LAI FUNG HOLDINGS

(Stock Code: 1125)

LAI FUNG HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

Annual Report
Year ended 31 July 2023

Cover Photo
Shanghai Skyline Tower

Contents

Corporate Information

Place of Incorporation
Cayman Islands

Board of Directors
Executive Directors
Lam Kin Ngok, Peter *(Chairman)*
Lam Kin Hong, Matthew *(Executive Deputy Chairman)*
Lam Hau Yin, Lester *(Chief Executive Officer)*
(also alternate director to U Po Chu)
Cheng Shin How
Cheung Sum, Sam
Lee Tze Yan, Ernest
U Po Chu

Independent Non-executive Directors
Au Hoi Fung
Ku Moon Lun
Lam Bing Kwan
Law Kin Ho
Mak Wing Sum, Alvin
Shek Lai Him, Abraham

Audit Committee
Law Kin Ho *(Chairman)*
Ku Moon Lun
Lam Bing Kwan
Mak Wing Sum, Alvin

Nomination Committee
Lam Kin Ngok, Peter *(Chairman)*
Cheng Shin How *(alternate to Lam Kin Ngok, Peter)*
Mak Wing Sum, Alvin
Shek Lai Him, Abraham

Remuneration Committee
Lam Bing Kwan *(Chairman)*
Cheng Shin How
Ku Moon Lun
Law Kin Ho

Authorised Representatives
Lam Hau Yin, Lester
Cheng Shin How

Company Secretary
Yim Lai Wa

Registered Office
P.O. Box 309
Ugland House
Grand Cayman, KY1-1104
Cayman Islands

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

Tel: (852) 2741 0391
Fax: (852) 2741 9763

Share Registrar and Transfer Office In Cayman Islands
Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D
P.O. Box 1586
Gardenia Court, Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

Branch Share Registrar and Transfer Office in Hong Kong
Tricor Tengis Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Independent Auditor
Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

Principal Bankers
Agricultural Bank of China Limited
Bank of China Limited
The Bank of East Asia, Limited
China CITIC Bank Corporation Limited
Chong Hing Bank Limited
Dah Sing Bank, Limited
DBS Bank Ltd.
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China Limited
Oversea-Chinese Banking Corporation Limited
Shanghai Pudong Development Bank Co., Ltd.
Standard Chartered Bank (Hong Kong) Limited
United Overseas Bank Limited

Listing Information
Shares
The issued shares of the Company are listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited

Stock Code/Board Lot
1125/400 shares

American Depositary Receipt
CUSIP Number: 50731L104
Trading Symbol: LNGHY
ADR to Ordinary Share Ratio: 1:8
Depositary Bank: The Bank of New York Mellon

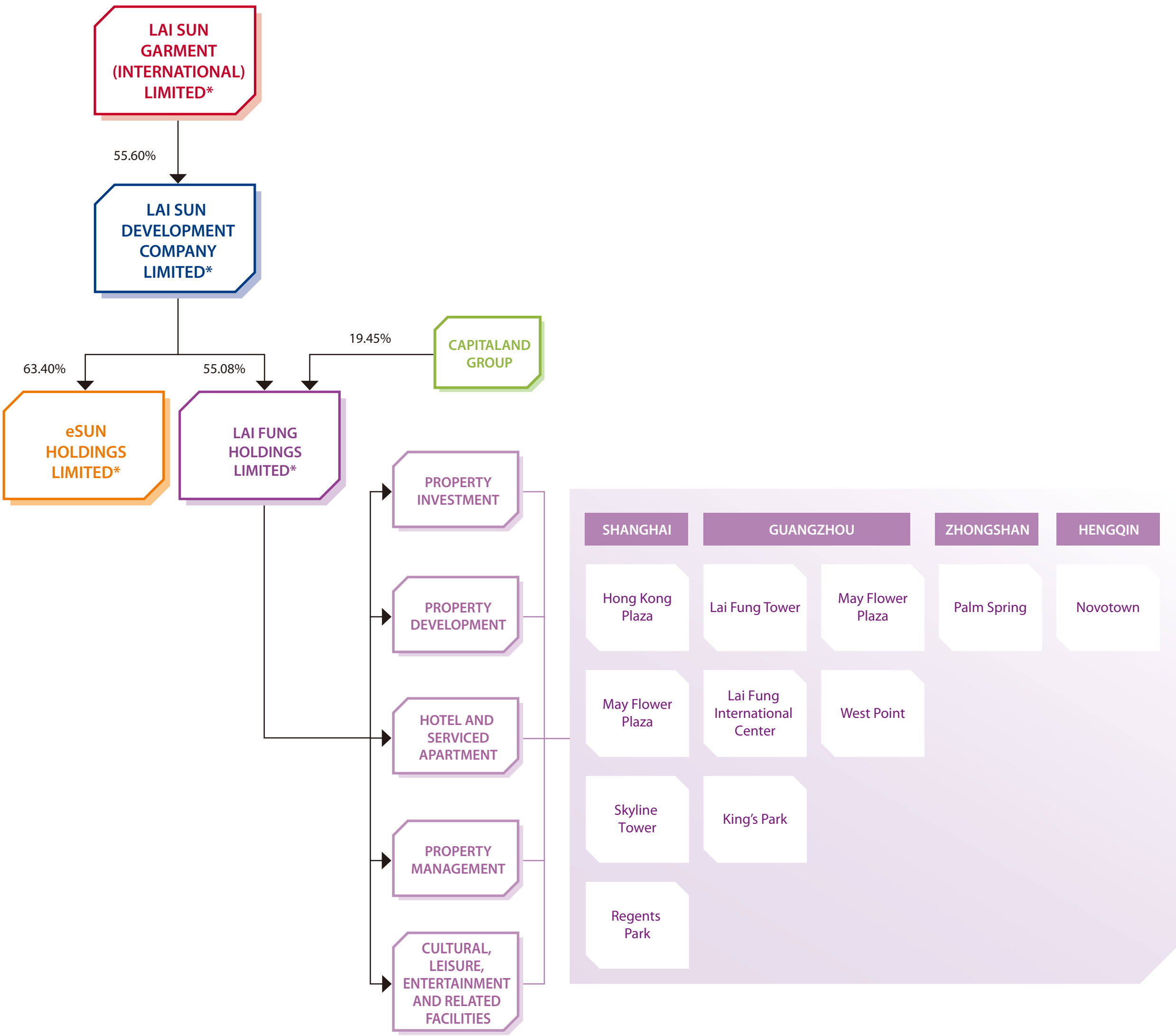
Website
www.laifung.com

Investor Relations
Tel: (852) 2853 6106
Fax: (852) 2853 6651
E-mail: ir@laifung.com

Corporate Profile

Lai Fung Holdings Limited ("**Lai Fung**") is a member of the Lai Sun Group and was listed on The Stock Exchange of Hong Kong Limited in November 1997. Lai Fung is the property development and investment arm of the Lai Sun Group in the Mainland of China ("**China**").

Lai Fung's core businesses include the investment and development of serviced apartments, residential, office and commercial properties and development and operation of and investment in cultural, leisure, entertainment and related facilities in China.



* *Listed on the Main Board of The Stock Exchange of Hong Kong Limited*

Corporate structure as at 17 October 2023

Chairman's Statement

Dr. Lam Kin Ngok, Peter
Chairman

I am pleased to present the audited consolidated results of Lai Fung Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") for the year ended 31 July 2023.

Overview of Final Results

For the year ended 31 July 2023, the Group recorded a turnover of HK$1,800.5 million (2022: HK$2,515.8 million), representing a decrease of approximately 28.4% over last financial year. The average Renminbi ("**RMB**") exchange rate depreciated by approximately 7.3% over last financial year. Excluding the effect of currency translation, the decrease in RMB denominated turnover was approximately 22.8%. The decrease was primarily due to lower turnover from property sales during the year under review as compared to last year. The gross profit decreased by 30.4% to HK$902.0 million from that of HK$1,296.9 million last financial year.

Set out below is the turnover by segment:

	For the year ended 31 July			For the year ended 31 July		
	2023[1]	2022[1]		**2023**	2022	
	(HK$ million)	(HK$ million)	% change	**(RMB million)**	(RMB million)	% change
Rental income[2]	**894.6**	875.1	+2.2%	**800.8**	726.0	+10.3%
Sale of properties	**887.0**	1,624.7	-45.4%	**794.0**	1,348.0	-41.1%
Theme park operation	**18.9**	16.0	+18.1%	**16.8**	13.3	+26.3%
Total	**1,800.5**	2,515.8	-28.4%	**1,611.6**	2,087.3	-22.8%

1. *The exchange rates adopted for the years ended 31 July 2023 and 2022 are 0.8951 and 0.8297, respectively*
2. *Including rental turnover of major properties of the Group, turnover from hotel and serviced apartment operation and property management income*

Overview of Final Results (continued)

Net loss attributable to owners of the Company was approximately HK$584.7 million, as compared to net loss attributable to owners of the Company of HK$134.5 million for the last financial year. The increased loss, partially offset by lower other operating expenses and tax expense, was primarily due to (i) lower property sales revenue; (ii) increased finance costs; and (iii) decrease in valuations of investment properties owned by the Group.

Net loss per share was HK$1.766 (2022: HK$0.406 per share).

Excluding the net effect of property revaluations, net loss attributable to owners of the Company was approximately HK$534.0 million for the year under review (2022: HK$391.6 million). Net loss per share excluding the effect of property revaluations was approximately HK$1.613 (2022: HK$1.183).

Excluding the net effect of property revaluations and other non-recurring items, net loss attributable to owners of the Company was approximately HK$391.0 million for the year under review (2022: HK$151.6 million). Net loss per share excluding the effect of property revaluations and other non-recurring items, was approximately HK$1.181 (2022: HK$0.458).

Loss attributable to owners of the Company (HK$ million)	**For the year ended 31 July**	
	2023	2022
Reported	**(584.7)**	(134.5)
Adjustments in respect of investment properties		
Revaluation losses/(gains) of investment properties	**68.8**	(341.0)
Deferred tax on revaluation of investment properties	**(17.2)**	85.2
Non-controlling interests' share of revaluation movements less deferred tax	**(0.9)**	(1.3)
Net loss after tax excluding revaluation losses/gains of investment properties	**(534.0)**	(391.6)
Adjustments in respect of other non-recurring items		
Impairment of property, plant and equipment	**173.6**	366.3
Deferred tax on impairment of property, plant and equipment	**5.1**	(66.3)
Non-controlling interests' share of impairment of property, plant and equipment less deferred tax	**(35.7)**	(60.0)
Net loss after tax excluding revaluation losses/gains of investment properties and impairment of property, plant and equipment	**(391.0)**	(151.6)

Overview of Final Results (continued)

Net assets attributable to owners of the Company as at 31 July 2023 amounted to HK$12,777.9 million (31 July 2022: HK$14,606.4 million). Net asset value per share attributable to owners of the Company decreased to HK$38.60 per share as at 31 July 2023 from HK$44.12 per share as at 31 July 2022.

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 2023 (2022: Nil).

Business Review and Outlook

Global geopolitical and economic issues continued to cast a shadow on an already precarious global economic recovery during the year under review. Disruptions caused by the war in Ukraine sent certain commodity prices such as energy and agricultural produce to new high driving inflation across the world. This was accentuated by the high interest rate environment which led to cautious sentiment and generally weak economic environment with genuine risk of recession. Whilst the direct impact to China is limited, the continued tension between the US and China, trade restrictions on China, COVID-19 restrictions in China for the part of the year under review translated to lower investor confidence and external demand. Part of this demand gap is filled domestically and by members of the belt and road initiative but nevertheless the impact is felt across China.

China announced GDP growth target this year of around 5.0% at the National People's Congress held in March 2023 echoing the effect of the economic slowdown. Despite the stimulus and support measures rolled out by the Chinese government to bolster economic growth, China has seen soften economic conditions amid coronavirus shutdowns under its zero-COVID-19 policy, weakened trade growth and a deepening real estate sector downturn. We believe that the Chinese government will continue to forge ahead and deliver economic performance through a combination of more neutral fiscal policy and moderately supportive monetary policy. These can be seen through reduction of the banks' reserve requirement ratio, lower down payment amount, lower restrictions for buying second home to name a few. We remain optimistic about the long-term prospects and sustainability of the business environment in China in light of the dual circulation development model emphasising on the rebalancing of domestic and overseas demand and are confident about future prospects of the cities in which the Group operates, especially the Greater Bay Area in southern China, and continue to regard Hong Kong, where our headquarters is situated, as one of the major beneficiary cities.

Business Review and Outlook (continued)

The Group's regional focus and rental-led strategy has demonstrated resilience in recent years. The rental portfolio of approximately 5.9 million square feet in Shanghai, Guangzhou, Zhongshan and Hengqin, being Tier 1 cities in China and cities within the Greater Bay Area delivered subdued but steady performance in rental income for the year. Constructions of the two new grade A office towers in Shanghai and Guangzhou with green building certifications, namely Shanghai Skyline Tower and Guangzhou Lai Fung International Center, were completed in September and November 2022, respectively, adding a total rental gross floor area ("**GFA**") of approximately 1.3 million square feet (excluding car parking spaces) to the rental portfolio of the Group. The Group is committed to improving the environmental performance in its business operations. These two new green buildings are internationally recognised with environmentally-friendly and sustainable features. Both Shanghai Skyline Tower, located in Jing'an District of Shanghai near the Shanghai Railway Terminal, and Guangzhou Lai Fung International Center, located in Yuexiu District of Guangzhou along the Pearl River, have obtained the Leadership in Energy and Environmental Design ("**LEED**") v4 Gold Certification. Leasing of Shanghai Skyline Tower and Guangzhou Lai Fung International Center are in progress. As at the date of this Annual Report, approximately 73% of commercial and 32% of office areas of Shanghai Skyline Tower and approximately 40% of commercial and 38% of office areas of Guangzhou Lai Fung International Center have been secured, respectively.

Construction of Phase II ("**Novotown Phase II**") of the Novotown project in Hengqin ("**Novotown**") is in progress. This mixed-used development project is expected to provide commercial and experiential entertainment facilities, office and serviced apartment spaces of 355,500 square feet, 1,585,000 square feet and 578,400 square feet, respectively. As at the date of this Annual Report, leasing of the commercial area of Phase I of Novotown ("**Novotown Phase I**") is underway with approximately 83% of the leasable area being leased and key tenants include two themed indoor experience centers, namely "Lionsgate Entertainment World®" and "National Geographic Ultimate Explorer Hengqin", Zhuhai Duty Free, Pokiddo Trampoline Park, Kunpeng Go-Kart Sports Centre, Snow Alarm, Da Yin Restaurant, Oyster King, Zhen Qi Ji, Ai Shang Niu Ding Ji, Vanguard Life Superstore and ULSC Hengqin. The Group remains confident that the deepening of cooperation between Hengqin and Macau, and the continuous development of the Guangdong-Macau In-Depth Cooperation Zone in Hengqin will position Hengqin as a prominent piece within the Guangdong-Hong Kong-Macau Greater Bay Area development. The integration between Macau and Hengqin will encourage more businesses and population to reside in Hengqin which will further enhance the tourism market, making Novotown a new contributor to the Group's results in the long run.

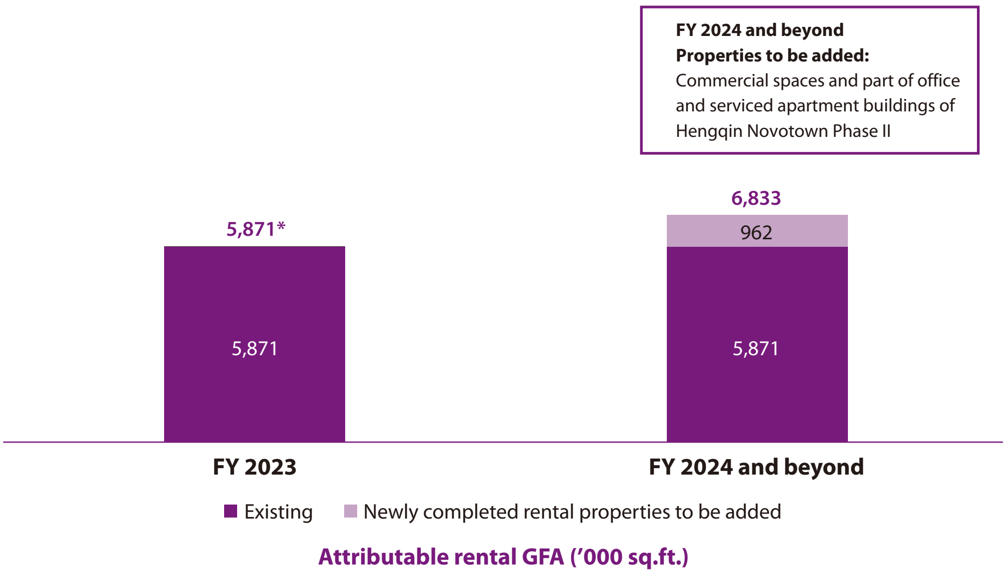
Shanghai Wuli Bridge Project, the high-end luxury residential project located by the Huangpu River in Huangpu District has received an enthusiastic response from the market. As at 31 July 2023, all residential units have been sold and 13 car parking spaces remain unsold. The sale of remaining phases of Zhongshan Palm Spring is in progress. The residential units in Zhongshan Palm Spring, the cultural studios, cultural workshops and office of Hengqin Novotown Phase I, as well as elements of Hengqin Novotown Phase II are expected to contribute to the income of the Group in coming financial years.

Business Review and Outlook (continued)

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

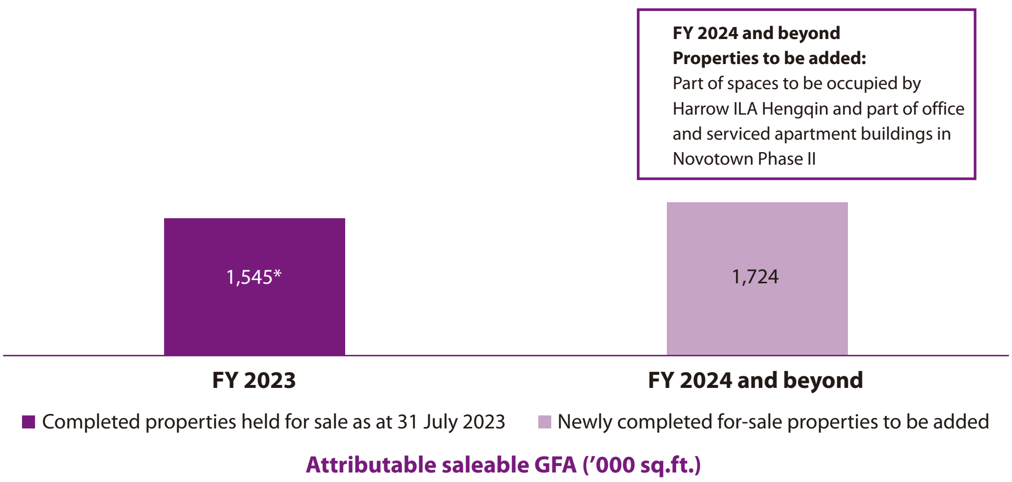
Set out below is the expected growth of the rental portfolio of the Group and the pipeline of development projects of the Group as at 31 July 2023:

Rental Portfolio



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

For-sale Projects



* *Excluding commercial space of the Zhongshan Palm Spring which is currently for self-use*

Business Review and Outlook (continued)

Trading in the shares of the Company ("**Shares**") on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") was resumed on 11 November 2022. The Board has been discussing with core connected persons of the Company to consider disposing of some of their respective holdings in the Shares (the "**Potential Sell-down**") to restore the public float of the Company. As at the date of this Annual Report, discussions on the Potential Sell-down are still ongoing and no legally binding agreements have been entered into. Public float of the Company remains below the minimum requirement under the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**"). Announcement(s) will be made by the Company on a quarterly basis until the public float of the Company is restored in accordance with the Listing Rules, so as to keep shareholders of the Company ("**Shareholders**") and the market informed on the progress made in carrying out the proposed public float restoration plans.

During the year ended 31 July 2023, Lai Fung Bonds (2018) Limited, a wholly-owned subsidiary of the Company, has fully redeemed its outstanding US$350 million guaranteed notes issued in 2018 upon maturity in January 2023. As at 31 July 2023, the Group has approximately HK$2,471.7 million of cash on hand (2022: HK$4,142.6 million) and undrawn facilities of HK$2,013.9 million (2022: HK$1,984.5 million) with a net debt to equity ratio of 64% as at 31 July 2023 (2022: 53%). 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 am delighted to welcome Mr. Cheung Sum, Sam and Mr. Au Hoi Fung for joining the Board as an executive director and an independent non-executive director, respectively, on 1 August 2023.

I would also like to thank Mr. Chew Fook Aun who left the Board on 1 October 2023 for his valuable contributions to the Company during his tenure for which I am most grateful.

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

17 October 2023

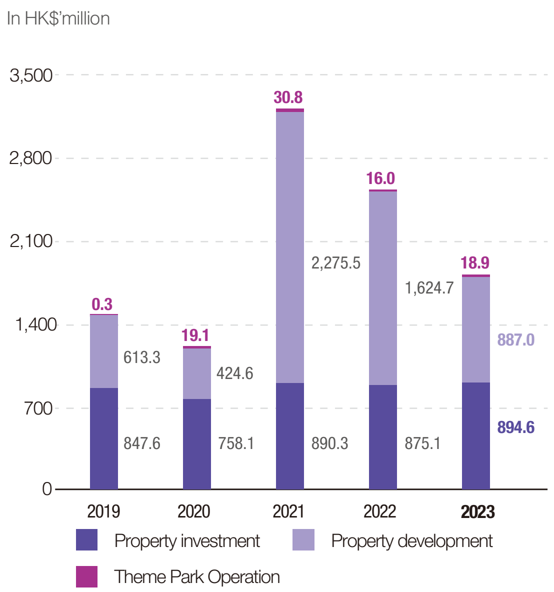
Financial Highlights

		Year ended 31 July 2023	Year ended 31 July 2022
Turnover	(HK$M)	**1,800.5**	2,515.8
Gross profit	(HK$M)	**902.0**	1,296.9
Gross profit margin	(%)	**50.1%**	51.5%
Operating profit	(HK$M)	**165.5**	677.9
Operating profit margin	(%)	**9.2%**	26.9%
Loss attributable to owners of the Company	(HK$M)		
— as reported		**(584.7)**	(134.5)
— adjusted *(Note 1)*		**(391.0)**	(151.6)
Net loss margin	(%)		
— as reported		**-32.5%**	-5.3%
— adjusted		**-21.7%**	-6.0%
Net loss per share	(HK$)		
— as reported		**(1.766)**	(0.406)
— adjusted		**(1.181)**	(0.458)
Net assets attributable to owners of the Company	(HK$M)	**12,777.9**	14,606.4
Net borrowings	(HK$M)	**8,146.5**	7,797.1
Net asset value per share	(HK$)	**38.60**	44.12
Share price as at 31 July 2023/31 May 2022 *(Note 2)*	(HK$)	**2.95**	6.80
Price earnings ratio	(times)		
— as reported		**N/A**	N/A
— adjusted		**N/A**	N/A
Market capitalisation as at 31 July 2023/ 31 May 2022 *(Note 2)*	(HK$M)	**976.5**	2,251.0
Return on shareholders' equity	(%)		
— as reported		**-4.6%**	-0.9%
— adjusted		**-3.1%**	-1.0%
Dividend per share	(HK$)	**Nil**	Nil
Dividend yield	(%)	**Nil**	Nil
Gearing — net debt to equity	(%)	**63.8%**	53.4%
Current ratio	(times)	**1.7**	1.4
Discount to net asset value	(%)	**92.4%**	84.6%

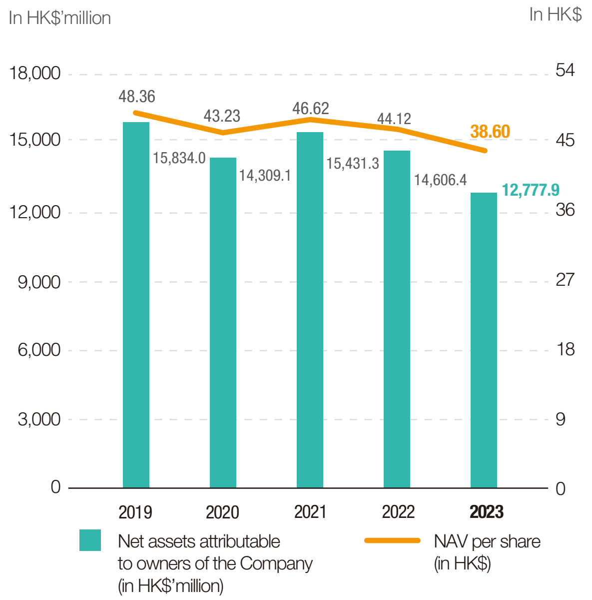
Note 1: Excluding the net effect of property revaluations and other non-recurring items.

Note 2: Trading in shares of the Company on the Stock Exchange has been suspended for the period from 1 June 2022 to 10 November 2022.

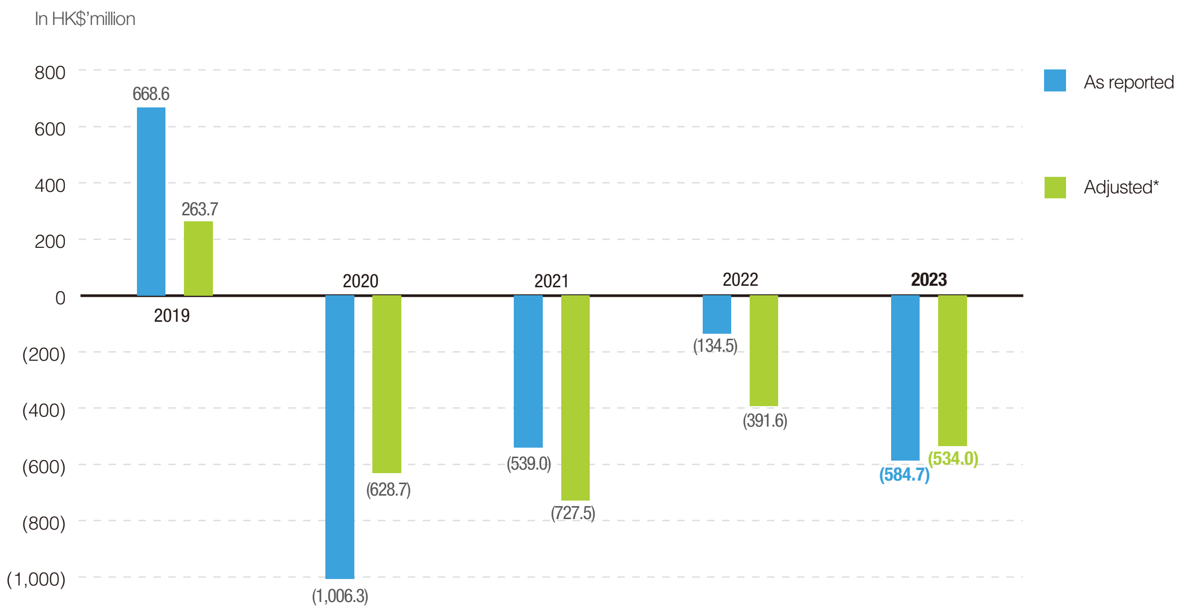
Turnover by Segment



Net Assets and Net Asset Value ("NAV") per share



Profit/(loss) attributable to owners of the Company



* *Excluding the effect of property revaluations.*

Management Discussion and Analysis

Overview

The Group is principally engaged in property development for sale, property investment, and development and operation of and investment in cultural, leisure, entertainment and related facilities in China. Despite the challenging operating environment, the Group's regional focus and rental-led strategy has demonstrated resilience in recent years. The rental portfolio of the Group in Shanghai, Guangzhou, Zhongshan and Hengqin, being Tier 1 cities in China and cities within the Greater Bay Area, delivered steady recurrent rental income during the year under review.

Property Portfolio Composition

Approximate attributable GFA (in '000 square feet) and number of car parking spaces as at 31 July 2023:

	Commercial/ Retail	Office	Hotel and Serviced Apartment	Residential	Total (excluding car parking spaces & ancillary facilities)	No. of Car Parking Spaces
Completed Properties Held for Rental[1]	2,673[2]	2,208	—	—	4,881[2]	2,984
Completed Hotel Properties and Serviced Apartments	—	—	990	—	990	—
Subtotal	**2,673**	**2,208**	**990**	**—**	**5,871**	**2,984**
Properties under Development[3]	523	1,585	578	—	2,686	1,352
Completed Properties Held for Sale	164[4]	421	247	746	1,578	3,463
Total GFA of major properties of the Group	**3,360**	**4,214**	**1,815**	**746**	**10,135**	**7,799**

1. *Completed and rental generating properties*
2. *Including cultural attraction spaces in Novotown Phase I that have been occupied by Lionsgate Entertainment World® and National Geographic Ultimate Explorer Hengqin with approximately 258,616 square feet and 49,191 square feet attributable to the Group, respectively*
3. *All properties under construction*
4. *Including 33,001 square feet of commercial space in Zhongshan Palm Spring which is currently for self-use*

Property Investment

Revenue from Rental Operation

The retail sales and consumer sentiment towards discretionary spending have been undermined by pandemic control measures in Mainland China until early December 2022. Since the relaxation of COVID-19 restrictions in early December 2022, there has been a noticeable recovery in the hotel business in Mainland China compared to the same period last year. Furthermore, the completion of two new grade A office towers in Shanghai and Guangzhou, namely Shanghai Skyline Tower and Guangzhou Lai Fung International Center in September and November 2022, respectively, has significantly expanded the Group's rental portfolio. The addition of approximately 1.3 million square feet of rental GFA (excluding car parking spaces) through these new properties has contributed to the Group's rental operations during the year.

For the year ended 31 July 2023, the Group's rental operations recorded a turnover of HK$894.6 million (2022: HK$875.1 million), representing an increase of approximately 2.2% over last financial year. The average RMB exchange rate for the year under review depreciated by approximately 7.3% compared to last year. Excluding the effect of currency translation, the RMB denominated revenue from lease of properties significantly increased by 10.3% to RMB800.8 million.

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

	For the year ended 31 July			For the year ended 31 July			Year end occupancy (%)	
	2023#	2022#		**2023**	2022			
	(HK$ million)	(HK$ million)	% Change	**(RMB million)**	(RMB million)	% Change	**2023**	2022
Shanghai								
Shanghai Hong Kong Plaza	**370.1**	397.6	-6.9%	**331.3**	329.9	+0.4%	**Retail: 91.5% Office: 90.8% Serviced Apartment: 88.1%**	Retail: 87.2% Office: 85.9% Serviced Apartment: 65.2%
Shanghai May Flower Plaza	**66.7**	67.7	-1.5%	**59.7**	56.2	+6.2%	**Retail: 98.9% Hotel: 91.3%**	Retail: 97.3% Hotel: 36.6%
Shanghai Regents Park	**20.6**	19.8	+4.0%	**18.5**	16.4	+12.8%	**100.0%**	81.0%
Shanghai Skyline Tower	**12.0**	N/A	N/A	**10.7**	N/A	N/A	**Retail: 70.1% Office: 31.9%**	N/A* N/A*

Property Investment (continued)

Revenue from Rental Operation (continued)

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

	For the year ended 31 July			For the year ended 31 July			Year end occupancy (%)	
	2023#	2022#		**2023**	2022			
	(HK$ million)	(HK$ million)	% Change	**(RMB million)**	(RMB million)	% Change	**2023**	2022
Guangzhou								
Guangzhou May Flower Plaza	**96.1**	123.4	-22.1%	**86.0**	102.4	-16.0%	**94.5%**	91.9%
Guangzhou West Point	**21.3**	27.2	-21.7%	**19.1**	22.6	-15.5%	**95.0%**	90.0%
Guangzhou Lai Fung Tower	**130.9**	142.9	-8.4%	**117.2**	118.6	-1.2%	**Retail: 100.0%** **Office: 85.0%****	Retail: 100.0% Office: 93.6%**
Guangzhou Lai Fung International Center	**10.6**	N/A	N/A	**9.5**	N/A	N/A	**Retail: 6.0%** **Office: 42.0%**	N/A* N/A*
Zhongshan								
Zhongshan Palm Spring Rainbow Mall	**6.4**	7.1	-9.9%	**5.7**	5.9	-3.4%	**Retail: 66.5%****	Retail: 65.9%**
Hengqin								
Hengqin Novotown Phase I	**130.8**	61.2	+113.7%	**117.1**	50.7	+131.0%	**Retail: 81.0%***** **Hotel: 86.0%**	Retail: 77.0%*** Hotel: 28.1%
Others	**29.1**	28.2	+3.2%	**26.0**	23.3	+11.6%	**N/A**	N/A
Total	**894.6**	875.1	+2.2%	**800.8**	726.0	+10.3%		

\# *The exchange rates adopted for the years ended 31 July 2023 and 2022 are 0.8951 and 0.8297, respectively*

* *Shanghai Skyline Tower and Guangzhou Lai Fung International Center were completed in September and November 2022, respectively*

** *Excluding self-use area*

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

Property Investment (continued)

Revenue from Rental Operation (continued)

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

	For the year ended 31 July 2023			For the year ended 31 July 2022		
	Group interest	Turnover (HK$ million)	Attributable GFA (square feet)	Group interest	Turnover (HK$ million)	Attributable GFA (square feet)
Shanghai						
Shanghai Hong Kong Plaza	100%			100%		
Retail		165.4	468,434		190.8	468,434
Office		100.9	362,098		104.8	362,096
Serviced Apartment (room revenue and F&B)		97.8	358,009		95.9	358,009
Car Parking Spaces		6.0	N/A		6.1	N/A
		370.1	1,188,541		397.6	1,188,539
Shanghai May Flower Plaza	100%			100%		
Retail		37.8	320,314		40.5	320,314
Hotel (room revenue and F&B)		24.3	143,846		22.7	143,846
Car Parking Spaces		4.6	N/A		4.5	N/A
		66.7	464,160		67.7	464,160
Shanghai Regents Park	95%			95%		
Retail		18.5	77,959		17.6	77,959
Car Parking Spaces		2.1	N/A		2.2	N/A
		20.6	77,959		19.8	77,959
Shanghai Skyline Tower*	100%			100%		
Retail		1.5	92,226		N/A	N/A
Office		10.3	634,839		N/A	N/A
Car Parking Spaces		0.2	N/A		N/A	N/A
		12.0	727,065		N/A	N/A
Guangzhou						
Guangzhou May Flower Plaza	100%			100%		
Retail		81.2	357,424		106.4	357,424
Office		12.3	79,431		14.3	79,431
Car Parking Spaces		2.6	N/A		2.7	N/A
		96.1	436,855		123.4	436,855
Guangzhou West Point	100%			100%		
Retail		21.3	182,344		27.2	182,344
Guangzhou Lai Fung Tower	100%			100%		
Retail		17.2	112,292		18.3	112,292
Office		107.0	625,821		117.8	625,821
Car Parking Spaces		6.7	N/A		6.8	N/A
		130.9	738,113		142.9	738,113

Management Discussion and Analysis

Property Investment (continued)

Revenue from Rental Operation (continued)

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

	For the year ended 31 July 2023			For the year ended 31 July 2022		
	Group interest	Turnover (HK$ million)	Attributable GFA (square feet)	Group interest	Turnover (HK$ million)	Attributable GFA (square feet)
Guangzhou Lai Fung International Center*	100%			100%		
Retail		0.1	109,320		N/A	N/A
Office		10.2	505,301		N/A	N/A
Car Parking Spaces		0.3	N/A		N/A	N/A
		10.6	614,621		N/A	N/A
Zhongshan						
Zhongshan Palm Spring Rainbow Mall	100%			100%		
Retail**		6.4	148,106		7.1	148,106
Hengqin						
Novotown Phase I	80%***			80%***		
Commercial****		2.7	804,873		2.2	796,573
Hotel (room revenue and F&B)		128.1	488,432		59.0	488,432
		130.8	1,293,305		61.2	1,285,005
Others		29.1	N/A		28.2	N/A
Total		894.6	5,871,069		875.1	4,521,081

* *Shanghai Skyline Tower and Guangzhou Lai Fung International Center were completed in September and November 2022, respectively*

** *Excluding self-use area*

*** *The remaining 20% interest owned by Lai Sun Development Company Limited ("**LSD**"), the intermediate holding company of the Company*

**** *Including the cultural attraction spaces occupied by Lionsgate Entertainment World® and National Geographic Ultimate Explorer Hengqin (self-use area), the attributable GFA of which was approximately 307,807 square feet as at 31 July 2023. Revenue from Lionsgate Entertainment World® and National Geographic Ultimate Explorer Hengqin are recognised under turnover from theme park operation of the Group*

Property Investment (continued)

Review of Major Rental Properties

Shanghai Hong Kong Plaza

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

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

The Group owns 100% of this property.

Shanghai May Flower Plaza

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

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

Shanghai Regents Park

Shanghai Regents Park is a large-scale residential/commercial composite development located in the Zhongshan Park Commercial Area at the Changning District, Shanghai. It is situated within walking distance of the Zhongshan Park Metro Station. The Group retains a 95% interest in the commercial portion which has a total GFA of approximately 82,100 square feet (GFA attributable to the Group is approximately 78,000 square feet).

• Shanghai Hong Kong Plaza

• Shanghai May Flower Plaza

Management Discussion and Analysis

Property Investment (continued)

Review of Major Rental Properties (continued)

Shanghai Skyline Tower

Shanghai Skyline Tower is a mixed-use redevelopment project of Shanghai Northgate Plaza I, Northgate Plaza II and the Hui Gong Building, located at Tian Mu Road West in the Jing'an District of Shanghai near the Shanghai Railway Terminal. This 30-storey office tower, erected upon a 3-level shopping mall and car-parking basement, has a total GFA of approximately 727,100 square feet excluding 443 car parking spaces. This property has been awarded the LEED v4 Gold Certification in October 2023. The construction was completed in September 2022 and leasing is underway. As at the date of this Annual Report, approximately 73% of commercial and 32% of office areas have been secured, respectively.

The Group owns 100% of this property.

Guangzhou May Flower Plaza

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

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

The Group owns 100% of this property.

Guangzhou West Point

Guangzhou West Point is located on Zhongshan Qi Road and is within walking distance from the Ximenkou Subway Station. This is a mixed-use property where the Group has sold all the residential and office units.

The Group owns 100% in the commercial podium with GFA of approximately 182,300 square feet. Tenants of the retail podium include renowned restaurants and local retail brands.

• Guangzhou May Flower Plaza

• Guangzhou West Point

• Guangzhou Lai Fung Tower

Property Investment (continued)

Review of Major Rental Properties (continued)

Guangzhou Lai Fung Tower

Guangzhou Lai Fung Tower is the 38-storey office block of Phase V of Guangzhou Eastern Place, which is a multi-phase project located on Dongfeng East Road, Yuexiu District, Guangzhou. This office building was completed in June 2016. This property with LEED 2009 Gold Certification has a total GFA of approximately 738,100 square feet excluding car parking spaces.

The Group owns 100% of this property.

