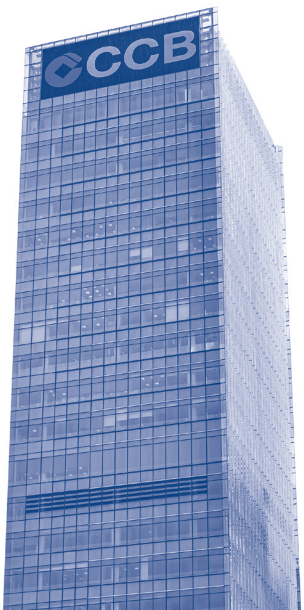
LAI SUN DEVELOPMENT

(Stock Code: 488)

LAI SUN DEVELOPMENT COMPANY LIMITED

Annual Report
Year ended 31 July 2022



Cover Photo
CCB Tower

Contents

Corporate Information

Place of Incorporation

Hong Kong

Board of Directors

Executive Directors

Lam Kin Ngok, Peter, *GBM, GBS (Chairman)*
Chew Fook Aun *(Deputy Chairman)*
Lau Shu Yan, Julius *(Chief Executive Officer)*
Lam Hau Yin, Lester *(also alternate director to U Po Chu)*
Lee Tze Yan, Ernest

Non-executive Director

U Po Chu

Independent Non-executive Directors

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

Audit Committee

Leung Shu Yin, William *(Chairman)*
Lam Bing Kwan
Ip Shu Kwan, Stephen, *GBS, JP*

Nomination Committee

Lam Kin Ngok, Peter, *GBM, GBS (Chairman)*
Chew Fook Aun *(alternate to Lam Kin Ngok, Peter)*
Leung Shu Yin, William
Lam Bing Kwan

Remuneration Committee

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

Company Secretary

Chow Kwok Wor

Registered Office/Principal Office

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

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

Authorised Representatives

Chew Fook Aun
Chow Kwok Wor

Share Registrar and Transfer Office

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

Shares Information

Place of Listing

The Main Board of The Stock Exchange of Hong Kong Limited

Stock Code/Board Lot

488/300 Shares

American Depositary Receipt

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

Website

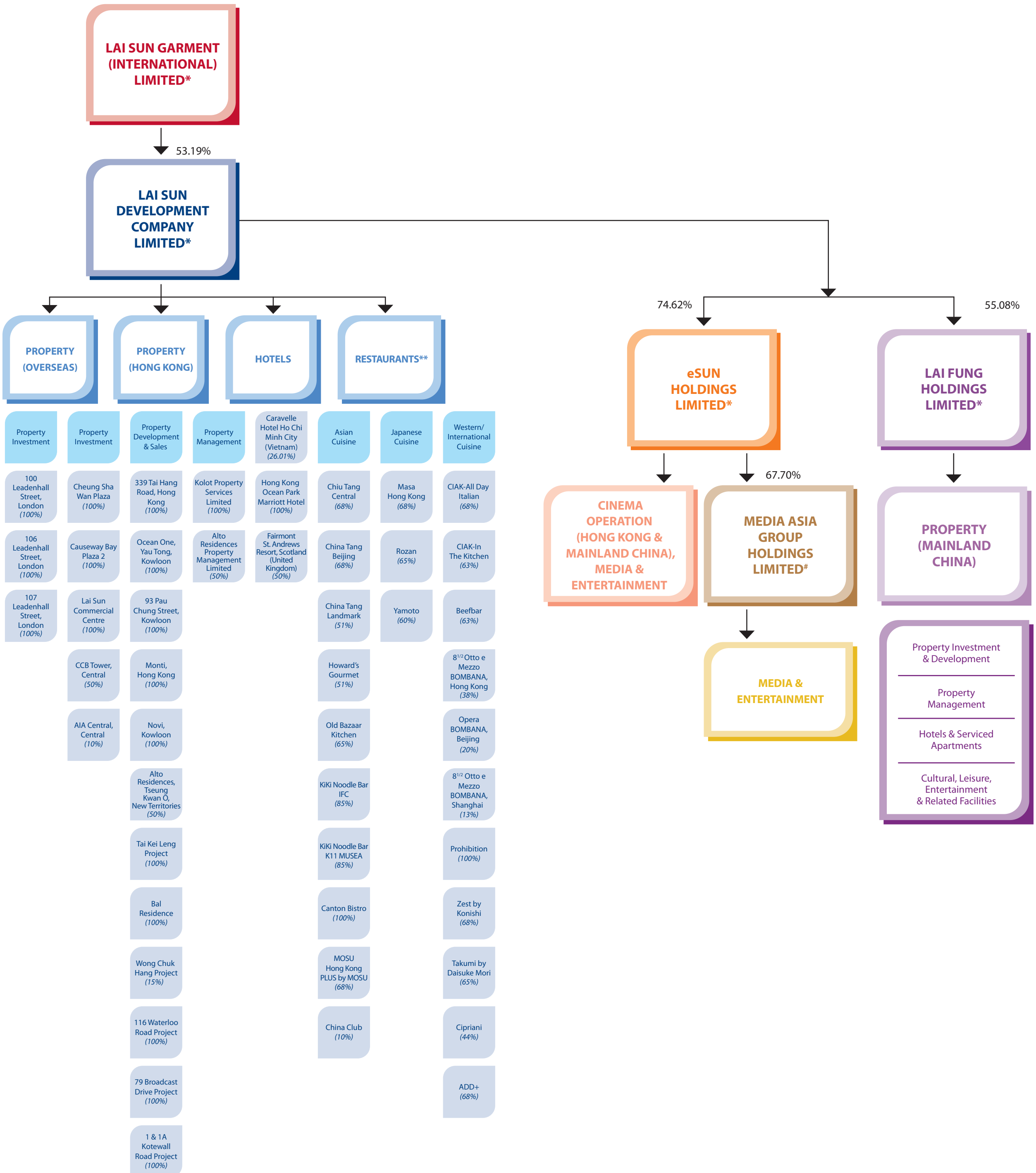
www.laisun.com

Investor Relations

Tel : (852) 2853 6116
Fax : (852) 2853 6651
E-mail : ir@laisun.com

Corporate Profile

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



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

Corporate structure as at 21 October 2022

Chairman's Statement

Dr. Lam Kin Ngok, Peter
Chairman

I am pleased to present the audited consolidated results of Lai Sun Development Company Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") for the year ended 31 July 2022.

Overview of Final Results

For the year ended 31 July 2022, the Group recorded turnover of HK$5,093.7 million (2021: HK$5,986.8 million) and a gross profit of HK$1,544.0 million (2021: HK$1,318.0 million). The decrease was primarily due to lower turnover from properties sales during the year under review as compared to last financial year.

Overview of Final Results (continued)

Set out below is the turnover by segment:

	For the year ended 31 July			
	2022	2021	Difference	
	(HK$ million)	(HK$ million)	(HK$ million)	% change
Property investment	**1,241.6**	1,287.3	-45.7	-3.6
Property development and sales	**1,685.5**	2,503.3	-817.8	-32.7
Restaurant and F&B product sales operations	**419.9**	443.1	-23.2	-5.2
Hotel operation	**650.0**	621.2	+28.8	+4.6
Media and entertainment	**256.8**	321.1	-64.3	-20.0
Film and TV program	**184.6**	298.9	-114.3	-38.2
Cinema operation	**385.0**	212.0	+173.0	+81.6
Theme park operation	**16.0**	30.8	-14.8	-48.1
Others	**254.3**	269.1	-14.8	-5.5
Total	**5,093.7**	5,986.8	-893.1	-14.9

For the year ended 31 July 2022, net loss attributable to owners of the Company was approximately HK$1,966.9 million (2021: HK$2,088.1 million). The slightly narrowed loss is primarily a mix of (i) improved gross profit of property sales, cinema and media and entertainment businesses during the year under review; (ii) increase in valuations of investment properties owned by the Group and held through joint ventures of the Group; and (iii) increase in other operating expenses for the year ended 31 July 2022. Net loss per share was HK$2.133 (2021: HK$3.034).

Overview of Final Results (continued)

Excluding the effect of property revaluations, net loss attributable to owners of the Company was approximately HK$1,671.7 million (2021: HK$947.3 million). Net loss per share excluding the effect of property revaluations during the year under review was HK$1.813 (2021: HK$1.377).

	For the year ended 31 July	
	2022	2021
Loss attributable to owners of the Company	**HK$ million**	HK$ million
Reported	**(1,966.9)**	(2,088.1)
Less: Adjustments in respect of revaluation of investment properties held by		
— the Company and subsidiaries	**(72.7)**	471.2
— associates and joint ventures	**303.6**	635.5
Deferred tax on investment properties	**64.3**	34.1
Net loss after tax excluding revaluation of investment properties	**(1,671.7)**	(947.3)

Equity attributable to owners of the Company as at 31 July 2022 amounted to HK$32,794.3 million, as compared to HK$34,149.3 million as at 31 July 2021. Net asset value per share attributable to owners of the Company dropped to HK$33.847 per share as at 31 July 2022 from HK$55.791 per share as at 31 July 2021. The decrease was primarily due to the enlarged shareholder base as a result of the Subscription and the Rights Issue completed in August 2021 and October 2021, respectively.

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 2022 (2021: Nil).

No interim dividend was declared during the year (2021: Nil).

Business Review and Outlook

The global economy experienced a gradual recovery in 2021, however, the momentum for growth, especially in most major economies has slowed considerably since the end of 2021. While central banks across the world have been raising interest rates aggressively over the course of 2022 to tame inflation, the recession risk across the globe has been rising in the midst of, amongst other factors, persistently high inflation, rising borrowing costs, ongoing geopolitical instabilities and conflicts, energy price volatility, as well as lingering supply-chain disruptions.

Business Review and Outlook (continued)

Hong Kong and Overseas Property Market

Despite continued disruption, Hong Kong's economy showed signs of recovery in 2021 and recorded a strong year-on-year expansion of 6.4%, after contracting by 6.5% in 2020. However, a marked deterioration was seen in the first quarter of 2022 as the fifth wave of COVID-19 infection cases hit in January 2022. With the epidemic situation gradually stabilising in Hong Kong, social distancing measures were relaxed and various measures were launched by the government to assist the affected industries and the public, resulting in local economic activities seeing some revival. However, the consumer sentiment might be dampened by the worse-than-expected economic outlook amid tighter financial conditions and rising borrowing costs as well as deterioration of global economic prospects.

Office leasing activities regained momentum in mid-2022 when the fifth wave of COVID-19 was brought under control. While affected by the weakening economic performance in the second half of 2022, tenants tend to be cautious and have slowed down their relocation or expansion plans in the face of mounting uncertainties. Given the worsening business sentiment and the lack of demand from multinational and Chinese enterprises, the leasing market is under pressure and higher vacancy rates and suppressed rents are expected to prevail in near term. The retail segment remained reliant on domestic consumption. Poor economic outlook, interest rate hike cycle and volatile stock market are expected to continue weighing on local consumption sentiment, therefore downward pressure on retail rents is expected to remain. Market activities have also slowed down in both the primary and secondary residential markets, amid the rising mortgage rates and weak purchase sentiment with home prices softening across different residential market segments.

During the year ended 31 July 2022, prolonged social distancing measures and travel restrictions in Hong Kong continued to impact many industries to varying degrees. Amid weak business sentiment, slowdown of retail leasing activities and soaring vacancies in the market, the Group's major Hong Kong properties performed relatively steadily at over 84% occupancy. The Group have been coping with changing market trends and the operating environment by continuing to optimise the tenant mix. Certain renovation and space optimisation works have been done during the year under review to improve the competitiveness of major rental properties of the Group. With the planning consent approved by the City of London's Planning and Transportation Committee and all leases being aligned to expire in 2023, the Group keeps monitoring the market conditions in London closely for the potential redevelopment of the three properties on Leadenhall Street in London, comprising 100, 106 and 107 Leadenhall Street ("**Leadenhall Properties**"). A revised proposal was submitted to the City of London's Planning and Transportation Committee in August 2022 for improving on the original design and repositioning the building to provide higher sustainability standards and enhanced amenities within the building.

Business Review and Outlook (continued)

Hong Kong and Overseas Property Market (continued)

Despite the uncertain economic outlook in the near term, we remain confident of the long-term prospects of the residential property market in Hong Kong which has been demonstrating resilience supported by limited supply and solid pent-up demand driven by local end-users. During the year under review, the Group continued to source and evaluate suitable land acquisition opportunities to restock its development land bank and successfully secured 3 residential projects. In September 2021, the Group acquired a 3-storey building at No. 116 Waterloo Road in Ho Man Tin and the transaction was completed with vacant possession in March 2022. The Group intends to redevelop the site into residential units with total gross floor area ("**GFA**") of approximately 46,100 square feet, offering around 79 residential units. In October 2021, the Group successfully won the tender for the residential site of approximately 23,900 square feet at No. 79 Broadcast Drive, Kowloon Tong, formerly the Educational Television Centre of Radio Television Hong Kong. The Group plans to develop a high-quality luxury residential project offering around 46 medium-large sized units including 2 houses and the maximum permissible GFA is approximately 71,600 square feet. In January 2022, the Group acquired two adjacent buildings at 1&1A Kotewall Road in Mid-Levels, Hong Kong Island for redevelopment purposes and the transaction was completed with vacant possession in March 2022. The Group intends to redevelop the site into a luxury residential project with a total GFA of approximately 55,200 square feet, offering around 28 medium-large sized residential units.

Construction works of Bal Residence (formerly known as the Hang On Street Project) in Kwun Tong and the Tai Kei Leng Project in Yuen Long are on schedule and completions are expected in the fourth quarter of 2023 and the first quarter of 2024, respectively. Upon completion, these two residential projects are expected to add a total GFA of approximately 71,800 square feet and 42,200 square feet, respectively, to the development portfolio of the Group. Presale of Bal Residence and the Tai Kei Leng Project are expected to be launched in the fourth quarter of 2022 and the first quarter of 2023, respectively. The planning and design work of the residential project at the Wong Chuk Hang Station Package Five Property Development is in progress. Construction is expected to be completed in 2025.

604 units, including 23 houses in Alto Residences have been sold, achieving an average selling price of approximately HK$18,000 per square foot. The Group has released 86 car parking spaces of Alto Residences for sale since March 2019. Up to 14 October 2022, 75 car parking spaces have been sold and the total sales proceeds amounted to approximately HK$204.1 million.

Hong Kong and Overseas Property Market (continued)

The sale and handover of all 209 residential units and 7 commercial units of 93 Pau Chung Street have been completed. Car parking spaces of 93 Pau Chung Street were launched for sale in July 2019. Up to 14 October 2022, 7 out of 20 car parking spaces and 4 out of 5 motor-parking spaces have been sold and the total sales proceeds amounted to approximately HK$10.2 million.

Construction of Monti, the Sai Wan Ho Street project has been completed. Up to 14 October 2022, 140 out of 144 units in Monti has been sold with saleable area of approximately 44,378 square feet and the average selling price amounted to approximately HK$21,300 per square foot. Handover of the sold residential units has been substantially completed.

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

Mainland China Property Market

People's Republic of China ("**PRC**" or "**China**") targeted slower economic growth of around 5.5% this year at the fifth session of the 13th National People's Congress held in March 2022 and has set stability as its top priority for economic achievement for the year, amid rising domestic constraints and uncertain global recovery. We believe that the Chinese government will forge ahead and deliver stable economic performance through a combination of more neutral fiscal policy and moderately supportive monetary policy. We remain optimistic about the long-term prospects and sustainability of the business environment in China in light of the dual circulation development model emphasising on the rebalancing of domestic and overseas demand and are confident about future prospects of the cities in which the Group has exposure in, 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)

Mainland China Property Market (continued)

The regional focus and rental-led strategy of Lai Fung Holdings Limited ("**Lai Fung**") and its subsidiaries (together, "**Lai Fung Group**"), the PRC property arm of the Group, has demonstrated resilience in recent years. The rental portfolio of approximately 4.5 million square feet in Shanghai, Guangzhou, Zhongshan and Hengqin, being Tier 1 cities in China and cities within the Greater Bay Area delivered steady performance in rental income for the year ended 31 July 2022. Top tier cities and the Greater Bay Area will remain as the primary drivers for Lai Fung Group's rental growth in coming years. The construction of Shanghai Skyline Tower, the grade A office tower located at Tian Mu Road West in the Jing'an District of Shanghai near the Shanghai Railway Terminal was completed in September 2022, adding approximately 727,200 square feet rental GFA (excluding car parking spaces) to the rental portfolio of Lai Fung Group. Leasing of Shanghai Skyline Tower is in progress. As at the date of this Annual Report, approximately 8% of commercial and office area have been pre-leased with letter of intent signed. Upon completion of construction works of remaining projects on hand, which include, Guangzhou Lai Fung International Center (the development of Guangzhou Haizhu Plaza project) and Phase II ("**Novotown Phase II**") of the Novotown project in Hengqin ("**Novotown**"), Lai Fung Group will have a rental portfolio of approximately 6.8 million square feet. Construction of Guangzhou Lai Fung International Center is expected to complete by end of 2022 and pre-leasing is underway. As at the date of this Annual Report, approximately 20% of commercial and office area have been pre-leased. Leasing of the commercial area of Phase I of Novotown ("**Novotown Phase I**") is underway with approximately 77% of the leasable area having been leased and key tenants include two themed indoor experience centres, namely "Lionsgate Entertainment World®" and "National Geographic Ultimate Explorer Hengqin", Zhuhai Duty Free Group, BaoLian Retail Commerce, Adidas Outlet, Pokiddo Trampoline Park, an indoor gun shooting range, Starbucks, McDonald's, Paulaner Wirtshaus Hengqin, Oyster King and Vanguard Life Superstore.

Construction of Novotown Phase II is in progress. This mixed-used development project is expected to be completed in phases by 2024, providing 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. Parts of the office units and serviced apartment units have been designated as for-sale properties. During the year ended 31 July 2022, Novotown Phase II was awarded as a winner under the Retail & Leisure International ("**RLI**") Best Placemaking Scheme category at the Global RLI Awards for 2021 and the 5 Star-Best Mixed-use Architecture for Guangdong Province, China at Asia Pacific Property Awards 2021-2022. Novotown Phase II is also the sole winner of "Annual Model Project of Cultural Tourism Real Estate" at the 17th China Commercial Real Estate Festival. Lai Fung 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 encourage more businesses and population to reside in Hengqin which will further enhance the tourism market, making Novotown a new contributor to Lai Fung Group's results in the long run.

Mainland China Property Market (continued)

Shanghai Wuli Bridge Project, the high-end luxury residential project located by the Huangpu River in Huangpu District providing 28 residential units and 43 car parking spaces was launched for sale in September 2020 and has received an enthusiastic response from the market. As at 31 July 2022, one residential unit and 13 car parking spaces remain unsold. Construction of remaining phases of Zhongshan Palm Spring has been completed and handover of sold units is in progress. The residential units and the unsold serviced apartment units in Zhongshan Palm Spring, the cultural studios, cultural workshops and office of Hengqin Novotown Phase I, as well as office and the serviced apartment units of Hengqin Novotown Phase II are expected to contribute to the income of Lai Fung Group in coming financial years.

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

Cinema Operation/Media and Entertainment/Film Production and Distribution

The COVID-19 pandemic has had a drastic impact on every facet of the global economy, including the entertainment industry. With the epidemic situation gradually stabilising in Hong Kong, social and economic activities have seen some revival but consumer sentiment might be dampened by the worse-than-expected economic outlook in Hong Kong and the deterioration of global economic prospects.

Due to the relaxation of social distancing measures and the release of a number of local and international blockbuster movies, the cinema operation of eSun Holdings Limited ("**eSun**") and its subsidiaries (together, "**eSun Group**") recovered gradually from the worst of the COVID-19 pandemic. During the year under review, eSun Group's cinemas in Hong Kong were allowed to operate at 85% capacity for all screens before the hit of the fifth-wave of COVID-19 cases in January 2022 resulting in us being requested to close from 7 January 2022 to 20 April 2022 as part of the government's ramped up measures to contain the spread of COVID-19. When we reopened on 21 April 2022 under the first phase of recent relaxation of social distancing measures in Hong Kong, the maximum number of customers allowed in cinemas was limited to 50% of their normal capacity, which has been relaxed to 85% since 19 May 2022. Cinemas in Mainland China have capped their attendance at 75% of capacity in low-risk areas and operations got suspended when their neighborhoods or districts were categorised as medium or high-risk areas. The box office in Mainland China has also shown a recovery since 2021 driven by the success of patriotic blockbusters. The performance of cinema operations in Hong Kong and Mainland China are still suffering from the social distancing measures as well as the challenging operating environment amid the economic uncertainty, eSun Group remains cautiously optimistic about the fundamental demand for entertainment in the long run and continues to evaluate opportunities to maintain and enhance its market positioning as a leading multiplex cinema operator in Hong Kong.

Business Review and Outlook (continued)

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

In February 2022, eSun Group extended the tenancy agreement of the Festival Grand Cinema in Festival Walk for 3 years commencing on 1 February 2024. Festival Walk is one of the most popular shopping and leisure destinations in Hong Kong with direct connection to the Kowloon Tong MTR Station and eSun Group has been operating the cinema since June 2016. Given its strategic location, eSun Group considers that the continued use of the premise after the expiry of the existing tenancy will be beneficial to the cinema operation of eSun Group and will further enhance its market position as a leading multiplex cinema operator in Hong Kong. MCL Cinemas Plus+ Plaza Hollywood, the new cinema at Plaza Hollywood in Diamond Hill, Kowloon through a joint venture company with Emperor Cinemas Group opened in July 2022. Another new cinema of eSun Group in Kai Tak, Kowloon, is expected to commence business in the second quarter of 2023. eSun Group also secured the cinema site at The ONE in Tsim Sha Tsui, Kowloon and the operation is expected to commence in the third quarter of 2023. In view of the challenging market condition and economic uncertainty in Mainland China, the Guangzhou Mayflower Cinema City was closed in October 2022. eSun Group is closely monitoring the market conditions and will continue to improve its overall operating efficiency and take a prudent approach in evaluating opportunities for further expansion of its footprint.

The COVID-19 pandemic has changed the consumption behavior of the general public. To rise to this challenge, Media Asia Group Holdings Limited ("**MAGHL**", a non-wholly-owned subsidiary of eSun, together with its subsidiaries, "**MAGHL Group**"), being the media and entertainment arm of eSun Group will continue to produce high quality and commercially viable products, and has also been directing its resources towards development of online content for streaming platforms and e-commerce to capture the related market opportunities.

MAGHL Group continues to invest in original productions of quality films with Chinese themes. The current production pipeline includes "*Twilight of the Warriors: Walled In*", an action film directed by Cheng Poi-Shui, featuring Louis Koo, Sammo Hung, Richie Jen and Raymond Lam and "*Tales from the Occult II & III*", both are psychological thrillers each made up of three short stories produced by John Chong and Mathew Tang, and directed by Frank Hui, Daniel Chan and Doris Wong (*Tales from the Occult II*), and Li Chi Ngai, Peter Lee and Pater Wong (*Tales from the Occult III*).

"*Dead Ringer*", a 24-episode modern-day TV drama series featuring Bosco Wong and Chrissie Chau, is in post-production stage. MAGHL Group is in discussion with various Chinese portals and video websites for new project development in TV drama production.

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

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

Upcoming events including long-awaited "*Re: Grasshopper In Concert 2022*", "*Here & Now Ekin In Concert 2022*" and "*Super Junior World Tour — Super Show 9: Road In Hong Kong*" will be held in the coming months. MAGHL Group will continue to work with prominent local and Asian artistes for concert promotion and events scheduled for next year include concerts of Joyce Cheng, Jay Fung, Yoga Lin and Tsai Chin.

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

Other Business Updates

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

The rights issue ("**Rights Issue**") announced by the Company in August 2021 on the basis of one rights share for every two existing shares of the Company at a subscription price of HK$3.43 each was completed in October 2021. The total net proceeds of the Rights Issue, after deduction of rights issue expenses, was approximately HK$1,093.8 million. As at the date of this Annual Report, all HK$1,093.8 million has been used, including HK$600.0 million used for repayment of certain bank borrowings of the Company and the remaining HK$493.8 million used for property development projects of the Group.

Business Review and Outlook (continued)

Other Business Updates (continued)

The public float of the Company remains below 25% of the total issued shares of the Company. The Company is considering steps to restore the public float at the minimum prescribed percentage in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Further announcement(s) will be made if there is any update on the progress of the restoration of the public float of the Company.

The US$2,000 million Medium Term Note Programme ("**MTN Programme**") established by Lai Sun MTN Limited, a wholly-owned subsidiary of the Company in June 2021, enables the Group to raise money directly from the capital market. The financial liquidity of the Group was bolstered by the US$250 million guaranteed notes issued in July 2021 ("**LSD 2021 Notes**"), the US$250 million tap issue in September 2021 (being consolidated with and forming a single series with the LSD 2021 Notes) as well as the HK$180 million and HK$205 million guaranteed notes issued under the MTN Programme in November 2021 through private placement. As at 31 July 2022, the Group's consolidated cash and bank deposits amounted to HK$7,580.7 million (HK$2,234.5 million excluding eSun Group and Lai Fung Group) with undrawn facilities of HK$5,784.6 million (HK$3,777.3 million excluding eSun Group and Lai Fung Group). The net debt to equity ratio, calculated as a percentage of the total outstanding net debt to consolidated net assets attributable to owners of the Company, as at 31 July 2022 was 62% (31 July 2021: 47%). The Group's gearing excluding the net debt of eSun Group and Lai Fung Group was approximately 42%. The Group's gearing excluding the net debt of eSun Group and Lai Fung Group and the net debt of the London portfolio which have a positive carry net of financing costs is 40%. Subsequent to the year end, the Group repaid in September 2022 the US$400 million guaranteed notes issued by the Group in 2017 upon maturity. 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. Lee Tze Yan, Ernest who joined the Board as an Executive Director with effect from 25 January 2022. I would also like to thank Mr. Leung Wang Ching, Clarence and Mr. Tham Seng Yum, Ronald who left the Board during the year for their valuable contributions to the Company.

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.

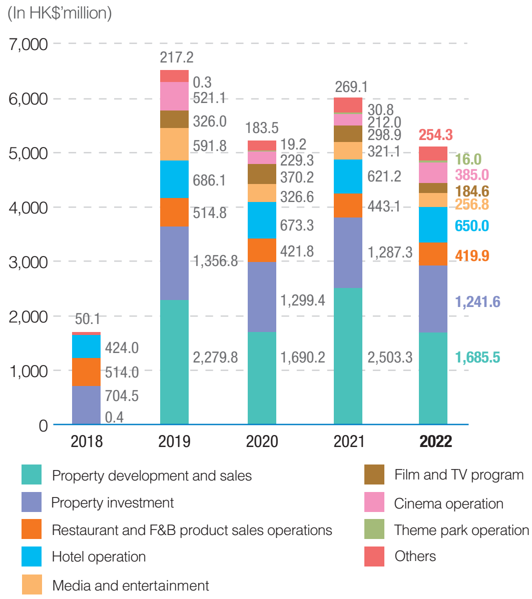
Lam Kin Ngok Peter
Chairman
Hong Kong
21 October 2022

Financial Highlights

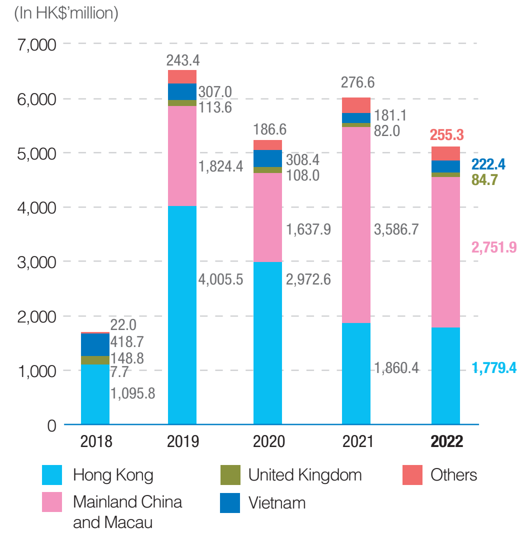
		Year ended 31 July 2022	Year ended 31 July 2021
Turnover	(HK$M)	**5,093.7**	5,986.8
Gross profit	(HK$M)	**1,544.0**	1,318.0
Gross profit margin	(%)	**30%**	22%
Operating loss	(HK$M)	**(1,144.3)**	(1,181.0)
Operating loss margin	(%)	**- 22%**	-20%
Loss attributable to owners of the Company	(HK$M)		
— as reported		**(1,966.9)**	(2,088.1)
— adjusted *(Note 1)*		**(1,671.7)**	(947.3)
Net loss margin	(%)		
— as reported		**-39%**	-35%
— adjusted		**-33%**	-16%
Loss per share *(Note 2)*	(HK$)		
— as reported		**(2.133)**	(3.034)
— adjusted		**(1.813)**	(1.377)
Equity attributable to owners of the Company	(HK$M)	**32,794.3**	34,149.3
Net borrowings	(HK$M)	**20,255.1**	16,171.8
Net asset value per share *(Note 3)*	(HK$)	**33.847**	55.791
Share price as at 31 July	(HK$)	**4.310**	5.310
Price earnings ratio	(times)		
— as reported		**N/A**	N/A
— adjusted		**N/A**	N/A
Market capitalisation as at 31 July	(HK$M)	**4,175.9**	3,250.2
Return on shareholders' equity	(%)		
— as reported		**-6%**	-5%
— adjusted		**-5%**	-2%
Dividend per share	(HK$)	**Nil**	Nil
Dividend yield	(%)	**N/A**	N/A
Gearing — net debt to equity	(%)	**62%**	47%
Current Ratio	(times)	**1.7**	2.5
Discount to net asset value	(%)	**87%**	90%

Note 1: *excluding the effect of property revaluations.*
Note 2: *calculated based on the loss attributable to owners of the Company and the weighted average number of ordinary shares in issue during the years.*
Note 3: *calculated based on the number of ordinary shares in issue as at the end of respective reporting periods.*

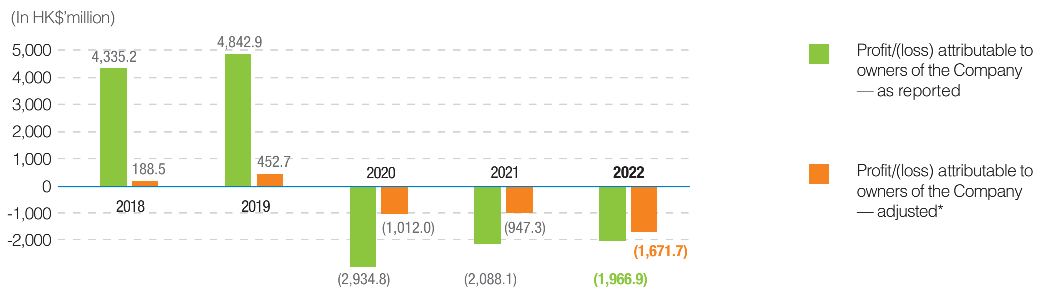
Turnover by Segment



Turnover by Geographical Location

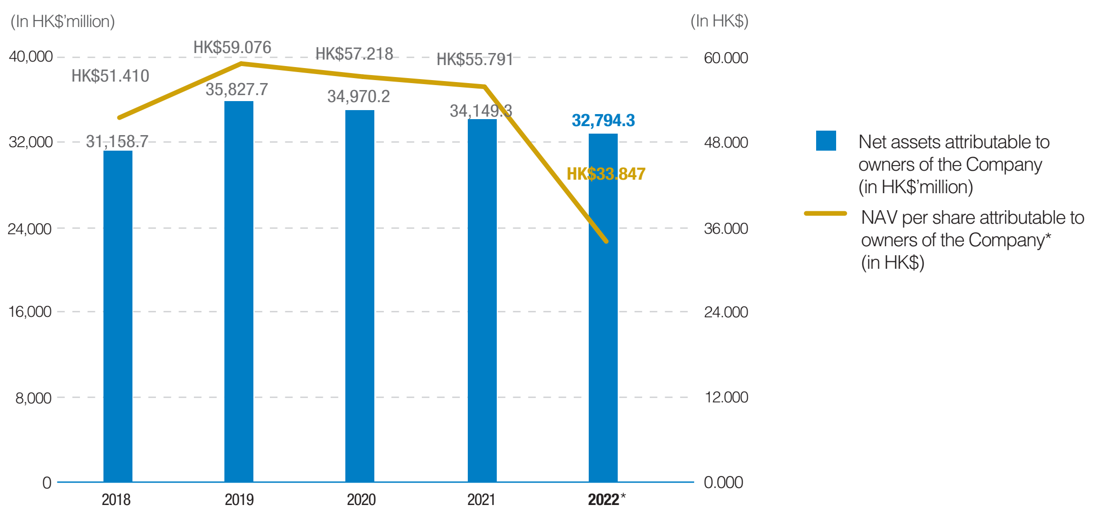


Profit/(loss) attributable to owners of the Company



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

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



* *The decrease was primarily due to the enlarged shareholder base as a result of the issue of new shares of the Company under the general mandate and the rights issue completed in August 2021 and October 2021, respectively.*

Property Portfolio Composition

The Group maintained a property portfolio with attributable GFA of approximately 9.0 million square feet as at 31 July 2022. All major properties of the Group in Mainland China are held through Lai Fung Group, except Novotown Phase I which is 80% owned by Lai Fung Group and 20% owned by the Group, and all major properties in Hong Kong and overseas are held by the Group excluding eSun Group and Lai Fung Group.

Approximate attributable GFA (in '000 square feet) of the Group's major properties and number of car parking spaces as at 31 July 2022 are set out as follows:

	Commercial/ Retail	Office	Hotel/ Serviced Apartments	Residential	Industrial	Total (excluding car parking spaces & ancillary facilities)	No. of car parking spaces
GFA of major properties and number of car parking spaces of Lai Fung Group (on attributable basis[1])							
Completed Properties Held for Rental[2]	1,357	588	—	—	—	1,945	1,252
Completed Hotel Properties and Serviced Apartments[2]	—	—	545	—	—	545	—
Properties under Development[3]	397	1,489	318	—	—	2,204	1,219
Completed Properties Held for Sale	91	232	155	619	—	1,097	1,922
Subtotal	**1,845**	**2,309**	**1,018**	**619**	**—**	**5,791**	**4,393**
GFA of major properties and number of car parking spaces of the Group excluding Lai Fung Group (on attributable basis)							
Completed Properties Held for Rental[2]	737	1,030	—	—	67	1,834	1,436
Completed Hotel Properties and Serviced Apartments[2]	—	—	725	—	—	725	92
Properties under Development[3]	8	—	—	374	—	382	141
Completed Properties Held for Sale	33	105	70	49	—	257	55
Subtotal	**778**	**1,135**	**795**	**423**	**67**	**3,198**	**1,724**
Total GFA attributable to the Group	**2,623**	**3,444**	**1,813**	**1,042**	**67**	**8,989**	**6,117**

Notes:

1. *As at 31 July 2022, Lai Fung is a 55.08%-owned subsidiary of the Group.*
2. *Completed and rental generating properties.*
3. *All properties under construction.*

Property Investment

Rental Income

During the year under review, the Group's rental operations recorded a turnover of HK$1,241.6 million (2021: HK$1,287.3 million) comprising turnover of HK$465.3 million, HK$84.7 million and HK$691.6 million from rental properties in Hong Kong, London and Mainland China, respectively.

