuations performed by Savills Valuation and Professional Services Limited, Savills (UK) Limited and Knight Frank Petty Limited, independent professionally qualified valuers, at HK$13,528,860,000 (2020: HK$14,228,320,000), HK$3,556,490,000 (2020: HK$3,234,660,000) and HK$19,949,802,000 (2020: HK$17,405,523,000), respectively. Each year, the Group's management decides to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has discussions with the valuers on the valuation assumptions and valuation results twice a year when the valuations are performed for interim and annual financial reporting.

15. Investment Properties (continued)

Valuation process (continued)

Fair value measurement using significant unobservable inputs (Level 3)

For completed investment properties, valuations are based on the income approach and the market approach. The income approach is based on capitalisation of the net income and the reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation are with reference to valuers' view of recent lettings, within the subject properties and other comparable properties. The market approach is based on market comparable transactions available in the market and adjustments of various factors would be made between the subject properties and comparable properties.

For investment properties in London, the fair values are determined on the basis that they will be redeveloped and completed in accordance with the Group's latest development plans. The valuation is mainly determined by the residual method, and wherever appropriate, by the income approach. The residual method involves calculating the gross development value ("**GDV**") and deducting the estimated development costs and developer's profit. The income approach capitalises the remaining income profiles of the existing buildings until the latest expiry.

For investment properties under construction stated at fair value, the Group has valued such properties on the basis that they will be developed and completed in accordance with the Group's latest development plans. Valuations are based on the residual method, which is essentially a means of valuing the land by reference to its development potential by deducting development costs together with developer's profit and risk associated with the estimated capital value of the proposed development assumed to be completed as at the date of valuation.

15. Investment Properties (continued)

Valuation techniques

Information about fair value measurement using significant unobservable inputs (Level 3)

2021

Description	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Completed investment properties				
Completed properties in Hong Kong	Income approach	Average monthly market rent per square foot	HK$14 to HK$329	The higher the market rent, the higher the fair value
		Capitalisation rate	2.5% to 4.3%	The higher the capitalisation rate, the lower the fair value
Completed properties in Mainland China	Income approach	Average monthly market rent per square metre	HK$32 to HK$363	The higher the market rent, the higher the fair value
		Capitalisation rate	3.75% to 7.5%	The higher the capitalisation rate, the lower the fair value
Commercial properties in Mainland China	Market approach	Average market unit rate per square metre	HK$15,000	The higher the market unit rate, the higher the fair value
Residential property in Mainland China	Market approach	Average market unit rate per square metre	HK$174,000	The higher the market unit rate, the higher the fair value

15. Investment Properties (continued)

Valuation techniques (continued)

Information about fair value measurement using significant unobservable inputs (Level 3) (continued)

2021 (continued)

Description	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Completed investment properties (continued)				
Completed properties in London (with future redevelopment plan)	Residual method	GDV per square foot	HK$17,123	The higher the GDV, the higher the fair value
		Estimated development costs	HK$11.8 billion	The higher the estimated development costs, the lower the fair value
		Developer's profit margin	15%	The higher the developer's profit margin, the lower the fair value
Investment properties under construction				
Commercial properties in Mainland China	Residual method	GDV per square metre	HK$24,000 to HK$84,000	The higher the GDV, the higher the fair value
		Budgeted costs to completion	HK$597,000,000 to HK$1,038,700,000	The higher the budgeted cost to completion, the lower the fair value
		Developer's profit margin	2% to 20%	The higher the developer's profit margin, the lower the fair value

15. Investment Properties (continued)

Valuation techniques (continued)

Information about fair value measurement using significant unobservable inputs (Level 3) (continued)

2020

Description	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Completed investment properties				
Completed properties in Hong Kong	Income approach	Average monthly market rent per square foot	HK$14 to HK$355	The higher the market rent, the higher the fair value
		Capitalisation rate	2.7% to 4.4%	The higher the capitalisation rate, the lower the fair value
Completed properties in Mainland China	Income approach	Average monthly market rent per square metre	HK$29 to HK$336	The higher the market rent, the higher the fair value
		Capitalisation rate	3.75% to 7.5%	The higher the capitalisation rate, the lower the fair value
Commercial property in Mainland China	Market approach	Average market unit rate per square metre	HK$13,800	The higher the market unit rate, the higher the fair value
Residential property in Mainland China	Market approach	Average market unit rate per square metre	HK$161,000	The higher the market unit rate, the higher the fair value

15. Investment Properties (continued)

Valuation techniques (continued)

Information about fair value measurement using significant unobservable inputs (Level 3) (continued)

2020 (continued)

Description	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Completed investment properties (continued)				
Completed properties in London (with future redevelopment plan)	Residual method	GDV per square foot	HK$16,062	The higher the GDV, the higher the fair value
		Estimated development costs	HK$11.1 billion	The higher the estimated development costs, the lower the fair value
		Developer's profit margin	15%	The higher the developer's profit margin, the lower the fair value
Investment properties under construction				
Commercial properties in Mainland China	Residual method	GDV per square metre	HK$34,000 to HK$78,000	The higher the GDV, the higher the fair value
		Budgeted costs to completion	HK$807,200,000	The higher the budgeted cost to completion, the lower the fair value
		Developer's profit margin	4%	The higher the developer's profit margin, the lower the fair value

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2020: Nil).

16. Leases

The Group as a lessee

The Group has lease contracts of certain cinema related properties, other properties and equipment for its operations. Leases of cinema related properties generally have lease terms between 2 and 16 years, while other properties generally have lease terms between 2 and 15 years. Leases of equipment generally have lease terms of 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Notes	Leasehold land HK$'000	Cinema related properties HK$'000	Other properties HK$'000	Equipment HK$'000	Total HK$'000
At 1 August 2019		4,510,692	897,644	403,371	179	5,811,886
Additions		6,055	84,617	51,381	3,810	145,863
Lease modification		—	137,657	(12,703)	(305)	124,649
Transfer from investment properties under construction	15	39,514	—	—	—	39,514
Acquisition of subsidiaries	52(a)	—	—	1,671	—	1,671
Termination		—	—	(701)	—	(701)
Depreciation charged	7	(180,726)	(150,471)	(117,090)	(882)	(449,169)
Impairment loss recognised	7	—	(272,073)	(31,091)	(639)	(303,803)
Transfer to assets classified as held for sale		(27,451)	—	—	—	(27,451)
Exchange realignment		(40,712)	(1,142)	(18,176)	115	(59,915)
At 31 July 2020 and 1 August 2020		**4,307,372**	**696,232**	**276,662**	**2,278**	**5,282,544**
Additions		**12,070**	**263,189**	**24,348**	**—**	**299,607**
Lease modification		**—**	**353**	**(2,527)**	**—**	**(2,174)**
Transfer from investment properties under construction	15	**64,699**	**—**	**—**	**—**	**64,699**
Termination		**—**	**—**	**(7,057)**	**(142)**	**(7,199)**
Depreciation charged	7	**(188,991)**	**(125,612)**	**(99,054)**	**(695)**	**(414,352)**
Impairment loss recognised	7	**—**	**(18,335)**	**(5,180)**	**—**	**(23,515)**
Exchange realignment		**103,542**	**2,496**	**799**	**28**	**106,865**
At 31 July 2021		**4,298,692**	**818,323**	**187,991**	**1,469**	**5,306,475**

16. LEASES (CONTINUED)

The Group as a lessee (continued)

(a) Right-of-use assets (continued)

During the year ended 31 July 2021, the impairment loss of HK$23,515,000 (2020: HK$303,803,000 represented the write-down of the carrying amounts of right-of use assets of certain cinema related properties, other properties and equipment) represented the write-down of the carrying amounts of right-of-use assets of certain cinema related properties and other properties to their recoverable amounts because the market conditions and the impact after the outbreak of COVID-19 were out of the management's expectation. The estimated recoverable amounts as at 31 July 2021 were determined based on their value in use amounts estimated by using discount rates ranging from 9% to 24% (2020: 8.55% to 26%).

At 31 July 2021, certain of the Group's right-of-use assets with a carrying amount of HK$3,010,032,000 (2020: HK$2,971,406,000), of which HK$1,492,617,000 (2020: HK$1,549,183,000) was in relation to the land on which the HK Hotel is situated, were pledged to secure banking facilities granted to the Group (note 37).

(b) Lease liabilities

The carrying amount of the Group's lease liabilities and the movements during the year are as follows:

	Notes	**2021** **HK$'000**	2020 HK$'000
Carrying amount at 1 August		**1,374,430**	1,347,454
Additions		**299,610**	128,540
Acquisition of subsidiaries	52(a)	**—**	1,671
Accretion of interest recognised during the year	8, 16(c)	**55,188**	56,415
Lease modification		**(659)**	126,669
Payments		**(260,142)**	(227,153)
Termination		**(7,136)**	(701)
Rent concessions related to COVID-19	6(d), 16(c)	**(82,382)**	(47,156)
Other rent concessions	6(d), 16(c)	**—**	(9,897)
Exchange realignment		**8,708**	(1,412)
Carrying amount at 31 July		**1,387,617**	1,374,430
Analysed into:			
Current portion		**283,725**	280,673
Non-current portion		**1,103,892**	1,093,757
		1,387,617	1,374,430

The maturity analysis of lease liabilities is disclosed in note 48(iv) to the financial statements.

As disclosed in note 2.2 to the financial statements, the Group has early adopted the amendment to HKFRS16 and applied the practical expedient to all eligible rent concessions granted by the lessors during the year.

16. LEASES (CONTINUED)

The Group as a lessee (continued)

(c) The amounts charged/(credited) to consolidated income statement in relation to leases are as follows:

	Notes	**2021 HK$'000**	2020 HK$'000
Interest on lease liabilities	8, 16(b)	**55,188**	56,415
Depreciation charge of right-of-use assets	7, 16(a)	**414,352**	449,169
Impairment of right-of-use assets	7, 16(a)	**23,515**	303,803
Expense relating to short-term leases and other leases with remaining lease terms less than one year and leases of low value assets	7	**11,825**	16,224
Variable lease payments not included in the measurement of lease liabilities	7	**9,923**	8,004
Rent concessions related to COVID-19	6(d),16(b)	**(82,382)**	(47,156)
Other rent concessions	6(d),16(b)	**—**	(9,897)
Gain on termination of a lease		**(163)**	—
Total amount charged to consolidated income statement		**432,258**	776,562

(d) Variable lease payments

The Group leased a number of properties which contain variable lease payment terms that are based on the Group's turnover generated from the properties. There are also minimum annual base rental arrangements for these leases.

(e) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in notes 53(c) and 44(b) respectively, to the financial statements.

The Group as a lessor

The Group leases its investment properties (note 15) under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rental adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was HK$1,087,828,000 (2020: HK$1,115,941,000), details of which are included in note 6 to the financial statements.

16. Leases (continued)

The Group as a lessor (continued)

At 31 July 2021, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2021 **HK$'000**	2020 HK$'000
Within one year	**937,212**	921,142
In the second to fifth years, inclusive	**1,438,502**	1,186,815
After five years	**366,075**	279,111
	2,741,789	2,387,068

In addition, the operating lease arrangements for certain investment properties of the Group are contingent based on the turnover of the tenants pursuant to the terms and conditions as set out in the respective agreements. As the future turnover of the tenants could not be accurately determined, the relevant contingent rent has not been included above.

17. Properties Under Development

	Notes	**2021** **HK$'000**	2020 HK$'000
At beginning of year, at cost		**3,822,423**	6,851,868
Additions		**921,614**	789,631
Interest and bank financing charges capitalised	8	**109,142**	124,748
Transfer from investment properties	15	**769,245**	2,001,486
Transfer to completed properties for sale		**(3,670,871)**	(5,776,875)
Write-down of properties under development to net realisable value	7	**(68,612)**	(15,037)
Exchange realignment		**192,383**	(153,398)
At end of year, at cost		**2,075,324**	3,822,423

As at 31 July 2021, certain of the Group's properties under development with a total carrying amount of approximately HK$2,063,013,000 (2020: HK$2,236,013,000) were pledged to banks to secure banking facilities granted to the Group (note 37).

18. Film Rights

Film rights are rights acquired or licensed from outsiders for exhibition/broadcasting and other exploitation of the films and TV programs.

The Group regularly reviews its library of film rights to assess the marketability/future economic benefits of film rights and the corresponding recoverable amounts. The estimated recoverable amounts as at 31 July 2021 and 31 July 2020 were determined based on the present value of expected future revenues and related cash flows arising from the distribution and sublicensing of the film rights, which were derived from discounting the projected cash flows using a discount rate of approximately 13.5% (2020: 15%) for the relevant assets.

19. Film and TV Program Products

	Notes	HK$'000
Cost:		
At 1 August 2019		142,806
Additions		1,655
Transfer from films and TV programs under production	31	234,266
Sale of film and TV program products		(117,535)
Exchange realignment		(2,388)
At 31 July 2020 and 1 August 2020		**258,804**
Additions		**2,661**
Transfer from films and TV programs under production	31	**296,128**
Sale of film and TV program products		**(132,684)**
Exchange realignment		**10,479**
At 31 July 2021		**435,388**
Accumulated amortisation:		
At 1 August 2019		67,784
Provided during the year	7	128,011
Exchange realignment		(2,112)
At 31 July 2020 and 1 August 2020		**193,683**
Provided during the year	7	**176,388**
Exchange realignment		**10,479**
At 31 July 2021		**380,550**
Net carrying amount:		
At 31 July 2021		**54,838**
At 31 July 2020		65,121

19. Film and TV Program Products (continued)

The Group regularly reviews its film and TV program products to assess the marketability/future economic benefits of film and TV program products and the corresponding recoverable amounts. The estimated recoverable amounts as at 31 July 2021 and 31 July 2020 were determined based on the present value of expected future revenues and related cash flows arising from the distribution and sublicensing of the film and TV program products, which were derived from discounting the projected cash flows using discount rates ranging from 13.5% to 15% (2020: 15%) for the relevant assets.

20. Music Catalogs

Music catalogs represent song catalogs, music video recording rights and publishing rights of songs acquired.

The Group undertakes a review of its library of music catalogs to assess the marketability/future economic benefits of respective music catalogs and the corresponding recoverable amounts. The estimated recoverable amounts as at 31 July 2021 and 31 July 2020 were determined based on the present value of expected future cash flows generated from the music catalogs, which were discounted using a discount rate of approximately 13% (2020: 13%).

21. Goodwill

	Notes	HK$'000
Cost:		
At 1 August 2019		227,033
Acquisition of subsidiaries	52(a)	36,101
Exchange realignment		10,143
At 31 July 2020 and 1 August 2020		**273,277**
Exchange realignment		**2,465**
At 31 July 2021		**275,742**
Accumulated impairment:		
At 1 August 2019		—
Provided during the year	7	1,319
At 31 July 2020, 1 August 2020 and 31 July 2021		**1,319**
Net carrying amount:		
At 31 July 2021		**274,423**
At 31 July 2020		271,958

21. Goodwill (continued)

Impairment testing of goodwill

CNI CGU

Goodwill of HK$234,480,000 (2020: HK$232,015,000) arising from the acquisition of additional equity interests in CNI (as defined in note 50 to the financial statements) and its subsidiaries during the year ended 31 July 2018 was allocated to cash-generating unit (the "**CNI CGU**"), which is included in the components of others segment for impairment testing.

The acquired subsidiaries of the CNI CGU generate cash inflows that are largely independent of the cash inflows from other assets.

Details of impairment test of the CNI CGU are set out in note 22 to the financial statements.

F&B CGU A

Goodwill of HK$3,842,000 (2020: HK$3,842,000) arising from the acquisition of additional equity interests in three subsidiaries during the year ended 31 July 2016 was allocated to cash-generating unit (the "**F&B CGU A**"), which is included in the components of the restaurant operation segment for impairment testing.

The acquired subsidiaries of the F&B CGU A generate cash inflows that are largely independent of the cash inflows from other assets.

As at 31 July 2021 and 2020, the carrying amount of the cash-generating unit, which included the goodwill, was in excess of its recoverable amount as a result of the continuing operating losses incurred. Accordingly, an impairment of approximately HK$1,319,000 was recognised.

The recoverable amount of the F&B CGU A has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a two-year period (2020: two-year period) with a growth rate approved by senior management, which is based on management's expectation for market development. The discount rate applied to the cash flow projections is 12% (2020: 12%).

Assumptions were used in the value in use calculation of the F&B CGU A for the years ended 31 July 2021 and 2020. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted profit — The basis used to determine the value assigned to the budgeted profit is the historical average profit achieved, adjusted for expected efficiency improvement, and expected market development.

Discount rate — The discount rate used is before tax and reflects specific risks relating to the relevant unit.

21. Goodwill (continued)

Impairment testing of goodwill (continued)

F&B CGU B

Goodwill of HK$36,101,000 (2020: HK$36,101,000) arising from the F&B Acquisition during the year ended 31 July 2020 as disclosed in note 52(a) to the financial statements was allocated to a cash-generating unit (the "**F&B CGU B**"), which is included in the components of the restaurant operation segment for impairment testing.

The acquired subsidiaries of the F&B CGU B generate cash inflows that are largely independent of the cash inflows from other assets.

Details of the impairment test of the F&B CGU B are set out in note 22 to the financial statements.

22. Other Intangible Assets

	Notes	Trademarks HK$'000	Customer relationships HK$'000	Online movie platform HK$'000	Total HK$'000
Cost:					
At 1 August 2019		110,470	3,861	586	114,917
Acquisition of subsidiaries	52(a)	20,272	13,164	—	33,436
Exchange realignment		5,043	176	—	5,219
At 31 July 2020 and 1 August 2020		**135,785**	**17,201**	**586**	**153,572**
Exchange realignment		**1,218**	**44**	**—**	**1,262**
At 31 July 2021		**137,003**	**17,245**	**586**	**154,834**
Accumulated amortisation:					
At 1 August 2019		—	386	586	972
Provided during the year	7	—	1,334	—	1,334
Exchange realignment		—	38	—	38
At 31 July 2020 and 1 August 2020		**—**	**1,758**	**586**	**2,344**
Provided during the year	7	**—**	**1,631**	**—**	**1,631**
Exchange realignment		**—**	**6**	**—**	**6**
At 31 July 2021		**—**	**3,395**	**586**	**3,981**
Net carrying amount:					
At 31 July 2021		**137,003**	**13,850**	**—**	**150,853**
At 31 July 2020		135,785	15,443	—	151,228

22. Other Intangible Assets (continued)

Trademarks

Trademarks are regarded as having an indefinite useful life because the trademarked products and services are expected to generate net cash inflows indefinitely.

Impairment testing of goodwill and trademarks with an indefinite useful life allocated to CNI CGU

The recoverable amount of the CNI CGU has been determined based on a value in use calculation using three-year (2020: three-year) cash flow projections based on financial budgets approved by senior management, which is based on management's expectation for market development. The growth rate used to extrapolate the cash flows of the CNI CGU beyond the three-year (2020: three-year) period is 1.5% (2020: 1.5%). The discount rate applied to the cash flow projections is 12% (2020: 11%). The terminal growth rate applied to the cash flow projections is 1.5% (2020: 1.5%).

Assumptions were used in the value in use calculation of the CNI CGU for the years ended 31 July 2021 and 2020. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted profit — The basis used to determine the value assigned to the budgeted profit is the historical average profit achieved, adjusted for expected efficiency improvement, and expected market development.