Guangzhou Lai Fung International Center

Guangzhou Lai Fung International Center, formerly known as Guangzhou Haizhu Plaza, is located on Chang Di Main Road in Yuexiu District, Guangzhou along the Pearl River. Guangzhou Lai Fung International Center, comprising an 18-storey office tower, erected upon a 4-level commercial facility, has a total GFA of approximately 614,600 square feet excluding 267 car parking spaces. The construction was completed in November 2022. This property has been awarded the LEED v4 Gold Certification in February 2023. The leasing work is in progress and as at the date of this Annual Report, approximately 40% of commercial and 38% of office areas have been secured, respectively.

The Group owns 100% of this property.

Zhongshan Palm Spring Rainbow Mall

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

The Group owns 100% of this property.

• Guangzhou Lai Fung International Center

• Zhongshan Palm Spring Rainbow Mall

Property Investment (continued)

Review of Major Rental Properties (continued)

Hengqin Novotown

Novotown is an integrated cultural, entertainment, tourism and hospitality project located in the heart of Hengqin, one of the major cities in the Guangdong province within the Greater Bay Area, directly opposite Macau and 75 minutes by car from Hong Kong via the Hong Kong-Zhuhai-Macau Bridge. It became a Guangdong-Macau In-Depth Cooperation Zone on 17 September 2021.

Phase I

Novotown Phase I opened in 2019 and comprises a 493-room Hyatt Regency Hengqin hotel, multi-function hall, wedding pavilion, offices, cultural workshops and studios, a central garden for hosting outdoor performances, shopping and leisure facilities with a total GFA of approximately 2.8 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 commenced operations on 9 September 2019. In February 2021, a new interactive attraction "Wonders of Kung Fu" was launched in the central garden space of Novotown Phase I, which includes light shows providing immersive cultural experience and interactive games with Chinese Kungfu being the key underlying theme. This attraction in the 5,000 square meters central 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. As at the date of this Annual Report, leasing of the commercial area of Novotown Phase I is underway with approximately 83% of the leasable area. Except for the two themed indoor experience centers, key tenants include Zhuhai Duty Free, Pokiddo Trampoline Park, Kunpeng Go-Kart Sports Centre, Snow Alarm, Da Yin Restaurant, Oyster King, Zhen Qi Ji, Ai Shang Niu Ding Ji, Vanguard Life Superstore and ULSC Hengqin.

The Group owns 80% of Novotown Phase I. The remaining 20% is owned by LSD, the intermediate holding company of the Company.

• Lionsgate Entertainment World®

• National Geographic Ultimate Explorer Hengqin

Property Investment (continued)

Hotel and Serviced Apartment

Ascott Huaihai Road Shanghai

Ascott Huaihai Road in Shanghai Hong Kong Plaza is managed by the Ascott Group and it is one of a premier collection of the Ascott Limited's serviced residences in over 70 cities in Asia Pacific, Europe and the Gulf region. The residence with a total GFA of approximately 359,700 square feet and approximately 358,000 square feet attributable to the Group has 310 contemporary apartments of various sizes: studios (640-750 sq.ft.), one-bedroom apartments (915-1,180 sq.ft.), two-bedroom apartments (1,720 sq.ft.), three-bedroom apartments (2,370 sq.ft.) and two luxurious penthouses on the highest two floors (4,520 sq.ft.). An average occupancy rate of 79.3% was achieved during the year under review and the average room tariff was approximately HK$1,055.

• Ascott Huaihai Road Shanghai

• STARR Hotel Shanghai

STARR Hotel Shanghai

STARR Hotel Shanghai is a 17-storey hotel located in the Mayflower Lifestyle complex in Jing'an District, within walking distance to Lines 1, 3 and 4 of the Shanghai Metro Station with easy access to major motorways. There are 239 fully furnished and equipped hotel units with stylish separate living room, bedroom, fully-equipped kitchenette and luxurious bathroom amenities for short or extended stays to meet the needs of the business travelers from around the world and the total GFA is approximately 143,800 square feet. The GFA attributable to the Group is approximately 143,800 square feet. An average occupancy rate of 66.3% was achieved during the year under review and the average room tariff was approximately HK$412.

Hyatt Regency Hengqin

Hyatt Regency Hengqin is located in Novotown Phase I in Hengqin, Zhuhai, the heart of the Greater Bay Area and is within easy reach of the Hong Kong-Zhuhai-Macau Bridge. Hyatt Regency Hengqin with a total GFA of approximately 610,500 square feet and approximately 488,400 square feet attributable to the Group has 493 guest rooms including 55 suites ranging in size from 430 sq.ft. to 2,580 sq.ft., a wide range of dining options, as well as banqueting and conference facilities of over 40,000 square feet. An average occupancy rate of 57.2% was achieved during the year under review and the average room tariff was approximately HK$812.

• Hyatt Regency Hengqin

The Group owns 80% interest in Hyatt Regency Hengqin. The remaining 20% is owned by LSD, the intermediate holding company of the Company.

Management Discussion and Analysis

Property Development

Recognised Sales

For the year ended 31 July 2023, the Group's property development operations recorded a turnover of HK$887.0 million (2022: HK$1,624.7 million) from sale of properties, representing a 45.4% decrease compared to last year. The average RMB exchange rate depreciated by approximately 7.3% compared to last year. Excluding the effect of currency translation, the RMB denominated property sales revenue was RMB794.0 million (2022: RMB1,348.0 million). The recognised sales was primarily driven by the sales performance of residential units of Zhongshan Palm Spring and Shanghai Wuli Bridge Project, cultural studios and cultural workshop units of Hengqin Novotown Phase I.

Breakdown of turnover for the year ended 31 July 2023 from properties sales is as follows:

Recognised Basis	No. of Units	Approximate GFA (Square feet)	Average Selling Price# (HK$/square foot)	Turnover## (HK$ million*)	(RMB million)
Shanghai Wuli Bridge Project					
Residential Unit	1	3,202	14,000	41.1	36.8
Hengqin Novotown Phase I					
Cultural Studios	10	32,605	4,547	137.9	123.4
Cultural Workshop Units	56	42,476	2,375	92.6	82.9
Zhongshan Palm Spring					
Residential High-rise Units	287	343,099	1,838	578.8	518.1
Residential House Units	3	6,208	3,412	20.2	18.1
Subtotal	**357**	**427,590**	**2,212**	**870.6**	**779.3**
Shanghai Regents Park					
Car Parking Spaces	20			12.8	11.5
Guangzhou Eastern Place					
Car Parking Space	1			0.7	0.6
Guangzhou King's Park					
Car Parking Spaces	3			1.6	1.4
Guangzhou West Point					
Car Parking Spaces	2			1.0	0.9
Zhongshan Palm Spring					
Car Parking Spaces	2			0.3	0.3
Subtotal	**28**			**16.4**	**14.7**
Total				**887.0**	**794.0**

Value-added tax inclusive
Value-added tax exclusive
* *The exchange rate adopted for the year ended 31 July 2023 is 0.8951*

Property Development (continued)

Contracted Sales

As at 31 July 2023, the Group's property development operations has contracted but not yet recognised sales of HK$971.7 million, primarily driven by the sale performance of residential units in Zhongshan Palm Spring and cultural studios and cultural workshop units in Hengqin Novotown Phase I, as well as the sale of properties in Novotown Phase II being occupied by Harrow Innovation Leadership Academy Hengqin ("**Harrow ILA Hengqin**"). Excluding the effect of currency translation, the RMB denominated contracted but not yet recognised sales of residential units, cultural studios, cultural workshop units and car parking spaces as at 31 July 2023 amounted to RMB869.8 million (31 July 2022: RMB615.0 million).

Breakdown of contracted but not yet recognised sales as at 31 July 2023 is as follows:

Contracted Basis	No. of Units	Approximate GFA	Average Selling Price#	Turnover#	
		(Square feet)	(HK$/square foot)	(HK$ million##)	(RMB million)
Zhongshan Palm Spring					
Residential High-rise Units	300	364,690	1,684	614.0	549.6
Hengqin Novotown Phase I					
Cultural Studios	7	27,318	4,715	128.8	115.3
Cultural Workshop Units	37	26,310	2,360	62.1	55.6
Hengqin Novotown Phase II					
Harrow ILA Hengqin Buildings*	N/A	149,078	1,110	165.5	148.1
Subtotal	**344**	**567,396**	**1,710**	**970.4**	**868.6**
Shanghai Regents Park					
Car Parking Space	1			0.7	0.6
Guangzhou West Point					
Car Parking Space	1			0.6	0.6
Subtotal	**2**			**1.3**	**1.2**
Total				**971.7**	**869.8**

Value-added tax inclusive
The exchange rate adopted for the year ended 31 July 2023 is 0.8951
* *Will be recognised as income from finance lease under turnover*

Property Development (continued)

Review of Major Properties Completed for Sale and under Development

Shanghai Wuli Bridge Project

Shanghai Wuli Bridge Project is a high-end luxury residential project located by Huangpu River in Huangpu District in Shanghai. 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 a residential unit with a total GFA of 3,202 square feet was recognised at an average selling price of HK$14,000 per square foot, which contributed a total of HK$41.1 million to the Group's turnover. As at 31 July 2023, all residential units and 30 car parking spaces have been sold. The total carrying amount of remaining 13 unsold car parking spaces of this development was approximately HK$8.5 million as at 31 July 2023.

The Group owns 100% interest in the unsold car parking spaces of this project.

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 at 31 July 2023, 458 car parking spaces of this development remained unsold with a carrying amount of approximately HK$97.9 million.

The Group owns 100% interest in the unsold car parking spaces of this project.

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. During the year under review, the sales of 20 car parking spaces contributed HK$12.8 million to the turnover. As at 31 July 2023, the contracted but not yet recognised sales of one car parking space amounted to approximately HK$0.7 million and a total of 200 car parking spaces of this development remained unsold with a carrying amount of approximately HK$46.3 million.

The Group owns 95% interest in the unsold car parking spaces of this project.

Property Development (continued)

Review of Major Properties Completed for Sale and under Development (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 three car parking spaces contributed HK$1.6 million to the turnover. As at 31 July 2023, two unsold car parking spaces have a total carrying amount of approximately HK$1.0 million.

The Group owns 100% interest in the unsold car parking spaces of this project.

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 6.1 million square feet. The project comprises high-rise residential towers, townhouses and commercial blocks totaling 4.5 million square feet. All construction of Zhongshan Palm Spring has been completed and the sale of remaining phases is in progress with satisfactory result.

During the year under review, 343,099 square feet of high-rise residential units and 6,208 square feet of house units were recognised at an average selling price of HK$1,838 per square foot and HK$3,412 per square foot, respectively, which contributed a total of HK$599.0 million to the sales turnover. As at 31 July 2023, contracted but not yet recognised sales for high-rise residential units amounted to HK$614.0 million, at an average selling price of HK$1,684 per square foot.

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. 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 expenses, net" on the face of the consolidated income statement of the Group. As at 31 July 2023, a serviced apartment unit remained unsold.

As at 31 July 2023, completed units held for sale in this development, including residential units, a serviced apartment unit and commercial units, amounted to approximately 820,000 square feet with a total carrying amount of approximately HK$584.1 million. The carrying amount of the 2,677 unsold car parking spaces of this development as at 31 July 2023 was approximately HK$217.8 million.

The Group owns 100% interest in this project.

Management Discussion and Analysis

Property Development (continued)

Review of Major Properties Completed for Sale and under Development (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 32,605 square feet of cultural studios and 42,476 square feet of cultural workshop units were recognised at an average selling price of HK$4,547 per square foot and HK$2,375 per square foot, respectively, which contributed a total of HK$230.5 million to the Group's turnover. As at 31 July 2023, contracted but not yet recognised sales for cultural studios and cultural workshop units amounted to HK$128.8 million and HK$62.1 million, at an average selling price of HK$4,715 per square foot and HK$2,360 per square foot, respectively. As at 31 July 2023, completed properties held for sale in Novotown Phase I, including cultural studios, cultural workshop units and office units, amounted to approximately 905,600 square feet with a total carrying amount of approximately HK$1,927.6 million.

The Group owns 80% of Novotown Phase I. The remaining 20% is owned by LSD, the intermediate holding company of the Company.

Phase II

Novotown Phase II is situated adjacent to Novotown Phase I with a total site area of approximately 143,800 square meters and a maximum plot ratio of two times. The Group succeeded in bidding for the land use rights of the land offered for sale by The Land and Resources Bureau of Zhuhai through the listing-for-sale process in December 2018. Construction work is in progress. This mixed-used development project is expected to provide commercial and experiential entertainment facilities, office space and serviced apartment space of 355,500 square feet, 1,585,000 square feet and 578,400 square feet, respectively. Properties in Novotown Phase II occupied by Harrow ILA Hengqin have been sold to the school operator, which enabled the Group to crystalise the value of its investment in Novotown Phase II and gradually recoup funding to improve the project's working capital position.

The Group remains confident that the continuous development of the Guangdong-Macau In-Depth Cooperation Zone in Hengqin will position Hengqin as a prominent piece within the Guangdong-Hong Kong-Macau Greater Bay Area development. The integration between Macau and Hengqin will encourage more businesses and population to reside in Hengqin which will further enhance the tourism market, making Novotown a new contributor to the Group's results in the long run.

The Group owns 100% of Novotown Phase II, except for the properties occupied by Harrow ILA Hengqin which have been sold to the school operator.

• **Hengqin Novotown Phase I**

• **Hengqin Novotown Phase I Cultural Studios**

Capital Structure, Liquidity and Debt Maturity Profile

As at 31 July 2023, cash and bank balances held by the Group amounted to HK$2,471.7 million and undrawn facilities of the Group was HK$2,013.9 million.

As at 31 July 2023, the Group had total borrowings amounting to HK$10,618.2 million (2022: HK$11,939.7 million), representing a decrease of HK$1,321.5 million from 31 July 2022. The consolidated net assets attributable to the owners of the Company amounted to HK$12,777.9 million (2022: HK$14,606.4 million). The gearing ratio, being net debt (total borrowings less cash and bank balances) to net assets attributable to the owners of the Company was approximately 64% (2022: 53%). The maturity profile of the Group's borrowings of HK$10,618.2 million is well spread with HK$1,151.3 million repayable within one year, HK$1,367.4 million repayable in the second year, HK$6,625.6 million repayable in the third to fifth years and HK$1,473.9 million repayable beyond the fifth year.

Approximately 93% and 7% of the Group's borrowings were interest bearing on a floating rate basis and interest-free, respectively. The Group's borrowings of HK$10,618.2 million were 40% denominated in Renminbi ("**RMB**"), 57% in Hong Kong dollars ("**HKD**") and 3% in United States dollars ("**USD**").

The Group's cash and bank balances of HK$2,471.7 million were 85% denominated in RMB, 13% in HKD and 2% in USD. The Group's monetary assets, liabilities and transactions are principally denominated in RMB, USD and HKD. The Group, with HKD as its presentation currency, is exposed to foreign currency risk arising from the exposure of HKD against USD and RMB, respectively. The Group has a net exchange exposure to RMB as the Group's assets are principally located in China and the revenues are predominantly in RMB. The Group does not have any derivative financial instruments or hedging instruments outstanding.

Certain assets of the Group have been pledged to secure borrowings and bank facilities of the Group, including investment properties with a total carrying amount of approximately HK$17,301.9 million, properties under development with a total carrying amount of approximately HK$798.7 million, property, plant and equipment and the related right-of-use assets with a total carrying amount of approximately HK$2,355.6 million, completed properties for sale with a total carrying amount of approximately HK$183.0 million and time deposits and bank balances of approximately HK$307.0 million.

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

Contingent Liabilities

Details of contingent liabilities of the Group as at the end of the reporting period are set out in note 34 to the financial statements.

Employees and Remuneration Policies

As at 31 July 2023, the Group employed a total of around 1,700 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.

Financial Summary

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements of the Group, is set out below:

Results

	Year ended 31 July				
	2023	2022	2021	2020	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**1,800,510**	2,515,771	3,196,582	1,201,779	1,461,249
Profit/(loss) before tax	**(430,928)**	278,004	(236,151)	(1,182,346)	1,170,537
Tax	**(258,425)**	(561,888)	(439,414)	(42,212)	(430,482)
Profit/(loss) for the year	**(689,353)**	(283,884)	(675,565)	(1,224,558)	740,055
Attributable to:					
Owners of the Company	**(584,702)**	(134,523)	(538,967)	(1,006,263)	668,556
Non-controlling interests	**(104,651)**	(149,361)	(136,598)	(218,295)	71,499
	(689,353)	(283,884)	(675,565)	(1,224,558)	740,055

Assets, Liabilities and Non-controlling Interests

	As at 31 July				
	2023	2022	2021	2020	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Property, plant and equipment and prepaid land lease payments	**2,302,822**	2,735,738	3,416,099	3,547,337	3,631,178
Right-of-use assets	**487,714**	530,343	562,463	475,780	—
Investment properties	**19,720,100**	20,589,800	19,982,100	18,393,986	20,455,200
Properties under development	**—**	—	—	—	711,362
Investments in joint ventures	**18,478**	18,692	16,438	1,103	1,317
Investments in associates	**99**	116	45	533	5,804
Derivative financial instruments	**—**	—	—	6,821	20,581
Debtors, deposits and prepayments	**477,974**	493,643	526,687	—	—
Current assets	**7,110,571**	9,416,437	10,635,034	8,532,774	6,484,185
TOTAL ASSETS	**30,117,758**	33,784,769	35,138,866	30,958,334	31,309,627
Current liabilities	**(4,218,393)**	(6,942,518)	(4,185,761)	(6,725,324)	(3,550,243)
Non-current lease liabilities	**(278)**	(2,578)	(5,799)	(787)	—
Non-current other payables	**(900,726)**	(959,672)	(993,150)	—	—
Long-term deposits received	**(129,385)**	(138,542)	(139,631)	(119,852)	(149,213)
Non-current interest-bearing bank loans	**(8,805,753)**	(7,501,104)	(7,903,894)	(3,635,370)	(5,554,150)
Guaranteed notes	**—**	—	(2,711,994)	(2,699,772)	(2,720,857)
Advances from a former substantial shareholder	**(50,953)**	(54,288)	(56,181)	(51,738)	(53,006)
Loans from a fellow subsidiary	**(610,245)**	(532,315)	(445,835)	(396,475)	—
Derivative financial instruments	**—**	—	(8,965)	—	—
Deferred tax liabilities	**(2,892,835)**	(3,190,673)	(3,236,058)	(2,909,494)	(3,100,475)
TOTAL LIABILITIES	**(17,608,568)**	(19,321,690)	(19,687,268)	(16,538,812)	(15,127,944)
	12,509,190	14,463,079	15,451,598	14,419,522	16,181,683
Non-controlling interests	**268,708**	143,370	(20,339)	(110,423)	(347,676)
	12,777,898	14,606,449	15,431,259	14,309,099	15,834,007

Particulars of Major Properties

Completed Properties held for Rental

Property Name	Location	Group Interest	Tenure	Approximate Attributable GFA (square feet)			No. of Car Parking Spaces Attributable to the Group
				Commercial/ Retail	Office	Total (excluding car parking spaces & ancillary facilities)	
Shanghai							
Hong Kong Plaza	282 & 283 Huaihaizhong Road, Huangpu District	100%	The property is held for a term of 50 years commencing on 16 September 1992	468,434	362,098	830,532	350
May Flower Plaza	The junction of Da Tong Road and Zhi Jiang Xi Road, Sujiaxiang, Jing'an District	100%	The property is held for a term of 40 years for commercial use commencing on 5 February 2007	320,314	–	320,314	–
Skyline Tower	Tian Mu Road West, and Da Tong Road, Jing'an District	100%	The property is held for a term of 40 years for commercial use and 50 years for office use commencing on 30 September 2016	92,226	634,839	727,065	443
Regents Park	88 Huichuan Road, Changning District	95%	The property is held for a term of 70 years commencing on 4 May 1996	77,959	–	77,959	–
Subtotal of major completed properties held for rental in Shanghai:				**958,933**	**996,937**	**1,955,870**	**793**
Guangzhou							
May Flower Plaza	68 Zhongshanwu Road, Yuexiu District	100%	The property is held for a term of 40 years for commercial use and 50 years for other uses commencing on 14 October 1997	357,424	79,431	436,855	136
West Point	The junction of Zhongshan Qi Road and Guangfu Road, Liwan District	100%	The property is held for a term of 40 years for commercial use and 50 years for other uses commencing on 11 January 2006	182,344	–	182,344	–
Lai Fung Tower	761 Dongfeng East Road, Yuexiu District	100%	The property is held for a term of 40 years for commercial uses and 50 years for other uses commencing on 21 October 1997	112,292	625,821	738,113	313
Lai Fung International Center	Chang Di Main Road, Yuexiu District	100%	The property is held for a term of 40 years for commercial, tourism and entertainment uses and 50 years for others use commencing on 2 June 2006	109,320	505,301	614,621	267
Subtotal of major completed properties held for rental in Guangzhou:				**761,380**	**1,210,553**	**1,971,933**	**716**

Completed Properties held for Rental (continued)

Property Name	Location	Group Interest	Tenure	Approximate Attributable GFA (square feet)			No. of Car Parking Spaces Attributable to the Group
				Commercial/ Retail	Office	Total (excluding car parking spaces & ancillary facilities)	
Zhongshan							
Palm Spring Rainbow Mall	Caihong Planning Area, Western District	100%	The property is held for a term expiring on 30 March 2075 for commercial/residential uses	148,106	–	148,106	–
Subtotal of major completed properties held for rental in Zhongshan:				**148,106**	**–**	**148,106**	**–**
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	80%	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	804,873*	–	804,873	1,475
Subtotal of major completed properties held for rental in Hengqin:				**804,873**	**–**	**804,873**	**1,475**
Total of major completed properties held for rental:				**2,673,292**	**2,207,490**	**4,880,782**	**2,984**

* *Including cultural attraction spaces occupied by Lionsgate Entertainment World® and National Geographic Ultimate Explorer with attributable GFA of approximately 258,616 sq.ft. and 49,191 sq.ft., respectively*

Particulars of Major Properties

Completed Hotel Properties and Serviced Apartments

Property Name	Location	Group Interest	Tenure	No. of Rooms	Approximate Attributable GFA (square feet) Hotel	No. of Car Parking Spaces Attributable to the Group
Shanghai						
Ascott Huaihai Road Shanghai	282 Huaihaizhong Road, Huangpu District	100%	The property is held for a term of 50 years commencing on 16 September 1992	302	358,009	–
STARR Hotel Shanghai	The junction of Da Tong Road and Zhi Jiang Xi Road, Sujiaxiang, Jing'an District	100%	The property is held for a term of 50 years for commercial use commencing on 5 February 2007	239	143,846	–
Subtotal of major completed hotel properties and serviced apartments in Shanghai:				**541**	**501,855**	**–**
Hengqin						
Hyatt Regency Hengqin	1295 Qisecaihong Road, Hengqin New Area, Zhuhai City	80%	The property is held for a term of 40 years for commencing on 31 December 2013	493	488,432	–
Subtotal of major completed hotel properties and serviced apartments in Hengqin:				**493**	**488,432**	**–**
Total of major completed hotel properties and serviced apartments:				**1,034**	**990,287**	**–**

Properties Under Development

Property Name	Location	Group Interest	Stage of Construction	Approximate Site Area (square feet)	Approximate Attributable GFA (square feet)					No. of Car Parking Spaces Attributable to the Group
					Commercial/ Retail	Office	Serviced Apartment	Residential	Total (excluding car parking spaces & ancillary facilities)	
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	100%	Construction works in progress	1,547,523	522,512 *(Note 1)*	1,585,042	578,350	–	2,685,904	1,352
Total of major properties under development:					**522,512**	**1,585,042**	**578,350**	**–**	**2,685,904**	**1,352**

Note 1: Including 166,988 square feet spaces to be occupied by Harrow ILA Hengqin upon completion

Particulars of Major Properties

Completed Properties Held for Sale

Property Name	Location	Group Interest	Approximate Attributable GFA (square feet) Commercial/ Retail	Residential	Office	Serviced Apartment	Total (excluding car parking spaces & ancillary facilities)	No. of Car Parking Spaces Attributable to the Group
Shanghai								
Wuli Bridge Project	Wuliqiao Road, 104 Jie Fang, Huangpu District	100%	–	–	–	–	–	13
May Flower Plaza	Sujiaxiang, Jing'an District	100%	–	–	–	–	–	458
Regents Park	88 Huichuan Road, Changning District	95%	–	–	–	–	–	190
Subtotal of major completed properties held for sale in Shanghai:			**–**	**–**	**–**	**–**	**–**	**661**
Guangzhou								
Eastern Place Phase V	787 Dongfeng East Road, Yuexiu District	100%	–	–	–	–	–	8
King's Park	Donghua Dong Road, Yuexiu District	100%	–	–	–	–	–	2
West Point	The junction of Zhongshan Qi Road and Guangfu Road, Liwan District	100%	–	–	–	–	–	115
Subtotal of major completed properties held for sale in Guangzhou:			**–**	**–**	**–**	**–**	**–**	**125**
Zhongshan								
Palm Spring	Caihong Planning Area, Western District	100%	164,359	688,688	–	–	853,047	2,677
Subtotal of major completed properties held for sale in Zhongshan:			**164,359**	**688,688**	**–**	**–**	**853,047**	**2,677**
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	80%	–	56,879	420,705	246,905	724,489	–
Subtotal of major completed properties held for sale in Hengqin:			**–**	**56,879**	**420,705**	**246,905**	**724,489**	**–**
Total of major completed properties held for sale:			**164,359**	**745,567**	**420,705**	**246,905**	**1,577,536**	**3,463**

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 ("**Stock Exchange**"). This report complies with the four reporting principles listed in the Stock Exchange ESG Reporting Guide, including materiality, quantitative, balance and consistency for report disclosure and historical data comparison. This year, the Company has taken the lead to disclose the climate actions with reference to the Task Force on Climate-related Financial Disclosures ("**TCFD**") to build our climate resilience strategy. We also mapped our strategies and initiatives with the United Nations' Sustainable Development Goals ("**SDGs**"). 10 of the 17 SDGs, which are the most relevant to our business profile, were mapped into our contribution in respective chapters of this report.

Unless otherwise specified, this report covers the ESG management and performance of the Group from 1 August 2022 to 31 July 2023. The reporting boundary of this report comprises properties under the Group's property investment, property development and investment and operation of hotel in Mainland China. For further details of the specific properties covered 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

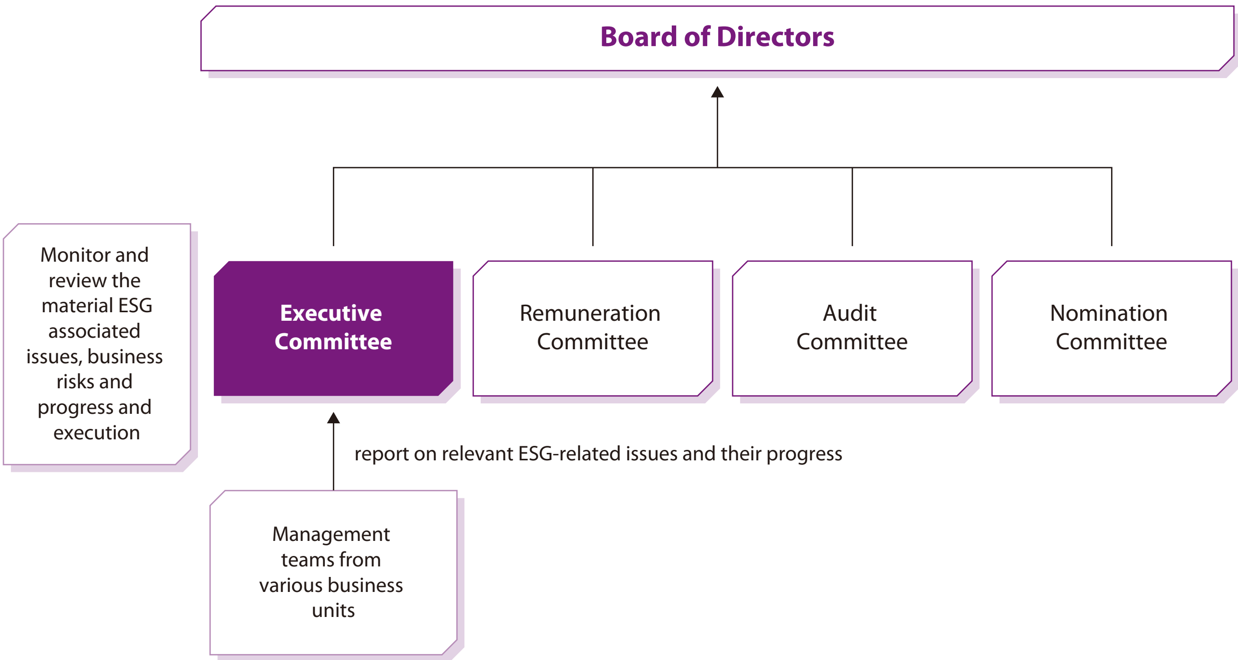
Board Statement

The Group recognises the importance of tackling ESG issues to pave the way for long-lasting business success. The Board holds the responsibility for endorsing the ESG report, prioritising and overseeing key ESG issues including material ESG risks related to the business operations and their incorporation in the Group's ESG strategies, policies, procedures and initiatives.

The executive committee of the Company (the "**Committee**") is appointed by the Board to conduct assessment on the management and implementation efficacy of relevant ESG issues encompassing the execution of goals and targets. The Committee also arranges regular briefing sections to the Board to support their monitoring and evaluation of the material ESG issues, associated business risks and progress and implementation of ESG policies, procedures, and initiatives. The Group's environmental targets that have been assented by the Board will be reviewed by the Committee annually. Given the Group's diversified business portfolios, each business unit holds the responsibility to report their performance and ESG issues to the Committee on a regular basis.

ESG GOVERNANCE (CONTINUED)

Board Statement (continued)



Following the stakeholder engagement exercises conducted in the financial year 2020/2021, the material ESG issues identified are reviewed annually and authenticated by the Board before being incorporated into the Group's ESG management approaches and strategy. For more details of the materiality analysis on ESG topics, please refer to the Materiality Analysis section.

Stakeholder Engagement

The Group strives to uphold a deep-rooted relationship with the stakeholders and maximise value creation by refining our sustainability programmes based on the stakeholders' views gained through different engagement channels. Stakeholders were engaged in identifying the potentially material ESG issues and risks to the Group in the form of providing feedback via online surveys, which was executed by an independent consultant. The gathered inputs from stakeholders allow the Group to meet the stakeholders' needs and expectations in a continuous sense.

ESG Governance (continued)

Materiality Analysis

The Group undertakes the constant review on the pertinence of the ESG issues to our business and stakeholders to formulate well-defined ESG management and strategies for informed decision. A four-step materiality assessment approach is implemented to pinpoint and assess the material ESG issues in our business operations.

1. Identification	2. Prioritisation	3. Validation	4. Review
Identify ESG issues that are considered to be material to the Group with reference to peer benchmarking results.	Conduct regular stakeholder online surveys to gather feedback. The results of peer benchmarking and stakeholder engagement exercises are examined and consolidated based on their significance to the stakeholders and to the Group's business advancement to determine the overall materiality level of each ESG issue.	The results of previous steps are further reviewed and validated by the Board.	Conduct yearly review on the ESG issues to affirm their relevance and materiality to the Group's strategic business development.

Peer benchmarking and review of the material issues were conducted during the reporting year. This exercise enabled us to identify latest trend from the industry and market, thereby leveraging them in building reinforced ESG management practices.

ESG Governance (continued)

Materiality Analysis (continued)

A range of ESG issues that is regarded material to our stakeholders and the Group is listed as follows:

Aspects		ESG Issues	Property	Hotel
Environment		Energy	✔	✔
		Climate resilience and greenhouse gas ("**GHG**") emissions	✔	✔
		Waste management	✔	✔
		Green building*	✔	
		Water resources*	✔	
Social	People	Employee engagement**	✔	✔
		Wellbeing, occupational health and safety**	✔	✔
		Training and development	✔	✔
		Equal opportunities	✔	✔
		Forced and child labour*	✔	
	Operating practices	Supply chain management	✔	✔
		Customer satisfaction	✔	✔
		Product/service quality and safety	✔	✔
		Customer/tenant privacy	✔	✔
		Anti-corruption	✔	✔
	Community	Community investment	✔	✔

* *Newly added topic in FY22/23, or new topic to the business operation*

** *Renamed and merged*

In contrast to the last reporting year, "Green building" and "Forced and child labour" are new issues included in the material topics, whereas "Marketing and labelling" has been removed from the list. Note that "Employee relationship" and "Recruitment and retention" from the previous reporting year are merged into "Employee engagement", and "Occupational health and safety" and "Wellbeing" are incorporated and renamed as "Wellbeing, occupational health and safety".

Environment

Integrating Environmental Sustainability into Our Operations

The Group aims to conduct our businesses in an environmentally sustainable manner while reducing our environmental impacts. Aside from adopting effective management of the Group's carbon emissions, waste generation, and consumption of water and energy, we have also committed to integrating environmental considerations into our business planning and decision-making procedures. To demonstrate the Group's commitment in environmental protection, we have set several qualitative environmental targets for the property investment businesses in financial year 2020/2021, including reduction targets on energy consumption, GHG emissions and waste generation.

The Group regularly assesses the effectiveness of our environmental initiatives and monitors our environmental performance to ensure full compliance with all relevant laws and regulations. During the reporting year, there was no case of non-compliance with environmental legislation as stated in the List of Significant Laws and Regulations section.

Green Building Development and Operations

The Group has always put importance in the mission of exploring the possibilities for incorporating sustainability into our development projects. Our adherence to all applicable standards, rules, and regulations regarding air, noise, and wastewater pollution, as well as waste disposal are closely monitored, and we strive to incorporate sustainable features into the construction and design of our buildings. Where necessary, the Group works with green building specialists and consultants to provide technical support on environmentally sustainable building designs and emissions controls, such as adherence of standards set in required emissions permits for sewage discharge and waste.

For instance, Shanghai Hong Kong Plaza's plan to engage heating, ventilation and air conditioning ("**HVAC**") specialists to improve energy efficiency by redesigning the air-conditioning energy management system has been greenlit, and is expected to be finished by 2024. Gradual replacement of lighting systems and upgrading of electrical machinery for better energy efficiency are also underway.

The Group strives to maintain internationally recognised green building certifications in our properties. Novotown in Hengqin and Shanghai Hong Kong Plaza are in the progress of preparing for LEED application submissions.

The Group has covered broader aspects of environmental protection and management on construction sites through increased efforts. For example, contractors are required to submit an Environmental Management Plan that identifies and evaluates the environmental risks, and proposes efficient mitigation actions to reduce the environmental impacts during construction. In order to make sure all planned control measures are implemented to handle the potential environmental risks, we also conduct regular reviews on the on-site actual performance against the plan.

Environment (continued)

Green Building Development and Operations (continued)

By applying internationally established environmental management system standards across our portfolio, the Group is steadfast in enhancing the environmental performance of our managed properties. Various properties in our portfolio have achieved ISO and green building certifications regarding their sustainability efforts:

Green Building Certification and ISO Certification	Properties
ISO 14001:2015 Environmental management systems	Guangzhou May Flower Plaza Guangzhou West Point Shanghai Hong Kong Plaza Hengqin Novotown Phase I
LEED 2009 Building Design and Construction: Core and Shell Development Rating System — Gold Certification	Guangzhou Lai Fung Tower
LEED 2009 Building Design and Construction: Core and Shell Development Rating System — Pre-certified Gold Rating	Shanghai Skyline Tower*
LEED v4 Building Design and Construction: Core and Shell Development Rating System — Gold Certification	Guangzhou Lai Fung International Center
Two-Star "Certificate of Green Building Design Label"	Hengqin Novotown Phase I Hyatt Regency Hengqin

The Group used environmentally friendly materials with low volatile organic compound levels in managed properties' maintenance and refurbishment projects whenever possible. For more details on energy, water and waste management initiatives, please refer to Waste and Air Emissions to the Environment, Greenhouse Gas Emissions and Energy, and Water sections respectively.

* *Subsequent to 31 July 2023, Shanghai Skyline Tower has been awarded the LEED v4 Gold Certification in October 2023*

Responding to Climate Change

This year, the Group adopted TCFD's recommended disclosures to disclose our climate risk management based on four pillars: Governance, Strategy, Risk Management, and Metrics and Targets.

Governance

The Group recognises the significance of ESG challenges in ensuring long-term corporate success. The Board oversees the managing of significant ESG concerns such as material ESG risks, and any climate-related risks and opportunities relevant to company operations and their integration with the Group's ESG plans, policies, processes, and activities. The Committee reviews and monitors the management and implementation effectiveness of relevant ESG-related issues including climate change, relevant business risks, and progress and execution of ESG policies, processes, and initiatives. For more details, please refer to the Board Statement.

Strategy

In light of the considerable risks posed by climate change on a worldwide scale, the Group has improved our management practices to strengthen our climate resilience and adaptation capability. To help us establish climate risk mitigation plans, a third-party consultant was hired to conduct a climate risk assessment in fiscal year 2020/2021 to identify and analyse potential hazards in our operations.

Physical Risk

Tropical cyclones are regarded as the most significant climate-related risk to our activities in terms of physical risk exposure, with the potential to cause catastrophic property destruction and economic loss. Our climate risk assessment results also showed that our operations in Southern China could be considerably impacted by floods due to their proximity to coastal areas; however, the flood risk for our operations in Eastern China is limited.

Transition Risk

Policy and legal risks are considered as material transition risks to the operations. It is expected that more stringent policies and initiatives are likely to be executed by the government to meet carbon emission reduction targets and net zero commitments, resulting in higher operating costs. Replacement of equipment with higher efficiency models is also expected down the line to ensure future compliance with the regulations.

Risk Management

We strive to prevent and mitigate the effects of climate change in our business activities.

The Group has created typhoon and extreme weather condition work arrangement standards to standardise operating procedures during tropical cyclone alerts and adverse weather conditions. Emergency plans are also in place in the event of natural disasters, and inspections are done regularly for critical machinery and equipment to ensure proper working conditions in the event of an emergency. Prior to typhoon events, property management teams will conduct checks and take suitable procedures, such as securing gondolas, inspecting the roof rainfall outlet and other surface channels for good drainage, and determining if external bamboo scaffolding is fixed properly.

ENVIRONMENT (CONTINUED)

Responding to Climate Change (continued)

Metrics and Targets

Since the financial year 2020/2021, the Group has formulated environmental targets on reducing GHG emissions and energy consumption of our investment properties. The Board has approved the targets, and the Committee reviews them on an annual basis.

- Upgrade lighting and HVAC systems and appliances of all operating sites to energy-saving models by phases
- Increase the number of properties with certified environmental management systems and green building certificates in our portfolio

For our progress, please refer to the Greenhouse Gas Emissions and Energy section.

Waste and Air Emissions to the Environment

The Group is also conscious of the effects our operations have on the environment and takes every effort to reduce our air emissions, wastewater discharge and waste generation. Considering this, we have developed waste targets to demonstrate our commitment.

- Improve recycling rate by disclosing the amount of hazardous and non-hazardous waste recycled by Mainland China's property investment business and progressively expand disclosure of recycling performance data across all business operations in Mainland China

We have already implemented a variety of group-wide and business unit-specific abatement procedures and control mechanisms. We have also implemented handling procedures for non-hazardous waste in the Group to ensure proper disposal of any waste produced.