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

	For the year ended 31 July			Year end occupancy	
	2022	2021	%	**2022**	2021
	HK$ million	HK$ million	Change	**%**	%
Hong Kong					
Cheung Sha Wan Plaza	**263.3**	302.0	-12.8	**87.0**	93.5
Causeway Bay Plaza 2	**151.6**	173.8	-12.8	**94.6**	91.7
Lai Sun Commercial Centre	**45.4**	47.1	-3.6	**86.5**	98.7
Others	**5.0**	4.2	+19.0		
Subtotal:	**465.3**	527.1	-11.7		
London, United Kingdom					
107 Leadenhall Street	**27.8**	44.5	-37.5	**78.9**	62.0
100 Leadenhall Street	**50.8**	31.2	+62.8	**100.0**	100.0
106 Leadenhall Street	**6.1**	6.3	-3.2	**100.0**	100.0
Subtotal:	**84.7**	82.0	+3.3		
Mainland China					
Shanghai					
Shanghai Hong Kong Plaza	**298.8**	292.5	+2.2	**Retail: 87.2**	Retail: 90.3
				Office: 85.9	Office: 83.8
Shanghai May Flower Plaza	**45.0**	42.7	+5.4	**Retail: 97.3**	Retail: 99.5
Shanghai Regents Park	**19.8**	24.8	-20.2	**81.0**	100.0
Guangzhou					
Guangzhou May Flower Plaza	**121.8**	121.1	+0.6	**91.9**	97.9
Guangzhou West Point	**27.2**	26.5	+2.6	**90.0**	90.1
Guangzhou Lai Fung Tower	**142.9**	136.0	+5.1	**Retail: 100.0**	Retail: 100.0
				Office: 93.6 [1]	Office: 96.5 [1]

Management Discussion and Analysis

Property Investment (continued)

Rental Income (continued)

	For the year ended 31 July			Year end occupancy	
	2022	2021	%	**2022**	2021
	HK$ million	HK$ million	Change	**%**	%
Zhongshan					
Zhongshan Palm Spring Rainbow Mall	**7.1**	6.8	+4.4	**Retail: 65.9**[1]	Retail: 80.0[1]
Hengqin					
Hengqin Novotown Phase I	**2.2**	6.9	-68.1	**Retail: 77.0**[2]	Retail: 71.0[2]
Others	**26.8**	20.9	+28.2		
Subtotal:	**691.6**	678.2	+2.0		
Total:	**1,241.6**	1,287.3	-3.6		
Rental proceeds from joint venture projects					
Hong Kong					
CCB Tower[3] (50% basis)	**119.7**	132.3	-9.5	**95.7**	95.7
Alto Residences[4] (50% basis)	**39.7**	28.0	+41.8	**84.7**	80.7
Total:	**159.4**	160.3	-0.6		

Notes:

1. *Excluding self-use area.*
2. *Including the cultural attraction spaces occupied by Lionsgate Entertainment World® and National Geographic Ultimate Explorer Hengqin.*
3. *CCB Tower is a joint venture project with China Construction Bank Corporation ("**CCB**") in which each of the Group and CCB has an effective 50% interest. For the year ended 31 July 2022, the joint venture recorded rental proceeds of approximately HK$239.4 million (2021: HK$264.5 million).*
4. *Alto Residences is a joint venture project with Empire Group Holdings Limited ("**Empire Group**") in which each of the Group and Empire Group has an effective 50% interest. For the year ended 31 July 2022, the joint venture recorded rental proceeds of approximately HK$79.4 million (2021: HK$56.0 million).*

Property Investment (continued)

Rental Income (continued)

Set out below is the breakdown of turnover by usage of the Group's major rental properties:

	For the year ended 2022			For the year ended 2021		
	Attributable interest to the Group	**Turnover (HK$ million)**	**Total GFA (square feet)**	Attributable interest to the Group	Turnover (HK$ million)	Total GFA (square feet)
Hong Kong						
Cheung Sha Wan Plaza	**100%**			100%		
Commercial		**120.9**	**233,807**		149.8	233,807
Office		**125.3**	**409,896**		136.2	409,896
Car parking spaces		**17.1**	**N/A**		16.0	N/A
Subtotal:		**263.3**	**643,703**		302.0	643,703
Causeway Bay Plaza 2	**100%**			100%		
Commercial		**102.4**	**109,770**		120.5	109,770
Office		**44.8**	**96,268**		48.8	96,268
Car parking spaces		**4.4**	**N/A**		4.5	N/A
Subtotal:		**151.6**	**206,038**		173.8	206,038
Lai Sun Commercial Centre	**100%**			100%		
Commercial		**19.6**	**95,063**		24.0	95,063
Office		**5.6**	**74,181**		5.4	74,181
Car parking spaces		**20.2**	**N/A**		17.7	N/A
Subtotal:		**45.4**	**169,244**		47.1	169,244
Others		**5.0**	**63,592** [1]		4.2	63,592 [1]
Subtotal:		**465.3**	**1,082,577** [1]		527.1	1,082,577 [1]

Management Discussion and Analysis

Property Investment (continued)

Rental Income (continued)

	For the year ended 2022			For the year ended 2021		
	Attributable interest to the Group	**Turnover (HK$ million)**	**Total GFA (square feet)**	Attributable interest to the Group	Turnover (HK$ million)	Total GFA (square feet)
London, United Kingdom						
107 Leadenhall Street	**100%**			100%		
Commercial		**3.4**	**48,182**		4.5	48,182
Office		**24.4**	**98,424**		40.0	98,424
Subtotal:		**27.8**	**146,606**		44.5	146,606
100 Leadenhall Street	**100%**			100%		
Office		**50.8**	**177,700**		31.2	177,700
106 Leadenhall Street	**100%**			100%		
Commercial		**0.5**	**3,540**		1.0	3,540
Office		**5.6**	**16,384**		5.3	16,384
Subtotal:		**6.1**	**19,924**		6.3	19,924
Subtotal:		**84.7**	**344,230**		82.0	344,230
Mainland China						
Shanghai						
Shanghai Hong Kong Plaza	**55.08%**			55.08%		
Retail		**188.0**	**468,434**		186.2	468,434
Office		**104.7**	**362,096**		98.9	362,096
Car parking spaces		**6.1**	**N/A**		7.4	N/A
Subtotal:		**298.8**	**830,530**		292.5	830,530
Shanghai May Flower Plaza	**55.08%**			55.08%		
Retail		**40.5**	**320,314**		38.2	320,314
Car parking spaces		**4.5**	**N/A**		4.5	N/A
Subtotal:		**45.0**	**320,314**		42.7	320,314
Shanghai Regents Park	**52.33%**			52.33%		
Retail		**17.6**	**82,062**		22.1	82,062
Car parking spaces		**2.2**	**N/A**		2.7	N/A
Subtotal:		**19.8**	**82,062**		24.8	82,062

Property Investment (continued)

Rental Income (continued)

	For the year ended 2022			For the year ended 2021		
	Attributable interest to the Group	Turnover (HK$ million)	Total GFA (square feet)	Attributable interest to the Group	Turnover (HK$ million)	Total GFA (square feet)
Guangzhou						
Guangzhou May Flower Plaza	**55.08%**			55.08%		
Retail		**104.8**	**357,424**		103.2	357,424
Office		**14.3**	**79,431**		14.9	79,431
Car parking spaces		**2.7**	**N/A**		3.0	N/A
Subtotal:		**121.8**	**436,855**		121.1	436,855
Guangzhou West Point	**55.08%**			55.08%		
Retail		**27.2**	**182,344**		26.5	182,344
Guangzhou Lai Fung Tower	**55.08%**			55.08%		
Retail		**18.3**	**112,292**		16.8	112,292
Office		**117.8**	**625,821**		112.7	625,821
Car parking spaces		**6.8**	**N/A**		6.5	N/A
Subtotal:		**142.9**	**738,113**		136.0	738,113
Zhongshan						
Zhongshan Palm Spring Rainbow Mall	**55.08%**			55.08%		
Retail[2]		**7.1**	**148,106**		6.8	148,106
Hengqin						
Novotown Phase I	**64.06%[3]**			64.06%[3]		
Commercial[4]		**2.2**	**995,717[4]**		6.9	975,365[4]
Others		**26.8**	**N/A**		20.9	N/A
Subtotal:		**691.6**	**3,734,041**		678.2	3,713,689
Total:		**1,241.6**	**5,160,848[1]**		1,287.3	5,140,496[1]

Management Discussion and Analysis

Property Investment (continued)

Rental Income (continued)

	For the year ended 2022			For the year ended 2021		
	Attributable interest to the Group	**Turnover (HK$ million)**	**Total GFA (square feet)**	Attributable interest to the Group	Turnover (HK$ million)	Total GFA (square feet)
Joint Venture Projects						
Hong Kong						
CCB Tower[5] (50% basis)	**50%**			50%		
Office		**119.2**	**114,603[6]**		131.7	114,603[6]
Car parking spaces		**0.5**	**N/A**		0.6	N/A
Subtotal:		**119.7**	**114,603[6]**		132.3	114,603[6]
Alto Residences[7] (50% basis)	**50%**			50%		
Commercial		**13.7**	**47,067[8]**		8.1	47,067[8]
Residential units[9]		**22.7**	**28,191[10]**		17.1	20,613[10]
Car parking spaces		**3.3**	**N/A**		2.8	N/A
Subtotal:		**39.7**	**75,258**		28.0	67,680
Total:		**159.4**	**189,861**		160.3	182,283

Notes:

1. *Excluding 10% interest in AIA Central.*
2. *Excluding self-use area.*
3. *Including the Company's 20% direct interest in Novotown Phase I and 44.06% attributable interest through Lai Fung. As at 31 July 2022, Novotown Phase I is 80% owned by Lai Fung and Lai Fung is a 55.08%-owned subsidiary of the Company.*
4. *Including the cultural attraction spaces occupied by Lionsgate Entertainment World® and National Geographic Ultimate Explorer Hengqin (self-use area), the total GFA of which was approximately 384,759 square feet as at 31 July 2022. Revenue from Lionsgate Entertainment World® and National Geographic Ultimate Explorer Hengqin are recognised under turnover from theme park operation of the Group.*
5. *CCB Tower is a joint venture project with CCB in which each of the Group and CCB has an effective 50% interest. For the year ended 31 July 2022, the joint venture recorded rental proceeds of approximately HK$239.4 million (2021: HK$264.5 million).*
6. *GFA attributable to the Group. The total GFA is 229,206 square feet.*
7. *Alto Residences is a joint venture project with Empire Group in which each of the Group and Empire Group has an effective 50% interest. For the year ended 31 July 2022, the joint venture recorded rental proceeds of approximately HK$79.4 million (2021: HK$56.0 million).*
8. *GFA attributable to the Group. The total GFA is 94,133 square feet.*
9. *Referring to those sold residential units offering early occupation benefit which allows the purchasers to move in earlier before completion of the sale.*
10. *Saleable area attributable to the Group. The total saleable area is 56,382 (2021: 41,226) square feet.*

Property Investment (continued)

Rental Income (continued)

The average Sterling exchange rate for the year under review depreciated by approximately 2.4% compared with last financial year. Excluding the effect of currency translation, the Sterling denominated turnover from London properties increased by 5.9% during the year under review. Breakdown of rental turnover of London portfolio for the year ended 31 July 2022 is as follows:

	2022 HK$'000	2021 HK$'000	% Change	**2022 GBP'000**	2021 GBP'000	% Change
107 Leadenhall Street	**27,790**	44,472	-37.5	**2,703**	4,223	-36.0
100 Leadenhall Street	**50,840**	31,173	+63.1	**4,946**	2,960	+67.1
106 Leadenhall Street	**6,120**	6,323	-3.2	**595**	600	-0.8
Total:	**84,750**	81,968	+3.4	**8,244**	7,783	+5.9

Review of major investment properties

Hong Kong Properties

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

The Group owns 100% of this property.

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

The Group owns 100% of this property.

• Cheung Sha Wan Plaza

• Causeway Bay Plaza 2

• Lai Sun Commercial Centre

Property Investment (continued)

Review of major investment properties (continued)

Hong Kong Properties (continued)

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

The Group owns 100% of this property.

CCB Tower
This is a 50:50 joint venture between the Group and CCB involving the redevelopment of the former Ritz-Carlton Hotel in Central. This 27-storey office tower is a landmark property in Central featuring underground access to the Central MTR station. The property has a total GFA of 229,206 square feet (excluding car parking spaces). 19 floors of the office floors and 2 banking hall floors of CCB Tower are leased to CCB for its Hong Kong operations.

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

Overseas Properties

107 Leadenhall Street, London EC3, United Kingdom
In April 2014, the Group acquired a property located at the core of the insurance district in the City of London, surrounded by 30 St Mary Axe (commonly known as the Gherkin), Lloyd's of London and the Willis Building at 51 Lime Street. It is a freehold commercial property housing commercial, offices and retail space. The building comprises 146,606 square feet gross internal area of office accommodation extending over basement, ground, mezzanine and seven upper floors. The occupancy at the end of July 2022 was approximately 78.9%.

The Group owns 100% of this property.

• CCB Tower

• AIA Central

Property Investment (continued)

Review of major investment properties (continued)

Overseas Properties (continued)

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

The Group owns 100% of this property.

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

The Group owns 100% of this property.

The City of London's Planning and Transportation Committee has approved a resolution to grant Planning Consent to the Group to redevelop the Leadenhall Properties. The Leadenhall Properties currently have a combined GFA of approximately 344,230 square feet. The Planning Consent would allow the Group to redevelop the Leadenhall Properties into a 56 storey tower with i) approximately 1,068,510 square feet gross internal area of office space as well as new retail space of approximately 8,730 square feet; ii) a free, public viewing gallery of approximately 19,967 square feet at levels 55 and 56 of the building which offers 360 degree views across London; and iii) new pedestrian routes between Leadenhall Street, Bury Street and St Mary Axe, and new public spaces around the base of the building. Including ancillary facilities of approximately 178,435 square feet, the total gross internal area of the proposed tower is expected to be approximately 1,275,642 square feet upon completion. This mixed-use development is targeting a carbon net zero strategy. Knight Frank and CBRE have been appointed as Office Leasing and Development advisers. A revised proposal was submitted to the City of London's Planning and Transportation Committee in August 2022 for improving on the original design and repositioning the new building to provide higher sustainability standards and enhanced amenities within the building.

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

• 100 Leadenhall Street, London

• 107 Leadenhall Street, London

• 106 Leadenhall Street, London

Property Investment (continued)

Review of major investment properties (continued)

Mainland China Properties

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

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

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.

Lai Fung Group owns 100% of this property.

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

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

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

Property Investment (continued)

Review of major investment properties (continued)

Mainland China Properties (continued)

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.

Lai Fung Group owns 100% of this property.

Guangzhou West Point
Guangzhou West Point is located on Zhongshan Qi Road and is within walking distance from the Ximenkou Subway Station. This is a mixed-use property where Lai Fung Group has sold all the residential and office units and retained 100% interest in the commercial podium with GFA of approximately 182,300 square feet. Tenants of the retail podium include renowned restaurants and local retail brands.

Lai Fung Group owns 100% of this property.

Guangzhou Lai Fung Tower
Guangzhou Lai Fung Tower is the 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 has a total GFA of approximately 738,100 square feet excluding car parking spaces.

Lai Fung Group owns 100% of this property.

Zhongshan Palm Spring Rainbow Mall
Zhongshan Palm Spring Rainbow Mall is the commercial portion of Zhongshan Palm Spring, 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, a fellow subsidiary of Lai Fung.

Lai Fung Group owns 100% of this property.

Property Investment (continued)

Review of major investment properties (continued)

Mainland China 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. It became a Guangdong-Macau In-Depth Cooperation Zone on 17 September 2021.

Phase I
Novotown Phase I comprises a 493-room Hyatt Regency hotel, multi-function hall, wedding pavilion, offices, cultural workshops and studios, 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®, managed by Village Roadshow Theme Parks Asia, featuring attractions, retail, and dining experiences themed around Lionsgate's most captivating global film franchises, including The Hunger Games, The Twilight Saga, The Divergent Series, Now You See Me, Gods of Egypt and Escape Plan commenced operation on 31 July 2019. The family edutainment center, National Geographic Ultimate Explorer Hengqin, containing 18 individual attractions including rides, F&B facilities, retail premises, virtual reality and/or 4-D interactive experiences, and other types of entertainment and educational attractions officially commenced operations on 9 September 2019. In February 2021, a new interactive attraction "Wonders of Kung Fu" was launched in the outdoor garden space of Novotown Phase I, which includes light shows providing immersive experience and interactive games with Chinese Kungfu and cuisine being the key underlying theme. This attraction in the 5,000 square meters outdoor garden offers more than 10 interactive points, aiming not only to bring new experiences to visitors in terms of advanced visual/media technologies and cultural enlightenment, but also with an objective to boost night economy at Novotown. Leasing of the commercial area of Novotown Phase I is underway with approximately 77% of the leasable area. Except for the two themed indoor experience centres, key tenants include Zhuhai Duty Free Group, BaoLian Retail Commerce, Adidas Outlet, Pokiddo Trampoline Park, an indoor gun shooting range, Starbucks, McDonald's, Paulaner Wirtshaus Hengqin, Oyster King and Vanguard Life Superstore.

Lai Fung Group owns 80% of Novotown Phase I. The remaining 20% is owned by the Group.

Property Development

Recognised Sales

For the year ended 31 July 2022, recognised turnover from sales of properties was HK$1,685.5 million (2021: HK$2,503.3 million). Breakdown of turnover for the year ended 31 July 2022 from sales of properties is as follows:

Hong Kong

Recognised Basis	No. of Units	Approximate Saleable Area (Square feet)	Average Selling Price [1] (HK$/square foot)	Turnover (HK$ million)
Monti				
Residential Units	8	2,688	22,626	60.8
Subtotal				**60.8**

Mainland China

Recognised Basis	No. of Units	Approximate GFA (Square feet)	Average Selling Price [2] (HK$/square foot)	Turnover [3] (HK$ million)
Shanghai Wuli Bridge Project				
Residential Units	3	7,513	12,911	89.0
Hengqin Novotown Phase I				
Cultural Studios	19	66,130	5,246	329.0
Cultural Workshop Units	2	1,924	3,925	6.9
Zhongshan Palm Spring				
Residential High-rise Units	530	626,549	1,861	1,070.5
Residential House Units	16	33,395	3,261	115.2
Shanghai Wuli Bridge Project				
Car Parking Spaces	3	N/A	N/A	2.0
Shanghai Regents Park				
Car Parking Spaces	10	N/A	N/A	6.9
Guangzhou Eastern Place				
Car Parking Spaces	2	N/A	N/A	2.0
Guangzhou King's Park				
Car Parking Spaces	2	N/A	N/A	1.4
Guangzhou West Point				
Car Parking Spaces	2	N/A	N/A	1.2
Zhongshan Palm Spring				
Car Parking Spaces	3	N/A	N/A	0.6
Subtotal				**1,624.7**
Total				**1,685.5**

Property Development (continued)

Recognised Sales (continued)

Recognised sales from joint venture project

Hong Kong

Recognised basis	No. of Units	Approximate Saleable Area (Square feet)	Average Selling Price [1] (HK$/square foot)	Turnover (HK$ million)
Alto Residences (50% basis)				
Houses	4 [4]	9,615 [4]	23,595	226.9 [5]
Residential Units	7 [6]	6,227 [6]	27,526	171.4 [7]
Car Parking Spaces	5 [8]	N/A	N/A	13.8
Total				**412.1**

Notes:

1. *Excluding the financing component for sale of completed properties in accordance with Hong Kong Financial Reporting Standard 15 "Revenue from Contracts with Customers".*
2. *Before PRC business tax and value-added tax inclusive.*
3. *After PRC business tax and value-added tax exclusive.*
4. *No. of houses and saleable area attributable to the Group. The total no. of house recognised and total saleable area is 8 and 19,229 square feet, respectively.*
5. *Representing property sales proceeds of HK$212.3 million and rental proceeds of HK$14.6 million in relation to certain houses offering early occupation benefit which allows the purchasers to move in earlier before completion of the sale.*
6. *No. of residential units and saleable area attributable to the Group. The total no. of residential units recognised and total saleable area are 14 and 12,453 square feet, respectively.*
7. *Representing property sales proceeds of HK$156.9 million and rental proceeds of HK$14.5 million in relation to certain residential units offering early occupation benefit which allows the purchasers to move in earlier before completion of the sale.*
8. *No. of car parking spaces attributable to the Group. The total no. of car parking space recognised is 10.*

Contracted Sales

As at 31 July 2022, the Group's property development operation has contracted but not yet recognised sales of HK$764.4 million. Including the joint venture project of the Group, the total contracted but not yet recognised sales of the Group as at 31 July 2022 amounted to HK$1,188.2 million. Breakdown of contracted but not yet recognised sales as at 31 July 2022 is as follows:

Hong Kong

Contracted basis	**No. of Units**	**Approximate Saleable Area** (Square feet)	**Average Selling Price** (HK$/square foot)	**Turnover** (HK$ million)
Monti				
Residential Units	3	1,058	21,892	23.2

Mainland China

Contracted basis	**No. of Units**	**Approximate GFA** (Square feet)	**Average Selling Price**[1] (HK$/square foot)	**Turnover**[1] (HK$ million)
Zhongshan Palm Spring				
Residential High-rise Units	190	225,926	2,040	460.8
Residential House Units	2	4,139	3,664	15.2
Serviced Apartment Unit[2]	1	1,068	1,536	1.6
Hengqin Novotown Phase I				
Cultural Studios	4	16,278	4,903	79.8
Cultural Workshop Unit	1	962	3,990	3.8
Hengqin Novotown Phase II				
Harrow ILA Hengqin Buildings[3]	N/A	149,078	1,197	178.5
Shanghai Regents Park				
Car Parking Space	1	N/A	N/A	0.7
Guangzhou King's Park				
Car Parking Space	1	N/A	N/A	0.8
Subtotal				**741.2**
Total				**764.4**

Property Development (continued)

Contracted sales from joint venture project

Hong Kong

Contracted basis	No. of Units	Approximate Saleable Area (Square feet)	Average Selling Price (HK$/square foot)	Turnover (HK$ million)
Alto Residences (50% basis)				
Houses	5[4]	13,879[4]	23,060	320.0[5]
Residential Units	3[6]	3,641[6]	25,825	94.0[7]
Car Parking Spaces	4[8]	N/A	N/A	9.8
Total				**423.8**

Notes:

1. *Value-added tax inclusive.*
2. *Will be recorded as disposal of assets classified as held for sale and the sales proceeds net of cost will be included in "other operating expenses" on the face of the consolidated income statement of the Group when the sale is completed.*
3. *Will be recognised as income from finance lease under turnover.*
4. *No. of houses and saleable area attributable to the Group. The total no. of houses contracted and total saleable area are 9 and 27,757 square feet, respectively.*
5. *Representing property sales proceeds of HK$292.6 million and rental proceeds of HK$27.4 million in relation to certain houses offering early occupation benefit which allows the purchasers to move in earlier before completion of the sale.*
6. *No. of residential units and saleable area attributable to the Group. The total no. of residential units contracted and total saleable area are 6 and 7,281 square feet, respectively.*
7. *Representing property sales proceeds of HK$89.3 million and rental proceeds of HK$4.7 million in relation to certain residential units offering early occupation benefit which allows the purchasers to move in earlier before completion of the sale.*
8. *No. of car parking spaces attributable to the Group. The total no. of car parking spaces contracted is 7.*

Review of Major Projects for Sale and under Development

Hong Kong Properties

Alto Residences
In November 2012, the Group successfully tendered for and secured a site located at 29 Tong Yin Street, Tseung Kwan O, New Territories, through a 50:50 joint venture vehicle. The lot has an area of 229,338 square feet with a total GFA of 573,268 square feet split into 458,874 square feet for residential use and 114,394 square feet for commercial use. Construction has been completed with the Occupation Permit issued by the Buildings Department in May 2018. The Certificate of Compliance was issued by the Lands Department in September 2018.

This project providing 605 flats, including 23 houses was launched for pre-sale in October 2016. 604 units, including 23 houses in Alto Residences have been sold, with saleable area of approximately 404,640 square feet at an average selling price of approximately HK$18,000 per square foot. The Group released in total 86 car parking spaces of Alto Residences for sale since March 2019. Up to 14 October 2022, 75 car parking spaces have been sold and the total sales proceeds amounted to approximately HK$204.1 million.

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

This project was launched for pre-sale in September 2016. The sale and handover of all 209 residential units and 7 commercial units have been completed, achieving an average selling price of approximately HK$16,400 per square foot and HK$23,500 per square foot, respectively. Up to 14 October 2022, 7 out of 20 car parking spaces and 4 out of 5 motor-parking spaces have been sold and the total sales proceeds amounted to approximately HK$10.2 million.

The Group owns 100% of this project.

• **93 Pau Chung Street**

• **Alto Residences**

Property Development (continued)

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

Hong Kong Properties (continued)

Novi

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

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

The Group owns 100% of this project.

Monti

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

This project was launched for pre-sale in August 2018. Up to 14 October 2022, the Group has sold 140 units in Monti with saleable area of approximately 44,378 square feet at an average selling price of approximately HK$21,300 per square foot. Handover of the residential units which have been sold has been substantially completed.

The Group owns 100% of this project.

• Novi

• Monti

Property Development (continued)

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

Hong Kong Properties (continued)

Tai Kei Leng project
In March 2019, the Group successfully tendered for and secured a site located at No. 266 Tai Kei Leng, Lot No. 5382 in Demarcation District No. 116, Tai Kei Leng, Yuen Long, Hong Kong. This site is designated for private residential purposes, providing 112 residential units, will add a total GFA of approximately 42,200 square feet to the development portfolio of the Group. Construction work is in progress and is expected to be completed in the first quarter of 2024. Pre-sale of residential units is expected to be launched in the first quarter of 2023.

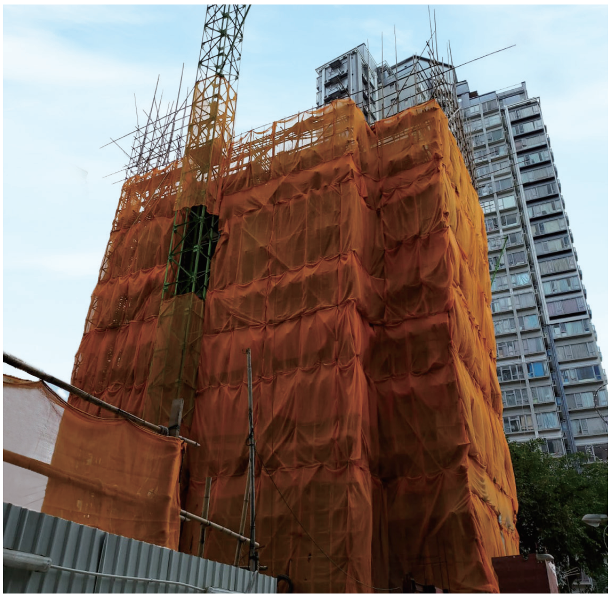
The Group owns 100% of this project.

Bal Residence (formerly known as the Hang On Street project)
In April 2019, the Group successfully secured the Urban Renewal Authority project covering a site area of approximately 8,500 square feet at No. 18 Hang On Street, Kwun Tong, Hong Kong which will be developed into a total GFA of approximately 71,800 square feet, including 8,100 square feet of commercial facilities and 63,700 square feet of residential spaces, offering 156 residential units. The project has been officially named as "Bal Residence". Construction work is in progress and is expected to be completed in the fourth quarter of 2023. Pre-sale of residential units is expected to be launched in the fourth quarter 2022.

The Group owns 100% of this project.

Wong Chuk Hang project
In January 2021, the consortium formed by the Group together with New World Development Company Limited, Empire Development Hong Kong (BVI) Limited and CSI Properties Limited successfully won the tender for the Wong Chuk Hang Station Package Five Property Development. This residential development project sitting on top of the Wong Chuk Hang MTR station in the prominent Southern district of Hong Kong covers a site area of approximately 95,400 square feet, with a total GFA of approximately 636,100 square feet and is expected to deliver two residential towers, offering around 1,050 residential units. The design and planning works are in progress and construction is expected to be completed in 2025.

The Group owns 15% interest in this project.



• Tai Kei Leng project

• Bal Residence

Management Discussion and Analysis

Property Development (continued)

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

Hong Kong Properties (continued)

116 Waterloo Road project
In September 2021, the Group acquired the 3-storey building at No. 116 Waterloo Road in Ho Man Tin, Kowloon, Hong Kong for redevelopment purpose and the transaction was completed with vacant possession in March 2022. The Group intends to redevelop the site into a residential project with a total GFA of approximately 46,100 square feet, offering around 79 residential units, with a total investment of approximately HK$1.1 billion. The design, planning and demolition works are in progress and construction is expected to be completed in the first half of 2026.

The Group owns 100% of this project.

79 Broadcast Drive project
In October 2021, the Group successfully tendered for and secured a site at No. 79 Broadcast Drive, Kowloon Tong, Hong Kong. The site with a site area of approximately 23,900 square feet used to be the Educational Television Centre of Radio Television Hong Kong and maximum permissible GFA is around 71,600 square feet. The Group plans to develop a high-quality luxury residential project offering around 46 medium-large sized units including 2 houses, with a total investment of approximately HK$2.3 billion. The design, planning and demolition works are in progress and construction is expected to be completed in the first half of 2026.

The Group owns 100% of this project.

1&1A Kotewall Road project
In January 2022, the Group acquired two adjacent buildings at Nos. 1&1A Kotewall Road in Mid-Levels, Hong Kong Island for redevelopment purpose and the transaction was completed with vacant possession in March 2022. The Group intends to redevelop the site into a luxury residential project with a total GFA of approximately 55,200 square feet, offering around 28 medium-large sized residential units upon completion. The total investment of the project will be approximately HK$1.9 billion. The design, planning and demolition works are in progress and construction is expected to be completed in the first half of 2027.

The Group owns 100% of this project.

Property Development (continued)

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

Mainland China Properties

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

Shanghai Skyline Tower (Shanghai Northgate Plaza Redevelopment Project)
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. Shanghai Northgate Plaza I was comprised of office units, a retail podium and car parking spaces. Shanghai Northgate Plaza II was a vacant site adjacent to Northgate Plaza I. In September 2016, Lai Fung Group completed the acquisition of the 6th to 11th floors of Hui Gong Building which is physically connected to Northgate Plaza I, together with the right to use 20 car parking spaces in the basement. Shanghai Skyline Tower, including a 33-storey office tower, a 3-level shopping mall and a car-parking basement, is expected to add a total GFA of approximately 727,200 square feet excluding car parking spaces to the rental portfolio of Lai Fung Group. The construction of Shanghai Skyline Tower has been completed in late September 2022 and leasing is underway. As at the date of this Annual Report, approximately 8% of commercial and office area have been pre-leased with letter of intent signed.

Lai Fung Group owns 100% of this property.

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 three residential units with a total GFA of 7,513 square feet were recognised at an average selling price of HK$12,911 per square foot, which contributed a total of HK$89.0 million to Lai Fung Group's turnover and the sale of three car parking spaces contributed HK$2.0 million to Lai Fung Group's turnover. The total carrying amount of one unsold residential unit and 13 unsold car parking spaces of this development was approximately HK$53.6 million as at 31 July 2022.

Lai Fung Group owns 100% interest in this project.

Property Development (continued)

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

Mainland China Properties (continued)

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 2022, 458 car parking spaces of this development remained unsold with a carrying amount of approximately HK$104.3 million.

Lai Fung 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. As at 31 July 2022, a total of 220 car parking spaces of this development remained unsold with a carrying amount of approximately HK$54.1 million.

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

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 two car parking spaces contributed HK$1.4 million to the turnover. As at 31 July 2022, the contracted but not yet recognised sales of one car parking space amounted to approximately HK$0.8 million and the five unsold car parking spaces have a total carrying amount of approximately HK$3.3 million.

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

Guangzhou Lai Fung International Center (formerly known as Guangzhou Haizhu Plaza)
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. Lai Fung Group owns the entire project. Guangzhou Lai Fung International Center, comprising a 22-storey office tower, including 4-level commercial facilities, has a total project GFA of approximately 589,000 square feet and is intended to be developed for rental purposes. The construction is expected to complete by end of 2022. The pre-leasing work is in progress and as at the date of this Annual Report, approximately 20% of commercial and office area have been pre-leased.

Lai Fung Group owns 100% of this property.

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

Mainland China Properties (continued)

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. Construction of remaining phases of Zhongshan Palm Spring has been completed and handover of sold units is in progress.

During the year under review, 626,549 square feet of high-rise residential units and 33,395 square feet of house units were recognised at an average selling price of HK$1,861 per square foot and HK$3,621 per square foot, respectively, which contributed a total of HK$1,185.7 million to the sales turnover. As at 31 July 2022, contracted but not yet recognised sales for high-rise residential units and house units amounted to HK$460.8 million and HK$15.2 million, at an average selling price of HK$2,040 per square foot and HK$3,664 per square foot, respectively.

STARR Resort Residence Zhongshan comprising two 16-storey blocks in the Palm Lifestyle complex was closed in 2019. The serviced apartment units were launched for sale in May 2019 and have been re-classified from "Property, plant and equipment" to "Assets classified as held for sale" in the consolidated statement of financial position of Lai Fung Group. During the year under review, two serviced apartment units have been sold for a total sales proceed of approximately HK$2.8 million. The sale of these serviced apartment units is recorded as disposal of assets classified as held for sale and the sales proceeds net of cost are included in "Other operating expenses, net" on the face of the consolidated income statement of Lai Fung Group. As at 31 July 2022, contracted but not yet recognised sales for one serviced apartment unit amounted to HK$1.6 million, at an average selling price of HK$1,536 per square foot.

As at 31 July 2022, completed units held for sale in this development, including residential units, serviced apartment units and commercial units, amounted to approximately 1,169,400 square feet with a total carrying amount of approximately HK$920.8 million. The carrying amount of the 2,679 unsold car parking spaces of this development as at 31 July 2022 was approximately HK$245.6 million.

Lai Fung Group owns 100% interest in this project.

Management Discussion and Analysis

Property Development (continued)

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

Mainland China Properties (continued)

Hengqin Novotown
Phase I
Sales of the cultural studios and cultural workshop units of Hengqin Novotown Phase I are in progress. During the year under review, sales of 66,130 square feet of cultural studios and 1,924 square feet of cultural workshop units were recognised at an average selling price of HK$5,246 per square foot and HK$3,925 per square foot, respectively, which contributed a total of HK$335.9 million to Lai Fung Group's turnover. As at 31 July 2022, contracted but not yet recognised sales for cultural studios and cultural workshop units amounted to HK$79.8 million and HK$3.8 million, at an average selling price of HK$4,903 per square foot and HK$3,990 per square foot, respectively. As at 31 July 2022, completed properties held for sale in Novotown Phase I, including cultural studios, cultural workshop units and office units, amounted to approximately 980,700 square feet with a total carrying amount of approximately HK$2,228.1 million.

Lai Fung Group owns 80% of Novotown Phase I. The remaining 20% is owned by the Group.

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

Construction work is in progress and the completion is expected to be in phases by 2024. This mixed-used development project is expected to provide commercial and experiential entertainment facilities, office space and serviced apartment space of 355,500 square feet, 1,585,000 square feet and 578,400 square feet, respectively. Parts of the office units and serviced apartment units have been designated as for-sale properties. Properties in Novotown Phase II occupied by Harrow ILA Hengqin have been sold to the school operator, which enabled Lai Fung Group to crystalise the value of its investment in Novotown Phase II and gradually recoup funding to improve the project's working capital position.

Lai Fung Group entered into a licence agreement with Real Madrid Club de Fútbol in June 2017 in relation to the development and operation of the location based entertainment centre, namely Real Madrid World in Novotown. Real Madrid World is currently under construction and upon completion, will be made up of signature experiences including interactive training games, a walkthrough of Real Madrid history, plus dining and retail outlets. Lai Fung Group is in the process of identifying and planning for a motor-themed experience centre, as well as other culturally themed tourism facilities in Novotown Phase II.

Lai Fung 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 encourage more businesses and population to reside in Hengqin which will further enhance the tourism market, making Novotown a new contributor to Lai Fung Group's results in the long run.

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

Restaurant and F&B Product Sales Operations

For the year ended 31 July 2022, restaurant and F&B product sales operations contributed HK$419.9 million to the Group's turnover, representing a decrease of 5.2% from that of HK$443.1 million for last financial year. During the year under review, restaurant operations of the Group continued to be negatively affected by compulsory social distancing and seat restrictions, as well as restrictions on reduced dining time, especially during the fifth wave of COVID-19 epidemic.