Discount rate — The discount rate used is before tax and reflects specific risks relating to the relevant unit.

Impairment testing of goodwill and trademarks with an indefinite useful life allocated to F&B CGU B

The recoverable amount of the F&B CGU B has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period with a growth rate approved by senior management, which is based on management's expectation for market development. The discount rate applied to the cash flow projections is 14% (2020: 12%). The terminal growth rate applied to the cash flow projections is 2% (2020: 2%).

Assumptions were used in the value in use calculation of the F&B CGU B for the years ended 31 July 2021 and 2020. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted profit — The basis used to determine the value assigned to the budgeted profit is the historical average profit achieved, adjusted for expected efficiency improvement, and expected market development.

Discount rate — The discount rate used is before tax and reflects specific risks relating to the relevant unit.

23. Investments in Associates

	2021 **HK$'000**	2020 HK$'000
Share of net assets	**34,785**	22,354
Amounts due from associates	**284,859**	406,916
Provision for impairment	**(102,481)**	(100,318)
	182,378	306,598
Total	**217,163**	328,952

The amounts due from associates are unsecured, interest-free and repayable on demand but are not expected to be repayable within the next 12 months from the end of the reporting period. In the opinion of the directors, these balances are considered as part of the Group's net investments in the associates.

Movements in the loss allowance for impairment of amounts due from associates are as follows:

	2021 **HK$'000**	2020 HK$'000
At the beginning of the year	**100,318**	100,900
(Write-back of impairment loss)/impairment loss recognised	**(85)**	99
Exchange realignment	**2,248**	(681)
At the end of the year	**102,481**	100,318

The provision for impairment in respect of the amounts due from associates at the end of the reporting period was determined on the basis of the amounts recoverable from the associates with reference to the fair value of the underlying assets held by the associates.

The associates are accounted for using the equity method in these financial statements. During the year ended 31 July 2021, no dividend income was received by the Group from associates (2020: HK$2,516,000 was received from an associate).

As at 31 July 2021 and 31 July 2020, there were no material associates which principally affected the results for the year or formed a substantial portion of the net assets of the Group.

23. Investments in Associates (continued)

Aggregate financial information of associates that are not individually material:

	2021 HK$'000	2020 HK$'000
The Group's share of profits/(losses)	**20,050**	(17,641)
The Group's share of other comprehensive expense	**(2,672)**	(1,876)
The Group's share of total comprehensive income/(expense)	**17,378**	(19,517)

24. Investments in Joint Ventures

	2021 HK$'000	2020 HK$'000
Share of net assets	**5,347,703**	6,032,868
Amounts due from joint ventures	**1,830,639**	782,946
Provision for impairment#	**(53,883)**	(52,132)
	1,776,756	730,814
Total	**7,124,459**	6,763,682

As at 31 July 2021, impairment of HK$53,883,000 (2020: HK$52,132,000) was recognised for amounts due from joint ventures with gross carrying amounts of HK$68,004,000 (2020: HK$56,607,000) because these joint ventures have been loss-making for some time.

The amounts due from joint ventures are unsecured, interest-free and repayable on demand but are not expected to be repayable within the next 12 months from the end of the reporting period. In the opinion of the directors, these amounts due from joint ventures are unlikely to be repaid in the foreseeable future and are considered as part of the Group's net investments in the joint ventures.

During the year ended 31 July 2021, the Group entered into sale and purchase agreements with a joint venture partner to sell 50% equity interests of certain joint ventures to the joint venture partner at the aggregate consideration of approximately HK$1,104,000. Loss on disposal of HK$142,000 (2020: Nil) was recognised for the year ended 31 July 2021.

24. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Movements in the loss allowance for impairment of amounts due from joint ventures are as follows:

	Note	**2021** **HK$'000**	2020 HK$'000
At the beginning of the year		**52,132**	51,235
Impairment loss recognised	7	**90**	1,468
Exchange realignment		**1,661**	(571)
At the end of the year		**53,883**	52,132

Shares in certain joint ventures held by the Group were pledged to banks to secure banking facilities granted to the joint ventures.

All the joint ventures are accounted for using the equity method in these financial statements. During the year ended 31 July 2021, the Group received dividend income amounting to HK$66,775,000 from joint ventures (2020: HK$70,000,000 from a joint venture).

Details of the principal joint ventures are set out in note 51 to the financial statements.

The summarised financial information below represents amounts shown in the financial statements of the respective joint ventures prepared in accordance with HKFRSs and complies with the Group's accounting policies.

24. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Diamond Path Limited and its subsidiaries (the "Diamond Path Group")

The Diamond Path Group, a 50%-owned joint venture, was principally engaged in the development of a residential/commercial project in Hong Kong. The project, "Alto Residences", is located at Area 68A2, Tseung Kwan O, Hong Kong.

	31 July 2021 HK$'000	31 July 2020 HK$'000
Current assets	**1,233,284**	1,495,317
Non-current assets	**1,350,799**	1,390,777
Total assets	**2,584,083**	2,886,094
Current liabilities	**(126,108)**	(412,747)
Non-current liabilities	**(940,142)**	(1,217,340)
Total liabilities	**(1,066,250)**	(1,630,087)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	**157,050**	31,599
Non-current financial liabilities (excluding creditors, other payables and accruals)	**(770,550)**	(1,077,768)

24. Investments in Joint Ventures (continued)

Diamond Path Limited and its subsidiaries (the "Diamond Path Group") (continued)

	Year ended 31 July 2021 HK$'000	Year ended 31 July 2020 HK$'000
Turnover	**362,839**	403,827
Profit and total comprehensive income for the year	**261,826**	126,957
The above profit and total comprehensive income for the year include the following:		
Interest income	**693**	6,708

Reconciliation of the above summarised financial information of the Diamond Path Group to the carrying amount of the interest in the Diamond Path Group recognised in the financial statements is as follows:

	31 July 2021 HK$'000	31 July 2020 HK$'000
Net assets of the Diamond Path Group	**1,517,833**	1,256,007
The Group's 50% ownership interest in the Diamond Path Group	**758,917**	628,003
Amount due from the Diamond Path Group	**400,037**	503,859
Carrying amount of the Group's interest in the Diamond Path Group	**1,158,954**	1,131,862

24. Investments in Joint Ventures (continued)

Diamond String Limited ("Diamond String")

Diamond String, a 50%-owned joint venture, principally held a property for rental in Hong Kong. The property, "CCB Tower", is located at 3 Connaught Road Central, Hong Kong.

	31 July 2021 HK$'000	31 July 2020 HK$'000
Current assets	**310,242**	236,336
Non-current assets	**10,510,491**	11,850,032
Total assets	**10,820,733**	12,086,368
Current liabilities	**(35,083)**	(40,690)
Non-current liabilities	**(1,785,557)**	(1,785,686)
Total liabilities	**(1,820,640)**	(1,826,376)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	**349,439**	284,121
Non-current financial liabilities (excluding creditors, other payables and accruals)	**(1,752,211)**	(1,753,804)

	Year ended 31 July 2021 HK$'000	Year ended 31 July 2020 HK$'000
Turnover	**264,542**	274,322
Loss and total comprehensive expense for the year	**(1,139,899)**	(937,710)
The above loss and total comprehensive expense for the year include the following:		
Interest income	**1,788**	2,591
Interest expense	**(22,150)**	(48,084)

24. Investments in Joint Ventures (continued)

Diamond String Limited ("Diamond String") (continued)

Reconciliation of the above summarised financial information of Diamond String to the carrying amount of the interest in Diamond String recognised in the financial statements is as follows:

	31 July 2021 HK$'000	31 July 2020 HK$'000
Net assets of Diamond String	**9,000,093**	10,259,992
The Group's 50% ownership interest in Diamond String	**4,500,046**	5,129,996
Amount due from Diamond String	**393,522**	393,522
Carrying amount of the Group's interest in Diamond String	**4,893,568**	5,523,518

King Empire International Limited and its subsidiary (the "King Empire International Group")

The King Empire International Group, a 15%-owned joint venture, was principally engaged in the development of a residential project located at Wong Chuk Hang, Hong Kong.

	31 July 2021 HK$'000
Current assets	**14,351,721**
Current liabilities	**(10,586,117)**
Non-current liabilities	**(3,765,695)**
Total liabilities	**(14,351,812)**
The above amounts of liabilities include the following:	
Current financial liabilities (excluding creditors, other payables and accruals)	**(10,585,282)**

24. INVESTMENTS IN JOINT VENTURES (CONTINUED)

King Empire International Limited and its subsidiary (the "King Empire International Group") (continued)

	Year ended 31 July 2021 HK$'000
Loss and total comprehensive expense for the year	**(91)**

Reconciliation of the above summarised financial information of the King Empire International Group to the carrying amount of the interest in the King Empire International Group recognised in the financial statements is as follows:

	31 July 2021 HK$'000
Net liabilities of the King Empire International Group	**(91)**
The Group's 15% ownership interest in the King Empire International Group	**(13)**
Amount due from the King Empire International Group	**957,792**
Carrying amount of the Group's interest in the King Empire International Group	**957,779**

Aggregate financial information of joint ventures that are not individually material:

	Year ended 31 July 2021 HK$'000	Year ended 31 July 2020 HK$'000
The Group's share of losses	**(33,954)**	(17,645)
The Group's share of other comprehensive expense	**(1,225)**	(63)
The Group's share of total comprehensive expense	**(35,179)**	(17,708)

	2021 HK$'000	2020 HK$'000
Aggregate carrying amount of the Group's investments in joint ventures that are not individually material	**114,158**	108,302

25. Financial Assets at Fair Value Through Other Comprehensive Income

	Notes	2021 HK$'000	2020 HK$'000
Financial assets at fair value through other comprehensive income			
Listed equity investment, at fair value	(i)	**38,824**	39,280
Unlisted equity investments, at fair value	(ii)	**1,650,376**	1,678,131
		1,689,200	1,717,411

During the year ended 31 July 2021, the Group disposed of a financial asset at fair value through other comprehensive income, of which the aggregate amount of fair value on the dates of sale and the accumulated losses recognised in other comprehensive income of HK$7,930,000 was transferred to retained profits.

Notes:

(i) The equity investments is an investment in a company listed on the Stock Exchange and was irrevocably designated at fair value through other comprehensive income as the Group considers such investment to be strategic in nature.

(ii) As at 31 July 2021, included in unlisted equity investments was an equity interest in Bayshore Development Group Limited ("**Bayshore**") of approximately HK$1,536,364,000 (2020: HK$1,562,623,000). The principal activity of Bayshore is property investment.

26. Financial Assets at Fair Value Through Profit or Loss

	Notes	2021 HK$'000	2020 HK$'000
Listed equity investment	(i)	–	168
Unlisted debt investments	(ii)	**136,782**	135,785
Unlisted fund investments	(ii)	**1,087,988**	968,734
		1,224,770	1,104,687
Less: Portion classified as current		**(183,290)**	(153,251)
Non-current portion		**1,041,480**	951,436

Notes:

(i) The equity investment was classified as a financial asset at fair value through profit or loss as it was held for trading.

(ii) The unlisted debt investments and unlisted fund investments were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

27. Derivative Financial Instruments

	Notes	2021 HK$'000	2020 HK$'000
Non-current financial assets/(liabilities)			
— Cross currency swap agreements (the "**CCSs**")			
— For LSD 2017 Guaranteed Notes (the "**CCS — LSD 2017 Notes**")	(a)	**191**	13,410
— For Lai Fung 2018 Guaranteed Notes (the "**CCS — LF 2018 Notes**")	(b)	**(8,965)**	6,821
		(8,774)	20,231
Current financial liabilities			
— Foreign currency forward contract		**—**	(5,852)

27. Derivative Financial Instruments (continued)

The movements in the financial assets/(liabilities) arising from the derivative financial instruments during the year are as follows:

	CCS — LSD 2017 Notes HK$'000	CCS — LF 2018 Notes HK$'000	CCSs — Total HK$'000	Foreign currency forward contract HK$'000
Carrying amount as at 1 August 2019	33,203	20,581	53,784	—
Fair value losses charged to the consolidated income statement (note 7)	(19,793)	(13,760)	(33,553)	(5,852)
Carrying amount as at 31 July 2020 and 1 August 2020	**13,410**	**6,821**	**20,231**	**(5,852)**
Fair value (losses charged)/gains credited to the consolidated income statement (note 7)	**(13,219)**	**(15,786)**	**(29,005)**	**395**
Settlement upon maturity	**—**	**—**	**—**	**5,457**
Carrying amount as at 31 July 2021	**191**	**(8,965)**	**(8,774)**	**—**

(a) CCS — LSD 2017 Notes

During the year ended 31 July 2018, the Group has entered into the CCS — LSD 2017 Notes with financial institutions with an aggregate nominal amount of US$400,000,000 in connection with the guaranteed notes as detailed in note 36(b) to the financial statements.

Pursuant to the terms of the CCS — LSD 2017 Notes, the Group receives an amount semi-annually in arrears calculated based on a fixed rate of 4.6% per annum on the aggregate notional amount of US$400,000,000 during the term of five years, and pays an amount semi-annually in arrears calculated based on a fixed rate of 4.28% per annum on the aggregate notional amount of HK$3,121,400,000 (being the HK$ equivalent amount of US$400,000,000 translated at a contracted exchange rate of US$1 to HK$7.8035) during the term of five years. Upon maturity in September 2022, the Group will receive the aggregate notional amount of US$400,000,000 and will pay the aggregate notional amount of HK$3,121,400,000.

The CCS — LSD 2017 Notes are not designated for hedge purposes and are measured at fair value through profit or loss. Changes in the fair value of the CCS — LSD 2017 Notes amounting to HK$13,219,000 (2020: HK$19,793,000) were charged to the consolidated income statement during the year.

27. Derivative Financial Instruments (continued)

(b) CCS — LF 2018 Notes

During the year ended 31 July 2018, Lai Fung and its subsidiaries (the "**Lai Fung Group**") has entered into the CCS — LF 2018 Notes with financial institutions with an aggregate nominal amount of US$350,000,000 in connection with the guaranteed notes as detailed in note 36(c) to the financial statements.

Pursuant to the terms of the CCS — LF 2018 Notes, the Lai Fung Group receives an amount semi-annually calculated based on a fixed rate of 5.65% per annum on the aggregate notional amount of US$350,000,000 during the period from 18 January 2018 to 18 January 2023 before each Interest Payment Date — LF 2018 Notes (as defined in note 36(c)), and pays an amount semi-annually calculated based on a fixed rate of 5.37% per annum on the aggregate notional amount of HK$2,738,225,000 (being the HK$ equivalent amount of US$350,000,000 translated at a contracted exchange rate of US$1 to HK$7.8235) during the period from 18 January 2018 to 18 January 2023 before each Interest Payment Date — LF 2018 Notes. Before 18 January 2023, the Lai Fung Group will receive the aggregate notional amount of US$350,000,000 and will pay the aggregate notional amount of HK$2,738,225,000.

The CCS — LF 2018 Notes are not designated for hedge purposes and are measured at fair value through profit or loss. Changes in the fair value of the CCS — LF 2018 Notes amounting to HK$15,786,000 (2020: HK$13,760,000) were charged to the consolidated income statement during the year.

28. Deposits, Prepayments, Other Receivables and Other Assets

	2021 **HK$'000**	2020 HK$'000
Loan receivables:		
Variable-rate mortgage loan receivables	**115,599**	154,957
Deposits, prepayments, other receivables and other assets	**1,112,948**	1,086,224
	1,228,547	1,241,181
Less: Portion classified as current	**(953,539)**	(905,618)
Non-current portion	**275,008**	335,563

28. Deposits, Prepayments, Other Receivables and Other Assets (continued)

Movements in the loss allowance for impairment of financial assets included in deposits, prepayments, other receivables and other assets are as follows:

	Note	**2021** **HK$'000**	2020 HK$'000
At the beginning of the reporting period		**42,709**	21,178
Impairment losses recognised	7	**23,899**	24,965
Write-back of impairment losses recognised		**(842)**	–
Write-off		**(13,607)**	(3,203)
Exchange realignment		**1,320**	(231)
At the end of the reporting period		**53,479**	42,709

As at 31 July 2021 and 2020, the ECLs were estimated by applying a credit risk approach with reference to the historical loss record of the Group as at 31 July 2021 and 2020. The loss allowance for impairment of financial assets included in deposits, prepayments, other receivables and other assets is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

29. Pledged and Restricted Bank Balances and Time Deposits and Cash and Cash Equivalents

	2021 HK$'000	2020 HK$'000
Cash and bank balances	**8,432,296**	4,328,785
Time deposits	**2,178,089**	1,766,635
	10,610,385	6,095,420
Less: Non-current portion of pledged balances for bank borrowings:		
Bank balances	**(17,007)**	(22,325)
Time deposits	**(38,098)**	(48,440)
	(55,105)	(70,765)
Less: Current portion of pledged balances for bank borrowings or banking facilities:		
Bank balances pledged for bank borrowings	**(165,777)**	(732,183)
Time deposits pledged for bank borrowings	**(300,353)**	(518,047)
Time deposits pledged for banking facilities	**(2,120)**	(120)
	(468,250)	(1,250,350)
Less: Current portion of restricted balances*:		
Bank balances	**(1,785,195)**	(389,055)
Time deposits	**(17,038)**	(220,692)
	(1,802,233)	(609,747)
	(2,270,483)	(1,860,097)
Cash and cash equivalents	**8,284,797**	4,164,558

* As at 31 July 2020, a cash balance of HK$205,000,000 was held by a bank for certain banking facilities of the Group. Such cash balance was restricted to be used by the Group and such restriction was uplifted upon the renewal of the banking facilities during the year ended 31 July 2021.

29. Pledged and Restricted Bank Balances and Time Deposits and Cash and Cash Equivalents (continued)

* (continued)
In accordance with the relevant laws and regulations imposed by the government authorities concerned or the terms and conditions set out in the relevant bank loan agreements, proceeds from the pre-sale of certain properties in Mainland China are required to be deposited into designated bank accounts and restricted to be used for the relevant projects. Such restriction will be uplifted upon repayment of the relevant bank loans or the attainment of the relevant ownership certificates issued by the authorities. As at 31 July 2021, the balance was HK$1,693,992,000 (2020: HK$316,796,000) in aggregate.

In accordance with the relevant laws and regulations imposed by the government authorities concerned, estimated resettlement costs of certain sites for development in Mainland China are required to be deposited into designated bank accounts. Such deposits are restricted to be used for the resettlement and such restriction will be uplifted upon completion of the resettlement. As at 31 July 2021, the balance was HK$25,924,000 (2020: HK$23,801,000) in aggregate.

In accordance with the relevant clauses of certain bank loan facilities, proceeds from the drawdown of bank loans and certain funds are required to be deposited into designated bank accounts and restricted to be used the relevant projects. As at 31 July 2021, the balance was HK$65,176,000 (2020: HK$48,365,000) in aggregate.

In accordance with the relevant laws and regulations imposed by the government authorities concerned, certain deposits are required to be placed into designated bank accounts restricted as to use. As at 31 July 2021, the balance was HK$17,141,000 (2020: HK$15,785,000) in aggregate.