Managing Waste from Property Development and Investment

To strengthen our waste reduction efforts at the construction sites, it is mandatory for all contractors from the Group's property development business to submit a Waste Disposal Plan with thorough waste management procedures. The plan should include the implementation of 3R principles (reduce, reuse and recycle), as well as specific examples of their waste management initiatives. In terms of construction waste management, we reuse construction materials whenever possible, sorting inert debris materials to be used as road sub-base as well as for backfilling purposes. The Group has placed numerous recycling containers at construction sites to encourage employees and contractors to take part in our recycling initiatives.

Waste and Air Emissions to the Environment (continued)

Managing Waste from Property Development and Investment (continued)

The Group is aware of the significance of safe handling and final disposal of chemical waste. We appointed authorised third-party contractors for handling all chemical waste and other hazardous waste identified in the "Directory of National Hazardous Wastes". As for 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.

Regarding our non-hazardous waste management at property investment, apart from placing recycle bins in various locations within the properties, we joined external parties to facilitate recycling. For the Group's properties, we reduce tenant waste through providing specific locations for waste disposal and sorting. Grease oil is collected by a certified environmental contractor, ensuring any non-hazardous waste is properly sorted for disposal and recycling. As a group-wide approach, we have enhanced collection and disclosure of recycling data of hazardous and non-hazardous waste in all operations. Please refer to the section of Summary of Environmental Performance in this report for further details.

Minimising Waste in Hotel Operations

To promote environmentally responsible behaviour, it is imperative to foster a culture of environmental awareness among employees and customers, while also guiding them on a range of eco-friendly practices. For instance, since 2019, STARR Hotel Shanghai has reduced single-use item consumption by not providing disposable toothbrushes, combs, bath wipes, razors, nail files, and shoe wipes, unless specifically requested by guests.

Minimising Air Emissions from Property Development

The Group has implemented various measures to control the amount of air pollutants released during its construction projects. To reduce dust emissions, the Group requires its contractors to adopt dust abatement procedures when undertaking activities such as vehicle movement and material handling on construction sites. The Group has also widely adopted the use of ultra-low sulphur diesel at its development sites to minimise airborne emissions. Furthermore, during its material procurement process, the Group gives priority to building materials with lower volatile organic compounds and those that strictly adhere to the Air Pollution Control (Volatile Organic Compounds) Regulation, thus helping to control air pollution.

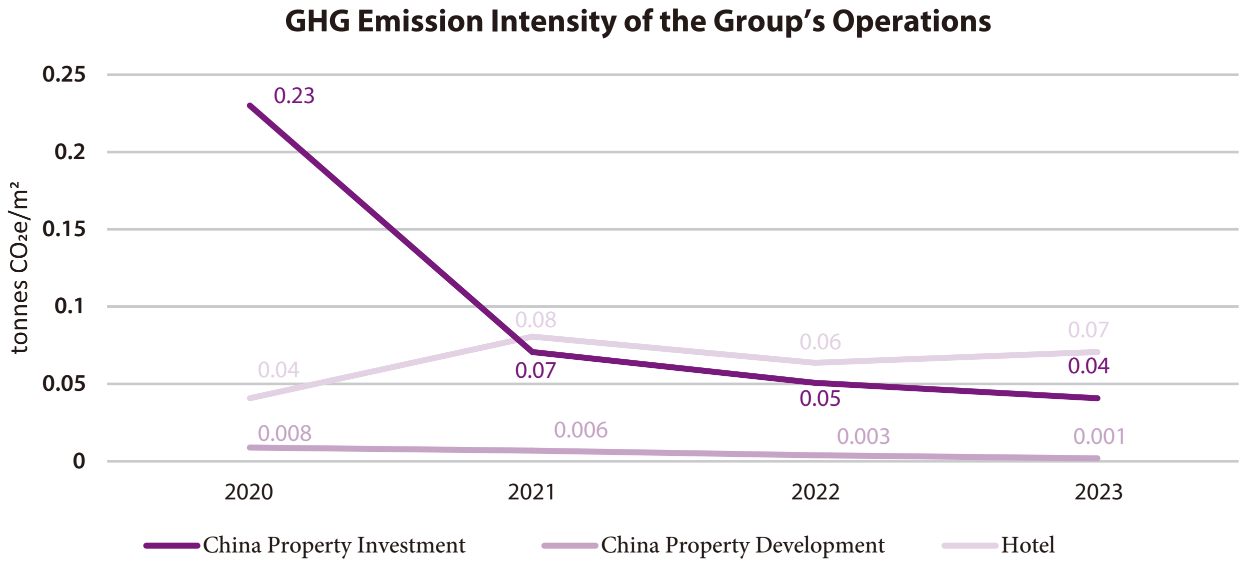
Greenhouse Gas Emissions and Energy

The Group strongly advocates for active energy management through the implementation of green policies and environmental initiatives aimed at reducing energy consumption, as well as GHG emissions. To achieve these goals, we have invested in energy-saving technologies, and adopted locally and internationally recognised standards for building design and construction, which are intended to help us minimise our energy consumption and GHG emissions.

Environment (continued)

Greenhouse Gas Emissions and Energy (continued)

The GHG emission intensity of the Group's operations is shown as follows:



Reducing Energy Consumption in Property Business

The Group's property management team conducts monthly reviews of energy consumption to prevent excessive energy usage. We are committed to continuously improving the resource efficiency of our operations and actively exploring opportunities to reduce our environmental impact.

To achieve our energy targets, various initiatives were successfully implemented to improve energy management systems. Lighting upgrade was in good progress in addition to HVAC systems improvement.

Regarding our property operations, the Group has a Resource and Energy Management Plan in place to direct our resource conservation work. For example, Palm Spring in Zhongshan utilises a centralised air conditioning system with a more energy efficient model, contributing to around 60,000 kWh reduction in electricity consumption each year. Novotown in Hengqin reduces energy consumption through various initiatives, such as utilising wind screen machines for their main doors, varying shut-off times for lights and machinery for different areas within the property, and reducing escalator standby times.

ENVIRONMENT (CONTINUED)

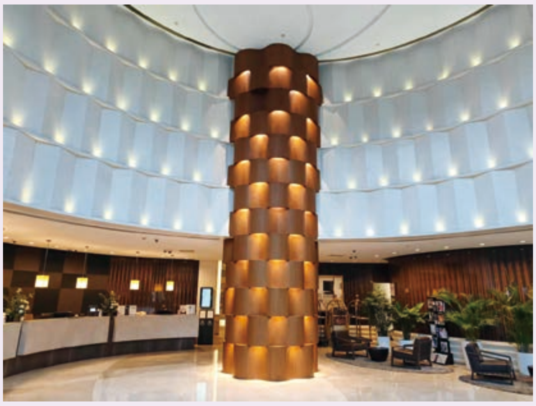
Greenhouse Gas Emissions and Energy (continued)

Minimising Energy Consumption in Hotel Operations

The Group actively engages in resources conservation in our hotels. For instance, Ascott Huaihai Road Shanghai has established a number of measures demonstrated in the case study below. Meanwhile in Hyatt Regency Hengqin, an infrared sensor lighting management system is installed for automatically turning off lighting in hotel rooms when idle for 45 minutes, which can save nearly 200,000 kWh of electricity per year.

Energy Optimisation in Ascott Huaihai Road Shanghai

- Monitor guests' energy use by including terms of energy price cap in the renewal of accommodation agreements in the long term, which is expected to result in a 5% annual decrease in overall electricity consumption
- Established an Energy Conservation Committee to monitor its energy performance, and turn off all air-conditioning, lighting, and computers for unoccupied areas
- Completed the retrofitting of LED lighting during the reporting year, which is estimated to save around 252,700 kWh of electricity per year
- Installed electronically controlled lighting fixtures in public areas, reducing unneeded lighting



Water

Reducing Water Consumption in Property Business

The Group plans to implement a resource management platform in our properties in Shanghai, allowing for monitoring of properties' water consumption, leading to better water consumption management.

Minimising Water Consumption in Hotel Operations

The Group has implemented multiple initiatives in our hotel operation to ensure minimising of water consumption within our business. For Ascott Huaihai Road Shanghai, STARR Hotel Shanghai and Hyatt Regency Hengqin, the hotels retrofitted the water closets with higher water efficiency models, saving an estimated 700-800 tonnes of water per year.

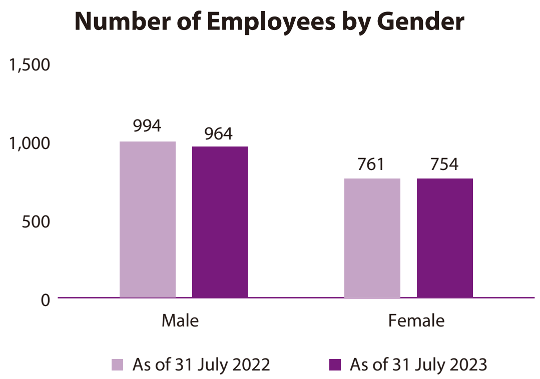
Environmental, Social and Governance Report

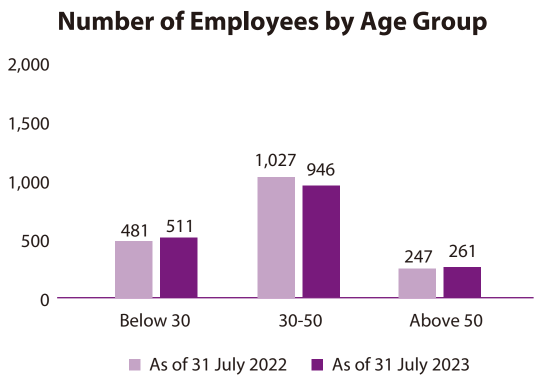
People

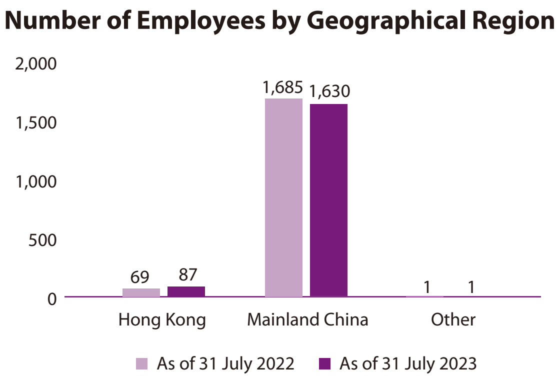
GOOD HEALTH AND WELL-BEING

DECENT WORK AND ECONOMIC GROWTH

Employment Practices







Gender ratio
Male: Female = 1:0.8

Turnover rate
47%

The Group makes the best endeavour to retain and attract talent as we acknowledge the unquestionable importance of employees to a sustainable, successful business. Employees can thrive freely in this sound and unrivalled environment that we create. We strive to maintain such environment by complying with all applicable employment laws and regulations in Mainland China. Meanwhile, our staff handbook states all relevant terms and conditions, including employee benefits, compensation and dismissal, working hours, leave entitlement, anti-discrimination, and the Group's standards for employees' work behaviour and conduct.

Employment Practices (continued)

Effective policies and a grievance mechanism are in place to foster inclusivity and diversity in a professional workplace. In addition to encouraging employees to report any misconduct or wrongdoing by referring to the Code of Conduct and staff handbook, we also ensure that their personal information will be protected with absolute confidentiality. Furthermore, the Group has established several communication channels such as daily emails, meetings, internal newsletters and social media platforms to maintain close relationships with its employees as well as to increase employee engagement for a better workplace.

During the reporting year, there were no instances of non-compliance with employment laws and regulations.

Employee Welfare

By signing the Good Employer Charter of the Labour Department and complying with all relevant laws and regulations, the Group has further affirmed our commitment to building an all-around workplace that provides everything that employees need to grow professionally and personally. We want the workplace to provide employees with care, benefits, communications, and work-life balance. Apart from standardised welfare packages, we provide medical or commercial insurance, social security, and housing benefits to employees in each region.

We also offer well-being programmes and value-added benefits to the employees. We provide a wide range of non-wage compensations, such as vaccination leave, additional holidays, annual health check-ups and free entry to club-house facilities for employees who work in the properties. For our employees, we prepared festive gifts such as mooncakes for employees to celebrate traditional festivals, and increased sense of belonging through organising employee birthday celebrations, staff-appreciation meetings, and Global Health Week activities promoting employee physical and mental health. Overall efforts to build team relations for employee groups across our operations include movie screenings, group fitness classes, BBQ parties, and more.

Health and Safety

Being committed to safeguarding the health and safety of our employees, the Group endeavours to minimise any potential occupational safety risks at all costs. We have tasked the management teams of different business units with implementing health and safety measures while providing regular safety training to all staff. For example, we have appointed fire safety ambassadors to promote fire awareness, and reporting or abating fire hazards. At the same time, protective equipment will be provided for our employees at all premises to prevent any health and safety hazards.

In response to times during the COVID-19 outbreak, we safeguarded employees' health and safety by asking them to conduct voluntary testing, providing free anti-epidemic supplies, requiring them to wear face masks and to do temperature checks, and offering paid vaccination leave and financial support. We have also provided psychological counselling to employees resuming work after the pandemic.

People (continued)

Health and Safety (continued)

The Group places high value on its employees and views them as a crucial asset for long-term business development. The Group regularly organises workshops and events dedicated to promoting health and wellness. 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 aims to be meticulous when addressing potential occupational health and safety risks at construction sites. Measures that help foster a safe working environment are being actively devised and implemented by the Group. There will be at least one safety officer in every project who will oversee any health and safety issues and prepare the on-site management plan. We arrange meetings with the officers once every two weeks to identify safety hazards and discuss the appropriate measures. The regular safety training that we arrange helps provide adequate knowledge for employees so that they can respond well in the events of work-related emergencies as well as prevent those events from happening.

We enforce rigorous safety protocols at all residential and commercial properties we oversee. Our property management teams have access to a safety handbook which they can read at their convenience. The table below summarises the health and safety-related certifications our properties hold.

Certifications	Properties
Guideline of China occupational safety and health management system (GB/T 33000-2016) Level 3 Certification	Shanghai Hong Kong Plaza Shanghai May Flower Plaza

We also provide training and workshops on safety-related risks for all employees, covering all critical aspects of safety management, including fire hazards, safe production practices, and proper equipment usage. We have also organised coaching sessions with qualified trainers providing advice on working at height and health, safety and environmental management.

At Hotels

In hospitality operations, the Safety Committee at Ascott Huaihai Road Shanghai manages health and safety issues by implementing more measures to improve the wellness of the employees. Trainings on how to respond to emergency events, fire hazards, food safety and first-aid performing are provided to employees at the hotels we manage. Clear guidelines on emergency medical response are also implemented by the Safety Committee to ensure employee injuries are sufficiently managed and filed.

PEOPLE (CONTINUED)

Development and Training

Under the ever-changing business environment, the Group is mindful of the importance of cultivating a lifelong learning culture to unleash employees' full potential and enhance capabilities to the latest market standards. Our staff handbook outlines the Group's progressive approaches toward employee development and training programmes. A wide spectrum of on-the-job learning programmes are made available for managerial and frontline employees to upskill their hands-on experience. To help our officers and supervisory grade staff improve their communication and other business abilities, we invite seasoned specialists to conduct lectures on crucial business skills including time management and delegation to managerial grade staff to enhance their management skills.

Total Training Hours
> 27,000 hours

Apart from internal programmes, we also provide financial support if our employees wish to obtain professional qualifications or attend programmes that are held externally, as pursuing career interests is vital to one's professional development.

The Group acknowledges a strong linkage between the performance appraisal and employee's motivation. To recognise valued performers, two evaluations take place in every July and December. The Group offers merit to employees with outstanding results in the forms of salary adjustments and job promotion opportunities.

Capacity Building for the Property Business

A great emphasis is made on enhancing the performance of our property management teams through all stages of the business cycle. New hires are welcomed with structured onboarding sessions to ensure they are familiarised with organisation policies, people, and the culture. Diverse modules are also made available to improve employees' operational productivity and efficiency, ranging from fundamental occupational skills such as property safety management and sales knowledge to personal development including English communication and etiquette. Specifically, lectures on licensing of property management services and land development are offered to sustain their career aspirations and uphold best service to our customers.

Training Opportunities for Hotel Operations

The Group also makes ceaseless commitments in employee cultivation and nurturing of their growth in its hotel operation. Ascott Huaihai Road Shanghai executes diverse programmes such as Red Cross first aid training, handling explosives and combustible objects, and customer service training to deliver lofty customer satisfaction levels. Hyatt Regency Hengqin continues its Management Trainee programme to onboard and coach talented fresh graduates to become a valuable part of the team.

Regardless of the locations where the Group operates, general trainings such as first aid programmes, fire safety and emergency management and etiquette training are delivered. These programmes ensure our workplace security.

PEOPLE (CONTINUED)

Labour Standards

Creating an equitable, constructive, and motivating workplace is fundamental to our business. On top of the policies stipulated in the staff handbook, the Group adheres to international labour standards to respect the protection of proclaimed human rights and dignity of our employees. Our Human Resources Departments are entitled with the overall responsibilities in overseeing employment-related issues and monitoring compliance with laws. All potential candidates undergo a robust screening process to ensure their background and relevant information meet the legal standards. The Group provides clear and well-defined employment and labour terms in the employment contract and does not hire employees aged under 15 to ensure there are no instances of forced or child labour in our operations.

Our business also operates under rigid compliance with the laws and regulations related to forced and child labour and overtime work. In case of any overtime, employees will be paid based on a relevant legal policy. We require the Group contractors to adhere to the stipulations as well. Emerging laws and regulations are closely monitored to make sure we are braced for any changes.

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 implements necessary measures to avoid providing any inaccurate information to our customers. In a bid to prevent any potential misrepresentation in our marketing materials, the contents are reviewed by external and internal solicitors as well as professional checkers.

The Group also adheres to the relevant laws and regulations of "Urban Real Estate Administration Law of the People's Republic of China" on the process of property sales in Mainland China. When compiling marketing materials, we have arranged different departments including finance, project management, sales and marketing to take part in the compilation process to ensure accurate and fair reflection on the actual project planning and surrounding facilities. We make sure none of our marketing materials contain exaggerated, false and misleading content. As a monitoring strategy, the Group also consults our legal and management teams on marketing materials.

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

Service Excellence

Delivering Excellent Property Management Services

The Group aspires to offer customers with high-quality services in the property management operation. The Group periodically sends questionnaires to customers to collect their opinions and understand their satisfaction level on the Group's services, including customer service, security service, environmental greening and construction management. Various properties have obtained certificates related to quality management and service excellence, ensuring their standards are in alignment with the industry best practice:

ISO and Other Certifications	Properties
ISO 9001:2015 Quality management systems	Shanghai Hong Kong Plaza Guangzhou May Flower Plaza Guangzhou West Point Hengqin Novotown
2022 Zhuhai Property Management Demonstration Project	Hengqin Novotown
Advanced Property Management Community and Excellent Unit	Zhongshan Palm Spring

Operating Practices (continued)

Service Excellence (continued)

Delivering Excellent Property Management Services (continued)

We also maintained a high customer satisfaction rate across our properties during the reporting year. For example, among the 6 properties in Shanghai, Guangzhou and Zhongshan where we conducted customer satisfaction surveys, all properties received a customer satisfaction score of 97% or above.

In the long run, the Group understands that all feedback received is essential to improving the quality of property management services. To further enhance employee performance, Guangzhou, Shanghai and Hengqin operations have provided employees with customer service and personal grooming training.

The Group has put in place a set of standard complaint handling guidelines and procedures to guide the frontline staff of the Group's managed properties to professionally handle complaints from customers and tenants. A Person-in-charge is appointed to formally process the complaint to a complaint register and supervise its handling and follow-up actions. We will retain all complaint information and documents for at least 3 years from the complaint's receipt. However, anonymous complaints or those pertaining to matters that occurred over 12 months ago will not be addressed, but records will be kept for future reference.

We value customers' feedback on our customer service, so we have set up a customer complaint box and customer service hotline to understand their opinion and expectations on our services. During the reporting year, our properties in Guangzhou, Zhongshan and Shanghai received 10, 18 and 15 complaints, respectively. Our property management teams have followed up the complaints and have taken the appropriate detailed actions, as standard practice across our portfolio. For example, we prohibited takeaways and couriers from entering into the building after receiving expressed concern on order and safety of the building in Guangzhou, and introduced smart lockers to provide fast and convenient food pickup service to building tenants.

The Group promotes direct communication with the complainers to make sure relevant complaints are properly followed up and resolved. All complaints will be duly filed to ensure future improvements of the Group.

Maintaining Excellent Services in Hotel Operations

For hotel operation, the Group endeavours to identify potential complaints as early as possible and adopt timely corrective actions upon receiving the complaints. Every member of the management team is well trained to handle complaints in various circumstances. As stated in the Group's management policy, it is mandatory for pertinent employees to submit daily incident reports to the headquarters to ensure all issues are properly followed up.

To monitor the quality of our services at hotels, we strive to collect customer feedback via various channels. For instance, Ascott Huaihai Road Shanghai's customer satisfaction surveys are distributed to guests via email after the check-out procedure, achieving an 80% satisfaction score as the latest score received in May 2023. Each complaint is analysed by the front desk team, and the team manager promptly notifies the operations team to discuss remedial action.

With the aim of encouraging employees to provide high quality services, our hotels also regularly evaluate and appraise their performance. For instance, Hyatt Regency Hengqin has set up the Hyatt Star Awards for outstanding employees to redeem points for complimentary buffet meals and hotel stays.

Operating Practices (continued)

Customer Health and Safety

From witnessing the significant impact of COVID-19 on the overall well-being of customers and employees, as well as on business operations, the Company understands the importance of safeguarding health and safety and has taken various preventative actions. For instance, special technicians are employed for equipment maintenance and fire drills are held for tenants and employees on a regular basis.

Ensuring Customer Health and Safety in Property Management Services

In our managed properties, we have implemented strict measures to ensure the health and safety of our customers and staff. We conduct air-conditioning water quality testing, regular cleaning of grease ducts, and domestic water tank cleaning and water quality testing in Guangzhou, and daily inspections for fire safety, regular inspection of safety hazards, noise source inspection, and engagement of qualified units to ensure the safety of equipment operation warning in Zhongshan. We also conduct regular fire drills or training for tenants and staff.

Ensuring Customer Health and Safety in Hotel Operations

Our staff are trained in procedures for handling theft or violence incidents and hazardous materials. For example, at Hyatt Regency Hengqin, we have passed the annual system certification audit of ISO 22000:2018 required by the Hyatt Group and undergone professional inspection by an authoritative organisation — Intertek.

The Group did not have any non-compliance incidents related to food safety and hygiene during the reporting year.

Data Protection and Privacy

The Group endeavours to build a trusting relationship with its customers by protecting their privacy. When handling personal and confidential data, the Group fully abides by Cybersecurity Law of the People's Republic of China ("**PRC**") strictly. Personal and confidential data will be handled with caution, and the Group only collects personal data from its employees, suppliers or customers when necessary. Data providers are well informed to sign a Personal Information Collection Statement before their personal information is about to be collected. The practice is also made known to our business partners and clients to avoid confusion. During the reporting year, there were no recorded incidents of non-compliance with data privacy.

Property Business

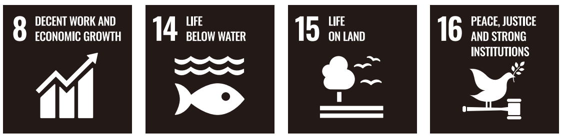
The Group has established policies and procedures to protect customer data, including the existing Group Information Technology Operation Manual and the Lai Fung Holdings (Guangzhou) Information Management System Policy. In the reporting year, we have introduced the IT Security Policy (2022 Edition) and the Hengqin Information System/IT Management System. Moreover, the Group has implemented a set of written procedures to provide guidance for property sales and management on personal data collection and handling. All information collected is stored in an absolutely confidential manner and only for sales purposes. Data obtained during the sales process, including Personal Data Collection Statement, all personal data and sales records, are stored in the internal system of the Group which only management level employees are allowed to access, and other staff must gain permission from the management before accessing the system to browse their own customer information. Terms regarding personal data privacy of employees, and information protection awareness for employees engaging with operations data and technology, are outlined in our staff handbook.

Operating Practices (continued)

Data Protection and Privacy (continued)

Hotel Operations
While the Group provides individualised and superior services to customers, information security maintains as the top priority. Various data handling procedures and policies are in place to standardise the data collection procedures in our hotel operations, including the Information Protection & Cyber Security Policy, the Information Protection Awareness Guide and compliance with the Payment Card Industry Data Security Standard. In addition, the Group provides training sessions regarding the above-mentioned contents to its employees to ensure they are aware of the guidelines.

Supply Chain Management



To ensure the quality of our products and services, the Group adheres to the principles of being transparent and fair in our tendering process as well as supply chain operation and management. We do so by working closely with all business partners and selecting suppliers with many attributes taken into account, such as their quality, strength and experience.

ESG Considerations in Selecting Construction Contractors
The Group has established a comprehensive tendering procedure that specifies the required quotation for construction projects in different scales. Contractors are required to comply with the Group's standards and requirements in local regulations. In terms of the environmental and safety performance, the Group has included selection criteria in the tendering process that evaluates whether the contractor's environmental and safety practices meet our standards. To guarantee that the relevant procedures are effectively carried out, all selected contractors are required to submit an Environmental Management Plan and a Safety Management Plan to the Group. Relevant parties working at our Shanghai construction sites must also sign a subcontractor construction safety agreement. Moreover, to ensure new suppliers comply with our environmental protection requirements, they must sign a confirmation to acknowledge such requirements.

The environmental and safety management plan and the environmental impact assessment have outlined the mitigation measures that the contractors must follow to minimise the negative effects of pollution and waste on the surrounding environment. Moreover, regular site visits are conducted by the management team. During the visits, the quality of the project and the environment, health and safety conditions were discussed with the building services inspectors, project supervisors, resident site engineers, and other members of the site management team as well as authorised third-party consultants.

Selecting Sustainable Suppliers for Hotels
The Group has established a standardised procurement procedure for supplier selection for hotels. For example, at Ascott Huaihai Road Shanghai, suppliers must meet the requirements for waste management, material usage, and safety equipment as mentioned in the hotel's Sustainable Building Guideline and Occupational Health and Safety Plan.

OPERATING PRACTICES (CONTINUED)

Integrity and Discipline

Being committed to upholding absolute integrity, fairness and discipline in the business, the Group expects its employees to strictly follow all rules and procedures in line with applicable laws and regulations. No fraud or corruption should, in any case, be tolerated regardless of the business segment, and we strive to prevent it at all costs.

Our staff handbook explicitly states the definition of "advantages" and outlines the procedures for employees to follow, preventing any bribery, corruption, and conflicts of interests from happening. Our Anti-Fraud and Anti-Corruption Policy ensures that the Group operates in a high standard of integrity, openness and discipline. We also expect employees to declare or make known to the management when handling presents and gifts as the action could be deemed suspicious and unethical. If any misconduct is discovered, the person responsible will be subject to termination or legal consequences. Regular anti-fraud and anti-corruption trainings are provided to all employees including directors.

The Group has set up designated training across our businesses. We held anti-corruption training across our property operations. All new employees receive anti-corruption training which is included within their induction. Beyond internal training, we cooperated with the government to foster anti-corruption practices and integrity through promotional material, including posters and educational films displayed on project bulletin boards and screens. We also arranged lectures on the Communist Party Anti-Corruption Law of the People's Republic of China for our staff. We invited representative from the Independent Commission Against Corruption to provide both "Prevention of Bribery Ordinance" and integrity compliance training during the reporting year.

The Group also has a Whistleblowing Policy as a monitoring and control system to allow employees and relevant third parties such as customers, suppliers, creditors and debtors to report any concerns. The policy sets out how reports of inappropriate acts can be made and how they are reviewed and investigated. The Group will handle all whistleblowing reports with care and treat the whistleblower's concerns fairly and properly. During the reporting year, there were no non-compliance cases in relation to bribery, extortion, fraud and money laundering. There were also no legal cases regarding corrupt practices brought against the Group or its employees during the reporting year.

Intellectual Property Rights

To preserve all intellectual property rights, the Group has implemented appropriate security safeguards and confidentiality agreements. All agreements on collaboration with third parties in all business segments and within the Group are reviewed by the Group's legal team to avoid infringements and breaches.

Community

As a responsible corporate, the Group recognises the significance of community engagement and its impact on sustainable development. We remain committed to fulfilling our corporate social responsibilities by giving back to the communities where we operate. We focus on supporting charitable organisations and the underprivileged through donations and voluntary activities. We aim to create long-term impact and devote majority of our resources towards employment and youth education, with particular emphasis on aiding households and people with disabilities.

The Group has organised a variety of charity events to show our love and care to the society. During the reporting year, the Group jointly held the "Warmth for Anti-epidemic" event with JPG Coffee Shop to distribute free coffee to medical staff and citizens at the Guangzhou Lai Fung Tower. Meanwhile, the Group also proactively participated in fundraising events. We donated RMB500,000 to the Guizhou Charity Federation and fundraised RMB20,000 during the charity walk in Zhongshan.

Our involvement in these activities demonstrates our commitment to giving back to the community and creating a positive impact on society.

Summary Of Environmental Performance Note 1 Note 2

Reporting Scope

China Property Investment Note 3	China Property Development	Hotel
• Shanghai Hong Kong Plaza • Shanghai May Flower Plaza • Shanghai Regents Park • Guangzhou May Flower Plaza • Guangzhou West Point • Guangzhou Lai Fung Tower • Zhongshan Palm Spring • Hengqin Novotown Phase I • Guangzhou Lai Fung International Center • Shanghai Skyline Tower	• Hengqin Novotown Phase II	• Ascott Huaihai Road Shanghai • STARR Hotel Shanghai • Hyatt Regency Hengqin

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 25 Mar 2022)" 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: Total data figures are summed up using unrounded figures.

Note 3: Compared with the year ended 31 July 2022, Guangzhou Lai Fung International Center and Shanghai Skyline Tower are recategorised from China Property Development to China Property Investment.

Summary Of Environmental Performance Note 1 Note 2 (continued)

	Unit	Total		China Property Investment		China Property Development		Hotel	
		2023	2022	2023	2022	2023	2022	2023	2022 Note 4
A1.1 The types of air emissions and respective emissions data									
Nitrogen oxides ("**NOx**") emissions	kg	2,559	2,367	2,055	1,972	0	0	504	395
Sulphur oxides ("**SOx**") emissions	kg	0.39	0.28	0.39	0.28	0	0	0	0
Particulate Matter ("**PM**") emissions	kg	1.84	0.84	1.33	0.11	0	0	0.51	0.73
Total air emissions	**kg**	**2,561**	**2,368**	**2,057**	**1,972**	**0**	**0**	**504**	**396**
A1.2 GHG emissions in total and intensity									
Direct GHG emissions (Scope 1)	tonnes CO_2e	2,629	2,437	2,123	2,036	0	0	506	401
Indirect GHG emissions (Scope 2)	tonnes CO_2e	61,950	60,285	54,548	52,175	511	1,669	6,891	6,441
Total GHG emissions Note 5	**tonnes CO_2e**	**64,579**	**62,721**	**56,671**	**54,211**	**511**	**1,669**	**7,397**	**6,841**
GHG emissions intensity	**tonnes CO_2e/m^2**	**0.03**	**0.04**	**0.04**	**0.05**	**0.001**	**0.003**	**0.07**	**0.06**
A1.3 Total hazardous waste produced and intensity									
Total hazardous waste produced Note 6	**kg**	**1,397**	**1,165**	**995**	**910**	**0**	**0**	**402**	**255**
Percentage of hazardous waste recycled	**%**	**8.76**	**8.26**	**3.52**	**1.87**	**0**	**0**	**22**	**31**
Hazardous waste intensity	**kg/m^2**	**0.001**	**0.001**	**0.001**	**0.001**	**0**	**0**	**0.004**	**0.002**

Note 4: COVID-19 outbreak led to a lower-than-usual environmental footprint during the year ended 31 July 2022.

Note 5: Natural gas is calculated with reference to "Emission Factors for Greenhouse Gas Inventories" by US EPA.

Note 6: Hazardous waste produced includes fluorescent lamp, chemical disposal and toner cartridge waste.

Summary Of Environmental Performance Note 1 Note 2 (continued)

	Unit	Total		China Property Investment		China Property Development		Hotel	
		2023	2022	2023	2022	2023	2022	2023	2022 Note 4
A1.4 Total non-hazardous waste produced and intensity									
Construction waste disposed Note 7	tonnes	6,609	7,543	6,609	6,497	0	1,046	N/A	N/A
Food waste disposed Note 8	tonnes	2,693	2,715	2,691	2,714	N/A	N/A	1.32	1.25
General waste disposed	tonnes	7,586	6,519	7,533	6,483	N/A	N/A	53	36
Paper disposed	tonnes	1.02	0.76	N/A	N/A	N/A	N/A	1.02	0.76
Plastic disposed	tonnes	0.63	0.18	N/A	N/A	N/A	N/A	0.63	0.18
Total non-hazardous waste produced *(including recycling waste)*	**tonnes**	**17,070**	**17,869**	**16,833**	**15,700**	**0**	**2,084**	**236**	**85**
Percentage of non-hazardous waste recycled	**%**	**1.05**	**6.11**	**0**	**0.04**	**0**	**50**	**76**	**55**
Non-hazardous waste produced intensity	**kg/m^2**	**9**	**10**	**12**	**15**	**0**	**3.79**	**2.17**	**0.78**
A2.1 Direct and/or indirect energy consumption by type in total and intensity									
Electricity consumption	MWh	106,627	98,812	93,887	85,518	879	2,736	11,861	10,557
Gas consumption Note 9	MWh	14,078	13,135	11,319	10,945	N/A	N/A	2,759	2,190
Diesel oil consumption	MWh	8.27	8.06	5.67	5.35	N/A	N/A	2.60	2.71
Gasoline consumption	MWh	275	198	256	187	N/A	N/A	19	11
Total energy consumption	**MWh**	**120,989**	**112,152**	**105,468**	**96,656**	**879**	**2,736**	**14,642**	**12,760**
Energy consumption intensity	**kWh/m^2**	**64**	**65**	**76**	**92**	**2.23**	**4.97**	**134**	**117**
A2.2 Water consumption in total and intensity									
Water consumption	m^3	1,244,059	1,244,333	1,070,388	1,025,505	37,349	115,921	136,322	102,907
Water consumption intensity	**m^3/m^2**	**0.66**	**0.73**	**0.77**	**0.97**	**0.09**	**0.21**	**1.25**	**0.94**

Note 7: Construction waste includes renovation waste, general construction waste, soil excavation, concrete, bricks, timber and steel.

Note 8: Food waste includes grease oil and waste oil.

Note 9: Gas consumption includes natural gas and towngas.

Summary of Social Performance

The Group Note 10	Unit	2023	2022
B1.1 Total Workforce by gender, employment type, age group and geographical region (excluding contractors and subcontractors)			
Number of employees	No. of people	1,718	1,755
By gender			
Male	No. of people	964	994
Female	No. of people	754	761
By age group			
Below 30	No. of people	511	481
30-50	No. of people	946	1,027
Above 50	No. of people	261	247
By employment type			
Full time — Male	No. of people	946	976
Full time — Female	No. of people	749	760
Part time — Male	No. of people	18	18
Part time — Female	No. of people	5	1
By geographical region			
Hong Kong SAR	No. of people	87	69
Mainland China	No. of people	1,630	1,685
Other	No. of people	1	1
B1.2 Employee turnover rate by gender, age group and geographical region Note 11			
Total employee turnover rate	%	47	38
By gender			
Male	%	47	39
Female	%	46	36
By age group			
Below 30	%	78	77
30-50	%	36	24
Above 50	%	25	19
By geographical region			
Hong Kong SAR	%	30	23
Mainland China	%	47	38
Other	%	0	0

Note 10: The reporting scope Summary of Social Performance includes Lai Fung Holdings Limited and its subsidiaries.

Note 11: Turnover rate (in percentage) = Total number of employees leaving employment in the category/Total number of employees in the category × 100% for financial years 2021/2022 and 2022/2023, including all full-time and part-time employees.

Summary Of Social Performance (continued)

The Group [Note 10]	Unit	2023	2022
B2.1 Number and rate of work-related fatalities [Note 12]			
Number of work-related fatalities	No. of fatalities	0	0
Rate of work-related fatalities	%	0	0
B2.2 Lost days due to work injury			
Number of lost days	No. of lost days	167	318
Number of attendance by employees attended training by gender and employee category			
By employee category			
Senior management	No. of attendance	46	26
Middle management	No. of attendance	437	270
General staff	No. of attendance	4,111	5,622
By gender			
Male	No. of attendance	2,948	3,352
Female	No. of attendance	1,646	2,566
B3.2 The average training hours completed per employee by gender and employee category [Note 13]			
By employee category			
Senior management	No. of hours	2	1
Middle management	No. of hours	8	4
General staff	No. of hours	18	14
By gender			
Male	No. of hours	17	12
Female	No. of hours	14	12
B5.1 Number of suppliers by geographical region			
Hong Kong SAR	No. of suppliers	25	22
Mainland China	No. of suppliers	1,308	1,009
Other	No. of suppliers	4	17
B8.2 Resources contributed to community investment			
Cash donations	HKD	2,824,000	2,692,000
Volunteering hours	Hours	36	14

Note 12: Number and rate of work-related fatalities that occurred in each of the past three years including the reporting year was 0.

Note 13: Average number of training hours per employee = Total training hours in the category/Total workforce in the category.

Environmental, Social and Governance Report

List of Significant Laws and Regulations

Environment

Aspect A1-A3: Environmental

- Environmental Protection Law of the 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

- Labour Law of the PRC
- Labour Contract Law of the PRC

Aspect B2: Health and Safety

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

Aspect B4: Labour Standards

- Labour Laws of the PRC
- Provisions on the Prohibition of Using Child Labour

Operating Practices

Aspect B6: Product Responsibility

- Urban Real Estate Administration Law of the PRC
- Law of the PRC on Protection of Consumer Rights and Interests
- Cybersecurity Law of the PRC

Aspect B7: Anti-corruption

- Criminal Law of the PRC
- Anti-corruption Law of the PRC

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.	Integrating Environmental Sustainability into Our Operations; Waste and Air Emissions to the Environment
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.	Integrating Environmental Sustainability into Our Operations; Greenhouse Gas Emissions and Energy; Waste and Air 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.	Integrating Environmental Sustainability into Our Operations; Waste and Air Emissions to the Environment
Aspect A2: Use of Resources (1) — GHG Emissions and Energy		
General Disclosure	Policies on the efficient use of resources, including energy and other raw materials.	Integrating Environmental Sustainability into Our Operations; Greenhouse Gas Emissions and Energy
A2.1	Direct and/or indirect energy 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
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Integrating Environmental Sustainability into Our Operations; Greenhouse Gas Emissions and Energy
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 majority of the Group's business.