Up to the date of this Annual Report, restaurant operations include the Group's interests in 24 restaurants in Hong Kong and Mainland China and 1 restaurant in Macau under management. Details of each existing restaurant of the Group are as follows:

Cuisine	Restaurant	Location	Attributable interest to the Group	Award
Owned restaurants				
Western/ International Cuisine	8½ Otto e Mezzo BOMBANA Hong Kong	Hong Kong	38%	Three Michelin stars (2012-2022)
	8½ Otto e Mezzo BOMBANA Shanghai	Shanghai	13%	Two Michelin stars (2017-2022)
	Opera BOMBANA	Beijing	20%	
	CIAK - In The Kitchen	Hong Kong	63%	One Michelin star (2015-2017)
	CIAK - All Day Italian	Hong Kong	68%	Michelin Bib Gourmand (2017-2021)
	Beefbar	Hong Kong	63%	One Michelin star (2017-2022)
	Takumi by Daisuke Mori	Hong Kong	65%	One Michelin star (2018-2022)
	Prohibition *(Note)*	Hong Kong	100%	
	Zest by Konishi	Hong Kong	68%	One Michelin star (2020-2022)
	Cipriani	Hong Kong	44%	
	ADD+	Hong Kong	68%	
Asian Cuisine	China Tang Landmark	Hong Kong	51%	The Plate Michelin (2019-2021)
	China Tang Beijing	Beijing	68%	
	Howard's Gourmet	Hong Kong	51%	
	Chiu Tang Central	Hong Kong	68%	
	Old Bazaar Kitchen	Hong Kong	65%	
	Canton Bistro *(Note)*	Hong Kong	100%	
	KiKi Noodle Bar IFC	Hong Kong	85%	
	KiKi Noodle Bar K11 MUSEA	Hong Kong	85%	
	MOSU Hong Kong PLUS by MOSU	Hong Kong	68%	Three Michelin stars (Seoul) (2023)
	China Club	Hong Kong	10%	
Japanese Cuisine	Masa Hong Kong	Hong Kong	68%	
	Rozan	Hong Kong	65%	
	Yamato	Hong Kong	60%	
Managed restaurant				
Western Cuisine	8½ Otto e Mezzo BOMBANA, Macau	Macau	N/A	One Michelin star (2016-2022)

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

Management Discussion and Analysis

Hotel and Serviced Apartment Operations

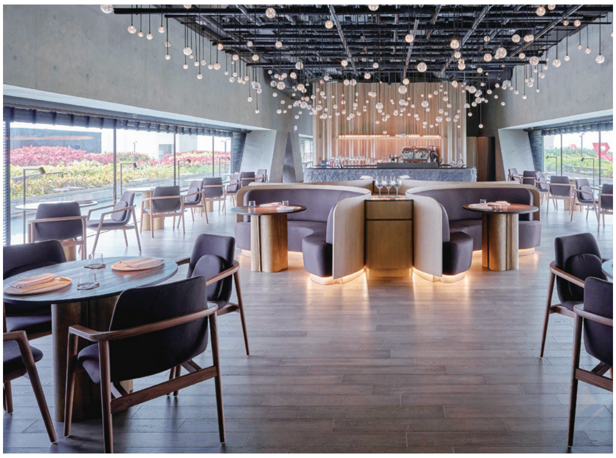
The hotel and serviced apartment operation segment of the Group includes the Group's operation of the Ocean Park Marriott Hotel in Hong Kong and the Caravelle Hotel in Ho Chi Minh City, Vietnam, as well as Lai Fung Group's hotel and serviced apartment operation in Shanghai and Hengqin, Mainland China.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

For the year ended 31 July 2022, the hotel and serviced apartment operations contributed HK$650.0 million to the Group's turnover (2021: HK$621.2 million). During the year under review, a number of promotion campaigns including staycation packages and dining offers were launched by Hong Kong Ocean Park Marriott Hotel to attract the local guests and the hotel was operating as a designated quarantine hotel since June 2022 before the change of quarantine arrangement in Hong Kong to a "0+3" regime in September 2022.

• 8½ Otto e Mezzo BOMBANA Hong Kong

• CIAK – All Day Italian

• ADD+



• MOSU Hong Kong PLUS by MOSU

Hotel and Serviced Apartment Operations (continued)

Breakdown of turnover from hotel and serviced apartment operations for the year ended 31 July 2022 is as follows:

	Location	Attributable interest to the Group	No. of Rooms [1]	Total GFA (square feet)	Turnover (HK$ million)	Year end occupancy rate (%)
Hotel and serviced apartment						
Ocean Park Marriott Hotel	Hong Kong	100%	471	365,974	251.1	59.9
Ascott Huaihai Road Shanghai	Shanghai	55.08%	310	358,009	95.9	65.2
STARR Hotel Shanghai	Shanghai	55.08%	239	143,846	21.7	36.6
Hyatt Regency Hengqin	Hengqin	64.06%	493	610,540	59.0	28.1
Caravelle Hotel	Ho Chi Minh City	26.01%	335	378,225	222.4	60.7
Subtotal:			**1,848**	**1,856,594**	**650.1**	
Hotel management fee					(0.1)	
Total:					**650.0**	
Joint Venture Project						
Fairmont St. Andrews resort (50% basis)	Scotland	50%	106 [2]	138,241 [2]	91.7	69.1

Notes:

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

• **Ocean Park Marriott Hotel**

• **Ocean Park Marriott Hotel — Kids Pool**

Management Discussion and Analysis

Hotel and Serviced Apartment Operations (continued)

Ocean Park Marriott Hotel officially commenced its operations on 19 February 2019, adding a total of 471 rooms and approximately 365,974 square feet of attributable rental space to the rental portfolio of the Group. Despite the impact of the COVID-19 pandemic on the tourism industry in Hong Kong especially with stringent travel restrictions and border closures, the Group remains cautiously optimistic about the prospects of the Ocean Park Marriott Hotel given the popularity of Ocean Park, as well as its newly opened Water World, being Asia's first all-season water park. The Group owns 100% interest in Ocean Park Marriott Hotel.

Caravelle Hotel is a leading international 5-star hotel in the centre of the business, shopping and entertainment district in Ho Chi Minh City, Vietnam. It is an elegant 24-storey tower with a mixture of French colonial and traditional Vietnamese style and has 335 superbly appointed rooms, suites, exclusive Signature Floors, Signature Lounge and a specially equipped room for the disabled. Total GFA of Caravelle Hotel is approximately 378,225 square feet. The Group owns 26.01% interest in Caravelle Hotel.

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

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.

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

Hyatt Regency Hengqin is located in Novotown Phase I in Hengqin, Zhuhai, the heart of the Greater Bay Area and is within easy reach of the bridge linking Zhuhai with Hong Kong and Macau. Hyatt Regency Hengqin with total GFA of approximately 610,500 square feet has 493 guest rooms including 55 suites ranging in size from 430 square feet to 2,580 square feet, a wide range of dining options, as well as banqueting and conference facilities of over 40,000 square feet. Lai Fung Group owns 80% interest in Hyatt Regency Hengqin and the remaining 20% is owned by the Group.

Cinema Operation

The cinema operation is managed by eSun Group. For the year ended 31 July 2022, this segment recorded a turnover of HK$385.0 million (2021: HK$212.0 million) and segment results of a loss of HK$130.1 million (2021: a loss of HK$151.7 million). During the year under review, eSun Group has one more cinema in Hong Kong commenced operation, namely MCL Cinemas Plus+ Plaza Hollywood (a joint venture project with Emperor Cinemas Group). The box office of its cinemas in Hong Kong recorded significant growth compared to the last financial year, especially during the holiday season before the surge of fifth-wave COVID-19 cases in January 2022 and after their reopening from 21 April 2022 under the recent relaxation of social distancing measures in Hong Kong. As at the date of this Annual Report, eSun Group operates fifteen cinemas in Hong Kong (including one joint venture project) and two cinemas in Mainland China and details on the number of screens and seats of each existing cinema are as follows:

Cinema	Attributable interest to eSun Group (%)	No. of screens *(Note)*	No. of seats *(Note)*
Mainland China			
Suzhou Grand Cinema City	100	10	1,440
Zhongshan May Flower Cinema City	100	5	905
Subtotal		**15**	**2,345**
Hong Kong			
K11 Art House	100	12	1,708
Movie Town (including MX4D theatre)	100	7	1,702
MCL Cyberport Cinema	100	4	818
MCL Citygate Cinema	100	4	673
MCL Amoy Cinema	100	3	603
Festival Grand Cinema	95	8	1,196
MCL Metro City Cinema	95	6	690
MCL Telford Cinema (including MX4D theatre)	95	6	789
STAR Cinema	95	6	622
Grand Kornhill Cinema (including MX4D theatre)	95	5	706
MCL Cheung Sha Wan Cinema	95	4	418
MCL South Horizons Cinema	95	3	555
MCL Green Code Cinema	95	3	285
Grand Windsor Cinema	95	3	246
MCL Cinemas Plus+ Plaza Hollywood	50	6	1,595
Subtotal		**80**	**12,606**
Total		**95**	**14,951**

Note: On 100% basis.

Management Discussion and Analysis

Media and Entertainment

The media and entertainment businesses are operated by eSun Group. For the year ended 31 July 2022, this segment recorded a turnover of HK$256.8 million (2021: HK$321.1 million) and segment results of a loss decreased to HK$8.4 million from that of HK$33.5 million in the same period last year.

Events Management

During the year under review, eSun Group organised and invested in 18 (2021: 14) shows by popular local, Asian and internationally renowned artistes, including Sammi Cheng, Joyce Cheng, Jay Fung, C AllStar, Nowhere Boys and Eman Lam.

Music Production, Distribution and Publishing

During the year under review, eSun Group released 18 (2021: 19) albums, including titles by Sammi Cheng, Joyce Cheng, Jay Fung, C AllStar, Ivana Wong, Leslie Cheung and Anita Mui. eSun Group is expected to continue to increase its music licensing revenue from the exploitation of the music library through new media distribution.

Artiste Management

eSun Group has a strong artiste management team and a sizeable number of talents and will continue to expand its profile and in tandem with our growing television drama production and film production business. eSun Group currently has 33 artistes under its management.

Film and TV Program Production and Distribution

The film and TV program production and distributed businesses are operated by eSun Group. For the year ended 31 July 2022, this segment recorded a turnover of HK$184.6 million (2021: HK$298.9 million) and segment results of a loss of HK$52.8 million (2021: a loss of HK$95.0 million).

During the year under review, a total of 8 (2021: 6) films produced/invested by eSun Group were theatrically released, namely "*American Girl*", "*Chilli Laugh Story*", "*Fireflies in the Sun*", "*Look Up*", "*Rising Boas In A Girl's School*" and "*Septet: The Story of Hong Kong*". eSun Group also distributed 19 (2021: 27) films and 196 (2021: 165) videos with high profile titles including "*American Girl*", "*Fast & Furious 9*", "*No Time to Die*", "*Top Gun: Maverick" and "The Lost City*".

Interests in Joint Ventures

During the year ended 31 July 2022, losses from joint ventures amounted to HK$42.0 million, as compared to losses of HK$473.0 million for the same period last year. The narrowed loss is primarily due to the decrease in fair value loss of CCB Tower and improved operating profits of Alto Residences during the year under review.

	For the year ended 31 July	
	2022	2021
	(HK$ million)	(HK$ million)
Revaluation losses	**(303.6)**	(635.5)
Operating profits	**261.6**	162.5
Share of losses from joint ventures	**(42.0)**	(473.0)

• Rozan

• Yamato

• China Tang Landmark

• KiKi Noodle Bar IFC

Liquidity and Financial Resources

As at 31 July 2022, cash and bank balances and undrawn facilities held by the Group amounted to HK$7,580.7 million and HK$5,784.6 million, respectively. Cash and bank balances held by the Group of which about 40% was denominated in Hong Kong dollars and United States dollars, and about 53% was denominated in Renminbi. Excluding eSun Group and Lai Fung Group, cash and bank balances and undrawn facilities held by the Group as at 31 July 2022 were HK$2,234.5 million and HK$3,777.3 million, respectively.

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

As at 31 July 2022, the Group had bank borrowings of approximately HK$17,362.0 million, guaranteed notes of approximately HK$10,151.2 million and other borrowings of approximately HK$322.7 million. As at 31 July 2022, the maturity profile of the bank borrowings of HK$17,362.0 million is spread with HK$1,525.3 million repayable within 1 year, HK$6,487.1 million repayable in the second year, HK$7,769.4 million repayable in the third to fifth years, and HK$1,580.2 million repayable beyond the fifth year.

The Group issued guaranteed notes in an aggregate principal amount of US$1,250 million and HK$385 million. The guaranteed notes have terms ranging from five years to seven years and three months, and bear fixed interest rates ranging from 4.6% to 5.65% per annum. The guaranteed notes are listed on The Stock Exchange of Hong Kong Limited and were issued for refinancing the previous notes and for general corporate purposes. The Group entered into cross currency swap agreements with financial institutions for the purpose of hedging the foreign currency risk of certain guaranteed notes.

Approximately 63% and 36% of the Group's total borrowings carried interest on a floating rate basis and fixed rate basis, respectively, and the remaining 1% of Group's borrowings were interest-free.

• **Beefbar**

• **Zest by Konishi**

• **Canton Bistro**

• **Prohibition**

Liquidity and Financial Resources (continued)

The gearing ratio, expressed as a percentage of the total outstanding net debt (being the total borrowings less cash and bank balances) to consolidated net assets attributable to owners of the Company, was approximately 62%. Excluding the net debt of eSun Group and Lai Fung Group, the Group's gearing ratio was approximately 42%. Excluding the net debt of London portfolio which had a positive carry net of financing costs, and the net debt of eSun Group and Lai Fung Group, the Group's gearing ratio was approximately 40%.

As at 31 July 2022, certain investment properties with carrying amounts of approximately HK$31,314.9 million, certain property, plant and equipment with carrying amounts of approximately HK$2,971.4 million, certain right-of-use assets of approximately HK$2,864.0 million, certain completed properties for sale of approximately HK$1,100.0 million, certain properties under development of approximately HK$3,587.3 million, certain serviced apartments and related leasehold improvements of approximately HK$354.8 million, certain construction in progress of approximately HK$274.3 million, and certain bank balances and time deposits with banks of approximately HK$630.8 million were pledged to banks to secure banking facilities granted to the Group. In addition, certain shares in subsidiaries were pledged to banks to secure banking facilities granted to the Group. Shares in certain joint ventures were pledged to banks to secure banking facilities granted to the respective joint ventures of the Group. The Group's secured bank borrowings were also secured by floating charges over certain assets held by the Group.

The Group's major assets and liabilities and transactions were denominated in Hong Kong dollars, United States dollars, Pound Sterling and Renminbi. Considering that Hong Kong dollars are pegged against United States dollars, the Group believes that the corresponding exposure to exchange rate risk arising from United States dollars is not material. The Group has investments in United Kingdom with the assets and liabilities denominated in Pound Sterling. These investments were primarily financed by bank borrowings denominated in Pound Sterling in order to minimise the net foreign exchange exposure. Lai Fung Group has a net exchange exposure to Renminbi as their assets are principally located in Mainland China and the revenues are predominantly in Renminbi. Other than the abovementioned, the remaining monetary assets and liabilities of the Group were denominated in Euro, Malaysian Ringgit and Vietnamese Dong which were insignificant as compared with the Group's total assets and liabilities. The Group manages its foreign currency risk by closely reviewing the movement of the foreign currency rate and considers hedging significant foreign currency exposure should the additional need arise.

Contingent Liabilities

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

Employees and Remuneration Policies

As at 31 July 2022, the Group employed a total of approximately 4,000 employees. The Group recognises the importance of maintaining a stable staff force in its continued success. Under the Group's existing policies, employee pay rates are maintained at competitive levels whilst promotion and salary increments are assessed on a performance-related basis. Discretionary bonuses are granted to employees based on their merit and in accordance with industry practice. Other benefits including share option scheme, mandatory provident fund scheme, free hospitalisation insurance plan, subsidised medical care and sponsorship for external education and training programmes are offered to eligible employees.

Summary of Financial Information

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

Results

	Year ended 31 July				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**5,093,703**	5,986,752	5,213,529	6,493,612	1,693,010
(Loss)/profit before tax	**(2,060,754)**	(2,401,379)	(4,102,612)	4,892,157	4,420,873
Tax	**(262,831)**	(255,806)	90,025	(159,297)	(49,984)
(Loss)/profit for the year	**(2,323,585)**	(2,657,185)	(4,012,587)	4,732,860	4,370,889
Attributable to:					
Owners of the Company	**(1,966,921)**	(2,088,090)	(2,934,813)	4,842,944	4,335,202
Non-controlling interests	**(356,664)**	(569,095)	(1,077,774)	(110,084)	35,687
	(2,323,585)	(2,657,185)	(4,012,587)	4,732,860	4,370,889

Assets, Liabilities and Non-Controlling Interests

	As at 31 July				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Property, plant and equipment	**6,645,739**	7,464,101	7,666,270	10,337,776	5,276,957
Right-of-use assets	**4,922,940**	5,306,475	5,282,544	—	—
Prepaid land lease payments	**—**	—	—	1,623,441	18,846
Investment properties	**37,168,222**	37,035,152	35,824,589	38,807,637	18,356,990
Property under development for sale (classified as non-current assets)	**—**	—	—	3,044,000	932,978
Film rights	**19,162**	15,109	7,055	24,608	—
Film and TV program products	**61,174**	54,838	65,121	75,022	—
Music Catalogs	**663**	3,124	25,047	56,718	—
Goodwill	**207,792**	274,423	271,958	227,033	235,778
Other intangible assets	**132,883**	150,853	151,228	113,945	120,306
Interests in associates	**236,613**	217,163	328,952	344,433	3,596,585
Interests in joint ventures	**6,826,143**	7,124,459	6,763,682	7,411,355	7,272,859
Available-for-sale financial assets	**—**	—	—	—	2,162,254
Financial assets at fair value through other comprehensive income	**1,710,095**	1,689,200	1,717,411	1,907,735	—
Financial assets at fair value through profit or loss	**906,513**	1,041,480	951,436	645,631	—
Derivative financial instruments	**—**	191	20,231	53,784	6,171
Debtors (classified as non-current assets)	**493,643**	526,687	—	—	—
Deposits, prepayments, other receivables and other assets (classified as non-current assets)	**721,772**	275,008	335,563	311,266	341,204
Deferred tax assets	**2,118**	2,147	4,259	39,371	34,534
Loans to related companies	**—**	—	—	—	650,000
Pledged and restricted bank balances and time deposits (classified as non-current assets)	**79,305**	55,105	70,765	81,345	82,909
Current assets	**20,760,857**	21,802,583	17,631,525	13,520,882	7,614,561
TOTAL ASSETS	**80,895,634**	83,038,098	77,117,636	78,625,982	46,702,932
Current liabilities	**(12,498,726)**	(8,851,869)	(13,285,021)	(9,484,926)	(3,457,150)
Lease liabilities (classified as non-current liabilities)	**(974,959)**	(1,103,892)	(1,093,757)	—	—
Bank borrowings (classified as non-current liabilities)	**(15,836,626)**	(15,661,477)	(8,101,635)	(8,988,292)	(7,698,454)
Other borrowings (classified as non-current liabilities)	**(281,152)**	(277,398)	(267,315)	(262,894)	—
Guarantee notes (classified as non-current liabilities)	**(4,281,877)**	(7,692,495)	(5,717,879)	(5,736,654)	(3,118,594)
Derivative financial instruments (classified as non-current liabilities)	**—**	(8,965)	—	—	—
Deferred tax liabilities	**(4,865,562)**	(5,256,477)	(5,012,622)	(5,470,430)	(176,044)
Other payables and accruals (classified as non-current liabilities)	**(967,835)**	(1,001,169)	—	(87,410)	(119,266)
Long term deposits received	**(201,397)**	(199,653)	(188,477)	(241,286)	(514,743)
TOTAL LIABILITIES	**(39,908,134)**	(40,053,395)	(33,666,706)	(30,271,892)	(15,084,251)
NON-CONTROLLING INTERESTS	**(8,193,203)**	(8,835,389)	(8,480,761)	(12,526,389)	(459,988)
NET ASSETS ATTRIBUTABLE TO OWNERS OF THE COMPANY	**32,794,297**	34,149,314	34,970,169	35,827,701	31,158,693

Particulars of Major Properties

Completed Properties Held for Rental

As at 31 July 2022

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

Completed Properties Held for Rental (continued)

As at 31 July 2022

Property Name	Location	Attributable Interest to the Group	Tenure	Approximate Attributable GFA (square feet)				No. of car parking spaces attributable to the Group
				Commercial/ Retail	Office	Industrial	Total (excluding car parking spaces & ancillary facilities)	
Metropolitan Factory and Warehouse Building (Units A and B on 10/F and car parking spaces nos 1, 2, 13 and 14 on G/F)	30-32 Chai Wan Kok Street, Tsuen Wan, New Territories, Hong Kong	100%	The property is held for a term of which expired on 27 June 1997 and has been extended upon expiry until 30 June 2047	–	–	11,370	11,370	4
Luen Fat Loong Factory Building (4/F)	19 Cheung Lee Street, Chai Wan, Hong Kong	100%	The property is held for a term of 75 years commencing on 4 November 1963 renewable for a further term of 75 years	–	–	4,290	4,290	–
Subtotal of major completed properties held for rental in Hong Kong:				**485,707**	**737,844**	**66,896**	**1,290,447**	**1,052**
United Kingdom								
107 Leadenhall Street London [7]	107 Leadenhall Street, London EC3, United Kingdom	100%	The property is held freehold	48,182	98,424	–	146,606	–
100 Leadenhall Street London [7]	100 Leadenhall Street, London EC3, United Kingdom	100%	The property is held freehold	–	177,700	–	177,700	15
106 Leadenhall Street London [7]	106 Leadenhall Street, London EC3, United Kingdom	100%	The property is held freehold	3,540	16,384	–	19,924	–
Subtotal of major completed properties held for rental in United Kingdom:				**51,722**	**292,508**	**–**	**344,230**	**15**

Particulars of Major Properties

Completed Properties Held for Rental (continued)

As at 31 July 2022

Property Name	Location	Attributable Interest to the Group	Tenure	Approximate Attributable GFA (square feet) Commercial/ Retail	Office	Industrial	Total (excluding car parking spaces & ancillary facilities)	No. of car parking spaces attributable to the Group
Mainland China								
Shanghai								
Shanghai Hong Kong Plaza	282 & 283 Huaihaizhong Road, Huangpu District	55.08%	The property is held for a term of 50 years commencing on 16 September 1992	258,013	199,442	–	457,455	193
May Flower Plaza	the junction of Da Tong Road and Zhi Jian Xi Road, Sujiaxiang, Jing'an District	55.08%	The property is held for a term of 40 years for commercial use commencing on 5 February 2007	176,429	–	–	176,429	–
Regents Park	88 Huichuan Road, Changning District	52.33%	The property is held for a term of 70 years commencing on 4 May 1996	42,940	–	–	42,940	–
Subtotal of major completed properties held for rental in Shanghai:				**477,382**	**199,442**	**–**	**676,824**	**193**
Guangzhou								
May Flower Plaza	68 Zhongshanwu Road, Yuexiu District	55.08%	The property is held for a term of 40 years for commercial use and 50 years for other uses commencing on 14 October 1997	196,869	43,751	–	240,620	75
West Point	the junction of Zhongshan Qi Road and Guangfu Road, Liwan District	55.08%	The property is held for a term of 40 years for commercial use and 50 years for other uses commencing on 11 January 2006	100,435	–	–	100,435	–
Lai Fung Tower	761 Dongfeng East Road, Yuexiu District	55.08%	The property is held for a term of 40 years for commercial uses and 50 years for other uses commencing on 21 October 1997	61,850	344,702	–	406,552	172
Subtotal of major completed properties held for rental in Guangzhou:				**359,154**	**388,453**	**–**	**747,607**	**247**

Completed Properties Held for Rental (continued)

As at 31 July 2022

Property Name	Location	Attributable Interest to the Group	Tenure	Approximate Attributable GFA (square feet) Commercial/ Retail	Office	Industrial	Total (excluding car parking spaces & ancillary facilities)	No. of car parking spaces attributable to the Group
Zhongshan								
Palm Spring	Caihong Planning Area, Western District	55.08%	The property is held for a term expiring on 30 March 2075 for commercial/residential uses	81,577	–	–	81,577	–
Subtotal of major completed properties held for rental in Zhongshan:				**81,577**	**–**	**–**	**81,577**	**–**
Hengqin								
Novotown Phase I[2]	East side of Yiwener Road, south side of Caihong Road, west side of Tianyu Road and north side of Hengqin Road, Hengqin New Area, Zhuhai City	64.06%	The property is held for a term of 40 years for office, commercial and serviced apartment and hotel uses and 50 years for other uses commencing on 31 December 2013	637,896[3]	–	–	637,896[3]	1,181
Subtotal of major completed properties held for rental in Hengqin:				**637,896[3]**	**–**	**–**	**637,896[3]**	**1,181**
Subtotal of major completed properties held for rental in Mainland China:				**1,556,009**	**587,895**	**–**	**2,143,904**	**1,621**
Total of major completed properties held for rental:				**2,093,438**	**1,618,247**	**66,896**	**3,778,581**	**2,688**

Notes:

1. *Gross internal area.*

2. *As at 31 July 2022, Novotown Phase I was 80% owned by Lai Fung Group and 20% owned by the Group.*

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

Particulars of Major Properties

Completed Hotel Properties and Serviced Apartments

As at 31 July 2022

Property Name	Location	Attributable Interest to the Group	Tenure	No. of rooms	Approximate Attributable GFA (square feet) Hotel	No. of car parking spaces attributable to the Group
Hong Kong						
Hong Kong Ocean Park Marriott Hotel	180 Wong Chuk Hang Road, Ocean Park, Hong Kong	100%	The property is held for a term of 75 years commencing from 22 December 1972	471	365,974	16
Vietnam						
Caravelle Hotel	19 Lam Son Square, District 1, Ho Chi Minh City, Vietnam	26.01%	The property is held under a land use right due to expire on 8 October 2040	335	98,376	–
United Kingdom						
Fairmont St. Andrews resort	St Andrews KY16 8PN, United Kingdom	50%	The property is held freehold	211	138,241	76
Mainland China						
Shanghai						
Ascott Huaihai Road Shanghai	282 Huaihaizhong Road, Huangpu District	55.08%	The property is held for a term of 50 years commencing on 16 September 1992	310	197,191	–
STARR Hotel Shanghai	the junction of Da Tong Road and Zhi Jiang Xi Road, Sujiaxiang, Jing'an District	55.08%	The property is held for a term of 50 years for commercial use commencing on 5 February 2007	239	79,230	–
Hengqin						
Hyatt Regency Hengqin	1295 Qisecaihong Road, Hengqin New Area, Zhuhai City	64.06%	The property is held for a term of 40 years commencing on 31 December 2013	493	391,136	–
Subtotal of major completed hotel properties and serviced apartments in Mainland China:				**1,042**	**667,557**	**–**
Total of major completed hotel properties and serviced apartments:				**2,059**	**1,270,148**	**92**

Properties Under Development

As at 31 July 2022

Property Name	Location	Attributable Interest to the Group	Stage of construction	Expected completion date	Approximate Site Area (square feet)[1]	Approximate Attributable GFA (square feet) Commercial/ Retail	Office	Hotel/Serviced Apartments	Residential	Total (excluding car parking spaces & ancillary facilities)	No. of car parking spaces attributable to the Group
Hong Kong											
Bal Residence (formerly known as Hang On Street project)	No. 18 Hang On Street, Kwun Tong, Hong Kong	100%	Construction works in progress	2023	8,500	8,074	–	–	63,694	71,768	10
Tai Kei Leng project	No.266 Tai Kei Leng, Lot No. 5382 in Demarcation District No.116, Tai Kei Leng, Yuen Long, Hong Kong	100%	Construction works in progress	2024	12,000	–	–	–	42,200	42,200	–
Wong Chuk Hang project	Site E of Aberdeen Inland Lot No. 467	15%	Project design in progress	2025	95,560	–	–	–	95,421	95,421	26
79 Broadcast Drive Project	No. 79 Broadcast Drive, Kowloon Tong, Hong Kong	100%	Project design and demolition in progress	2026	23,864	–	–	–	71,591	71,591	62
116 Waterloo Road project	No. 116 Waterloo Road, Ho Man Tin, Hong Kong	100%	Project design and demolition in progress	2026	9,220[2]	–	–	–	46,102[2]	46,102[2]	17[2]
1&1A Kotewall Road project	Nos. 1&1A Kotewall Road, Mid-Levels, Hong Kong	100%	Project design and demolition in progress	2027	11,044[2]	–	–	–	55,219[2]	55,219[2]	26[2]
Subtotal of major properties under development in Hong Kong:						**8,074**	**–**	**–**	**374,227**	**382,301**	**141**

Particulars of Major Properties

Properties Under Development (continued)

As at 31 July 2022

						Approximate Attributable GFA (square feet)					
Property Name	Location	Attributable Interest to the Group	Stage of construction	Expected completion date	Approximate Site Area (square feet) [1]	Commercial/ Retail	Office	Hotel/Serviced Apartments	Residential	Total (excluding car parking spaces & ancillary facilities)	No. of car parking spaces attributable to the Group
Mainland China											
Guangzhou											
Guangzhou Lai Fung International Center (Guangzhou Haizhu Plaza Project)	Chang Di Main Road, Yuexiu District	55.08%	Construction work in progress	Q4 2022	90,708	58,304	266,091	–	–	324,395	169
Subtotal of major properties under development in Guangzhou:						**58,304**	**266,091**	**–**	**–**	**324,395**	**169**
Shanghai											
Shanghai Skyline Tower (Shanghai Northgate Plaza Redevelopment Project)	Tian Mu Road West and Da Tong Road, Jing'an District	55.08%	Construction work in progress	Completed in September 2022	107,220	51,011	349,557	–	–	400,568	305
Subtotal of major properties under development in Shanghai:						**51,011**	**349,557**	**–**	**–**	**400,568**	**305**
Hengqin											
Novotown Phase II	East side of Yiwener Road, south side of Xiangjiang Road, west side of Yiwenyi Road and north side of Zhishui Road, Hengqin New Area, Zhuhai City	55.08%	Construction work in progress	2024 (by phases)	1,547,523	287,800	873,041	318,555	–	1,479,396	745
Subtotal of major properties under development in Hengqin:						**287,800**	**873,041**	**318,555**	**–**	**1,479,396**	**745**
Subtotal of major properties under development in Mainland China:						**397,115**	**1,488,689**	**318,555**	**–**	**2,204,359**	**1,219**
Total of major properties under development:						**405,189**	**1,488,689**	**318,555**	**374,227**	**2,586,660**	**1,360**

Notes:

1. *On project basis.*
2. *Subject to negotiation with Lands Department.*

Completed Properties Held for Sale

As at 31 July 2022

			Approximate Attributable GFA (square feet)					
Property Name	Location	Attributable Interest to the Group	Commercial/ Retail	Office	Serviced Apartments	Residential	Total (excluding car parking spaces & ancillary facilities)	No. of car parking spaces attributable to the Group
Hong Kong								
Ocean One	6 Shung Shun Street, Yau Tong, Kowloon, Hong Kong	100%	27,306	–	–	–	27,306	7
339 Tai Hang Road	339 Tai Hang Road, Hong Kong	100%	–	–	–	6,458	6,458	3
Alto Residences	29 Tong Yin Street, Tseung Kwan O, New Territories, Hong Kong	50%	–	–	–	18,115	18,115	26
93 Pau Chung Street	20-32 San Shan Road and 93 Pau Chung Street, Ma Tau Kok, Kowloon, Hong Kong	100%	–	–	–	–	–	13
Novi	50 Ki Lung Street, Kowloon, Hong Kong	100%	5,996	–	–	–	5,996	–
Monti	9 Sai Wan Ho Street, Shau Kei Wan, Hong Kong	100%	–	–	–	3,638	3,638	6
Subtotal of major completed properties held for sale in Hong Kong:			**33,302**	**–**	**–**	**28,211**	**61,513**	**55**
Mainland China								
Zhongshan								
Palm Spring	Caihong Planning Area, Western District	55.08%	90,557	–	–	571,727	662,284	1,476
Subtotal of major completed properties held for sale in Zhongshan:			**90,557**	**–**	**–**	**571,727**	**662,284**	**1,476**
Hengqin								
Novotown Phase I	East side of Yiwener Road, south side of Caihong Road, west side of Tianyu Road and north side of Hengqin Road, Hengqin New Area, Zhuhai City	64.06%	–	336,900	224,933	66,437	628,270	–
Subtotal of major completed properties held for sale in Hengqin:			**–**	**336,900**	**224,933**	**66,437**	**628,270**	**–**

Particulars of Major Properties

Completed Properties Held for Sale (continued)

As at 31 July 2022

Property Name	Location	Attributable Interest to the Group	Approximate Attributable GFA (square feet)					No. of car parking spaces attributable to the Group
			Commercial/ Retail	Office	Serviced Apartments	Residential	Total (excluding car parking spaces & ancillary facilities)	
Shanghai								
Wuli Bridge Project	Wuliqiao Road, 104 Jie Fang, Huangpu District	55.08%	–	–	–	1,764	1,764	7
May Flower Plaza	Sujiaxiang, Jing'an District	55.08%	–	–	–	–	–	252
Regents Park	88 Huichuan Road, Changning District	52.33%	–	–	–	–	–	115
Subtotal of major completed properties held for sale in Shanghai:			**–**	**–**	**–**	**1,764**	**1,764**	**374**
Guangzhou								
Eastern Place Phase V	787 Dongfeng East Road, Yuexiu District	55.08%	–	–	–	–	–	5
King's Park	Donghua Dong Road, Yuexiu District	55.08%	–	–	–	–	–	3
West Point	the junction of Zhongshan Qi Road and Guangfu Road, Liwan District	55.08%	–	–	–	–	–	64
Subtotal of major completed properties held for sale in Guangzhou:			–	–	–	–	–	72
Subtotal of major completed properties held for sale in Mainland China:			**90,557**	**336,900**	**224,933**	**639,928**	**1,292,318**	**1,922**
Total of major completed properties held for sale:			**123,859**	**336,900**	**224,933**	**668,139**	**1,353,831**	**1,977**

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 adheres to 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. Unless otherwise specified, this report covers the ESG management and performance of the Group from 1 August 2021 to 31 July 2022.

The reporting boundary of this report includes properties under the Group's property investment, property development and investment and operation of hotel, restaurant, cinema, media and entertainment businesses in Hong Kong and Mainland China. For 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 is aware of the importance of ESG issues in achieving long-term business success. The Board holds the overall responsibility on endorsing the ESG report, overseeing key ESG issues including material ESG risks relevant to the business operations and their integration with the Group's ESG strategies, policies, procedures and initiatives.

The Board has appointed the Executive Committee of the Company (the "**Committee**") in financial year 2020/2021 to review and monitor the management and implementation effectiveness of relevant ESG-related issues including execution of goals and targets. The Group's environmental targets have been approved by the Board and will be reviewed by the Committee on a yearly basis. Given the diversity of the Group's businesses, management from various business units report regularly to the Committee on relevant ESG-related issues and their progress. The Committee also arranges regular briefings to the Board to assist them in monitoring and reviewing the material ESG-associated issues, relevant business risk and progress and execution of ESG policies, procedures and initiatives.

In financial year 2020/2021, we also performed a comprehensive stakeholder engagement exercise to ensure the Group's material ESG issues were most relevant to our business and stakeholders. The list of material ESG issues is reviewed during the reporting year and verified by the Board, thereby integrating it into the Group's ESG management approaches and strategies. In the coming years, the Board, the Committee and the management will continue to review the list of material ESG issues on an annual basis. For details of the materiality analysis on ESG topics, please refer to the Stakeholder Engagement section.

ESG Governance (continued)

Stakeholder Engagement

The Group endeavours to maintain a long-term relationship with stakeholders and understand their feedback on our sustainability performance via different engagement channels. To identify the potentially material ESG issues and risks for the Group, we have previously commissioned an independent consultant in financial year 2020/2021 to gauge stakeholders' feedback through online surveys. The responses collected serve as important insights for the Group to continuously strengthen our ESG strategies and management approaches to fulfil stakeholders' expectations.