The conversion of Vietnamese Dong (“**VND**”)/Renminbi (“**RMB**”) denominated cash and bank balances and time deposits into foreign currencies and the remittance of such foreign currencies denominated balances out of Vietnam/Mainland China are subject to the relevant rules and regulations of foreign exchange control promulgated by the respective government authorities concerned. As at 31 July 2021, such VND and RMB denominated cash and bank balances and time deposits of the Group amounted to approximately HK$76,400,000 (2020: HK$76,984,000) and approximately HK$4,651,315,000 (2020: HK$2,362,066,000), respectively.

Cash at banks earns interest at floating rates based on bank deposit rates. Short-term time deposits are spread over varying periods up to three months based on the estimated cash requirements of the Group, and earn interest at the respective short-term time deposit rates. Bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

30. Completed Properties for Sale

The completed properties for sale were carried at cost at the end of the reporting period.

As at 31 July 2021, certain of the Group’s completed properties for sale with a total carrying amount of approximately HK$1,698,680,000 (2020: HK$1,019,245,000) were pledged to banks to secure banking facilities granted to the Group (note 37).

31. Films and TV Programs Under Production and Film Investments

	Notes	2021 HK$'000	2020 HK$'000
Films and TV programs under production	(i)	**192,110**	296,668
Film investments, at fair value	(ii)	**43,734**	16,716
		235,844	313,384

Notes:

(i) Films and TV programs under production

	Notes	2021 HK$'000	2020 HK$'000
At the beginning of the reporting period		**296,668**	408,776
Additions		**177,193**	141,825
Transfer to film and TV program products	19	**(296,128)**	(234,266)
Impairment#	7	**(2,553)**	(12,439)
Exchange realignment		**16,930**	(7,228)
At the end of the reporting period		**192,110**	296,668

The impairment of films and TV programs under production was made based on management's estimation of the recoverable amount against the carrying amount.

(ii) Film investments, at fair value

	2021 HK$'000	2020 HK$'000
Film investments classified as financial assets at fair value through profit or loss:		
At the beginning of the reporting period	**16,716**	8,466
Additions	**47,395**	13,472
Changes in fair value	**(12,702)**	(5,014)
Settlement	**(9,570)**	—
Exchange realignment	**1,895**	(208)
At the end of the reporting period	**43,734**	16,716

32. Assets Classified As Held For Sale

Balance as at 31 July 2021 and 2020 included two blocks of serviced apartments located in Zhongshan (namely, STARR Resort Residence Zhongshan) which were offered for sale with carrying amounts of approximately HK$5,273,000 and HK$14,952,000, respectively. The serviced apartments were previously classified as property, plant and equipment. Management had committed to a plan to sell with an active programme to locate buyers already initiated and the disposal was expected to be completed in the ensuing year. As a result, the serviced apartments were transferred to assets classified as held for sale since then.

Balance as at 31 July 2020 also included a property located in Macau in which a provisional sale and purchase agreement was entered into between the Group and an independent third party in relation to the disposal for a cash consideration of HK$31,000,000. As a result, the property with an aggregate carrying amount of HK$33,115,000 previously classified as property, plant and equipment and right-of-use assets was transferred to assets classified as held for sale. During the year ended 31 July 2021, the disposal of the property was completed.

33. Debtors

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

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

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

33. DEBTORS (CONTINUED)

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

	2021 HK$'000	2020 HK$'000
Trade receivables:		
Not yet due or less than 30 days past due	**281,435**	245,100
31 — 60 days past due	**17,172**	19,054
61 — 90 days past due	**5,184**	7,754
Over 90 days past due	**35,366**	33,160
	339,157	305,068
Finance lease receivables, not yet due (Note)	**528,484**	—
	867,641	305,068
Less: Portion classified as current	**(340,954)**	(305,068)
Non-current portion	**526,687**	—

The movements in the loss allowance for the impairment of debtors are as follows:

	Note	2021 HK$'000	2020 HK$'000
At beginning of year		**13,253**	693
Impairment losses, net	7	**16,553**	11,744
Write-off		**—**	(59)
Exchange realignment		**1,507**	875
At end of year		**31,313**	13,253

An impairment analysis is performed at each reporting date using a provision matrix to measure ECLs. The provision rates are based on days past due for grouping of various customer segments with shared risk characteristics. The provision matrix reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group has applied the simplified approach to provide for ECLs for trade receivables and finance lease receivables which permits the use of lifetime ECLs provision. To measure the ECLs, the Group considered the historical and forward-looking information. As at 31 July 2021, the Group estimated that the ECLs for finance lease receivables were insignificant.

33. Debtors (continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix analysed by the payment due date:

As at 31 July 2021

		Past due		
	Current to 30 days	**30 to 90 days**	**Over 90 days**	**Total**
Expected credit loss rate	**0%**	**3%**	**46%**	**8%**
Gross carrying amount (HK$'000)	**281,492**	**23,073**	**65,905**	**370,470**
Expected credit losses (HK$'000)	**57**	**717**	**30,539**	**31,313**

As at 31 July 2020

		Past due		
	Current to 30 days	30 to 90 days	Over 90 days	Total
Expected credit loss rate	0.1%	4%	26%	4%
Gross carrying amount (HK$'000)	245,300	27,964	45,057	318,321
Expected credit losses (HK$'000)	200	1,156	11,897	13,253

33. DEBTORS (CONTINUED)

Note:

The breakdown of finance lease receivables:

	2021 **HK$'000**	2020 HK$'000
Lease payments receivables		
Not later than 1 year	**1,797**	—
Later than 1 year but not later than 2 years	**5,786**	—
Later than 2 years but not later than 3 years	**22,898**	—
Later than 3 years but not later than 4 years	**28,340**	—
Later than 4 years but not later than 5 years	**33,936**	—
Later than 5 years	**750,712**	—
	843,469	—
Less: Unearned finance lease income relating to lease payments receivables	**(314,985)**	—
Present value of lease payments receivables	**528,484**	—
Add: Present value of unguaranteed residual value	**—**	—
Net investment in the finance lease	**528,484**	—
Less: Accumulated expected credit losses	**—**	—
Total	**528,484**	—

34. Creditors, Other Payables and Accruals

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

	2021 **HK$'000**	2020 HK$'000
Creditors:		
Not yet due or less than 30 days past due	**447,146**	359,582
31 — 60 days past due	**31,209**	33,263
61 — 90 days past due	**4,648**	1,411
Over 90 days past due	**7,580**	19,510
	490,583	413,766
Other payables and accruals	**2,681,090**	2,700,824
Put option liabilities (Note)	**1,270,976**	277,086
	4,442,649	3,391,676
Less: Portion classified as current	**(3,441,480)**	(3,391,676)
Non-current portion	**1,001,169**	—

The creditors and other creditors are non-interest-bearing and normally with an average credit term of one to three months.

Note:

On 19 January 2020, Winfield Concept Limited ("**Winfield**"), a subsidiary owned by Lai Fung and the Company (other than interests held through Lai Fung) as to 80% and 20%, respectively, together with its wholly-owned subsidiary, Zhuhai Hengqin Laisun Creative Culture City Co., Ltd. ("**Laisun Creative Culture**"), entered into an agreement (the "**Da Hengqin Agreement**") with an independent third-party, Zhuhai Da Hengqin Real Estate Co., Ltd. ("**Da Hengqin**"). Pursuant to the Da Hengqin Agreement, among others, Da Hengqin has agreed to make a total capital contribution of approximately RMB948,448,000 in Laisun Creative Culture (the "**Da Hengqin Transaction**"). The Da Hengqin Transaction was completed on 6 August 2020 and Da Hengqin became a holder of 16.68% equity interest in Laisun Creative Culture.

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

34. Creditors, Other Payables and Accruals (continued)

Note: (continued)

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

On 31 December 2018, Rosy Commerce Holdings Limited ("**Rosy Commerce**", a company indirectly owned by Lai Fung and eSun as to 80% and 20%, respectively) and China Cinda (HK) Asset Management Co., Limited ("**Cinda**"), an independent third party, entered into two investment agreements (the "**Cinda Agreements**"). Pursuant to the Cinda Agreements, Cinda agrees to invest, by way of share subscription and/or share sale, in two wholly-owned subsidiaries of Rosy Commerce, namely Harmonic Run Limited ("**HRL**") and Glorious Stand Limited ("**GSL**") at a total consideration (the "**Consideration**") of approximately US$35,752,000 (the "**Cinda Transaction**"). The Cinda Transaction was completed on 25 January 2019 (the "**Cinda Completion Date**") and Cinda became a holder of 30% equity interests in each of HRL and GSL.

On the Cinda Completion Date, Rosy Commerce and Cinda further entered into two shareholders' agreements, pursuant to the buy-back clause contained therein, upon the occurrence of certain triggering events during the six-year investment period, Rosy Commerce has a contractual obligation to buy-back the 30% equity interests in each of HRL and GSL from Cinda at an aggregate amount equal to the Consideration. Accordingly, financial liabilities of approximately US$35,752,000 (equivalent to approximately HK$277,826,000) (2020: US$35,752,000 (equivalent to approximately HK$277,086,000)) were recorded as put option liabilities under "Creditors, other payables and accruals" of the consolidated statement of financial position as at the end of the reporting period.

Further details of the Cinda Transaction are set out in a joint announcement of the Company, LSG, eSun and Lai Fung dated 2 January 2019.

35. Deposits Received, Deferred Income and Contract Liabilities

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

	2021 **HK$'000**	2020 HK$'000
Deposits received and deferred income	**563,344**	773,316
Contract liabilities (Note)	**1,066,895**	507,370
	1,630,239	1,280,686
Less: Portion classified as current	**(1,430,586)**	(1,092,209)
Non-current portion	**199,653**	188,477

35. Deposits Received, Deferred Income and Contract Liabilities (continued)

Note:

Details of contract liabilities are as follows:

	2021 HK$'000	2020 HK$'000
Contract liabilities arising from:		
Sales of properties	**937,458**	299,072
Other operations	**129,437**	208,298
	1,066,895	507,370

As at 1 August 2019, 31 July 2020 and 31 July 2021, the Group's total contract liabilities of HK$1,141,572,000, HK$507,370,000 and HK$1,066,895,000, respectively, mainly represented sales proceeds received in advance from buyers in connection with the Group's sale and pre-sale of properties and interest on the sales proceeds received and consideration received in advance from customers and deferred revenue under media and entertainment and film and TV program operations. The change in contract liabilities during the years ended 31 July 2021 and 2020 was mainly due to the net effect of recognition of revenue and receipts of advance from customers.

36. Guaranteed Notes

	Notes	2021 HK$'000	2020 HK$'000
US$250,000,000 5% guaranteed notes ("**LSD 2021 Notes**")	(a)	**1,928,741**	—
US$400,000,000 4.6% guaranteed notes ("**LSD 2017 Notes**")	(b)	**3,102,355**	3,088,832
US$350,000,000 5.65% guaranteed notes ("**LF 2018 Notes**")	(c)	**2,661,399**	2,629,047
		7,692,495	5,717,879
Analysed into:			
Guaranteed notes repayable:			
In the second year		**5,814,349**	—
In the third to fifth years, inclusive		**1,878,146**	5,717,879
		7,692,495	5,717,879

36. Guaranteed Notes (continued)

Notes:

(a) LSD 2021 Notes

On 29 July 2021, Lai Sun MTN Limited ("**Lai Sun MTN**"), a wholly-owned subsidiary of the Company, issued guaranteed notes in an aggregate principal amount of US$250,000,000. The LSD 2021 Notes are guaranteed by the Company, have a term of five years and bear interest at a fixed interest rate of 5% per annum payable semi-annually in arrears. The LSD 2021 Notes are listed on the Stock Exchange.

The net proceeds from the offering of the LSD 2021 Notes of approximately US$248,000,000 will be used for general corporate purposes.

	2021 **HK$'000**	2020 HK$'000
Guaranteed notes	**1,942,750**	—
Issue expenses	**(14,009)**	—
Carrying amount at the end of the reporting period	**1,928,741**	—
Fair value of the LSD 2021 Notes	**1,943,566**	—

The fair value was determined by reference to the closing price of the LSD 2021 Notes published by a leading global financial market data provider as at 31 July 2021.

(b) LSD 2017 Notes

On 13 September 2017, LSD Bonds (2017) Limited, a wholly-owned subsidiary of the Company, issued guaranteed notes in an aggregate principal amount of US$400,000,000. The LSD 2017 Notes are guaranteed by the Company, have a term of five years and bear interest at a fixed interest rate of 4.6% per annum payable semi-annually in arrears. The LSD 2017 Notes are listed on the Stock Exchange.

The net proceeds from the offering of the LSD 2017 Notes were approximately US$396,000,000 and were used for refinancing the guaranteed notes issued in 2013 and general corporate purposes.

	2021 **HK$'000**	2020 HK$'000
Guaranteed notes	**3,108,400**	3,100,000
Issue expenses	**(6,045)**	(11,168)
Carrying amount at the end of the reporting period	**3,102,355**	3,088,832
Fair value of the LSD 2017 Notes	**3,126,522**	3,068,225

The fair value was determined by reference to the closing price of the LSD 2017 Notes published by a leading global financial market data provider as at 31 July 2021.

36. Guaranteed Notes (continued)

Notes: (continued)

(b) LSD 2017 Notes (continued)

In connection with the LSD 2017 Notes, the Group entered into the CCS — LSD 2017 Notes with financial institutions, which have effectively converted the LSD 2017 Notes into fixed rate HK$ denominated debts. Taking into account the CCS — LSD 2017 Notes, the effective interest rate of the LSD 2017 Notes is 4.28% per annum. Details of the CCS — LSD 2017 Notes are set out in note 27(a) to the financial statements.

(c) LF 2018 Notes

On 18 January 2018, Lai Fung Bonds (2018) Limited, a wholly-owned subsidiary of Lai Fung, issued US$350,000,000 of 5.65% fixed rate guaranteed notes, which will mature on 18 January 2023 for bullet repayment. The LF 2018 Notes bear interest from 18 January 2018 and are payable semi-annually in arrears on 18 January and 18 July of each year, commencing on 18 July 2018 (each, an "**Interest Payment Date — LF 2018 Notes**"). The LF 2018 Notes are listed on the Stock Exchange.

The LF 2018 Notes are guaranteed by Lai Fung and also have the benefit of a keepwell deed and a deed of equity interest purchase undertaking from the Company.

The LF 2018 Notes were issued for the refinancing of the fixed rate senior notes which matured on 25 April 2018 and for general corporate purposes. The net proceeds from the LF 2018 Notes after deducting issue expenses amounted to approximately HK$2,712,758,000.

The LF 2018 Notes recognised in the consolidated statement of financial position are calculated as follows:

	2021 **HK$'000**	2020 HK$'000
Carrying amount at the beginning of the reporting period	**2,629,047**	2,623,278
Amortisation during the year	**32,398**	30,265
Exchange realignment	**(46)**	(24,496)
Carrying amount at the end of the reporting period	**2,661,399**	2,629,047
Fair value of the LF 2018 Notes	**2,667,819**	2,528,148

The fair value was determined by reference to the closing price of the LF 2018 Notes published by a leading global financial market data provider as at 31 July 2021.

The effective interest rate of the LF 2018 Notes is 5.86% per annum.

In connection with the LF 2018 Notes, Lai Fung entered into the CCS — LF 2018 Notes with financial institutions, which have effectively converted the LF 2018 Notes into fixed rate HK$ denominated debts. Taking into account the CCS — LF 2018 Notes, the effective interest rate of the LF 2018 Notes is 5.58% per annum. Details of the CCS — LF 2018 Notes are set out in note 27(b) to the financial statements.

37. Bank Borrowings

	Effective annual interest rate (%)	2021 HK$'000	2020 HK$'000
Current			
Bank borrowings — secured	1.3 — 5.4 (2020: 1.7 — 5.9)	**2,764,936**	7,400,421
Bank borrowings — unsecured	3.1 — 6.7 (2020: 2.1 — 6.7)	**344,688**	633,619
		3,109,624	8,034,040
Non-current			
Bank borrowings — secured	1.3 — 5.4 (2020: 1.7 — 5.9)	**12,773,660**	6,305,076
Bank borrowings — unsecured	1.1 — 6.7 (2020: 2.4 — 6.7)	**2,887,817**	1,796,559
		15,661,477	8,101,635
		18,771,101	16,135,675
Analysed into:			
Bank borrowings repayable:			
Within one year		**3,109,624**	8,034,040
In the second year		**1,428,809**	417,465
In the third to fifth years, inclusive		**12,797,241**	6,667,219
Beyond five years		**1,435,427**	1,016,951
		18,771,101	16,135,675

Other than disclosed elsewhere in the financial statements, the Group's bank borrowings as at the end of the reporting period were secured, inter alia, by:

(i) fixed charges over certain items of property, plant and equipment, certain right-of-use assets, certain investment properties and certain properties under development of the Group with carrying amounts of approximately HK$3,103,510,000 (2020: HK$3,232,370,000) (note 14), HK$1,492,617,000 (2020: HK$1,549,183,000) (note 16(a)), HK$15,525,490,000 (2020: HK$17,420,660,000) (note 15) and HK$1,313,336,000 (2020: HK$236,107,000) (note 17), respectively;

37. BANK BORROWINGS (CONTINUED)

(ii) floating charges over all assets of certain subsidiaries of the Group with an aggregate carrying amount of approximately HK$14,195,270,000 (2020: HK$13,711,719,000), of which the carrying amounts of the items of property, plant and equipment, right-of-use assets, investment properties and properties under development of approximately HK$3,103,510,000 (2020: HK$3,232,370,000), HK$1,492,617,000 (2020: HK$1,549,183,000), HK$8,096,490,000 (2020: HK$8,084,660,000) and HK$1,313,336,000 (2020: HK$236,107,000), respectively, are also included in note (i) above;

(iii) mortgages over certain serviced apartments under hotel properties (including related leasehold improvements) of the Group with an aggregate carrying amount of HK$378,084,000 (2020: HK$378,353,000) (note 14);

(iv) mortgages over certain construction in progress of the Group with an aggregate carrying amount of HK$182,682,000 (2020: HK$50,521,000) (note 14);

(v) mortgages over certain right-of-use assets of the Group with an aggregate carrying amount of HK$1,517,415,000 (2020: HK$1,422,223,000) (note 16(a));

(vi) mortgages over certain properties under development of the Group with an aggregate carrying amount of HK$749,677,000 (2020: HK$1,999,906,000) (note 17);

(vii) mortgages over certain investment properties of the Group with an aggregate carrying amount of HK$14,817,902,000 (2020: HK$11,492,282,000) (note 15);

(viii) mortgages over certain completed properties for sale of the Group with an aggregate carrying amount of HK$1,698,680,000 (2020: HK$1,019,245,000) (note 30);

(ix) charges over certain bank balances and time deposits of the Group with an aggregate carrying amount of approximately HK$523,355,000 (2020: HK$1,321,115,000) (note 29); and

(x) charges over the shares of certain subsidiaries held by the Group (note 50).