References to HKEX ESG Reporting Guide (continued)

Subject Areas, Aspects, General Disclosure and KPIs		Sections/Remarks
Aspect A2: Use of Resources (2) — Water		
General Disclosure	Policies on the efficient use of resources, including water.	Integrating Environmental Sustainability into Our Operations; Water
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Summary of Environmental Performance
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.	Water; No water efficiency targets are in place during the reporting year.
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising 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.	Integrating Environmental Sustainability into Our Operations; Waste and Air Emissions to the Environment; Greenhouse Gas Emissions and Energy; Water
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
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

REFERENCES TO HKEX ESG REPORTING GUIDE (CONTINUED)

Subject Areas, Aspects, General Disclosure and KPIs		Sections/Remarks
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

References to HKEX ESG Reporting Guide (continued)

Subject Areas, Aspects, General Disclosure and KPIs		Sections/Remarks
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.
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.

References to HKEX ESG Reporting Guide (continued)

Subject Areas, Aspects, General Disclosure and KPIs		Sections/Remarks
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 for compliance with the principles and code provisions set out from time to time in the Corporate Governance Code ("**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**" and "**Stock Exchange**", respectively).

(1) Corporate Governance Practices

The Company has complied with all the code provisions set out in the CG Code for the year ended 31 July 2023 ("**Year**").

(2) Corporate Culture and Strategy

The Company acts as an investment holding company and the principal activities of its subsidiaries (together with the Company, "**Group**") include the investment and development of serviced apartments, residential, office and commercial properties and development and operation of and investment in cultural, leisure, entertainment and related facilities in China. As a group with diversified businesses, by recognising the importance of stakeholders at the Board level and throughout the Group, we strive to provide high quality and reliable products and services, and to create values to the stakeholders through sustainable growth and continuous development.

The board of directors of the Company ("**Board**" and "**Directors**", respectively) has set out the following values to provide guidance on employees' conduct and behaviours as well as the business activities, and to ensure they are embedded throughout the Company's vision, mission, policies and business strategies:

(a) Integrity — we strive to do what is right;

(b) Excellence — we aim to deliver excellence;

(c) Collaboration — we are always better together;

(d) Accountability — we are accountable for delivering on our commitments;

(e) Empathy — we care about our stakeholders — employees, customers, supply chain and the community; and

(f) Sustainability — we are committed to a sustainable future.

The Group will continuously review and adjust, if necessary, its business strategies and keep track of the changing market conditions to ensure prompt and proactive measures will be taken to respond to the changes and meet the market needs to foster the sustainability of the Group.

(3) Board of Directors

(3.1) 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 the shareholders of the Company ("**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, the Nomination 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 Group's overall business and commercial strategy as well as overall policies and guidelines. The Board has also delegated the environmental, social and governance ("**ESG**") management to the Executive Committee.

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. All Directors are entitled to retain independent professional advisors at the Company's expense where necessary.

(3) Board of Directors (continued)

(3.2) Composition of the Board

The Board currently comprises 13 members, of whom seven are executive Directors ("**EDs**") and the remaining six are independent non-executive Directors ("**INEDs**"), exceeding 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 on the Board during the Year and up to the date of this Annual Report are as follows:

Executive Directors	
Lam Kin Ngok, Peter *(Chairman)*	(appointed on 2 June 2023)
Lam Kin Hong, Matthew *(Executive Deputy Chairman)*	
Lam Hau Yin, Lester *(Chief Executive Officer)* *(also alternate director to U Po Chu)*	
Cheng Shin How	
Cheung Sum, Sam	(appointed on 1 August 2023)
Lee Tze Yan, Ernest	
U Po Chu	
Non-executive Director	
Chew Fook Aun *(Deputy Chairman)* *(Note)*	(re-designated on 2 June 2023 and resigned on 1 October 2023)
Independent Non-executive Directors	
Au Hoi Fung	(appointed on 1 August 2023)
Ku Moon Lun	
Lam Bing Kwan	
Law Kin Ho	
Mak Wing Sum, Alvin	
Shek Lai Him, Abraham	

*Note: Mr. Chew Fook Aun was re-designated from the Chairman of the Board and an ED to the Deputy Chairman of the Board and a non-executive Director ("**NED**") on 2 June 2023.*

The brief biographical particulars of the current Directors are set out in the section headed "Biographical Details of Directors" of this Annual Report on pages 93 to 99.

Dr. Lam Kin Ngok, Peter is the son of Madam U Po Chu, the elder brother of Mr. Lam Kin Hong, Matthew and the father of Mr. Lam Hau Yin, Lester. Save as aforesaid and as disclosed 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.

(3) Board of Directors (continued)

(3.3) Board Independence

The Board has established mechanisms to ensure independent views and input are available to the Board and such mechanisms will be reviewed annually by the Board. On 17 October 2023, the Board has reviewed the implementation and effectiveness of the following mechanisms at the Board meeting:

(a) Six out of the 13 Directors are INEDs, which exceeds the requirement of the Listing Rules that at least one-third of the Board are independent non-executive directors.

(b) The Nomination Committee will assess the independence of a candidate who is nominated to be a new INED before appointment and the continued independence of the current long-serving INEDs on an annual basis. All INEDs are required to submit a written confirmation to the Company annually to confirm the independence of each of them and their immediate family members, and their compliance with the requirements as set out in the Rule 3.13 of the Listing Rules.

(c) All Directors are entitled to retain independent professional advisors as and when it is required.

(d) All Directors are encouraged to express their views in an open and candid manner during the Board/Board Committees meetings.

(e) The Chairman of the Board will meet with the INEDs at least annually without the presence of the EDs.

(f) A Director (including INED) who has material interest in any contract, transaction or arrangement shall abstain from voting and not be counted in the quorum on any Board resolution approving the same.

(g) No equity-based remuneration with performance-related elements will be granted to INEDs.

(3) Board of Directors (continued)

(3.4) Attendance Record at Board Meetings

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

Directors	Number of Meetings Attended/ Number of Meetings Held
Executive Directors*	
Lam Kin Ngok, Peter *(Note 1)*	1/1
Lam Kin Hong, Matthew	6/6
Lam Hau Yin, Lester	
(also alternate director to U Po Chu)	6/6
Cheng Shin How	6/6
Lee Tze Yan, Ernest	5/6
U Po Chu	6/6
Non-executive Director	
Chew Fook Aun *(Note 2)*	6/6
Independent Non-executive Directors**	
Ku Moon Lun	5/6
Lam Bing Kwan	6/6
Law Kin Ho	6/6
Mak Wing Sum, Alvin	6/6
Shek Lai Him, Abraham	6/6

During the Year, the Chairman of the Board met all INEDs without the presence of the EDs.

Notes:

1. *Dr. Lam Kin Ngok, Peter was appointed an ED and elected as the Chairman of the Board on 2 June 2023.*
2. *Mr. Chew Fook Aun was re-designated from the Chairman of the Board and an ED to the Deputy Chairman of the Board and a NED on 2 June 2023. Mr. Chew resigned as a NED on 1 October 2023.*

* *Mr. Cheung Sum, Sam was appointed an ED on 1 August 2023.*

** *Mr. Au Hoi Fung was appointed an INED on 1 August 2023.*

(3) Board of Directors (continued)

(3.5) INEDs

The Company has complied with the requirements under Rules 3.10(1) and (2) of the Listing Rules. The former Rule requires that every board of directors of a listed issuer must include at least three independent non-executive directors and the latter Rule requires that at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise. The Company has received a written annual confirmation from each of the INEDs in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. Both the Nomination Committee and the Board have assessed the independence of all INEDs and are of the view that all of them are independent.

Messrs. Ku Moon Lun, Lam Bing Kwan, Law Kin Ho, Mak Wing Sum, Alvin and Shek Lai Him, Abraham have served on the Board as INEDs for more than nine years. Notwithstanding their long term services, given their extensive experience as professional accountant or seasoned business leader would significantly contribute to the strategy development and continuous improvement on internal controls and other relevant financial and corporate governance matters of the Company, the Nomination Committee is satisfied that they demonstrate complete independence in character and judgement to fulfil their designated roles, and the Board is of the opinion that they continue to bring independent and objective perspectives to the Company's affairs. As all INEDs during the Year have served more than nine years on the Board, Mr. Au Hoi Fung has been appointed as an additional INED on 1 August 2023 pursuant to code provision B.2.4(b) of the CG Code.

Mr. Au Hoi Fung will retire as Director at the forthcoming annual general meeting of the Company ("**AGM**") and, being eligible, offer himself for election. The Board has received a written annual confirmation of independence from Mr. Au and taking into account the various matters as set out in Rule 3.13 of the Listing Rules, both the Nomination Committee and the Board are satisfied that Mr. Au has the required character and experience to fulfill the role of an INED and consider that the election of Mr. Au as an INED at the forthcoming AGM is in the best interest of the Company and its Shareholders as a whole.

(3.6) NEDs

None of the existing NEDs (including the INEDs) is appointed for a specific term. Every Director is subject to retirement by rotation at least once every three years.

(3.7) Directors' and Officers' Liabilities Insurance

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

(4) 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 on the latest development of applicable laws, rules and regulations for the Directors to assist them in discharging their duties.

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

According to the records maintained by the Company, the 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 (Note 1)	√	√	√	—
Lam Kin Hong, Matthew	√	√	√	√
Lam Hau Yin, Lester *(also alternate director to U Po Chu)*	√	√	√	√
Cheng Shin How	√	√	√	—
Lee Tze Yan, Ernest	√	√	√	√
U Po Chu	√	√	√	—
Non-executive Director				
Chew Fook Aun (Note 2)	√	√	√	√
Independent Non-executive Directors**				
Ku Moon Lun	√	√	√	√
Lam Bing Kwan	√	√	√	√
Law Kin Ho	√	√	√	√
Mak Wing Sum, Alvin	√	√	√	√
Shek Lai Him, Abraham	√	√	√	√

Notes:

1. *Dr. Lam Kin Ngok, Peter was appointed an ED and elected as the Chairman of the Board on 2 June 2023.*
2. *Mr. Chew Fook Aun was re-designated from the Chairman of the Board and an ED to the Deputy Chairman of the Board and a NED on 2 June 2023. Mr. Chew resigned as a NED on 1 October 2023.*

* *Mr. Cheung Sum, Sam was appointed an ED on 1 August 2023.*

** *Mr. Au Hoi Fung was appointed an INED on 1 August 2023.*

(5) 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 Executive Committee is also responsible for overseeing the Company's ESG matters. The Board has also delegated its authority to the following Committees to assist it in the implementation of its functions:

(5.1) Audit Committee

The Board established an Audit Committee on 31 March 2000 which currently comprises four members, all being INEDs, namely Messrs. Law Kin Ho (Chairman), Ku Moon Lun, Lam Bing Kwan and Mak Wing Sum, Alvin up to the date of this Annual Report.

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 independent non-executive director) 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)

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 for performing the corporate governance functions and overseeing the Company's risk management and internal control systems, and arrangements under the Company's Whistleblowing Policy.

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 then revised in line with the CG Policy and had incorporated the corporate governance-related functions which include the responsibilities to develop, review, monitor, and make recommendations to the Board (as appropriate) in respect of the Company's policies and practices of corporate governance (including the compliance with the CG Code and the relevant disclosures in the Company's interim and annual reports), the practices in compliance with legal and regulatory requirements, and the training and continuous professional development of the Directors and senior management.

The terms of reference setting out the Audit Committee's authority, duties and responsibilities are available on the respective websites of Hong Kong Exchanges and Clearing Limited ("**HKEX**") and the Company.

(5) Board Committees (continued)

(5.1) Audit Committee (continued)

(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 2022, the unaudited interim results of the Company for the six months ended 31 January 2023 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. It has also reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report. Further, it has reviewed the budget for the ensuing year and internal control review reports and put forward relevant recommendations to the Board for approval. And it has reviewed and accepted to provide pre-concurrence for provision of non-assurance services ("**NAS**") by the independent auditor of the Company ("**Independent Auditor**") and a threshold for each individual NAS was set. In addition, the Audit Committee held private session with the Independent Auditor separately without the presence of management.

On 17 October 2023, 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. It also reviewed this Corporate Governance Report, risk management report and certain internal control review reports on the Company prepared by the independent professional advisor. In addition, the Audit Committee has assessed the effectiveness of the Group's systems of risk management and internal control. Further, it has reviewed and approved the proposal for internal audit services for the three financial years ending 31 July 2026.

(c) Attendance record at the Audit Committee meetings

The attendance record of individual members at the Audit Committee meetings held during the Year is set out below:

Committee Members	Number of Meetings Attended/ Number of Meetings Held
Independent Non-executive Directors	
Law Kin Ho	3/3
Ku Moon Lun	3/3
Lam Bing Kwan	3/3
Mak Wing Sum, Alvin	3/3

(5) Board Committees (continued)

(5.2) Nomination Committee

The Board established a Nomination Committee on 21 January 2022, which currently comprises three members, including an ED, Dr. Lam Kin Ngok, Peter (Chairman), and two INEDs, namely Mr. Mak Wing Sum, Alvin and Mr. Shek Lai Him, Abraham up to the date of this Annual Report. On 2 June 2023, Dr. Lam Kin Ngok, Peter was appointed the chairman of the Nomination Committee in place of Mr. Chew Fook Aun who was re-designated as the Deputy Chairman of the Board and a NED. Mr. Cheng Shin How, an ED, was appointed the alternate to Dr. Lam Kin Ngok, Peter on the same date.

The Company has complied with Rule 3.27A of the Listing Rules, which requires that a Nomination Committee chaired by the chairman of the board of directors or an independent non-executive director and comprising a majority of independent non-executive directors must be established.

The terms of reference setting out the Nomination Committee's authority, duties and responsibilities are available on the respective websites of the HKEX and the Company.

(a) Duties of the Nomination Committee

The Nomination Committee is responsible for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least once annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy and promote shareholder value. It is in charged of identifying suitable director candidates and selecting or making recommendations to the Board on the selection of individuals to be nominated for directorships. It also assesses the independence of INEDs and make recommendations to the Board on the appointment or reappointment of Directors and succession planning for Directors.

The Company has adopted the Nomination Policy and Board Diversity Policy, and the Nomination Committee is responsible for reviewing these policies periodically to ensure their effectiveness and making recommendations on any proposed revisions to the Board.

(5) Board Committees (continued)

(5.2) Nomination Committee (continued)

(a) *Duties of the Nomination Committee (continued)*

(i) *Nomination Policy for the Directors*

The Company has adopted a Nomination Policy in January 2019 with updates last made on 21 January 2022, which sets out the criteria, process and procedures by which the Company will select candidates 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, diversity perspectives set out in the Board Diversity Policy, the candidate's time and commitment and integrity, and the independence criteria 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 Nomination Committee subject to the Board's approval. Shareholders may also nominate a person to stand for election as a Director at a general meeting in accordance with the Second Amended and Restated Articles of Association of the Company ("**Articles of Association**") and applicable laws and regulations. The procedures for such proposal are posted on the website of the Company. During the Year, the Nomination Committee 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 of the Company. The independence of the INEDs was assessed according to the relevant rules and requirements under the Listing Rules. The Nomination Committee will review the Nomination Policy, as appropriate, to ensure its continued effectiveness.

The Nomination Policy was last reviewed by the Nomination Committee on 17 October 2023.

(ii) *Board Diversity Policy*

A Board Diversity Policy was first adopted by the Company in July 2013 and has been revised on 22 March 2022. It 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 perspectives required to support the execution of the Company's 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.

(5) Board Committees (continued)

(5.2) Nomination Committee (continued)

(a) Duties of the Nomination Committee (continued)

(ii) Board Diversity Policy (continued)

On recommendation from the Nomination Committee, the Board will set measurable objectives (in terms of gender, skills and experience) to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. The Nomination Committee will review the Board Diversity Policy annually to ensure its continued effectiveness and compliance with regulatory requirements and good corporate governance practice.

A copy of the Board Diversity Policy has been published on the Company's website for public information.

Currently, the Board comprises 13 members, of whom seven are EDs and the remaining six are INEDs. The Company has one female Director achieving gender diversity at Board level. The current Board comprises individuals who are professionals with real estate, investment, capital markets, banking, accounting, financial, general management and legal backgrounds. The Board believes that it currently has the appropriate diversity whether in terms of gender, nationality, professional background and skills.

The Board has not set any target or timeline for enhancing gender diversity on the Board but may adjust the proportion of female directors over time as and when appropriate. The Board places emphasis on diversity (including gender diversity) across all levels of the Group. Details on the gender ratio of the Group together with relevant data can be found in the ESG Report on pages 46, 60 and 61 of this Annual Report.

The Board Diversity Policy was last reviewed by the Nomination Committee on 17 October 2023.

(b) Work performed by the Nomination Committee

The Nomination Committee held three meetings during the Year. It has reviewed the Nomination Policy and the Board Diversity Policy, and the structure, size and composition of the Board (including the skills, knowledge and experience). In addition, it assessed the independence of all INEDs during the Year and was of the view that the long service of the INEDs would not affect their exercise of independent judgement and would remain committed to their role as an independent non-executive director of the Company. Further, it recommended Messrs. Lam Kin Hong, Matthew, Cheng Shin How, Lam Bing Kwan and Shek Lai Him, Abraham to the Board for considering their re-election at the AGM held on 16 December 2022, after considering their respective experience, contributions, and devoted efforts as well as the continued independence of the retiring INEDs. It also recommended to the Board for considering (i) the appointment of Dr. Lam Kin Ngok, Peter and Mr. Cheung Sum, Sam as EDs; (ii) the re-designation of Mr. Chew Fook Aun from the Chairman of the Board and an ED to the Deputy Chairman of the Board and a NED; and (iii) the appointment of Mr. Au Hoi Fung as an INED, after reviewing their respective qualifications and related expertise, and the independence of Mr. Au Hoi Fung.

(5) BOARD COMMITTEES (CONTINUED)

(5.2) Nomination Committee (continued)

(b) *Work performed by the Nomination Committee (continued)*

On 17 October 2023, the Nomination Committee reviewed the Nomination Policy and the Board Diversity Policy, and considered that the said policies were appropriate and effective. Further, it reviewed biographies of the Directors, assessed the continued independence of each INED and recommended Dr. Lam Kin Ngok, Peter, Messrs. Lam Hau Yin, Lester, Cheung Sum, Sam and Au Hoi Fung ("**Retiring Directors**") to the Board for considering their election/re-election at the forthcoming AGM based on the Nomination Policy and the Board Diversity Policy. The Nomination Committee believed that the Retiring Directors will continue to contribute to the Board with their skills, experience and knowledge.

(c) *Attendance record at the Nomination Committee meetings*

The attendance record of individual members at the Nomination Committee meetings held during the Year is set out below:

Committee Members	Number of Meetings Attended/ Number of Meetings Held
Executive Directors *(Note 1)*	
Lam Kin Ngok, Peter	1/1
Cheng Shin How *(alternate to Lam Kin Ngok, Peter)*	1/1
Non-executive Director	
Chew Fook Aun *(Note 2)*	2/2
Independent Non-executive Directors	
Mak Wing Sum, Alvin	3/3
Shek Lai Him, Abraham	3/3

Notes:

1. *Dr. Lam Kin Ngok, Peter was appointed an ED and the chairman of the Nomination Committee, and Mr. Cheng Shin How was appointed the alternate to Dr. Peter Lam on 2 June 2023.*
2. *Mr. Chew Fook Aun was re-designated from an ED to a NED and ceased to act as the chairman of the Nomination Committee on 2 June 2023. Mr. Chew resigned as a NED on 1 October 2023.*

(5) Board Committees (continued)

(5.3) Remuneration Committee

The Board established on 18 November 2005 a Remuneration Committee which currently comprises four members, including three INEDs, namely Messrs. Lam Bing Kwan (Chairman), Ku Moon Lun and Law Kin Ho, and an ED, Mr. Cheng Shin How up to the date of this Annual Report. On 2 June 2023, Mr. Cheng Shin How was appointed a member of the Remuneration Committee in place of Mr. Chew Fook Aun who was re-designated as the Deputy Chairman of the Board and a NED.

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 remuneration packages of EDs are determined with reference to the Company's performance and profitability, the prevailing market condition and performance or contribution of each Director. The emolument policy for NEDs and INEDs is to ensure that they are adequately compensated for their efforts and time dedicated to the Company's affairs. Individual Directors and senior management have not been involved in deciding their own remuneration.

(a) ***Duties of the Remuneration Committee***

The Remuneration Committee has been provided with sufficient resources to perform its duties. It 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.

Further, it reviews and makes recommendations to the Board the management's remuneration proposals with reference to the Board's corporate goals and objectives, and the remuneration of NEDs (including INEDs). All aspects of the specific remuneration packages of EDs and senior management, and the duration of their service contract will be formulated and recommended to the Board for endorsement, in consultation with the Chairman of the Board and/or the Chief Executive Officer, by taking factors such as performance of the Directors and senior management as well as salaries and remuneration within the industry into consideration. During the discussion and consultation, the Remuneration Committee will ensure no Director or any of his/her associates will be involved in deciding his/her own remuneration.

On 13 January 2023, the Board adopted the revised terms of reference of the Remuneration Committee, which have included the rules amendments relating to share option schemes and share award schemes in line with new requirements under Chapter 17 of the Listing Rules which come into effect on 1 January 2023.

(5) Board Committees (continued)

(5.3) Remuneration Committee (continued)

(a) Duties of the Remuneration Committee (continued)

The latest terms of reference setting out the Remuneration Committee's authority, duties and responsibilities are available on the respective websites of the HKEX and the Company.

(b) Work performed by the Remuneration Committee

The Remuneration Committee held three meetings during the Year to review the revised terms of reference of the Remuneration Committee and recommend the same to the Board for approval, consider the payment of discretionary bonuses to, and review of remuneration packages of, EDs, discuss other remuneration-related matters (including the new share option scheme adopted by the Company on 16 December 2022), and recommend to the Board on the proposed remuneration packages of Dr. Lam Kin Ngok, Peter and Mr. Cheung Sum, Sam (new EDs), and the proposed director's fees of Mr. Chew Fook Aun (re-designated as a NED) and Mr. Au Hoi Fung (new INED).

No Director was involved in deciding his/her remuneration at the meeting of the Remuneration Committee. Details of the Directors' remuneration are set out in note 8 to the financial statements.

(c) Attendance record at the Remuneration Committee meetings

The attendance record of individual members at the Remuneration Committee meetings held during the Year is set out below:

Committee Members	Number of Meetings Attended/ Number of Meetings Held
Executive Director	
Cheng Shin How *(Note 1)*	1/1
Non-executive Director	
Chew Fook Aun *(Note 2)*	2/2
Independent Non-executive Directors	
Ku Moon Lun	2/3
Lam Bing Kwan	3/3
Law Kin Ho	3/3

Notes:

1. *Mr. Cheng Shin How was appointed a member of the Remuneration Committee on 2 June 2023.*
2. *Mr. Chew Fook Aun was re-designated from an ED to a NED and ceased to act as a member of the Remuneration Committee on 2 June 2023. Mr. Chew resigned as a NED on 1 October 2023.*

(6) Chairman and Chief Executive

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

During the Year and up to the date of this Annual Report, Mr. Lam Hau Yin, Lester is the Chief Executive Officer of the Company while Mr. Chew Fook Aun acted as the Chairman of the Board up to 1 June 2023 and Dr. Lam Kin Ngok, Peter acts as the Chairman of the Board from 2 June 2023 onward. This segregation ensures a clear distinction between the Chairman's responsibilities to manage the Board and the Chief Executive Officer's responsibilities to manage the Company's business. The division of responsibilities between the Chairman of the Board and the Chief Executive Officer is clearly established and set out in writing.

(7) 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 contained 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.

(8) Whistleblowing Policy

In compliance with code provision D.2.6 of the CG Code, a Whistleblowing Policy was first adopted by the Board on 19 July 2022 and has been revised on 3 October 2023. It provides employees and the relevant third parties who deal with the Group (e.g., customers, suppliers, creditors and debtors) with guidance and reporting channels on reporting any suspected improprieties in any matters related to the Group directly addressed to the designated ED and the designated person as well as Head of Group Human Resources and Administration Department. An email account (whistleblowing@laisun.com) has been set up for this purpose. All reported matters will be investigated independently and, in the meantime, all information received from a whistleblower and its identity will be kept confidential.

The Board and the Audit Committee will regularly review the Whistleblowing Policy and mechanism to improve its effectiveness.

A copy of the Whistleblowing Policy has been published on the Company's website for public information.

(9) Anti-Fraud and Anti-Corruption Policy

In compliance with code provision D.2.7 of the CG Code, the Board adopted an Anti-Fraud and Anti-Corruption Policy on 19 July 2022. It outlines guidelines and the minimum standards of conduct, all applicable laws and regulations in relation to the anti-corruption and anti-bribery, the responsibilities of employees to resist fraud, to help the Group defend against corrupt practices and to report any reasonably suspected case of fraud and corruption or any attempts thereof, to the management or through an appropriate reporting channel. The Group would not tolerate all forms of fraud and corruption among all employees and those acting in an agency or fiduciary capacity on behalf of the Group, and in its business dealing with third parties.

The Board and the Audit Committee will review the Anti-Fraud and Anti-Corruption Policy and mechanism periodically to ensure its effectiveness and enforce the commitment of the Group to prevent all forms of fraud and corruption.

A copy of the Anti-Fraud and Anti-Corruption Policy has been published on the Company's website for public information.

(10) Independent Auditor's Remuneration

For the Year, the fees in respect of the audit and non-audit services provided to the Group by the Independent Auditor, Ernst & Young, Certified Public Accountants, Hong Kong amounted to HK$3,708,000 and HK$666,000, respectively. The non-audit services mainly consist of tax advisory, review and other reporting services.

(11) 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.

(12) Independent Auditor's Reporting Responsibility

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

(13) 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 its risks across business operations.

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.

With a view to manage the Group's business and operational risks and to ensure smooth operation, the Group has outsourced the internal audit function to an independent professional advisor during the Year to assist the Board and the Audit Committee in ongoing monitoring of the risk management and internal control systems of the Group. The design and implementation of internal controls are to identify weakness for improvement. The independent professional advisor reports to the Audit Committee for identified weakness and proposed recommendation on a timely basis to ensure prompt remediation actions are taken.

Risk management report and internal control review 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 the 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.

(13) Risk Management and Internal Control (continued)

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.

(14) 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.

(15) Shareholders' Rights

(15.1) Procedures for Shareholders to Convene an Extraordinary General Meeting ("EGM(s)")

Pursuant to Articles of Association, registered Shareholders holding not less than one-tenth (10%) of the paid-up capital of the Company carrying the right of voting at general meetings of the Company ("**EGM Requisitionists**") can deposit a written request to convene an EGM at the Company's principal place of business in Hong Kong ("**Principal Office**"), which is presently situated at 11th Floor, Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong for the attention of the Company Secretary.

The EGM Requisitionists must state in their request(s) the objects of the EGM, and such request(s) must be signed by all the EGM Requisitionists, and may consist of several documents in like form, each signed by one or more of the EGM Requisitionists.

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

(15) Shareholders' Rights (continued)

(15.1) Procedures for Shareholders to Convene an Extraordinary General Meeting ("EGM(s)") (continued)

The EGM Requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene an EGM if within twenty-one (21) days of the deposit of the EGM Requisitionists' request, the Board does not proceed duly to convene an EGM provided that any EGM so convened is held within three (3) months from the date of the original EGM Requisitionists' request. All reasonable expenses incurred by the EGM Requisitionists by reason of the Board's failure to duly convene an EGM shall be reimbursed to the EGM Requisitionists by the Company.

(15.2) Procedures for Putting Forward Proposals at a General Meeting

There are no provisions under the Articles of Association or the Companies Law of the Cayman Islands regarding procedures for Shareholders to put forward proposals at a general meeting other than a proposal of a person for election as a Director. Shareholders may follow the procedures set out in Paragraph (15.1) to convene an EGM for any business specified in such written request.

(15.3) 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' Rights sub-section) of the Company's website.

(15.4) 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:

11th Floor, 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 general meetings of the Company.

(16) Communication with Shareholders

(16.1) Shareholders' Communication Policy

A Shareholders' Communication Policy ("**SC Policy**") was first adopted by the Board on 29 March 2012 and has been revised on 19 July 2022, 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. The Board will review the SC Policy annually 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:

(a) Shareholders can choose the means of receiving corporate communications such as annual reports, interim reports and circulars either in printed form or in electronic form by assessing the corporate communications published on the HKEX's website at www.hkexnews.hk and the Company's website at www.laifung.com;

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

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

(d) corporate information is made available on the Company's website and the Articles of Association have been posted on the websites of both the HKEX and the Company;

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

(f) AGMs and EGMs provide a forum for the Shareholders to make comments and exchange views with the Directors and senior management; and

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

A copy of the SC Policy has been published on the Company's website for public information.

Having considered the multiple channels of communication and engagement in place, the Board has reviewed and is satisfied that the SC Policy has been properly in place during the Year and is effective.

(16) Communication with Shareholders (continued)

(16.2) Attendance Record at General Meeting

During the Year, the Company 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 (Note 1)	—
Lam Kin Hong, Matthew	1/1
Lam Hau Yin, Lester	
(also alternate director to U Po Chu)	0/1
Cheng Shin How	1/1
Lee Tze Yan, Ernest	1/1
U Po Chu	0/1
Non-executive Director	
Chew Fook Aun (Note 2)	1/1
Independent Non-executive Directors**	
Ku Moon Lun	1/1
Lam Bing Kwan	1/1
Law Kin Ho	1/1
Mak Wing Sum, Alvin	1/1
Shek Lai Him, Abraham	1/1

Notes:

1. *Dr. Lam Kin Ngok, Peter was appointed an ED and elected as the Chairman of the Board on 2 June 2023.*
2. *Mr. Chew Fook Aun was re-designated from the Chairman of the Board and an ED to the Deputy Chairman of the Board and a NED on 2 June 2023. Mr. Chew resigned as a NED on 1 October 2023.*

* *Mr. Cheung Sum, Sam was appointed an ED on 1 August 2023.*

** *Mr. Au Hoi Fung was appointed an INED on 1 August 2023.*

(16) Communication with Shareholders (continued)

(16.3) Details of the Last General Meeting

The last general meeting of the Company, being the AGM for 2022, was held at 9:00 a.m. on 16 December 2022 at Grand Ballrooms 1 and 2, Level B, Hong Kong Ocean Park Marriott Hotel, 180 Wong Chuk Hang Road, Aberdeen, Hong Kong ("**2022 AGM**"). At the 2022 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 2022 and the reports of the directors and the independent auditors thereon; (ii) the re-election of Mr. Lam Kin Hong, Matthew and Mr. Cheng Shin How as EDs, and Mr. Lam Bing Kwan and Mr. Shek Lai Him, Abraham as INEDs, and the authorisation for the Board to fix the remuneration of the Directors; (iii) the re-appointment of Ernst & Young as the Independent Auditor for the Year and the authorisation for the Board to fix their remuneration; (iv) the granting to the Directors a general mandate to buy back the shares of the Company ("**Shares**") not exceeding 10% of the total number of issued Shares; (v) the granting to the Directors a general mandate to issue, allot and deal with additional Shares of not exceeding 20% of the total number of issued Shares; (vi) the extension to the general mandate under above (v) by adding the total number of the Shares to be bought back by the Company pursuant to the above (iv); (vii) the approval of the increase in authorised share capital of the Company; (viii) the approval of the adoption of the New Share Option Scheme and the Service Provider Sublimit (as defined in the circular of the Company dated 17 November 2022 ("**2022 Circular**")); and (ix) the approval of the adoption of the New Amended and Restated M&A (as defined in the 2022 Circular). The notice of the 2022 AGM and the poll results announcement in respect of the 2022 AGM were published on the websites of both the HKEX and the Company on 16 November 2022 and 16 December 2022, respectively.

(17) Dividend Policy

The Board has adopted a Dividend Policy with effect from 22 January 2019 to set out the approach on declaring and recommending the dividend payment to the Shareholders. The Company will depend on, among others, the financial performance, retained earnings and distributable reserve, working capital requirements, capital expenditure requirements and future expansion plans, liquidity position, general economic condition and other factors as the Board may consider relevant to decide the dividend distribution. The declaration of dividends shall be determined at the decision of the Board and shall be subject to any restriction under the Companies Act (As Revised) (Cap. 22) of the Cayman Islands and the Articles of Association.

(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.

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.

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 6106, by fax at (852) 2853 6651 or by e-mail at ir@laifung.com.

(19) Constitutional Documents

During the Year, the second amended and restated memorandum and articles of association of the Company was adopted at the 2022 AGM. The amendments are mainly to (i) provide greater flexibility to the Company in relation to the conduct of general meetings by allowing (but not requiring) general meetings to be held as an electronic meeting and/or as a hybrid meeting where the Shareholders may attend by electronic means in addition to as a physical meeting where the Shareholders attend in person; (ii) bring the old amended and restated memorandum and articles of association of the Company ("**Old M&A**") in line with the amendments made to the Listing Rules (in particular to conform to the core shareholder protection standards as set out in Appendix 3 to the Listing Rules) and applicable laws of the Cayman Islands; (iii) reflect the increase in authorised share capital of the Company to the Old M&A; and (iv) make certain minor housekeeping amendments to the Old M&A. Details of the amendments can be found in the 2022 Circular.

Save as disclosed above, there were no significant changes in the constitutional documents of the Company during the Year and up to the date of this Annual Report.

An up-to-date consolidated version of the Company's constitutional documents has been posted on the respective websites of the HKEX and the Company.

Biographical Details of Directors

Executive Directors

Each of the Executive Directors of the Company named below holds directorship in a number of subsidiaries of the Company and all of them (except Mr. Cheng Shin How) hold directorship in all or certain of the Company's listed affiliates, namely Lai Sun Garment (International) Limited ("**LSG**"), Lai Sun Development Company Limited ("**LSD**") and eSun Holdings Limited ("**eSun**"). The issued shares of LSG, LSD and eSun are listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"). LSG is the ultimate holding company of the Company while LSD is a subsidiary of LSG and the intermediate holding company of the Company and eSun.

Dr. Lam Kin Ngok, **Peter**, Chairman, aged 66, was appointed an Executive Director of the Company and elected as the Chairman of the board of directors of the Company on 2 June 2023. He is currently a member of the Executive Committee of the Company and the chairman of the Nomination Committee of the Company. Dr. Lam is also the chairman and an executive director of each of LSG and LSD, the chairman and a director of Media Asia Group Holdings Limited (delisted from GEM of the Stock Exchange on 21 March 2023 and has accordingly become a wholly-owned subsidiary of eSun) as well as an executive director of Crocodile Garments Limited whose issued shares are listed and traded on the Main Board of the Stock Exchange. He was an Executive Director of the Company from 28 November 1997 to 31 October 2012 and an executive director of eSun from 15 October 1996 to 13 February 2014.

Dr. Lam has extensive experience in the property development and investment business, hospitality as well as 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 and the Grand Bauhinia Medal awarded from the Government of the Hong Kong Special Administrative Region ("**HKSAR**") on 1 July 2015 and 27 July 2022, respectively.

Currently, Dr. Lam is the chairman of the Hong Kong Trade Development Council. He is also a standing committee member of the 14th National Committee of the Chinese People's Political Consultative Conference ("**CPPCC**"). 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 vice president of The Real Estate Developers Association of Hong Kong, 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 the Hong Kong General Chamber of Commerce, and a member under the group of regional and global collaborations of the Chief Executive's Council of Advisers. He was a trustee of The Better Hong Kong Foundation.

Dr. Lam is the son of Madam U Po Chu (an Executive Director of the Company), the elder brother of Mr. Lam Kin Hong, Matthew (the Executive Deputy Chairman and an Executive Director of the Company) and the father of Mr. Lam Hau Yin, Lester (an Executive Director and the Chief Executive Officer of the Company).

Biographical Details of Directors

Executive Directors (continued)

Mr. Lam Kin Hong, **Matthew**, Executive Deputy Chairman, aged 55, was appointed an Executive Director of the Company in December 2001. Mr. Lam is an executive director of LSG and Crocodile Garments Limited (a company listed on the Main Board of the Stock Exchange).

Mr. Lam graduated from University College London in the United Kingdom ("**UK**") with a Bachelor of Science Degree and underwent training as a lawyer with Reed Smith Richards Butler, an international law firm. He is a Co-founding Partner and Managing Partner of Nixon Peabody CWL in Hong Kong and a member of The Law Society of Hong Kong, The Law Society of Singapore and The Law Society of England and Wales.

Mr. Lam has considerable experience in property development and corporate finance in Hong Kong and Mainland China. He is the vice president of the Hong Kong Real Property Federation and a standing committee member of the CPPCC in Shanghai.

Mr. Lam was appointed a Justice of the Peace in July 2021 and he received the Bronze Bauhinia Star awarded by the Government of the HKSAR on 1 July 2023. He serves as an Honorary Consul of the Republic of Estonia in Hong Kong, the chairman of the Appeal Tribunal Panel (Buildings), a member of the Consumer Council, a member of the Fight Crime Committee and the observer of the Independent Police Complaints Council. Mr. Lam also serves as a Racing Steward at the Hong Kong Jockey Club and is a council member of the Better Hong Kong Foundation. He was a member of the Employees Compensation Assistance Fund Board, and the Advisory Committee on Admission of Quality Migrants and Professionals.

Mr. Lam is the younger brother of Dr. Lam Kin Ngok, Peter (the Chairman and an Executive Director of the Company) and an uncle of Mr. Lam Hau Yin, Lester (an Executive Director and the Chief Executive Officer of the Company).

Mr. Lam Hau Yin, **Lester**, Chief Executive Officer, aged 42, was appointed an Executive Director of the Company in April 2005 and is currently a member of the Executive Committee of the Company. He is also the alternate director to Madam U Po Chu, an Executive Director of the Company. Mr. Lam is an executive director of LSG, LSD and eSun. He is also the alternate director to Madam U Po Chu in her capacity as an executive director of LSG as well as a non-executive director of each of LSD and eSun.

Mr. Lam holds a Bachelor of Science in Business Administration degree from the Northeastern University in Boston of the United States of America ("**USA**"). 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 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 (the Chairman and an Executive Director of the Company), a nephew of Mr. Lam Kin Hong, Matthew (the Executive Deputy Chairman and an Executive Director of the Company) and a grandson of Madam U Po Chu (an Executive Director of the Company).

Executive Directors (continued)

Mr. Cheng Shin How, aged 57, was appointed an Executive Director of the Company in June 2007. He is currently a member of both the Executive Committee and the Remuneration Committee of the Company, and the alternate to Dr. Lam Kin Ngok, Peter, the chairman of the Nomination Committee of the Company.

Mr. Cheng is an advisor to the CLI China Advisory Council of CapitaLand Investment Limited ("**CLI**"), the shares of which are listed on the Mainboard of the Singapore Exchange Securities Trading Limited. CLI is a subsidiary of CapitaLand Group Pte. Ltd., a substantial shareholder of the Company.

Prior to joining the Company, Mr. Cheng was the Regional Director of the Hong Kong and Macau office of CapitaLand Limited (now known as CapitaLand Group Pte. Ltd.) ("**CapitaLand**"). He joined CapitaLand in 1999 and has been involved in its real estate investment in Hong Kong, Macau and the Mainland of China. Prior to joining CapitaLand, Mr. Cheng worked with CB Richard Ellis, an international property consultancy firm where he was involved in property valuation, development and investment consultancy. He has been involved in the PRC business since 1993. Mr. Cheng graduated with an Honours Degree in Land Management from the University of Reading, UK.