Materiality Analysis

The Group reviews the relevance of the ESG issues to our business and stakeholders on a regular basis to facilitate effective ESG management and strategies of the Group. A step-by-step approach is adopted to identify and review the material ESG issues in our business operations.

Identification	Identify ESG issues that are considered as relevant to the Group with reference to peer benchmarking results.
Prioritisation	Conduct stakeholder online surveys regularly to collect stakeholders' feedback. The results of peer benchmarking and stakeholder engagement exercise are analysed and consolidated in terms of their importance to stakeholders and to the Group's business development to derive the overall materiality level of each ESG issues.
Validation	The Board further reviews the survey results and validates the list of material ESG issues.
Review	Conduct annual review on the ESG issues to ensure their relevance and materiality to the Group's business development.

Stakeholder Engagement (continued)

Materiality Analysis (continued)

During the reporting year, we have conducted a peer benchmarking exercise and annual materiality analysis review to identify ESG issues that are considered as material by peer companies, thereby reflecting the latest development in ESG management and industry practices. The list of material issues is validated by the management and the Board, and provides guidance on the preparation of this ESG report. ESG issues that are considered material to our stakeholders and the Group are indicated in the following table:

Aspects		ESG Issues	Property	Hotel	Restaurant	Cinema	Entertainment
Environment		Energy	✔	✔	✔	✔	✔
		Climate resilience and greenhouse gas ("**GHG**") emission	✔	✔			
		Waste management	✔	✔	✔		
		Water resources			✔		
Social	People	Employee relationship	✔	✔			
		Recruitment and retention	✔	✔		✔	✔
		Occupational health and safety	✔	✔	✔	✔	✔
		Training and development	✔	✔	✔	✔	✔
		Equal opportunities	✔	✔	✔	✔	✔
		Wellbeing	✔				
	Operating practices	Supply chain management	✔	✔	✔	✔	✔
		Customer satisfaction	✔	✔	✔	✔	✔
		Product/service quality and safety	✔	✔	✔	✔	✔
		Marketing and labelling		✔			
		Customer/tenant privacy	✔	✔		✔	✔
		Anti-corruption	✔	✔	✔	✔	✔
	Community	Community investment	✔	✔		✔	✔

In comparison to the report of last year, "Climate resilience and GHG emission" and "Wellbeing" are new issues included in the list of material topics, whilst "Intellectual property" and "Legal compliance" have been removed from the list.

Environment

Integrating Environmental Sustainability into Our Operations

The Group aims to conduct our businesses in a sustainable manner while reducing our environmental impacts. Aside from adopting effective management of the Group's carbon emissions, waste generation, consumption of water and energy and use of resources, 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 legislations as stated in the "List of Significant Laws and Regulations" section.

Green Building Development and Operations

Exploring the sustainability potential in our development projects has always been part of the Group's missions. We closely monitor our compliance to all relevant standards, laws and regulations on air, noise and wastewater pollution as well as waste disposal, and endeavour to have sustainable features incorporated in the construction and design of our buildings. The Group engages with green building specialists and consultants when needed to provide technical assistance on the environmentally sustainable building designs of properties and emission controls, which includes sewage discharge and waste disposal according to the standards as set in required emission permits. For instance, Shanghai Hong Kong Plaza has engaged heating, ventilation and air conditioning ("**HVAC**") specialists to improve energy efficiency by redesigning the air-conditioning energy management system.

Integrating Environmental Sustainability into Our Operations (continued)

Green Building Development and Operations (continued)

The Group strives to maintain internationally recognised green building certifications in our properties. Green building certifications that we have received are highlighted as follows:

Location	Green Building Certification	Property
Hong Kong	Excellence in Design for Greater Efficiencies issued by Hong Kong Quality Assurance Agency ("**HKQAA**")	CCB Tower
	BEAM Plus Final Gold Certification	Hong Kong Ocean Park Marriott Hotel
Mainland China	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	Guangzhou Lai Fung International Center (Previous Name: Guangzhou Haizhu Plaza)
		Shanghai Skyline Tower (Previous Name: Shanghai Northgate Plaza Redevelopment Project)
	Two-Star "Certificate of Green Building Design Label"	Hengqin Novotown
		Hyatt Regency Hengqin

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.

The Group is committed to improving the environmental performance of managed properties by implementing internationally recognised environmental management system standards across our portfolio. During the reporting year, the CCB Tower in Hong Kong, as well as the Guangzhou May Flower Plaza and West Point in Guangzhou, and Shanghai Hong Kong Plaza in Shanghai operations have obtained ISO 14001:2015 Environmental Management System certification. In recognition of the Group's environmental contribution, CCB Tower has also received various green awards such as the excellent level of Wastewi$e Certificate issued by the Environmental Campaign Committee and the Green Office Award Labelling Scheme Certificate issued by the World Green Organisation. Furthermore, the Group's managed properties' maintenance and refurbishment projects used environmentally friendly materials with low volatile organic compound levels whenever possible.

Environment (continued)

Integrating Environmental Sustainability into Our Operations (continued)

Responding to Climate Change

The Group has optimised our management strategies to strengthen our climate resilience and adaptation ability in light of the significant threats posed by climate change on a global scale. To facilitate our development of climate risk mitigation strategies, a climate risk assessment was performed in financial year 2020/2021 to identify and evaluate the potential risks in our operations.

We engaged a third-party consultant to examine the risks associated with climate change across our operations zones. In terms of physical risk exposure, tropical cyclones are identified as the most significant climate-related risk to our operations, potentially causing massive property damages and economic loss. Our climate risk assessment results indicated that our businesses in Hong Kong and Southern China could be materially impacted by flooding due to the proximity to coastal areas, while the flood risk for Eastern China operations are limited. Additionally, policy and legal risks are also considered as material transition risks to the Hong Kong and Mainland China operations. It is also 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 to the regulations.

We strive to take mitigation steps to prevent and lessen the effects of climate change in our business operations. Typhoon and extreme weather condition work arrangement guidelines have been developed by the Group to standardise operating procedures under tropical cyclone warnings and adverse weather conditions. Property management teams will conduct checking and take appropriate actions prior to typhoon events, such as fixing gondolas securely, checking the roof rainwater outlet and other surface channels for proper drainage and checking whether external bamboo scaffolding is fixed property. During the reporting year, Ascott Huaihai Road Shanghai renovated its glass curtain walls to prevent water leakage and damages during typhoon season, thereby strengthening the climate resilience of the hotel.

Environment Targets

In financial year 2020/2021, the Group has formulated environmental targets on reducing GHG emissions, energy consumption and waste of our investment properties in Mainland China and Hong Kong. The Board has approved the targets, and the Committee will review them on an annual basis.

Energy Targets

The Group has set a target to upgrade the lighting and HVAC systems and appliances of all operating sites to energy-saving models by phases. In light of this, CCB Tower has prepared a Chiller Plant Optimisation proposal by inviting "CLP eSolution" to conduct feasibility study on installing "PlantPro" as a more energy-efficient HVAC system in the property. Meanwhile, Causeway Bay Plaza 2 has optimised their Chiller Plant systems to increase operating efficiency of air conditioning system and reduce overall electricity consumption. Cheung Sha Wan Plaza has also started to replace part of the lighting inside staircases with motion sensors in the second quarter of 2022 and target to complete the project in the first quarter of 2023. For more details on the initiatives implemented in our Mainland China operations, please refer to the section — "Reducing Water and Energy Consumption in Property Business".

We also have a target to increase the number of properties with certified environmental management systems and green building certificates in our portfolio. Lai Fung Tower in Guangzhou has already achieved LEED Gold certification in pre-assessment processes during this reporting year. Meanwhile, Novotown in Hengqin and Shanghai Hong Kong Plaza are also in the progress preparing for LEED application submissions.

Waste Targets

The Group has set targets to improve the recycling rate by first disclosing the amount of hazardous and non-hazardous waste recycled by Mainland China's property investment business and progressively expand the disclosure of recycling performance data across all business operation in Mainland China. By enhancing the waste data collection scope, recycling data of all operations in Mainland China on hazardous and non-hazardous waste are available for disclosure in this reporting year. Please refer to the section of "Summary of Environmental Performance" in this report for further details.

Meanwhile, investment properties in Hong Kong are also optimising waste management and are in the progress of reviewing the waste collection and recycling procedures. We have already implemented a host of awareness-raising initiatives to encourage and educate tenants and employees on waste reduction and recycling practices.

Environment (continued)

Waste and Air Emissions to the Environment

The Group is also conscious of the effects our operations having on the environment and takes every effort to reduce our waste and air emissions. Considering this, we have already implemented a variety of group-wide and business unit-specific abatement procedures and control mechanisms.

Managing Waste in Property Business

In an attempt 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. Dry concrete and wooden boards are also recycled or reused whenever possible. The Group has placed numerous recycling containers at construction sites to encourage employees and contractors to take part in our recycling initiatives. The remaining non-recyclable construction waste would be disposed in landfills run by the EPD with a registered billing account or with the necessary waste disposal license. The Group has also employed licensed contractors to be responsible for handling the construction waste disposal in Hong Kong.

The Group is aware of the significance of safe handling and final disposal of chemical waste, and we are in strict compliance with the Waste Disposal (Chemical Waste) (General) Regulation and have implemented rigorous management strategies. All construction projects of the Group are registered with the EPD as a chemical waste producer. As it is inevitable for some chemical waste to be generated during the construction work, we strive to minimise our waste production by packaging, labelling and storing waste such as empty chemical cans, contaminated soil and liquid chemical waste in a proper way in accordance to the "Code of Practice on the Packaging, Labelling and Storage of Chemical Wastes". In Mainland China, we appointed authorised third-party contractors 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. Meanwhile, hazardous waste generated by Shanghai properties are being collected and recycled by designated authorities on a quarterly basis on-site since the end of 2021.

Regarding our non-hazardous waste management, CCB Tower, Cheung Sha Wan Plaza, Causeway Bay Plaza 2 and Alto Residences have all placed recycle bins in various locations within the properties to facilitate recycling. For the Group's operations in Mainland China, Palm Spring in Zhongshan has increased the recycling frequency of the smart recycling bins integrating the big data platform "Xiao Huang Gou" to handle hazardous and non-hazardous waste in an efficient manner.

Waste and Air Emissions to the Environment (continued)

Reducing Waste in Food and Beverages Services

Our food and beverages operations mainly focus on food and kitchen waste reduction at source. To minimise waste during the food manufacturing process, perishable foods are stored properly, and every raw resource is used to its fullest extent. Whenever possible, non-perishable foods in good condition will be donated to charitable organisations. The waste oil generated would be collected by designated vendors in different restaurants to ensure our hazardous waste is safely and properly disposed. The Ocean Park Marriott Hotel also partners with local non-governmental organisations like Foodlink and Food Angel to provide surplus bread, pastries, and desserts from the cafeteria and buffet to those in need.

Minimising Waste in Hotel Operations

It is crucial to cultivate the environmental awareness of employees and customers as well as guiding them on different environmental practices. For example, employees are encouraged to use double-sided printing and reuse waste paper whenever possible to reduce paper consumption. It is estimated that Ascott Huaihai Road Shanghai can save 1,030kg of paper each year by reusing waste paper. Since 2019, STARR Hotel Shanghai has no longer offered single-use items including disposable toothbrushes, combs, bath wipes, razors, nail files and shoe wipes, unless requested by guests. Furthermore, both recycling and trash bins are placed inside the guestrooms in our Ocean Park Marriott Hotel to boost the recycling rate.

Managing Waste in Cinema Operation

The COVID-19 outbreak caused a significant portion of this reporting year's cinema closures. The Hong Kong government's Prevention and Control of Disease (Requirements and Directions) (Business and Premises) Regulation (Chapter 599F) policy forbids eating and drinking in cinema houses. Therefore, the amount of food and drinks available at the concession counters as well as their variety have been limited by the Group. The Group has also decided to stop selling goods with a limited shelf life in order to reduce the amount of food waste produced by our business.

Minimising Waste in Media and Entertainment Business

Our media and entertainment operations reduce waste through employee-oriented initiatives. We encourage employees in office to reduce paper usage by opting for cloud sharing on work documents, utilising environmentally-friendly paper and adopting double-sided printing. Plastic disposable items should also be avoided whenever possible.

Minimising Air Emissions from Property Development

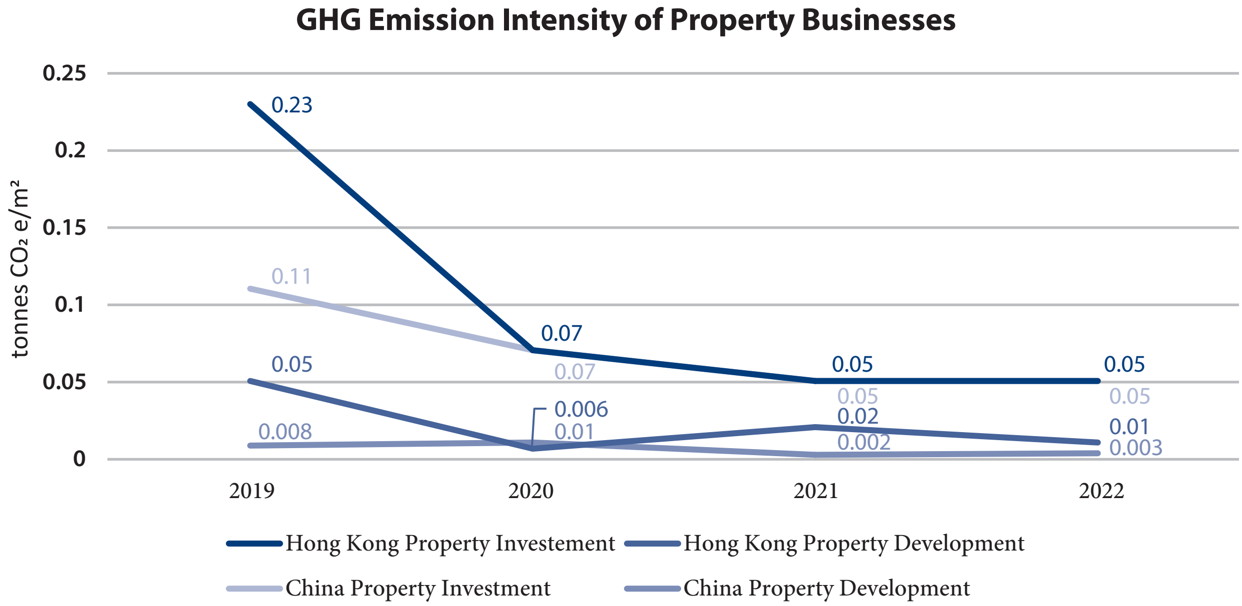
The Group has carried out several control measures to help reduce the amount of air pollutants emitted at our construction projects. In terms of dust control and suppression, we have required our contractors to implement dust abatement procedures during activities such as vehicle movement and handling of materials to reduce dust particles emitted on site. Regarding the control of air pollution, the Group has also widely adopted the use of ultra-low sulphur diesel at our development projects to minimise our airborne emissions. Additionally, during our material procurement process, our project teams give priority to building materials with lower volatile organic compounds and construction materials that strictly adhere to the Air Pollution Control (Volatile Organic Compounds) Regulation.

Environment (continued)

Use of Resources

Active energy management is well advocated across the Group. Our efforts in resources management are strengthened through the introduction of green policies and environmental initiatives to minimise our energy and water consumption, as well as GHG emissions. We have purchased energy-saving technology for use in our activities and adopted locally and internationally recognised standards for building design and construction in an effort to reduce energy consumption and GHG emissions.

The GHG emission intensities of the Group's property operations are shown as follows:



Note: GHG emission intensity = The total (scope 1 & 2) GHG emission of the year/gross floor area

Reducing Water and Energy Consumption in Property Business

The Group's property management team reviews the water and energy consumption monthly to check on water leakage and avoid excessive energy usage. We are dedicated to continuously enhance the resource efficiency of operations and actively explore the potential to reduce our environmental impact.

In our Hong Kong property operations, Causeway Bay Plaza 2, Cheung Sha Wan Plaza and Alto Residences have automatic sensors equipped for urinals and water taps. Implementation of these water-saving measures have resulted in different degree of consumption reduction, for example Alto Residences' water consumption bills has been lowered to a monthly average of $33-$48. Regarding our energy initiatives, In terms of the utilisation or generation of renewable energy, Lai Sun Commercial Centre's solar panels commenced operation in April 2022 to provide clean energy into the feed-in tariff scheme, while Cheung Sha Wan Plaza plans to install solar panels in the first quarter of 2023.

Reducing Water and Energy Consumption in Property Business (continued)

Regarding our Mainland China property operations, the Group has a Resource and Energy Management Plan in place to direct our resource conversation work. For example, Guangzhou West Point has installed LED lighting in its car park during this reporting year, which is estimated to reduce around 55,100 kWh of electricity per year. Palm Spring in Zhongshan has also upgraded the centralised air conditioning system with a more energy efficient model, contributing to around 60,000 kWh reduction in electricity consumption each year. The property has also shut down the water supply of part of its waterscape for two quarters in 2022 to save approximately 4,870m^3 of water consumption during the reporting year.

Case study: CCB Tower

CCB Tower in Hong Kong has been implementing various initiatives throughout the reporting year, including adjustment of the passenger lift and façade lighting operation hours during non-peak hours and weekend to reduce its energy consumption. CCB Tower is also in progress of proposing a solar panel installation plan on its rooftop.

Moreover, CCB Tower has signed up for the Energy Saving Charter issued by Environment Bureau and Electrical and Mechanical Services Department to demonstrate its commitment to energy conservation. In recognition of the Group's energy reduction efforts, in addition to the green building certificates mentioned in earlier sections, CCB Tower has been awarded with the Platinum Award of Charter on External Lighting from the Environmental Bureau and Certificate of Recognition in the Green Office Award Labelling Scheme from the World Green Organisation.

In terms of water initiative, CCB Tower has installed water flow controller at the water taps in washroom.

Case study: Novotown

Novotown in Hengqin has implemented a range of energy and water initiatives during the reporting year. For example, the operation time for the LED monitors and escalators has been adjusted in 2022, resulting an estimated annual electricity consumption reduction of around 70,200 kWh and 15,700 kWh respectively. Moreover, an initiative to seal the holes on the exterior of the property to reduce air leakage has been implemented during the reporting year with an estimated electricity consumption saving of 124,740 kWh per year.

Water conservation initiatives such as replacement of all water taps in washrooms with automatic sensor taps and adaptation of automatic sprinkler system for irrigation were also implemented, contributing to 3,000m^3 and 2,000m^3 of water savings each year respectively.

Reducing Water and Energy Use in Food and Beverage Services

To strengthen our water and energy reduction efforts, the Group is considering the replacement of existing dish washers with the models in higher water and energy efficiency as well as greater detergent saving in the future. Food items are also preferred not to defrost under running water in order to conserve water. To reduce our energy consumption, all lighting and air-conditioners are required to be turned off when not in use while LED lighting fixtures are continuously being retrofitted into most of the Group's restaurants.

Environment (continued)

Use of Resources (continued)

Minimising Water and Energy Consumption in Hotel Operations

The Group actively engages in resources conservation in our hotels in Hong Kong and Mainland China. For instance, the Ocean Marriott Hotel in Hong Kong has joined the government's Charter on External Lighting and Energy Saving Charter to demonstrate its commitment in energy conservation. Aluminium alloy coating is also applied on the hotel exterior for solar shading for better indoor temperature regulation. Moreover, the installation of LED lights and rainwater collection system for irrigation at the hotel are estimated to save around 43,200 kWh of electricity and 4,450 m^3 of water annually.

In Mainland China, Ascott Huaihai Road Shanghai established an Energy Conservation Committee to monitor its energy performance. Apart from initiatives like turning off air-conditioning and lighting in back-office areas when not in use, it retrofitted around 300 rooms with LED lighting during the reporting year, which is estimated to save around 252,700 kWh of electricity per year. The service apartment also renewed the long-term accommodation agreements by adding terms of energy price cap, thereby facilitating our monitoring on the guests' energy consumption and it is anticipated that a 5% reduction of the total electricity consumption can be achieved each year. While 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. The hotel also installed showerheads with water output of 6 litres/minute to help saving approximately 800 tonnes of water per year. STARR Hotel Shanghai set protocols for when to turn on air-conditioning and heating in hotel premises, as well as the temperature allowed. Cleaners are also asked to close the curtains inside hotel rooms in the summer to prevent from unnecessary in-room temperature build-up.

Managing Water and Energy Use in Cinema Operation

Energy continues to be the primary resource used in our cinema operation and we have developed a variety of management measures to effectively control our electrical consumption. To ensure our high standards were upheld and met in the cinemas, electricity consumption of cinemas is monitored on a regular basis. Some of the Group's cinemas have also implemented further energy-saving measures, such as the installation of energy-efficient lighting and automated induction systems. Regarding water reduction initiatives, infrared sensor water taps were installed in toilets in new cinemas and some recently-renovated cinemas.

Reducing Water and Energy Consumption in Media and Entertainment Business

Our media and entertainment operations have been actively reducing water consumption through a range of initiatives. We encourage employees in office to reduce water usage and to maintain the indoor temperature between 24 — 26℃. Air-conditioners that are capable of timer settings are utilised to effectively help reduce the energy usage in the office.

People

Employment Practices

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 Hong Kong and Mainland China. Meanwhile, our staff handbook states all relevant terms and conditions, including employee benefits, compensation and dismissal, working hours, leave entitlement, anti-discrimination, as well as the Group's standards for employees' work behaviour and conduct.

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 by 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. Our employees also benefit from the welfare packages which include the mandatory provident fund ("**MPF**"), medical or commercial insurance, social security as well as housing benefits to employees in each region.

Apart from the welfare packages, our efforts are also seen in the wellbeing programs and value-added benefits that are provided to the employees. We provide a wide range of non-wage compensations, such as vaccination leave, additional holidays and annual health check-ups. During COVID-19, we also allow our employees to take paid special leave and offer financial support if those Hong Kong, Macau or Taiwan and foreign nationals employed in Mainland China need to undergo compulsory hotel quarantine when returning to their homes for personal reasons or returning to China for work. In Hong Kong, we arranged movie screenings and monthly "Lunch Talk" on topics like the MPF and health and safety-related knowledge. We also prepared festive gifts to celebrate traditional festivals with our employees such as mooncakes and Chinese New Year puddings. We carefully followed the Government's guidelines when organising all the team events during the reporting year in light of the COVID-19 situation, while still devoting the best efforts to build team cohesiveness.

People (continued)

Wellbeing, 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 do so by strictly following the guidelines and information stipulated by the Labour Department regarding occupational safety and health. 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 disseminate fire protection messages to staff and promote fire safety awareness, the ambassadors are also responsible for reporting and 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.

During the reporting year, COVID-19 continued to test our commitment to safeguarding the health and safety of our employees as it also did to all our peers in the industry. Apart from asking our employees to conduct voluntary testing twice a week, we have made further steps to protect them by providing free anti-epidemic supplies such as surgical masks, sanitisers and rapid test kits. The employees are also required to always have their face masks on, while a normal temperature should be taken before work. Under the Government's guidelines, we have introduced the vaccination leave as an incentive to encourage our staff to receive the COVID-19 vaccine promptly.

The Group considers employees as a valuable asset to the long-term business development, and takes their physical and mental wellness into account. The Group does so by organising workshops and events regarding physical and mental health and wellness such as the monthly "Lunch Talk" on health awareness in Hong Kong and the Global Health Week at Hyatt Regency in Hengqin where a series of activities were held. In Zhongshan, we brought our employees together to partake in different sports activities such as gym, yoga and more. As for our employees in Shanghai, we organised leisure activities like tea tasting and the essential oil sachet making workshop. All the activities mentioned were organised in accordance with the local government's guidelines on COVID-19 to ensure that we do not, in any way, promote the potential spread of COVID-19.

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

At Construction Sites and in Building Operations

The Group aims to be extra careful when addressing potential occupational health and safety risks at construction sites. Besides complying with Chapter 509 Occupational Safety and Health Ordinance and ensuring the compliance of our contractors with Chapter 59 Factories and Industrial Undertaking Ordinance in Hong Kong, 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 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.

People (continued)

Wellbeing, Health and Safety (continued)

At Construction Sites and in Building Operations (continued)

Strict safety measures are implemented at all the residential and commercial properties we manage. The property management safety handbook is available for the residential and commercial property management teams to read at their convenience. Awareness trainings and workshops on safety-related risks are offered for all employees, including the new joiners to attend. The training we arrange covers all essential topics for safety management, such as fire hazards, safe production, epidemic prevention and use of equipment. We have also organised coaching sessions with qualified trainers providing advice on working at height and health, safety and environmental management. It is also worth mentioning that one of our properties, Shanghai Hong Kong Plaza started working on its work safety to acquire the occupational safety and health management system certification in 2020 and the said target was successfully achieved in 2021.

As the pandemic persists, we actively review our current working arrangements and related policies, ensure that employees are protected while keeping the business running smoothly. During the reporting year, we continued to provide free anti-epidemic supplies to all our employees such as surgical masks, gloves and self-testing kits. Our employees in Mainland China are encouraged to conduct testing more frequently while the Group also requires the employees in Hong Kong to be tested at least twice a week.

At Hotels

In the hospitality segment, the Safety Committee at the Ocean Park Marriott Hotel and Ascott Huaihai Road Shanghai manages health and safety issues by implementing more measures to improve the wellness of the employees. Training on how to respond to emergency events, fire hazards, food safety and first-aid performing are provided to employees at the hotels we manage.

As hotels are considered to be premises that are highly exposed to COVID-19, we are doing our best to protect our employees in return for their hard work. We have made it mandatory for our guests to fill in their information on a health declaration form when they arrive at all the hotels we manage. To maintain the hygienic conditions, we have also arranged more frequent disinfection, especially in areas like elevators and door handles, while receptionists and cleaning workers are always provided with face shields, facemasks and goggles. At Hyatt Regency Hengqin and Ascott Huaihai Road Shanghai, we expect employees to scan their health codes and report their schedules, including their travel history. As for the Ocean Park Marriott Hotel, with the introduction of vaccination leave, all employees received 3 doses of the COVID-19 vaccine.

Development and Training

The Group is cognisant of the importance of refining employees' technical knowledge and helping them stay up to date of the current industry standards. As stated in the staff handbook, a wide range of on-the-job training programmes are available for managerial and general employees to partake in. In particular, we invite experienced professionals to deliver lectures on essential business skills, to enhance the communication skills and other business skills of our officers and supervisory grade staff.

PEOPLE (CONTINUED)

Development and Training (continued)

Apart from internal programmes, we also provide financial support if our employees wish to obtain professional qualifications or attend programmes that are being held externally, as pursuing career interests is vital to one's professional development. To be eligible for the tuition schemes, the applicants must have worked for the Group for at least 12 months and the nature of the courses that they apply for should be relevant to their original job positions as well as their scope of work.

The Group believes the assessment contributes significantly to the long-term growth of the talent pool, as it recognises employees' hard work and excellent performance. The performance evaluation is conducted every year, while two performance appraisals take place every July and December for employees of Mainland China. With reference to the results, we make salary adjustments and decide on the candidates for promotion.

Capacity Building for the Property Business

The Group places a strong focus on improving our property management teams. We prime new joiners with onboarding training, safety training and legal training while online and offline classes are arranged for all our regular employees with their job nature taken into consideration. The well-established training system provides employees who are in different positions with diverse modules, from sales and marketing skills, etiquette, customer services, etiquette, complaint handling, personal development, English communication, property safety management, occupational health and safety, to computer literacy programmes. And for our employees to be able to advance towards their career goals, classes on licensing of property management services and land development are available for them to partake in.

The Group recruits capable and outstanding graduates annually to participate in our Management Trainee Programme. During the reporting year, we have decided to extend the programme from 14 months to 15 months. With a longer duration of the programme, the trainees are given enough opportunities to rotate in different functional sections of LSD. The programme requires their engagement in on-the-job training, management and professional training workshops, action learning projects and trips to the properties in Mainland China where they are being groomed to become the managerial staff in the Group after the programme.

Training Opportunities for the Hotel Industry

With regard to the hotel operation, general training such as first aid programme, fire safety and emergency management and etiquette training are delivered in all the locations where we operate. Some specific training may vary depending on the hotels, for instance, Ascott Huaihai Road Shanghai has its own independent career advancement scheme and training programme, which includes swimming pool rescue, handling of flammable objects and explosives, professional workplace makeup classes, telephone etiquette, while Hyatt Regency Hengqin has a management trainee programme which aims to attract graduates who are interested in working in hotel management. Simultaneously, Ocean Park Marriott Hotel in Hong Kong continued to run the Foundation of Leadership training during the reporting year with awareness training on GreenKey certificate implementation provided to all employees.

People (continued)

Labour Standards

In addition to the related policies stipulated in the staff handbook, the Group strives to uphold internationally recognised labour standards. We have tasked the Human Resources Departments with managing employment-related issues and monitoring compliance with applicable and relevant laws. This reaffirms our commitment to standing against any child and forced labour in all the locations where we operate. We scrutinise the backgrounds and information of all potential candidates to ensure legality before they can be officially employed. Employees should be well informed of all the related employment and labour terms while signing an employment contract. The employees would be able to comprehend their agreements as a result, and it would also assist the company in avoid using forced or child labour in any of its commercial endeavours.

For our businesses in Mainland China, the Group strictly complies with the laws and regulations concerning forced and child labour as well as overtime work. This ensures that our workers will be paid according to relevant legal requirements if overtime is needed. Furthermore, this also applies to the Group's contractors throughout all areas.

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. We make sure all sales brochures, price lists, show flats, advertisements and sales arrangements are in strict compliance with Chapter 621 Residential Properties (First-Hand Sales) Ordinance in Hong Kong. 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 ensure that none of our marketing materials contain exaggerated, false and misleading content. As a monitoring strategy, the Group also consulted our legal and management teams on marketing materials. By strictly complying with local government's laws and regulations, the Group acquires the official sales permit from the Legal Advisory and Conveyancing Office of Lands Department.

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

Operating Practices (continued)

Responsible and Ethical Practices (continued)

Responsible Marketing Practices for Food and Beverage Services

By upholding responsible and ethical principles in our businesses, the Group takes specific measures to cater different needs of our customers. To ensure customers with food allergy are taken care of, a warning has been printed on menus to encourage them to inform the server of their food allergy. Restaurant in-charge will discuss with chefs about the customers' special dietary needs and customise the dish for them. During the reporting year, there were no non-compliance cases related to our marketing practices in food and beverage operations.

Service Excellence

Delivering Excellent Property Management Services

The Group aspires to offer customers with high-quality services in property management operation. The Group periodically distributes questionnaires to customers to collect their opinions and understand their satisfaction level on our services, including customer service, security service, environmental greening and construction management. During the reporting year, Shanghai Hong Kong Plaza has acquired ISO 9001:2015 Quality Management Systems certification to ensure their standards of quality management are in alignment with the industry best practice. Meanwhile, we maintained a high customer satisfaction rate across our properties during the reporting year. In Guangzhou, the overall satisfaction rate of Lai Fung Tower, West Point and May Flower Plaza are 99%, 97% and 98% respectively. The tenant satisfaction rate of Novotown in Hengqin has also reached 99% for the first half of the reporting year. Moreover, Zhongshan Palm Spring has received the "Advanced Property Management Community", "Excellent Unit" and "Crime-Free Community" awards in recognition of its remarkable performance on property management and security service.

In Hong Kong, CCB Tower has achieved 100% customer satisfaction rate. 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. In Hong Kong, the Group continues to offer "Seasonal Star Award" to encourage frontline employees to maintain excellent work performance. Award-winning employees will receive bonuses and certificates issued by senior management.

Service Excellence (continued)

Delivering Excellent Property Management Services (continued)

The Group has put in place a set of standard complaint handling guidelines and procedures to guide the frontline staff of the Group to professionally handle complaints from customers and tenants. We value customers' feedback on our customer service, so we have set up a customer complaint box and customer service hotline at Novotown in Hengqin to understand their opinion and expectations on our services. During the reporting year, our properties in Guangzhou, Zhongshan and Shanghai received 5, 19 and 13 complaints respectively, most of which were relevant to issues such as expectation on improving the condition of facilities including elevators and park benches, and concerns on tenants disposing objects from height and residents keeping pets irresponsibly. Our property management have followed up the complaints and have taken the appropriate actions. We have installed more benches and proposed renovation plans for elevators to improve customer experience and avoid future equipment failure. We have also adopted measures to avoid inappropriate disposal and irresponsible pet-keeping behaviours, such as increasing the inspection frequency and issuance of public notices. Moreover, 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.

Handling Complaints for Food and Beverage Services and Hotel Operations

For hotel and restaurant operations, 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 in a bid to ensure all issues are properly followed up.

To improve customer satisfaction at our restaurants, our restaurant in-charge will engage with dine-in customers and obtain their feedback directly to ensure we address their concerns and follow up timely. In addition, a separate email address has been provided on the company website for customers to leave comments. Every comment will be forwarded to the department head to follow up accordingly.

To monitor the quality of our services at hotels, we strive to collect customer feedback via various channels. For instance, Ascott Huaihai Road Shanghai regularly monitors online reviews from customers, and the results will be shared and discussed among the front desk team and operation department for subsequent follow-up monthly. Customer satisfaction surveys would also be distributed to its guests via email after the check-out procedure. Furthermore, Ocean Park Marriott Hotel has an online system "Guest Voice" for customers to express their opinions after staying with the hotel. Follow-up actions would be taken within 24 hours upon receiving comments to ensure customers' feedback can be properly responded to. 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)

Service Excellence (continued)

Ensuring Customer Experience for Cinema Operation and Entertainment Business

The Group gathers feedback from customers of cinema and entertainment businesses through various channels, such as hotlines, emails, and social media platforms. All comments and complaints are handled by our customer service representatives. We also ensure that customers' enquiries are responded within a service target time. All communications with customers are overseen by the management team to ensure timely and reasonable responses.

In Hong Kong, the Group adheres to the Standard Operating Procedure ("**SOP**") to provide quality customer services. We provide customer service training for all employees such as monthly complaint cases and guidelines sharing and conduct weekly site visits by operation managers. Aside from a centralised hotline, our operation managers will respond quickly to customer feedback on-site and, if necessary, divert it to headquarter for further follow-up. During the reporting year, the Group received a total of 110 complaint cases for cinema operation, most of which were related to issues such as ticketing, membership scheme, staff or facility performance, and the special closure arrangement during COVID-19 pandemic. While for entertainment business, there were no major complaint cases received by the Group.

Customer Health and Safety

The Group has implemented a series of measures covering all business units to safeguard the health of customers and employees from the challenges brought by the COVID-19 pandemic. Apart from compliance with the crowd control and social distancing rules issued by the Government, the Group proactively took additional disinfection steps to maintain a safe and hygienic environment. In terms of general customer health and safety, the Group conducts regular fire and safety hazard inspections. Special technicians are employed for equipment maintenance and fire drills are held for tenants and employees on a regular basis.

Preventive Measures against COVID-19 in Property Management Business

The Group considers the health and safety of our customers as the top priority in all business operations. To safeguard our customers' health, all China properties implement strict measures in accordance with the Government's requirements, including temperature and health code checks with daily disinfection. In Shanghai, the central air conditioning system and public areas are disinfected regularly. Special arrangements and regulations on epidemic emergencies are in place to ensure immediate response and mitigations are implemented when confirmed cases are found. In Hengqin, we have increased the frequency of COVID-19 inspections at every entrance of the park to ensure the safety of our visitors. Anti-epidemic service bags are distributed to the tenants and residents to further secure the health and safety of our property.

For our Hong Kong properties, frequent and regular disinfection is performed in public areas and commonly used facilities, while our cleaning staff are required to undergo RAT tests every week. Moreover, CCB Tower has complied with the requirements of the Anti-Epidemic Hygiene Measures Certification Scheme from the Hong Kong Quality Assurance Agency. In addition, the Group has accredited Silver Seal for Business Resilience & Community Contribution Awards presented by HKQAA to recognise our preventive measures in combatting the pandemic and improving occupational safety and health at the workplace.