38. Other Borrowings

	Notes	Effective annual interest rate (%)	**2021 HK$'000**	2020 HK$'000
Current:				
Other borrowing — unsecured	(i)	—	**41,159**	41,050
Non-current:				
Interest-bearing other borrowings — unsecured	(ii), (iv)	5.0 (2020: 5.0)	**221,217**	215,577
Other borrowing — unsecured	(iii), (iv)	—	**56,181**	51,738
			277,398	267,315
			318,557	308,365
Maturity profile:				
Within one year			**41,159**	41,050
In the second year			**277,398**	267,315
			318,557	308,365

Notes:

(i) On the Cinda Completion Date, Rosy Commerce and Cinda entered into two shareholders' loan agreements pursuant to which, Cinda provided non-interest-bearing initial shareholder loans of an aggregate amount of US$ equivalent of RMB36,000,000 (equivalent to approximately HK$41,159,000 (2020: HK$41,050,000)) to HRL and GSL. Such shareholders' loans are repayable upon the earlier of, inter alia, the sixth anniversary of the date of the two shareholders' loan agreements; or the occurrence of the buy-back triggering events mentioned in note 34 to the financial statements.

(ii) The unsecured other borrowings represented amounts due to the late Mr. Lim Por Yen which bear interest at The Hongkong and Shanghai Banking Corporation Limited prime rate per annum except for the accrued interest portion with an amount of HK$108,279,000 (2020: HK$102,639,000) which is interest-free.

(iii) The unsecured other borrowing represented an amount due to the late Mr. Lim Por Yen which is interest-free.

(iv) At the request of the Group, the executor of Mr. Lim Por Yen's estate confirmed to the Group that no demand for the repayment of the outstanding other borrowings or the related interest would be made within one year from the end of the respective reporting periods.

39. Deferred Tax

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2021 **HK$'000**	2020 HK$'000
Deferred tax assets	**2,147**	4,259
Deferred tax liabilities	**(5,256,477)**	(5,012,622)
	(5,254,330)	(5,008,363)

The movements in deferred tax (liabilities)/assets during the year are as follows:

	Note	Accelerated tax depreciation HK$'000	Fair value adjustments arising from acquisition of subsidiaries HK$'000	Revaluation of properties HK$'000	Withholding tax HK$'000	Losses available for offsetting against future taxable profits HK$'000	Other temporary differences HK$'000	Total HK$'000
At 1 August 2019		(797,168)	(2,463,657)	(2,097,710)	(92,958)	41,782	(21,348)	(5,431,059)
Deferred tax (charged)/credited to the consolidated income statement during the year	11	(54,010)	293,021	149,617	(9,293)	(11,027)	(3,024)	365,284
Deferred tax utilised during the year		—	—	—	3,489	—	—	3,489
Exchange realignment		14,633	(15,146)	55,447	—	96	(1,107)	53,923
At 31 July 2020 and 1 August 2020		(836,545)	(2,185,782)	(1,892,646)	(98,762)	30,851	(25,479)	(5,008,363)
Deferred tax (charged)/credited to the consolidated income statement during the year	11	**(69,527)**	**235,487**	**(62,694)**	**(44,033)**	**85,054**	**(2,295)**	**141,992**
Exchange realignment		**(59,714)**	**(150,385)**	**(181,045)**	—	**3,490**	**(305)**	**(387,959)**
At 31 July 2021		**(965,786)**	**(2,100,680)**	**(2,136,385)**	**(142,795)**	**119,395**	**(28,079)**	**(5,254,330)**

39. Deferred Tax (continued)

At 31 July 2021, the Group had tax losses arising in Hong Kong of approximately HK$6.2 billion (2020: HK$4.8 billion) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses could be utilised.

As at 31 July 2021, the Group had tax losses arising in Mainland China of HK$1.2 billion (2020: HK$0.7 billion) that would expire in one to five years for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses could be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applied to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is either 5% or 10% (2020: 5% or 10%). The Group is therefore liable for withholding taxes on dividends to be distributed by those subsidiaries and joint ventures established in Mainland China in respect of earnings generated from 1 January 2008.

For the investment properties that are located in Mainland China, they are held by certain subsidiaries with a business model to consume substantially all the economic benefits embodied in the investment properties over time, rather than through sale, the presumption is rebutted and related deferred tax is determined based on recovery of use. For the remaining investment properties, the tax consequence is on the presumption that they are recovered entirely by sale.

At 31 July 2021, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of certain subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK$25 million as at 31 July 2021 (2020: HK$21 million).

40. Share Capital

	2021 Number of shares	2021 Total amount HK$'000	2020 Number of shares	2020 Total amount HK$'000
Issued and fully paid ordinary shares	**612,089,025**	**4,134,565**	611,174,025	4,127,703

A summary of movements in the Company's share capital is as follows:

	Notes	**Number of shares in issue**	**Total amount** HK$'000
At 1 August 2019		606,464,125	4,081,774
Shares issued in lieu of cash dividend	a	3,803,900	39,135
Shares issued upon exercise of share options	b	906,000	6,794
At 31 July 2020 and 1 August 2020		**611,174,025**	**4,127,703**
Shares issued upon exercise of share options	b	**915,000**	**6,862**
At 31 July 2021	c	**612,089,025**	**4,134,565**

Notes:

a. On 20 December 2019, the Company's shareholders approved at the annual general meeting a final dividend of HK$0.108 per share payable in cash with a scrip dividend alternative (the "**2019 Scrip Dividend Scheme**") for the year ended 31 July 2019 (the "**2019 Final Dividend**"). During the year ended 31 July 2020, 3,803,900 new shares were issued by the Company at a deemed price of HK$10.288 per share, credited as fully paid, to shareholders of the Company who had elected to receive scrip shares in lieu of cash under the 2019 Scrip Dividend Scheme to settle HK$39,135,000 of the 2019 Final Dividend. The remaining balance of the 2019 Final Dividend of HK$26,363,000 was satisfied by cash.

   Further details of the 2019 Scrip Dividend Scheme are set out in the Company's circular dated 8 January 2020.

b. During the year ended 31 July 2021, 915,000 (2020: 906,000) ordinary shares were issued in respect of share options exercised under the Company's share option scheme at an exercise price of HK$5.350 (2020: HK$5.350) per share and a total cash consideration of approximately HK$4,895,000 (2020: HK$4,846,000) was received. The share option reserve of approximately HK$1,967,000 (2020: HK$1,948,000) was released to the share capital.

c. Subsequent to the end of the reporting period, the Company allotted 33,834,900 new shares to an independent third party for HK$235 million and completed a rights issue. The total number of shares in issue increased to 968,885,887.

   Details of the rights issue are disclosed in note 54(b) to the financial statements.

41. Share Option Schemes

(a) The Company

2006 Share Option Scheme

On 22 December 2006, the Company adopted a share option scheme (the "**2006 Share Option Scheme**") for the purpose of providing incentives or rewards to eligible participants for their contribution or would be contribution to the Group, to enable the Group to recruit and retain high-calibre employees and to attract human resources that are valuable to the Group. Eligible participants of the 2006 Share Option Scheme include the directors (including executive, non-executive and independent non-executive directors), employees of the Group, agents or consultants of the Group, and employees of the shareholder or any member of the Group or any holder of any securities issued by any member of the Group. The 2006 Share Option Scheme became effective on 29 December 2006. Unless otherwise terminated or amended, the 2006 Share Option Scheme would remain in force for 10 years from 29 December 2006. The 2006 Share Option Scheme was terminated upon the adoption of the 2015 Share Option Scheme (as defined below) on 11 December 2015.

The maximum number of the Company's shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the 2006 Share Option Scheme and any other schemes of the Company must not exceed 30% of the Company's total number of shares in issue from time to time. The total number of shares which may be issued upon exercise of all share options to be granted under the 2006 Share Option Scheme and any other schemes of the Company shall not exceed 10% of the total number of shares of the Company in issue as at the date of adopting the 2006 Share Option Scheme unless the Company seeks the approval of its shareholders in a general meeting to refresh the 10% limit under the 2006 Share Option Scheme.

The total number of shares issued and to be issued upon exercise of the share options granted to each eligible participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the Company's total number of shares in issue. Any further grant of share options representing in aggregate over 1% of the total number of the Company's shares in issue must be separately approved by the shareholders in general meetings of the Company.

Each grant of share options to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates, shall be subject to approval by the independent non-executive directors of the Company. Any grant of share options to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, representing in aggregate over 0.1% of the shares of the Company in issue or having an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK$5 million, in the 12-month period up to and including the date of such grant must be approved by shareholders in general meetings of the Company.

41. Share Option Schemes (continued)

(a) The Company (continued)

2006 Share Option Scheme (continued)

The offer of a grant of share options shall be accepted within 28 days from the date of offer and acceptance shall be made with a remittance in favour of the Company of HK$1 by way of consideration for the grant. The exercise period of the share options granted is determinable by the directors of the Company save that such period shall not be more than 10 years from the date of grant of the share options.

The exercise price of share options is determinable by the directors of the Company, but shall not be lower than the highest of (i) the closing price of the Company's shares as stated in the daily quotation sheet of the Stock Exchange on the date of grant, which must be a trading day; and (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant.

Share options do not confer rights on the holders to dividends or to vote at general meetings of the Company.

2015 Share Option Scheme

On 11 December 2015, the Company adopted a new share option scheme (the "**2015 Share Option Scheme**") and terminated the 2006 Share Option Scheme. Subsisting options granted prior to the termination will continue to be valid and exercisable in accordance with the terms of the previous scheme. The purpose of the 2015 Share Option Scheme is to recognise the contribution or future contribution of the eligible participants to the Group by granting share options to them as incentives or rewards and to attract, retain and motivate high-calibre eligible participants in line with the performance goals of the relevant companies. Eligible participants include but are not limited to the directors and any employee of the Group. The 2015 Share Option Scheme became effective on 23 December 2015. Unless otherwise cancelled or amended, the 2015 Share Option Scheme will remain in force for 10 years from 23 December 2015.

The maximum number of shares which may be issued upon the exercise of all options to be granted under the 2015 Share Option Scheme (i) shall not exceed 10% of the shares of the Company in issue at the date of adopting the 2015 Share Option Scheme; (ii) shall not exceed 30% of the shares of the Company in issue from time to time; and (iii) to each eligible participant and within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of the limits set out in (i) and (iii) is subject to the approval of shareholders of the Company and the shareholders of LSG (so long as the Company is a subsidiary of LSG under the Listing Rules) in the respective general meetings.

41. Share Option Schemes (continued)

(a) The Company (continued)

2015 Share Option Scheme (continued)

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors of each of the Company and LSG (so long as the Company is a subsidiary of LSG under the Listing Rules). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to the approval of shareholders of the Company and the shareholders of LSG (so long as the Company is a subsidiary of LSG under the Listing Rules) in the respective general meetings.

The offer of a grant of share options may be accepted within 30 days from the date of grant, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determined by the directors of the Company, save that such period shall not be longer than 10 years from the date of grant of the share options.

The exercise price of the share options is determinable by the directors of the Company, which shall be at least the highest of (i) the closing price of the Company's shares as stated in the daily quotation sheets of the Stock Exchange on the date of grant of the share options; and (ii) the average closing price of the Company's shares as stated in the daily quotation sheets of the Stock Exchange for the five trading days immediately preceding the date of grant.

Share options do not confer rights on the holders to dividends or to vote at general meetings of the Company.

41. Share Option Schemes (continued)

(a) The Company (continued)

Details of the movements of the Company's share options outstanding under the 2006 Share Option Scheme and the 2015 Share Option Scheme during the year are as follows:

	2021 Number of the Company's underlying shares comprised in share options	**2021** Weighted average exercise price per the Company's share* HK$	2020 Number of the Company's underlying shares comprised in share options	2020 Weighted average exercise price per the Company's share* HK$
Outstanding at beginning of year	**14,087,134**	**13.324**	14,359,534	13.043
Granted during the year	**470,000**	**6.360**	800,000	9.920
Exercised during the year	**(915,000)**	**5.350**	(906,000)	5.350
Lapsed during the year	**(1,314,324)**	**15.732**	(166,400)	16.100
Outstanding at end of year	**12,327,810**	**13.394**	14,087,134	13.324

The exercise prices and exercise periods of the Company's share options outstanding as at the end of the reporting period are as follows:

2021

Number of the Company's underlying shares comprised in share options	**Exercise price per share* HK$**	**Exercise period**
8,736,129	**16.100**	**18/01/2013 to 17/01/2023**
1,952,081	**5.350**	**05/06/2012 to 04/06/2022**
83,200	**11.250**	**26/07/2013 to 25/07/2023**
166,400	**8.350**	**21/01/2015 to 20/01/2025**
60,000	**4.700**	**22/01/2016 to 21/01/2026**
60,000	**8.150**	**20/01/2017 to 19/01/2027**
800,000	**9.920**	**19/08/2019 to 18/08/2029**
470,000	**6.360**	**26/01/2021 to 25/01/2031**
12,327,810		

41. Share Option Schemes (continued)

(a) The Company (continued)

The exercise prices and exercise periods of the Company's share options outstanding as at the end of the reporting period are as follows: (continued)

2020

Number of the Company's underlying shares comprised in share options	Exercise price per share* HK$	Exercise period
9,988,053	16.100	18/01/2013 to 17/01/2023
2,867,081	5.350	05/06/2012 to 04/06/2022
83,200	11.250	26/07/2013 to 25/07/2023
228,800	8.350	21/01/2015 to 20/01/2025
60,000	4.700	22/01/2016 to 21/01/2026
60,000	8.150	20/01/2017 to 19/01/2027
800,000	9.920	19/08/2019 to 18/08/2029
14,087,134		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other relevant changes in the Company's share capital.

The closing price of the Company's shares immediately before the date of grant of share options granted during the year was HK$6.35 per share.

The fair value of the share options granted during the year was approximately HK$1,224,000, HK$2.604 each (2020: HK$3,248,000, HK$4.06 each), of which the Group recognised the entire amount as an expense during the year.

41. Share Option Schemes (continued)

(a) The Company (continued)

The fair value of equity-settled share options granted during the year was estimated as at the date of grant using the Binomial Option Pricing Model ("**Binomial Model**"), taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Date of valuation	26 January 2021	20 August 2019
Closing share price (HK$ per share)	**6.36**	9.75
Exercise price (HK$ per share)	**6.36**	9.92
Expected life of options (years)	**10**	10
Risk-free interest rate (%)	**0.752**	1.035
Dividend yield (%)	**0.0**	0.982
Expected volatility (%)	**36.393**	38.839
Historical volatility (%)	**36.393**	38.839
Forfeiture rate (%)	**2.258**	0.0

The expected life of the options is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

The weighted average closing price of the Company's shares immediately before and at the dates of exercise of share options during the year was HK$8.23 (2020: HK$8.38) and HK$8.20 (2020: HK$8.32) per share, respectively.

Other than the movements of the share options as detailed above, no options were granted, exercised, cancelled or lapsed in accordance with the terms of the 2006 Share Option Scheme and the 2015 Share Option Scheme.

41. Share Option Schemes (continued)

(a) The Company (continued)

As at 31 July 2021, a total of 12,327,810 underlying shares comprised in share options were outstanding, of which 10,937,810 underlying shares relate to share options granted under the 2006 Share Option Scheme and 1,390,000 underlying shares relate to share options granted under the 2015 Share Option Scheme, represented approximately 1.79% and 0.23% of the Company's shares in issue, respectively, as at that date.

The number of underlying shares comprised in outstanding share options were adjusted upon completion of the Company's rights issue on 6 October 2021. As at the date of approval of these financial statements, a total of 14,370,180 underlying shares comprised in share options were outstanding, of which 12,749,876 underlying shares relate to share options granted under the 2006 Share Option Scheme and 1,620,304 underlying shares relate to share options granted under the 2015 Share Option Scheme, represented approximately 1.31% and 0.17% of the Company's shares in issue, respectively, as at that date.

(b) eSun

2015 eSun Share Option Scheme

On 11 December 2015 (the "**2015 eSun Adoption Date**"), eSun adopted a new share option scheme (the "**2015 eSun Share Option Scheme**") and terminated the 2005 eSun Share Option Scheme. The purpose of the 2015 eSun Share Option Scheme is to recognise the contribution or future contribution of the Eligible Participants (as defined in the scheme) to the eSun Group by granting share options to them as incentives or rewards and to attract, retain and motivate the Eligible Participants in line with the performance goals of the Relevant Companies (as defined in the scheme). Eligible Participants include but are not limited to the directors and any employees of the eSun Group. Unless otherwise cancelled or amended, the 2015 eSun Share Option Scheme will remain in force for 10 years from the 2015 eSun Adoption Date.

The principal terms of the 2015 eSun Share Option Scheme are:

(i) The maximum number of shares in respect of which options may be granted under the 2015 eSun Share Option Scheme and any other share option schemes of eSun (i) shall not in aggregate exceed 10% of the total number of eSun shares in issue on the 2015 eSun Adoption Date; (ii) shall not exceed 30% of the shares of eSun in issue from time to time; and (iii) to each Eligible Participant in the 2015 eSun Share Option Scheme and within any 12-month period, is limited to 1% of the shares of eSun in issue at any time. Any further grant of share options in excess of the limits set out in (i) and (iii) must be subject to the approval of the shareholders of eSun and the shareholders of the Company (so long as eSun is a subsidiary of the Company under the Listing Rules) in the respective general meetings.

41. Share Option Schemes (continued)

(b) eSun (continued)

2015 eSun Share Option Scheme (continued)

The principal terms of the 2015 eSun Share Option Scheme are: (continued)

(ii) Share options granted to a director, chief executive or substantial shareholder of eSun, or to any of their respective associates, are subject to approval by the independent non-executive directors of eSun and the Company (so long as eSun is a subsidiary of the Company under the Listing Rules). In addition, any share options granted to a substantial shareholder or an independent non-executive director of eSun, or to any of their respective associates, in excess of 0.1% of the shares of eSun in issue at any time and with an aggregate value (based on the closing price of eSun shares as stated in the Stock Exchange's daily quotation sheet on the date of grant) in excess of HK$5 million, within any 12-month period up to and including the date of grant, are subject to the approval by the shareholders of eSun and the shareholders of the Company (so long as eSun is a subsidiary of the Company under the Listing Rules) in the respective general meetings.

(iii) The offer of a grant of share options may be accepted within 30 days from the date of offer, to be accompanied by payment of a consideration of HK$1 per share option by the grantee. The exercise period of the share options granted is determined by the board of directors of eSun in its absolute discretion.

(iv) The subscription (or exercise) price of any share options is determinable by the directors of eSun, and shall be at least the highest of (i) the closing price of eSun shares in the Stock Exchange's daily quotation sheet on the date of the offer of grant; (ii) the average closing price of eSun shares in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of an eSun share on the date of the offer of grant.

Share options do not confer rights on the holders to dividends or to vote at general meetings of eSun.

No share options have been granted under the 2015 eSun Share Option Scheme during the years ended 31 July 2021 and 2020.

41. Share Option Schemes (continued)

(c) MAGHL

MAGHL Share Option Scheme

On 18 December 2012, MAGHL adopted a share option scheme (the "**MAGHL Share Option Scheme**") which will remain in force for 10 years commencing from the adoption date. The purpose of the MAGHL Share Option Scheme is to recognise the contribution or future contribution of the eligible participants to MAGHL and its subsidiaries (the "**MAGHL Group**") by granting share options to them as incentives or rewards and to attract, retain and motivate high-calibre eligible participants in line with the performance goals of MAGHL Group or the affiliated companies. Eligible participants include any employee, director, officer or consultant of MAGHL Group and the affiliated companies, and any other group or classes of participants which the board of the directors of MAGHL, in its absolute discretion, considers to have contributed or will contribute, whether by way of business alliance or other business arrangement, to the development and growth of the MAGHL Group.