Mr. Cheung Sum, Sam, aged 59, was appointed an Executive Director of the Company on 1 August 2023. He is currently a member of the Executive Committee of the Company. Mr. Cheung joined the Company as Group Chief Financial Officer in July 2023. He is also an executive director of each of LSG, LSD and eSun.

Mr. Cheung was the chief financial officer of FTLife Insurance Company Limited (a wholly-owned subsidiary of NWS Holdings Limited) from September 2019 to November 2020, the chief financial officer and vice president of Agile Group Holdings Limited from July 2013 to May 2019, an executive director of eSun from March 2011 to August 2012, and an executive director of each of the Company and LSD from March 2011 to August 2012 and from June 2007 to October 2009.

Prior to joining the Lai Sun Group in 2006, Mr. Cheung worked for a number of other listed companies and international investment banks in Hong Kong. He has extensive experience in capital markets and financial management. Mr. Cheung graduated from the London School of Economics and Political Science, University of London with a Bachelor of Science (Economics) degree in Accounting and Finance. He is a fellow member of the Association of Chartered Certified Accountants in the UK and the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Biographical Details of Directors

Executive Directors (continued)

Mr. Lee Tze Yan, Ernest, aged 59, was appointed an Executive Director of the Company in January 2015 and is currently a member of the Executive Committee of the Company. He is also an executive director of LSD.

Mr. Lee joined the Lai Sun Group as Group Director — Project Development in June 2012. He has over 20 years of experience in the architectural and property development industries, holding senior positions. Prior to joining the Lai Sun Group, he was a senior project management executive of the Henderson Land Group for 18 years, supervising the execution and completion of numerous large-scale quality developments in both Hong Kong and the People's Republic of China ("**PRC**").

Mr. Lee graduated from the Faculty of Architecture, the University of Hong Kong, with a Bachelor of Architecture degree and a Bachelor of Arts in Architectural Studies degree. He also holds a post-graduate degree in Master of Business Administration from the Southern Illinois University at Carbondale in the USA. Mr. Lee has been a member of both the Hong Kong Institute of Architects (HKIA) and the Royal Institute of British Architects (RIBA), as well as an Authorized Person (List of Architects) and a Registered Architect in Hong Kong for over 20 years. He attained the qualifications of PRC Class 1 Registered Architect Qualification and BEAM Pro.

Madam U Po Chu, aged 98, was appointed an Executive Director of the Company in February 2003. She is also an executive director of LSG and a non-executive director of each of LSD and eSun.

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

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

Independent Non-executive Directors

Mr. Au Hoi Fung, aged 68, was appointed an Independent Non-executive Director of the Company on 1 August 2023.

Mr. Au has more than 42 years of accounting and financial management work experiences gained in various corporations in Hong Kong. Currently, he is the vice president (Finance and Administration) and a director of F.O.B. Garments Limited, a sizeable garments trading entity in Hong Kong which he has joined since January 1994. He was an independent non-executive director of Media Asia Group Holdings Limited (delisted from GEM of the Stock Exchange on 21 March 2023) from 9 July 2020 to 20 April 2023.

Mr. Au graduated from the Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University) with a Higher Diploma in Accountancy. He is an associate of the Chartered Institute of Management Accountants and a fellow of the HKICPA.

Mr. Ku Moon Lun, aged 72, was appointed an Independent Non-executive Director of the Company in June 2006 and is currently a member of both the Audit Committee and the Remuneration Committee of the Company.

Mr. Ku has over 35 years of experience in the real estate industry. He is a fellow member of the Hong Kong Institute of Surveyors.

Mr. Ku was an executive director of Davis Langdon & Seah International ("**DLSI**"), a property consultant firm, until the end of 2005 where he was responsible for formulating the policies and steering the direction of the DLSI group of companies. He was also the chairman of the board of directors of Davis Langdon & Seah Hong Kong Limited from 1995 to 2004. Mr. Ku was previously the chairman of Premas Hong Kong Limited, a facilities management company, from 2000 to 2002 and icFox International, an information technology company, from 2000 to 2003. He was an independent non-executive director of Ascott Residence Trust Management Limited in Singapore from 2006 to 2016, an independent non-executive director of Kerry Properties Limited (the issued shares of which are listed and traded on the Main Board of the Stock Exchange) from 2007 to 2020, a non-executive director of Surbana Jurong Pte Ltd. in Singapore from 2015 to June 2023 and a member of the Hospital Governing Committee of Queen Elizabeth Hospital, Hong Kong Hospital Authority from 2015 to March 2023.

Mr. Lam Bing Kwan, aged 73, was appointed an Independent Non-executive Director of the Company in July 2001 and is currently the chairman of the Remuneration Committee and a member of the Audit Committee of the Company.

Mr. Lam graduated from the University of Oregon in the USA with a Bachelor of Business Administration Degree in 1974. Having been actively involved in property development and investment in the PRC since the mid-1980s, he has substantial experience in this industry. Mr. Lam has served on the boards of directors of a number of listed companies in Hong Kong for over 20 years and is currently an independent non-executive director of LSG and LSD as well as a non-executive director of Sino-i Technology Limited and Nan Hai Corporation Limited. The issued shares of all the aforesaid companies are listed and traded on the Main Board of the Stock Exchange.

Biographical Details of Directors

Independent Non-executive Directors (continued)

Mr. Law Kin Ho, aged 56, was appointed an Independent Non-executive Director of the Company in March 2009 and is currently the chairman of the Audit Committee and a member of the Remuneration Committee of the Company.

Mr. Law is a fellow member of the HKICPA and the Association of Chartered Certified Accountants, UK. He has extensive experience in the auditing and accounting fields in Hong Kong and is currently a practicing certified public accountant in Hong Kong. Prior to starting his own practice, Mr. Law worked with Yuanta Securities (Hong Kong) Company Limited, the Stock Exchange and Ernst & Young.

Mr. Mak Wing Sum, **Alvin**, aged 71, was appointed an Independent Non-executive Director of the Company in November 2012 and is currently a member of both the Audit Committee and the Nomination Committee of the Company.

Mr. Mak is a Chartered Accountant and is a member of the Canadian Institute of Chartered Accountants as well as a member of the HKICPA. He is currently an independent non-executive director of Luk Fook Holdings (International) Limited, Hong Kong Technology Venture Company Limited, Goldpac Group Limited and Crystal International Group Limited. The issued shares of all the aforesaid companies are listed and traded on the Main Board of the Stock Exchange. Mr. Mak is a member of Hong Kong Housing Society ("**HKHS**") and a member of certain of its committees. He is also a member to the Supervisory Board of the HKHS.

After working in Citibank for over 26 years, Mr. Mak retired on 1 May 2012. He last served as the Head of Markets and Banking for Citibank Hong Kong, being the country business manager for corporate and investment banking business. In Citibank, he had held various senior positions including Head of Global Banking responsible for managing all the coverage bankers. Prior to that, he managed the Hong Kong's corporate finance business, regional asset management business and was the Chief Financial Officer of North Asia. Before joining Citibank in 1985, Mr. Mak was an audit group manager at Coopers & Lybrand (now known as PricewaterhouseCoopers). He worked for Coopers & Lybrand for eight years, five of which was in Toronto, Canada. He graduated from the University of Toronto with a Bachelor of Commerce degree in 1976.

Independent Non-executive Directors (continued)

Mr. Shek Lai Him, Abraham, aged 78, was appointed an Independent Non-executive Director of the Company in December 2012 and is currently a member of the Nomination Committee of the Company. He was appointed as Justice of the Peace in 1995 and awarded the Gold Bauhinia Star in July 2013.

Mr. Shek acts as an independent non-executive director of a number of companies listed on the Main Board of the Stock Exchange, including Paliburg Holdings Limited, Chuang's Consortium International Limited, NWS Holdings Limited, Country Garden Holdings Company Limited, China Resources Cement Holdings Limited, Cosmopolitan International Holdings Limited, Eagle Asset Management (CP) Limited acting as the manager of Champion Real Estate Investment Trust, Regal Portfolio Management Limited acting as the manager of Regal Real Estate Investment Trust, Everbright Grand China Assets Limited, CSI Properties Limited, Far East Consortium International Limited, Shin Hwa World Limited (formerly known as Landing International Development Limited), Hao Tian International Construction Investment Group Limited and Alliance International Education Leasing Holdings Limited (formerly known as International Alliance Financial Leasing Co., Ltd.).

Moreover, Mr. Shek is the honorary chairman and an independent non-executive director of Chuang's China Investments Limited, the vice chairman and an independent non-executive director of ITC Properties Group Limited, and the chairman and an executive director of Goldin Financial Holdings Limited (In Liquidation). The issued shares of the all the aforesaid companies are listed and traded on the Main Board of the Stock Exchange.

Mr. Shek is a Member of the Court and the Council of The University of Hong Kong, an Honorary Member of the Court of The Hong Kong University of Science and Technology, and a Court Member of City University of Hong Kong. He was a member of the Legislative Council for the HKSAR of the PRC, representing the real estate and construction functional constituency from 2000 to 2021. He was the Vice-Chairman of the Independent Police Complaints Council in Hong Kong, a director of The Hong Kong Mortgage Corporation Limited, a non-executive director of the Mandatory Provident Fund Schemes Authority, and a member of the Advisory Committee on Corruption of the Independent Commission Against Corruption. He graduated from the University of Sydney, Australia with a Bachelor of Arts Degree and a Diploma in Education. Mr. Shek attained a Juris Doctor degree at The City University of Hong Kong in 2022.

Report of the Directors

The directors of the Company ("**Directors**") present their report and the audited consolidated financial statements of the Company and its subsidiaries (together, "**Group**") for the year ended 31 July 2023 ("**Year**").

Principal Activities

During the Year, the Company acted as an investment holding company.

The Group's principal activities consisted of property development for sale, property investment, and development and operation of and investment in cultural, leisure, entertainment and related facilities in the People's Republic of China.

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 as well as the Management Discussion and Analysis on pages 4 to 9 and pages 12 to 27 of this Annual Report, respectively. An analysis of the Group's performance during the Year using financial key performance indicators is provided in the Financial Highlights on pages 10 and 11 of this Annual Report. The financial risk management objectives and policies of the Group are set out in note 40 to the consolidated financial statements. In addition, 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 and Corporate Governance Report on pages 35 to 67 and pages 68 to 92 of this Annual Report, respectively.

Results and Dividends

Details of the results of the Group for the Year and the Group's financial position as at 31 July 2023 are set out in the consolidated financial statements and their accompanying notes on pages 131 to 232.

No interim dividend was paid or declared in respect of the Year (2022: Nil).

The board of Directors ("**Board**") does not recommend the payment of a final dividend for the Year (2022: Nil).

Permitted Indemnity and Directors and Officers Liability Insurance

Pursuant to Article 179(a) of the Second Amended and Restated Articles of Association of the Company ("**Articles of Association**"), every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, and no Director or other officer shall be liable for any loss, damages or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office all in relation thereto, provided that such Article shall only have effect in so far as its provisions are not avoided by the Companies Act (As Revised) (Cap. 22) of the Cayman Islands. The Company has arranged Directors' and officers' liability insurance policy of the Company during the Year.

Directors

The Directors who were in office during the Year and as at the date of this Report ("**Report Date**") are as follows:

Executive Directors ("EDs")	
Lam Kin Ngok, Peter *(Chairman)*	(appointed on 2 June 2023)
Lam Kin Hong, Matthew *(Executive Deputy Chairman)*	
Lam Hau Yin, Lester *(Chief Executive Officer)* *(also alternate director to U Po Chu)*	
Cheng Shin How	
Cheung Sum, Sam	(appointed on 1 August 2023)
Lee Tze Yan, Ernest	
U Po Chu	
Non-executive Director ("NED")	
Chew Fook Aun *(Deputy Chairman)* *(Note)*	(re-designated on 2 June 2023 and resigned on 1 October 2023)
Independent Non-executive Directors ("INEDs")	
Au Hoi Fung	(appointed on 1 August 2023)
Ku Moon Lun	
Lam Bing Kwan	
Law Kin Ho	
Mak Wing Sum, Alvin	
Shek Lai Him, Abraham	

Note: Mr. Chew Fook Aun was re-designated from the Chairman of the Board and an ED to the Deputy Chairman of the Board and a NED on 2 June 2023.

In accordance with Article 99 of the Articles of Association, Dr. Lam Kin Ngok, Peter ("**Dr. Peter Lam**"), who was appointed by the Board as an ED in June 2023, Mr. Cheung Sum, Sam ("**Mr. Sam Cheung**"), who was appointed by the Board as an ED in August 2023, and Mr. Au Hoi Fung ("**Mr. HF Au**"), who was appointed by the Board as an INED in August 2023, will retire at the forthcoming annual general meeting of the Company ("**AGM**") and, being eligible, will offer themselves for election.

In accordance with Article 116 of the Articles of Association, Mr. Lam Hau Yin, Lester (together with Dr. Peter Lam, Mr. Sam Cheung and Mr. HF Au, the "**Retiring Directors**") will retire from office by rotation at the forthcoming AGM and, being eligible, will offer himself for re-election.

Details of the Retiring Directors proposed for election/re-election at the forthcoming AGM, required to be disclosed under Rule 13.51(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**" and "**Stock Exchange**", respectively) are set out in the Company's circular dated 17 November 2023.

Report of the Directors

Biographical Details of Directors

Brief biographical particulars of the current Directors are set out on pages 93 to 99 of this Annual Report. Directors' other particulars are contained elsewhere in this Report and this Annual Report.

Directors' Service Contracts

No Director proposed for election/re-election at the forthcoming AGM has an unexpired service contract with the Company and/or any of its subsidiaries, which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

Directors' Interests in Transactions, Arrangements or Contracts

Save as disclosed in note 37(a) to the financial statements and the section headed "Continuing Connected Transactions" of this Report, no Director had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Year.

Directors' Interests in Competing Businesses

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

Dr. Lam Kin Ngok, Peter (from 2 June 2023), Mr. Lam Kin Hong, Matthew, Mr. Lam Hau Yin, Lester, Madam U Po Chu, Mr. Cheung Sum, Sam (from 1 August 2023), Mr. Lee Tze Yan, Ernest and Mr. Chew Fook Aun (up to 30 September 2023) (together, "**Interested Directors**") held shareholding or other interests and/or directorships in companies/entities engaged in the businesses of property investment and development in the Mainland of China.

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.

Arrangement for Directors to Acquire Shares or Debentures

Other than the share option schemes adopted by the Company as disclosed in the sections headed "Share Option Schemes" and "Directors' Interests" of this Report and in note 31 to the financial statements as well as the respective share option schemes adopted by Lai Sun Development Company Limited ("**LSD**") and Lai Sun Garment (International) Limited ("**LSG**"), at no time during the Year was the Company or any of its holding companies and 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.

Directors' Remuneration

The Directors' fees and other emoluments are supervised by the Remuneration Committee of the Company ("**Remuneration Committee**") and determined by the Board upon the recommendation of the Remuneration Committee 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 note 8 to the financial statements.

Share Option Schemes

The share option scheme adopted by the Company on 18 December 2012 ("**2012 Share Option Scheme**") had expired on 17 December 2022 ("**Expiration Date**"). The number of shares available for grant under the 2012 Share Option Scheme at the beginning of the financial year ended 31 July 2023 was 23,531,135 shares. Following the Expiration Date, no further share options shall be granted under the 2012 Share Option Scheme but the outstanding share options granted thereunder shall continue to be valid and exercisable in accordance with the terms of the 2012 Share Option Scheme.

At the annual general meeting of the Company held on 16 December 2022, a new share option scheme ("**2022 Share Option Scheme**") was adopted for the purpose of recognising the contribution or future contribution of the Eligible Participants (as defined in the 2022 Share Option Scheme) to the Group by granting options to them as incentives or rewards and to attract, retain and motivate high-caliber Eligible Participants in line with performance goals of the Group and the related entities. Eligible Participants include but are not limited to the directors, chief executive and employees of the Group and related entities, and service providers of the Group. The 2022 Share Option Scheme has also been approved by the shareholders of LSG and LSD at their respective annual general meetings and became effective on 19 December 2022 ("**Effective Date**"). Unless otherwise cancelled or amended, the 2022 Share Option Scheme will remain in force for 10 years from the Effective Date. The principal terms of the 2022 Share Option Scheme are set out in the circular of the Company dated 17 November 2022. The number of shares available for grant under the 2022 Share Option Scheme as at the Effective Date and the end of the financial year ended 31 July 2023 was 33,103,344 shares (representing 10% of the Company's issued shares as at 31 July 2023). The service provider sublimit as at the Effective Date and the end of the financial year ended 31 July 2023 was 3,310,334 shares (representing 1% of the Company's issued shares as at 31 July 2023).

During the Year, no share options had been granted under the 2012 Share Option Scheme and the 2022 Share Option Scheme. Accordingly, there were no shares of the Company that might be issued in respect of share options granted under all share option schemes of the Company during the Year.

As at 31 July 2023, share options comprising a total of 830,000 underlying shares granted under the 2012 Share Option Scheme were outstanding.

Share Option Schemes (continued)

The following table sets out the movement of the share options granted under the 2012 Share Option Scheme during the Year:

Name or category of grantees	Date of grant *(Note 1)*	Number of underlying shares comprised in share options: As at 1 August 2022	Granted during the Year	Exercised during the Year	Lapsed during the Year	As at 31 July 2023	Exercise period	Exercise price per share (HK$) *(Note 2)*
Directors								
Lam Hau Yin, Lester	18/01/2013	3,219,182	–	–	(3,219,182)	–	18/01/2013 - 17/01/2023	11.40
Cheng Shin How	18/01/2013	643,836	–	–	(643,836)	–	18/01/2013 - 17/01/2023	11.40
Lee Tze Yan, Ernest	18/01/2013	640,000	–	–	(640,000)	–	18/01/2013 - 17/01/2023	11.40
Subtotal		**4,503,018**	**–**	**–**	**(4,503,018)**	**–**		
Other employee participants								
	18/01/2013	1,381,918 *(Note 3)*	–	–	(1,381,918) *(Note 3)*	–	18/01/2013 - 17/01/2023	11.40
	26/07/2013	60,000	–	–	(60,000)	–	26/07/2013 - 25/07/2023	9.50
	16/01/2015	120,000	–	–	(60,000)	60,000	16/01/2015 - 15/01/2025	8.00
	19/01/2018	150,000	–	–	–	150,000	19/01/2018 - 18/01/2028	13.52
	22/01/2019	260,000	–	–	–	260,000	22/01/2019 - 21/01/2029	10.18
	22/01/2021	60,000	–	–	–	60,000	22/01/2021 - 21/01/2031	7.364
	21/01/2022	240,000	–	–	(180,000)	60,000	21/01/2022 - 20/01/2032	5.75
Subtotal		**2,271,918**	**–**	**–**	**(1,681,918)**	**590,000**		
Related entity participants								
	18/01/2013	1,325,754	–	–	(1,325,754)	–	18/01/2013 - 17/01/2023	11.40
	26/07/2013	100,000	–	–	(100,000)	–	26/07/2013 - 25/07/2023	9.50
	19/01/2018	40,000	–	–	–	40,000	19/01/2018 - 18/01/2028	13.52
	21/01/2022	200,000	–	–	–	200,000	21/01/2022 - 20/01/2032	5.75
Subtotal		**1,665,754**	**–**	**–**	**(1,425,754)**	**240,000**		
Total		**8,440,690**	**–**	**–**	**(7,610,690)**	**830,000**		

Share Option Schemes (continued)

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 the Company's share capital.*

3. *Dr. Lam Kin Ngok, Peter (a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong) was granted a share option to subscribe for a total of 321,918 shares of the Company on 18 January 2013. Such share option lapsed in accordance with the terms of the 2012 Share Option Scheme on 18 January 2023. Dr. Peter Lam was appointed an executive director of the Company on 2 June 2023.*

Save as disclosed above, no share options were granted, vested, exercised, cancelled, or lapsed in accordance with the terms of the 2012 Share Option Scheme and the 2022 Share Option Scheme during the Year. Subsequent to the Year, a share option comprising a total of 100,000 underlying shares granted under the 2012 Share Option Scheme was lapsed.

As at the Report Date, (i) no further options could be granted under the 2012 Share Option Scheme and a maximum number of 730,000 shares of the Company are available for issue in relation to the underlying shares comprised in the subsisting options granted under the 2012 Share Option Scheme and remained outstanding, representing approximately 0.22% of the shares in issue as at the Report Date; and (ii) options to subscribe for a maximum of 33,103,344 shares in the Company could be granted under the 2022 Share Option Scheme, representing approximately 10% of the shares of the Company in issue as at the Report Date.

Further details of the 2012 Share Option Scheme and the 2022 Share Option Scheme are set out in note 31 to the financial statements.

Directors' Interests

The following Directors and chief executive of the Company who held office on 31 July 2023 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 to the Directors:

(1) The Company

Long positions in the ordinary shares of HK$5.00 each of the Company ("**Shares**") and underlying Shares

Name of Director	Capacity	Number of Shares: Personal interests	Number of Shares: Corporate interests	Number of underlying Shares: Personal interests	Total	Approximate percentage of total issued Shares *(Note 1)*
Lam Kin Ngok, Peter *(Note 2)*	Owner of controlled corporations	Nil	182,318,266 *(Note 3)*	Nil	182,318,266	55.08%

(2) Associated corporations of the Company

(i) Lai Sun Garment (International) Limited ("LSG")

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

Name of Director	Capacity	Number of LSG Shares: Personal interests	Number of LSG Shares: Corporate interests	Number of underlying LSG Shares: Personal interests *(Note 4)*	Total	Approximate percentage of total issued LSG Shares *(Note 5)*
Lam Kin Ngok, Peter *(Note 2)*	Beneficial owner/Owner of controlled corporation	112,211,038	258,168,186 *(Note 6)*	1,832,017	372,211,241	42.14%
Lam Hau Yin, Lester	Beneficial owner	28,033,218	Nil	6,519,095	34,552,313	3.91%
U Po Chu	Beneficial owner	1,857,430	Nil	Nil	1,857,430	0.21%
Chew Fook Aun *(Note 7)*	Beneficial owner	Nil	Nil	5,135,275	5,135,275	0.58%

(ii) Lai Sun Development Company Limited ("LSD")

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

Name of Director	Capacity	Number of LSD Shares: Personal interests	Number of LSD Shares: Corporate interests	Number of underlying LSD Shares: Personal interests	Total	Approximate percentage of total issued LSD Shares *(Note 8)*
Lam Kin Ngok, Peter *(Note 2)*	Beneficial owner/Owner of controlled corporations	975,907	808,084,296 *(Note 9)*	Nil	809,060,203	55.67%
U Po Chu	Beneficial owner	60,567	Nil	Nil	60,567	0.00%
Chew Fook Aun *(Note 7)*	Beneficial owner/Owner of controlled corporation	Nil	1,831,500 *(Note 10)*	Nil	1,831,500	0.13%

Directors' Interests (continued)

(2) Associated corporations of the Company (continued)

(iii) eSun Holdings Limited ("eSun")

Long positions in the ordinary shares of HK$0.50 each of eSun ("**eSun Shares**") and underlying eSun Shares

Name of Director	Capacity	Number of eSun Shares Personal interests	Number of eSun Shares Corporate interests	Number of underlying eSun Shares Personal interests	Total	Approximate percentage of total issued eSun Shares *(Note 11)*
Lam Kin Ngok, Peter *(Note 2)*	Beneficial owner/Owner of controlled corporations	2,794,443	1,113,260,072 *(Note 12)*	Nil	1,116,054,515	63.56%
Lam Hau Yin, Lester	Beneficial owner	2,794,443	Nil	Nil	2,794,443	0.16%

(iv) Lai Sun MTN Limited

Long position in the 5% guaranteed medium term notes due 2026

Name of Director	Capacity	Nature of interests	Principal amount
Lam Kin Ngok, Peter *(Note 2)*	Beneficial owner	Personal	US$12,500,000

Notes:

1. *The percentage has been compiled based on the total number of issued Shares as at 31 July 2023 (i.e., 331,033,443 Shares).*

2. *Dr. Lam Kin Ngok, Peter ("**Dr. Peter Lam**") was appointed an executive director of the Company on 2 June 2023.*

3. *These interests in the Company represented all the Shares beneficially owned by Holy Unicorn Limited (180,600,756 Shares or approximately 54.56% of the total issued Shares) and Transtrend Holdings Limited (1,717,510 Shares or approximately 0.52% of the total issued Shares), both being wholly-owned subsidiaries of LSD. LSD was approximately 55.60% directly and indirectly owned by LSG. LSG was approximately 12.70% (excluding a share option) owned by Dr. Peter Lam and approximately 29.23% owned by Wisdoman Limited ("**Wisdoman**") which was in turn 100% beneficially owned by Dr. Peter Lam. Therefore, Dr. Peter Lam was deemed to be interested in the Shares owned indirectly by LSD as shown in the section headed "Substantial Shareholders' and Other Person's Interests" below pursuant to Part XV of the SFO.*

Notes: (continued)

4. *These interests in underlying LSG Shares represented interests in share options granted to the Directors under the share option schemes of LSG, particulars of which are as follows:*

Name of Director	***Date of grant***	***Number of underlying LSG Shares comprised in share options***	***Exercise period***	***Exercise price per LSG Share*** *(HK$)*
Dr. Peter Lam	*19/06/2017*	*448,197*	*19/06/2017 - 18/06/2027*	*11.155*
Dr. Peter Lam	*25/01/2022*	*1,383,820*	*25/01/2022 - 24/01/2032*	*3.673*
Lam Hau Yin, Lester	*19/06/2017*	*5,135,275*	*19/06/2017 - 18/06/2027*	*11.155*
Lam Hau Yin, Lester	*25/01/2022*	*1,383,820*	*25/01/2022 - 24/01/2032*	*3.673*
Chew Fook Aun	*19/06/2017*	*5,135,275*	*19/06/2017 - 18/06/2027*	*11.155*

5. *The percentage has been compiled based on the total number of issued LSG Shares as at 31 July 2023 (i.e., 883,373,901 LSG Shares).*

6. *By virtue of his interests in Wisdoman as described in Note 3 above, Dr. Peter Lam was deemed to be interested in such LSG Shares owned directly by Wisdoman.*

7. *Mr. Chew Fook Aun resigned as a non-executive director of the Company on 1 October 2023.*

8. *The percentage has been compiled based on the total number of issued LSD Shares as at 31 July 2023 (i.e., 1,453,328,830 LSD Shares).*

9. *By virtue of his deemed controlling shareholding interests in LSG as described in Note 3 above, Dr. Peter Lam was deemed to be interested in such LSD Shares owned directly and indirectly by LSG.*

10. *These LSD Shares are held by The Orchid Growers Association Limited, the entire issued share capital of which is beneficially owned by Mr. Chew Fook Aun.*

11. *The percentage has been compiled based on the total number of issued eSun Shares as at 31 July 2023 (i.e., 1,755,876,866 eSun Shares).*

12. *By virtue of his deemed controlling shareholding interests in LSD as described in Note 3 above, Dr. Peter Lam was deemed to be interested in such eSun Shares held by Transtrend Holdings Limited, a wholly-owned subsidiary of LSD.*

Save as disclosed above, as at 31 July 2023, none of the Directors and 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 debentures of the Company or any of its associated corporations, which were required to be notified to the Company and the Stock Exchange, recorded in the Register of Directors and Chief Executive, notified under the Securities Code, or otherwise known to the Directors.

Substantial Shareholders' and Other Person's Interests

As at 31 July 2023, so far as is known or otherwise notified to any Director or the chief executive of the Company, the particulars of the corporations or individuals who had 5% or more interests in the following long positions in the Shares and underlying Shares as recorded, other than a Director or the chief executive of the Company, 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 of the Company

Name	Capacity	Nature of interests	Number of Shares	Approximate percentage of total issued Shares *(Note 1)*
Substantial Shareholders				
Lai Sun Development Company Limited ("**LSD**")	Owner of controlled corporations	Corporate	182,318,266 *(Note 2)*	55.08%
Lai Sun Garment (International) Limited ("**LSG**")	Owner of controlled corporations	Corporate	182,318,266 *(Note 3)*	55.08%
Lam Kin Ngok, Peter	Owner of controlled corporations	Corporate	182,318,266 *(Note 4)*	55.08%
Holy Unicorn Limited ("**Holy Unicorn**")	Beneficial owner	Corporate	180,600,756 *(Note 2)*	54.56%
Transtrend Holdings Limited ("**Transtrend**")	Beneficial owner	Corporate	1,717,510 *(Note 2)*	0.52%
CapitaLand China Holdings Pte Ltd ("**CapitaLand China**")	Owner of controlled corporation	Corporate	64,400,000 *(Note 5)*	19.45%
CapitaLand China Investments Limited ("**CapitaLand China Investments**")	Owner of controlled corporations	Corporate	64,400,000 *(Note 5)*	19.45%
CapitaLand LF (Cayman) Holdings Co., Ltd. ("**CapitaLand Cayman**")	Beneficial owner	Corporate	64,400,000	19.45%
CapitaLand Group Pte. Ltd. ("**CapitaLand**")	Owner of controlled corporations	Corporate	64,400,000 *(Note 5)*	19.45%
Temasek Holdings (Private) Limited ("**Temasek**")	Owner of controlled corporations	Corporate	64,400,000 *(Note 5)*	19.45%
Yu Cheuk Yi	Beneficial owner	Personal	33,161,037 *(Note 6)*	10.02%
Yu Siu Yuk	Beneficial owner	Personal	33,161,037 *(Note 6)*	10.02%
Other Person				
Moerus Capital Management LLC	Investment manager	Corporate	24,969,825	7.54%

Substantial Shareholders' and Other Person's Interests (continued)

Long positions in the Shares of the Company (continued)

Notes:

1. *The percentage has been compiled based on the total number of issued Shares as at 31 July 2023 (i.e., 331,033,443 Shares).*

2. *These interests in the Company represented all the Shares beneficially owned by Holy Unicorn (180,600,756 Shares or approximately 54.56% of the total issued Shares) and Transtrend (1,717,510 Shares or approximately 0.52% of the total issued Shares), both being wholly-owned subsidiaries of LSD.*

3. *LSG owned approximately 55.60% shareholding interests in LSD. As such, LSG was deemed to be interested in the same 182,318,266 Shares in which LSD had interests.*

4. *Dr. Lam Kin Ngok, Peter was deemed to be interested in 182,318,266 Shares by virtue of his personal and deemed shareholding interests in approximately 41.93% (excluding a share option) in LSG which in turn owned approximately 55.60% shareholding interests in LSD.*

5. *These interests in the Company represented the Shares beneficially owned by CapitaLand Cayman which is wholly owned by CapitaLand China which in turn is wholly owned by CapitaLand China Investments while CapitaLand China Investments is wholly owned by CapitaLand. CapitaLand is in turn a wholly-owned subsidiary of CLA Real Estate Holdings Pte. Ltd. Temasek is deemed to be interested in the same 64,400,000 Shares held by CapitaLand Cayman as CLA Real Estate Holdings Pte. Ltd. is an indirect wholly-owned subsidiary of Temasek.*

6. *Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk were both taken to be interested in the same 33,161,037 Shares which were held jointly by them.*

Save as disclosed above, the Directors are not aware of any other corporation or individual who, as at 31 July 2023, had the Voting Entitlements or 5% or more interests or short positions in the Shares or underlying Shares as recorded in the Register of Shareholders.

Controlling Shareholder's Interests in Significant Contracts

Save as disclosed in note 37 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 under 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 had certain continuing connected transactions (as defined under the Listing Rules) during the Year, brief particulars of which are as follows:

1. Ascott Management Agreement

On 23 January 2020, the Company announced that Shanghai Li Xing Real Estate Development Co., Ltd. ("**Li Xing**", a wholly-owned subsidiary of the Company) and Ascott Property Management (Shanghai) Co., Ltd. ("**Ascott**") entered into a serviced residence management agreement ("**Ascott Management Agreement**") in relation to the management of the units of serviced apartment owned by the Group and situated in Huangpu District, Shanghai, the People's Republic of China ("**Serviced Residence**" and "**PRC**", respectively) to renew the previous management agreement for a period of 10 years commencing on 1 May 2020 and renewable for two successive terms of five years at the option of Ascott and subject to the agreement of Li Xing.

Pursuant to the Ascott Management Agreement,

(i) Ascott shall be entitled to receive, for each fiscal year during and throughout the term of the Ascott Management Agreement, a base management fee; and

(ii) Ascott will provide (a) computer modular programs for use in connection with the management and operation of the Serviced Residence at a fee of RMB150 per unit per month; (b) centralised reservation services at a fee of RMB24,000 per month; and (c) other services including, but not limited to, educational and training programmes and facilities, cluster advertising and promotion services, and central purchasing and procurement services at a fee of RMB2,000,000 per annum.

Ascott is a subsidiary of CapitaLand Group Pte. Ltd. ("**CapitaLand**") and CapitaLand is a substantial shareholder of the Company and therefore a connected person of the Company. Accordingly, Ascott is an associate (as defined under the Listing Rules) of CapitaLand and therefore is a connected person of the Company under Rule 14A.07 of the Listing Rules, and the transactions contemplated under the Ascott Management Agreement constitute continuing connected transactions for the Company under the Listing Rules.

The maximum amount of total fees payable by Li Xing to Ascott during the term of the Ascott Management Agreement will not exceed RMB15,000,000 per annum.

Details of the Ascott Management Agreement are set out in an announcement dated 23 January 2020 jointly published by the Company, Lai Sun Garment (International) Limited ("**LSG**"), Lai Sun Development Company Limited ("**LSD**"), and eSun Holdings Limited ("**eSun**").

For the Year, such fees paid or payable to Ascott amounted to RMB4,871,000 (equivalent to approximately HK$5,442,000).

2. Commercial Letting Framework Agreement

On 31 July 2020, the Company, LSG, LSD, eSun and Media Asia Group Holdings Limited ("**MAGHL**", delisted from GEM of the Stock Exchange on 21 March 2023 and has accordingly become a wholly-owned subsidiary of eSun) (collectively "**Lai Sun Group**") entered into the commercial letting framework agreement for the transactions with regard to the letting and/or licensing of premises for office space, warehouse, sales office, restaurant premises, serviced apartments, commercial shops and show flats within members of the Lai Sun Group ("**Transactions**") for a period of three years from 1 August 2020 to 31 July 2023 ("**Commercial Letting Framework Agreement**").

Pursuant to the Commercial Letting Framework Agreement,

(i) each Transaction shall be governed by a written agreement on normal commercial terms;

(ii) the rental or fees (including property management fees) payable under each Transaction and their payments terms shall be determined by reference to the prevailing market or comparable rental or fees; and

(iii) LSG, LSD, the Company, eSun and MAGHL may, in accordance with requirements of the Listing Rules, determine the annual cap amounts in respect of the Transactions constituting its continuing connected transactions for each of the financial years ended 31 July 2021, 2022 and 2023.

Pursuant to Hong Kong Financial Reporting Standard 16 Leases, lessees are required to recognise a right-of-use asset in respect of fixed rental payments. Moreover, licensing fees payable by lessees other than fixed rental payments are recorded as expenses incurred by the lessees over the term of that lease. As a result, the Company has set the following cap amounts:

As lessee:

(i) the annual cap amounts for the total value of the right-of-use assets in respect of the Transactions are HK$6,800,000, HK$7,300,000 and HK$7,900,000 for the respective financial years ended 31 July 2021, 2022 and 2023; and

(ii) the annual cap amount for licensing and other fees in respect of the Transactions is HK$800,000 for each of the financial years ended 31 July 2021, 2022 and 2023.

Continuing Connected Transactions (continued)

2. Commercial Letting Framework Agreement (continued)

As lessor:

The annual cap amounts for the annual rental, licensing fees and/or other fees receivable by the Group in respect of the Transactions are HK$11,800,000, HK$12,900,000 and HK$14,000,000 for the respective financial years ended 31 July 2021, 2022 and 2023.

LSG and LSD are holding companies of the Company and hence connected persons of the Company under the Listing Rules. Accordingly, Transactions between the Group and each of the LSG group (excluding the LSD group) and the LSD group (including the eSun group and the MAGHL group) constitute continuing connected transactions of the Company.

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

The Commercial Letting Framework Agreement expired on 31 July 2023.

For the Year, in respect of the Transactions:

(i) total value of the right-of-use assets amounted to HK$676,000;

(ii) licensing and other fees paid or payable by the Group amounted to HK$484,000; and

(iii) rental, licensing fees and/or other fees received or receivable by the Group amounted to HK$2,289,000.

3. May Flower Cinema Leases

On 31 October 2015, Zhongshan Baoli Property Development Company Limited, an indirect wholly-owned subsidiary of the Company, as lessor, entered into an agreement with Guangdong May Flower Cinema City Company Limited ("**Guangdong Cinema City**", an indirect wholly-owned subsidiary of eSun), as lessee, for extension of the lease of certain premises in Zhongshan Palm Spring (a multi-phase development project wholly owned by the Company) for operation of Zhongshan May Flower Cinema for a further term of 15 years, from 1 November 2015 to 31 October 2030 ("**Zhongshan May Flower Cinema Lease**").

On 1 November 2015, Guangzhou Jieli Real Estate Company Limited, an indirect wholly-owned subsidiary of the Company, as lessor, entered into an agreement with Guangdong Cinema City, as lessee, for extension of the lease of certain premises in Guangzhou May Flower Plaza (a commercial property wholly owned by the Company) for operation of Guangzhou May Flower Cinema for a further term of 15 years, from 1 November 2015 to 31 October 2030 ("**Guangzhou May Flower Cinema Lease**", together with Zhongshan May Flower Cinema Lease, "**May Flower Cinema Leases**").

3. May Flower Cinema Leases (continued)

eSun is a subsidiary of LSD, which is a controlling shareholder of the Company. Hence, the transactions contemplated under the May Flower Cinema Leases constituted continuing connected transactions of the Company.

The rental and other amounts (including the property management fees and any additional turnover rent) payable to the Group under the May Flower Cinema Leases are subject to an annual cap of RMB9,000,000 for the Company (as lessor) for each of the ten financial years ending 31 July 2030 and an annual cap of RMB3,000,000 for the financial year ending 31 July 2031.

Details of the May Flower Cinema Leases are set out in an announcement dated 31 July 2020 jointly published by the Company, LSG, LSD and eSun.

On 15 September 2022, the parties to the Guangzhou May Flower Cinema Lease entered into a termination agreement ("**Termination Agreement**") to terminate such lease in advance with effect from 15 October 2022 ("**Termination Date**") subject to the terms and obligations set out under the Termination Agreement.

As the annual caps set out under the May Flower Cinema Leases are shared among the Zhongshan May Flower Cinema Lease and the Guangzhou May Flower Cinema Lease, the annual caps under the Zhongshan May Flower Cinema Lease ("**Zhongshan May Flower Cinema Caps**") have been revised after the termination of the Guangzhou May Flower Cinema Lease:

- RMB2,500,000 (equivalent to HK$2,813,000) for the period from the Termination Date to the financial year ended 31 July 2023;
- RMB3,000,000 (equivalent to HK$3,375,000) for each of the financial years from 1 August 2023 to 31 July 2030; and
- RMB1,000,000 (equivalent to HK$1,125,000) for the financial year ending 31 July 2031.

Details of the Termination Agreement and the revised Zhongshan May Flower Cinema Caps are set out in the joint announcement dated 15 September 2022 issued by the Company, LSG, LSD and eSun.