Customer Health and Safety (continued)

Preventive Measures against COVID-19 in Hotel Business

Our hotels have implemented a series of COVID-19 preventative measures in response to the difficulties posed by the pandemic to safeguard the health and safety of guests and staff. Ascott Huaihai Road Shanghai has developed a standard operating procedures ("**SOP**") that all employees must strictly adhere to. The SOP outlines the standards for anti-pandemic measures including the use of masks, temperature checks, indoor ventilation management, and reporting procedures for suspected cases. Similar temperature check practices are also done at the hotel's entrance by the Ocean Park Marriott. During the check-in process, all customers must declare their health status and travel records in the declaration form. The Group will provide the latest updates via digital signage to maintain guests and staff informed on the pandemic.

Preventive Measures against COVID-19 at Cinemas

Since 2019, the COVID-19 pandemic has brought us to a new normal. Besides strictly following the government's recommendations and operation instructions related to the social distancing measures, our cinemas have adopted infection prevention and control measures to safeguard our customers' health. While all employees are required to receive all 3 doses of COVID-19 vaccination, customers should register their entry with the Leave Home Safe application and both parties shall always wear masks and have their temperature taken before entering the premises. Seating capacity limit is applied to the cinemas to maximise physical distancing in accordance with Government's requirements. Disinfection of corridors, theatres and seats is performed daily while hand sanitisers are also provided at the ticketing kiosk, snack bar and entrance for customers.

Safety and Hygiene in Food and Beverage Services and Cinema Operation

Food safety is crucial to our food and beverage and cinema operation. To maintain a high standard of food hygiene, the management staff is appointed as hygiene supervisors in accordance with the Hygiene Manager and Hygiene Supervisor Scheme by the Food and Environmental Hygiene Department ("**FEHD**"). The Group conducts frequent internal audits to monitor the quality of the food being served to customers while providing staff with checklists on proper food handling procedures. The Group primarily purchases food from authorised suppliers to enhance source traceability and control. The Group will keep informed on the latest government regulations and announcements, including the Notice of the Centre for Food Safety, and will act swiftly to address relevant issues.

During the reporting year, there was a food safety incident at one of our restaurants in Hong Kong, but no customer was impacted in the case. The FEHD has conducted multiple inspections and confirmed that the condition of the storage system is normal after the incident. To manage food risks and incidents more comprehensively, we have taken several follow-up actions, including the termination of the cooperation with the relevant supplier, reviewing the receiving procedure and not ordering the high-risk product to prevent similar incident occurring in the future.

Operating Practices (continued)

Data Protection and Privacy

The Group endeavours to build a trusting relationship with its customers by protecting their privacy. When handling personal data and what is considered to be confidential data, the Group fully abides by Chapter 486 Personal Data (Privacy) Ordinance in Hong Kong and Cybersecurity Law of the People's Republic of China 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 or when 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 policy and procedure to protect customer data, including the Group Information Technology ("**GIT**") Operation Manual and the Lai Fung Holdings (Guangzhou) Information Management System Policy. Besides, 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.

Hotel and Cinema Operations

While the Group provides individualised and superior services to customers, information security maintains 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 content to its employees to ensure they are aware of the guidelines.

In our cinema operations, the customers' personal data, including their names, birthdays, emails and telephone numbers, are solely collected for necessary use to manage customer memberships. Customers' acknowledgement of the Personal Information Collection Statement and Privacy Policy Statement is required prior to their enrolment in the loyalty programme. The statements outline appropriate steps and procedures for data collection and disposal for all relevant staff. No marketing materials will be sent to unsubscribed individuals without any permission.

For our online ticketing system, to ensure that only authorised personnel have access to the database, access rights are strictly monitored and reviewed regularly. All data in the online ticketing system is stored in the head office's database to minimise access points. The Group only collects minimal personal information of customers for potential refunds and ticket redemption. After the service is completed, all personally identifiable information will be destroyed in a safely manner immediately.

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 the related in the selection criteria of the tendering process by evaluating 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. 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 ("**EHS**") 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 selections for hotels in Mainland China. In Ascott Huaihai Road Shanghai, guidelines for EHS performance are clearly outlined in its SOP. 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. To ensure the safety of our contractors, contractors must obtain specific certifications before involving working at heights or potential fire dangers. For Hyatt Regency Hengqin, a series of procedures are performed before tendering and bidding. The verification of all tendering papers and the suppliers' acknowledgement of our Code of Conduct must be received before bidding to guarantee that suppliers agree to our compliance requirements.

Operating Practices (continued)

Supply Chain Management (continued)

Responsible Food Sourcing in Food and Beverage Services

To fulfil the growing demand for healthy and sustainable food among the customers, the Group carefully select responsible sources of food for our restaurants with regular inspections. For instance, the restaurants in Ocean Park Marriott Hotel collaborated with WWF to introduce a wide range of sustainable seafood options on the menu, with reference to their Seafood Guide. It helps to promote responsible consumption choices and sustainable procurement of the public. To extend our influence for a more sustainable supply chain, the Hyatt Food Safety Management System is adopted in the hotel in Hengqin, which includes procurement control procedures, identification and traceability control procedures and food fraud prevention and elimination procedures in selecting new suppliers. Furthermore, priorities will be given to suppliers who provide ASC, MSC or organic-certified food with ISO or HACCP certifications to ensure responsible food sourcing. Healthiness, organic and fair trade are also taken into consideration when purchasing concession stand products for our cinema operation. Site visits with our existing suppliers are also conducted regularly to monitor their environmental and social compliances and initiatives.

Integrity and Discipline

Being committed to upholding its absolute integrity, fairness and discipline in the business, the Group expects its employees to strictly follow all rules and procedures in line with relevant 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. During the reporting year, we implemented the Anti-Fraud and Anti-Corruption Policy to ensure 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 legal consequences. Regular anti-fraud and anti-corruption trainings are provided to all employees including directors.

During the reporting year, the Group has also implemented the 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 the 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 in Hong Kong and Mainland China. There were no legal cases regarding corrupt practices brought against the Group or its employees during the reporting year.

Integrity and Discipline (continued)

The Group has set up designated training for hotel operations. In Ocean Park Marriott Hotel, all managers are required to attend compulsory online training on FCPA and Global Anti-corruption and be certified every year. For Hyatt Regency Hengqin, all employees have participated in anti-corruption training, which was conducted annually. For our food and beverage operations, the Human Resource Department has partnered with Independent Commission Against Corruption ("**ICAC**") to organise a seminar for staff training. Looking forward, we will arrange additional anti-corruption training in the coming years.

For our property investment operations, anti-corruption seminars on the Anti-corruption Law of the People's Republic of China are periodically held for employees in Mainland China. These seminars cover topics such as integrity and discipline, confidentiality, and conflict of interest. In particular, the introduction training was offered for new join employees in Mainland China, covering the topic of anti-corruption. Our Hong Kong Properties have also invited ICAC's representative to provide anti-corruption and integrity training about the "Prevention of Bribery Ordinance". In the coming years, the Group will continue to arrange anti-corruption training for different levels of staff.

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.

Respecting Creations in Our Entertainment Business

The Group recognises that intellectual property is essential to entertainment business development. The Group is committed to ensuring compliance with all relevant intellectual property laws and regulations, including but not limited to Chapter 559 Trade Marks Ordinance, Chapter 528 Copyright Ordinance and Chapter 544 Prevention of Copyright Piracy Ordinance. Before using or referencing any other creative works, the Group will ensure that the producers and their teams of films, television programmes and music productions are acquainted with the rights and have clarified them. In any case of violation of relevant regulations and infringement, actions will be taken immediately to clear the rights or deal with related matters.

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

Community

The Group endeavours to shoulder corporate social responsibilities and give back to the community by supporting charitable organisations and the underprivileged through donations and voluntary activities. To meet the needs of the community, we devote most of our community engagement resources to the focus areas of contribution, including local employment and youth education, targeting the groups of aided households and the disabled.

In Mainland China, the Group is proactively involved in various community services and charity events so that we can develop a close relationship with the community amid the COVID-19 pandemic, addressing the needs of society and demonstrating our commitment to sustainability and social responsibility. For example, during the reporting year, the Group donated computers to vaccination centres in Guangzhou and arranged a condolence visit to the front-line staff of the Yuexiu Federation of Industry and Commerce. Apart from the activities in Guangzhou, our employees volunteered at the community COVID-19 nucleic acid testing centres in Zhongshan to facilitate smooth operations at the venue and help prevent the spread of the epidemic in the community. In addition, we organised volunteer medical consultations for the elderly living in Zhongshan to provide health assessment and medical advice. Furthermore, the Group partook in various fundraising events such as charity sales and charity walks, visited low-income families, and offered financial aid for foreign students.

In Hong Kong, the Group closely collaborates with different organisations and organises activities to address the needs of disadvantaged groups. For instance, during the reporting year, the Group supported Konica Minolta in raising a donation for the Children's Thalassaemia Foundation, lending a helping hand to Thalassaemia-suffering children. Besides, we organised volunteer services to visit St. James' Settlement and deliver goodie bags to the elderly to celebrate the festival. Aside from charity events and voluntary activities, the Group donated COVID-19 rapid test kits to Holy Cafe, a non-profit organisation, to help the elderly and people in need in the community under the pandemic.

Summary of Environmental Performance Note 1

Hong Kong Property Investment Note 2 & 3	Unit	2022	2021
A1.2 GHG emissions in total and intensity			
Indirect GHG emissions (Scope 2)	tonnes CO_2e	8,544	9,081
GHG emissions intensity	**tonnes CO_2e/m^2**	**0.05**	**0.05**
A1.3 Total hazardous waste produced and intensity Note 4			
Fluorescent lamp disposed	kg	324	444
Fluorescent lamp recycled	kg	3.40	N/A
Hazardous waste disposed intensity	**kg/m^2**	**0.0019**	**0.0026**
A1.4 Total non-hazardous waste produced and intensity			
General waste disposed	kg	6,431,215	6,724,180
Non-hazardous waste produced intensity	**kg/m^2**	**38.21**	**39.87**
A2.1 Direct and/or indirect energy consumption by type in total and intensity			
Electricity consumption	kWh	16,699,049	18,065,030
Energy consumption intensity	**kWh/m^2**	**99.05**	**107.12**
A2.2 Water consumption in total and intensity			
Water consumption	m^3	112,639	103,908
Water consumption intensity	**m^3/m^2**	**0.67**	**0.62**

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 and Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 edition), unless otherwise specified.

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

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

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

Summary of Environmental Performance Note 1 (continued)

Hong Kong Property Development Note 5 & 6	Unit	2022	2021
A1.2 GHG emissions in total and intensity Note 7			
Direct GHG emissions (Scope 1)	tonnes CO_2e	1	213
Indirect GHG emissions (Scope 2)	tonnes CO_2e	60	16
Total GHG emissions	**tonnes CO_2e**	**61**	**229**
Total GHG emissions intensity	**tonnes CO_2e/m^2**	**0.01**	**0.02**
A1.4 Total non-hazardous waste produced and intensity			
General construction waste	kg	811,780	5,952,880
Concrete disposed	kg	563,730	0
Steel recycled	kg	0	18,080
Total non-hazardous waste produced	**kg**	**1,375,510**	**5,970,960**
Total non-hazardous waste produced intensity	**kg/m^2**	**139.76**	**606.71**
A2.1 Direct and/or indirect energy consumption by type in total and intensity			
Electricity consumption	kWh	153,804	42,355
Diesel oil consumption for electric generator	L	384	81,568
Total energy consumption Note 7	**kWh**	**157,914**	**915,397**
Total energy consumption intensity Note 7	**kWh/m^2**	**16.05**	**93.01**
A2.2 Water consumption in total and intensity			
Water consumption	m^3	908	5,025
Total water consumption intensity	**m^3/m^2**	**0.09**	**0.51**

Note 5: The reporting scope of the summary of environmental performance includes the Group's property development projects in Hong Kong, namely Tai Kei Leng project and Hang On Street project.

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

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

Summary of Environmental Performance Note 1 (continued)

China Property Investment Note 8 & 9	Unit	2022	2021
A1.1 The types of air emissions and respective emissions data Note 10			
Nitrogen oxides ("**NOx**") emissions	kg	1,971.56	2,256.75
Sulphur oxides ("**SOx**") emissions	kg	0.28	0.31
Particulate Matter ("**PM**") emissions	kg	0.11	0.98
A1.2 GHG emissions in total and intensity Note 11			
Direct GHG emissions (Scope 1)	tonnes CO_2e	2,036	2,320
Indirect GHG emissions (Scope 2)	tonnes CO_2e	52,175	56,007
Total GHG emissions	**tonnes CO_2e**	**54,211**	**58,327**
Total GHG emissions intensity	**tonnes CO_2e/m^2**	**0.05**	**0.05**
A1.3 Total hazardous waste produced and intensity			
Fluorescent lamp disposed	kg	893	963
Fluorescent lamp recycled	kg	17	N/A
Hazardous waste intensity	**kg/m^2**	**0.0009**	**0.0008**
A1.4 Total non-hazardous waste produced and intensity			
General waste disposed	kg	6,483,102	6,619,209
Renovation waste disposed	kg	6,497,000	7,832,600
Food waste disposed	kg	2,713,739	2,526,973
Food waste recycled	kg	5,760	0
Total non-hazardous waste produced	**kg**	**15,699,601**	**16,978,782**
Non-hazardous waste produced intensity	**kg/m^2**	**14.88**	**14.89**
A2.1 Direct and/or indirect energy consumption by type in total and intensity			
Electricity consumption	kWh	85,518,489	91,799,642
Natural gas consumption	m^3	1,106,547	1,260,034
Diesel oil consumption for electric generator	L	500	1,565
Gasoline consumption for transportation	L	19,264	21,262
Total energy consumption	**kWh**	**96,655,672**	**104,485,768**
Total energy consumption intensity	**kWh/m^2**	**91.61**	**91.63**
A2.2 Water consumption in total and intensity			
Water consumption	m^3	1,020,505	1,408,292
Water consumption intensity	**m^3/m^2**	**0.97**	**1.24**

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

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

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

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

Summary of Environmental Performance Note 1 (continued)

China Property Development Note 12 & 13	Unit	2022	2021
A1.2 GHG emissions in total and intensity Note 14			
Indirect GHG emissions (Scope 2)	tonnes CO_2e	1,669	1,430
Total GHG emissions	**tonnes CO_2e**	**1,669**	**1,430**
Total GHG emissions intensity	**tonnes CO_2e/m^2**	**0.003**	**0.002**
A1.3 Total hazardous waste produced and intensity			
Chemical disposal	kg	0	0 Note 15
Hazardous waste disposed intensity	**kg/m²**	**0**	**0** Note 15
A1.4 Total non-hazardous waste produced and intensity Note 16			
General construction waste recycled	kg	4,120	N/A
General construction waste disposed	kg	7,970	708,700
Soil excavation recycled	kg	891,280	N/A
Soil excavation disposed	kg	891,280	63,500
Concrete recycled	kg	83,200	N/A
Concrete disposed	kg	83,730	70,660
Bricks recycled	kg	21,070	N/A
Bricks disposed	kg	22,130	41,860
Timber recycled	kg	12,400	N/A
Timber disposed	kg	14,000	132,490
Steel recycled	kg	25,300	91,910
Steel disposed	kg	27,260	N/A
Total non-hazardous waste produced	**kg**	**2,083,740**	**1,109,120**
Total non-hazardous waste produced intensity	**kg/m²**	**3.79**	**1.35**
A2.1 Direct and/or indirect energy consumption by type in total and intensity			
Electricity consumption	kWh	2,736,202	2,343,040
Diesel oil consumption for electric generator	L	0	475
Total energy consumption	**kWh**	**2,736,202**	**2,348,124**
Total energy consumption intensity	**kWh/m²**	**4.97**	**2.86**
A2.2 Water consumption in total and intensity			
Water consumption	m^3	11,521	153,677
Water consumption intensity	**m^3/m^2**	**0.21**	**0.19**

Note 12: The reporting scope of the summary of environmental performance includes the Group's property development projects in Mainland China, namely Northgate Plaza redevelopment project in Shanghai, Haizhu Square in Guangzhou and Novotown in Hengqin. Phase IV of Palm Spring in Zhongshan was completed in financial year 2020/2021, so this property was not included in the reporting scope. Their gross floor area and hence respective data were reviewed every year and restated as appropriate.

Note 13: Air emissions and Direct GHG emissions (Scope 1) are not significant and thus not available reported. Packaging material used for finished products is not a material issue for the property development business and thus not reported.

Note 14: Indirect GHG emission (Scope 2) refers to electricity consumed.

Note 15: Data for the financial year ended 31 July 2021 were restated after data review.

Note 16: Novotown is excluded from the scope for the years ended 31 July 2021and 2022 due to data unavailability.

Summary of Environmental Performance Note 1 (continued)

Hotel Note 17 & 18 & 19 & 20	**Unit**	**2022**	**2021**
A1.1 The types of air emissions and respective emissions data Note 21			
NOx emissions	kg	493.57	493.42
SOx emissions	kg	0.31	0.34
PM emissions	kg	0.73	0.32
A1.2 GHG emissions in total and intensity Note 22			
Direct GHG emissions (Scope 1)	tonnes CO_2e	1,169	1,262
Indirect GHG emissions (Scope 2)	tonnes CO_2e	14,468	15,899
Total GHG emissions	**tonnes CO_2e**	**15,637**	**17,161**
Total GHG emissions intensity	**tonnes CO_2e/m^2**	**0.11**	**0.12**
A1.3 Total hazardous waste produced and intensity			
Fluorescent lamp recycled	kg	4	N/A
Fluorescent lamp disposed	kg	187	325
Toner cartridge waste recycled	kg	93	N/A
Toner cartridge waste disposed	kg	34	252
Total hazardous waste produced	**kg**	**318**	**577**
Total hazardous waste disposed intensity	**kg/m^2**	**0.0022**	**0.0040**

Note 17: The reporting scope of the summary of environmental performance includes the Group's hotels, namely STARR Hotel Shanghai, Ascott Huai Hai Road Shanghai, Hong Kong Ocean Park Marriott Hotel and Hyatt Regency Hengqin.

Note 18: For the year ended 31 July 2022, gasoline consumption for transportation has excluded Hyatt Regency Hengqin and Hong Kong Ocean Park Marriott Hotel.

Note 19: Packaging material used for finished products is not a material issue for the hotel business and thus not reported.

Note 20: COVID-19 outbreak led to lower-than-usual environmental footprint during the year ended 31 July 2022.

Note 21: It refers to air emission from Towngas consumption in Hong Kong, natural gas consumption in Mainland China and use of company vehicles. For natural gas, it is calculated with reference to "Non-CO2 Emissions From Stationary Combustion" by IPCC.

Note 22: Direct GHG emission (Scope 1) refers to Towngas consumption in Hong Kong, natural gas consumption in Mainland China, gasoline for transportation and diesel oil consumption for electric generator. For natural gas, it is calculated with reference to "Emission Factors for Greenhouse Gas Inventories" by US EPA. Indirect GHG emission (Scope 2) refers to electricity consumed and indirect emission from Towngas gas consumption.

Summary of Environmental Performance Note 1 (continued)

Hotel Note 17 & 18 & 19 & 20	Unit	2022	2021
A1.4 Total non-hazardous waste produced and intensity			
General waste produced	kg	200,840	159,580
Metal recycled	kg	993	2,449
Paper recycled	kg	30,915	43,253
Paper disposed	kg	759	N/A
Plastic recycled	kg	1,246	3,689
Plastic disposed	kg	198	N/A
Food waste recycled	kg	31,763	439
Food waste disposed Note 23	kg	8,012	248,448
Total non-hazardous waste produced	**kg**	**274,726**	**457,858**
Total non-hazardous waste produced intensity	**kg/m^2**	**1.92**	**3.20**
A2.1 Direct and/or indirect energy consumption by type in total and intensity Note 24			
Electricity consumption	kWh	21,611,719	23,913,768
Gas consumption Note 25	kWh	4,011,112	6,652,610
Gasoline consumption for transportation	L	1,146	1,917
Diesel oil consumption for electric generator	L	413	180
Total energy consumption Note 25	**kWh**	**27,827,949**	**30,586,880**
Total energy consumption intensity Note 25	**kWh/m^2**	**194.743**	**214.04**
A2.2 Water consumption in total and intensity			
Water consumption	m^3	173,419	239,590
Water consumption intensity	**m^3/m^2**	**1.21**	**1.68**

Note 23: The catering service for STARR Hotel Shanghai is outsourced, and thus food waste is excluded from the scope due to data unavailability.

Note 24: Only Hyatt Regency Hengqin indicate the use of diesel oil consumption for electric generator. and no natural gas were used in Ascott Huaihai Road during the reporting year.

Note 25: Data for the financial year ended 31 July 2021 were restated after data review.

Summary of Environmental Performance Note 1 (continued)

Food & Beverage Note 26 & 27	Unit	2022	2021
A1.1 The types of air emissions and respective emissions data Note 28			
NOx emissions	kg	88.38	92.10
SOx emissions	kg	0.21	0.28
A1.2 GHG emissions in total and intensity Note 29			
Direct GHG emissions (Scope 1)	tonnes CO_2e	604	788
Indirect GHG emissions (Scope 2)	tonnes CO_2e	2,472	3,070
Total GHG emissions	**tonnes CO_2e**	**3,076**	**3,858**
Total GHG emissions intensity	**tonnes CO_2e/m^2**	**0.39**	**0.45**
A1.4 Total non-hazardous waste produced and intensity Note 30			
Grease oil Note 31	kg	13,188	18,816
Non-hazardous waste produced intensity	**kg**/m^2	**1.67**	**2.19**
A2.1 Direct and/or indirect energy consumption by type in total and intensity			
Electricity consumption	kWh	3,465,560	4,498,935
Gas supply consumption	kWh	3,114,065	4,117,533
Total Energy consumption	**kWh**	**6,579,625**	**8,616,468**
Total Energy consumption intensity	**kWh/m^2**	**832.96**	**1,004.13**
A2.2 Water consumption in total and intensity			
Water consumption	m^3	66,263	83,491
Water consumption intensity	**m^3/m^2**	**8.39**	**9.73**

Note 26: *The reporting scope of the summary of environmental performance includes the restaurant in Hong Kong and Mainland China held by the Group (CIAK-In the Kitchen, CIAK-All Day Italian, Beefbar, Takumi by Daisuke Mori, China Tang Landmark, Chiu Tang Central, Howard's Gourmet, Old Bazaar Kitchen, ZEST by Konishi, Sun's Bazaar KiKi Tea Telford Plaza, KiKi Noodle Bar IFC, KiKi Noodle Bar K11 MUSEA, China Tang Beijing and Masa Hong Kong, Canton Bistro, Prohibition, KiKi Noodle Bar Shanghai Hong Kong Plaza and Kiki Noodle Bar Shanghai One ITC in Shanghai). Compared with the year ended 31 July 2020, China Tang Beijing and Masa Hong Kong were newly added. China Tang Harbour City and Sun's Bazaar Pacific Place were removed from the reporting scope. Their gross floor area and hence respective data were reviewed every year and restated as appropriate.*

Note 27: *Packaging material used for finished products is not a material issue for the F&B business and thus not reported. Hazardous waste data is not reported due to data unavailability.*

Note 28: *It refers to air emission from Towngas consumption for restaurants in Hong Kong and natural gas consumption for restaurants in Mainland China. For natural gas, it is calculated with reference to "Non-CO2 Emissions From Stationary Combustion" by IPCC.*

Note 29: *Direct GHG emission (Scope 1) refers to Towngas consumption for restaurants in Hong Kong and natural gas consumption for restaurants in Mainland China. For natural gas, it is calculated with reference to "Emission Factors for Greenhouse Gas Inventories" by US EPA. Indirect GHG emission (Scope 2) refers to electricity consumed and indirect emission from Towngas gas consumption. For data comparability, the data for the year ended 31 July 2020 were also restated.*

Note 30: *Waste from Takumi by Daisuke Mori is excluded from the scope due to data unavailability.*

Note 31: *Conversion factor 0.90 kg/L were used with reference to "Volume-to-Weight Conversion Factors" by US EPA.*

SUMMARY OF ENVIRONMENTAL PERFORMANCE Note 1 (CONTINUED)

Cinema Note 32 & 33 & 34	Unit	2022	2021
A1.2 GHG emissions in total and intensity			
Indirect GHG emissions (Scope 2)	tonnes CO_2e	2,244	1,601
GHG emissions intensity	**tonnes CO_2e/m^2**	**0.06**	**0.06**
A1.3 Total hazardous waste produced and intensity			
Fluorescent lamp waste	kg	197	116
Hazardous waste disposed intensity	**kg/m^2**	**0.0056**	**0.0044**
A1.4 Total non-hazardous waste produced and intensity			
General waste	kg	36,379	27,977
Non-hazardous waste disposed intensity	**kg/m^2**	**1.04**	**1.06**
A2.1 Direct and/or indirect energy consumption by type in total and intensity			
Electricity consumption	kWh	4,896,534	3,419,451
Energy consumption intensity	**kWh/m^2**	**139.41**	**129.90**
A2.2 Water consumption in total and intensity Note 35 & 36			
Water consumption	m^3	7,389 Note 37	3,724
Water consumption intensity	**m^3/m^2**	**0.21**	**0.14**

Note 32: The reporting scope of the summary of environmental performance includes the cinemas in Hong Kong held by the Group (namely Festival Grand Cinema, MCL Cheung Sha Wan Cinema, MCL Metro City Cinema, MCL Telford Cinema, STAR Cinema, Grand Kornhill Cinema, MCL South Horizons Cinema, MCL Green Code Cinema, Grand Windsor Cinema, Movie Town and MCL Cyberport Cinema). Compared with the year ended 31 July 2021, K11 Art House, MCL Citygate Cinema and MCL Amoy Cinema were was newly added.

Note 33: Air emissions and direct GHG emissions (Scope 1) are not significant and thus not reported. Packaging material used for finished products is not a material issue for the cinema business and thus not reported.

Note 34: Closure of cinemas due to COVID-19 outbreak in both financial years.

Note 35: Grand Kornhill Cinema and MCL Cyberport Cinema are excluded from the scope of both financial years as their water consumption is managed by the central management of the property and there are no separate water meter for the cinemas.

Note 36: For MCL South Horizons Cinema and Grand Windsor Cinema, the water consumption is partially estimated based on their average daily water amount.

Note 37: Significant increase in water consumption in 2022 was mainly due to three newly added cinemas in the reporting scope.

Summary of Environmental Performance Note 1 (continued)

Entertainment Note 38 & 39	Unit	2022	2021
A1.1 Types of emissions and respective emissions data Note 40			
SOx emissions	kg	0.12	0.13
A1.2 GHG emissions in total and intensity Note 41			
Direct GHG emissions (Scope 1)	tonnes CO_2e	22	24
Indirect GHG emissions (Scope 2)	tonnes CO_2e	95	91
Total GHG emissions	**tonnes CO_2e**	**117**	**115**
GHG emissions intensity	**tonnes CO_2e/m^2**	**0.05**	**0.05**
A1.4 Total non-hazardous waste produced			
Non-hazardous waste Note 42	kg	2,835	2,880
Total non-hazardous waste produced intensity	**kg/m²**	**1.19**	**1.21**
A2.1 Direct and/or indirect energy consumption by type in total and intensity			
Electricity consumption	kWh	243,960	245,940
Gasoline consumption for transportation	L	8,378	9,026
Total energy consumption	**kWh**	**325,153**	**333,418**
Total energy consumption intensity	**kWh/m²**	**136.61**	**140.08**

Note 38: The reporting scope of the summary of environmental performance includes the Group's major office of the entertainment business in Wyler Centre, Kwai Chung, New Territories, Hong Kong.

Note 39: Water consumption are managed by the central property management of the office building, and thus they are not available for this report. Packaging material used for finished products is not a material issue for the entertainment operation and thus not reported. Hazardous wastes are not significant for entertainments operations thus not reported.

Note 40: It refers to air emission from fuel consumption of company vehicles. For data comparability, respective data for the year ended 31 July 2021 were also calculated according to the same method. Subject to data availability, only SOx emission is disclosed.

Note 41: Direct GHG emission (Scope 1) refers to gasoline combustion of company vehicles. Indirect GHG emission (Scope 2) refers to electricity consumed.

Note 42: Non-hazardous waste includes general waste produced from the office operation.

Summary of Social Performance

The Group Note 43	Unit	2022	2021
B1.1 Total workforce by gender, employment type, age group and geographical region (excluding contractors and subcontractors)			
Number of employees	No. of people	4,733	4,748
By gender			
Male	No. of people	2,598	2,616
Female	No. of people	2,135	2,132
By age group			
Below 30	No. of people	1,449	1,533
30-50	No. of people	2,267	2,272
Above 50	No. of people	1,017	943
By employment type			
Full time — Male	No. of people	2,184	2,374
Full time — Female	No. of people	1,781	1,870
Part time — Male	No. of people	389	242
Part time — Female	No. of people	379	262
By geographical region			
Hong Kong SAR	No. of people	2,481	2,330
Mainland China	No. of people	1,818	2,101
Other	No. of people	434	317
B1.2 Employee turnover rate by gender, age group and geographical region Note 44			
Total employee turnover rate	%	33	31
By gender			
Male	%	34	33
Female	%	31	28
By age group			
Below 30	%	44	47
30-50	%	27	22
Above 50	%	29	25
By geographical region			
Hong Kong SAR	%	27	29
Mainland China	%	37	32
Other	%	45	38

Note 43: The reporting scope Summary of Social Performance includes Lai Sun Garment and its subsidiaries.

Note 44: Turnover rate (in percentage) = Total number of employees leaving employment in the category/Total number of employees in the category × 100% for financial year 2020/2021 and 2021/2022, including all full time and part time employees.

Summary of Social Performance (continued)

The Group Note 43	Unit	2022	2021
B2.1 Number and rate of work-related fatalities Note 45			
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 Note 46	No. of lost days	1,912	2,032
Number of attendance by employees attended training by gender and employee category			
By employee category			
Senior management	No. of attendance	158	121
Middle management	No. of attendance	541	575
General staff	No. of attendance	6,516	4,089
By gender			
Male	No. of attendance	4,057	2,551
Female	No. of attendance	3,158	2,234
B3.2 The average training hours completed per employee by gender and employee category Note 47			
By employee category			
Senior management	No. of hours	33	4
Middle management	No. of hours	22	9
General staff	No. of hours	15	12
By gender			
Male	No. of hours	17	11
Female	No. of hours	17	12
B5.1 Number of suppliers by geographical region			
Hong Kong SAR	No. of suppliers	891	969
Mainland China	No. of suppliers	1,124	925
Other	No. of suppliers	54	27
B8.2 Resources contributed to community investment			
Cash donations	HKD	6,884,378	9,095,000
Volunteering hours	Hours	126 Note 48	683

Note 45: *Number and rate of work-related fatalities occurred in each of the past three years including the reporting year was 0.*

Note 46: *Mainly resulted from accidental slip and fall for property and hotel operations.*

Note 47: *Average number of training hours per employee = Total training hours in the category/Total workforce in the category*

Note 48: *Most of the volunteering events have been postponed or cancelled due to the COVID-19 social distancing policy issued by the Government.*

List of Significant Laws and Regulations

Environment

Aspect A1-A3: Environmental

Hong Kong:

— Chapter 311 Air Pollution Control Ordinance
— Chapter 358 Water Pollution Control Ordinance
— Chapter 354 Waste Disposal Ordinance
— Chapter 400 Noise Control Ordinance
— Chapter 499 Environmental Impact Assessment Ordinance

Mainland China:

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

Employee

Aspect B1: Employment

Hong Kong:

— Chapter 57 Employment Ordinance
— Chapter 282 Employees' Compensation Ordinance
— Chapter 608 Minimum Wage Ordinance
— Chapter 480 Sex Discrimination Ordinance
— Chapter 487 Disability Discrimination Ordinance
— Chapter 527 Family Status Discrimination Ordinance
— Chapter 602 Race Discrimination Ordinance

Mainland China:

— Labour Law of the PRC
— Labour Contract Law of the PRC

Aspect B2: Health and Safety

Hong Kong:

— Chapter 509 Occupational Safety and Health Ordinance
— Chapter 59 Factories and Industrial Undertakings Ordinance

Mainland China:

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

Employee (continued)

Aspect B4: Labour Standards

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

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

Operating Practices

Aspect B6: Product Responsibility

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

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

Aspect B7: Anti-corruption

Hong Kong:
- Chapter 201 Prevention of Bribery Ordinance

Mainland China:
- Criminal Law of the PRC
- Anti-corruption Law of the PRC

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

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

References to Stock Exchange ESG Reporting Guide (continued)

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

Corporate Governance Report

The Company is committed to achieving and maintaining high standards of corporate governance and has established policies and procedures in compliance with the principles and code provisions set out from time to time in the Corporate Governance Code ("**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities 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 during the year ended 31 July 2022 ("**Year**") save for the deviation from code provision F.2.2.

Under code provision F.2.2, the chairman of the board should attend the annual general meeting.

Due to other pre-arranged business commitments which must be attended to by Dr. Lam Kin Ngok, Peter, the Chairman, he was not present at the annual general meeting of the Company ("**AGM**") held on 17 December 2021. However, Mr. Chew Fook Aun, the Deputy Chairman and an Executive Director present at that AGM took the chair pursuant to Article 71 of the Articles of Association of the Company ("**Articles of Association**") to ensure an effective communication with the shareholders of the Company ("**Shareholders**") thereat.

The Stock Exchange published its consultation conclusions on the consultation paper entitled "Review of the Corporate Governance Code and Related Listing Rules" in December 2021. The revised Listing Rules and new CG Code have come into effect on 1 January 2022, and the requirements under the new CG Code will be applied to corporate governance reports for financial years commencing on or after 1 January 2022. The Company has complied with most of the new requirements and has already implemented certain new requirements including, but not limited to, the setting up of the Nomination Committee and reflecting the relevant new requirements in the updated Nomination Policy, Board Diversity Policy as well as Shareholders Communication Policy. The provisions of the updated CG Code will be fully complied with in the Company's 2022–2023 Annual Report.

(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 property investment, property development, investment in and operation of hotels and restaurants, media and entertainment, music production and distribution, films, video format products and television programmes production and distribution, cinema operation, cultural, leisure, entertainment and related facilities and investment holding. 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.

(2) Corporate Culture and Strategy (continued)

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:

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

(ii) Excellence — we aim to deliver excellence;

(iii) Collaboration — we are always better together;

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

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

(vi) 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 its Shareholders as a whole while taking into account the interests of other stakeholders.

The Board has established specific committees with written terms of reference to assist it in the efficient implementation of its functions, namely the Executive Committee, the Audit Committee, 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 overall business and commercial strategy of the Group 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 where necessary.

(3) Board of Directors (continued)

(3.2) Composition of the Board

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

Executive Directors
Lam Kin Ngok, Peter, GBM, GBS *(Chairman)*
Chew Fook Aun *(Deputy Chairman)*
Lau Shu Yan, Julius *(Chief Executive Officer)*
Lam Hau Yin, Lester *(also alternate director to U Po Chu)*
Lee Tze Yan, Ernest (appointed on 25 January 2022)
Tham Seng Yum, Ronald (resigned on 27 January 2022)

Non-executive Director
U Po Chu

Independent Non-executive Directors
Ip Shu Kwan, Stephen, GBS, JP
Lam Bing Kwan
Leung Shu Yin, William
Leung Wang Ching, Clarence, JP (resigned on 25 July 2022)

The brief biographical particulars of the Directors are set out in the section headed "Biographical Details of Directors" of this Annual Report on pages 130 to 135.

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

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

(3) Board of Directors (continued)

(3.3) Board Independence

The Group 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 21 October 2022, the Board has reviewed the implementation and effectiveness of the following mechanisms at the Board meeting:

(a) Three out of the nine Directors are INEDs, which meets 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 Committee meetings.

(e) The Chairman/Deputy 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.