The principal terms of the MAGHL Share Option Scheme are as follows:

(a) The total number of MAGHL shares which may be issued upon exercise of all share options to be granted under the MAGHL Share Option Scheme and all options to be granted under any other share option schemes of any member of MAGHL Group (the "**Other Schemes**") must not in aggregate exceed 10% of the total number of MAGHL shares in issue as at 18 December 2012 (the "**MAGHL Scheme Limit**").

(b) Subject to (a) above and the approval of the shareholders of MAGHL and eSun (so long as MAGHL is a subsidiary of eSun under the Rules Governing the Listing of Securities on GEM of the Stock Exchange ("**GEM Listing Rules**") at the respective general meetings, MAGHL may refresh the MAGHL Scheme Limit at any time, provided that such limit as refreshed must not exceed 10% of the total number of shares of MAGHL in issue as at the date of approval of such refreshed limit.

(c) Subject to (a) above and the approval of the shareholders of MAGHL and eSun (so long as MAGHL is a subsidiary of eSun under the GEM Listing Rules) at the respective general meetings, MAGHL may grant the share options beyond the 10% limit, provided that the share options in excess of such limit are granted only to the eligible participants specifically identified by MAGHL before such shareholders' approval is sought.

41. Share Option Schemes (continued)

(c) MAGHL (continued)

MAGHL Share Option Scheme (continued)

The principal terms of the MAGHL Share Option Scheme are as follows: (continued)

(d) The maximum number of MAGHL shares to be issued upon exercise of all outstanding share options granted and yet to be exercised under the MAGHL Share Option Scheme and the Other Schemes must not in aggregate exceed 30% of the issued share capital of MAGHL from time to time.

(e) The maximum number of MAGHL shares issued and to be issued upon exercise of the share options granted to each eligible participant under the MAGHL Share Option Scheme and the Other Schemes (including exercised, cancelled and outstanding share options) in any 12-month period up to and including the date of grant must not exceed 1% of the total number of MAGHL shares in issue at any time. Any further grant of share options in excess of this limit must be separately approved by the shareholders of MAGHL and eSun (so long as MAGHL is a subsidiary of eSun under the GEM Listing Rules) at the respective general meetings with such eligible participant and his associates abstaining from voting.

(f) Any grant of share options to a director, chief executive or substantial shareholder of MAGHL, or to any of their respective associates, is subject to approval in advance by the independent non-executive directors of MAGHL and eSun (so long as MAGHL is a subsidiary of eSun under the GEM Listing Rules).

(g) Any grant of share options to a substantial shareholder or an independent non-executive director of MAGHL, or to any of their respective associates, in excess of 0.1% of MAGHL shares in issue at any time and with an aggregate value (based on the closing price of MAGHL shares as stated in the Stock Exchange's daily quotation sheet on the date of grant) in excess of HK$5 million, within any 12-month period up to and including the date of grant, must be approved by the shareholders of MAGHL and eSun (so long as MAGHL is a subsidiary of eSun under the GEM Listing Rules) in advance at the respective general meetings.

(h) An offer of the grant of share options may be accepted within 30 days from the date of offer of grant, together with payment of a consideration of HK$1 per share option for the grant by the grantee.

(i) The exercise period of the share options granted is determined by the directors of MAGHL provided that such period must not be longer than 10 years from the date upon which any share option is granted in accordance with the MAGHL Share Option Scheme.

41. Share Option Schemes (continued)

(c) MAGHL (continued)

MAGHL Share Option Scheme (continued)

The principal terms of the MAGHL Share Option Scheme are as follows: (continued)

(j) The exercise price of the share options is determined by the directors of MAGHL, but must be at least the highest of (i) the closing price of MAGHL shares as stated in the Stock Exchange's daily quotation sheet on the date of the offer of grant; (ii) the average closing price of MAGHL shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of MAGHL shares on the date of the offer of grant.

Share options do not confer rights on the holders to dividends or to vote at general meetings of MAGHL.

No share options had been granted by MAGHL under the MAGHL Share Option Scheme during the years ended 31 July 2021 and 2020.

(d) Lai Fung

2003 Lai Fung Share Option Scheme

On 21 August 2003, Lai Fung adopted a share option scheme (as amended on 8 August 2018) (the "**2003 Lai Fung Share Option Scheme**") for the purpose of providing incentives and rewards to Eligible Participants (as defined in the scheme) who contribute to the success of the Lai Fung Group's operations. Eligible Participants of the 2003 Lai Fung Share Option Scheme include the directors and any employees of the Lai Fung Group. Unless otherwise cancelled or amended, the 2003 Lai Fung Share Option Scheme will remain in force for 10 years from that date. The 2003 Lai Fung Share Option Scheme was terminated upon the adoption of the 2012 Lai Fung Share Option Scheme (as defined below) on 18 December 2012.

During the year ended 31 July 2020, all subsisting options granted under the 2003 Lai Fung Share Option Scheme were exercised or cancelled.

2012 Lai Fung Share Option Scheme

On 18 December 2012 (the "**2012 Adoption Date**"), Lai Fung adopted a new share option scheme (the "**2012 Lai Fung Share Option Scheme**") and terminated the 2003 Lai Fung Share Option Scheme. Subsisting options granted prior to the termination continued to be valid and exercisable in accordance with the terms of the previous scheme. The purpose of the 2012 Lai Fung Share Option Scheme is to recognise the contribution or future contribution of the Eligible Participants (as defined in the scheme) to the Lai Fung Group by granting share options to them as incentives or rewards and to attract, retain and motivate high-calibre Eligible Participants in line with the performance goals of the Relevant Companies (as defined in the scheme). Eligible Participants include but are not limited to the directors and any employees of the Lai Fung Group. Unless otherwise cancelled or amended, the 2012 Lai Fung Share Option Scheme will remain in force for 10 years from the 2012 Adoption Date.

41. Share Option Schemes (continued)

(d) Lai Fung (continued)

2012 Lai Fung Share Option Scheme (continued)

The maximum number of shares which may be issued upon the exercise of all options to be granted under the 2012 Lai Fung Share Option Scheme (i) shall not exceed 10% of the shares of Lai Fung in issue on the 2012 Adoption Date; (ii) shall not exceed 30% of the shares of Lai Fung in issue from time to time; and (iii) to each Eligible Participant and within any 12-month period, is limited to 1% of the shares of Lai Fung in issue at any time. Any further grant of share options in excess of the limits set out in (i) and (iii) is subject to the approval of shareholders of Lai Fung and the shareholders of the holding company of Lai Fung in the respective general meetings.

Share options granted to a director, chief executive or substantial shareholder of Lai Fung, or to any of their associates, are subject to approval in advance by the independent non-executive directors of each of Lai Fung and the holding company of Lai Fung. In addition, any share options granted to a substantial shareholder or an independent non-executive director of Lai Fung, or to any of their associates, in excess of 0.1% of the shares of Lai Fung in issue at any time or with an aggregate value (based on the closing price of Lai Fung shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to the approval of shareholders of Lai Fung and the shareholders of the holding company of Lai Fung in the respective general meetings.

The offer of a grant of share options may be accepted within 30 days from the date of grant, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determined by the directors of Lai Fung, save that such period shall not be longer than 10 years from the date of grant of the share options.

The exercise price of the share options is determinable by the directors of Lai Fung, which shall be at least the highest of (i) the Stock Exchange closing price of Lai Fung shares on the date of grant of the share options; (ii) the average Stock Exchange closing price of Lai Fung shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a share of Lai Fung on the date of grant.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings of Lai Fung.

(d) Lai Fung (continued)

The movements of share options under the 2003 Lai Fung Share Option Scheme and the 2012 Lai Fung Share Option Scheme during the year are as follows:

	2021		2020	
	Number of Lai Fung underlying shares comprised in share options	**Weighted average exercise price per Lai Fung share***	Number of Lai Fung underlying shares comprised in share options	Weighted average exercise price per Lai Fung share*
		HK$		HK$
Outstanding as at 1 August	**9,684,526**	**11.039**	10,814,117	10.884
Granted during the year	**120,000**	**7.364**	500,000	6.784
Exercised during the year	**—**	**—**	(109,591)	6.650
Lapsed during the year	**(1,123,836)**	**11.001**	(620,000)	12.053
Cancelled during the year	**—**	**—**	(900,000)	6.650
Outstanding as at 31 July	**8,680,690**	**10.993**	9,684,526	11.039

41. Share Option Schemes (continued)

(d) Lai Fung (continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2021

Number of Lai Fung underlying shares comprised in share options	**Exercise price per Lai Fung share* HK$**	**Exercise period**
7,270,690	**11.400**	**18/1/2013 to 17/1/2023**
220,000	**9.500**	**26/7/2013 to 25/7/2023**
120,000	**8.000**	**16/1/2015 to 15/1/2025**
190,000	**13.520**	**19/1/2018 to 18/1/2028**
260,000	**10.180**	**22/1/2019 to 21/1/2029**
500,000	**6.784**	**19/8/2019 to 18/8/2029**
120,000	**7.364**	**22/1/2021 to 21/1/2031**
8,680,690		

2020

Number of Lai Fung underlying shares comprised in share options	Exercise price per Lai Fung share* HK$	Exercise period
8,134,526	11.400	18/1/2013 to 17/1/2023
220,000	9.500	26/7/2013 to 25/7/2023
180,000	8.000	16/1/2015 to 15/1/2025
190,000	13.520	19/1/2018 to 18/1/2028
460,000	10.180	22/1/2019 to 21/1/2029
500,000	6.784	19/8/2019 to 18/8/2029
9,684,526		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues or other similar changes in Lai Fung share capital.

41. Share Option Schemes (continued)

(d) Lai Fung (continued)

The closing price of Lai Fung shares immediately before and at the date of exercise of share options during the year ended 31 July 2020 was HK$7.040.

Other than the grant of share options comprising 120,000 Lai Fung underlying shares and the lapse of share options comprising 1,123,836 Lai Fung underlying shares, no share options were granted, exercised, lapsed or cancelled in accordance with the terms of the 2003 Lai Fung Share Option Scheme and 2012 Lai Fung Share Option Scheme during the year.

The closing price of the Lai Fung shares immediately before the date of grant of share options granted during the year was HK$7.30.

The fair value of the share options granted during the year was approximately HK$157,000, HK$1.3101 each (2020: HK$674,000, HK$1.348 each) which was recognised as a share option expense of approximately HK$157,000 (2020: HK$674,000) and HK$69,000 (2020: HK$303,000) (before and after capitalisation to properties under development/investment properties under construction/construction in progress, respectively) for the year ended 31 July 2021.

The fair value of equity-settled share options granted during the year was estimated as at the date of acceptance using the Binomial Model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Date of valuation	**22 January 2021**	20 August 2019
Closing share price (HK$ per share)	**7.290**	6.610
Exercise price (HK$ per share)	**7.364**	6.784
Option life (years)	**10**	10
Risk-free interest rate (%)	**0.7882**	1.035
Dividend yield (%)	**0**	2.020
Expected volatility (%)	**37.553**	39.134
Historical volatility (%)	**37.553**	39.134
Forfeiture rate (%)	**9.4143**	0.0

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. The value of the share options is subject to a number of assumptions and with regard to the limitation of the Binomial Model. Therefore, the value may be subjective and would change should any of the assumptions change.

As at 31 July 2021, a total of 8,680,690 underlying Lai Fung shares relating to share options granted under the 2012 Lai Fung Share Option Scheme were outstanding, represented approximately 2.62% of the Lai Fung shares in issue as at that date.

42. RESERVES

The amounts of the Group's reserves and the movements therein for the years ended 31 July 2021 and 2020 are presented in the consolidated statement of changes in equity.

Statutory reserve

Pursuant to the relevant laws and regulations in the PRC, the subsidiaries and the joint ventures of the Company's associates, which are registered in the PRC, are required to transfer a certain percentage of their net profit after tax (after offsetting any prior years' losses) to statutory reserve funds which are restricted as to use, until the balance of the statutory reserve funds reaches 50% of the entity's registered capital.

Other reserve

The other reserve mainly comprised of the reserve arising from the acquisition of the additional equity interests in subsidiaries.

43. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below. The summarised financial information below represents amounts after fair value adjustments and before intragroup eliminations.

43. Partly-Owned Subsidiaries with Material Non-Controlling Interests (continued)

(a) eSun

	2021 **HK$'000**	2020 HK$'000
Current assets	**2,308,488**	2,605,642
Non-current assets	**1,463,957**	1,364,383
Total assets	**3,772,445**	3,970,025
Current liabilities	**1,057,216**	1,026,294
Non-current liabilities	**1,347,301**	1,290,267
Total liabilities	**2,404,517**	2,316,561
Equity attributable to owners of the Company	**1,651,769**	1,923,880
Non-controlling interests	**(283,841)**	(270,416)
Total equity	**1,367,928**	1,653,464
Turnover	**835,303**	929,156
Cost of sales	**(667,672)**	(651,889)
Gross profit	**167,631**	277,267
Other revenue	**133,511**	94,987
Selling and marketing expenses	**(24,525)**	(31,686)
Administrative expenses	**(282,837)**	(330,361)
Other operating expenses	**(378,016)**	(808,231)
LOSS FROM OPERATING ACTIVITIES	**(384,236)**	(798,024)
Finance costs	**(60,987)**	(79,984)
Share of profits and losses of joint ventures	**420**	(2,237)
LOSS BEFORE TAX	**(444,803)**	(880,245)

43. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

(a) eSun (continued)

	2021 HK$'000	2020 HK$'000
LOSS BEFORE TAX	**(444,803)**	(880,245)
Income tax expense	**(2,107)**	(7,086)
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS	**(446,910)**	(887,331)
LOSS FOR THE YEAR FROM DISCONTINUED OPERATIONS	**—**	(891,373)
LOSS FOR THE YEAR	**(446,910)**	(1,778,704)
Loss attributable to owners of the Company	**(290,873)**	(904,018)
Loss attributable to non-controlling interests	**(156,037)**	(874,686)
Loss for the year	**(446,910)**	(1,778,704)
Other comprehensive expense attributable to owners of the Company	**(4,973)**	(296,223)
Other comprehensive expense attributable to non-controlling interests	**(4,846)**	(468,040)
Other comprehensive expense for the year	**(9,819)**	(764,263)
Total comprehensive expense attributable to owners of the Company	**(295,846)**	(1,200,241)
Total comprehensive expense attributable to non-controlling interests	**(160,883)**	(1,342,726)
Total comprehensive expense for the year	**(456,729)**	(2,542,967)
Net cash flows used in operating activities	**(148,397)**	(176,883)
Net cash flows from investing activities	**3,059**	1,260,245
Net cash flows used in financing activities	**(11,320)**	(138,310)
Net (decrease)/increase in cash and cash equivalents	**(156,658)**	945,052

43. Partly-Owned Subsidiaries with Material Non-Controlling Interests (continued)

(b) Lai Fung

	2021 **HK$'000**	2020 HK$'000
Current assets	**13,057,096**	11,142,458
Non-current assets	**26,428,257**	24,361,040
Total assets	**39,485,353**	35,503,498
Current liabilities	**4,185,761**	6,725,324
Non-current liabilities	**17,260,490**	11,639,721
Total liabilities	**21,446,251**	18,365,045
Equity attributable to owners of the Company	**9,735,469**	9,200,758
Non-controlling interests	**8,303,633**	7,937,695
Total equity	**18,039,102**	17,138,453
Turnover	**3,196,582**	1,201,779
Cost of sales	**(2,850,872)**	(842,580)
Gross profit	**345,710**	359,199
Other revenue	**106,640**	78,168
Selling and marketing expenses	**(137,511)**	(63,326)
Administrative expenses	**(250,312)**	(268,243)
Other operating expenses	**(622,905)**	(301,496)
Write-down of completed properties for sale to net realisable value	**(18,241)**	(587,099)
Fair value gains/(losses) on investment properties, net	**248,718**	(599,081)
LOSS FROM OPERATING ACTIVITIES	**(327,901)**	(1,381,878)
Finance costs	**(428,848)**	(288,425)
Share of profits and losses of joint ventures	**(1,339)**	(475)
Share of profits and losses of associates	**(235)**	(617)
LOSS BEFORE TAX	**(758,323)**	(1,671,395)

43. Partly-Owned Subsidiaries with Material Non-Controlling Interests (continued)

(b) Lai Fung (continued)

	2021 HK$'000	2020 HK$'000
LOSS BEFORE TAX	**(758,323)**	(1,671,395)
Income tax (expense)/credit	**(210,217)**	166,690
LOSS FOR THE YEAR	**(968,540)**	(1,504,705)
Loss attributable to owners of the Company	**(461,739)**	(549,352)
Loss attributable to non-controlling interests	**(506,801)**	(955,353)
Loss for the year	**(968,540)**	(1,504,705)
Other comprehensive income/(expense) attributable to owners of the Company	**834,745**	(494,760)
Other comprehensive income/(expense) attributable to non-controlling interests	**872,739**	(68,541)
Other comprehensive income/(expense) for the year	**1,707,484**	(563,301)
Total comprehensive income/(expense) attributable to owners of the Company	**373,006**	(1,044,112)
Total comprehensive income/(expense) attributable to non-controlling interests	**365,938**	(1,023,894)
Total comprehensive income/(expense) for the year	**738,944**	(2,068,006)
Net cash flows from/(used in) operating activities	**1,647,342**	(164,057)
Net cash flows used in investing activities	**(1,194,206)**	(1,470,531)
Net cash flows from financing activities	**1,085,819**	982,027
Net increase/(decrease) in cash and cash equivalents	**1,538,955**	(652,561)

44. Commitments

(a) The Group had the following commitments not provided for in the financial statements at the end of the reporting period:

	2021	2020
	HK$'000	HK$'000
Contracted, but not provided for		
Purchase of items of property, plant and equipment	**7,214**	6,764
Additions to investment properties	**12,046**	13,237
Construction, development and resettlement costs	**1,108,680**	1,162,581
	1,127,940	1,182,582

(b) The Group has lease contracts that have not yet commenced as at 31 July 2021. The future lease payments for these non-cancellable lease contracts are HK$118,600,000 (2020: HK$64,600,000) due in the second to fifth years, inclusive and HK$214,790,000 (2020: HK$131,000,000) due after five years.

45. Contingent Liabilities

Save as disclosed elsewhere in the financial statements, the Group also had the following contingent liabilities at the end of the reporting period:

(a) Contingent liabilities not provided for in the financial statements:

	2021	2020
	HK$'000	HK$'000
Guarantees given to banks in connection with facilities granted to and utilised by joint ventures	**792,150**	152,100

(b) The Group has provided guarantees to certain banks in respect of mortgage loan facilities granted by such banks to certain end-buyers of property units developed by the Group. Pursuant to the terms of the guarantees, upon default in mortgage payments by these end-buyers, the Group will be responsible for repaying the outstanding mortgage loan principal amounts together with accrued interest owed by the end-buyers in default. The Group's obligation in relation to such guarantees has been gradually relinquished along with the settlement of the mortgage loans granted by the banks to the end-buyers. Such obligation will also be relinquished when the property ownership certificates for the relevant properties are issued and/or the end-buyers have fully repaid the mortgage loans. As at 31 July 2021, in respect of these guarantees, the contingent liabilities of the Group amounted to approximately HK$1,071,581,000 (2020: HK$659,069,000).