For the period from 1 August 2022 to 14 October 2022, the amount of rental and other amounts received or receivable by the Group under the May Flower Cinema Leases amounted to RMB1,342,000 (equivalent to approximately HK$1,499,000).

For the period from the Termination Date to 31 July 2023, the amount of rental and other amounts received or receivable by the Group amounted to RMB1,723,000 (equivalent to approximately HK$1,925,000).

Continuing Connected Transactions (continued)

4. Cost-sharing Agreements

On 30 July 2021, Zhuhai Hengqin Novotown Business Management Co., Ltd. ("**Novotown Business Management**", an indirect wholly-owned subsidiary of the Company) entered into the following cost-sharing agreements with each of Zhuhai Hengqin Laisun Creative Culture City Co., Ltd. ("**Laisun Creative Culture**"), Laisun Creative Culture Hotel (a branch office of Laisun Creative Culture established in the PRC), Zhuhai Hengqin Novotown Creative Culture Co., Ltd. ("**Novotown Creative Culture**") and Zhuhai Hengqin Novotown Entertainment Co., Ltd. ("**Novotown Entertainment**") in respect of sharing the costs and expenses in connection with the use of the head lease premises ("**Head Lease Premises**") as staff quarter on a cost basis:

(i) Laisun Creative Culture Cost-sharing Agreements

Novotown Business Management and Laisun Creative Culture entered into the Laisun Creative Culture Cost-sharing Agreement I, and Novotown Business Management and Laisun Creative Culture Hotel entered into the Laisun Creative Culture Cost-sharing Agreement II, pursuant to which the parties thereto 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 August 2021 to 30 April 2024 subject to the annual caps not exceeding HK$3.1 million and HK$3.3 million for the respective financial years ended 31 July 2022 and 2023, and not exceeding HK$3.4 million for the financial year ending 31 July 2024.

(ii) Novotown Creative Culture Cost-sharing Agreement

Novotown Business Management and Novotown Creative Culture entered into the Novotown Creative Culture Cost-sharing Agreement, pursuant to which the parties thereto 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 August 2021 to 30 April 2024 subject to the annual caps not exceeding HK$0.3 million for each of the financial years ended 31 July 2022 and 2023 and the financial year ending 31 July 2024.

(iii) Novotown Entertainment Cost-sharing Agreement

Novotown Business Management and Novotown Entertainment entered into the Novotown Entertainment Cost-sharing Agreement, pursuant to which the parties thereto 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 August 2021 to 30 April 2024 subject to the annual caps not exceeding HK$2.0 million and HK$2.1 million for the respective financial years ended 31 July 2022 and 2023, and not exceeding HK$2.2 million for the financial year ending 31 July 2024.

4. Cost-sharing Agreements (continued)

As each of Laisun Creative Culture, Novotown Creative Culture and Novotown Entertainment is a connected subsidiary of the Company pursuant to Rule 14A.16(2) of the Listing Rules. Accordingly, the transactions contemplated under each of the Laisun Creative Culture Cost-sharing Agreements, the Novotown Creative Culture Cost-sharing Agreement and the Novotown Entertainment Cost-sharing Agreement (collectively, "**Cost-sharing Agreements**") constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Details of the Cost-sharing Agreements are set out in an announcement of the Company dated 30 July 2021.

For the Year, the amount of the cost-sharing fees paid or payable to Novotown Business Management by the relevant connected subsidiaries were as follows:

Laisun Creative Culture	RMB1,606,000 (equivalent to approximately HK$1,795,000)
Novotown Creative Culture	RMB161,000 (equivalent to approximately HK$180,000)
Novotown Entertainment	RMB765,000 (equivalent to approximately HK$855,000)

5. Property Management Services Agreements

Novotown Business Management entered into the following agreements with each of the relevant connected subsidiaries of the Company to renew the previous property management services agreements:

(i) ***Novotown Creative Culture Property Management Services Agreement***
On 29 July 2022, Novotown Business Management and Novotown Creative Culture entered into the Novotown Creative Culture Property Management Services Agreement to renew the previous property management services agreement. Pursuant to such renewed agreement, Novotown Business Management would provide property management services to Novotown Creative Culture from 1 September 2022 to 31 July 2025 subject to the annual cap not exceeding HK$3.7 million for the period from 1 September 2022 to 31 July 2023, and not exceeding HK$4.0 million for each of the financial years ending 31 July 2024 and 2025.

(ii) ***Novotown Entertainment Property Management Services Agreement***
On 29 July 2022, Novotown Business Management and Novotown Entertainment entered into the Novotown Entertainment Property Management Services Agreement to renew the previous property management services agreement. Pursuant to such renewed agreement, Novotown Business Management would provide property management services to Novotown Entertainment from 1 August 2022 to 31 July 2025 subject to the annual cap not exceeding HK$18.3 million for the financial year ended 31 July 2023 and each of the financial years ending 31 July 2024 and 2025.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

5. Property Management Services Agreements (continued)

(iii) ***Laisun Creative Culture Property Management Services Agreement***

On 30 September 2022, Novotown Business Management and Laisun Creative Culture entered into the Laisun Creative Culture Property Management Services Agreement to renew the previous property management services agreement. Pursuant to such renewed agreement, Novotown Business Management would provide property management services to Laisun Creative Culture from 1 October 2022 to 30 September 2023 subject to the annual cap not exceeding HK$30.0 million for the period from 1 October 2022 to 31 July 2023 and HK$6.0 million for the period from 1 August to 30 September 2023.

Details of the Property Management Services Agreements are set out in the Company's announcements dated 29 July 2022 and 30 September 2022.

During the Year, the amounts of the property management fees paid or payable to Novotown Business Management by the relevant connected subsidiaries were as follows:

Novotown Creative Culture	RMB2,670,000 (equivalent to approximately HK$2,983,000) for the period from 1 September 2022 to 31 July 2023
Novotown Entertainment	RMB13,650,000 (equivalent to approximately HK$15,250,000) during the Year
Laisun Creative Culture	RMB1,477,000 (equivalent to approximately HK$1,650,000) for the period from 1 October 2022 to 31 July 2023

As announced by the Company on 20 September 2023, the Laisun Creative Culture Property Management Services Agreement has been renewed for a term commencing from 1 October 2023 to 31 July 2025. Pursuant to such renewed agreement, Novotown Business Management would provide property management services to Laisun Creative Culture from 1 October 2023 to 31 July 2025 subject to the annual cap not exceeding HK$17.0 million and HK$13.0 million for the respective financial years ending 31 July 2024 and 2025. Further details of the renewed agreement are set out in the Company's announcements dated 20 September 2023 and 27 September 2023.

6. 2023 Commercial Letting Framework Agreement

On 31 July 2023, the Company, LSG, LSD and eSun (collectively "**Lai Sun Group**") entered into the commercial letting framework agreement ("**2023 Commercial Letting Framework Agreement**") for the transactions with regard to the letting and/or licensing of premises for office space, warehouse, commercial properties, car parking spaces, advertising spaces and other premises within members of the Lai Sun Group ("**Transactions**") for a period of three years commencing on 1 August 2023 and expiring on 31 July 2026.

Pursuant to the 2023 Commercial Letting Framework Agreement,

(i) each Transaction shall be governed by a written agreement on normal commercial terms;

(ii) the rental or fees (including property management fees) payable under each Transaction and their payment terms shall be determined by reference to the prevailing market or comparable rental or fees; and

(iii) each of LSG, LSD, the Company and eSun may, in accordance with requirements of the Listing Rules, determine the annual cap amounts in respect of the Transactions constituting its continuing connected transactions for each of the three financial years ending 31 July 2024, 2025 and 2026.

Pursuant to Hong Kong Financial Reporting Standard 16 Leases, lessees are required to recognise a right-of-use asset in respect of fixed rental payments. Moreover, licensing fees payable by lessees other than fixed rental payments are recorded as expenses incurred by the lessees over the term of that lease. As a result, the Company has set the following cap amounts:

As lessee:

(i) the annual cap amounts for the total value of the right-of-use assets in respect of the Transactions are HK$6,000,000 for each of the two financial years ending 31 July 2025 and HK$7,000,000 for the financial year ending 31 July 2026; and

(ii) the annual cap amount for licensing and other fees in respect of the Transactions is HK$1,000,000 for each of the three financial years ending 31 July 2026.

As lessor:

The annual cap amounts for the annual rental, licensing fees and/or other fees receivable by the Group in respect of the Transactions are HK$7,000,000 for each of the three financial years ending 31 July 2026.

Continuing Connected Transactions (continued)

6. 2023 Commercial Letting Framework Agreement (continued)

LSG and LSD are holding companies of the Company and hence connected persons of the Company under the Listing Rules. Accordingly, Transactions between the Group and each of the LSG group (excluding the LSD group) and the LSD group (including the eSun group) constitute continuing connected transactions of the Company.

Details of the 2023 Commercial Letting Framework Agreement are set out in the joint announcement dated 31 July 2023 published by the Lai Sun Group.

The continuing connected transactions listed above have been reviewed by the INEDs who have 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 relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

Ernst & Young, Certified Public Accountants of Hong Kong ("**Ernst & Young**"), the Company's independent auditor, were engaged to report on the Group's continuing connected transactions 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 have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed under paragraphs 1 to 5 above to the Board in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

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

Guaranteed Notes

On 18 January 2018, Lai Fung Bonds (2018) Limited ("**LF Bonds**", a wholly-owned subsidiary of the Company) issued the 5.65% guaranteed notes due 2023 ("**Guaranteed Notes**") with an aggregate principal amount of US$350,000,000. Details of the Guaranteed Notes are set out in note 28 to the financial statements.

During the Year, LF Bonds fully redeemed its outstanding Guaranteed Notes at principal amount upon maturity.

Share Capital

Details of the movements in the Company's share capital during the Year are set out in note 30 to the financial statements.

Distributable Reserves

As at 31 July 2023, the Company's reserves available for distribution amounted to HK$315,991,000 which comprised retained earnings and exchange fluctuation reserve.

Under the Companies Act (As Revised) (Cap. 22) of the Cayman Islands, the share premium account of the Company in the amount of HK$4,105,466,000 may be applied for paying distributions or dividends to members provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.

Principal Subsidiaries

Particulars of the Company's principal subsidiaries as at 31 July 2023 are set out in note 42 to the financial statements.

Donations for Charitable or Other Purposes

During the Year, the Group made donations for charitable or other purposes totaling HK$2,795,000.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Articles of Association or the Companies Act (As Revised) (Cap. 22) of the Cayman Islands, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders of the Company ("**Shareholders**").

Summary of Financial Information

A summary of the results and assets, liabilities and non-controlling interests of the Group for the last five financial years is set out in the Financial Summary of this Annual Report on pages 28 and 29.

Major Customers and Suppliers

During the Year, turnover or sales attributable to the Group's five largest customers accounted for less than 30% of the Group's total turnover. During the Year, the Group's purchases from its five largest suppliers accounted for approximately 75% of the Group's total purchases, while the largest supplier accounted for approximately 49% 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 for the Year.

Disclosure Pursuant to Paragraph 13.21 of Chapter 13 of the Listing Rules

On 30 October 2018, a non-wholly owned subsidiary of the Company, as borrower, entered into a facility agreement pursuant to which a 5-year term loan facility of an amount up to HK$700,000,000 was granted to the borrower. The facility agreement was amended on 22 October 2019, pursuant to which LSD shall maintain its 20% direct or indirect holding interest (excluding the portion indirectly held through the Company) in the borrower. Upon a breach of this covenant, the lender may, inter alia, declare that the outstanding liability under the facility becomes immediately due.

Purchase, Sale or Redemption of Listed Securities

LF Bonds, a wholly-owned subsidiary of the Company, issued the Guaranteed Notes in January 2018.

On 12 August 2022, LF Bonds repurchased the Guaranteed Notes in a principal amount of US$3,500,000, for an aggregate consideration (with accrued interest) of approximately US$3,235,000 (equivalent to approximately HK$25,365,000) in the open market.

On 18 January 2023, LF Bonds fully redeemed its outstanding Guaranteed Notes at principal amount upon maturity. Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Year.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the Report Date, the Company's public float was below 25% of the total issued share capital of the Company held by the public ("**Minimum Prescribed Percentage**") as prescribed by the Listing Rules.

The Company is considering steps to restore the public float of the Company to the Minimum Prescribed Percentage in accordance with the Listing Rules.

For more details of the insufficiency of public float, please refer to the announcements of the Company dated 5 January 2022, 31 May 2022, 31 August 2022, 10 November 2022, 10 February 2023, 10 May 2023 and 10 August 2023.

Corporate Governance

Particulars of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 68 to 92 of this Annual Report.

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 Agreement

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

Review by Audit Committee

The Audit Committee of the Company ("**Audit Committee**") comprises four INEDs, namely Messrs. Law Kin Ho, Lam Bing Kwan, Ku Moon Lun and Mak Wing Sum, Alvin. The Audit Committee has reviewed with the management the audited consolidated financial statements of the Company for the Year.

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 the independent auditor of the Company for the ensuing year will be put to the forthcoming AGM for Shareholders' approval.

On behalf of the Board

Lam Kin Ngok, Peter
Chairman
Hong Kong
17 October 2023

Shareholders' Information

Taxation of Holders of Shares

(a) Hong Kong

The purchase, sale and transfer of shares registered in the Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller (or transferee and transferor) is 0.13% of the consideration or, if greater, the fair value of the shares being bought/sold or transferred (rounded up to the nearest HK$'000). In addition, a fixed duty of HK$5.00 is currently payable on an instrument of transfer of shares.

Profits from dealings in the shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) Cayman Islands

Under the present Cayman Islands acts, transfers and other dispositions of shares in the Company are exempt from Cayman Islands stamp duty.

(c) Consultation with professional advisers

Intending holders and investors of the Company's shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications (including tax relief) of subscribing for, purchasing, holding, disposing of or dealing in shares. It is emphasised that none of the Company or its Directors or officers will accept any responsibility for any tax effect on, or liabilities of, holders of shares in the Company resulting from their subscription for, purchase, holding, disposal of or dealing in such shares.

Key Dates

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

	For Financial Year 2022/2023
Annual results announcement	17 October 2023
Latest time and date for lodging transfer documents with the Hong Kong branch share registrar to ascertain entitlement to attending and voting at the 2023 Annual General Meeting ("**AGM**")	4:30 p.m. on 11 December 2023
2023 AGM	15 December 2023

	For Financial Year 2023/2024
Interim results announcement	on or before 31 March 2024
Annual results announcement	on or before 31 October 2024

Independent Auditor's Report

To the shareholders of Lai Fung Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Lai Fung Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 131 to 232, which comprise the consolidated statement of financial position as at 31 July 2023, 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 2023, 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 disclosure requirements of 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
Estimation of fair value of investment properties	
The Group's investment properties measured at fair value amounted to approximately HK$19.7 billion as at 31 July 2023. Significant estimates and judgements are required by management to determine the fair value of the investment properties. To support management's determination of the fair value, the Group engaged an external valuer to perform valuations on the investment properties at the end of the reporting period. The related disclosures for the estimation of fair value of investment properties are included in notes 3 and 15 to the financial statements.	We evaluated the objectivity, independence and competency of the external valuer. We involved our internal valuation specialists to assist us evaluating the valuation techniques and assumptions used. We also tested the underlying key estimations and assumptions for selected samples through enquiry with management and by reference to the historical information and open market information. We then assessed the relevant disclosures of investment properties in the notes to the financial statements.
Land appreciation tax in Mainland China	
The Group is subject to land appreciation tax ("**LAT**") in respect of the Group's property development projects in Mainland China. The Group has not finalised its LAT calculation and payments with the tax authorities for certain of its property development projects. Significant management judgement and estimations are required in determining the LAT provision for these projects. Changes in assumptions about the decisions that might be made by the relevant tax authorities can materially impact the level of LAT provisions recorded in the financial statements. The final outcome could be different from the amounts that were initially recorded. The related disclosures in relation to LAT are included in notes 3 and 10 to the financial statements.	We involved our internal tax specialists to assist us in the assessment of the LAT calculation prepared by management, including analysing and evaluating the estimates and assumptions used by management. We tested the underlying data used to evaluate LAT provision, including estimated total sales, property development costs, borrowing costs and tax rates. We recalculated the tax computation and checked the accuracy of calculation. We also assessed the relevant disclosures in the notes to the financial statements.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment of the long-term assets related to theme parks	
As at 31 July 2023, the long-term assets related to theme parks included property, plant and equipment of HK$423.6 million, after accumulative impairment of HK$729.3 million, and right-of-use assets of HK$54.6 million. The operation of the theme parks suffered losses in recent years, and impairment indicators were identified. Impairment of HK$173.6 million was provided during the current year. Management treated each of theme parks as a cash-generating unit ("**CGU**"), measured the recoverable amounts of the long-term assets related to theme parks by assessing the value in use of the corresponding CGU. Recoverability of these CGUs is dependent on assumptions about the future revenue growth rate and operating costs, as well as the discount rate. The assessment of impairment involves significant estimation uncertainty, subjective assumptions and the application of significant judgement. Relevant disclosures are made in notes 3, 13 and 16 to the financial statements.	We evaluated the reasonableness of the identification of CGUs, the key estimations and assumptions used in the impairment assessments prepared by management and assessed the forecasts used with respect to future revenues and operating results by comparing the forecasts with the historic performance of the respective CGUs and by referencing to management's business development plans through enquiry with management and the industry trend. We involved our internal valuation specialists to assist us in evaluating the valuation methodologies and discount rates used in the impairment assessment prepared by management. We also assessed the relevant disclosures in the notes to the financial statements.

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 disclosure requirements of 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, 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.

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

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.

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 Lee Mee Kwan, Helena.

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

17 October 2023

Consolidated Income Statement

Year ended 31 July 2023

	Notes	**2023 HK$'000**	2022 HK$'000
TURNOVER	5	**1,800,510**	2,515,771
Cost of sales		**(898,518)**	(1,218,917)
Gross profit		**901,992**	1,296,854
Other income and gains	5	**96,335**	142,073
Selling and marketing expenses		**(112,161)**	(137,261)
Administrative expenses		**(307,919)**	(239,099)
Other operating expenses, net		**(343,926)**	(725,598)
Fair value gains/(losses) on investment properties	15	**(68,808)**	340,974
PROFIT FROM OPERATING ACTIVITIES	7	**165,513**	677,943
Finance costs	6	**(596,219)**	(399,768)
Share of losses of joint ventures		**(214)**	(246)
Share of profit/(loss) of an associate		**(8)**	75
PROFIT/(LOSS) BEFORE TAX		**(430,928)**	278,004
Tax	10	**(258,425)**	(561,888)
LOSS FOR THE YEAR		**(689,353)**	(283,884)
ATTRIBUTABLE TO:			
Owners of the Company		**(584,702)**	(134,523)
Non-controlling interests		**(104,651)**	(149,361)
		(689,353)	(283,884)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY:	12		
Basic and diluted		**(HK$1.766)**	(HK$0.406)

Consolidated Statement of Comprehensive Income

Year ended 31 July 2023

	2023 **HK$'000**	2022 HK$'000
LOSS FOR THE YEAR	**(689,353)**	(283,884)
OTHER COMPREHENSIVE INCOME/(EXPENSES) THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT IN SUBSEQUENT PERIODS, NET OF TAX		
Exchange differences:		
Exchange differences arising on translation to the presentation currency	**(1,253,968)**	(735,672)
Reclassification of reserve upon deregistration of a subsidiary	**(10,274)**	—
Reclassification of reserve upon return of capital from subsidiaries	**(285)**	29,965
	(1,264,527)	(705,707)
Share of other comprehensive expenses of an associate	**(9)**	(4)
OTHER COMPREHENSIVE EXPENSES FOR THE YEAR, NET OF TAX	**(1,264,536)**	(705,711)
TOTAL COMPREHENSIVE EXPENSES FOR THE YEAR	**(1,953,889)**	(989,595)
ATTRIBUTABLE TO:		
Owners of the Company	**(1,828,551)**	(825,886)
Non-controlling interests	**(125,338)**	(163,709)
	(1,953,889)	(989,595)

Consolidated Statement of Financial Position

31 July 2023

	Notes	2023 HK$'000	2022 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**2,302,822**	2,735,738
Right-of-use assets	16	**487,714**	530,343
Investment properties	15	**19,720,100**	20,589,800
Investments in joint ventures	17	**18,478**	18,692
Investment in an associate	18	**99**	116
Debtors, deposits and prepayments	19	**477,974**	493,643
Total non-current assets		**23,007,187**	24,368,332
CURRENT ASSETS			
Properties under development	14	**1,063,709**	953,515
Completed properties for sale		**2,926,175**	3,656,243
Inventories		**3,905**	5,207
Derivative financial instruments	23	**—**	4,551
Debtors, deposits and prepayments	19	**481,967**	513,245
Prepaid tax		**162,357**	140,268
Pledged and restricted time deposits and bank balances	20	**822,900**	2,031,534
Cash and cash equivalents	20	**1,648,823**	2,111,091
		7,109,836	9,415,654
Assets classified as held for sale		**735**	783
Total current assets		**7,110,571**	9,416,437
CURRENT LIABILITIES			
Creditors, accruals and other payables	21	**1,730,450**	1,979,103
Contract liabilities and deposits received	22	**874,884**	651,860
Interest-bearing bank loans	24	**1,116,841**	1,065,531
Lease liabilities	16	**2,822**	4,348
Guaranteed notes	28	**—**	2,744,923
Tax payable		**458,984**	455,175
Other borrowings	25	**34,412**	41,578
Total current liabilities		**4,218,393**	6,942,518
NET CURRENT ASSETS		**2,892,178**	2,473,919
TOTAL ASSETS LESS CURRENT LIABILITIES		**25,899,365**	26,842,251

Consolidated Statement of Financial Position (Continued)

31 July 2023

	Notes	2023 HK$'000	2022 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**25,899,365**	26,842,251
NON-CURRENT LIABILITIES			
Lease liabilities	16	**278**	2,578
Other payables	21	**900,726**	959,672
Long-term deposits received	22	**129,385**	138,542
Interest-bearing bank loans	24	**8,805,753**	7,501,104
Advances from a former substantial shareholder	26	**50,953**	54,288
Loans from a fellow subsidiary	27	**610,245**	532,315
Deferred tax liabilities	29	**2,892,835**	3,190,673
Total non-current liabilities		**13,390,175**	12,379,172
		12,509,190	14,463,079
EQUITY			
Equity attributable to owners of the Company			
Issued capital	30	**1,655,167**	1,655,167
Reserves	32	**11,122,731**	12,951,282
		12,777,898	14,606,449
Non-controlling interests		**(268,708)**	(143,370)
		12,509,190	14,463,079

Lam Kin Ngok, Peter
Director

Lam Hau Yin, Lester
Director

Consolidated Statement of Changes in Equity

Year ended 31 July 2023

		Attributable to owners of the Company									
	Note	Issued capital HK$'000	share premium account HK$'000	Share option reserve HK$'000	Exchange fluctuation reserve HK$'000	Capital reserve HK$'000	Statutory reserve HK$'000	Retained earnings HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
As at 31 July 2021 and 1 August 2021		1,655,167	4,105,466	24,425	1,382,656	137,165	318,574	7,807,806	15,431,259	20,339	15,451,598
Loss for the year		—	—	—	—	—	—	(134,523)	(134,523)	(149,361)	(283,884)
Other comprehensive income/ (expenses) for the year, net of tax:											
Exchange differences arising on translation to the presentation currency		—	—	—	(721,324)	—	—	—	(721,324)	(14,348)	(735,672)
Reclassification of reserve upon return of capital from a subsidiary		—	—	—	29,965	—	—	—	29,965	—	29,965
Share of other comprehensive expenses of an associate		—	—	—	(4)	—	—	—	(4)	—	(4)
Total comprehensive expenses for the year, net of tax		—	—	—	(691,363)	—	—	(134,523)	(825,886)	(163,709)	(989,595)
Equity-settled share option arrangement	31	—	—	1,076	—	—	—	—	1,076	—	1,076
Transfer to statutory reserve		—	—	—	—	—	26,667	(26,667)	—	—	—
Release of reserve upon lapse of share options		—	—	(1,093)	—	—	—	1,093	—	—	—
As at 31 July 2022 and 1 August 2022		**1,655,167**	**4,105,466***	**24,408***	**691,293***	**137,165***	**345,241***	**7,647,709***	**14,606,449**	**(143,370)**	**14,463,079**
Loss for the year		**—**	**—**	**—**	**—**	**—**	**—**	**(584,702)**	**(584,702)**	**(104,651)**	**(689,353)**
Other comprehensive expenses for the year, net of tax:											
Exchange differences arising on translation to the presentation currency		**—**	**—**	**—**	**(1,233,281)**	**—**	**—**	**—**	**(1,233,281)**	**(20,687)**	**(1,253,968)**
Reclassification of reserve upon deregistration of a subsidiary		**—**	**—**	**—**	**(10,274)**	**—**	**—**	**—**	**(10,274)**	**—**	**(10,274)**
Reclassification of reserve upon return of capital from subsidiaries		**—**	**—**	**—**	**(285)**	**—**	**—**	**—**	**(285)**	**—**	**(285)**
Share of other comprehensive expenses of an associate		**—**	**—**	**—**	**(9)**	**—**	**—**	**—**	**(9)**	**—**	**(9)**
Total comprehensive expenses for the year, net of tax		**—**	**—**	**—**	**(1,243,849)**	**—**	**—**	**(584,702)**	**(1,828,551)**	**(125,338)**	**(1,953,889)**
Transfer to statutory reserve		**—**	**—**	**—**	**—**	**—**	**27,907**	**(27,907)**	**—**	**—**	**—**
Release of reserve upon lapse of share options		**—**	**—**	**(21,499)**	**—**	**—**	**—**	**21,499**	**—**	**—**	**—**
As at 31 July 2023		**1,655,167**	**4,105,466***	**2,909***	**(552,556)***	**137,165***	**373,148***	**7,056,599***	**12,777,898**	**(268,708)**	**12,509,190**

* *These reserve accounts comprise the consolidated reserves of HK$11,122,731,000 (2022: HK$12,951,282,000) in the consolidated statement of financial position.*

Consolidated Statement of Cash Flows

Year ended 31 July 2023

	Notes	2023 HK$'000	2022 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**(430,928)**	278,004
Adjustments for:			
Fair value losses/(gains) on investment properties	15	**68,808**	(340,974)
Finance costs	6	**596,219**	399,768
Share of losses of joint ventures		**214**	246
Share of loss/(profit) of an associate		**8**	(75)
Interest income from bank deposits	5	**(45,865)**	(69,027)
Interest income from finance lease contract	5	**(19,533)**	(21,995)
Depreciation of property, plant and equipment	7	**142,928**	221,772
Depreciation of right-of-use assets	7	**20,633**	21,540
Foreign exchange differences, net	7	**5,846**	78,089
Revision of lease term arising from a change on the non-cancellable period of a lease		**—**	(69)
Loss on disposal of items of property, plant and equipment	7	**237**	99
Impairment of property, plant and equipment	7	**173,642**	366,312
Write-down of properties under development to net realisable value	7	**—**	2,187
Write-down of completed properties for sale to net realisable value	7	**4,849**	—
Remeasurement of finance lease receivables	7	**—**	34,193
Foreseeable loss on finance lease contract	7	**—**	1,558
Derecognition loss on rental receivable	7	**7,159**	32,265
Gain on repurchase of guaranteed notes		**(2,195)**	—
Fair value losses/(gains) on cross currency swaps	7	**5,951**	(13,516)
Equity-settled share option expenses	7	**—**	1,076
		527,973	991,453
Decrease in completed properties for sale		**510,020**	870,271
Increase in properties under development		**(109,097)**	(338,630)
Decrease in assets classified as held for sale		**—**	1,810
Decrease in debtors, deposits and prepayments		**59,321**	92,297
Decrease in inventories		**1,302**	1,046
Increase/(decrease) in creditors, accruals and other payables, and contract liabilities and short-term deposits received		**4,785**	(718,737)
Decrease in long-term deposits received		**(9,157)**	(1,089)
Cash generated from operations		**985,147**	898,421
Mainland China taxes paid, net		**(358,735)**	(491,038)
Net cash flows from operating activities		**626,412**	407,383
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**45,865**	69,027
Additions to property, plant and equipment		**(73,153)**	(169,153)
Additions to investment properties		**(265,116)**	(591,472)
Investment in a joint venture		**—**	(1,000)
Advance to a joint venture		**—**	(1,500)
Decrease/(increase) in pledged and restricted time deposits and bank balances		**1,090,423**	(213,705)
Net cash flows from/(used in) investing activities		**798,019**	(907,803)

	Notes	2023 HK$'000	2022 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans, net of direct costs		**3,284,309**	849,103
Repayment of bank loans		**(1,666,653)**	(480,407)
Redemption and repurchase of guaranteed notes		**(2,736,038)**	—
Loans from a fellow subsidiary		**77,930**	86,480
Decrease in put option liabilities		**(32,250)**	—
Repayment of other borrowings		**(6,915)**	—
Payments of lease liabilities	16(a)(ii)	**(4,644)**	(5,252)
Interest and bank financing charges paid		**(686,793)**	(568,293)
Net cash flows used in financing activities		**(1,771,054)**	(118,369)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(346,623)**	(618,789)
Cash and cash equivalents at beginning of year		**2,111,091**	2,819,615
Effect of foreign exchange rate changes, net		**(115,645)**	(89,735)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,648,823**	2,111,091
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Non-pledged and non-restricted cash and bank balances	20	**849,738**	1,283,286
Non-pledged and non-restricted time deposits	20	**799,085**	827,805
Cash and cash equivalents as stated in the consolidated statement of financial position	20	**1,648,823**	2,111,091

Notes to Financial Statements

31 July 2023

1. Corporate and Group Information

Lai Fung Holdings Limited (the "**Company**") is a limited liability company incorporated in the Cayman Islands.

The principal place of business of the Company is located at 11th Floor, Lai Sun Commercial Centre, 680 Cheung Sha Wan Road, Kowloon, Hong Kong.

The principal activities of the Company and its subsidiaries (collectively referred to as the "**Group**") consisted of property development for sale, property investment, and development and operation of and investment in cultural, leisure, entertainment and related facilities.

Details of the principal subsidiaries are set out in note 42 to the financial statements.

In the opinion of the directors, the ultimate holding company of the Company as at 31 July 2023 was Lai Sun Garment (International) Limited ("**LSG**"), which was incorporated in Hong Kong and is listed in Hong Kong.

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 disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and derivative financial instruments, which have been measured at fair value. Non-current asset classified as held for sale is stated at the lower of its carrying amount and fair value less costs to sell as further explained in note 2.4 to the financial statements. These financial statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

Considering the highly challenging real estate market in mainland China, the directors carefully monitored the future liquidity and performance of the Group. As at the end of the reporting period, the directors have reviewed the Group's cash flow projections prepared by management, which cover a twelve-month period from 31 July 2023. In view that (i) as at 31 July 2023 and in subsequent period, the Group had sufficient undrawn facilities; and (ii) the recurring cash flows from the Group's operating activities, the directors are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 July 2023. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

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 2023. 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).

Generally, there is a presumption that a majority of voting rights results in control. 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 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 earnings, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Notes to Financial Statements

31 July 2023

2.2 Changes in Accounting Policies and Disclosures

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements:

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

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

2.3 Issued but not Yet Effective HKFRSs

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 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 17	*Insurance Contracts*[1, 5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current (the "**2020 Amendments**")*[2, 4]
Amendments to HKAS 1	*Non-current Liabilities with Covenants (the "**2022 Amendments**")*[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKAS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]
Amendments to HKAS 12	*International Tax Reform-Pillar Two Model Rules*[1]
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*[2]
Amendments to HKAS 21	*Lack of Exchangeability*[3]

1 Effective for annual periods beginning on or after 1 January 2023

2 Effective for annual periods beginning on or after 1 January 2024

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, 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 to align the corresponding wording with no change in conclusion

5 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

6 An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of HKFRS 17

The Group is in the process of making an assessment of the impact of the new and revised HKFRSs upon initial application. The Group is not yet in the position to state whether they would have a significant impact on the Group's results of operations 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 statement of 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 asset 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 by 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.

2.4 Summary of Significant Accounting Policies (continued)

Business combinations and goodwill (continued)

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.

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 investment properties and derivative financial instruments 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.

2.4 Summary of Significant Accounting Policies (continued)

Fair value measurement (continued)

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 completed properties for sale, properties under development, inventories, deferred tax assets, financial assets, investment properties 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. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate assets is allocated to an individual cash-generating unit if can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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.

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 including owner-operated hotels, serviced apartments and theme parks, other than investment properties, properties under development and 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:

Leasehold buildings	Over the remaining lease terms of the land
Hotels and serviced apartments	Over the remaining lease terms of the land
Leasehold improvements	10% – 20%
Theme parks, excluding land and buildings	10% – 20%
Furniture, fixtures and equipment	20%
Motor vehicles	20% – 25%
Computers	20% – 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 a building under construction or equipment under installation or testing, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction or equipment 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.

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 period 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 period 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.

Properties under development

Properties under development represent properties being developed for sale and are stated 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 the prevailing market prices on an individual property basis less estimated costs of completion and costs to be incurred in selling the property.

Once the development of these properties is completed, these properties are transferred to completed properties for sale.

If a property under development is intended to be redeveloped into an owner-occupied property, it is transferred to construction in progress at carrying amount.

2.4 Summary of Significant Accounting Policies (continued)

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 costs to be incurred in selling the property.

If an item of completed properties for sale becomes owner-occupied, it is transferred to property, plant and equipment at carrying amount.

For a transfer from an item of completed properties for sale to investment properties 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.

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 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 classified as held for sale are not depreciated or amortised.

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)

Right-of-use assets

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

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 remaining lease terms of the land
Office, warehouse premises and staff dormitory	2 to 3 years

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)

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), a change in the in-substance fixed lease payments or a change in assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

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

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. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated income statement due to its operating nature. 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

At initial recognition, financial assets are classified as subsequently measured at amortised cost 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 trade receivables 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. Trade receivables 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.

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.

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 profit or loss when the asset is derecognised, modified or impaired.

2.4 Summary of Significant Accounting Policies (continued)

Investments and other financial assets (continued)

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.

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 pass-through 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 forms of a guarantee over the transferred assets is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to repay.

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 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 trade receivables and contract assets 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 trade receivables 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 trade receivables that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies 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.

The Group's financial liabilities include creditors, accruals and other payables, deposits received, interest-bearing bank loans, lease liabilities, derivative financial instruments, advances from a former substantial shareholder, loans from a fellow subsidiary, other borrowings and guaranteed notes.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (loans and borrowings)
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.

2.4 Summary of Significant Accounting Policies (continued)

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 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 potion. 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 are stated at the lower of cost and net realisable value. Cost for merchandise, food, beverages and supplies used in theme parks is determined on the weighted average cost basis. 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 which 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 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, which are not restricted as to use.

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 as 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.

2.4 Summary of Significant Accounting Policies (continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods 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 as 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 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 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

- 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.

2.4 Summary of Significant Accounting Policies (continued)

Income tax (continued)

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.

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.

2.4 Summary of Significant Accounting Policies (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

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 with 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 completed properties*
Revenue from the sale of completed properties is recognised upon the signing of the property handover letter, which is taken to be the point in time when the control of the property is transferred to the purchaser.

(b) *Revenue from hotel and serviced apartment operation and building management operation*
Revenue from hotel and serviced apartment operation and building management 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.

(c) *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 a point in time when tickets are expired; and sale of goods are recognised when the goods are delivered to the customer.

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 income

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.

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.

2.4 Summary of Significant Accounting Policies (continued)

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).

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.

Employee benefits

Share-based payments

The Company operates share option schemes for the purposes as detailed in note 31 to the financial statements. 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 is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a binomial model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ("**market conditions**"), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expense. 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.

2.4 Summary of Significant Accounting Policies (continued)

Employee benefits (continued)

Share-based payments (continued)

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Service and non-market performance 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)

Other employee benefits

Pension schemes

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 Mainland China are required to participate in a central pension scheme operated by the local municipal government. Those subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

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.

Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate of 7.0% has been applied to the expenditure on the individual assets.

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 note 11 to the financial statements.

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 retranslated at the functional currency rates of exchange ruling as 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 subsidiaries, associates and joint ventures operating overseas/in Mainland China are currencies other than Hong Kong dollars. 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 subsidiaries, associates and joint ventures operating overseas/in Mainland China are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of subsidiaries, associates and joint ventures operating overseas/in Mainland China which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

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:

(i) 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 for 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.

(ii) 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 29 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.

The Group's investment properties at fair value in Mainland China are held to earn rental income and/or for capital appreciation and they are considered to be held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Accordingly, deferred tax on these investment properties at fair value is measured to reflect the tax consequences of recovering the carrying amounts of the investment properties through use.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Judgements (continued)

(iii) Put option liabilities

As explained in note 25 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.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty as 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.

(i) Estimation of fair value of investment properties

The best evidence of fair value is current prices in an active market for properties in the same location and condition and subject to similar lease and other contracts. In the absence of such information, the Group considers information from a variety of sources, including (i) by reference to independent valuations; (ii) current prices in an active market for properties of a different nature, condition and location (or subject to different leases or other contracts), adjusted to reflect those differences; (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 at 31 July 2023 was HK$19,720,100,000 (2022: HK$20,589,800,000). Further details, including the key assumptions used for fair value measurement and a sensitivity analysis, are given in note 15 to the financial statements.

(ii) 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) prepaid land lease payments, (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.

3. Significant Accounting Judgements and Estimates (continued)

Estimation uncertainty (continued)

(iii) 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, or from a change in the market demand for the product or service output of the asset, 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 is 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.

(iv) Impairment of non-financial assets (other than goodwill)

In determining whether an asset is impaired or the events previously causing the impairment no longer exists, the Group has to exercise judgement in the area of asset impairment, particularly in assessing: (i) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (ii) 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 (iii) 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.

(v) 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 its 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. Subsequent to the financial year ends of the PRC subsidiaries, management shall make adjustments (and the relevant local tax authorities may raise further adjustments) to the accounting profit to arrive at the taxable income under the process known as annual tax assessment. Management's best estimates with reference to the currently enacted tax laws, regulations and other related policies are required in determining the provision for CIT. Where the final tax outcomes of tax adjustments 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.

(vi) Deferred tax assets

As explained in note 29 to the financial statements, deferred tax assets in respect of unused tax losses are recognised to the extent that future taxable profits of the companies in which the losses arose are considered probable to be available for offsetting against the relevant tax losses. In determining the amount of deferred tax assets that can be recognised, the management have to exercise significant judgements including the timing and the level of future taxable profits.

As at 31 July 2023, the carrying amount of recognised deferred tax assets relating to the unused tax losses of the Group amounted to HK$146,463,000 (2022: HK$93,512,000), while the unrecognised deferred tax assets relating to unused tax losses amounted to HK$384,561,000 (2022: HK$229,181,000).

4. Operating Segment Information

For management purposes, the Group is organised into business units based on their products and services and has four reportable segments as follows:

(a) the property development segment engages in the development of properties for sale in Mainland China;

(b) the property investment segment invests in commercial and office buildings for their rental income potential and provides building management services in Mainland China;

(c) the hotel and serviced apartment operation segment engages in operation of the hotels and serviced apartments in Mainland China; and

(d) the theme park operation segment engages in development and operation of theme parks in Mainland China.