(3.4) Directors' attendance at Board meetings

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

Directors	Number of Meetings Attended/ Number of Meetings Held
Executive Directors	
Lam Kin Ngok, Peter, GBM, GBS *(Chairman)*	4/4
Chew Fook Aun *(Deputy Chairman)*	4/4
Lau Shu Yan, Julius *(Chief Executive Officer)*	4/4
Lam Hau Yin, Lester *(also alternate director to U Po Chu)*	4/4
Tham Seng Yum, Ronald [(1)]	2/2
Lee Tze Yan, Ernest [(2)]	2/2
Non-executive Director	
U Po Chu	4/4
Independent Non-executive Directors	
Ip Shu Kwan, Stephen, GBS, JP	4/4
Lam Bing Kwan	4/4
Leung Shu Yin, William	4/4
Leung Wang Ching, Clarence, JP [(3)]	4/4

Notes:

(1) Mr. Tham Seng Yum, Ronald resigned as an ED on 27 January 2022.

(2) Mr. Lee Tze Yan, Ernest was appointed an ED on 25 January 2022.

(3) Mr. Leung Wang Ching, Clarence resigned as an INED on 25 July 2022.

(3.5) INEDs

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

(3) Board of Directors (continued)

(3.5) INEDs (continued)

Mr. Ip Shu Kwan, Stephen ("**Mr. Ip**") will retire at the forthcoming AGM and, being eligible, he offers himself for re-election. Mr. Ip was appointed an INED in December 2009 and has served on the Board for more than 9 years. The Board has received from Mr. Ip annual confirmation of his independence every year and taking into account the various factors as set out in Rule 3.13 of the Listing Rules. The Board concurs with the Nomination Committee and believes that Mr. Ip is still independent and should be re-elected. Being a long-serving Director, Mr. Ip has developed an in-depth understanding of the Company's operations and business, and has expressed objective views and given independent guidance to the Company over the years. There is no empirical evidence that the long service of Mr. Ip would impair his independent judgement. The Board is satisfied that Mr. Ip will continue to have the required character and experience to fulfill the role of an INED and considers that the re-election of Mr. Ip as an INED at the forthcoming AGM is in the best interest of the Company and its Shareholders as a whole.

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

(3.6) 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/webinars 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 current Directors received the following training with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the requirement of the CG Code on continuous professional development during the Year:

Directors	Corporate Governance/ Updates on Laws, Rules & Regulations		Accounting/ Financial/Management or Other Professional Skills	
	Read Materials	Attend Seminars/ Webinars/ Briefings	Read Materials	Attend Seminars/ Webinars/ Briefings
Executive Directors				
Lam Kin Ngok, Peter, GBM, GBS	✔	✔	✔	—
Chew Fook Aun	✔	✔	✔	✔
Lau Shu Yan, Julius	✔	✔	✔	✔
Lam Hau Yin, Lester *(also alternate director to U Po Chu)*	✔	✔	✔	✔
Tham Seng Yum, Ronald (1)	✔	✔	✔	✔
Lee Tze Yan, Ernest (2)	✔	✔	✔	✔
Non-executive Director				
U Po Chu	✔	✔	✔	—
Independent Non-executive Directors				
Ip Shu Kwan, Stephen, GBS, JP	✔	✔	✔	✔
Lam Bing Kwan	✔	✔	✔	✔
Leung Shu Yin, William	✔	✔	✔	✔
Leung Wang Ching, Clarence, JP (3)	✔	✔	✔	✔

Notes:

(1) Mr. Tham Seng Yum, Ronald resigned as an ED on 27 January 2022.

(2) Mr. Lee Tze Yan, Ernest was appointed an ED on 25 January 2022.

(3) Mr. Leung Wang Ching, Clarence resigned as an INED on 25 July 2022.

(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 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 three INEDs, namely Mr. Leung Shu Yin, William (Chairman), Mr. Lam Bing Kwan and Mr. Ip Shu Kwan, Stephen. Mr. Leung Wang Ching, Clarence ceased to be a member and Mr. Ip Shu Kwan, Stephen was appointed a member of Audit Committee on 25 July 2022 and 27 July 2022, respectively.

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

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

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 to oversight 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 revised in line with the CG Policy and had incorporated the new corporate governance-related functions required under the CG Code effective from 1 April 2012.

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

(5.1) Audit Committee (continued)

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

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

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

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

(b) Work performed by the Audit Committee

The Audit Committee held three meetings during the Year. It has reviewed the audited results of the Company for the year ended 31 July 2021, the unaudited interim results of the Company for the six months ended 31 January 2022 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 this Corporate Governance Report. Further, it has reviewed the audit fees payable to the independent auditor of the Company ("**Independent Auditor**") and budget for the ensuing year and internal control review reports and put forward relevant recommendations to the Board for approval. During the Year, the Audit Committee has also reviewed and recommended the Board to adopt certain corporate governance policies including the Anti-Fraud and Anti-Corruption Policy, Whistleblowing Policy and revised Shareholders' Communication Policy. In addition, the Audit Committee held private session with the Independent Auditor separately without the presence of management.

On 20 October 2022, the Audit Committee reviewed the draft audited consolidated financial statements of the Company as well as the accounting principles and policies for the Year with the Company's management in the presence of the representatives of the Independent Auditor of the Company. It also reviewed this Corporate Governance Report, the internal control review reports on the Company and risk management report prepared by the Independent Advisor.

(5) Board Committees (continued)

(5.1) Audit Committee (continued)

(c) Attendance at the Audit Committee meetings

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

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

* *Mr. Leung Wang Ching, Clarence ceased to be a member and Mr. Ip Shu Kwan, Stephen was appointed a member of the Audit Committee on 25 July 2022 and 27 July 2022, respectively.*

(5.2) Nomination Committee

The Board established a Nomination Committee on 25 January 2022 which currently comprises the Chairman, namely Dr. Lam Kin Ngok, Peter and two INEDs, namely Mr. Leung Shu Yin, William and Mr. Lam Bing Kwan. Mr. Chew Fook Aun has been appointed an alternate to Dr. Lam Kin Ngok, Peter. Mr. Leung Wang Ching, Clarence ceased to be a member and Mr. Lam Bing Kwan was appointed a member of the Nomination Committee on 25 July 2022 and 27 July 2022, respectively.

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 comprises 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.

(5) Board Committees (continued)

(5.2) Nomination Committee (continued)

(a) Duties of the Nomination Committee

The Nomination Committee is mainly responsible to review the structure, size, diversity profile and skills matrix of the Board and the needs of the Board and make recommendation on any proposed changes to the Board to complement the corporate strategy of the Company at least once annually, to identify suitable director candidates and select or make recommendations to the Board on the selection of individuals to be nominated as Directors, to assess the independence of INEDs having regard to the criteria under the Listing Rules, to make recommendation to the Board on the appointment or re-appointment of Directors and succession planning for Directors, to review the Nomination Policy and the Board Diversity Policy of the Company periodically and make recommendation on any proposed revisions to the Board.

The Company has adopted the following policies, and the Nomination Committee is responsible for reviewing the said policies periodically to ensure their effectiveness and making recommendations on any proposed revisions to the Board:

(i) Nomination Policy for the Directors

The Company has adopted the Nomination Policy in January 2019 which was revised by the Board on 25 January 2022. The updated Nomination Policy sets out the criteria, process and procedures by which the Nomination Committee and the Company will select candidate for possible inclusion in the Board. The Nomination Policy contains a number of factors in assessing the suitability of a proposed candidate which include the candidate's skills and experience, diversity perspectives set out in the Board Diversity Policy, the candidate's time 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 Chairman/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 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 and the Board as a whole regularly reviewed the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business as the Company. The independence of the INEDs was assessed according to the relevant rules and requirements under the Listing Rules.

The Nomination Policy was reviewed by the Nomination Committee on 20 October 2022 and the Board on 21 October 2022.

(5) Board Committees (continued)

(5.2) Nomination Committee (continued)

(a) Duties of the Nomination Committee (continued)

(ii) Board Diversity Policy

The Company has adopted a Board Diversity Policy in July 2013 and the revised Board Diversity Policy was adopted by the Board on 25 March 2022. The updated Board Diversity Policy sets out the approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board.

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

Board diversity ensures the Board has the appropriate balance and level of skills, experience and perspective required to support the execution of 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.

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 nine members, of whom five are EDs, one is NED and the remaining three are INEDs. The current Board comprises individuals who are professionals with real estate, investment, textile and apparel industry, accounting, financial, general management and tourism backgrounds.

The Board Diversity Policy was reviewed by the Nomination Committee on 20 October 2022 and the Board on 21 October 2022.

(5.2) Nomination Committee (continued)

(b) Work performed by the Nomination Committee

The Nomination Committee held one meeting during the Year. It has reviewed and approved the revised Board diversity Policy, and reviewed the structure, size and composition of the Board (including the skills, knowledge and experience). The Nomination Committee was of the view that the current composition of the Board was suitable to the operations of the Company and appropriate to the requirements of the Board Diversity Policy and therefore the current structure, size and composition of the Board should be maintained.

On 20 October 2022, 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 Mr. Lee Tze Yan, Ernest, Madam U Po Chu and Mr. Ip Shu Kwan, Stephen ("**Retiring Directors**") to the Board for considering their 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. It also considered the long service of all INEDs will not affect their exercise of independent judgement and they will remain committed to their role as an independent non-executive director of the Company.

(c) Attendance at the Nomination Committee meeting

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

Committee Members	Number of Meeting Attended/ Number of Meeting Held
Independent Non-executive Directors	
Leung Shu Yin, William	1/1
Lam Bing Kwan [(1)]	N/A
Leung Wang Ching, Clarence, JP [(1)]	1/1
Executive Directors	
Lam Kin Ngok, Peter, GBM, GBS	1/1
Chew Fook Aun [(2)]	1/1

Notes:

(1) Mr. Leung Wang Ching, Clarence ceased to be a member and Mr. Lam Bing Kwan was appointed a member of the Nomination Committee on 25 July 2022 and 27 July 2022, respectively.

(2) Mr. Chew Fook Aun has been appointed alternate to Dr. Lam Kin Ngok, Peter.

(5) Board Committees (continued)

(5.3) Remuneration Committee

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

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

(a) Duties of the Remuneration Committee

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

(b) Work performed by the Remuneration Committee

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

(c) Attendance at the Remuneration Committee meeting

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

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

(6) Chairman and Chief Executive

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

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

(7) Dividend Policy

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

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

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

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

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

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

(8) Securities Transactions by Directors and Designated Employees

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

(9) Whistleblowing Policy

In compliance with code provision D.2.6 of the CG Code, the Board adopted a Whistleblowing Policy on 22 July 2022. 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 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.

(10) 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 22 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.

(10) Anti-Fraud and Anti-Corruption Policy (continued)

The Board and the Audit Committee will continue to review the Anti-fraud and Anti-corruption Policy and mechanism periodically to improve its effectiveness and enforce the commitment of the Group to the prevention, deterrence, detection and investigation of 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.

(11) Independent Auditor's Remuneration

The fees in respect of the audit and non-audit services provided to the Group by the Independent Auditor, Ernst & Young, Certified Public Accountants, ("**Ernst & Young**") Hong Kong for the Year amounted to HK$16,238,000 and HK$6,583,000, respectively. The non-audit services mainly consist of advisory, review, tax compliance service and other reporting services. An analysis of such fees is set out below:

	Audit service HK$'000	**Non-audit service** HK$'000
The Group (excluding eSun Holdings Limited ("**eSun**"), Lai Fung Holdings Limited ("**Lai Fung**") and their respective subsidiaries)	5,978	2,221
eSun and its subsidiaries (including Media Asia Group Holdings Limited and its subsidiaries)	6,552	1,758
Lai Fung and its subsidiaries	3,708	2,604
Total	**16,238**	**6,583**

(12) Directors' Responsibility for Preparing Financial Statements

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

(13) Independent Auditor's Reporting Responsibility

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

(14) Risk Management and Internal Control

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

The Group has established a risk management framework, which consists of the Board of Directors, the Audit Committee and the Risk Management Taskforce. The Board of Directors 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 prioritizes the identified risks according to a set of standard criteria. Risk mitigation plans and risk owners are then established for those risks considered to be significant.

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

(14) Risk Management and Internal Control (continued)

Risk management report and internal control report are submitted to the Audit Committee and the Board of Directors at least once a year. The Board of Directors 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 of Directors 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 of Directors 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.

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

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

(15) Company Secretary

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

(16) Shareholders' Rights

(16.1) Procedures for Shareholders to convene a general meeting

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

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

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

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

(16) Shareholders' Rights (continued)

(16.2) Procedures for putting forward proposals at general meeting

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

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

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

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

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

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

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

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

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

(17) Communication with Shareholders

(17.1) Shareholders' Communication Policy

On 29 March 2012, the Board adopted a Shareholders' Communication Policy and revised on 22 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. However, it will be reviewed regularly to ensure its effectiveness and compliance with the prevailing regulatory and other requirements.

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

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

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

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

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

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

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

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

A copy of the Shareholders' Communication 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 is satisfied that the Shareholders' Communication Policy has been properly in place during the Year and is effective.

(17) COMMUNICATION WITH SHAREHOLDERS (CONTINUED)

(17.2) Directors' attendance at general meeting

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

Directors	Number of Meeting Attended/ Number of Meeting Held
Executive Directors	
Lam Kin Ngok, Peter, GBM, GBS *(Chairman)*	0/1
Chew Fook Aun *(Deputy Chairman)*	1/1
Lau Shu Yan, Julius *(Chief Executive Officer)*	1/1
Lam Hau Yin, Lester *(also alternate director to U Po Chu)*	0/1
Tham Seng Yum, Ronald *(1)*	1/1
Lee Tze Yan, Ernest *(2)*	N/A
Non-executive Director	
U Po Chu	0/1
Independent Non-executive Directors	
Ip Shu Kwan, Stephen, GBS, JP	1/1
Lam Bing Kwan	1/1
Leung Shu Yin, William	1/1
Leung Wang Ching, Clarence, JP *(3)*	0/1

Notes:

(1) Mr. Tham Seng Yum, Ronald resigned as an ED on 27 January 2022.

(2) Mr. Lee Tze Yan, Ernest was appointed an ED on 25 January 2022.

(3) Mr. Leung Wang Ching, Clarence resigned as an INED on 25 July 2022.

(17) Communication with Shareholders (continued)

(17.3) Details of the Last general meeting

The last general meeting of the Company was held at 11:00 a.m. on 17 December 2021 at Grand Ballrooms 1 and 2, Level B, Hong Kong Ocean Park Marriott Hotel, 180 Wong Chuk Hang Road, Aberdeen, Hong Kong ("**2021 AGM**"). At the 2021 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 2021 and the reports of the directors and the independent auditor thereon; (ii) the re-election of Dr. Lam Kin Ngok, Peter, Mr. Chew Fook Aun and Mr. Lam Hau Yin, Lester as ED and Mr. Leung Wang Ching, Clarence as INED; (iii) the authorisation for the Board to fix the remuneration of the Directors; (iv) the re-appointment of Ernst & Young as the Independent Auditor for the Year and the authorisation for the Board to fix their remuneration; (v) the granting to the Directors a general mandate to buy back the Company's shares not exceeding 10% of the aggregate number of the issued shares of the Company; (vi) the granting to the Directors a general mandate to issue, allot and deal with additional shares of the Company of not exceeding 20% of the aggregate number of the issued shares; (vii) the extension to the general mandate granted to the Directors to issue share of the Company by adding the number of shares bought back. The notice of the 2021 AGM and the poll results announcement in respect of the 2021 AGM were published on the websites of both the HKEX and the Company on 17 November 2021 and 17 December 2021, respectively.

(18) Investor Relations

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

(18) Investor Relations (continued)

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

Month	Event (Virtual)	Organiser	Investor Base
October 2021	Post results non-deal roadshow	DBS	Hong Kong
October 2021	Post results non-deal roadshow	DBS	United States
October 2021	Post results non-deal roadshow	HSBC	Hong Kong/Singapore/ Mainland China
November 2021	Post results non-deal roadshow	DBS	United States
March 2022	Post results non-deal roadshow	DBS	Hong Kong/Singapore/ United Kingdom/ United Arab Emirates
March 2022	Post results non-deal roadshow	DBS	United States
March 2022	Post results non-deal roadshow	HSBC	Hong Kong
July 2022	DBS Vickers Hong Kong Property and Logistics Conference Calls	DBS	Hong Kong/Singapore/ United States

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

Biographical Details of Directors

EXECUTIVE DIRECTORS

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

Dr. Lam Kin Ngok, Peter, Chairman, aged 65, has been an Executive Director since June 1977 and is presently a member of the Executive Committee of the Company. Dr. Lam was appointed the chairman of the Nomination Committee of the Company on 25 January 2022. He is also the chairman and executive director of LSG and MAGHL and an executive director of Crocodile Garments Limited ("**CGL**"), a company listed on the Main Board of the Stock Exchange. Dr. Lam was an executive director of eSun from 15 October 1996 to 13 February 2014. Dr. Lam was the chairman and an executive director of Lai Fung from 25 November 1993 to 31 October 2012. Dr. Lam has extensive experience in the property development and investment business, hospitality 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 awarded from the Government of the Hong Kong Special Administrative Region ("**HKSAR**") on 1 July 2015. He also received the Grand Bauhinia Medal awarded from the Government of the HKSAR on 27 July 2022.

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

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

Executive Directors (continued)

Mr. Chew Fook Aun, aged 60, was appointed the Deputy Chairman and an Executive Director of the Company on 5 June 2012. He is currently a member of the Executive Committee and Remuneration Committee, and has been appointed the alternate to Dr. Lam Kin Ngok, Peter, the chairman of the Nomination Committee of the Company. He is also the deputy chairman and an executive director of LSG, an executive director of eSun and the chairman and an executive director of Lai Fung.

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

Mr. Chew has over 30 years of experience in accounting, auditing and finance in the United Kingdom ("**UK**") and Hong Kong. He graduated from the London School of Economics and Political Science of the University of London in the UK with a Bachelor of Science (Economics) Degree. Mr. Chew is a certified public accountant, a Fellow Member of The Institute of Chartered Accountants in England and Wales (ICAEW), the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and The Hong Kong Institute of Directors (HKIoD).

Mr. Chew was a council member of the HKICPA from 2003 to 2010 and its vice president in 2010. He was appointed a Council member of the Financial Reporting Council ("**FRC**") in 2009 until 30 November 2015, a member of the Independent Audit Oversight Reform Committee for the FRC from 11 December 2015 to 30 September 2019 and a member of the Investigation and Compliance Committee of the FRC from 1 October 2019 to 30 September 2021. Mr. Chew was a member of the Advisory Committee of the Securities and Futures Commission ("**SFC**") from 1 June 2007 to 31 May 2013, the Citizens Advisory Committee on Community Relations of the Independent Commission Against Corruption ("**ICAC**") from 1 January 2007 to 31 December 2008, the Corruption Prevention Advisory Committee of the ICAC from 1 January 2009 to 31 December 2014 and the Operations Review Committee of the ICAC from 1 January 2015 to 31 December 2020. He was also appointed a member of the Standing Committee on Company Law Reform of the Companies Registry from 1 February 2009 to 31 January 2015.

Mr. Chew is presently a member of the Hong Kong Judiciary Barristers Disciplinary Tribunal Panel since 2015. He is a member of the Board of Directors of the Hong Kong Sports Institute Limited (HKSI) from 1 April 2017 and was appointed its Vice Chairman from 1 April 2021. He is also a member of the Board of Directors of The Asian Youth Orchestra since 2018. Mr. Chew was appointed as a member of the Council of The Hong Kong Polytechnic University for a term of three years with effect from 1 April 2022 and is a deputy chairman of The Malaysian Chamber of Commerce (Hong Kong and Macau) Limited since 13 June 2022. Mr. Chew was appointed a non-executive director of the SFC on 17 October 2022 for a term of two years with effect from 1 January 2023.

Biographical Details of Directors

Executive Directors (continued)

Mr. Lau Shu Yan, Julius, Chief Executive Officer, aged 66, joined the Company as an Executive Director in July 1991 and is a member of the Executive Committee of the Company. Mr. Lau was an executive director of Lai Fung from 22 April 2005 to 16 January 2015. Prior to joining the Lai Sun Group, he was a director of Jones Lang Wootton Limited and subsequently Jardine Fleming Broking Limited. Mr. Lau is a director and a member of the Executive Committee of The Real Estate Developers Association of Hong Kong. Mr. Lau graduated with an honour degree of Bachelor of Social Science from the University of Hong Kong in 1980.

Mr. Lam Hau Yin, Lester, aged 41, was appointed an Executive Director and a member of the Executive Committee of the Company with effect from 1 November 2012. He is also an alternate director to Madam U Po Chu, a non-executive director of the Company. Mr. Lam is an executive director of LSG and eSun as well as an executive director and the chief executive officer of Lai Fung. Further, he is an alternate director to Madam U Po Chu in her capacity as an executive director of LSG and Lai Fung as well as a non-executive director of eSun.

Mr. Lam holds a Bachelor of Science in Business Administration degree from the Northeastern University in Boston of the United States of America ("**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 (Chairman and an Executive Director of the Company) and a grandson of Madam U Po Chu (a Non-executive Director of the Company).

Mr. Lee Tze Yan, Ernest, aged 58, was appointed an Executive Director of the Company in January 2022. He is also an executive director of Lai Fung.

Mr. Lee joined the Company 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 Company, 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.

The Company has entered into an employment contract with Mr. Lee with no fixed term but such contract is determinable by either the Company or Mr. Lee by serving the other party not less than 3 months' written notice or payment in lieu thereof. Mr. Lee receives a remuneration of HK$4,260,840 per annum, a two months contractual bonus yearly and such discretionary bonus with reference to the results of the Group and his performance. He also receives an annual remuneration of HK$1,418,280 from Lai Fung.

Executive Directors (continued)

Save as disclosed above, Mr. Lee does not have any relationship with any other directors, senior management or substantial or controlling shareholders of the Company. As at the date of this Annual Report, except for his personal interest in the share options comprising 969,854 shares in the Company and 640,000 shares in Lai Fung, Mr. Lee does not hold any interest or short position in the shares, underlying shares and/or debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong ("**SFO**").

For the purpose of his re-election as a director of the Company at the forthcoming annual general meeting of the Company ("**AGM**") in accordance with Article 93 of the Articles of Association of the Company ("**Articles of Association**"), save as disclosed above, there are no other matters which need to be brought to the attention of the shareholders of the Company, and there is no information which is discloseable pursuant to any of the requirements of Rule 13.51(2) of the Rules Governing the Listing of securities on the Stock Exchange ("**Listing Rules**").

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

Non-Executive Director

Madam U Po Chu, aged 97, has been a Director of the Company since December 1993. She is also a non-executive director of eSun and an executive director of LSG and Lai Fung. The issued shares of LSG, eSun, and Lai Fung are listed and traded on the Main Board of the Stock Exchange. LSG is the ultimate holding company of the Company while the Company is the holding company of eSun which in turn is the holding company of Lai Fung.

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

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

Madam U does not have a service contract with the Company. However, in accordance with the provisions of the Articles of Association, she will be subject to retirement from office as director by rotation once every three years if re-elected at the forthcoming AGM and will also be eligible for re-election at future AGMs. Madam U presently receives an annual director's fee of HK$250,000 and is entitled to receive such other remuneration and discretionary bonus as may be determined by the Board from time to time with reference to the performance of the Company, her duties and responsibilities with the Company as well as prevailing market practice. She also receives an annual remuneration of HK$3,600,000 and director's fee of HK$48,000 from LSG as well as an annual remuneration of HK$2,880,000 from Lai Fung.

As at the date of this Annual Report, Madam U is interested or deemed to be interested within the meaning of Part XV of the SFO in 1,238,287 shares in LSG and 40,378 Shares in the Company. Save as disclosed herein, Madam U does not hold any interest or short position in the shares, underlying shares and/or debentures of the Company or any of its associated corporations within the meaning or Part XV of the SFO.

Non-Executive Director (continued)

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

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

Independent Non-Executive Directors

Mr. Lam Bing Kwan, aged 72, was appointed an Independent Non-Executive Director in July 2002 and is a member of both the Audit Committee and the Remuneration Committee of the Company. He was appointed as a member of the Nomination Committee of the Company on 27 July 2022.

Mr. Lam graduated from the University of Oregon in the USA with a Bachelor of Business Administration degree in 1974. He has substantial experience in the property development and investment in China, having been actively involved in this industry since the mid-1980's. Mr. Lam has served on the boards of directors of a number of listed companies in Hong Kong for over 15 years and is currently a non-executive director of Sino-i Technology Limited and Nan Hai Corporation Limited and an independent non-executive director of LSG and Lai Fung. The issued shares of all the aforesaid companies are listed and traded on the Main Board of the Stock Exchange. LSG is the ultimate holding company of the Company while Lai Fung is subsidiary of the Company.

Mr. Leung Shu Yin, William, aged 73, was appointed an Independent Non-Executive Director in September 2004 and is the chairman of both the Remuneration Committee and the Audit Committee of the Company. He was also appointed as a member of the Nomination Committee of the Company on 25 January 2022. Mr. Leung is a certified public accountant, a member of the Hong Kong Securities and Investment Institute and a fellow of both the Association of Chartered Certified Accountants in the UK and the HKICPA. He is a practising director of two certified public accountants' firms in Hong Kong and is also an independent non-executive director of LSG and Mainland Headwear Holdings Limited. He is also an independent non-executive director and deputy chairman of CGL. The issued shares of all the aforesaid companies are listed and traded on the Main Board of the Stock Exchange. LSG is the ultimate holding company of the Company.

Mr. Ip Shu Kwan, Stephen, aged 71, was appointed an Independent Non-Executive Director of the Company in December 2009. He was appointed as a member of the Audit Committee of the Company on 27 July 2022. Mr. Ip graduated from the University of Hong Kong with a Bachelor degree in Social Sciences in 1973. He joined the Hong Kong Government in November 1973 and was promoted to the rank of Director of Bureau in April 1997. He worked in the Government of the HKSAR as a Principal Official from July 1997 to June 2007. Senior positions held by Mr. Ip in the past included Commissioner of Insurance, Commissioner for Labour, Secretary for Economic Services and Secretary for Financial Services. Mr. Ip took up the position of Secretary for Economic Development and Labour on 1 July 2002. His portfolio in respect of economic development covered air and sea transport, logistics development, tourism, energy, postal services, meteorological services, competition and consumer protection. He was also responsible for labour policies including matters relating to employment services, labour relations and employees' rights. Mr. Ip retired from the Government of the HKSAR in July 2007. Mr. Ip received the Gold Bauhinia Star awarded from the Government of the HKSAR in 2001 and is an unofficial Justice of the Peace.

Independent Non-Executive Directors (continued)

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

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

Mr. Ip has served on the Board for over 9 years. Being a long-serving director, Mr. Ip has developed an in-depth understanding of the Company's operations and business, and has expressed objective views and given independent guidance to the Company over the years. There is no empirical evidence that the long service of Mr. Ip would impair his independent judgment. The Board is satisfied that Mr. Ip will continue to have the required character and experience to fulfill the role of an Independent Non-Executive Director and considers that the re-election of Mr. Ip as an Independent Non-Executive Director at the forthcoming AGM is in the best interest of the Company and its shareholders as a whole.

As at the date of this annual report, Mr. Ip does not have any interests or short positions in the shares, underlying shares and/or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

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

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

Note:

*Mr. Lee Tze Yan, Ernest, Madam U Po Chu and Mr. Ip Shu Kwan, Stephen ("**Retiring Directors**") will retire as directors by rotation at the forthcoming annual general meeting of the Company. Being eligible, they offer themselves for re-election. For the purpose of each of the Retiring Directors' re-election, save as disclosed above, there are no other matters which need to be brought to the attention of the shareholders of the Company, and there is no information which is discloseable pursuant to any of the requirements of Rule 13.51(2) of the Rules Governing the Listing of Securities on the Stock Exchange.*

Report of the Directors

The directors of the Company ("**Directors**") present their report and the audited financial statements of the Company and its subsidiaries ("**Group**") for the year ended 31 July 2022 ("**Year**").

Principal Activities

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

Results and Dividends

Details of the consolidated loss of the Company for the Year and the state of affairs of the Company and of the Group as at 31 July 2022 are set out in the consolidated financial statements and their accompanying notes on pages 170 to 352.

The Directors does not recommend the payment of a final dividend in respect of the Year (2021: Nil). No interim dividend was paid or declared in respect of the Year (2021: Nil).

Business Review

A review of the business of the Group during the Year and a discussion on the Group's future business development, possible risks and uncertainties that the Group may be facing are provided in the Chairman's Statement on pages 4 to 15 and Management Discussion and Analysis on pages 18 to 51 of this Annual Report.

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

An analysis of the Group's performance during the Year using financial key performance indicators is provided in the Chairman's Statement on pages 4 to 15 and Financial Highlights on pages 16 to 17 of this Annual Report.

Discussions on the Group's environmental policies, relationships with its key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group are contained in the Environmental, Social and Governance Report on pages 63 to 104 of this Annual Report.

Distributable Reserves

The Company's reserves available for distribution to shareholders as at 31 July 2022 were approximately HK$4,910,803,000.

Shares Issued in the Year

Details of the ordinary shares issued by the Company in the Year are set out in note 40 to the financial statements. The ordinary shares issued during the Year were by ways of (1) issue of the new ordinary shares of the Company ("**Shares**") under the general mandate to an independent third party and (2) a rights issue on the basis of one (1) rights share for any two (2) existing Shares.

Permitted Indemnity Provision

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

Directors

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

Executive Directors ("EDs")
Lam Kin Ngok, Peter, GBM, GBS ("**Dr. Peter Lam**") *(Chairman)*
Chew Fook Aun ("**Mr. FA Chew**") *(Deputy Chairman)*
Lau Shu Yan, Julius ("**Mr. Julius Lau**") *(Chief Executive Officer)*
Lam Hau Yin, Lester ("**Mr. Lester Lam**") *(also alternate director to U Po Chu)*
Lee Tze Yan, Ernest ("**Mr. Ernest Lee**") *(appointed on 25 January 2022)*
Tham Seng Yum, Ronald ("**Mr. Ronald Tham**") *(resigned on 27 January 2022)*

Non-executive Director ("NED")
U Po Chu ("**Madam U**")

Independent Non-executive Directors ("INEDs")
Ip Shu Kwan, Stephen, GBS, JP ("**Mr. Stephen Ip**")
Lam Bing Kwan ("**Mr. BK Lam**")
Leung Shu Yin, William ("**Mr. William Leung**")
Leung Wang Ching, Clarence, JP ("**Mr. Clarence Leung**") *(resigned on 25 July 2022)*

In accordance with Article 102 of the Articles of Association and pursuant to Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**" and "**Stock Exchange**", respectively), Madam U and Mr. Stephen Ip ("**Retiring Directors**") will retire by rotation at the forthcoming annual general meeting of the Company ("**AGM**"). Being eligible, they offer themselves for re-election.

In accordance with Article 93 of the Articles of Association and pursuant to Appendix 14 of the Listing Rules, Mr. Ernest Lee ("**Retiring Director**") will retire by rotation at the forthcoming AGM. Being eligible, he offers himself for re-election.

Details of the Retiring Directors proposed for re-election required to be disclosed under Rule 13.51(2) of the Listing Rules are set out in the section headed "Biographical Details of Directors" and the section headed "Directors' Interests" of this Annual Report and in the circular of the Company dated 17 November 2022.

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

Biographical Details of Directors

Brief biographical particulars of the existing Directors are set out on pages 130 to 135 of this Annual Report. Directors' other particulars are contained in this Report and elsewhere in this Annual Report.

Directors' Service Contracts

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

Directors' Remuneration

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

Directors' Interests in Transactions, Arrangements or Contracts

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

Controlling Shareholder's Interests in Significant Contracts

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

Continuing Connected Transactions

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

1. Ascott Management Agreement

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

1. Ascott Management Agreement (continued)

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

For the year ended 31 July 2022, the management and other service fees paid or payable by the Group to Ascott amounted to RMB5,156,000 (equivalent to approximately HK$6,215,000).

CapitaLand is an indirect substantial shareholder of Lai Fung. Lai Fung is a 55.08% owned subsidiary of the Company. Accordingly, Ascott is a connected person of the Company under Rule 14A.07 of the Listing Rules, and the transactions contemplated under the 2020 Management Agreement constitute CCTs for the Company under Chapter 14A of the Listing Rules.

2. The May Flower Cinema Leases

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

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

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

As announced by the Company, LSG, eSun and Lai Fung on 15 September 2022, Guangdong Cinema City entered into a termination agreement ("**Termination Agreement**") with Guangzhou Jieli to terminate the Guangzhou May Flower Cinema Lease with effect from 15 October 2022.

After the termination of the Guangzhou May Flower Cinema Lease, the revised Guangdong Cinema City Caps under the Zhongshan May Flower Cinema Lease will be below HK$3,000,000.

Continuing Connected Transactions (continued)

2. The May Flower Cinema Leases (continued)

After the termination of the Guangzhou May Flower Cinema Lease, the revised Zhongshan Baoli Caps under the Zhongshan May Flower Cinema Lease will be as follows:

- RMB2,500,000 (equivalent to HK$2,813,000) for the period from the Termination Date to the financial year ending 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.

Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk ("**Yu Shareholders**") are substantial shareholders of the Company and hence connected persons of the Company under the Listing Rules. On the basis of the Yu Shareholders' disclosures of interests in eSun and Lai Fung, the Yu Shareholders held over 10% of the issued share capital of Lai Fung during the period from 16 September 2019 to 3 August 2020. The Yu Shareholders ceased to be substantial shareholders of Lai Fung, and Lai Fung ceased to be a connected subsidiary of the Company on 3 August 2020. The Yu Shareholders held over 10% of the issued share capital of eSun and Lai Fung from 30 May 2022 and became the substantial shareholders of eSun and Lai Fung. For the purposes of the Listing Rules, eSun and Lai Fung became connected subsidiaries of the Company pursuant to Rule 14A.16(1) of the Listing Rules, and connected persons of the Company. While the terms of the May Flower Cinema Leases remained unchanged, the transactions thereunder had become CCT of the Company from 30 May 2022 under Chapter 14A of the Listing Rules.

For the period from 30 May 2022 to 31 July 2022, the amounts payable as a lessee other than the base rent were RMB353,000 (equivalent to approximately HK$425,000).

The Company will comply with the requirements under the connected transactions rules of the Listing Rules if any cap is exceeded, or when the above leases are renewed or there are material changes to the leases.

3. 2020 Commercial Letting Framework Agreement

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

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

3. 2020 Commercial Letting Framework Agreement (continued)

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

As lessee:

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

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

As lessor:

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

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

For the financial year ended 31 July 2022, in respect of the Transactions:

(i) total value of the newly recognised right-of-use assets amounted to HK$1,653,000;

(ii) licensing and other fees other than the fixed rental payments paid or payable by the Group amounted to HK$419,000; and

(iii) annual rental, licensing fees and/or other fees received or receivable by the Group amounted to HK$4,068,000.

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

Continuing Connected Transactions (continued)

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

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

(b) on normal commercial terms or better; and

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

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

(i) have not been approved by the Board;

(ii) were not, in all material respects, in accordance with the pricing policies of the Group for transactions involving the provision of goods or services by the Group;

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

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

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

Directors' Interests in Competing Businesses

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

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

Directors' Interests in Competing Businesses (continued)

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

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

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

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

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

Share Option Schemes

(1) The Company

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

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

As at 31 July 2022, share options comprising a total of 10,962,687 underlying Shares were outstanding, of which share options comprising 10,256,358 underlying Shares were granted under the Old Scheme and share options comprising 706,329 underlying Shares were granted under the New Scheme.

Share Option Schemes (continued)

(1) The Company (continued)

On 6 October 2021, the Company issued and allotted 322,961,962 Rights Shares pursuant to the completion of the 1-for-2 rights issue of the Company ("**Rights Issue**").