45. Contingent Liabilities (continued)

(c) The Group has pledged certain time deposits (2020: provided corporate guarantees) to certain banks in connection with the banking facilities granted to certain subsidiaries and the respective letter of credit and letter of guarantee facilities of approximately HK$1,673,000 (2020: HK$2,937,000) were utilised.

46. Financial Instruments by Category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

31 July 2021

	Financial assets at fair value through profit or loss HK$'000	Financial assets at fair value through other comprehensive income HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000
Due from associates	—	—	182,378	182,378
Due from joint ventures	—	—	1,776,756	1,776,756
Financial assets at fair value through other comprehensive income	—	1,689,200	—	1,689,200
Financial assets at fair value through profit or loss	1,224,770	—	—	1,224,770
Derivative financial instruments	191	—	—	191
Film investments	43,734	—	—	43,734
Trade receivables	—	—	339,157	339,157
Finance lease receivables	—	—	528,484	528,484
Financial assets included in deposits, prepayments, other receivables and other assets	5,687	—	686,506	692,193
Pledged and restricted bank balances and time deposits	—	—	2,325,588	2,325,588
Cash and cash equivalents	—	—	8,284,797	8,284,797
	1,274,382	1,689,200	14,123,666	17,087,248

46. Financial Instruments by Category (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

Financial assets (continued)

31 July 2020

	Financial assets at fair value through profit or loss HK$'000	Financial assets at fair value through other comprehensive income HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000
Due from associates	—	—	306,598	306,598
Due from joint ventures	—	—	730,814	730,814
Financial assets at fair value through other comprehensive income	—	1,717,411	—	1,717,411
Financial assets at fair value through profit or loss	1,104,687	—	—	1,104,687
Derivative financial instruments	20,231	—	—	20,231
Film investments	16,716	—	—	16,716
Trade receivables	—	—	305,068	305,068
Financial assets included in deposits, prepayments, other receivables and other assets	22,223	—	701,859	724,082
Pledged and restricted bank balances and time deposits	—	—	1,930,862	1,930,862
Cash and cash equivalents	—	—	4,164,558	4,164,558
	1,163,857	1,717,411	8,139,759	11,021,027

46. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

Financial liabilities

31 July 2021

	Financial liabilities at fair value through profit or loss HK$'000	Financial liabilities at amortised cost HK$'000	Total HK$'000
Financial liabilities included in creditors, other payables and accruals	—	4,246,776	4,246,776
Financial liabilities included in deposits received, deferred income and contract liabilities	—	488,541	488,541
Derivative financial instruments	8,965	—	8,965
Lease liabilities	—	1,387,617	1,387,617
Bank borrowings	—	18,771,101	18,771,101
Other borrowings	—	318,557	318,557
Guaranteed notes	—	7,692,495	7,692,495
	8,965	32,905,087	32,914,052

31 July 2020

	Financial liabilities at fair value through profit or loss HK$'000	Financial liabilities at amortised cost HK$'000	Total HK$'000
Financial liabilities included in creditors, other payables and accruals	—	3,277,207	3,277,207
Financial liabilities included in deposits received, deferred income and contract liabilities	—	666,202	666,202
Derivative financial instruments	5,852	—	5,852
Lease liabilities	—	1,374,430	1,374,430
Bank borrowings	—	16,135,675	16,135,675
Other borrowings	—	308,365	308,365
Guaranteed notes	—	5,717,879	5,717,879
	5,852	27,479,758	27,485,610

47. Fair Value Hierarchy of Financial Instruments

Financial instruments for which fair value is disclosed

Except for the guaranteed notes with a fair value in aggregate of approximately HK$7,737,907,000 (2020: HK$5,596,373,000) as detailed in note 36, the directors consider the carrying amounts of all other financial assets and financial liabilities measured at amortised cost approximated to their fair values as at the end of the reporting period.

Financial instruments measured at fair value

	Notes	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
As at 31 July 2021					
Financial assets					
Financial assets at fair value through other comprehensive income	25	**38,824**	—	**1,650,376**	**1,689,200**
Financial assets at fair value through profit or loss	26	—	**1,097,884**	**126,886**	**1,224,770**
Derivative financial instruments — CCSs	27	—	—	**191**	**191**
Financial assets included in deposits, prepayments, other receivables and other assets	28	—	—	**5,687**	**5,687**
Film investments	31	—	—	**43,734**	**43,734**
		38,824	**1,097,884**	**1,826,874**	**2,963,582**
Financial liabilities					
Derivative financial instruments — CCSs	27	—	—	**8,965**	**8,965**

47. Fair Value Hierarchy of Financial Instruments (continued)

Financial instruments measured at fair value (continued)

	Notes	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
As at 31 July 2020					
Financial assets					
Financial assets at fair value through other comprehensive income	25	39,280	—	1,678,131	1,717,411
Financial assets at fair value through profit or loss	26	168	977,495	127,024	1,104,687
Derivative financial instruments — CCSs	27	—	—	20,231	20,231
Financial assets included in deposits, prepayments, other receivables and other assets	28	—	—	22,223	22,223
Film investments	31	—	—	16,716	16,716
		39,448	977,495	1,864,325	2,881,268
Financial liabilities					
Derivative financial instruments — foreign currency forward contract	27	—	5,852	—	5,852

During the year ended 31 July 2021, there was no transfer of fair value measurement between Level 1 and Level 2 (2020: Nil).

During the years ended 31 July 2021 and 2020, there were no transfers into or out of Level 3 for both financial assets and financial liabilities.

47. Fair Value Hierarchy of Financial Instruments (continued)

Financial instruments measured at fair value (continued)

The movements in fair value measurements within Level 3 during the year are as follows:

(i) Financial assets at fair value through other comprehensive income:

	2021	2020
	HK$'000	HK$'000
At beginning of year	**1,678,131**	1,863,437
Total losses recognised in other comprehensive income	**(27,755)**	(185,306)
At end of year	**1,650,376**	1,678,131

(ii) Financial assets at fair value through profit or loss

	2021	2020
	HK$'000	HK$'000
At beginning of year	**127,024**	93,341
Total gains recognised in the income statement	**—**	4,700
Additions	**—**	46,146
Disposals	**(1,444)**	(14,335)
Exchange realignment	**1,306**	(2,828)
At end of year	**126,886**	127,024

The movements in the financial assets arising from the derivative financial instruments and film investments are disclosed in notes 27 and 31, respectively to the financial statements.

Valuation techniques

Fair value measurement using significant observable inputs (Level 2)

The fair values of certain financial assets at fair value through profit or loss is based on the fair values of the underlying investment portfolio provided by the fund managers.

47. Fair Value Hierarchy of Financial Instruments (continued)

Valuation techniques (continued)

Fair value measurement using significant observable inputs (Level 2) (continued)

In respect of derivative financial instruments — foreign currency forward contract, the Group relies on bank valuations to determine the fair value of the instruments. These valuations maximise the use of observable market data. Key observable inputs in the valuations are spot rates, strike rates, volatility, time to expiration and risk free rate.

Fair value measurement using significant unobservable inputs (Level 3)

Each year, the Group's management appoints external valuers to be responsible for the external valuations of the Group's financial instruments (the "**Financial Instrument Valuers**"). Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has discussions with the Financial Instrument Valuers on the valuation assumptions and valuation results twice a year when the valuation is performed for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The methods and assumptions used to estimate the fair values of the principal financial instruments are stated as follows:

(i) Fair value of the equity interest in Bayshore, classified as financial assets at fair value through other comprehensive income, has been estimated using the fair value of investment properties held by Bayshore, which is mainly determined by income approach. Income approach is an approach to valuation that provides an indication of value by converting future cash flows to a single current capital value. The current capital value is projected based on discounted cash flow method. It is a process of valuing an investment property or asset by undertaking an estimation of future cash flows and taking into account the time value of money.

(ii) Derivative financial instruments — CCSs are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot rates and interest rate curves as well as other unobservable inputs. The carrying amounts of the derivative financial instruments are the same as their fair values.

47. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Valuation techniques (continued)

Information about fair value measurement using significant unobservable inputs (Level 3)

31 July 2021

	Valuation technique	Significant unobservable inputs	Value of unobservable inputs	Notes
Financial assets at fair value through other comprehensive income	Income approach	Average monthly market rent per square foot	**HK$139**	1
		Capitalisation rate	**2.85%**	2
Derivative financial instruments — CCSs	Discounted cash flow with swaption approach	Expected exposure at default — counterparty	**HK$0.31 million to HK$4.05 million**	3
		Expected exposure at default — the Group	**HK$0.44 million to HK$11.22 million**	4
		Credit spread — counterparty	**8.81 basis points to 86.59 basis points**	5
		Credit spread — the Group	**11.38 basis points to 376.19 basis points**	6
		Loss given default ratio — counterparty non-performance risk	**80%**	7
		Loss given default ratio — own credit risk	**60%**	8

47. Fair Value Hierarchy of Financial Instruments (continued)

Valuation techniques (continued)

Information about fair value measurement using significant unobservable inputs (Level 3) (continued)

31 July 2020

	Valuation technique	Significant unobservable inputs	Value of unobservable inputs	Notes
Financial assets at fair value through other comprehensive income	Income approach	Average monthly market rent per square foot	HK$144	1
		Capitalisation rate	2.85%	2
Derivative financial instruments — CCSs	Discounted cash flow with swaption approach	Expected exposure at default — counterparty	HK$2.93 million to HK$34.04 million	3
		Expected exposure at default — the Group	HK$0.02 million to HK$37.45 million	4
		Credit spread — counterparty	7.69 basis points to 111.58 basis points	5
		Credit spread — the Group	13.26 basis points to 484.14 basis points	6
		Loss given default ratio — counterparty non-performance risk	80%	7
		Loss given default ratio — own credit risk	60%	8

Notes:
1. The higher the average monthly market rent per square foot, the higher the fair value
2. The higher the capitalisation rate, the lower the fair value
3. The higher the expected exposure at default — counterparty, the lower the fair value of CCSs
4. The higher the expected exposure at default — the Group, the higher the fair value of CCSs
5. The higher the credit spread — counterparty, the lower the fair value of CCSs
6. The higher the credit spread — the Group, the higher the fair value of CCSs
7. The higher the loss given default ratio — counterparty non-performance risk, the lower the fair value of CCSs
8. The higher the loss given default ratio — own credit risk, the higher the fair value of CCSs

48. Financial Risk Management Objectives and Policies

The principal financial assets held by the Group comprise financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, pledged and restricted bank balances and time deposits, and cash and cash equivalents. Management would, based on the Group's projected cash flow requirements, determine the types and levels of these financial instruments with a view to maintaining an appropriate level of funding for the Group's operations and to enhancing the returns generated from these financial instruments. The Group's principal financial liabilities comprise bank borrowings and guaranteed notes. The Group will procure various types and levels of such financial liabilities in order to maintain sufficient funding for the Group's daily operations and to cope with expenditures incurred for various properties under development or investment projects. In addition, the Group has various other financial assets and liabilities such as debtors and creditors which arise directly from its daily operations.

The main risks arising from the Group's financial instruments are interest rate risks, foreign currency risk, credit risk and liquidity risk. The management of the Company meets periodically to analyse and formulate measures to manage the Group's exposure to these risks. Generally, the Group has adopted relatively conservative strategies on its risk management and the Group has not used any derivatives and other instruments for hedging purposes during the year. The Group does not hold or issue derivative financial instruments for trading purposes. The directors review and determine policies for managing each of these risks and they are summarised as follows:

(i) Fair value and cash flow interest rate risks

Fair value interest rate risk is the risk that the value of a financial instrument fluctuates because of changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument fluctuate because of changes in market interest rates. The Group is exposed to both fair value and cash flow interest rate risks. The Group's exposure to market risk for changes in interest rates relates primarily to the Group's pledged and restricted bank balances and time deposits, cash and cash equivalents and bank borrowings with a floating interest rate.

At present, the Group does not intend to seek to hedge its exposure to interest rate fluctuations. However, the Group constantly reviews the economic situation and its interest rate risk profile, and will consider appropriate hedging measures in future as may be necessary.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant and before any impact on tax, of the Group's income statement (through the impact on variable-rate mortgage loan receivables, pledged and restricted bank balances and time deposits, cash and cash equivalents, bank borrowings and certain other borrowings) and the equity of the Group.

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(i) Fair value and cash flow interest rate risks (continued)

	Increase in interest rate %	**Decrease in profit and equity** HK$'000
2021	**0.5**	**40,790**
2020	0.5	49,991

(ii) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument fluctuates because of changes in foreign exchange rates.

US$

The Group's major assets and liabilities and transactions are denominated in HK$ or US$. As HK$ is pegged against US$, the Group believes that the corresponding exposure to exchange rate risk arising from US$ is nominal and does not expect any significant movements in the exchange rate in the foreseeable future.

RMB

Certain subsidiaries (mainly the Lai Fung Group) of the Group have transactions denominated in RMB. The Group is exposed to foreign exchange risk arising from the exposure of RMB against HK$.

It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximise hedge effectiveness. The Group will constantly review the economic situation and its foreign currency risk profile, and will consider other appropriate hedging measures in future as may be necessary.

Pound Sterling

The Group had made investments in the United Kingdom with the assets and liabilities denominated in Pounds Sterling. The investments were financed by bank borrowings denominated in Pound Sterling in order to minimise the net foreign exchange exposure.

Other than the abovementioned, the remaining monetary assets and liabilities of the Group were denominated in Euro, Malaysian Ringgit and VND which were insignificant as compared with the Group's total assets and liabilities. The Group manages its foreign currency risk by closely reviewing the movement of foreign currency rates and considers hedging significant foreign currency exposure should the additional need arise.

48. Financial Risk Management Objectives and Policies (continued)

(iii) Credit risk

The Group (other than eSun Group) maintains various credit policies for different business operations as described in note 33 to the financial statements. In addition, debtor balances are being closely monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The eSun Group trades only with recognised and creditworthy third parties. It is the eSun Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the eSun Group's exposure to bad debts is not significant.

In respect of loan and interest receivables, individual credit evaluations are performed on all borrowers requiring credit over a certain amount. These evaluations focus on the borrowers' past history of making payments when due and the current ability to pay, and take into account information specific to the borrowers. Certain of these loan and interest receivables are secured by share charges in respect of the equity interest of certain subsidiaries and unlisted equity investments of the respective borrowers.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 July. The amounts presented are gross carrying amounts for financial assets.

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 July 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Due from associates					
Normal**	182,378	—	—	—	182,378
Doubtful**	—	—	102,481	—	102,481
Due from joint ventures					
Normal**	1,762,635	—	—	—	1,762,635
Doubtful**	—	—	68,004	—	68,004
Trade receivables*	—	—	—	370,470	370,470
Finance lease receivables*	—	—	—	528,484	528,484
Financial assets included in deposit, prepayments, other receivables and other assets					
Normal**	686,442	—	—	—	686,442
Doubtful**	—	—	7,666	—	7,666
Pledged and restricted bank balances and time deposits	2,325,588	—	—	—	2,325,588
Cash and cash equivalents	8,284,797	—	—	—	8,284,797
	13,241,840	—	178,151	898,954	14,318,945

48. Financial Risk Management Objectives and Policies (continued)

(iii) Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 July 2020

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Due from associates					
Normal**	306,598	—	—	—	306,598
Doubtful**	—	—	100,318	—	100,318
Due from joint ventures					
Normal**	726,339	—	—	—	726,339
Doubtful**	—	—	56,607	—	56,607
Trade receivables*	—	—	—	318,321	318,321
Financial assets included in deposit, prepayments, other receivables and other assets					
Normal**	701,760	—	—	—	701,760
Doubtful**	—	—	5,537	—	5,537
Pledged and restricted bank balances and time deposits	1,930,862	—	—	—	1,930,862
Cash and cash equivalents	4,164,558	—	—	—	4,164,558
	7,830,117	—	162,462	318,321	8,310,900

* For trade receivables and finance lease receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 33 to the financial statements.

** The credit quality of the amounts due from associates and joint ventures and financial assets included in deposits, prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

48. Financial Risk Management Objectives and Policies (continued)

(iv) Liquidity risk

The Group's objective is to ensure adequate funds are available to meet commitments associated with its capital expenditure and financial liabilities. Cash flows are closely monitored on an ongoing basis.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2021			
	Less than 1 year HK$'000	**1 to 5 years HK$'000**	**Over 5 years HK$'000**	**Total HK$'000**
Financial liabilities included in creditors, other payables and accruals	**3,253,626**	**—**	**993,150**	**4,246,776**
Financial liabilities included in deposits received, deferred income and contract liabilities	**288,888**	**199,653**	**—**	**488,541**
Lease liabilities	**337,060**	**855,226**	**375,020**	**1,567,306**
Bank borrowings	**3,629,741**	**15,591,009**	**1,605,711**	**20,826,461**
Other borrowings	**41,159**	**283,045**	**—**	**324,204**
Guaranteed notes	**390,119**	**8,250,433**	**—**	**8,640,552**
Inflow of derivative financial instruments	**(293,791)**	**(5,919,133)**	**—**	**(6,212,924)**
Outflow of derivative financial instruments	**226,653**	**5,942,628**	**—**	**6,169,281**
	7,873,455	**25,202,861**	**2,973,881**	**36,050,197**

	2020			
	Less than 1 year HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Financial liabilities included in creditors, other payables and accruals	3,277,207	—	—	3,277,207
Financial liabilities included in deposits received, deferred income and contract liabilities	477,725	188,477	—	666,202
Lease liabilities	308,916	875,635	368,017	1,552,568
Bank borrowings	8,489,176	7,763,938	1,257,973	17,511,087
Other borrowings	41,050	272,962	—	314,012
Guaranteed notes	299,877	6,327,985	—	6,627,862
Inflow of derivative financial instruments	(751,510)	(6,327,985)	—	(7,079,495)
Outflow of derivative financial instruments	736,856	6,352,638	—	7,089,494
	12,879,297	15,453,650	1,625,990	29,958,937

48. Financial Risk Management Objectives and Policies (continued)

(v) Capital management

The Group manages its capital structure to ensure that entities in the Group will be able to continue to operate as a going concern while maximising the return to stakeholders through the setting up and maintenance of an optimal debt and equity capital structure. The Group's overall strategy remains unchanged from that of the prior year.

The capital structure of the Group mainly consists of bank borrowings, other borrowings, guaranteed notes and equity attributable to owners of the Company, comprising share capital and reserves.

The directors of the Company review the capital structure regularly. They will take into consideration the cost of capital and the risks associated with each class of capital prevailing in the market. Based on the recommendation of the directors, the Group will balance its overall capital structure through various types of equity fund raising exercises as well as maintenance of appropriate types and levels of debts.