Management monitors the results of the Group's operating segments for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is measured by means of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income from bank deposits, fair value gains/(losses) on cross currency swaps, finance costs and other unallocated gains and expenses are excluded from such measurement.

Segment assets exclude prepaid tax, pledged and restricted time deposits and bank balances, cash and cash equivalents, derivative financial instruments and other unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank loans, tax payable, advances from a former substantial shareholder, loans from a fellow subsidiary, guaranteed notes, deferred tax liabilities, put option liabilities, other borrowings and other unallocated corporate liabilities as these liabilities are managed on a group basis.

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

4. Operating Segment Information (continued)

	Property development		Property investment		Hotel and serviced apartment operation		Theme park operation		Consolidated	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue/results:										
Segment revenue										
Sales to external customers	**887,025**	1,624,672	**644,374**	697,429	**250,234**	177,621	**18,877**	16,049	**1,800,510**	2,515,771
Other revenue	**23,392**	25,038	**16,639**	12,118	**356**	503	**657**	1,154	**41,044**	38,813
Total	**910,417**	1,649,710	**661,013**	709,547	**250,590**	178,124	**19,534**	17,203	**1,841,554**	2,554,584
Segment results	**403,930**	761,136	**120,641**	608,224	**2,112**	(58,862)	**(295,760)**	(590,959)	**230,923**	719,539
Interest income from bank deposits									**45,865**	69,027
Unallocated gains									**9,426**	34,233
Unallocated expenses, net									**(120,701)**	(144,856)
Profit from operating activities									**165,513**	677,943
Finance costs									**(596,219)**	(399,768)
Share of losses of joint ventures	**(27)**	46	**(187)**	(292)	**–**	–	**–**	–	**(214)**	(246)
Share of profit/ (loss) of an associate	**–**	–	**(8)**	75	**–**	–	**–**	–	**(8)**	75
Profit/ (loss) before tax									**(430,928)**	278,004
Tax									**(258,425)**	(561,888)
Loss for the year									**(689,353)**	(283,884)

4. Operating Segment Information (continued)

	Property development		Property investment		Hotel and serviced apartment operation		Theme park operation		Consolidated	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment assets/liabilities:										
Segment assets	**4,599,637**	5,242,478	**19,970,488**	20,877,601	**1,792,433**	2,004,067	**849,329**	1,106,057	**27,211,887**	29,230,203
Investments in joint ventures	**76**	102	**18,402**	18,590	**–**	–	**–**	–	**18,478**	18,692
Investment in an associate	**–**	–	**99**	116	**–**	–	**–**	–	**99**	116
Unallocated assets									**2,886,559**	4,534,975
Assets classified as held for sale	**735**	783	**–**	–	**–**	–	**–**	–	**735**	783
Total assets									**30,117,758**	33,784,769
Segment liabilities	**1,115,626**	1,206,861	**1,037,645**	896,777	**104,543**	173,721	**95,128**	81,106	**2,352,942**	2,358,465
Unallocated liabilities									**15,255,626**	16,963,225
Total liabilities									**17,608,568**	19,321,690

During the years ended 31 July 2023 and 2022, no revenue from a single customer accounted for over 10% of the Group's total turnover.

4. Operating Segment Information (continued)

	Property development		Property investment		Hotel and serviced apartment operation		Theme park operation		Consolidated	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Other segment information:										
Depreciation	**951**	1,254	**8,403**	10,339	**80,557**	87,032	**68,123**	139,024	**158,034**	237,649
Corporate and other unallocated depreciation									**5,527**	5,663
									163,561	243,312
Capital expenditure	**289**	183	**415,862**	835,967	**–**	–	**28,919**	86,530	**445,070**	922,680
Corporate and other unallocated capital expenditure									**268**	353
									445,338	923,033
Fair value gains/ (losses) on investment properties	**–**	–	**(68,808)**	340,974	**–**	–	**–**	–	**(68,808)**	340,974
Gain on disposal of assets classified as held for sale	**–**	994	**–**	–	**–**	–	**–**	–	**–**	994
Write-down of completed properties for sale to net realisable value	**4,849**	–	**–**	–	**–**	–	**–**	–	**4,849**	–
Write- down of properties under development to net realisable value	**–**	2,187	**–**	–	**–**	–	**–**	–	**–**	2,187
Derecognition loss on rental receivable	**–**	–	**7,159**	32,265	**–**	–	**–**	–	**7,159**	32,265
Remeasurement of finance lease receivables	**–**	34,193	**–**	–	**–**	–	**–**	–	**–**	34,193
Foreseeable loss on finance lease contract	**–**	1,558	**–**	–	**–**	–	**–**	–	**–**	1,558
Impairment of property, plant and equipment	**–**	–	**–**	–	**–**	–	**173,642**	366,312	**173,642**	366,312
Loss on disposal of items of property, plant and equipment	**5**	1	**183**	28	**–**	–	**–**	53	**188**	82
Corporate and other unallocated loss on disposal of items of property, plant and equipment									**49**	17

5. Turnover, Other Income and Gains

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

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

	2023 **HK$'000**	2022 HK$'000
Turnover	**1,800,510**	2,515,771
Other income and gains	**96,335**	142,073
Total turnover, other income and gains	**1,896,845**	2,657,844

	2023 **HK$'000**	2022 HK$'000
Turnover, other income and gains from contracts with customers		
Sale of properties	**887,025**	1,624,672
Hotel and serviced apartment operation	**250,234**	177,621
Building management operation	**124,500**	128,704
Theme park operation	**18,877**	16,049
	1,280,636	1,947,046
Turnover, other income and gains from other sources		
Rental income from investment properties	**519,874**	568,725
Interest income from bank deposits	**45,865**	69,027
Interest income from finance lease contract	**19,533**	21,995
Government grant*	**1,851**	24,638
Others	**29,086**	26,413
	616,209	710,798
Total turnover, other income and gains	**1,896,845**	2,657,844
Timing of recognition of turnover, other income and gains from contracts with customers		
At a point in time	**887,025**	1,624,672
Over time	**393,611**	322,374
Total	**1,280,636**	1,947,046

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

5. Turnover, Other Income And Gains (continued)

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of respective reporting period:

	2023 **HK$'000**	2022 HK$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of properties	**455,936**	671,005

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 and serviced apartment operation and building management operation

The performance obligation is satisfied over time as services are rendered. Contracts for hotel and serviced apartment services and building management services are for certain periods and are billed based on the time incurred.

Theme park operation

Revenue from admission tickets sold for use at current or for use at a future date is recognised over time when the theme park service is provided to the customer or at a point in time when the tickets are expired; and sale of goods are recognised when the goods are delivered to the customer. Payment in advance is normally required.

Transaction price allocated to the remaining performance obligations

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 as well as contracts for hotel and serviced apartment operation and building management operations for which the Group bills fixed amount for each month of service provided and recognise revenue in the amount to which the Group has right to invoice.

6. Finance Costs

An analysis of the Group's finance costs is as follows:

	Notes	**2023 HK$'000**	2022 HK$'000
Interest on:			
Bank loans		**571,273**	398,390
Guaranteed notes		**68,320**	147,043
Amortisation of transaction fees for:			
Bank loans		**28,653**	27,296
Guaranteed notes	28	**2,577**	5,279
Bank financing charges and direct costs		**62,079**	20,048
Interest on lease liabilities	16(a)(ii)	**271**	651
Interest on put option liabilities		**4,612**	4,975
		737,785	603,682
Less: Capitalised in properties under development	14	**(62,743)**	(60,758)
Capitalised in investment properties under construction	15	**(48,988)**	(127,660)
Capitalised in construction in progress	13	**(29,835)**	(15,496)
		(141,566)	(203,914)
Total finance costs		**596,219**	399,768

Where funds have been borrowed generally and used for the purpose of obtaining qualifying assets, a capitalisation rate of 7.0% (2022: 5.2%) has been applied to the expenditure on the individual assets for the year ended 31 July 2023.

7. PROFIT FROM OPERATING ACTIVITIES

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

	Notes	**2023 HK$'000**	2022 HK$'000
Cost of completed properties sold		**394,913**	736,337
Outgoings in respect of rental income, hotel and serviced apartment operation, theme park operation and building management operation		**503,605**	482,580
Depreciation of property, plant and equipment#	13	**142,928**	221,772
Depreciation of right-of-use assets#	16(a)(i)	**20,633**	21,540
Amortisation of prepaid land lease payments		**9,454**	10,199
Capitalised in properties under development	14	**(9,454)**	(10,199)
		—	—
Employee benefit expense (including directors' remuneration — note 8):			
Salaries, wages and benefits		**387,872**	434,625
Pension scheme contributions*		**28,042**	32,074
Equity-settled share option expenses	31	**—**	1,076
		415,914	467,775
Capitalised in properties under development/ investment properties under construction/ construction in progress		**(45,014)**	(113,769)
		370,900	354,006
Auditor's remuneration to the auditor of the Company		**3,708**	3,708
Foreign exchange differences, net**		**5,846**	78,089
Gain on disposal of assets classified as held for sale**		**—**	(994)
Loss on disposal of items of property, plant and equipment**		**237**	99
Impairment of property, plant and equipment**	13	**173,642**	366,312
Write-down of completed properties for sale to net realisable value**		**4,849**	—
Write down of properties under development to net realisable value**	14	**—**	2,187
Contingent rents##		**(4,986)**	(7,630)
Derecognition loss on rental receivable**		**7,159**	32,265
Remeasurement of finance lease receivables**		**—**	34,193
Foreseeable loss on finance lease contract**		**—**	1,558
Fair value losses/(gains) on cross currency swaps**	23	**5,951**	(13,516)

7. Profit from Operating Activities (continued)

The depreciation charge for hotels and serviced apartments and related leasehold improvements is HK$80,557,000 (2022: HK$87,032,000). The depreciation charge for theme parks is HK$65,300,000 (2022: HK$135,825,000). These items are included in "Other operating expenses, net" on the face of the consolidated income statement.

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

* As at 31 July 2023, the Group had no forfeited contributions available to reduce its contributions to the MPF Scheme in future years (2022: Nil).

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

8. Directors' Remuneration

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and 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:

	2023 HK$'000	2022 HK$'000
Fees	**1,947**	1,750
Other emoluments:		
Salaries, allowances and benefits in kind	**19,583**	22,754
Pension scheme contributions	**127**	138
	19,710	22,892
	21,657	24,642
Capitalised in properties under development/ investment properties under construction/ construction in progress	**(3,956)**	(12,406)
	17,701	12,236

For the years ended 31 July 2023 and 2022, no directors were granted share options.

8. Directors' Remuneration (continued)

The remuneration paid to executive directors, non-executive director and independent non-executive directors during the year are as follows:

	Fees HK$'000	Salaries, allowances, and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2023				
Executive directors:				
Lam Kin Ngok, Peter (appointed on 2 June 2023)	—	470	—	470
Lam Kin Hong, Matthew	—	1,140	57	1,197
Lam Hau Yin, Lester	—	1,608	18	1,626
U Po Chu	—	4,258	—	4,258
Chew Fook Aun (re-designated as non-executive director on 2 June 2023)	—	3,521	16	3,537
Cheng Shin How	—	6,931	18	6,949
Lee Tze Yan, Ernest	—	1,655	18	1,673
	—	19,583	127	19,710
Non-executive director:				
Chew Fook Aun (re-designated as non-executive director on 2 June 2023)	197	—	—	197
Independent non-executive directors:				
Lam Bing Kwan	350	—	—	350
Ku Moon Lun	350	—	—	350
Law Kin Ho	350	—	—	350
Mak Wing Sum, Alvin	350	—	—	350
Shek Lai Him, Abraham	350	—	—	350
	1,750	—	—	1,750
Total	1,947	19,583	127	21,657

8. Directors' Remuneration (continued)

	Fees HK$'000	Salaries, allowances, and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2022				
Executive directors:				
Lam Kin Hong, Matthew	—	1,140	57	1,197
Lam Hau Yin, Lester	—	1,668	18	1,686
U Po Chu	—	4,326	—	4,326
Chew Fook Aun	—	4,481	18	4,499
Cheng Shin How	—	7,441	18	7,459
Lee Tze Yan, Ernest	—	1,638	18	1,656
Tham Seng Yum, Ronald (resigned on 27 January 2022)	—	2,060	9	2,069
	—	22,754	138	22,892
Independent non-executive directors:				
Lam Bing Kwan	350	—	—	350
Ku Moon Lun	350	—	—	350
Law Kin Ho	350	—	—	350
Mak Wing Sum, Alvin	350	—	—	350
Shek Lai Him, Abraham	350	—	—	350
	1,750	—	—	1,750
Total	1,750	22,754	138	24,642

There were no other emoluments payable to the independent non-executive directors during the year (2022: Nil).

There was no arrangement under which a director waived or agreed to waive any remuneration during the current and prior years.

9. Five Highest Paid Employees

The five highest paid employees during the year included three directors (2022: three), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining two (2022: two) non-director highest paid employees are as follows:

	2023 **HK$'000**	2022 HK$'000
Salaries, allowances and benefits in kind	**9,852**	7,660
Pension scheme contributions	**47**	49
	9,899	7,709
Capitalised in properties under development/ investment properties under construction/ construction in progress	**—**	—
	9,899	7,709

The number of non-director highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employee	
	2023	2022
HK$3,000,000 — HK$3,500,000	**—**	1
HK$3,500,001 — HK$4,000,000	**1**	—
HK$4,000,001 — HK$4,500,000	**—**	1
HK$5,000,001 — HK$5,500,000	**—**	—
HK$5,500,001 — HK$6,000,000	**—**	—
HK$6,000,001 — HK$6,500,000	**1**	—
	2	2

10. TAX

The statutory rate of Hong Kong profits tax is 16.5% (2022: 16.5%). No provision for Hong Kong profits tax had been made as the Group had no estimated assessable profits arising in Hong Kong during the year (2022: Nil). Taxes on profits assessable elsewhere had been calculated at the tax rates prevailing in the jurisdictions in which the Group operates.

	Note	**2023** **HK$'000**	2022 HK$'000
Current — Mainland China			
CIT		**98,858**	155,129
LAT		**211,693**	330,104
Deferred	29	**(52,126)**	76,655
Total tax charge for the year		**258,425**	561,888

A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2023 **HK$'000**	2022 HK$'000
Profit/(loss) before tax	**(430,928)**	278,004
Tax at the statutory tax rate of 25% (2022: 25%)	**(107,732)**	69,501
Adjustments for tax rates of other jurisdictions	**29,822**	20,782
Provision for LAT	**211,693**	330,104
Tax effect of provision for LAT	**(52,923)**	(82,526)
Losses attributable to joint ventures	**53**	61
Income not subject to tax	**(690)**	(27)
Expenses and losses not deductible for tax	**103,670**	109,063
Tax losses not recognised	**102,040**	89,116
Withholding tax on the distributable earnings of the subsidiaries established in Mainland China	**(28,853)**	23,459
Withholding tax on the interest income from subsidiaries established in Mainland China	**1,345**	2,355
Tax charge at the Group's effective tax rate	**258,425**	561,888

11. Dividend

No final dividend was declared for the years ended 31 July 2023 and 31 July 2022.

12. Loss per Share Attributable to Owners of the Company

The calculation of the basic loss per share amount was based on the loss for the year attributable to owners of the Company of HK$584,702,000 (2022: HK$134,523,000), and the weighted average number of ordinary shares of 331,033,443 (2022: 331,033,443) in issue during the year.

As the exercise prices of the share options are higher than the average market price of the shares during the year, the Group had no potentially dilutive ordinary shares in issue during the years ended 31 July 2023 and 31 July 2022.

13. Property, Plant and Equipment

	Notes	Leasehold buildings HK$'000	Hotels and serviced apartments HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Computers HK$'000	Theme parks HK$'000	Construction in progress HK$'000	Total HK$'000
Cost:										
As at 1 August 2021		63,401	2,218,254	294,982	72,112	24,793	33,903	1,792,362	219,946	4,719,753
Finance costs capitalised	6	—	—	—	—	—	—	—	15,496	15,496
Additions		—	—	113	1,122	—	5,008	438	86,092	92,773
Disposals		—	—	—	(576)	—	(233)	—	—	(809)
Adjustments		—	(76,802)	—	—	—	—	(26,060)	—	(102,862)
Exchange realignment		(906)	(64,143)	(9,671)	(1,997)	(441)	(977)	(57,657)	(6,286)	(142,078)
As at 31 July 2022 and 1 August 2022		62,495	2,077,309	285,424	70,661	24,352	37,701	1,709,083	315,248	4,582,273
Finance costs capitalised	6	—	—	—	—	—	—	—	29,835	29,835
Additions		—	—	988	1,514	511	993	—	28,919	32,925
Disposals		—	—	(203)	(1,135)	(246)	(454)	—	—	(2,038)
Adjustments		—	(30,601)	—	—	—	—	(2,154)	—	(32,755)
Exchange realignment		(2,380)	(108,220)	(17,034)	(3,561)	(770)	(2,000)	(99,885)	(16,241)	(250,091)
As at 31 July 2023		**60,115**	**1,938,488**	**269,175**	**67,479**	**23,847**	**36,240**	**1,607,044**	**357,761**	**4,360,149**
Accumulated depreciation and impairment:										
As at 1 August 2021		32,501	353,922	290,694	58,033	19,106	21,282	528,116	—	1,303,654
Depreciation provided during the year	7	1,863	72,389	1,961	4,239	1,869	5,118	134,333	—	221,772
Impairment during the year	7	—	—	—	—	—	—	366,312	—	366,312
Disposals		—	—	—	(574)	—	(136)	—	—	(710)
Exchange realignment		(46)	(10,536)	(9,651)	(1,677)	(358)	(742)	(21,483)	—	(44,493)
As at 31 July 2022 and 1 August 2022		34,318	415,775	283,004	60,021	20,617	25,522	1,007,278	—	1,846,535
Depreciation provided during the year	7	1,735	66,525	1,375	3,574	1,283	4,520	63,916	—	142,928
Impairment during the year	7	—	—	—	—	—	—	173,642	—	173,642
Disposals		—	—	(76)	(1,070)	(233)	(422)	—	—	(1,801)
Exchange realignment		(899)	(19,705)	(17,005)	(3,004)	(636)	(1,384)	(61,344)	—	(103,977)
As at 31 July 2023		**35,154**	**462,595**	**267,298**	**59,521**	**21,031**	**28,236**	**1,183,492**	**—**	**2,057,327**
Net carrying amount:										
As at 31 July 2023		**24,961**	**1,475,893**	**1,877**	**7,958**	**2,816**	**8,004**	**423,552**	**357,761**	**2,302,822**
As at 31 July 2022		28,177	1,661,534	2,420	10,640	3,735	12,179	701,805	315,248	2,735,738

13. Property, Plant and Equipment (continued)

As at 31 July 2023, certain hotels and serviced apartments (including related leasehold improvements), theme parks and construction in progress which are classified as property, plant and equipment with an aggregate carrying amount of HK$1,909,499,000 (2022: HK$471,744,000) were pledged to banks to secure certain bank borrowings of the Group as further set out in note 24(a) to the financial statements.

As at 31 July 2023, the Group had conducted impairment tests on the long-term assets related to theme parks (each treated as a cash generating unit ("**CGU**")) included in property, plant and equipment. The carrying amount of certain CGU was in excess of its recoverable amount. Accordingly, a provision for impairment of HK$173,642,000 (2022: HK$366,312,000) was charged to the consolidated income statement for the year. The estimated recoverable amount as at 31 July 2023 was determined based on the value in use amount of the CGU estimated by using a discount rate of 9.5% (2022: 9.6%).

14. Properties under Development

	Notes	**2023 HK$'000**	2022 HK$'000
Carrying amount as at 1 August		**953,515**	749,677
Finance costs capitalised	6	**62,743**	60,758
Additions (including capitalisation of prepaid land lease payments of HK$9,454,000 (2022: HK$10,199,000))		**118,551**	348,829
Amortisation of prepaid land lease payments	7	**(9,454)**	(10,199)
Transfer to completed properties for sale		**—**	(149,872)
Realisation of foreseeable loss on finance lease contract		**(1,444)**	(16,028)
Write-down of properties under development to net realisable value	7	**—**	(2,187)
Exchange realignment		**(60,202)**	(27,463)
Carrying amount as at 31 July		**1,063,709**	953,515

As at 31 July 2023, certain properties under development with an aggregate carrying amount of HK$798,710,000 (2022: HK$729,800,000) were pledged to banks to secure certain bank borrowings of the Group as further set out in note 24(c) to the financial statements.

14. Properties under Development (continued)

Included in properties under development were prepaid land lease payments, the movements of which during the year are as follows:

	Note	2023 HK$'000	2022 HK$'000
Carrying amount as at 1 August		**457,213**	483,342
Amortised during the year	7	**(9,454)**	(10,199)
Exchange realignment		**(27,861)**	(15,930)
Carrying amount as at 31 July		**419,898**	457,213

15. Investment Properties

	2023 HK$'000	2022 HK$'000
Completed investment properties	**19,333,100**	14,763,300
Investment properties under construction	**387,000**	5,826,500
Total	**19,720,100**	20,589,800

	Note	2023 HK$'000	2022 HK$'000
Carrying amount as at 1 August		**20,589,800**	19,982,100
Finance costs capitalised	6	**48,988**	127,660
Other additions		**411,654**	827,282
Net gain/(loss) from fair value adjustments		**(68,808)**	340,974
Exchange realignment		**(1,261,534)**	(688,216)
Carrying amount as at 31 July		**19,720,100**	20,589,800

15. Investment Properties (continued)

The completed investment properties are leased to third parties under operating leases, further summary details of which are included in note 16(b) to the financial statements.

As at 31 July 2023, certain investment properties with an aggregate carrying amount of HK$17,301,900,000 (2022: HK$14,782,200,000) were pledged to banks to secure certain bank borrowings of the Group as further set out in note 24(d) to the financial statements.

Valuation processes of the Group

Each year, the Group's management appoints an external valuer to be responsible for the external valuations of the Group's properties (the "**Property Valuers**"). Selection criteria of an external valuer include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has discussions with the Property Valuers on the valuation assumptions and valuation results twice a year when the valuation is performed for interim and annual financial reporting.

The valuation techniques used in prior years have been consistently applied in current year. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The Group's completed investment properties and investment properties under construction stated at fair value were revalued by Knight Frank Petty Limited, an independent professionally qualified valuer.

Valuation techniques

Fair value measurements using significant unobservable inputs (Level 3)

The Group's investment properties mainly consist of commercial properties in Mainland China.

For completed investment properties, valuations are based on income approach and 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 valuations have 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 under construction, 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 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 assuming completed as at the date of valuation.

15. Investment Properties (continued)

Valuation techniques (continued)

Fair value measurements using significant unobservable inputs (Level 3) (continued)

Information about fair value measurement using significant unobservable inputs (Level 3)

2023

Description	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Completed investment properties				
Commercial properties	Income approach	Average unit market rent per month (HK$/sq.m)	29 - 327	note 1
		Capitalisation rate	3.75% - 7.5%	note 2
Commercial properties	Market approach	Average market unit rate (HK$/sq.m)	13,600	note 6
Residential property	Market approach	Average market unit rate (HK$/sq.m)	305,000	note 6
Investment properties under construction				
Commercial properties	Residual method	Gross development value (HK$/sq.m)	26,000 - 29,000	note 3
		Developer's profit margin	20%	note 4
		Budgeted costs to completion (HK$)	818,000,000	note 5

15. INVESTMENT PROPERTIES (CONTINUED)

Valuation techniques (continued)

Fair value measurements using significant unobservable inputs (Level 3) (continued)

Information about fair value measurement using significant unobservable inputs (Level 3) (continued)

2022

Description	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Completed investment properties				
Commercial properties	Income approach	Average unit market rent per month (HK$/sq.m)	31 - 346	note 1
		Capitalisation rate	3.75% - 7.5%	note 2
Commercial properties	Market approach	Average market unit rate (HK$/sq.m)	14,500	note 6
Residential property	Market approach	Average market unit rate (HK$/sq.m)	165,000	note 6
Investment properties under construction				
Commercial properties	Residual method	Gross development value (HK$/sq.m)	23,000 - 81,000	note 3
		Developer's profit margin	1% - 20%	note 4
		Budgeted costs to completion (HK$)	339,200,000 - 936,800,000	note 5

Notes:

1. The higher the market rent, the higher the fair value
2. The higher the capitalisation rate, the lower the fair value
3. The higher the gross development value, the higher the fair value
4. The higher the developer's profit margin, the lower the fair value
5. The higher the budgeted costs to completion, the lower the fair value
6. The higher the market unit rate, the higher 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 (2022: Nil).

16. Right-of-use Assets and Lease Liabilities

(a) The Group as a lessee

The Group has lease contracts for various items of land, office, warehouse premises and staff dormitory. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets; and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

(i) Right-of-use assets

The carrying amount of the Group's right-of-use assets and the movements during the year are as follows:

	Note	Prepaid land lease payments HK$'000	Office, warehouse premises and staff dormitory HK$'000	Total HK$'000
Carrying amount as at 1 August 2021		553,354	9,109	562,463
Additions		—	2,978	2,978
Revision of lease term arising from a change on the non- cancellable period from a lease		—	(506)	(506)
Depreciation charges	7	(16,935)	(4,605)	(21,540)
Exchange realignment		(12,909)	(143)	(13,052)
Carrying amount as at 31 July 2022 and 1 August 2022		523,510	6,833	530,343
Additions		—	759	759
Depreciation charges	7	(16,215)	(4,418)	(20,633)
Exchange realignment		(22,547)	(208)	(22,755)
Carrying amount as at 31 July 2023		**484,748**	**2,966**	**487,714**

As at 31 July 2023, certain right-of-use assets with carrying amount of HK$446,051,000 (2022: HK$303,278,000) were pledged to banks to secured bank borrowings of the Group as further set out in note 24(b) to the financial statements.

16. Right-of-use Assets and Lease Liabilities (continued)

(a) The Group as a lessee (continued)

(ii) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	Note	**2023 HK$'000**	2022 HK$'000
Carrying amount at 1 August		**6,926**	9,267
New leases		**759**	2,978
Revision of lease term arising from a change on the non-cancellable period from a lease		**—**	(575)
Accretion of interest recognised during the year	6	**271**	651
Payments		**(4,644)**	(5,252)
Exchange realignment		**(212)**	(143)
Carrying amount at 31 July		**3,100**	6,926
Amount classified as current liabilities		**(2,822)**	(4,348)
Non-current portion		**278**	2,578

The maturity analysis of lease liabilities is disclosed in note 40(c) to the financial statements.

(iii) For the years ended 31 July 2023 and 2022, no charges in respect of short-term lease was recognised in profit or loss.

16. Right-of-use Assets and Lease Liabilities (continued)

(b) The Group as a lessor

Certain properties of the Group were leased under operating lease arrangements with lease terms up to twenty years (2022: twenty years). The terms of the leases generally require the tenants to pay security deposits.

As at 31 July 2023, the Group had total future minimum lease receivables under non-cancellable operating leases falling due as follows:

	2023 **HK$'000**	2022 HK$'000
Within one year	**478,909**	494,844
In the second to fifth years, inclusive	**1,178,978**	1,041,032
After five years	**445,063**	287,874
	2,102,950	1,823,750

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. Investments in Joint Ventures

	2023 HK$'000	2022 HK$'000
Share of net assets	**16,978**	17,192
Amount due from a joint venture	**1,500**	1,500
	18,478	18,692

As at 31 July 2023 and 2022, there were no material joint ventures which principally affect the results for the year or formed a substantial portion of the net assets of the Group.

The aggregate financial information of the Group's joint ventures that are not individually material is as follows:

	2023 HK$'000	2022 HK$'000
Share of losses of joint ventures	**214**	246

The amount due from a joint venture was unsecured, interest-free and repayable on the third anniversary date of the drawdown date of such loan.

18. Investment in an Associate

	2023 HK$'000	2022 HK$'000
Share of net assets	**99**	116

As at 31 July 2023 and 2022, 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.

The aggregate financial information of the Group's associate that are not individually material is as follows:

	2023 HK$'000	2022 HK$'000
Share of profit/(loss) and other comprehensive income/ (expenses) of an associate	**(17)**	71

19. DEBTORS, DEPOSITS AND PREPAYMENTS

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

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

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

	2023 **HK$'000**	2022 HK$'000
Trade receivables, net		
Within one month	**105,627**	119,699
One to three months	**8,620**	22,070
Over three months	**19,069**	20,335
	133,316	162,104
Finance lease receivables, not yet due (Note)	**482,099**	497,168
Other receivables, deposits and prepayments	**344,526**	347,616
	959,941	1,006,888
Amounts classified as current assets	**(481,967)**	(513,245)
Non-current portion	**477,974**	493,643

19. Debtors, Deposits and Prepayments (continued)

Included in the Group's trade receivables are amounts due from LSG and its subsidiaries excluding the Group ("**LSG Group**") of HK$2,756,000 (2022: HK$966,000) which are repayable on credit terms similar to those offered to the major customers of the Group.

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; and the general approach for financial assets included in other receivables, deposits and prepayments. To measure the ECLs, the Group considered the historical and forward-looking information. As at 31 July 2023 and 2022, the Group estimated that the ECLs for trade receivables, finance lease receivables and financial assets included in other receivables, deposits and prepayments were insignificant.

Note:

The breakdown of finance lease receivables:

	2023 **HK$'000**	2022 HK$'000
Lease payments receivables		
Not later than 1 year	**4,125**	3,525
Later than 1 year but not later than 2 years	**4,394**	5,636
Later than 2 years but not later than 3 years	**9,178**	7,276
Later than 3 years but not later than 4 years	**10,818**	9,091
Later than 4 years but not later than 5 years	**16,364**	12,170
Later than 5 years	**696,330**	821,325
	741,209	859,023
Less: Unearned finance lease income relating to lease payments receivables	**(259,110)**	(361,855)
Present value of lease payments receivables	**482,099**	497,168
Add: Present value of unguaranteed residual value	**—**	—
Net investment in the finance lease	**482,099**	497,168
Less: Accumulated expected credit losses	**—**	—
Total	**482,099**	497,168

20. CASH AND CASH EQUIVALENTS AND PLEDGED AND RESTRICTED TIME DEPOSITS AND BANK BALANCES

	Note	2023 HK$'000	2022 HK$'000
Cash and bank balances		**1,369,680**	3,148,023
Less: Pledged and restricted bank balances			
Pledged for bank facilities*		**(500)**	—
Pledged for bank loans	24(f)	**(21,808)**	(5,950)
Restricted**		**(497,634)**	(1,858,787)
Non-pledged and non-restricted cash and bank balances		**849,738**	1,283,286
Time deposits		**1,102,043**	994,602
Less: Pledged and restricted time deposits			
Pledged for bank facilities*		**(30,686)**	(30,000)
Pledged for bank loans	24(f)	**(253,962)**	(119,589)
Restricted**		**(18,310)**	(17,208)
Non-pledged and non-restricted time deposits		**799,085**	827,805
Cash and cash equivalents		**1,648,823**	2,111,091

* The balances were pledged to certain banks in respect of a guarantee and a standby letter of credit issued by the banks, respectively.

** 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 sale and lease of certain properties are required to be deposited into designated bank accounts and restricted to be used for the relevant projects. As at 31 July 2023, the balance was HK$466,046,000 (2022: HK$1,797,860,000) in aggregate.

In accordance with the relevant laws and regulations imposed by the government authorities concerned, estimated resettlement costs of certain sites for development 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 2023, the balance was HK$23,084,000 (2022: HK$25,127,000) in aggregate.

In accordance with the relevant clauses of certain bank loan facilities, proceeds from the drawdown of bank loans are required to be deposited into designated bank accounts and restricted to be used for the relevant projects. As at 31 July 2023, the balance was HK$8,411,000 (2022: HK$35,702,000) 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 2023, the balance was HK$18,403,000 (2022: HK$17,306,000) in aggregate.

20. Cash and Cash Equivalents and Pledged and Restricted Time Deposits and Bank Balances (continued)

The conversion of Renminbi ("**RMB**") denominated time deposits and cash and bank balances into foreign currencies and the remittance of such foreign currency denominated balances out of Mainland China are subject to the relevant rules and regulations of foreign exchange control promulgated by the government authorities concerned. As at 31 July 2023, such RMB denominated time deposits and cash and bank balances of the Group amounted to HK$2,097,728,000 (2022: HK$3,743,206,000).

21. Creditors, Accruals and Other Payables

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

	Note	**2023** **HK$'000**	2022 HK$'000
Trade payables			
Within one month		**163,841**	368,995
One to three months		**9,089**	8,999
Over three months		**100,888**	109,830
		273,818	487,824
Accruals and other payables		**1,243,278**	1,210,629
Put option liabilities	25	**1,114,080**	1,240,322
		2,631,176	2,938,775
Amounts classified as current liabilities		**(1,730,450)**	(1,979,103)
Non-current portion		**900,726**	959,672

Trade payables of the Group were interest-free and were due for settlement pursuant to the terms of the relevant agreements.

Included in the Group's accruals and other payables are amounts due to LSG Group of HK$11,781,000 (2022: HK$909,000) with credit terms similar to these offered by LSG Group to their major customers.

22. Contract Liabilities and Deposits Received

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

	2023 **HK$'000**	2022 HK$'000
Contract liabilities (Note)	**755,595**	541,567
Deposits received	**248,674**	248,835
	1,004,269	790,402
Amounts classified as current liabilities	**(874,884)**	(651,860)
Non-current portion	**129,385**	138,542

Note: Contract liabilities as at 31 July 2023 and 31 July 2022 with amounts of HK$755,595,000 and HK$541,567,000, respectively, were both arising from the sale of properties. The change in contract liabilities in the years ended 31 July 2023 and 31 July 2022 was mainly due to the net effect of recognition of revenue and receipt of advance from customers.

23. Derivative Financial Instruments

The movements in the financial assets/(liabilities) arising from the derivative financial instruments, being the cross currency swaps ("**CCSs**"), during the year are as follows:

	Note	HK$'000
Carrying amount as at 1 August 2021		(8,965)
Fair value gains credited to the income statement	7	13,516
Carrying amount as at 31 July 2022 and 1 August 2022		4,551
Fair value losses charged to the income statement	7	(5,951)
Settlement upon maturity of CCSs		1,400
Carrying amount as at 31 July 2023		—

The carrying amounts of the CCSs are the same as their fair values.

During the year ended 31 July 2018, the Group entered into the CCSs with the financial institutions with an aggregate nominal amount of US$350,000,000 in connection with the guaranteed notes as detailed in note 28 to the financial statements.

Pursuant to the terms of the CCSs, the Company received 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 (as defined in note 28), and paid 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. Right before 18 January 2023, the Group received the aggregate notional amount of US$350,000,000 and paid the aggregate notional amount of HK$2,738,225,000.

The CCSs were not designated for hedge purposes and were measured at fair value through profit or loss. On 18 January 2023, the CCSs matured and changes in the fair value of the CCSs amounting to HK$5,951,000 were charged the consolidated income statement during the year (2022: HK$13,516,000 was credited to the consolidated income statements).

24. INTEREST-BEARING BANK LOANS

	2023 Effective interest rate (%)	2023 HK$'000	2022 Effective interest rate (%)	2022 HK$'000
Bank loans:				
Current:				
Unsecured	**6.21-8.29**	**684,034**	5.19-6.81	374,658
Secured	**3.91-8.89**	**432,807**	4.16-6.40	690,873
		1,116,841		1,065,531
Non-current:				
Unsecured	**6.21**	**293,415**	5.19-6.81	2,401,294
Secured	**3.91-10.79**	**8,512,338**	4.16-6.40	5,099,810
		8,805,753		7,501,104
		9,922,594		8,566,635
Maturity profile:				
Within one year		**1,116,841**		1,065,531
In the second year		**706,156**		1,752,694
In the third to fifth years, inclusive		**6,625,632**		4,168,176
Beyond five years		**1,473,965**		1,580,234
		9,922,594		8,566,635

24. Interest-Bearing Bank Loans (continued)

Bank loans of the Group as at the end of the reporting period were secured by:

(a) mortgages over certain hotels and serviced apartments (including related leasehold improvements), theme parks and construction in progress which are classified as property, plant and equipment of the Group with an aggregate carrying amount of HK$1,909,499,000 (2022: HK$471,744,000) (note 13);

(b) mortgage over certain right-of-use assets of the Group with an aggregate carrying amount of HK$446,051,000 (2022: HK$303,278,000) (note 16);

(c) mortgages over certain properties under development of the Group with an aggregate carrying amount of HK$798,710,000 (2022: HK$729,800,000) (note 14);

(d) mortgages over certain investment properties of the Group with an aggregate carrying amount of HK$17,301,900,000 (2022: HK$14,782,200,000) (note 15);

(e) mortgages over certain completed properties for sale of the Group with an aggregate carrying amount of HK$182,969,000 (2022: HK$689,139,000);

(f) charges over time deposits and bank balances of the Group with an aggregate carrying amount of HK$275,770,000 (2022: HK$125,539,000) (note 20); and

(g) charges over the entire equity interest in certain subsidiaries of the Company.

25. Put Option Liabilities and Other Borrowings

Transaction with China Cinda (HK) Asset Management Co., Limited

On 31 December 2018, Rosy Commerce Holdings Limited ("**Rosy Commerce**", an indirect 80%-owned subsidiary of the Company) 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 considerations of approximately US$27,366,000 and approximately US$8,386,000, respectively (the "**HRL Consideration**" and "**GSL Consideration**", collectively the "**Considerations**") (the "**Cinda Transaction**"). The Cinda Transaction was completed on 25 January 2019 (the "**Completion Date**") and Cinda became a holder of 30% equity interests in HRL and GSL.

On the 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 Considerations. Accordingly, financial liabilities, being the amount equal to the Considerations, were recorded as put option liabilities under "creditors, accruals and other payables" of the consolidated statement of financial position.

On the Completion Date, Rosy Commerce and Cinda entered into two shareholders' loan agreements, pursuant to which, Cinda provided non-interest-bearing initial shareholder loans of US$4,414,000 and US$883,000 to HRL and GSL, respectively (the "**HRL Shareholder's Loan**" and "**GSL Shareholder's Loan**"). 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 above. The shareholders' loans were recorded under short-term "other borrowings" of the consolidated statement of financial position.

Further details of the Cinda Transaction are set out in a joint announcement of the Company, Lai Sun Development Company Limited ("**LSD**"), LSG and eSun Holdings Limited dated 2 January 2019.

On 21 June 2023, Rosy Commerce and Cinda entered into a sale and purchase agreement, pursuant to which Rosy Commerce has agreed to purchase from Cinda the 30% equity interest of GSL at the amount equal to the GSL Consideration and take assignment of the GSL Shareholder's Loan (the "**Acquisition**") with an aggregate amount of approximately US$9,269,000 in instalments (the "**Total Consideration**"). As a result, the put option liabilities relating to the GSL Consideration were reclassified to "other payables" under "creditors, accruals and other payables" of the consolidated statement of financial position.