During the Year, there were 2,275,301 options lapsed by Mr. Chew Fook Aun on 5 June 2022 under the Old Scheme, 310,000 options were granted to certain eligible participants under the New Scheme on 25 January 2022, 72,739 options and 145,478 options lapsed by certain eligible participants on 22 January 2022 and 29 June 2022, respectively under the Old Scheme, 932,552 options lapsed by Mr. Tham Seng Yum, Ronald and 291,423 options lapsed by an eligible employee in July 2022 under the New Scheme. Particulars of the outstanding options at the beginning and at the end of the financial period are as follows:

	Number of underlying Shares comprised in share options										
Name and category of participant	Date of grant of options *(Note 1)*	Outstanding at 01/08/2021	Adjusted after the Rights Issue	Transfer to other category during the Year	Transferred from other category during the Year	Granted during the Year	Exercised during the Year	Lapsed during the Year	Outstanding at 31/07/2022	Exercisable period of share options	Adjusted Exercise price of share options after the Rights Issue HK$ per Share
Directors											
Lam Kin Ngok, Peter	18/01/2013	417,308	486,452	–	–	–	–	–	486,452	18/01/2013 - 17/01/2023	13.811
Chew Fook Aun *(Note 2)*	05/06/2012	1,952,081	2,275,301	–	–	–	–	(2,275,301)	–	05/06/2012 - 04/06/2022	4.590
Lau Shu Yan, Julius	18/01/2013	2,086,540	2,432,259	–	–	–	–	–	2,432,259	18/01/2013 - 17/01/2023	13.811
Lam Hau Yin, Lester	18/01/2013	4,173,081	4,864,519	–	–	–	–	–	4,864,519	18/01/2013 - 17/01/2023	13.811
Lee Tze Yan, Ernest *(Note 3)*	18/01/2013	–	–	–	969,854	–	–	–	969,854	18/01/2013 - 17/01/2023	13.811
Tham Seng Yum, Ronald *(Note 4)*	19/08/2019	800,000	932,552	(932,552)	–	–	–	–	–	19/08/2019 - 18/08/2029	8.509
Other employees *(Note 3)*	18/01/2013	2,059,200	2,400,389	(969,854)	–	–	–	(218,217)	1,212,318	18/01/2013 - 17/01/2023	13.811
Other employees	26/07/2013	83,200	96,985	–	–	–	–	–	96,985	26/07/2013 - 25/07/2023	9.650
Other employees	21/01/2015	166,400	193,971	–	–	–	–	–	193,971	21/01/2015 - 20/01/2025	7.163
Other employees	22/01/2016	60,000	69,940	–	–	–	–	–	69,940	22/01/2016 - 21/01/2026	4.032
Other employees	20/01/2017	60,000	69,940	–	–	–	–	–	69,940	20/01/2017 - 19/01/2027	6.991
Other employees *(Note 4)*	19/08/2019	–	–	–	932,552	–	–	(932,552)	–	19/08/2019 - 18/08/2029	8.509
Other employees	26/01/2021	470,000	547,872	–	–	–	–	(291,423)	256,449	26/01/2021 - 25/01/2031	5.455
Other employees	25/01/2022	–	–	–	–	310,000 *(Note 5)*	–	–	310,000	25/01/2022 - 24/01/2032	4.380
Total:		**12,327,810**	**14,370,180**	**(1,902,406)**	**1,902,406**	**310,000**	**–**	**(3,717,493)**	**10,962,687**		

(1) The Company (continued)

Notes:

1. *The share options were vested on the date of grant.*

2. *The 2,275,301 share options of Mr. Chew Fook Aun was expired on 5 June 2022.*

3. *Mr. Lee Tze Yan, Ernest has been appointed an executive Director of the Company on 25 January 2022. His share option was transferred from the category of "Other employees" to "Directors".*

4. *Mr. Tham Seng Yum, Ronald has resigned as an executive Director of the Company on 27 January 2022. His share option was transferred from the category of "Directors" to "Other employees" and lapsed in July 2022.*

5. *During the Year, a share option was granted to certain eligible participants under the New Scheme on 25 January 2022 enabling them to subscribe for a total of 310,000 Shares at an exercise price of HK4.380 per Share during the exercisable period from 25 January 2022 to 24 January 2032. The closing price of the Shares immediately before the date of grant was HK$4.320 per Share.*

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

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

(2) eSun

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

Upon the closing of the eSun's offers on 22 August 2018, all outstanding share options granted under the 2005 Scheme and the 2015 Scheme had lapsed or had been cancelled.

As at 31 July 2022, share options comprising a total of 1,500,000 underlying eSun Shares granted under the 2015 Scheme were outstanding.

Share Option Schemes (continued)

(2) eSun (continued)

The movement of eSun share options granted under the 2015 Scheme during the Year is as follows:

		Number of underlying eSun Shares comprised in eSun share options						
Name or category of participant	Date of grant *(Note 1)*	Outstanding at 01/08/2021	Granted during the Year	Exercised during the Year	Lapsed during the Year	Outstanding at 31/07/2022	Exercisable period	Exercisable price per eSun Share (HK$) *(Note 2)*
Employees and other eligible participants								
Employees (in aggregate)	21/1/2022	—	1,500,000 *(Note 3)*	—	—	1,500,000	21/01/2022 - 20/01/2032	0.50
Total:		**—**	**1,500,000**	**—**	**—**	**1,500,000**		

Notes:

1. *The share options of eSun were 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 specific changes in eSun's share capital.*

3. *During the Year, a share option was granted to certain eligible participants under the 2015 Scheme on 21 January 2022 enabling them to subscribe for a total of 1,500,000 ordinary shares of eSun at an exercise price of HK0.50 per eSun Share during the exercisable period from 21 January 2022 to 20 January 2032. The closing price of the shares immediately before the date of grant was HK$0.37 per eSun Share.*

Save as disclosed above, no eSun share options were granted, exercised, cancelled, or lapsed in accordance with the terms of the 2015 Scheme during the Year.

(3) Lai Fung

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

As at 31 July 2022, share options comprising a total of 8,440,690 underlying Lai Fung Shares granted under the Scheme were outstanding.

During the Year, there were 680,000 options lapsed by eligible employees under the Scheme and 440,000 options were granted to certain eligible participants under the Scheme.

(3) Lai Fung (continued)

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

		Number of underlying Lai Fung Shares comprised in Lai Fung share options								
Name or category of participant	**Date of grant** *(Note 1)*	**Outstanding at 01/08/2021**	**Transfer to other category during the Year**	**Transferred from other category during the Year**	**Granted during the Year**	**Exercised during the Year**	**Lapsed during the Year**	**Outstanding at 31/07/2022**	**Exercisable period**	**Exercisable price per Lai Fung Share** (HK$) *(Note 2)*
Directors *(Note 3)*										
Lam Kin Ngok, Peter	18/01/2013	321,918	–	–	–	–	–	321,918	18/01/2013 - 17/01/2023	11.40
Lau Shu Yan, Julius	18/01/2013	965,754	–	–	–	–	–	965,754	18/01/2013 - 17/01/2023	11.40
Lam Hau Yin, Lester	18/01/2013	3,219,182	–	–	–	–	–	3,219,182	18/01/2013 - 17/01/2023	11.40
Lee Tze Yan, Ernest *(Note 5)*	18/01/2013	–	–	640,000	–	–	–	640,000	18/01/2013 - 17/01/2023	11.40
Tham Seng Yum, Ronald *(Note 6)*	19/08/2019	500,000	(500,000)	–	–	–	–	–	19/08/2019 - 18/08/2029	6.784
other eligible participants (in aggregate) *(Note 7)*										
Batch 1 *(Note 5)*	18/01/2013	2,763,836	(640,000)	–	–	–	(60,000)	2,063,836	18/01/2013 - 17/01/2023	11.40
Batch 2	26/07/2013	220,000	–	–	–	–	(60,000)	160,000	26/07/2013 - 25/07/2023	9.50
Batch 3	16/01/2015	120,000	–	–	–	–	–	120,000	16/01/2015 - 15/01/2025	8.00
Batch 4	19/01/2018	190,000	–	–	–	–	–	190,000	19/01/2018 - 18/01/2028	13.52
Batch 5	22/01/2019	260,000	–	–	–	–	–	260,000	22/01/2019 - 21/01/2029	10.18
Batch 5A *(Note 6)*	19/08/2019	–	–	500,000	–	–	(500,000)	–	19/08/2019 - 18/08/2029	6.784
Batch 6	22/01/2021	120,000			–	–	(60,000)	60,000	22/01/2021 - 21/01/2031	7.364
Batch 7	21/01/2022	–			440,000 *(Note 4)*	–	–	440,000	21/01/2022 - 20/01/2032	5.75
Total:		**8,680,690**	**(1,140,000)**	**1,140,000**	**440,000**	**–**	**(680,000)**	**8,440,690**		

Share Option Schemes (continued)

(3) Lai Fung (continued)

Notes:

1. *The Lai Fung share options vested on the date of grant.*

2. *The exercise price of the share options is subject to adjustment in the case of rights or bonus issues or other similar changes in Lai Fung's share capital.*

3. *Directors refer to Directors of the Company.*

4. *During the Year, a share option was granted to certain eligible participants under the Scheme on 21 January 2022 enabling them to subscribe for a total of 440,000 ordinary shares of Lai Fung at an exercise price of HK$5.75 per Lai Fung Share during the exercise period from 21 January 2022 to 20 January 2032. The closing price of the shares immediately before the date of grant was HK$6.00 per Lai Fung Share.*

5. *Mr. Lee Tze Yan, Ernest has been appointed an executive Director of the Company on 25 January 2022. His share option was transferred from the category of "Other eligible participants" to "Directors".*

6. *Mr. Tham Seng Yum, Ronald has resigned as an executive director of Lai Fung on 27 January 2022. His share option was transferred from the category of "Directors" to "Other eligible participants"*

7. *Other Eligible Participants include directors of Lai Fung.*

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

As at the Report Date, further options to subscribe for a maximum of 23,531,135 shares in Lai Fung could be granted under the Scheme, together with the 8,440,690 underlying Lai Fung Shares comprised in the share options granted under the Scheme and remained outstanding as at the Report Date, a total number of 31,971,825 Lai Fung Shares are available for issue under the Scheme, representing approximately 9.66% of the shares of Lai Fung in issue as at the Report Date.

(4) MAGHL

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

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

No share options had been granted under the MAGHL Scheme since its adoption. As a result of (a) the share consolidation of MAGHL becoming effective on 22 December 2020; (b) the completion of the loan capitalisation on 18 January 2021; (c) the issue of ordinary shares on 17 March 2021; and (d) the issue of subscription shares on 28 June 2021 and 3 August 2021, respectively, the total issued shares of MAGHL increased to 2,986,314,015 shares. As at the date of this Report, MAGHL might grant options under the MAGHL Scheme to subscribe for a maximum of 21,360,568 MAGHL's shares (after adjustment for the share consolidation of MAGHL), representing approximately 0.72% of the total issued shares of MAGHL as at 31 July 2022 (i.e. 2,986,314,015 MAGHL's shares).

Directors' Interests

The following Directors and the chief executive of the Company who held office on 31 July 2022 and their respective close associates (as defined in the Listing Rules) were interested or were deemed to be interested in the following interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("**SFO**")) on that date (a) as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they were taken or deemed to have under such provisions of the SFO); or (b) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO ("**Register of Directors and Chief Executive**"); or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Code of Practice for Securities Transactions by Directors and Designated Employees adopted by the Company ("**Securities Code**"); or (d) as known by the Directors:

(1) The Company

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

Name of Director	Capacity	Personal interests	Family interests	Corporate interests	Other interests	Total interests	Approximate % of total interests to total issued Shares *(Note 1)*
Lam Kin Ngok, Peter	Beneficial owner/Owner of controlled corporations	650,605 *(Note 2)*	Nil	515,389,531 *(Note 3)*	486,452 *(Note 7)*	516,526,588	53.31%
Chew Fook Aun	Beneficial owner/Owner of controlled corporations	Nil	Nil	1,831,500 *(Note 5)*	Nil *(Note 7)*	1,831,500	0.19%
Lau Shu Yan, Julius	Beneficial owner	395,250 *(Note 6)*	Nil	Nil	2,432,259 *(Note 7)*	2,827,509	0.29%
Lam Hau Yin, Lester	Beneficial owner	Nil	Nil	Nil	4,864,519 *(Note 7)*	4,864,519	0.50%
Lee Tze Yan, Ernest	Beneficial owner	Nil	Nil	Nil	969,854 *(Note 7)*	969,854	0.10%
U Po Chu *(Note 4)*	Beneficial owner	40,378 *(Note 4)*	Nil	Nil	Nil	40,378	0.01%

Directors' Interests (continued)

(1) The Company (continued)

Notes:

(1) *The percentage has been compiled based on the total number of issued Shares as at 31 July 2022 (i.e. 968,885,887 Shares).*

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

*On 6 October 2021, the Company issued and allotted 322,961,962 Rights Shares pursuant to the completion of the 1-to-2 rights issue of the Company ("**Rights Issue**") and the total number of issued Shares increased from 645,923,925 to 968,885,887.*

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

(3) *Lai Sun Garment (International) Limited ("**LSG**") and two of its wholly-owned subsidiaries, namely Zimba International Limited ("**Zimba International**") and Joy Mind Limited ("**Joy Mind**"), subscribed 171,796,510 Rights Shares and its interest in the Company increased from 343,593,021 Shares to 515,389,531 Shares after the completion of the Rights issue.*

*LSG, Zimba International and Joy Mind beneficially owned 515,389,531 Shares, representing approximately 53.19% of the issued share capital of the Company. Dr. Lam Kin Ngok, Peter was deemed to be interested in the same 515,389,531 Shares by virtue of, in aggregate, his personal (excluding underlying Shares) and deemed interests of approximately 41.93% in the issued share capital of LSG. LSG is approximately 12.70% owned by Dr. Lam Kin Ngok, Peter and is approximately 29.23% owned by Wisdoman Limited ("**Wisdoman**") which in turn is 100% beneficially owned by Dr. Lam Kin Ngok, Peter.*

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

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

Madam U Po Chu subscribed 13,459 Rights Shares and her interest in the Company increased from 26,919 Shares to 40,378 Shares after the completion of the Rights Issue.

(5) *Mr. Chew Fook Aun subscribed 610,500 Rights Shares and his interest in the Company increased from 1,221,000 Shares to 1,831,500 Shares after the completion of the Rights Issue.*

The 1,831,500 Shares were owned by The Orchid Growers Association Limited. By virtue of his 100% interest in the issued share capital of The Orchid Growers Association Limited, Mr. Chew Fook Aun was deemed to be interested in these1,831,500 Shares.

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

Directors' Interests (continued)

(1) The Company (continued)

Notes: (continued)

(7) *A share option was granted by the Company to each of Dr. Lam Kin Ngok, Peter, Mr. Lau Shu Yan, Julius, Mr. Lam Hau Yin, Lester and Mr. Lee Tze Yan, Ernest, the particulars of which are set out below:*

Registered Name	Date of grant	Number of underlying Shares comprised in share options before the Rights Issue	Exercise price prior to the Rights Issue HK$ per Share	Exercise period	Adjusted number of underlying Shares comprised in share options after the Rights Issue	Adjusted exercise price after the Rights Issue HK$ per Share
Lam Kin Ngok, Peter	18/01/2013	417,308	16.100	18/01/2013-17/01/2023	486,452	13.811
Lau Shu Yan, Julius	18/01/2013	2,086,540	16.100	18/01/2013-17/01/2023	2,432,259	13.811
Lam Hau Yin, Lester	18/01/2013	4,173,081	16.100	18/01/2013-17/01/2023	4,864,519	13.811
Lee Tze Yan, Ernest*	18/01/2013	832,000	16.100	18/01/2013-17/01/2023	969,854	13.811

* *Mr. Lee Tze Yan, Ernest has been appointed an executive Director of the Company on 25 January 2022.*

* *Mr. Tham Seng Yum, Ronald has resigned as an executive Director of the Company on 27 January 2022 and his 932,552 share options was lapsed in July 2022.*

* *The 2,275,301 share options granted to Mr. Chew Fook Aun on 5 June 2012 lapsed on 5 June 2022.*

(2) Associated Corporations

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

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

Name of Director	Capacity	Personal interests	Family interests	Corporate interests	Other interests	Total interests	Approximate % of total interests to total issued LSG Shares *(Note 1)*
Lam Kin Ngok, Peter	Beneficial owner/ Owner of controlled corporations	74,807,359 *(Note 2)*	Nil	172,112,124 *(Note 3)*	1,737,333 *(Note 6)*	248,656,816	42.22%
Chew Fook Aun	Beneficial owner	Nil	Nil	Nil	4,869,867 *(Note 6)*	4,869,867	0.83%
Lam Hau Yin, Lester	Beneficial owner	18,688,812 *(Note 4)*	Nil	Nil	6,182,167 *(Note 6)*	24,870,979	4.22%
U Po Chu	Beneficial owner	1,238,287 *(Note 5)*	Nil	Nil	Nil	1,238,287	0.21%

Notes:

(1) The percentage has been compiled based on the total number of issued LSG Shares as at 31 July 2022 (i.e. 588,915,934 LSG Shares).

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

(2) Dr. Lam Kin Ngok, Peter subscribed 24,401,453 LSG Rights Shares and his interest in LSG increased from 49,605,906 LSG Shares to 74,007,359 LSG Shares after the completion of the LSG Rights Issue.

Dr. Lam Kin Ngok, Peter purchased 550,000 LSG Shares and 250,000 LSG Shares on 4 August 2021 and 12 January 2022, respectively, increasing his shareholding interest from 74,007,359 LSG Shares to 74,807,359 LSG Shares.

(3) Wisdoman subscribed 57,370,708 LSG Rights Shares and its interest in LSG increased from 114,741,416 LSG Shares to 172,112,124 LSG Shares after the completion of the LSG Rights Issue.

Directors' Interests (continued)

(2) Associated Corporations (continued)

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

Notes: (continued)

(4) Mr. Lam Hau Yin, Lester subscribed 6,229,604 LSG Rights Shares and his interest in LSG increased from 12,459,208 LSG Shares to 18,688,812 LSG Shares after the completion of the LSG Rights Issue.

(5) Madam U Po Chu subscribed 412,762 LSG Rights Shares and her interest in LSG increased from 825,525 LSG Shares to 1,238,287 LSG Shares after the completion of the LSG Rights Issue.

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

Registered Name	Date of grant	Number of underlying LSG Shares comprised in share options before the LSG Rights Issue	Exercise period	Exercise price prior to the LSG Rights Issue HK$ per LSG Share	Adjusted Number of underlying LSG Shares comprised in share options after the LSG Rights Issue	Adjusted exercise price after the LSG Rights Issue HK$ per LSG Share
Lam Kin Ngok, Peter	19/06/2017	333,333	19/06/2017-18/06/2027	15.00	425,033	11.763
Chew Fook Aun	19/06/2017	3,819,204	19/06/2017-18/06/2027	15.00	4,869,867	11.763
Lam Hau Yin, Lester	19/06/2017	3,819,204	19/06/2017-18/06/2027	15.00	4,869,867	11.763

A share option was granted by LSG to each of Dr. Lam Kin Ngok, Peter and Mr. Lam Hau Yin, Lester on 25 January 2022, the particulars of which are set out below:

Registered Name	Date of grant	Number of underlying LSG Shares comprised in share options	Exercise period	Exercise price HK$ per LSG Share
Lam Kin Ngok, Peter	25/01/2022	1,312,300	25/01/2022-24/01/2032	3.874
Lam Hau Yin, Lester	25/01/2022	1,312,300	25/01/2022-24/01/2032	3.874

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

DIRECTORS' INTERESTS (CONTINUED)

(2) Associated Corporations (continued)

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

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

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

Notes:

(1) The percentage has been compiled based on the total number of issued eSun Shares as at 31 July 2022 (i.e. 1,491,854,598 eSun Shares).

*(2) As at 31 July 2022, LSG was interested in 515,389,531 Shares in the Company, representing approximately 53.19% of the issued share capital of the Company. Transtrend Holdings Limited ("**Transtrend**"), a wholly-owned subsidiary of the Company, was interested in 1,113,260,072 eSun Shares, representing approximately 74.62% of the issued share capital of eSun. As such, Dr. Lam Kin Ngok, Peter was deemed to be interested in the same 1,113,260,072 eSun Shares by virtue of, in aggregate, his personal (excluding underlying shares) and deemed interests of approximately 41.93% and 53.26% in the issued share capital of LSG and the Company, respectively.*

Directors' Interests (continued)

(2) Associated Corporations (continued)

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

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

Name of Director	Capacity	Personal interests	Family interests	Corporate interests	Other interests	Total interests	Approximate % of total interests to total issued Lai Fung Shares *(Note 1)*
Lam Kin Ngok, Peter	Beneficial owner/Owner of controlled corporations	Nil	Nil	182,318,266 *(Note 2)*	321,918 *(Note 3)*	182,640,184	55.17%
Lau Shu Yan, Julius	Beneficial owner	Nil	Nil	Nil	965,754 *(Note 3)*	965,754	0.29%
Lam Hau Yin, Lester	Beneficial owner	Nil	Nil	Nil	3,219,182 *(Note 3)*	3,219,182	0.97%
Lee Tze Yan, Ernest	Beneficial owner	Nil	Nil	Nil	640,000 *(Note 3)*	640,000	0.19%

Notes:

(1) The percentage has compiled based on the total number of issued Lai Fung Shares as at 31 July 2022 (i.e. 331,033,443 Lai Fung Shares).

(2) As at 31 July 2022, the Company was interested or deemed to be interested in 182,318,266 Lai Fung Shares, of which 180,600,756 Lai Fung Shares were beneficially owned by Holy Unicorn Limited, a wholly-owned subsidiary of the Company and 1,717,510 Lai Fung Shares were beneficially owned by Transtrend. As such, Dr. Lam Kin Ngok, Peter was deemed to be interested in the same 182,318,266 Lai Fung Shares (representing approximately 55.08% of the issued share capital of Lai Fung) by virtue of, in aggregate, his approximate 41.93% and 53.26% personal (excluding underlying shares) and deemed interests in the issued share capital of LSG and the Company, respectively.

(2) Associated Corporations (continued)

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

Notes: (continued)

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

Registered Name	***Date of grant***	***Number of underlying Lai Fung Shares comprised in the option***	***Exercise period***	***Exercise price*** *HK$ per Lai Fung Share*
Lam Kin Ngok, Peter	*18/01/2013*	*321,918*	*18/01/2013-17/01/2023*	*11.400*
Lau Shu Yan, Julius	*18/01/2013*	*965,754*	*18/01/2013-17/01/2023*	*11.400*
Lam Hau Yin, Lester	*18/01/2013*	*3,219,182*	*18/01/2013-17/01/2023*	*11.400*
Lee Tze Yan, Ernest	*18/01/2013*	*640,000*	*18/01/2013-17/01/2023*	*11.400*

* *Mr. Tham Seng Yum, Ronald has resigned as an executive director of Lai Fung on 27 January 2022 and his 500,000 share options lapsed in July 2022.*

Directors' Interests (continued)

(2) Associated Corporations (continued)

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

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

Name of Director	Capacity	Number of MAGHL Shares held	Number of underlying MAGHL Shares held	Total number of issued MAGHL Shares and underlying MAGHL Shares	Approximate % of total interests to total issued MAGHL Shares *(Note 1)*
Lam Kin Ngok, Peter	Owner of controlled corporations	2,021,848,647 *(Note 2)*	Nil	2,021,848,647	67.70%

Notes:

(1) On 3 August 2021, MAGHL issued and allotted an aggregate of 40,612,197 subscription shares at the subscription price of HK$1.20 per MAGHL Share, thus increasing the total issued shares in MAGHL from 2,945,701,818 to 2,986,314,015. The percentage has been compiled based on the total number of issued MAGHL Shares as at 31 July 2022 (i.e. 2,986,314,015 MAGHL Shares).

(2) As at 31 July 2022, these interests in MAGHL represented the MAGHL Shares beneficially owned by Perfect Sky Holdings Limited, a wholly-owned subsidiary of eSun, representing approximately 67.70% of the issued share capital of MAGHL. eSun was owned as to approximately 74.62% by the Company which was in turn owned as to approximately 53.19% by LSG. As LSG was approximately 12.70% (excluding underlying shares) owned by Dr. Lam Kin Ngok, Peter and approximately 29.23% owned by Wisdoman which was in turn 100% beneficially owned by Dr. Lam Kin Ngok, Peter, he was deemed to be interested in the said 2,021,848,647 MAGHL Shares.

Directors' Interests (continued)

(2) Associated Corporations (continued)

(v) Lai Sun MTN Limited — a subsidiary of the Company

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

Name of Director	Capacity	Nature of Interests	Principal amount
Lam Kin Ngok, Peter	Beneficial owner	Personal	USD10,000,000

Save as disclosed above, as at 31 July 2022, none of the Directors and the chief executive of the Company and their respective close associates was interested or was deemed to be interested in the long and short positions in the shares, underlying shares and/or debentures of the Company or any of its associated corporations, which were required to be notified to the Company and the Stock Exchange, or recorded in the Register of Directors and Chief Executive as aforesaid, notified under the Securities Code or otherwise known by the Directors.

Directors' Rights to Acquire Shares or Debentures

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

Substantial Shareholders' and Other Persons' Interests

As at 31 July 2022, so far as was known by or otherwise notified by any Director or the chief executive of the Company, the particulars of the corporations or individuals (are being a Director), who had 5% or more interests in the following long positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO ("**Register of Shareholders**") or were entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company ("**Voting Entitlements**") (i.e. within the meaning of Substantial Shareholders of the Listing Rules) were as follows:

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

Name	Capacity	Nature of interests	Number of Shares and underlying Shares	Approximate % of Shares in issue *(Note 1)*
Lai Sun Garment (International) Limited	Beneficial owner	Corporate	515,389,531 *(Note 2)*	53.19%
Lam Kin Ngok, Peter	Beneficial owner/ Owner of controlled corporations	Personal and corporate	516,526,588 *(Note 2)*	53.31%
Yu Cheuk Yi	Beneficial owner	Personal	271,740,000 *(Note 3)*	28.05%
Yu Siu Yuk	Beneficial owner	Personal	271,740,000 *(Note 3)*	28.05%

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS (CONTINUED)

Notes:

(1) *The percentage has been compiled based on the total number of issued Shares as at 31 July 2022 (i.e. 968,885,887 Shares).*

(2) *LSG's shareholding interest in the Company decreased from 56.13% to 53.19% after the issue of a total of 33,834,900 new shares pursuant to the Subscription Agreement increasing the total number of issued Shares of the Company from 612,089,025 Shares to 645,923,925 Shares.*

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

Dr. Lam Kin Ngok, Peter subscribed 216,868 Rights Shares and his interest in the Company increased from 433,737 Shares to 650,605 Shares after the completion of the Rights Issue.

LSG and two of its wholly-owned subsidiaries, namely Zimba International and Joy Mind beneficially owned 515,389,531 Shares, representing approximately 53.19% of the issued share capital of the Company. Dr. Lam Kin Ngok, Peter was deemed to be interested in the same 515,389,531 Shares by virtue of, in aggregate, his personal and deemed interests of approximately 41.93% in the issued share capital of LSG.

(3) *Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk jointly held 271,740,000 Shares (28.05%, based on the total number of issued Shares (i.e. 968,885,887 Shares) according to shareholding shown in last individual Substantial Notice (Form 1) filed for an event on 26 July 2022.*

Save as disclosed above, the Directors are not aware of any other corporation or individual (other than a Director or the chief executive of the Company) who, as at 31 July 2022, had the Voting Entitlements or 5% or more interests or short positions in the Shares or underlying Shares of the Company recorded in the Register of Shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND PROPERTIES UNDER DEVELOPMENT FOR SALE

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

Report of the Directors

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the issued Shares held by the public is below the minimum percentage of 25% as prescribed by Rule 8.08(1)(a) of the Listing Rules during the Year.

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

Principal Subsidiaries

Particulars of the Company's principal subsidiaries as at 31 July 2022 are set out in note 50 to the financial statements.

Charitable Contributions

During the Year, the Group made charitable contributions totalling approximately HK$6,816,000.

Major Customers and Suppliers

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

During the Year, purchases from the Group's five largest suppliers accounted for approximately 63% of the Group's total purchases, while the largest supplier accounted for approximately 30% of the Group's total purchases for the Year.

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

Summary of Financial Information

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years is set out in the "Summary of Financial Information" of this Annual Report on pages 52 and 53.

Corporate Governance

Particulars of the Company's corporate governance practices are set out in the Corporate Governance Report of this Annual Report on pages 105 to 129.

Independence of Independent Non-Executive Directors

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

Equity-Linked Agreements

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

Review by Audit Committee

The Audit Committee of the Company comprises three INEDs, Mr. Leung Shu Yin, William, Mr. Lam Bing Kwan and Mr. Ip Shu Kwan, Stephen. 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 independent auditor of the Company for the ensuing year will be put to the forthcoming AGM for shareholders' approval.

On behalf of the Board

Chew Fook Aun
Executive Director and Deputy Chairman
Hong Kong
21 October 2022

Shareholders' Information

Key Dates

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

	For Financial Year 2021/2022
Annual results announcement	21 October 2022
Latest time and date for lodging transfer documents with the share registrar to ascertain entitlement to attending and voting at the 2022 annual general meeting ("**AGM**")	4:30 p.m. on 12 December 2022
2022 AGM	16 December 2022

	For Financial Year 2022/2023
Interim results announcement	on or before 31 March 2023
Annual results announcement	on or before 31 October 2023

Annual Report

To ensure that all shareholders have equal and timely access to important corporate information, the Company makes extensive use of its website to deliver up-to-date information. This 2021-2022 Annual Report is printed in both English and Chinese and is available on the Company's website at www.laisun.com.

AGM

The AGM will be held on 16 December 2022. Details of the AGM are set out in the notice of the AGM which constitutes part of the circular of the Company dated 17 November 2022. Notice of the AGM and the proxy form are also available on the Company's website.

Independent Auditor's Report

EY 安永

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

Opinion

We have audited the consolidated financial statements of Lai Sun Development Company Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 170 to 352, which comprise the consolidated statement of financial position as at 31 July 2022, 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 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

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

Key Audit Matters

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

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

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment of a hotel property located in Hong Kong	
Included in property, plant and equipment is a hotel property (the "**HK Hotel**") located in Hong Kong, which is stated at cost less accumulated depreciation and impairment losses, if any. The carrying amounts of the HK Hotel and the related right-of-use assets as at 31 July 2022 were approximately HK$2,971 million and HK$1,436 million, respectively. Significant judgements and assumptions, including those related to cash flow projections, such as the forecast average daily room rate, forecast occupancy rate and discount rate, are required to assess whether a provision for impairment is required. To support management's impairment assessment, the Group engaged an external valuer to perform a valuation using the cash flow projections. Related disclosures are disclosed in notes 3, 14 and 16 to the consolidated financial statements.	Our audit procedures included, among others, involving our internal valuation specialists to assist us to evaluate (i) the methodologies used in the valuation, and (ii) the key assumptions used in the valuation, including the forecast average daily room rate, forecast occupancy rate and discount rate, by comparing with the Group's historical data and future plans, market data of comparable companies and other industry specific statistics. We performed sensitivity analyses on certain key assumptions to assess whether impairment would have been required. We also evaluated the objectivity, independence and competency of the valuer.
Estimation of fair values of investment properties	
Investment properties are stated at fair value. The carrying amount of investment properties as at 31 July 2022 was approximately HK$37,168 million. Significant judgements and assumptions are required to determine the fair values of the investment properties. To support management's determination of the fair values, the Group engaged external valuers to perform valuations on the investment properties at the end of the reporting period. Related disclosures are disclosed in notes 3 and 15 to the consolidated financial statements.	Our audit procedures included, among others, involving our internal valuation specialists to assist us to evaluate the assumptions and methodologies used in the valuations. We also evaluated the objectivity, independence and competency of the valuers. We then assessed the Group's disclosures of investment properties.