The Group monitors capital using, inter alia, a gearing ratio which is net debt divided by equity attributable to owners of the Company. Net debt includes bank borrowings, other borrowings, and guaranteed notes, less pledged and restricted bank balances and time deposits, and cash and cash equivalents. The gearing ratio as at the end of the reporting period is as follows:

	2021 **HK$'000**	2020 HK$'000
Bank borrowings	**18,771,101**	16,135,675
Other borrowings	**318,557**	308,365
Guaranteed notes	**7,692,495**	5,717,879
Less: Pledged and restricted bank balances and time deposits	**(2,325,588)**	(1,930,862)
Cash and cash equivalents	**(8,284,797)**	(4,164,558)
Net debt	**16,171,768**	16,066,499
Equity attributable to owners of the Company	**34,149,314**	34,970,169
Gearing ratio	**47%**	46%

Notes to Financial Statements

31 July 2021

49. Statement of Financial Position of the Company

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2021 **HK$'000**	2020 HK$'000
NON-CURRENT ASSETS		
Property, plant and equipment	**3,227**	1,882
Right-of-use assets	**80,112**	101,014
Investment properties	**8,981,600**	9,371,000
Investments in subsidiaries	**11,679,016**	8,511,904
Investments in associates	**–**	1,587
Investments in joint ventures	**393,522**	393,522
Financial assets at fair value through other comprehensive income	**36,309**	36,309
Financial assets at fair value through profit or loss	**31,277**	31,762
Deposits, prepayments, other receivables and other assets	**20,941**	15,721
Pledged bank balances and time deposits	**38,097**	48,440
Total non-current assets	**21,264,101**	18,513,141
CURRENT ASSETS		
Financial assets at fair value through profit or loss	**—**	168
Debtors	**6,541**	12,509
Deposits, prepayments, other receivables and other assets	**64,780**	49,671
Pledged bank balances and time deposits	**107,745**	194,131
Cash and cash equivalents	**1,357,367**	752,140
Total current assets	**1,536,433**	1,008,619
CURRENT LIABILITIES		
Creditors, other payables and accruals	**63,203**	57,258
Deposits received	**50,020**	53,685
Lease liabilities	**20,452**	19,651
Tax payable	**23,081**	30,382
Bank borrowings	**2,486,480**	4,353,423
Total current liabilities	**2,643,236**	4,514,399
NET CURRENT LIABILITIES	**(1,106,803)**	(3,505,780)
TOTAL ASSETS LESS CURRENT LIABILITIES	**20,157,298**	15,007,361

49. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

	2021 HK$'000	2020 HK$'000
NON-CURRENT LIABILITIES		
Lease liabilities	**62,849**	83,298
Bank borrowings	**2,927,366**	—
Deferred tax	**87,929**	81,765
Long-term deposits received	**44,316**	48,440
Total non-current liabilities	**3,122,460**	213,503
	17,034,838	14,793,858
EQUITY		
Share capital	**4,134,565**	4,127,703
Reserves (Note)	**12,900,273**	10,666,155
	17,034,838	14,793,858

Chew Fook Aun
Director

Lau Shu Yan, Julius
Director

49. Statement of Financial Position of the Company (continued)

Note:

A summary of the Company's reserves is as follows:

	Share option reserve HK$'000	Capital reduction reserve HK$'000	General reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 August 2019	58,760	4,692	646,700	10,497,361	11,207,513
Loss for the year and total comprehensive expense for the year	—	—	—	(477,160)	(477,160)
Final 2019 dividend declared (note 12)	—	—	—	(65,498)	(65,498)
Shares issued upon exercise of share options	(1,948)	—	—	—	(1,948)
Equity-settled share option arrangements	3,248	—	—	—	3,248
Release of reserve upon lapse of share options	(841)	—	—	841	—
At 31 July 2020 and 1 August 2020	59,219	4,692	646,700	9,955,544	10,666,155
Profits for the year and total comprehensive income for the year	—	—	—	2,234,861	2,234,861
Shares issued upon exercise of share options	(1,967)	—	—	—	(1,967)
Equity-settled share option arrangements	1,224	—	—	—	1,224
Release of reserve upon lapse of share options	(6,472)	—	—	6,472	—
At 31 July 2021	52,004	4,692	646,700	12,196,877	12,900,273

50. Particulars of Principal Subsidiaries

Particulars of the Company's principal subsidiaries as at 31 July 2021 were as follows:

Name of company	Place of incorporation/ registration and business	Issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Bushell Limited	Hong Kong	HK$2	—	100.00	Property development and sale
Camper & Nicholsons International S.A. ("**CNI**")	Luxembourg	EUR941,625	—	98.27	Brokerage, charter, marketing, management and crew placement of luxury yachts
Cape Nga Holding Company Limited	Thailand	THB1,225,000	—	100.00	Investment holding

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of company	Place of incorporation/ registration and business	Issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Capital Court Limited	Hong Kong	HK$1	—	100.00	Hotel operation
Chains Caravelle Hotel Joint Venture Company Limited ("**CCHJV**") @###	Vietnam	US$23,175,577	—	26.01	Hotel operation
Charming Jade Limited ^^^^	Hong Kong	HK$1	—	67.04	Restaurant operation
Frontier Dragon Limited	British Virgin Islands/ United Kingdom	US$1	—	100.00	Property investment
Furama Hotel Enterprises Limited	Hong Kong	HK$102,880,454	—	100.00	Investment holding
Furama Hotels and Resorts International Limited	British Virgin Islands/ Hong Kong	US$1,000,000	—	100.00	Provision of management services
Fusion Century Limited ^^^^	Hong Kong	HK$100	—	50.28	Restaurant operation
Gainplace Limited	Hong Kong	HK$1	—	100.00	Property development
Gilroy Company Limited	Hong Kong	HK$10,000	100.00	—	Property investment
Glynhill Hotels and Resorts (Vietnam) Pte Ltd	Singapore/Vietnam	S$2	—	100.00	Provision of management and consultancy services to hotel owners
Glynhill Investments (Vietnam) Pte Ltd ("**GIV**") @	Singapore	S$2	—	51.00	Investment holding
Gold Fusion Limited	Hong Kong	HK$1	—	100.00	Property development
Greatful Limited ^^^^	Hong Kong	HK$100	—	67.04	Central kitchen
Hazelway Limited	Hong Kong	HK$1	—	69.00	Restaurant operation
Hibright Limited	Hong Kong	HK$1	100.0	—	Provision of finance
Intercontinental Development and Services Limited	Hong Kong	HK$300,000	—	100.00	Property investment
King Faithful Limited ^^^^	Hong Kong	HK$100	—	61.68	Restaurant operation
Kingland Century Limited	Hong Kong	HK$1	—	100.00	Property development and sale

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of company	Place of incorporation/ registration and business	Issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Kingright International Limited	Hong Kong	HK$1	—	100.00	Golf apparel retailing
Kolot Property Services Limited	Hong Kong	HK$780,002	100.00	—	Property management
Lai Sun Dining Limited ^^^^	Hong Kong	HK$1	—	67.04	Provision of management and consultancy services to restaurants
Lai Sun F&B Holding Company Limited ("**LSF&B**")	British Virgin Islands/ Hong Kong	HK$434,475,507	—	67.04	Investment holding
Lai Sun International Finance (2012) Limited	British Virgin Islands/ Hong Kong	US$1	100.00	—	Treasury operation
Lai Sun MTN	Hong Kong	HK$1	100.00	—	Treasury operation
Lai Sun Real Estate Agency Limited	Hong Kong	HK$2	100.00	—	Property management and real estate agency
Laurel Coast Limited ^^^^	Hong Kong	HK$1,000,000	—	67.04	Restaurant operation
LSD Bonds (2017) Limited	British Virgin Islands/ Hong Kong	US$1	100.00	—	Treasury operation
Mazy Charm Limited ^^^^	Hong Kong	HK$1,000,000	—	61.68	Restaurant operation
Mazy Lamp Limited ^^^^	Hong Kong	HK$1,000,000	—	49.61	Restaurant operation
Milirich Investment Limited	Hong Kong	HK$2	100.00	—	Property development and sale
Modern Charm Limited ^^^^	Hong Kong	HK$10,000	—	67.04	Restaurant operation
Oceania Gem Limited ^^^^	Hong Kong	HK$1	—	67.04	Restaurant operation
Oriental Style Limited	Hong Kong	HK$1	—	100.00	Property development and sale
Peakflow Profits Limited	British Virgin Islands/ Hong Kong	US$1	100.00	—	Investment holding
Porchester Assets Limited ("**Porchester**") @	British Virgin Islands/ Hong Kong	US$100	—	51.00	Investment holding

50. Particulars of Principal Subsidiaries (continued)

Name of company	Place of incorporation/ registration and business	Issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Really Star Limited ^^^^	Hong Kong	HK$4,600	—	63.42	Restaurant operation
Rife World Limited	Hong Kong	HK$1	—	100.00	Provision of finance
Rolling Star Limited	Hong Kong	HK$1	—	100.00	Provision of finance
Royal Team Limited ^^^^	Hong Kong	HK$10,000	—	59.00	Restaurant operation
Silver Fusion Limited ^^^^	Hong Kong	HK$500,000	—	67.04	Restaurant operation
Skyway Century Limited ^^^^	Hong Kong	HK$1,000,000	—	67.04	Restaurant operation
Superise Limited ^^^^	Hong Kong	HK$400	—	37.48	Restaurant operation
Top Winsome Limited ^^^^	Hong Kong	HK$300,000	—	59.67	Restaurant operation
Transformation International Limited	British Virgin Islands/ Hong Kong	US$1	100.00	—	Investment holding
Transtrend Holdings Limited	Hong Kong	HK$20	—	100.00	Investment holding
Winstead Limited	Hong Kong	HK$1	—	100.00	Property development and sale
北京唐人館餐飲管理有限公司(**"北京唐人館"**) ^^^^##	PRC/Mainland China	RMB30,000,000#	—	67.04	Restaurant operation
櫳翠閣(上海) 餐飲管理有限公司(**"上海櫳翠閣"**) ^^^^##	PRC/Mainland China	RMB30,000,000#	—	67.04	Restaurant operation
西雙版納麟瓏茶室飲料有限公司(**"麟瓏茶室"**) Δ	PRC/Mainland China	RMB100,000,000#	—	60.00	Sales of beverage products
eSun (Listed on the Stock Exchange)	Bermuda/Hong Kong	HK$745,927,299	—	74.62	Investment holding
Capital Artists Limited ^^^	Hong Kong	HK$44,394,500	—	74.62	Music production and distribution
East Asia Films Distribution Limited ^^^	Hong Kong	HK$1	—	74.62	Investment in and licensing of film rights
East Asia Music (Holdings) Limited ^^^	Hong Kong	HK$10,000	—	74.62	Music production and distribution

50. Particulars of Principal Subsidiaries (continued)

Name of company	Place of incorporation/ registration and business	Issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
eSun High-Tech Limited ^^^	Hong Kong	HK$2	—	74.62	Investment in and licensing of film rights
eSun.com Limited ^^^	Hong Kong	HK$2	—	74.62	Investment in and licensing of film rights
Fascinating Screens Limited ^^^	Hong Kong	HK$1,000,001	—	74.62	Cinema operation
Fortune Spark Limited ^^^	Hong Kong	HK$10,000,000	—	74.62	Cinema operation
Glynhill International Limited ^^^	Hong Kong	HK$915,631,997	—	74.62	Investment holding
Grandeur Limited ^^^	Hong Kong/Macau	HK$1	—	74.62	Property holding
Intercontinental Film Distributors (H.K.) Limited ^^^	Hong Kong	HK$700,400	—	70.89	Film distribution
Intercontinental Group Holdings Limited ^^^	Cayman Islands/ Hong Kong	US$50,000	—	70.89	Investment holding
Intercontinental Video Limited ^^^	Hong Kong	HK$100	—	70.89	Distribution of movie video compact discs, digital video discs and blu-ray discs
Kaleidoscope International Limited ^^^	British Virgin Islands/ Hong Kong	US$1	—	74.62	Property holding
Lauro Game Entertainment Limited ^^^	Hong Kong	HK$100,000	—	70.89	Trading of gaming products
Media Asia Distribution Ltd. ^^^	British Virgin Islands/ Hong Kong	US$80	—	74.62	Film distribution, licensing of film rights and film investment
Media Asia Distribution (HK) Limited ^^^	Hong Kong	HK$2	—	74.62	Film distribution and film library management

50. Particulars of Principal Subsidiaries (continued)

Name of company	Place of incorporation/ registration and business	Issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Media Asia Entertainment Group Limited ^^^	Bermuda/Hong Kong	HK$100	—	74.62	Investment holding
Media Asia Films (BVI) Ltd. ^^^	British Virgin Islands/ Hong Kong	US$7	—	74.62	Film production, licensing of films and investment holding
Media Asia Group Limited ^^^	Hong Kong	HK$2	—	74.62	Investment holding and provision of management services
Media Asia Holdings Ltd. ^^^	British Virgin Islands/ Hong Kong	US$6,831	—	74.62	Investment holding
Mega Star Video Distribution (HK) Limited ^^^	Hong Kong	HK$2	—	74.62	Licensing of film products and film rights and sale of video products
Merit Worth Limited ^^^	British Virgin Islands/ Hong Kong	US$1	—	74.62	Investment holding
Multiplex Cinema Limited ^^^	Hong Kong	HK$71,000,000	—	70.89	Operation of cinemas
Perfect Advertising & Production Company Limited ^^^	Hong Kong	HK$10,000	—	70.89	Provision of advertising services, video duplication services, and translating and subtitling of television programs
Perfect Sky Holdings Limited ^^^	British Virgin Islands/ Hong Kong	US$1	—	74.62	Investment holding
Rich & Famous Talent Management Group Limited ^^^	Hong Kong	HK$100	—	55.97	Provision of artiste management services
Silver Glory Securities Limited ^^^	British Virgin Islands/ Hong Kong	US$1	—	74.62	Investment holding
Style International Management Group Limited ^^^	Hong Kong	HK$1	—	43.43	Provision of artiste management services

50. Particulars of Principal Subsidiaries (continued)

Name of company	Place of incorporation/ registration and business	Issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Sunny Horizon Investments Limited ^^^	British Virgin Islands/ Hong Kong	US$1	—	74.62	Investment holding
寰亞風尚演藝經紀(上海)有限公司 ^^^ ##	PRC/Mainland China	RMB2,000,000#	—	43.43	Provision of artiste management services
洲立影藝(深圳)有限公司 ^^^ ##	PRC/Mainland China	HK$10,000,000#	—	70.89	Operation of cinemas
廣東五月花電影城有限公司 (**"廣東五月花"**) ^^^ ##	PRC/Mainland China	RMB100,000,000#	—	74.62	Operation of cinemas
東亞豐麗演出經紀(北京)有限公司 ^^^ ##	PRC/Mainland China	RMB25,000,000#	—	74.62	Provision of artiste management and performance agency services
MAGHL (Listed on the GEM of the Stock Exchange) (note d) ^^^	Incorporated in the Cayman Islands and continued in Bermuda/Hong Kong	HK$294,570,182	—	51.22	Investment holding
Champ Universe Limited ^	Hong Kong	HK$1	—	51.22	Provision of management services
Media Asia Distribution (Beijing) Co., Ltd. ^ ##	PRC/Mainland China	RMB50,000,000#	—	51.22	Film distribution
Media Asia Entertainment Limited ^	Hong Kong	HK$100	—	51.22	Entertainment activity production and event and film investments
Media Asia Film International Limited ^	British Virgin Islands	US$100	—	51.22	Film investment and production and event investments
Media Asia Film Production Limited ^	Hong Kong	HK$100	—	51.22	Investment holding and film production
寰亞文化傳播(中國)有限公司 ^ ##	PRC/Mainland China	HK$38,000,000#	—	51.22	Entertainment activity production
Lai Fung (Listed on the Stock Exchange) (note a)	Cayman Islands/ Hong Kong	HK$1,655,167,215	—	55.08	Investment holding

50. Particulars of Principal Subsidiaries (continued)

Name of company	Place of incorporation/ registration and business	Issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Canvex Limited ^^	Hong Kong	HK$2	—	55.08	Property investment
Eastern Power Limited ^^	Hong Kong	HK$1	—	55.08	Investment holding
Eternal Medal Limited ^^	Hong Kong	HK$1	—	55.08	Investment holding
Fore Bright Limited ^^	Hong Kong	HK$1	—	55.08	Investment holding
Frank Light Development Limited ^^	Hong Kong	HK$19,999,999	—	55.08	Investment holding
Gentle Code Limited ^^	Hong Kong	HK$1	—	55.08	Investment holding
Gentle Holdings Limited ^^	Hong Kong	HK$1	—	55.08	Investment holding
Goldthorpe Limited ^^	British Virgin Islands/ Hong Kong	US$1	—	55.08	Investment holding
Good Strategy Limited ^^	British Virgin Islands/ Mainland China	US$1	—	55.08	Property investment
Grand Wealth Limited ^^	Hong Kong	HK$2	—	55.08	Investment holding
Grosslink Investment Limited ^^	Hong Kong	HK$2	—	55.08	Investment holding
Guangzhou Gentle Code Real Estate Company Limited ^^ ##	PRC/Mainland China	US$22,830,000#	—	55.08	Property investment
Guangzhou Gentle Real Estate Company Limited ^^ ##	PRC/Mainland China	US$17,080,000#	—	55.08	Property development
Guangzhou Grand Wealth Properties Limited ^^ ##	PRC/Mainland China	HK$280,000,000#	—	55.08	Property development and investment
Guangzhou Guang Bird Property Development Limited ("**Guangzhou Guang Bird**") ^^ ##	PRC/Mainland China	US$79,600,000#	—	55.08	Property development and investment
Guangzhou Honghui Real Estate Development Company Limited ^^ ##	PRC/Mainland China	RMB79,733,004#	—	55.08	Property development and investment

50. Particulars of Principal Subsidiaries (continued)

Name of company	Place of incorporation/ registration and business	Issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Guangzhou Jieli Real Estate Company Limited ^^ ##	PRC/Mainland China	HK$168,000,000#	—	55.08	Property investment
Hankey Development Limited ^^	Hong Kong	HK$10,000	—	55.08	Investment holding
Kingscord Investment Limited ^^	Hong Kong	HK$2	—	55.08	Investment holding
Lai Fung Company Limited ^^	Hong Kong	HK$20	—	55.08	Investment holding
Manful Concept Limited ^^	Hong Kong	HK$2	—	55.08	Investment holding
Nicebird Company Limited ^^	Hong Kong	HK$2	—	55.08	Investment holding
Pearl Merge Limited ^^	Hong Kong	HK$1	—	44.06	Investment holding
Rosy Commerce ^^ (note (b))	British Virgin Islands/ Hong Kong	US$100	—	64.06	Investment holding
Shanghai Hankey Real Estate Development Company Limited ^^ ##	PRC/Mainland China	US$47,600,000#	—	55.08	Property investment
Shanghai HKP Property Management Limited ^^ ##	PRC/Mainland China	US$150,000#	—	55.08	Property management
Shanghai Hu Xin Real Estate Development Company Limited ^^ ##	PRC/Mainland China	US$40,000,000#	—	55.08	Property development and investment
Shanghai Li Xing Real Estate Development Company Limited ^^ ##	PRC/Mainland China	US$36,000,000#	—	55.08	Property investment
Shanghai Wa Yee Real Estate Development Company Limited ^^Δ	PRC/Mainland China	US$10,000,000#	—	52.33	Property development and investment
Shanghai Zhabei Plaza Real Estate Development Company Limited ^^ ##	PRC/Mainland China	US$79,800,000#	—	55.08	Property investment
Sunlite Investment Limited ^^	Hong Kong	HK$2	—	55.08	Investment holding

Name of company	Place of incorporation/ registration and business	Issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Supreme Motion Limited ^^	Hong Kong	HK$1	—	55.08	Investment holding
Wide Angle Development Limited ^^	Hong Kong	HK$2	—	55.08	Investment holding
Winfield ^^	Hong Kong	HK$1	—	44.06	Investment holding
Win Merge Limited ^^	Hong Kong	HK$1	—	44.06	Investment holding
Zhongshan Bao Li Properties Development Company Limited ^^ ##	PRC/Mainland China	HK$960,000,000#	—	55.08	Property development and investment
廣州高樂物業管理有限公司 ^^ Ø	PRC/Mainland China	RMB1,100,000#	—	55.08	Property management
上海麗港物業管理有限公司 ^^ Ø	PRC/Mainland China	RMB500,000#	—	55.08	Property management
上海麗星房地產發展有限公司（「**上海麗星**」）^^ ##	PRC/Mainland China	RMB630,000,000#	—	55.08	Property development
中山高樂物業管理有限公司 ^^ Ø	PRC/Mainland China	RMB500,000#	—	55.08	Property management
珠海橫琴創新方商業管理有限公司^^##	PRC/Mainland China	RMB5,000,000#	—	55.08	Property management
珠海橫琴麗新文創天地有限公司("**麗新文創**") ^^ △	PRC/Mainland China	RMB2,280,379,000#	—	44.06	Property development and investment
珠海橫琴麗新創新方發展有限公司（「**創新方發展**」）^^ ##	PRC/Mainland China	RMB2,500,000,000#	—	55.08	Property development and investment
珠海橫琴創新方娛樂有限公司^^ ##	PRC/Mainland China	RMB500,000,000#	—	44.06	Development and operation of and investment in cultural, leisure, entertainment and related facilities

50. Particulars of Principal Subsidiaries (continued)

Name of company	Place of incorporation/ registration and business	Issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
珠海橫琴創新方文化創意有限公司 ^^ ##	PRC/Mainland China	RMB52,000,000#	—	44.06	Development and operation of and investment in cultural, leisure, entertainment and related facilities
珠海橫琴創新方馬皇文化有限公司 ("**創新方馬皇**") ^^ ##	PRC/Mainland China	RMB107,000,000#	—	55.08	Development and operation and investment in cultural, leisure, entertainment and related facilities

\#	**Subsidiaries of the Company**

The registered capital of 麟瓏茶室 was fully paid up. For 北京唐人館 and 上海櫳翠閣, RMB4,800,000 (equivalent to approximately HK$5,774,000) and RMB12,302,400 (equivalent to approximately HK$14,800,000), respectively, were unpaid as at 31 July 2021.