The Acquisition shall be completed upon payment of the Total Consideration in full in accordance to the sale and purchase agreement. Up to 31 July 2023, Rosy Commerce has made the payment of US$5,000,000 to Cinda and the Acquisition has not yet completed. Subsequent to 31 July 2023, payment of US$2,000,000 has been made. Further details of the Acquisition are set out in a joint announcement of the Company, LSD and LSG dated 21 June 2023.

25. Put Option Liabilities and Other Borrowings (continued)

Transaction with Zhuhai Da Hengqin Real Estate Co., Ltd.

On 19 January 2020, Winfield Concept Limited ("**Winfield**"), an indirect 80%-owned subsidiary of the Company, together with its wholly-owned subsidiary, Zhuhai Hengqin Laisun Creative Culture City Co., Ltd. ("**Laisun Creative Culture**"), entered into an agreement (the "**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$900,726,000 (2022: HK$959,672,000)), equal to the amount of capital contribution made by Da Hengqin in cash to Laisun Creative Culture, were recorded as put option liabilities under long-term "other payables" of the consolidated statement of financial position.

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

26. Advances from a Former Substantial Shareholder

The joint executrixes of the estate of the late Mr. Lim Por Yen, at the request of the Group, confirmed to the Group that no demand for settlement of the advances would be made within one year from the end of the reporting period. The advances were unsecured and interest-free.

27. Loans from a Fellow Subsidiary

The fellow subsidiary, as a non-controlling shareholder of a subsidiary of the Company, agreed that no demand for settlement of the loans would be made to that subsidiary within one year from the end of the reporting period. The loans were unsecured and interest-free.

28. GUARANTEED NOTES

On 18 January 2018, Lai Fung Bonds (2018) Limited, a wholly-owned subsidiary of the Company issued US$350,000,000 of 5.65% fixed rate guaranteed notes, which were matured on 18 January 2023 for bullet repayment. The guaranteed notes bore interest from 18 January 2018 and were payable semi-annually in arrears on 18 January and 18 July of each year, commencing on 18 July 2018 (each, an "**Interest Payment Date**"). The guaranteed notes were listed on The Stock Exchange of Hong Kong Limited.

The guaranteed notes were guaranteed by the Company and also had the benefit of a keepwell deed and a deed of equity interest purchase undertaking from LSD.

On 12 August 2022, the guaranteed notes in a principal amount of US$3,500,000, for an aggregate consideration (with accrued interest) of approximately US$3,235,000 (equivalent to approximately HK$25,365,000), were repurchased in the open market. The outstanding guaranteed notes have been fully redeemed on the maturity date during the year ended 31 July 2023.

No guaranteed notes were repurchased during the year ended 31 July 2022.

The guaranteed notes recognised in the consolidated statement of financial position are calculated as follows:

	Note	**2023** **HK$'000**	2022 HK$'000
Carrying amount as at 1 August		**2,744,923**	2,711,994
Amortisation of transaction fee for the guaranteed notes	6	**2,577**	5,279
Repurchase		**(25,244)**	—
Repayment upon maturity		**(2,710,794)**	—
Exchange realignment		**(11,462)**	27,650
Carrying amount as at 31 July		**—**	2,744,923

The effective interest rate of the guaranteed notes was 5.86% per annum.

In connection with the guaranteed notes, the Company entered into the CCSs (as defined in note 23) with financial institutions, which have effectively converted the guaranteed notes into fixed rate HKD denominated debts. Taking into account the CCSs, the effective interest rate of the guaranteed notes was 5.58% per annum. Details of the CCSs are set out in note 23 to the financial statements.

29. Deferred Tax

The movements in deferred tax liabilities during the year are as follows:

	Depreciation allowance in excess of related depreciation and development costs HK$'000	Fair value adjustments arising from acquisition of subsidiaries HK$'000	Revaluation of properties HK$'000	Impairment of property, plant and equipment HK$'000	Withholding tax HK$'000	Losses available for offsetting against future taxable profits HK$'000	Other temporary differences HK$'000	Total HK$'000
As at 31 July 2021	790,890	108,462	2,305,913	(36,187)	140,296	(80,786)	7,470	3,236,058
Deferred tax charged/ (credited) to the income statement during the year (note 10)	45,030	–	85,244	(66,303)	23,459	(15,498)	4,723	76,655
Deferred tax utilised during the year	–	–	–	–	(14,439)	–	–	(14,439)
Exchange realignment	(28,220)	(3,652)	(81,818)	3,578	–	2,772	(261)	(107,601)
As at 31 July 2022 and 1 August 2022	807,700	104,810	2,309,339	(98,912)	149,316	(93,512)	11,932	3,190,673
Deferred tax charged/(credited) to the income statement during the year (note 10)	57,840	–	(17,202)	5,099	(28,853)	(59,578)	(9,432)	(52,126)
Deferred tax utilised during the year	–	–	–	–	(56,531)	–	–	(56,531)
Exchange realignment	(50,951)	(6,430)	(143,824)	5,556	–	6,627	(159)	(189,181)
As at 31 July 2023	**814,589**	**98,380**	**2,148,313**	**(88,257)**	**63,932**	**(146,463)**	**2,341**	**2,892,835**

As at 31 July 2023, the Group had tax losses arising in Mainland China of HK$1,538,245,000 (2022: HK$1,196,723,000) 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 may not be 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 applies 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 5% or 10% (2022: 5% or 10%). The Group is therefore liable to withholding taxes on dividends to be distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

30. Share Capital

Shares

	2023 HK$'000	2022 HK$'000
Authorised:		
400,000,000 ordinary shares of HK$5.0 each (2022: 400,000,000 ordinary shares of HK$5.0 each)	**2,000,000**	2,000,000
Issued and fully paid:		
331,033,443 ordinary shares of HK$5.0 each (2022: 331,033,443 ordinary shares of HK$5.0 each)	**1,655,167**	1,655,167

The details in authorised and issued share capital of the Company during the year were as follows:

	Number of authorised shares	Number of issued shares	Issued capital HK$'000	Share premium account HK$'000	Total HK$'000
As at 1 August 2021, 31 July 2022, 1 August 2022 and 31 July 2023	**400,000,000**	**331,033,443**	**1,655,167**	**4,105,466**	**5,760,633**

Share options

Details of the Company's share option schemes are included in note 31 to the financial statements.

31. Share Option Schemes

(a) 2012 Share Option Scheme

On 18 December 2012 (the "**Adoption Date**"), the Company adopted a share option scheme (the "**2012 Share Option Scheme**"). Unless otherwise cancelled or amended, the 2012 Share Option Scheme will remain in force for 10 years from the Adoption Date. The purpose of the 2012 Share Option Scheme is to recognise the contribution or future contribution of the Eligible Participants (as defined in the 2012 Share Option Scheme) 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 (as defined in the 2012 Share Option Scheme). Eligible Participants include but are not limited to the directors and any employees of the Group. The 2012 Share Option Scheme expired on 17 December 2022.

The maximum number of shares which may be issued upon the exercise of all options to be granted under the 2012 Share Option Scheme (i) shall not exceed 10% of the shares of the Company in issue on the Adoption Date; (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 the holding company of the Company in the respective general meetings.

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 the holding company of the Company. 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 the holding company of the Company 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 Stock Exchange closing price of the Company's shares on the date of grant of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the shares of the Company on the date of grant.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings of the Company.

31. Share Option Schemes (continued)

(b) 2022 Share Option Scheme

On 16 December 2022 ("**2022 Scheme Adoption Date**"), the Company adopted a new share option scheme ("**2022 Share Option Scheme**") which became effective on 19 December 2022 ("**Effective Date**"). The purpose of the 2022 Share Option Scheme is to recognise the contribution or future contribution of the Eligible Participants (as defined in the 2022 Share Option Scheme) to the Group by granting options to them as incentives or rewards and to attract, retain and motivate high-caliber Eligible Participants in line with performance goals of the Group and the related entities. Eligible Participants include but are not limited to the directors, chief executive and employees of the Group and related entities, and service providers of the Group. Unless otherwise cancelled or amended, the 2022 Share Option Scheme will remain in force for 10 years from the Effective Date.

The maximum number of shares which may be issued upon the exercise of all options to be granted under the 2022 Share Option Scheme (i) shall not (when aggregated with any other share option scheme(s) and share award scheme(s) of the Company) exceed 10% of the shares of the Company in issue on the 2022 Scheme Adoption Date ("**Scheme Mandate Limit**"); and (ii) shall not exceed 1% of the shares of the Company in issue on the 2022 Scheme Adoption Date in respect of options that may be granted to service providers. The total number of shares issued and to be issued upon exercise of the options and awards granted to each Eligible Participant or grantee (including exercised and outstanding options but excluding any options and awards lapsed in accordance with the terms of such schemes) in any 12-month period up to the date of grant shall not exceed 1% of the number of total issued shares of the Company at the date of grant.

The Company may seek separate approval by the shareholders in its general meeting for granting options beyond the Scheme Mandate Limit provided that the options in excess of the Scheme Mandate Limit are granted only to the Eligible Participants specifically identified by the Company before such approval is sought.

Any grant of options to an Eligible Participant who is a Director, chief executive or substantial shareholder of the Company or their respective associates must be approved by the independent non-executive directors of each of the Company (excluding any independent non-executive director who is a proposed grantee of the relevant options) and the holding company of the Company and shall comply with the requirements of Rule 17.04 of the Listing Rules. Where options are proposed to be granted to the Company's independent non-executive director or substantial shareholder, or any of their respective associates and if such grant would result in the total number of shares issued and to be issued in respect of all options and awards (excluding any options and awards lapsed in accordance with the terms of the 2022 Share Option Scheme) granted to such person in the 12-month period up to and including the date of grant to such person representing in aggregate over 0.1% of the relevant class of shares, then the proposed grant must be subject to the approval of shareholders taken on a poll in a general meeting.

31. Share Option Schemes (continued)

(b) 2022 Share Option Scheme (continued)

Save for the circumstances as set out in the 2022 Share Option Scheme that a shorter vesting period may be granted to the employee participants at the sole discretion of the board of directors of the Company, an option must be held by the option holder for at least 12 months before the option can be exercised.

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 Stock Exchange closing price of the Company's shares on the date of grant of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the shares of the Company on the date of grant.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings of the Company.

During the year, no share options had been granted under the 2012 Share Option Scheme and the 2022 Share Option Scheme. The movements of the outstanding share options granted under the 2012 Share Option Scheme during the year are as follows:

	2023		2022	
	Number of underlying shares comprised in share options	**Weighted average exercise price per share***	Number of underlying shares comprised in share options	Weighted average exercise price per share*
		HK$		HK$
Outstanding as at 1 August	**8,440,690**	**11.003**	8,680,690	10.993
Granted during the year	**—**	**—**	440,000	5.75
Lapsed during the year	**(7,610,690)**	**11.200**	(680,000)	7.482
Outstanding as at 31 July	**830,000**	**9.196**	8,440,690	11.003

31. SHARE OPTION SCHEMES (CONTINUED)

The exercise prices and exercise periods of the outstanding share options granted under the 2012 Share Option Scheme as at the end of the reporting period are as follows:

2023

Number of underlying shares comprised in share options	**Exercise price per share* HK$**	**Exercise period**
60,000	8.00	16/1/2015-15/1/2025
190,000	13.520	19/1/2018-18/1/2028
260,000	10.180	22/1/2019-21/1/2029
60,000	7.364	22/1/2021-21/1/2031
260,000	5.750	21/1/2022-20/1/2032
830,000		

2022

Number of underlying shares comprised in share options	Exercise price per share* HK$	Exercise period
7,210,690	11.400	18/1/2013-17/1/2023
160,000	9.500	26/7/2013-25/7/2023
120,000	8.000	16/1/2015-15/1/2025
190,000	13.520	19/1/2018-18/1/2028
260,000	10.180	22/1/2019-21/1/2029
60,000	7.364	22/1/2021-21/1/2031
440,000	5.750	21/1/2022-20/1/2032
8,440,690		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues or other similar changes in the Company's share capital.

31. Share Option Schemes (continued)

Other than the lapse of share options comprising 7,610,690 underlying shares granted under the 2012 Share Option Scheme, no share options were granted, vested, exercised, lapsed or cancelled in accordance with the terms of the 2012 Share Option Scheme and the 2022 Share Option Scheme during the year.

The fair value of the share options granted during the year ended 31 July 2022 was approximately HK$1,076,000, HK$2.4447 each which was recognised as a share option expense of approximately HK$1,076,000 (note 7) and HK$495,000 (before and after capitalisation to properties under development/ investment properties under construction/construction in progress, respectively) for the year ended 31 July 2022.

The fair value of equity-settled share options granted during the year ended 31 July 2022 was estimated as at the date of acceptance 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	21 January 2022
Closing share price (HK$ per share)	5.75
Exercise price (HK$ per share)	5.75
Option life (years)	10
Risk-free interest rate (%)	1.7370
Dividend yield (%)	0
Expected volatility (%)	37.528
Historical volatility (%)	37.528
Forfeiture rate (%)	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 2023, no share options had been granted under the 2022 Share Option Scheme and a total of 830,000 underlying shares relating to share options granted under the 2012 Share Option Scheme were outstanding, represented approximately 0.25% of the Company's shares in issue as at that date.

32. Reserves

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 135 of the financial statements.

Pursuant to the relevant laws and regulations in the PRC, the subsidiaries and the joint venture of the Company, 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, if any) to statutory reserve funds which are restricted as to use, until the balance of the statutory reserve funds reaches 50% of their respective registered capital.

33. Notes to the Consolidated Statement of Cash Flows

(a) Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities during the year are as follows:

2023

	Bank loans HK$'000	Interest, bank financing charges and direct cost payable# HK$'000	Loans from a fellow subsidiary HK$'000	Other borrowings HK$'000	Guaranteed notes HK$'000	Put option liabilities# HK$'000	Lease liabilities HK$'000
As at 1 August 2022	8,566,635	42,975	532,315	41,578	2,744,923	1,240,322	6,926
Changes from financing cash flows	1,617,656	(686,793)	77,930	(6,915)	(2,736,038)	(32,250)	(4,644)
Finance costs	28,653	706,284	–	–	2,577	–	271
Reclassified to other payables	–	–	–	–	–	(33,283)	–
New leases	–	–	–	–	–	–	759
Foreign exchange movements	(290,350)	(1,495)	–	(251)	(11,462)	(60,709)	(212)
As at 31 July 2023	9,922,594	60,971	610,245	34,412	–	1,114,080	3,100

33. Notes to the Consolidated Statement of Cash Flows (continued)

(a) Changes in liabilities arising from financing activities (continued)

Changes in liabilities arising from financing activities during the year are as follows: (continued)

2022

	Bank loans HK$'000	Interest, bank financing charges and direct cost payable# HK$'000	Loans from a fellow subsidiary HK$'000	Other borrowings HK$'000	Guaranteed notes HK$'000	Put option liabilities# HK$'000	Lease liabilities HK$'000
As at 1 August 2021	8,333,123	41,828	445,835	41,159	2,711,994	1,270,976	9,267
Changes from financing cash flows	368,696	(568,293)	86,480	—	—	—	(5,252)
Finance costs	27,296	570,456	—	—	5,279	—	651
New leases	—	—	—	—	—	—	2,978
Revision of lease term	—	—	—	—	—	—	(575)
Foreign exchange movements	(162,480)	(1,016)	—	419	27,650	(30,654)	(143)
As at 31 July 2022	8,566,635	42,975	532,315	41,578	2,744,923	1,240,322	6,926

These amounts are included in creditors, accruals and other payables.

(b) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2023 HK$'000	2022 HK$'000
Within operating activities	**—**	—
Within investing activities	**—**	—
Within financing activities	**4,644**	5,252
	4,644	5,252

34. Contingent Liabilities

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 to repay 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 2023, in respect of these guarantees, the contingent liabilities of the Group amounted to approximately HK$731,643,000 (2022: HK$768,204,000).

35. Commitments

The Group had the following capital commitments as at the end of the reporting period:

	2023	2022
	HK$'000	HK$'000
Contracted, but not provided for:		
Construction, development and resettlement costs	**223,938**	756,308

36. Pledge of Assets

Details of the Group's bank loans which were secured by certain assets of the Group, are included in note 24 to the financial statements.

37. Related Party Transactions

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group had the following material transactions with related parties during the year:

(a) Transactions with related parties

	Notes	**2023 HK$'000**	2022 HK$'000
LSG Group:			
Rental and management fee expenses paid or payable	(i)	**484**	492
Rental and management fee income received or receivable	(ii)	**5,712**	11,965
Advance of loans received	(iii)	**77,930**	86,480
Sharing of corporate salaries on a cost basis allocated from		**20,005**	21,155
Sharing of administrative expenses on a cost basis allocated from		**6,571**	6,264
Sharing of corporate salaries on a cost basis allocated to		**7,297**	5,977
Sharing of administrative expenses on a cost basis allocated to		**182**	67
A joint venture of the Group:			
Advance of a loan	(iv)	**—**	1,500

37. Related Party Transactions (continued)

(a) Transactions with related parties (continued)

Notes:

(i) The related company is LSD which is a subsidiary of LSG (the ultimate holding company of the Company). The terms of the rental and management fee were determined based on the agreements entered into between the Group and the related company.

The Group leased properties from the related company for office and warehouse use. The monthly lease payables were charged with reference to market rates. As at 31 July 2023, right-of-use assets and lease liabilities relating to such leases recognised in the consolidated statement of financial position amounting to HK$1,221,000 and HK$1,250,000 (2022: HK$2,577,000 and HK$2,626,000), respectively. During the year ended 31 July 2023, depreciation of right-of-use assets of HK$2,032,000 (2022: HK$2,063,000) and finance costs on lease liabilities of HK$95,000 (2022: HK$131,000) were recognised in the consolidated income statement.

(ii) The related companies are subsidiaries of LSD where the Company does not hold, directly or indirectly, any interest in the related companies. The terms of the rental and management fee were determined based on the agreements entered into between the Group and the related companies.

(iii) The related company is a subsidiary of LSD where the Company does not hold, directly or indirectly, any equity interest in the related company. The related company is a non-controlling shareholder of a subsidiary of the Company (the "**Subsidiary**"). During the year, the related company advanced loans amounting to HK$77,930,000 (2022: HK$86,480,000) according to its percentage of interest in the Subsidiary.

(iv) The related company is a joint venture of the Group. The terms of the loan are set out in note 17 to the financial statements.

Certain of the above related party transactions also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules and their details are disclosed in the Report of the Directors.

37. Related Party Transactions (continued)

(b) Outstanding balances with related parties

Details of the advances from a former substantial shareholder of the Company and loans from a fellow subsidiary are disclosed in notes 26 and 27 to the financial statements, respectively.

Details of the balances with LSG Group which are included in debtors, deposits and prepayments and creditors, accruals and other payables are disclosed in notes 19 and 21 to the financial statements, respectively.

(c) Guarantees provided by a related party

LSD, which is the Company's intermediate holding company, provided guarantees for 20% (being LSD's equity interest in the relevant borrowers excluding the portion indirectly held through the Company) of certain bank loan facilities of up to HK$2,294,358,000 (2022: HK$2,780,327,000) in aggregate granted to certain subsidiaries of the Company as at 31 July 2023.

(d) Compensation of key management personnel of the Group

	2023 HK$'000	2022 HK$'000
Short-term employee benefits	**23,926**	27,634
Pension scheme contributions	**127**	138
Total	**24,053**	27,772

Key management personnel of the Group mainly includes directors of the Company. Further details of directors' emoluments are included in note 8 to the financial statements.

38. Financial Instruments by Category

Financial assets

As at 31 July 2023 and 2022, except for derivative financial instruments which were classified as "financial assets at fair value through profit or loss", the Group's financial assets were categorised as financial assets at amortised cost.

Financial liabilities

As at 31 July 2023 and 2022, the Group's financial liabilities were categorised as financial liabilities at amortised cost.

39. Fair Values and Fair Value Hierarchy of Financial Instruments

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	31 July 2023 HK$'000	31 July 2022 HK$'000	**31 July 2023 HK$'000**	31 July 2022 HK$'000
Financial assets				
Derivative financial instruments	—	4,551	—	4,551
Financial liabilities				
Guaranteed notes	—	2,744,923	—	2,490,471

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 following methods and assumptions were used to estimate the fair values:

(i) The fair value of guaranteed notes is based on quoted market prices; and

(ii) Derivative financial instruments 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.

Each year, the Group's management appoints external valuers to be responsible for the external valuations of the Group's derivative financial instruments. 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 valuation is performed for interim and annual financial reporting.

Other than the above financial assets and liabilities, the carrying amounts of the Group's financial instruments carried at amortised cost are not materially different from their fair values as at 31 July 2023 and 31 July 2022.

39. Fair Values and Fair Value Hierarchy of Financial Instruments (continued)

Below is a summary of significant unobservable inputs to the valuation of financial instruments:

2022

	Valuation techniques	Significant unobservable inputs	Value of unobservable inputs	Notes
Derivative financial instruments — CCSs	Discounted cash flow with swaption approach	Expected exposure at default — counterparty	HK$2.22 million to HK$3.33 million	1
		Expected exposure at default — the Company	HK$0.96 million to HK$1.44 million	2
		Credit spread — counterparty	13.34 basis point to 121.35 basis point	3
		Credit spread — the Company	940.31 basis point to 1230.02 basis point	4
		Loss given default ratio — counterparty non-performance risk	80%	5
		Loss given default ratio — own credit risk	60%	6

Notes:

1. The higher the expected exposure at default — counterparty, the lower the fair value of CCSs
2. The higher the expected exposure at default — the Company, the higher the fair value of CCSs
3. The higher the credit spread — counterparty, the lower the fair value of CCSs
4. The higher the credit spread — the Company, the higher the fair value of CCSs
5. The higher the loss given default ratio — counterparty non-performance risk, the lower the fair value of CCSs
6. The higher the loss given default ratio — own credit risk, the higher the fair value of CCSs

39. Fair Values and Fair Value Hierarchy of Financial Instruments (continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value

As at 31 July 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Derivative financial instruments — CCSs	—	—	4,551	4,551

Save as disclosed above, the Group did not have any financial assets or liabilities measured at fair value as at 31 July 2023 and 31 July 2022.

During the years ended 31 July 2023 and 31 July 2022, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities. The movements in the financial assets arising from the CCSs are disclosed in note 23 to the financial statements.

Liabilities for which fair values are disclosed

The Group's financial liabilities for which fair values are disclosed include guaranteed notes, the fair value of which are based on quoted market prices and are categorised in Level 1.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The principal financial assets held by the Group other than derivative financial instruments, comprise pledged and restricted time deposits and bank balances and cash and cash equivalents. Management will, based on the Group's projected cash flow requirements, determine the types and the levels of these financial assets with a view to maintaining an appropriate level of fundings for the Group's operations and enhancing the returns generated from these financial assets.

The Group's principal financial liabilities are bank loans. The Group will procure various types and levels of such financial liabilities in order to maintain sufficient fundings for the Group's daily operations and to cope with expenditures incurred for various properties under development for sale or investment purposes. 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 foreign currency risk, interest rate risk, liquidity risk and credit risk. Management of the Company meets periodically to analyse and formulate measures to manage the Group's exposure to these risks. Generally, the Group adopts relatively conservative strategies on its risk management. The Group does not hold or issue derivative financial instruments for trading purposes.

The policies are summarised as follows:

(a) Foreign currency risk

The Group's monetary assets, liabilities and transactions are principally denominated in RMB, USD and HKD. The Group, with HKD as its presentation currency, is exposed to foreign currency risk arising from the exposure of HKD against USD and RMB, respectively. The Group has a net exchange exposure to RMB as the Group's assets are principally located in Mainland China and the revenues are predominantly in RMB.

The Group will constantly review the economic situation and its foreign currency risk profile, and will consider appropriate hedging measures in future as may be necessary.

(a) Foreign currency risk (continued)

The following table demonstrates the sensitivity as at the end of the reporting period to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of the post-tax profit and equity (due to changes in the translated value of monetary assets and liabilities) of the Group.

	Change in exchange rate	Impact on post-tax profit HK$'000	Impact on equity* HK$'000
2023			
If USD/HKD weakens against RMB	**5%**	**10,984**	**4,037**
If USD/HKD strengthens against RMB	**5%**	**(9,924)**	**(3,683)**
2022			
If USD/HKD weakens against RMB	5%	13,518	6,897
If USD/HKD strengthens against RMB	5%	(12,669)	(6,609)

* excluding amounts attributable to non-controlling interests

(b) Interest rate risk

As the Group has some interest-bearing assets, the Group's income and operating cash flows will be affected by the changes of market interest rates.

The Group's interest rate risk also arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

At present, the Group does not intend to hedge its exposure to interest rate fluctuations. However, the Group will constantly review the economic situation and its interest rate risk profile, and will consider appropriate hedging measures in future as may be necessary.

40. Financial Risk Management Objectives and Policies (continued)

(b) Interest rate risk (continued)

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the post-tax profit (through the impact on floating rate borrowings, net of amounts capitalised to properties under development, investment properties under construction and construction in progress) and the equity of the Group.

	Change in interest rate	Impact on post-tax profit HK$'000	Impact on equity* HK$'000
2023			
	+0.25%	**(23,038)**	**(21,864)**
	-0.25%	**23,038**	**21,864**
2022			
	+0.25%	(15,910)	(14,466)
	-0.25%	15,910	14,466

* excluding amounts attributable to non-controlling interests

(c) Liquidity risk

The Group monitors its risk of a shortage of funds by regularly reviewing its cash flow forecast. The cash flow forecast considers the maturity of both its financial instruments and financial assets and projected cash flows from operations. The Group will consistently maintain a prudent financing policy and ensure that it maintains sufficient cash and credit lines to meet its liquidity requirements.

40. Financial Risk Management Objectives and Policies (continued)

(c) Liquidity risk (continued)

The maturity profile of the financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	Less than 1 year HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
2023				
Creditors, accruals and other payables	**1,599,281**	**—**	**900,726**	**2,500,007**
Deposits received	**29,877**	**129,385**	**—**	**159,262**
Lease liabilities	**2,981**	**284**	**—**	**3,265**
Interest-bearing bank loans	**1,782,601**	**8,558,941**	**1,661,976**	**12,003,518**
Other borrowings	**34,412**	**—**	**—**	**34,412**
Advances from a former substantial shareholder	**—**	**50,953**	**—**	**50,953**
Loans from a fellow subsidiary	**—**	**610,245**	**—**	**610,245**
	3,449,152	**9,349,808**	**2,562,702**	**15,361,662**

	Less than 1 year HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
2022				
Creditors, accruals and other payables	1,864,572	—	959,672	2,824,244
Deposits received	22,635	138,542	—	161,177
Lease liabilities	4,976	2,631	—	7,607
Interest-bearing bank loans	1,802,900	6,450,073	1,886,410	10,139,383
Other borrowings	41,578	—	—	41,578
Advances from a former substantial shareholder	—	54,288	—	54,288
Loans from a fellow subsidiary	—	532,315	—	532,315
Guaranteed notes	2,819,692	—	—	2,819,692
Inflows of derivative financial instruments	(2,819,692)	—	—	(2,819,692)
Outflows of derivative financial instruments	2,806,608	—	—	2,806,608
	6,543,269	7,177,849	2,846,082	16,567,200

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

The Group is also exposed to liquidity risk through the granting of financial guarantees, further details of which are disclosed in note 34 to the financial statements. The earliest period in which the guarantees could be called is less than 12 months.

(d) Credit risk

The Group maintains various credit policies for different business operations as described in note 19 to the financial statements. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The table below shows 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. The amounts presented are gross carrying amounts for financial assets.

2023

	12-month ECLs Stage 1 HK$'000	Lifetime ECLs Simplified approach HK$'000	Total HK$'000
Trade receivables*	—	133,316	133,316
Finance lease receivables*	—	482,099	482,099
Other receivables and deposits**	73,600	—	73,600
Pledged and restricted time deposits and bank balances	822,900	—	822,900
Cash and cash equivalents	1,648,823	—	1,648,823
	2,545,323	615,415	3,160,738

(d) Credit risk (continued)

Maximum exposure and year-end staging (continued)

2022

	12-month ECLs Stage 1 HK$'000	Lifetime ECLs Simplified approach HK$'000	Total HK$'000
Trade receivables*	—	162,104	162,104
Finance lease receivables*	—	497,168	497,168
Other receivables and deposits**	85,128	—	85,128
Pledged and restricted time deposits and bank balances	2,031,534	—	2,031,534
Cash and cash equivalents	2,111,091	—	2,111,091
	4,227,753	659,272	4,887,025

* For trade receivables and finance lease receivables to which the Group applies the simplified approach for impairment, information is disclosed in note 19 to the financial statements.

** The credit quality of other receivables and deposits is considered to be "normal" as 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.

(e) Capital management

The Group manages its capital structure to ensure that 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 and other borrowings, and equity attributable to owners of the Company comprising issued share capital and reserves.

40. Financial Risk Management Objectives and Policies (continued)

(e) Capital management (continued)

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 recommendations of the directors, the Group will balance its overall capital structure through various types of equity fund raising exercises as well as maintaining of appropriate types and levels of debts.

The Group monitors capital using, inter alia, a gearing ratio which is net debt divided by net assets attributable to owners of the Company. Net debt includes interest-bearing bank loans, advances from a former substantial shareholder, guaranteed notes, loans from a fellow subsidiary and other borrowings, less pledged and restricted time deposits and bank balances and cash and cash equivalents. The gearing ratio as at the end of the reporting period is as follows:

	2023 **HK$'000**	2022 HK$'000
Interest-bearing bank loans	**9,922,594**	8,566,635
Advances from a former substantial shareholder	**50,953**	54,288
Guaranteed notes	**—**	2,744,923
Loans from a fellow subsidiary	**610,245**	532,315
Other borrowings	**34,412**	41,578
Less:		
Pledged and restricted time deposits and bank balances	**(822,900)**	(2,031,534)
Cash and cash equivalents	**(1,648,823)**	(2,111,091)
Net debt	**8,146,481**	7,797,114
Net assets attributable to owners of the Company	**12,777,898**	14,606,449
Gearing ratio	**64%**	53%

41. 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:

	2023 HK$'000	2022 HK$'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**12,150,647**	12,943,255
CURRENT ASSETS		
Deposits and prepayments	**1,624**	2,085
Pledged bank balance	**159,822**	75,509
Cash and cash equivalents	**60,053**	204,378
Total current assets	**221,499**	281,972
CURRENT LIABILITIES		
Creditors, accruals and other payables	**19,096**	11,314
Interest-bearing bank loan, secured	**157,707**	—
Total current liabilities	**176,803**	11,314
NET CURRENT ASSETS	**44,696**	270,658
TOTAL ASSETS LESS CURRENT LIABILITIES	**12,195,343**	13,213,913
NON-CURRENT LIABILITIES		
Interest-bearing bank loan, secured	**2,751,992**	1,944,586
Due to subsidiaries	**3,363,818**	5,095,984
Total non-current liabilities	**6,115,810**	7,040,570
	6,079,533	6,173,343
EQUITY		
Issued capital	**1,655,167**	1,655,167
Reserves (Note)	**4,424,366**	4,518,176
	6,079,533	6,173,343

41. Statement of Financial Position of the Company (continued)

Note:

A summary of the Company's reserves is as follows:

	Note	**Share premium account** HK$'000	**Share option reserve** HK$'000	**Exchange fluctuation reserve** HK$'000	**Retained earnings** HK$'000	**Total** HK$'000
As at 1 August 2021		4,105,466	24,425	(9,558)	412,319	4,532,652
Loss for the year		—	—	—	(15,552)	(15,552)
Equity-settled share option arrangement	31	—	1,076	—	—	1,076
Release of reserve upon lapse of share options		—	(1,093)	—	1,093	—
As at 31 July 2022 and 1 August 2022		4,105,466	24,408	(9,558)	397,860	4,518,176
Loss for the year		—	—	—	(93,810)	(93,810)
Release of reserve upon lapse of share options		—	(21,499)	—	21,499	—
As at 31 July 2023		**4,105,466**	**2,909**	**(9,558)**	**325,549**	**4,424,366**

42. Particulars of the Company's Principal Subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	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	—	100	Property investment
Eastern Power Limited	Hong Kong	HK$1	—	100	Investment holding
Eternal Medal Limited	Hong Kong	HK$1	—	100	Investment holding
Fore Bright Limited	Hong Kong	HK$1	—	100	Investment holding
Frank Light Development Limited	Hong Kong	HK$19,999,999	—	100	Investment holding
Gentle Holdings Limited	Hong Kong	HK$1	—	100	Investment holding
Goldthorpe Limited	British Virgin Islands/ Hong Kong	US$1	—	100	Investment holding
Good Strategy Limited	British Virgin Islands/ Mainland China	US$1	—	100	Property investment
Grand Wealth Limited	Hong Kong	HK$2	—	100	Investment holding
Grosslink Investment Limited	Hong Kong	HK$2	—	100	Investment holding
Guangzhou Gentle Real Estate Company Limited @	PRC/Mainland China	US$17,080,000 ##	—	100	Property development
Guangzhou Grand Wealth Properties Limited @	PRC/Mainland China	HK$280,000,000 ##	—	100	Property development and investment
Guangzhou Guang Bird Property Development Limited ("**Guangzhou Guang Bird**") @	PRC/Mainland China	US$79,600,000 ##	—	100	Property investment

42. Particulars of the Company's Principal Subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows (continued):

Name	Place of incorporation/ registration and business	Issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Guangzhou Honghui Real Estate Development Company Limited @	PRC/Mainland China	RMB79,733,004##	—	100	Property development and investment
Guangzhou Jieli Real Estate Company Limited @	PRC/Mainland China	HK$168,000,000##	—	100	Property investment
Hankey Development Limited	Hong Kong	HK$10,000	—	100	Investment holding
Kingscord Investment Limited	Hong Kong	HK$2	—	100	Investment holding
Lai Fung Company Limited	Hong Kong	HK$20	100	—	Investment holding
Manful Concept Limited	Hong Kong	HK$2	—	100	Investment holding
Nicebird Company Limited	Hong Kong	HK$2	—	100	Investment holding
Pearl Merge Limited	Hong Kong	HK$1	—	80	Investment holding
Rosy Commerce Holdings Limited (Note)	British Virgin Islands/ Hong Kong	US$100	—	80	Investment holding
Shanghai Hankey Real Estate Development Company Limited @	PRC/Mainland China	US$47,600,000##	—	100	Property investment
Shanghai HKP Property Management Limited @	PRC/Mainland China	US$150,000##	—	100	Property management

42. Particulars of the Company's Principal Subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows (continued):

Name	Place of incorporation/ registration and business	Issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Shanghai Hu Xin Real Estate Development Company Limited @	PRC/Mainland China	US$40,000,000##	—	100	Property development and investment
Shanghai Li Xing Real Estate Development Company Limited @	PRC/Mainland China	US$36,000,000##	—	100	Property investment
Shanghai Wa Yee Real Estate Development Company Limited#	PRC/Mainland China	US$10,000,000##	70	25	Property development and investment
Shanghai Zhabei Plaza Real Estate Development Company Limited @	PRC/Mainland China	US$79,800,000##	—	100	Property investment
Sunlite Investment Limited	Hong Kong	HK$2	—	100	Investment holding
Supreme Motion Limited	Hong Kong	HK$1	—	100	Investment holding
Wide Angle Development Limited	Hong Kong	HK$2	—	100	Investment holding
Winfield Concept Limited	Hong Kong	HK$1	—	80	Investment holding
Win Merge Limited	Hong Kong	HK$1	—	80	Investment holding
Zhongshan Bao Li Properties Development Company Limited @	PRC/Mainland China	HK$960,000,000##	—	100	Property development and investment

42. Particulars of the Company's Principal Subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows (continued):

Name	Place of incorporation/ registration and business	Issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
廣州高樂物業管理有限公司ø	PRC/Mainland China	RMB1,100,000##	—	100	Property management
上海麗港物業管理有限公司ø	PRC/Mainland China	RMB500,000##	—	100	Property management
上海麗星房地產發展有限公司@	PRC/Mainland China	RMB10,000,000##	—	100	Property development
中山高樂物業管理有限公司ø	PRC/Mainland China	RMB500,000##	—	100	Property management
珠海横琴創新方商業管理有限公司@	PRC/Mainland China	RMB5,000,000##	—	100	Property management
珠海横琴麗新文創天地有限公司(「**麗新文創**」)#	PRC/Mainland China	RMB2,280,379,000##	—	80	Property development and investment
珠海横琴麗新創新方發展有限公司(「**創新方發展**」)@	PRC/Mainland China	RMB2,500,000,000##	—	100	Property development and investment
珠海横琴創新方娛樂有限公司@	PRC/Mainland China	RMB500,000,000##	—	80	Development and operation of and investment in cultural, leisure, entertainment and related facilities
珠海横琴創新方文化創意有限公司@	PRC/Mainland China	RMB52,000,000##	—	80	Development and operation of and investment in cultural, leisure, entertainment and related facilities

42. Particulars of the Company's Principal Subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows (continued):

\# Registered as equity joint ventures under the laws of the PRC

\#\# The registered capital of these subsidiaries were fully paid up, except for Guangzhou Guang Bird, 麗新文創 and 創新方發展 which capital of approximately US$9,971,000 (equivalent to approximately HK$77,739,000), RMB736,443,000 (equivalent to approximately HK$803,451,000) and RMB1,084,610,000 (equivalent to approximately HK$1,183,297,000), respectively was unpaid as at 31 July 2023.

@ Registered as wholly-foreign-owned enterprises under the laws of the PRC

ø Registered as domestic enterprises under the laws of the PRC

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.

Note:

The Company, through its wholly-owned subsidiaries, held 80% equity interest in Rosy Commerce and its subsidiaries (collectively referred to as the "**Rosy Commerce Group**").

The non-controlling interest, which held equity interest of 20% in the Rosy Commerce Group, was considered material to the Group. The loss of Rosy Commerce Group allocated to the non-controlling interest amounted to HK$105,651,000 (2022: HK$150,335,000) for the year ended 31 July 2023 and the accumulated non-controlling interest of Rosy Commerce Group amounted to HK$347,059,000 (2022: HK$223,076,000) in debit as at 31 July 2023.

42. Particulars of the Company's Principal Subsidiaries (continued)

Note (continued):

The following tables illustrate the summarised financial information of the Rosy Commerce Group. The amounts disclosed are before any inter-company eliminations:

	2023 **HK$'000**	2022 HK$'000
Current assets	**2,285,749**	2,690,019
Non-current assets	**3,204,238**	3,762,466
Total assets	**5,489,987**	6,452,485
Current liabilities	**(1,793,190)**	(1,358,073)
Non-current liabilities	**(5,432,092)**	(6,209,792)
Total liabilities	**(7,225,282)**	(7,567,865)
Net liabilities	**(1,735,295)**	(1,115,380)
Turnover	**380,794**	414,060
Loss for the year	**(528,257)**	(751,674)
Other comprehensive expenses, net of tax	**(91,658)**	(65,119)
Total comprehensive expenses for the year	**(619,915)**	(816,793)
Dividends paid to non-controlling interests	**—**	—
Net cash flows from operating activities	**159,882**	51,421
Net cash flows used in investing activities	**(39,469)**	(83,797)
Net cash flows used in financing activities	**(205,494)**	(111,847)
Net cash outflow	**(85,081)**	(144,223)

43. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors on 17 October 2023.

LAI FUNG HOLDINGS LIMITED