Subsidiaries of eSun

The registered capital of these subsidiaries was fully paid up, except for 廣東五月花 of which the capital of RMB13,000,000 (equivalent to approximately HK$15,639,000) was unpaid as at 31 July 2021. Subsequent to 31 July 2021, the registered capital of 廣東五月花 of RMB5,089,000 (equivalent to approximately HK$6,122,000) has been paid up.

Subsidiaries of Lai Fung

The registered capital of these subsidiaries was fully paid up, except for Guangzhou Guang Bird, 麗新文創, 創新方發展 and 創新方馬皇 which capital of approximately US$9,971,000 (equivalent to approximately HK$77,485,000), RMB736,443,000 (equivalent to approximately HK$885,893,000), RMB1,419,610,000 (equivalent to approximately HK$1,707,699,000) and RMB77,500,000 (equivalent to approximately HK$93,227,000), respectively was unpaid as at 31 July 2021. Subsequent to 31 July 2021, the registered capital of 創新方發展 of RMB92,000,000 (equivalent to approximately HK$110,670,000) has been paid up.

Subsequent to 31 July 2021, the registered capital of 上海麗星 was reduced from RMB630,000,000 (equivalent to approximately HK$757,849,000) to RMB80,000,000 (equivalent to approximately HK$96,235,000).

\##	Registered as wholly-foreign-owned enterprises under the laws of the PRC

\###	This subsidiary has registered capital rather than issued share capital.

Δ	Registered as equity joint ventures under the laws of the PRC

ø	Registered as domestic enterprises under the laws of the PRC

^ They are subsidiaries of MAGHL.

^^ They are subsidiaries of Lai Fung.

^^^ They are subsidiaries of eSun (other than MAGHL).

^^^^ They are subsidiaries of LSF&B, a 67.04%-owned subsidiary of the Company.

@ The Group owns a 51% (2020: 51%) equity interests in Porchester, which in turn, through GIV, a wholly-owned subsidiary of Porchester, owns a 51% (2020: 51%) interest in CCHJV. By virtue of the 51% (2020: 51%) equity interest in CCHJV held by the Group through the 51%-owned Porchester, an effective equity interest of 26.01% (2020: 26.01%) in CCHJV was held by the Group.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Shares of certain subsidiaries held by the Group were also pledged to banks to secure banking facilities granted to the Group (note 37).

As at 31 July 2021, the Group had unpaid capital contributions of approximately HK$174,431,000 (2020: HK$163,499,000) to four (2020: four) non-wholly-owned subsidiaries and a wholly-owned subsidiary (2020: one) which are not included in the above table.

Notes:

(a) Interests in Lai Fung

For the year ended 31 July 2021

During the year ended 31 July 2021, the Group (through a wholly-owned subsidiary) acquired additional equity interest in Lai Fung at a cash consideration of approximately HK$14,927,000. As a result, the Group's effective equity interest in Lai Fung increased from 54.56% to 55.08%. The transaction was accounted for as equity transaction. The change in the Group's shareholding interest in Lai Fung resulted in an increase in other reserve of approximately HK$79,591,000 and decrease of non-controlling interests of approximately HK$94,518,000 in the consolidated statement of changes in equity.

50. Particulars of Principal Subsidiaries (continued)

Notes: (continued)

(a) Interests in Lai Fung (continued)

For the year ended 31 July 2020

On 20 December 2019, the Lai Fung shareholders approved at the annual general meeting a final dividend of HK$0.20 per share payable in cash with a scrip dividend alternative (the "**LF 2019 Scrip Dividend Scheme**") for the year ended 31 July 2019 (the "**LF 2019 Final Dividend**"). During the year ended 31 July 2020, 3,536,887 new shares of HK$5.0 each were issued by Lai Fung at a deemed price of HK$10.008 per share, credited as fully paid, to shareholders of Lai Fung who had elected to receive scrip shares in lieu of cash under the LF 2019 Scrip Dividend Scheme to settle HK$35,397,000 of the LF 2019 Final Dividend. The remainder of the LF 2019 Final Dividend of HK$30,102,000 was satisfied by cash. Further details of the LF 2019 Scrip Dividend Scheme are set out in Lai Fung circular dated 8 January 2020.

During the year ended 31 July 2020, Lai Fung issued 109,591 ordinary shares in respect of a share option exercised under its share option scheme with a cash consideration of HK$729,000.

Due to the above arrangements, the equity interest of the eSun Group in Lai Fung increased from 50.55% to 50.99% immediately after the above transactions. The change in the eSun Group's shareholding interest in Lai Fung resulted in an increase in the Group's other reserve HK$39,723,000 and a decrease in non-controlling interests of HK$36,694,000.

In May 2020, the Group (through a wholly-owned subsidiary) acquired additional equity interest in Lai Fung under a voluntary general cash offer at a cash consideration of approximately HK$1.6 billion. As a result, the Group's effective equity interest in Lai Fung increased from 38.05% to 54.56%. Since then, Lai Fung ceased to be a subsidiary of eSun. The change in the Group's shareholding interest in Lai Fung resulted in an increase in other reserve of HK$2,362,042,000, a decrease in exchange fluctuation reserve of HK$100,147,000 and a decrease in non-controlling interests of HK$2,413,664,000 in the consolidated statement of changes in equity of the Group.

Further details are set out in the joint announcement of the Company and Lai Fung dated 28 May 2020.

(b) Interest in Rosy Commerce

In September 2019, the Company (through a wholly-owned subsidiary) acquired a 20% equity interest in Rosy Commerce from eSun for a consideration of approximately HK$557 million. Prior to the acquisition, eSun held 20% equity interest in Rosy Commerce through a wholly-owned subsidiary (other than the 80% equity interest held by Lai Fung). Since then, Rosy Commerce became a 20%-owned subsidiary of the Company (other than the 80% equity interest held by Lai Fung). Lai Fung (through a wholly-owned subsidiary) continues to hold 80% equity interest in Rosy Commerce.

Further details are set out in a joint announcement of the Company, LSG and eSun dated 23 July 2019 and a circular of eSun dated 30 August 2019.

As a result, the effective equity interest in Rosy Commerce held by the Group increased from 45.10% to 50.18% immediately after the above transaction. The change in the Group's shareholding interest in Rosy Commerce resulted in a decrease in other reserve of HK$539,000 and a decrease in non-controlling interests of HK$98,896,000.

50. Particulars of Principal Subsidiaries (continued)

Notes: (continued)

(c) Interests in Camper & Nicholsons Asia Limited ("**CNA**")

For the year ended 31 July 2020

During the year ended 31 July 2020, the Group acquired a 20% equity interest in CNA at a cash consideration of HK$500,000. As a result, the equity interest of the Group in CNA increased from 80% to 100%. The change in the Group's shareholding interest in CNA resulted in a decrease in other reserve of HK$2,256,000 and an increase in the non-controlling interests of HK$1,756,000 in the consolidated statement of changes in equity of the Group.

(d) Interest in MAGHL

On 18 January 2021, a total of 2,687,500,000 ordinary shares of MAGHL were issued at HK$0.16 per share under the loan capitalisation. The aggregate consideration for the allotment and issue of the shares was settled by way of setting off against the outstanding principal amount of HK$430,000,000 of the shareholder's loans from eSun to MAGHL.

On the same date, a total of 41,217,036 ordinary shares of MAGHL were offered by eSun through a clawback offer to the clawback qualifying shareholders. In addition, eSun placed a total of 768,750,000 ordinary shares of MAGHL through the placing agent to not less than six placees. The net proceeds received by the Group from the clawback offer and the placing were approximately HK$121,159,000. Upon the completion of the loan capitalisation, the clawback offer and the placing, the Group took up the remaining 1,877,532,964 ordinary shares of MAGHL and the Group's effective equity interest in MAGHL increased from 50.41% to 52.00%. The change in the Group's equity interest in MAGHL resulted in a decrease in other reserve of HK$5,881,000 and an increase in the non-controlling interests of HK$127,040,000 in the consolidated statement of changes in equity. Details were set out in joint announcements of the Company, LSG, eSun and MAGHL dated 6 November 2020 and 18 January 2021.

On 17 March 2021, a total of 1,875,000 ordinary shares were issued by MAGHL to Anglo Chinese Corporate Finance, Limited ("**Anglo Chinese**"), an independent third party, in settlement of the advisory fee of HK$300,000 at the election of Anglo Chinese. The equity interest of the Group in MAGHL decreased from 52.00% to 51.97%. The change in the Group's equity interest in MAGHL resulted in an increase in other reserve of HK$96,000 and an increase in the non-controlling interests of HK$204,000.

On 28 June 2021, MAGHL allotted and issued a total of 42,721,136 ordinary shares to THL G Limited at HK$1.2 per share. The equity interest of the Group in MAGHL decreased from 51.97% to 51.22%. The net proceeds received by the Group were approximately HK$50,531,000. The change in the Group's equity interest in MAGHL resulted in an increase in other reserve of HK$23,499,000 and an increase in the non-controlling interests of HK$27,032,000.

Subsequent to the end of the reporting period, on 3 August 2021, MAGHL further allotted and issued a total of 40,612,197 ordinary shares to THL G Limited at HK$1.2 per share. The equity interest of the Group in MAGHL decreased from 51.22% to 50.52%.

51. Particulars of Principal Joint Ventures

Particulars of the Group's principal joint ventures as at 31 July 2021 were as follows:

Name	Place of incorporation or registration and business	Class of shares held	Percentage of ownership interest attributable to the Group	Principal activities
Diamond Path Limited	British Virgin Islands/ Hong Kong	Ordinary	50.00	Investment holding (Diamond Path Group is principally engaged in property development and investment)
Diamond String	Hong Kong	Ordinary	50.00	Property investment
King Empire International Limited	British Virgin Islands/ Hong Kong	Ordinary	15.00	Investment holding (King Empire International Group is principally engaged in property development)

The above table lists the joint ventures of the Group which, in the opinion of the directors of the Company, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other joint ventures would, in the opinion of the directors of the Company, result in particulars of excessive length.

52. Acquisition of Subsidiaries

(a) F&B Acquisition

On 15 January 2020, the Group acquired 70% equity interest in KiKi Fine Goods Inc. and its subsidiary (the "**Acquired Group**") at a consideration of approximately HK$65,332,000 (the "**F&B Acquisition**"). The Acquired Group principally engage in producing a range of homemade foods. The Group considers that the F&B Acquisition would diversify its F&B business.

The fair values of identifiable assets and liabilities of the Acquired Group as at the date of the F&B acquisition were as follows:

	Notes	HK$'000
Right-of-use assets	16(a)	1,671
Other intangible assets — Trademarks	22	20,272
Other intangible assets — Customer relationship	22	13,164
Inventories		1,038
Debtors		4,569
Prepayments, deposits, other receivables and other assets		37
Cash and cash equivalents		6,432
Creditors and other payables		(3,731)
Lease liabilities	16(b)	(1,671)
Tax payable		(23)
		41,758
Non-controlling interests		(12,527)
Total identifiable net assets at fair value		29,231
Goodwill on the F&B Acquisition	21	36,101
		65,332
Satisfied by:		
Cash consideration		65,332

The Group has elected to measure the non-controlling interests in the Acquired Group at the non-controlling interests' proportionate share of the Acquired Group's net identifiable assets and liabilities.

For the year ended 31 July 2020, goodwill of approximately HK$36,101,000 was recognised upon the completion of the F&B Acquisition. None of the goodwill recognised is expected to be deductible for income tax purposes.

The net assets recognised in these financial statements were based on a provisional assessment of their fair values while the Group sought an independent valuation for the fair values of identifiable assets and liabilities of the Acquired Group. The valuation had not been completed by the date of approval of the financial statements for the year ended 31 July 2020. The allocation of the cost of the F&B Acquisition to the identifiable assets and liabilities is pending the completion of such valuation. During the year ended 31 July 2021, the valuation and the allocation of the cost of the F&B Acquisition had been finalised with no adjustment being made from the goodwill of HK$36,101,000 as reported.

52. Acquisition of Subsidiaries (continued)

(a) F&B Acquisition (continued)

For the year ended 31 July 2020, the Group incurred transaction costs of approximately HK$1,378,000 for the F&B Acquisition. These transaction costs have been expensed and are included in administrative expenses in the consolidated income statement.

Since the F&B Acquisition, the Acquired Group contributed approximately HK$23,192,000 to the Group's revenue and profit of approximately HK$7,155,000 to the Group's consolidated loss for the year ended 31 July 2020.

Had the F&B Acquisition taken place at the beginning of the year ended 31 July 2020, the revenue and the loss for the year ended 31 July 2020 of the Group would have been approximately HK$5,227,638,000 and approximately HK$4,009,286,000, respectively.

Both the fair value and the gross contractual amounts of debtors, deposits, prepayments, other receivables and other assets as at the date of the F&B Acquisition were HK$4,606,000.

An analysis of the cash flows in respect of the F&B Acquisition is as follows:

	HK$'000
Cash consideration paid	(65,332)
Cash and cash equivalents acquired	6,432
Net outflow of cash and cash equivalents included in cash flows from investing activities	(58,900)
Transaction costs of the F&B Acquisition included in cash flows from operating activities	(1,378)
	(60,278)

53. Notes to the Consolidated Statement of Cash Flows

(a) Major non-cash transactions

During the year, capital reduction of HK$156,618,000 from a joint venture was settled through the balance with a joint venture.

During the year ended 31 July 2021, the Group had non-cash additions and modifications to right-of-use assets of HK$297,433,000 (2020: HK$270,512,000) and lease liabilities of HK$298,951,000 (2020: HK$255,209,000), in respect of lease arrangements for cinema related properties, other properties and equipment.

53. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Changes in liabilities arising from financing activities

	Notes	Bank borrowings HK$'000	Guaranteed notes HK$'000	Other borrowings HK$'000	Put option liabilities HK$'000	Dividend payable HK$'000	Lease liabilities HK$'000	Amount received from a potential non-controlling interest of a subsidiary# HK$'000
At 1 August 2019		13,271,215	5,736,654	304,334	279,720	—	1,347,454	—
Changes from financing cash flows		2,882,156	—	—	—	(26,363)	(227,153)	220,848
Amortisation of bank financing charges		6,663	—	—	—	—	—	—
Interest expense		—	—	5,689	—	—	56,415	—
Amortisation of guaranteed note issued expenses		—	35,321	—	—	—	—	—
Additions		—	—	—	—	—	128,540	—
Acquisition of subsidiaries		—	—	—	—	—	1,671	—
Lease modification		—	—	—	—	—	126,669	—
Termination		—	—	—	—	—	(701)	—
Rent concessions related to COVID-19		—	—	—	—	—	(47,156)	—
Other rent concessions		—	—	—	—	—	(9,897)	—
Final 2019 dividend declared	12	—	—	—	—	65,498	—	—
Final 2019 dividend settled with scrip dividend	40(a)	—	—	—	—	(39,135)	—	—
Foreign exchange movements		(24,359)	(54,096)	(1,658)	(2,634)	—	(1,412)	710
At 31 July 2020 and 1 August 2020		**16,135,675**	**5,717,879**	**308,365**	**277,086**	**—**	**1,374,430**	**221,558**
Changes from financing cash flows		**2,277,176**	**1,928,741**	**—**	**738,352**	**—**	**(260,142)**	**—**
Amortisation of bank financing charges		**57,091**	**—**	**—**	**—**	**—**	**—**	**—**
Interest expense		**—**	**—**	**5,640**	**—**	**—**	**55,188**	**—**
Amortisation of guaranteed note issued expenses		**—**	**37,621**	**—**	**—**	**—**	**—**	**—**
Additions		**—**	**—**	**—**	**—**	**—**	**299,610**	**—**
Lease modification		**—**	**—**	**—**	**—**	**—**	**(659)**	**—**
Termination		**—**	**—**	**—**	**—**	**—**	**(7,136)**	**—**
Rent concessions related to COVID-19		**—**	**—**	**—**	**—**	**—**	**(82,382)**	**—**
Transfer		**—**	**—**	**—**	**236,044**	**—**	**—**	**(236,044)**
Foreign exchange movements		**301,159**	**8,254**	**4,552**	**19,494**	**—**	**8,708**	**14,486**
At 31 July 2021		**18,771,101**	**7,692,495**	**318,557**	**1,270,976**	**—**	**1,387,617**	**—**

The amount is included in creditors, other payables and accruals.

53. Notes to the Consolidated Statement of Cash Flows (continued)

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2021 **HK$'000**	2020 HK$'000
Within operating activities	**(21,748)**	(24,228)
Within investing activities	**(9,104)**	(8,823)
Within financing activities	**(260,142)**	(227,153)
	(290,994)	(260,204)

54. Events after the Reporting Period

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

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

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

55. Comparative Figures

Certain comparative amounts in the consolidated statement of cash flows and the notes to the financial statements have been reclassified to conform with the current year's presentation. In the opinion of the directors of the Company, this presentation would better reflect the financial position of the Group.

56. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors on 22 October 2021.

LAI SUN DEVELOPMENT COMPANY LIMITED