Other Information Included in the Annual Report

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

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

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

Responsibilities of the Directors for the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21 October 2022

Consolidated Income Statement

Year ended 31 July 2022

	Notes	2022 HK$'000	2021 HK$'000
TURNOVER	6	**5,093,703**	5,986,752
Cost of sales		**(3,549,680)**	(4,668,713)
Gross profit		**1,544,023**	1,318,039
Other revenue and gains	6	**405,769**	555,960
Selling and marketing expenses		**(253,834)**	(272,041)
Administrative expenses		**(851,807)**	(875,773)
Other operating expenses		**(2,214,908)**	(1,548,330)
Fair value gains/(losses) on investment properties, net	15	**226,415**	(358,857)
LOSS FROM OPERATING ACTIVITIES	7	**(1,144,342)**	(1,181,002)
Finance costs	8	**(876,416)**	(767,423)
Share of profits and losses of associates		**2,040**	20,050
Share of profits and losses of joint ventures		**(42,036)**	(473,004)
LOSS BEFORE TAX		**(2,060,754)**	(2,401,379)
Tax	11	**(262,831)**	(255,806)
LOSS FOR THE YEAR		**(2,323,585)**	(2,657,185)
Attributable to:			
Owners of the Company		**(1,966,921)**	(2,088,090)
Non-controlling interests		**(356,664)**	(569,095)
		(2,323,585)	(2,657,185)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	13		
Basic and diluted		**(HK$2.133)**	(HK$3.034)

Consolidated Statement of Comprehensive Income

Year ended 31 July 2022

	2022 **HK$'000**	2021 HK$'000
LOSS FOR THE YEAR	**(2,323,585)**	(2,657,185)
OTHER COMPREHENSIVE (EXPENSE)/INCOME		
Other comprehensive (expense)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange realignments	**(1,145,837)**	2,030,052
Share of other comprehensive expense of associates	**(5,680)**	(2,672)
Share of other comprehensive expense of joint ventures	**(9,927)**	(1,225)
Release of exchange reserve upon dissolution and deregistration of subsidiaries	**42,918**	974
Reclassification of reserve upon return of capital from a subsidiary	**29,965**	—
	(1,088,561)	2,027,129
Other comprehensive income/(expense) that will not be reclassified to profit or loss in subsequent periods:		
Changes in fair values of financial assets at fair value through other comprehensive income	**9,140**	(41,463)
OTHER COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR	**(1,079,421)**	1,985,666
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR	**(3,403,006)**	(671,519)
Attributable to:		
Owners of the Company	**(2,706,995)**	(926,132)
Non-controlling interests	**(696,011)**	254,613
	(3,403,006)	(671,519)

Consolidated Statement of Financial Position

31 July 2022

	Notes	2022 HK$'000	2021 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**6,645,739**	7,464,101
Right-of-use assets	16(a)	**4,922,940**	5,306,475
Investment properties	15	**37,168,222**	37,035,152
Film rights	18	**19,162**	15,109
Film and TV program products	19	**61,174**	54,838
Music catalogs	20	**663**	3,124
Goodwill	21	**207,792**	274,423
Other intangible assets	22	**132,883**	150,853
Investments in associates	23	**236,613**	217,163
Investments in joint ventures	24	**6,826,143**	7,124,459
Financial assets at fair value through other comprehensive income	25	**1,710,095**	1,689,200
Financial assets at fair value through profit or loss	26	**906,513**	1,041,480
Derivative financial instruments	27	**—**	191
Debtors	33	**493,643**	526,687
Deposits, prepayments, other receivables and other assets	28	**721,772**	275,008
Deferred tax assets	39	**2,118**	2,147
Pledged and restricted bank balances and time deposits	29	**79,305**	55,105
Total non-current assets		**60,134,777**	61,235,515
CURRENT ASSETS			
Properties under development	17	**5,576,173**	2,075,324
Completed properties for sale	30	**5,847,757**	7,351,128
Films and TV programs under production and film investments	31	**317,109**	235,844
Inventories		**59,612**	48,851
Financial assets at fair value through profit or loss	26	**120,452**	183,290
Derivative financial instruments	27	**25,473**	—
Debtors	33	**403,293**	340,954
Deposits, prepayments, other receivables and other assets	28	**767,253**	953,539
Prepaid tax		**140,467**	53,100
Pledged and restricted bank balances and time deposits	29	**2,444,971**	2,270,483
Cash and cash equivalents	29	**5,056,442**	8,284,797
		20,759,002	21,797,310
Assets classified as held for sale	32	**1,855**	5,273
Total current assets		**20,760,857**	21,802,583

	Notes	2022 HK$'000	2021 HK$'000
CURRENT LIABILITIES			
Creditors, other payables and accruals	34	**3,229,241**	3,441,480
Deposits received, deferred income and contract liabilities	35	**993,161**	1,430,586
Lease liabilities	16(b)	**275,181**	283,725
Tax payable		**564,934**	545,295
Bank borrowings	37	**1,525,333**	3,109,624
Other borrowings	38	**41,578**	41,159
Guaranteed notes	36	**5,869,298**	—
Total current liabilities		**12,498,726**	8,851,869
NET CURRENT ASSETS		**8,262,131**	12,950,714
TOTAL ASSETS LESS CURRENT LIABILITIES		**68,396,908**	74,186,229
NON-CURRENT LIABILITIES			
Lease liabilities	16(b)	**974,959**	1,103,892
Bank borrowings	37	**15,836,626**	15,661,477
Other borrowings	38	**281,152**	277,398
Guaranteed notes	36	**4,281,877**	7,692,495
Derivative financial instruments	27	**—**	8,965
Deferred tax liabilities	39	**4,865,562**	5,256,477
Other payables and accruals	34	**967,835**	1,001,169
Long-term deposits received	35	**201,397**	199,653
Total non-current liabilities		**27,409,408**	31,201,526
		40,987,500	42,984,703
EQUITY			
Equity attributable to owners of the Company			
Share capital	40	**5,463,477**	4,134,565
Reserves	42	**27,330,820**	30,014,749
		32,794,297	34,149,314
Non-controlling interests		**8,193,203**	8,835,389
		40,987,500	42,984,703

Chew Fook Aun
Director

Lau Shu Yan, Julius
Director

Consolidated Statement of Changes in Equity

Year ended 31 July 2022

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

	Attributable to owners of the Company											
	Share capital HK$'000	Fair value reserve — financial assets HK$'000	Share option reserve HK$'000	Capital reduction reserve HK$'000	General reserve HK$'000	Other reserve HK$'000	Statutory reserve HK$'000	Exchange fluctuation reserve HK$'000	Retained profits HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 August 2021	4,134,565	1,449,127	52,004	4,692	646,700	2,463,766	41,456	547,129	24,809,875	34,149,314	8,835,389	42,984,703
Loss for the year	—	—	—	—	—	—	—	—	(1,966,921)	(1,966,921)	(356,664)	(2,323,585)
Other comprehensive (expense)/income that may be reclassified to profit or loss in subsequent periods:												
Exchange realignments	—	—	—	—	—	—	—	(796,086)	—	(796,086)	(349,751)	(1,145,837)
Share of other comprehensive expense of associates	—	—	—	—	—	—	—	(5,678)	—	(5,678)	(2)	(5,680)
Share of other comprehensive expense of joint ventures	—	—	—	—	—	—	—	(9,851)	—	(9,851)	(76)	(9,927)
Release of exchange reserve upon dissolution and deregistration of subsidiaries	—	—	—	—	—	—	—	42,876	—	42,876	42	42,918
Reclassification of reserve upon return of capital from a subsidiary	—	—	—	—	—	—	—	16,505	—	16,505	13,460	29,965
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:												
Changes in fair values of financial assets at fair value through other comprehensive income	—	12,160	—	—	—	—	—	—	—	12,160	(3,020)	9,140
Total comprehensive (expense)/income for the year	—	12,160	—	—	—	—	—	(752,234)	(1,966,921)	(2,706,995)	(696,011)	(3,403,006)
Issue of shares (note 40(b))	235,153	—	—	—	—	—	—	—	—	235,153	—	235,153
Net proceeds from rights issue (note 40(b))	1,093,759	—	—	—	—	—	—	—	—	1,093,759	—	1,093,759
Shares issued by a subsidiary to a non-controlling interest of a subsidiary (note 50(b))	—	—	—	—	—	21,918	—	—	—	21,918	26,119	48,037
Dividends paid to non-controlling interests of subsidiaries	—	—	—	—	—	—	—	—	—	—	(34,334)	(34,334)
Equity-settled share option arrangements	—	—	550	—	—	—	—	—	—	550	—	550
Equity-settled share option arrangements of subsidiaries	—	—	—	—	—	—	—	—	—	—	1,319	1,319
Repayment to non-controlling interests of subsidiaries	—	—	—	—	—	—	—	—	—	—	(2,121)	(2,121)
Release of reserve upon lapse of share options	—	—	(9,041)	—	—	—	—	—	9,041	—	—	—
Release of reserve upon lapse of share options of a subsidiary	—	—	—	—	—	—	—	—	602	602	(602)	—
Release of fair value reserve upon disposal of a financial asset at fair value through other comprehensive income	—	1,041	—	—	—	—	—	—	(1,041)	—	—	—
Transfer to statutory reserve	—	—	—	—	—	—	14,688	—	(14,688)	—	—	—
Release of statutory reserve upon deregistration of a subsidiary	—	—	—	—	—	—	(276)	—	276	—	—	—
Transfer to other reserve	—	—	—	—	—	207	—	—	(211)	(4)	4	—
Capital contributions from non-controlling interests of subsidiaries	—	—	—	—	—	—	—	—	—	—	63,440	63,440
At 31 July 2022	5,463,477	1,462,328*	43,513*	4,692*	646,700*	2,485,891*	55,868*	(205,105)*	22,836,933*	32,794,297	8,193,203	40,987,500

* These reserve accounts comprise the consolidated reserves of HK$27,330,820,000 (2021: HK$30,014,749,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 July 2022

	Notes	2022 HK$'000	2021 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(2,060,754)**	(2,401,379)
Adjustments for:			
Finance costs	8	**876,416**	767,423
Share of profits and losses of associates		**(2,040)**	(20,050)
Share of profits and losses of joint ventures		**42,036**	473,004
Fair value (gains)/losses on investment properties, net	15	**(226,415)**	358,857
Depreciation of property, plant and equipment	7	**477,302**	489,690
Depreciation of right-of-use assets	7	**410,995**	414,352
Impairment of property, plant and equipment	7	**375,756**	209,042
Impairment of right-of-use assets	7	**46,037**	23,515
Impairment of goodwill	7	**36,101**	—
Loss on disposal/write-off of items of property, plant and equipment	7	**158**	5,070
Write-down of completed properties for sale to net realisable value	7	**—**	18,241
Write-down of properties under development to net realisable value	7	**310,187**	68,612
Impairment of films and TV programs under production	7	**39,977**	2,553
Amortisation of film rights	7	**5,397**	6,595
Amortisation of film and TV program products	7	**10,076**	176,388
Amortisation of music catalogs	7	**2,461**	21,923
Amortisation of other intangible assets	7	**2,421**	1,631
Impairment of debtors, net	7	**17,966**	16,553
Impairment of advances and other receivables	7	**73,715**	23,899
Impairment of amounts due from joint ventures	7	**160**	90
Write-back of impairment losses of advances and other receivables		**(3,397)**	(842)
Write-back of impairment loss of amounts due from associates	23	**(61)**	(85)
Write-off of amount due from an associate		**—**	332
Fair value losses/(gains) on financial assets at fair value through profit or loss, net	7	**244,139**	(101,525)
Losses on disposal of financial assets at fair value through profit or loss		**—**	95
Impairment of inventories	7	**4,191**	3,601
Losses/(gains) on dissolution/deregistration of subsidiaries	7	**42,917**	(576)
Losses on disposal of joint ventures	7	**—**	142
Gain on termination of leases	16(c)	**(366)**	(163)
Fair value (gains)/losses on cross currency swaps	7	**(34,247)**	29,005
Fair value gains on foreign currency forward contract	7	**—**	(395)
Foreseeable loss on finance lease contract	7	**1,558**	15,694
Remeasurement of finance lease receivables	7	**34,193**	—
Derecognition loss on rental receivables	7	**42,728**	14,070
		769,607	615,362

	Notes	2022 HK$'000	2021 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES (continued)			
Interest income	6	**(117,890)**	(90,134)
Interest income from finance lease contract	6	**(21,995)**	—
Rent concessions related to COVID-19	6	**(58,737)**	(82,382)
Dividend income from financial assets at fair value through other comprehensive income	6	**(36,400)**	(42,400)
Dividend income from financial assets at fair value through profit or loss		**(312)**	—
Fair value changes from film investments	7	**(1,656)**	12,702
Fair value changes from entertainment events organised by co-investors	7	**(155)**	1,280
Equity-settled share option expenses	7	**1,869**	1,381
Equity-settled share-based payment		**—**	300
Foreign exchange differences, net		**167,554**	(43,352)
Loss on disposal of an associate		**82**	—
Increase in properties under development		**(3,825,819)**	(921,614)
Decrease in completed properties for sale		**1,459,277**	2,697,194
Decrease in assets classified as held for sale		**3,369**	43,746
(Increase)/decrease in inventories		**(11,074)**	8,474
Additions of films and TV programs under production	31	**(204,177)**	(177,193)
Increase in film investments		**(28,576)**	(37,825)
Additions of film and TV program products	19	**—**	(2,661)
Decrease in film and TV program products	19	**92,245**	132,684
Additions of film rights		**(9,450)**	(14,649)
Increase in debtors		**(70,173)**	(69,564)
Decrease in financial assets at fair value through profit or loss		**38,662**	—
Increase in deposits, prepayments, other receivables and other assets		**(364,227)**	(534,144)
(Decrease)/increase in creditors, other payables and accruals		**(628,818)**	794,152
Decrease in deposits received, deferred income and contract liabilities		**(49,910)**	(80,797)
Cash (used in)/generated from operations		**(2,896,704)**	2,210,560
Interest received		**117,890**	90,134
Interest paid on bank borrowings		**(549,594)**	(519,867)
Interest paid on guaranteed notes		**(471,639)**	(281,370)
Hong Kong profits tax paid, net		**(30,454)**	(84,781)
Mainland China taxes paid, net		**(496,607)**	(224,496)
Overseas taxes paid, net		**(12,339)**	(19,915)
Net cash flows (used in)/from operating activities		**(4,339,447)**	1,170,265

Consolidated Statement of Cash Flows

Year ended 31 July 2022

	2022 HK$'000	2021 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of items of property, plant and equipment	**(268,860)**	(449,930)
Additions to investment properties	**(643,814)**	(523,599)
Additions to right-of-use assets	**—**	(9,104)
Deposits paid for purchase of items of property, plant and equipment	**—**	(112)
Deposits paid for additions to investment properties	**(12,438)**	(7,610)
Acquisition of financial assets at fair value through other comprehensive income	**(12,654)**	(33,285)
Acquisition of financial assets at fair value through profit or loss	**(322,447)**	(57,364)
Proceeds from disposal of equity investment at fair value through other comprehensive income	**899**	20,032
Proceeds from disposal of financial assets at fair value through profit or loss	**232,595**	40,260
Proceeds from disposal of items of property, plant and equipment	**310**	2,243
Proceeds from disposal of joint ventures	**—**	1,104
Advances to associates	**(36,425)**	(4,268)
Repayment from associates	**557**	126,762
Dividend received from an associate	**1,840**	—
Advances to joint ventures	**(296,923)**	(972,487)
Investment in joint ventures	**(28,346)**	(15,600)
Repayment from joint ventures	**509,993**	82,268
Dividends received from joint ventures	**60,000**	66,775
Dividends received from financial assets at fair value through other comprehensive income	**36,400**	42,400
Dividends received from financial assets at fair value through profit or loss	**312**	—
Increase in pledged and restricted bank balances and time deposits	**(260,225)**	(300,943)
Net cash flows used in investing activities	**(1,039,226)**	(1,992,458)

	Notes	2022 HK$'000	2021 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank borrowings raised		**3,281,423**	12,018,821
Repayment of bank borrowings		**(4,472,839)**	(9,741,645)
Bank financing charges		**(26,598)**	(65,203)
Lease payments	16(b)	**(264,175)**	(260,142)
Settlement of foreign currency forward contract	27	**—**	(5,457)
Guaranteed notes issued		**2,331,750**	1,942,750
Guaranteed notes issue expenses		**(20,263)**	(14,009)
Increase in put option liabilities		**—**	738,352
Dividends paid to non-controlling interests of subsidiaries		**(34,334)**	(2,331)
Repayment to non-controlling interests of subsidiaries		**(2,121)**	(2,101)
Capital contributions from non-controlling interests of subsidiaries		**63,440**	47,180
Proceeds from issue of shares	40(b)	**235,153**	—
Net proceeds from rights issue	40(b)	**1,093,759**	—
Proceeds from exercise of share options		**—**	4,895
Proceeds from the clawback offer and placing of shares of a subsidiary		**—**	129,595
Proceeds from issuance of shares of a subsidiary		**48,735**	51,265
Transaction costs of issuance of shares of a subsidiary		**(698)**	(9,170)
Net cash flows from financing activities		**2,233,232**	4,832,800
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(3,145,441)**	4,010,607
Cash and cash equivalents at beginning of year		**8,284,797**	4,164,558
Effect of foreign exchange rate changes, net		**(82,914)**	109,632
CASH AND CASH EQUIVALENTS AT END OF YEAR		**5,056,442**	8,284,797
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Non-pledged and non-restricted cash and bank balances		**3,087,016**	6,464,317
Non-pledged and non-restricted time deposits		**1,969,426**	1,820,480
Cash and cash equivalents as stated in the consolidated statement of financial position		**5,056,442**	8,284,797

1. Corporate and Group Information

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

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

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

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

2.1 Basis of Preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) ("**Companies Ordinance**"). They have been prepared under the historical cost convention, except for investment properties, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, derivative financial instruments and certain financial assets, which have been measured at fair value. Non-current assets classified as held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in note 2.4. These financial statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

2.1 Basis of Preparation (continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 July 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

2.2 Changes in Accounting Policies and Disclosures

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

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform — Phase 2*

The adoption of the above amendments to HKFRSs has had no significant financial effect on the financial statements.

2.3 Issued But Not Yet Effective Hong Kong Financial Reporting Standards

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

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

1 Effective for annual periods beginning on or after 1 January 2022
2 Effective for annual periods beginning on or after 1 January 2023
3 No mandatory effective date yet determined but available for adoption
4 As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion
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

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

2.4 Summary of Significant Accounting Policies

Investments in associates and joint ventures

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

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

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

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

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

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

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

2.4 Summary of Significant Accounting Policies (continued)

Business combinations and goodwill

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

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

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

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

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

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable 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.

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

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

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

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

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

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

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

2.4 Summary of Significant Accounting Policies (continued)

Fair value measurement (continued)

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than properties under development, completed properties for sale, inventories, deferred tax assets, financial assets, investment properties, assets classified as held for sale and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it 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, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.4 Summary of Significant Accounting Policies (continued)

Related parties

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

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

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

(ii) has significant influence over the Group; or

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

or

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

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 Summary of Significant Accounting Policies (continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5, as further explained in the accounting policy for "Non-current assets held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	Over the remaining lease terms
Hotel properties	Over the remaining lease terms
Leasehold improvements	20% or over the terms of the related leases, whichever is shorter
Theme parks, excluding land and buildings	10% — 20%
Furniture, fixtures and equipment	10% — 25%
Motor vehicles	10% — 30%
Computers	18% — 33%
Motor vessels	15% — 25%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents buildings under construction or equipment under installation or testing, which are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. These include land held for a currently undetermined future use and properties which are constructed for future use as investment properties.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions as at the end of the reporting period. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of the retirement or disposal.

Properties under construction for future use as investment properties are accounted for in the same way as completed investment properties. Specifically, construction costs incurred for investment properties under construction are capitalised as part of the carrying amounts of the investment properties under construction. Investment properties under construction are measured at fair value as at the end of the reporting period. Any difference between the fair values of the investment properties under construction and their carrying amounts is recognised in the income statement in the period in which it arises.

If the fair value of an investment property under construction is at present not reliably determinable but is expected to be reliably determinable when construction is completed, such investment property under construction is stated at cost until either its fair value becomes reliably determinable or construction is completed, whichever is earlier.

A transfer from investment property under construction to property under development/construction in progress shall be made when, and only when, there is a change in use, evidenced by commencement of development with a view to sale/owner-occupation.

For a transfer from investment property to owner-occupied property or inventory, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use.

2.4 Summary of Significant Accounting Policies (continued)

Properties under development

Properties under development are stated at the lower of cost and net realisable value. Cost comprises the prepaid land lease payments or cost of land together with any other direct costs attributable to the development of the properties and other related expenses capitalised during the development period. Net realisable value is determined by the directors based on prevailing market prices on an individual property basis less estimated costs of completion and costs to be incurred in selling the property.

Once the construction or development of these properties is completed, these properties are reclassified to the appropriate categories of assets.

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

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets and its sale must be highly probable.

Non-current assets (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets (other than goodwill) (continued)

(i) Trademarks

Trademarks are stated at cost less impairment losses.

(ii) Customer relationships

Customer relationships are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over the estimated useful life of 8 to 10 years.

Completed properties for sale

Completed properties for sale are stated at the lower of cost and net realisable value. Cost includes all development expenditure, applicable borrowing costs and other direct costs attributable to such properties. Cost is determined by an apportionment of the total costs of land and buildings attributable to unsold properties. Net realisable value is determined by the directors based on the prevailing market prices on an individual property basis less cost to be incurred in selling the property.

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

For a transfer from an item of completed property for sale to investment property that will be carried at fair value as its use has changed as evidenced by commencement of an operating lease, any difference between the fair value of the property at that date and its previous carrying amount shall be recognised in the income statement.

Music catalogs

Music catalogs represent song catalogs, music video recording rights and publishing rights of songs acquired from outsiders. They are stated at cost less accumulated amortisation and impairment losses.

The costs of music catalogs less accumulated impairment loss are amortised based on the proportion of actual revenue earned during the year to total estimated projected revenues subject to a maximum of 15 years. Additional adjustment to accumulated amortisation is made if the projected revenues are different from the previous estimation or to reflect the actual consumption of economic benefits, as appropriate. Estimated projected revenues and related future cash flows, and the amortisation method are reviewed, and adjusted if appropriate, at least at the end of each reporting period.

2.4 Summary of Significant Accounting Policies (continued)

Film and TV program products and films and TV programs under production

Film and TV program products are stated at cost less accumulated amortisation and any impairment losses. The portion of film and TV program products to be recovered through use, less estimated residual value and accumulated impairment losses, is amortised based on the proportion of actual revenues earned during the year to their total estimated projected revenues as an approximation of the consumption of their economic benefits. Additional adjustment to accumulated amortisation is made if the projected revenues are different from the previous estimation or to reflect the actual consumption of economic benefits, as appropriate. Cost of film and TV program products, accounted for on a project-by-project basis, includes production costs, costs of services, direct labour costs, facilities and raw materials consumed in the creation of a film or TV program.

Films and TV programs under production include production costs, costs of services, direct labour costs, facilities and raw materials consumed in the creation of films or TV programs. Upon completion and available for commercial exploitation, these films and TV programs under production are reclassified as film and TV program products. Films and TV programs under production are accounted for on a project-by-project basis and are stated at cost less any impairment losses.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2.4 Summary of Significant Accounting Policies (continued)

Leases (continued)

Group as a lessee (continued)

(a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	Over the unexpired lease terms
Cinema related properties	2 to 14 years
Other properties	2 to 15 years
Equipment	5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "Properties under development" and "Completed properties for sale". When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "Investment properties".

(b) *Lease liabilities*

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

2.4 Summary of Significant Accounting Policies (continued)

Leases (continued)

Group as a lessee (continued)

(b) *Lease liabilities (continued)*

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

(c) *Short-term leases and leases of low-value assets*

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

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the income statement due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

At the commencement date, as the Group acts as a manufacturer or dealer lessor, the following for each of its finance leases should be recognised:

(a) revenue being the fair value of the underlying asset, or, if lower, the present value of the lease payments accruing to the lessor, discounted using a market rate of interest;

(b) the cost of sale being the cost, or carrying amount if different, of the underlying asset less the present value of the unguaranteed residual value; and

(c) selling profit or loss (being the difference between revenue and the cost of sale) in accordance with its policy for outright sales to which HKFRS 15 applies at the commencement date.

2.4 Summary of Significant Accounting Policies (continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of debtors that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Debtors that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

The Group has certain investments in film projects and entertainment events which entitle the Group to receive a fixed and/or variable income based on the Group's investment amount and/or expected rate of return as specified in respective agreements. All film investments and investments in entertainment events which give rise to cash flows that are not SPPI on the principal amount outstanding are stated at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

2.4 Summary of Significant Accounting Policies (continued)

Investments and other financial assets (continued)

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the income statement when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the income statement. Dividends are recognised as other revenue in the income statement when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the income statement.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other revenue in the income statement when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

2.4 Summary of Significant Accounting Policies (continued)

Investments and other financial assets (continued)

Financial assets at fair value through profit or loss (continued)

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the income statement. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

* the rights to receive cash flows from the asset have expired; or

* the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4 Summary of Significant Accounting Policies (continued)

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for debtors which apply the simplified approach as detailed below:

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.4 Summary of Significant Accounting Policies (continued)

Impairment of financial assets (continued)

Simplified approach

For debtors that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debtors that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs as described above.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

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

Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the income statement.

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 certain of the Group's subsidiaries for cash when certain conditions are met. If the Group does not have the unconditional right to avoid delivering cash under the put option, the Group has to recognise a financial liability at the present value of the estimated future cash outflows under the put option. The financial liability is initially recognised at fair value.

Subsequently, if the Group revises its estimates of the payments, the Group adjusts the carrying amount of the financial liability to reflect actual and revised estimated cash outflows. At the end of each reporting period, the Group recalculates the carrying amount by computing the present value of the revised estimated future cash outflows at the financial instrument's original effective interest rate and adjustment to its carrying amount is to be recognised as income or expenses in the income statement.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

Initial recognition and subsequent measurement

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the income statement.

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

Inventories

Inventories comprise food, beverages, cutlery, linen, supplies used in hotel and restaurant operation, video products and gaming products, are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work-in-progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

2.4 Summary of Significant Accounting Policies (continued)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

Income tax

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

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

Income tax (continued)

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Dividend income derived from the Company's subsidiaries in Mainland China is subject to a withholding tax under the prevailing tax rules and regulations of the People's Republic of China (the "**PRC**").

Mainland China Land Appreciation Tax ("LAT")

LAT is levied at prevailing progressive rates on the appreciation of land value, being the proceeds from the sale of properties less deductible costs.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the income statement by way of a reduced depreciation charge.

2.4 Summary of Significant Accounting Policies (continued)

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(a) *Sale of properties*

Revenue from the sale of completed properties is recognised at the point in time when the control of the property is transferred to the purchaser.

(b) *Building management services*

Revenue from the provision of building management services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

(c) *Services from hotel operation*

Revenue from the provision of services from hotel operation is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

(d) *Revenue from restaurant and food & beverage ("F&B") product sales operations*

Revenue from restaurant and F&B product sales operations is recognised at the point in time when the control of the assets is transferred to the customer, generally upon consumption of the food and beverage items by the customer.

2.4 Summary of Significant Accounting Policies (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

(e) *Revenue from theme park operation*

Revenue from admission tickets sold is recognised over time when the theme park service is provided to the customer or at the point in time when the tickets expire; and sale of goods are recognised when the goods are delivered to the customer.

(f) *Entertainment events*

Revenue from entertainment events organised by the Group is recognised when the events are completed.

(g) *Film distribution*

Income from films licensed to movie theatres is recognised when the films are exhibited.

(h) *Film licence fee*

Licence income from films and TV programs licensed for a fixed fee or non-refundable guarantee under a non-cancellable contract is recognised where an assignment is granted to the licensee which permits the licensee to exploit those rights freely, and where the Group has no remaining obligations to perform and when the film materials have been delivered to licensees.

Licence income from films and TV programs licensed, other than for a fixed fee or non-refundable guarantee under a non-cancellable contract, to licensees, over the licence period is recognised when the films and TV programs are available for showing or telecast.

(i) *Sale of products and albums*

Sale of products and albums are recognised when control of the asset is transferred to the customers, generally on delivery of the products or in accordance with the terms of the relevant agreements.

(j) *Distribution commission*

Distribution commission income is recognised when albums, film materials or TV program materials have been delivered to the wholesalers, distributors and licensees.

(k) *Album licensing and music publishing*

Album licence income and music publishing income are recognised when the licence is used by the customer or the customer simultaneously receives and consumes the benefits provided by the Group in accordance with the terms of the relevant agreements.

2.4 Summary of Significant Accounting Policies (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

(l) *Box-office takings*
Revenue from gross box-office takings for film exhibition is recognised at the point in time, upon the sale of tickets and when the film is exhibited.

(m) *Advertising, artiste management, producer and consultancy services*
Advertising income, artiste management fee income, producer fee income and consultancy service income from entertainment events and TV programs and commission income and handling fees from entertainment events are recognised in the period in which the relevant services are rendered to the customer or the customer simultaneously receives and consumes the benefits provided by the Group.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Income from properties under finance lease is recognised at the commencement date of finance lease when the risks and rewards incidental to the ownership of the underlying properties are substantially transferred to the lessee.

Other revenue

(a) Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

(b) Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

2.4 Summary of Significant Accounting Policies (continued)

Contract costs

Costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the income statement on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the income statement.

2.4 Summary of Significant Accounting Policies (continued)

Foreign currencies (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or the income statement is also recognised in other comprehensive income or the income statement, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas/Mainland China subsidiaries, joint ventures and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their income statements are translated into Hong Kong dollars at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas/Mainland China subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas/Mainland China subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

Employee benefits

Share-based payments

The Group operates share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("**equity-settled transactions**").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using the Binomial Option Pricing Model ("**Binomial Model**").

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2.4 Summary of Significant Accounting Policies (continued)

Employee benefits (continued)

Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the year end is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the end of the reporting period for the material expected future cost of such paid leave earned during the current financial year by the employees and carried forward.

Retirement benefits

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Vietnam and Mainland China are required to participate in central pension schemes operated by the respective governments in Vietnam and the PRC. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension schemes. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension schemes.

3. Significant Accounting Judgements and Estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

3. Significant Accounting Judgements and Estimates (continued)

Judgements (continued)

Impairment of a hotel property located in Hong Kong (the "HK Hotel") and the related right-of-use assets

The HK Hotel is stated at cost less accumulated depreciation and impairment losses, if any. In determining whether there is any indication of impairment, the Group has to exercise judgement, particularly in assessing the appropriate key assumptions to be applied in preparing cash flow projections. To support the impairment assessment, the Group engaged an external valuer to perform a valuation on the HK Hotel and the related right-of-use assets. Changing the assumptions selected by the valuer to determine whether there is any indication of impairment, including those related to the cash flow projections, such as the forecast average daily room rate, forecast occupancy rate and discount rate, could materially affect the net present value used in the impairment test. The carrying amounts of the HK Hotel and the related right-of-use assets as at 31 July 2022 were approximately HK$2,971 million (2021: HK$3,104 million) and HK$1,436 million (2021: HK$1,493 million), respectively.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

3. Significant Accounting Judgements and Estimates (continued)

Judgements (continued)

Income tax

Deferred tax is provided using the liability method, on all temporary differences as at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

As explained in note 39 to the financial statements, withholding tax is levied on dividends to be distributed by subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008. Deferred tax is provided, at the applicable withholding tax rate, on the undistributed earnings of the Group's PRC subsidiaries that would be distributed to their respective holding companies outside Mainland China in the foreseeable future.

Put option liabilities

As explained in note 34 to the financial statements, put option liabilities arising from the buy-back upon the occurrence of certain triggering events are recognised as financial liabilities. When determining the classification and measurement of the put option liabilities, judgements are exercised, including determining whether the Group has the present ownership interest in the shares subject to the put options, the timing that the triggering events would occur and the possibility that the buy-back would be exercised.

Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the lease.

The Group includes the renewal period as part of the lease term for leases of leased properties.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment assessment of film and TV program products and films and TV programs under production

Film and TV program products are stated at cost less accumulated amortisation and any impairment losses. Films and TV programs under production are accounted for on a project-by-project basis and are stated at cost less any impairment losses. Management estimates the costs to be incurred to complete production and the total projected revenues and the related future cash flows, as appropriate, of films and TV programs under production and film and TV program products based on the historical cost, performance and cash flows of similar films and TV programs, incorporating factors such as the production plans, target markets and distribution plans of respective films and TV programs, the past box office or similar records and/or other relevant information of the main artistes and directors of the films and TV programs, the genre of the films and TV programs, their anticipated performance in relevant theatrical, home entertainment, television and other ancillary markets, with reference to agreements for future sales, licensing and other exploitations, as appropriate.

These estimated costs to be incurred to complete production, projected revenues and related future cash flows can change significantly due to a variety of factors. Based on both internal and external information available on the films and TV programs under production and film and TV program products, management reviews the estimated costs to be incurred to complete production, the projected revenues and the related future cash flows of the relevant assets, as appropriate, to assess whether there is any impairment or reversal of impairment. Any change in estimates may have a significant impact on the Group's financial performance. The carrying amounts of film and TV program products and films and TV programs under production are disclosed in notes 19 and 31 to the financial statements, respectively.

Estimation of fair values of investment properties and a financial asset at fair value through other comprehensive income

The best evidence of fair value is current prices in an active market for similar properties in the same location and condition and subject to similar leases and other contracts. In the absence of such information, management determines the amount within a range of reasonable fair value estimates. In making its judgement, management considers information from (i) independent valuations; (ii) current prices in an active market for properties of a different nature, condition or location by reference to available market information; (iii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the dates of transactions that occurred at those prices; and (iv) discounted cash flow projections, based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rates for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of cash flows. The carrying amount of investment properties measured at fair value as at 31 July 2022 was approximately HK$37,168 million (2021: HK$37,035 million) and that of a financial asset at fair value through other comprehensive income of which the principal asset is an investment property, as at 31 July 2022 was approximately HK$1,576 million (2021: HK$1,536 million).

3. Significant Accounting Judgements and Estimates (continued)

Estimation uncertainty (continued)

Estimation of total budgeted costs and costs to completion for properties under development/ investment properties under construction

The total budgeted costs for properties under development/investment properties under construction comprise (i) leasehold land, (ii) building costs, and (iii) any other direct costs attributable to the development of the properties. In estimating the total budgeted costs for properties under development/ investment properties under construction, management makes reference to information such as (i) current offers from contractors and suppliers, (ii) recent offers agreed with contractors and suppliers, and (iii) professional estimation on construction and material costs.

Provision for ECLs on debtors and other receivables

The Group uses a provision matrix to calculate ECLs for debtors. The provision rates are based on days past due for groupings of various customer segments with shared risk characteristics. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECLs on the Group's debtors is disclosed in note 33 to the financial statements.

The loss allowances for other receivables are based on assumption about risk of default and expected loss rates. The Group makes adjustment in making these assumptions and selecting the inputs to the ECL calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. A number of significant judgements are also required in applying the accounting requirements for measuring ECLs, such as:

— Determining criteria for a significant increase in credit risk;
— Identifying economic indicators for forward-looking measurement; and
— Estimating future cash flows for the other receivables.

The information about the provision for ECLs on the Group's other receivables is disclosed in note 28 to the financial statements.

3. Significant Accounting Judgements and Estimates (continued)

Estimation uncertainty (continued)

Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in production, expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed at each financial year end date based on changes in circumstances.

Impairment of goodwill and trademarks with indefinite useful lives

The Group determines whether goodwill and trademarks with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units or the fair value of a trademark to which the goodwill and trademarks with indefinite useful lives are allocated. Estimating the value in use and fair value requires the Group to make an estimate of the expected future cash flows from the cash-generating units or trademarks and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Details of goodwill and trademarks with indefinite useful lives are disclosed in notes 21 and 22 to the financial statements.

Impairment of non-financial assets (other than goodwill)

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the Group has to exercise judgement in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

3. Significant Accounting Judgements and Estimates (continued)

Estimation uncertainty (continued)

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Fair value of derivative financial instruments

Where fair value of derivative financial instruments cannot be derived from active markets, it is determined using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement including considerations of inputs such as expected exposure at default, credit spread and loss given default ratio. Changes in assumptions about these factors could affect the reported fair value of derivative financial instruments. The fair value of the Group's derivative financial instruments are disclosed in note 27 to the financial statements.

Provision for LAT and corporate income tax ("CIT")

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to their understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculations and payments with the tax authorities for certain property development projects. The final tax outcome could be different from the amounts that were initially recorded, and any differences will impact the LAT expenses and the related LAT provision in the period in which such taxes are finalised with the tax authorities.

The Group is mainly subject to CIT in the PRC. As a result of the fact that certain matters relating to the CIT have not been confirmed by the tax authorities, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for CIT. Where the final tax outcomes of these matters are different from the amounts originally recorded, the differences will impact on the CIT and related CIT provision in the period in which such taxes are finalised with the tax authorities.

4. Segment Information

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

(a) the property development and sales segment engages in property development and sale of properties;

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

(c) the hotel operation segment engages in the operation of and provision of consultancy services to hotels and serviced apartments;

(d) the restaurant and F&B product sales operations segment engages in the operation of restaurants and sales of food and beverage products;

(e) the media and entertainment segment engages in the investment in and the production of entertainment events and provision of related advertising services, the provision of artiste management services, album sales and the distribution and licensing of music and trading of gaming products;

(f) the film and TV program segment engages in the investment in, production of, sale, distribution and licensing of films and TV programs, the provision of related advertising services as well as the distribution of video format products derived from these films and films licensed-in by the Group;

(g) the cinema operation segment engages in the operation of cinemas in Hong Kong and Mainland China;

(h) the theme park operation segment engages in development and operation of theme parks in Mainland China; and

(i) the "others" segment mainly comprises luxury yachting business, the provision of property management services, leasing agency services and building services.

4. Segment Information (continued)

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

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

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

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

4. Segment Information (continued)

Segment revenue and results

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

	Property development and sales		Property investment		Hotel operation		Restaurant and F&B product sales operations		Media and entertainment		Film and TV program		Cinema operation		Theme park operation		Others		Consolidated	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue (note 6(a)):																				
Sales to external customers	**1,685,490**	2,503,316	**1,241,637**	1,287,297	**650,030**	621,199	**419,922**	443,089	**256,771**	321,126	**184,575**	298,892	**385,023**	211,986	**16,049**	30,769	**254,206**	269,078	**5,093,703**	5,986,752
Intersegment sales	**–**	–	**33,460**	38,199	**1,010**	457	**1,436**	12	**–**	4	**5,110**	8,597	**1,972**	1,495	**–**	–	**13,512**	26,530	**56,500**	75,294
Other revenue and gains	**31,226**	7,860	**20,759**	33,898	**12,165**	18,504	**16,606**	35,393	**1,802**	16,558	**1,737**	37,147	**73,011**	98,675	**1,154**	1,446	**42,364**	41,669	**200,824**	291,150
Total	**1,716,716**	2,511,176	**1,295,856**	1,359,394	**663,205**	640,160	**437,964**	478,494	**258,573**	337,688	**191,422**	344,636	**460,006**	312,156	**17,203**	32,215	**310,082**	337,277	**5,351,027**	6,353,196
Elimination of intersegment sales																			**(56,500)**	(75,294)
Total																			**5,294,527**	6,277,902
Segment results	**(26,857)**	(279,932)	**564,252**	874,936	**(340,418)**	(340,979)	**(159,337)**	(88,919)	**(8,362)**	(33,531)	**(52,757)**	(95,019)	**(130,062)**	(151,664)	**(590,999)**	(444,474)	**55,489**	45,902	**(689,051)**	(513,680)
Unallocated other revenue and gains																			**204,945**	264,810
Fair value gains/(losses) on investment properties, net	**–**	–	**226,415**	(358,857)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**226,415**	(358,857)
Unallocated expenses																			**(886,651)**	(573,275)
Loss from operating activities																			**(1,144,342)**	(1,181,002)
Finance costs																			**(876,416)**	(767,423)
Share of profits and losses of associates	**69**	77	**75**	(235)	**(709)**	(558)	**(217)**	3	**–**	–	**–**	–	**–**	–	**–**	–	**2,920**	1,990	**2,138**	1,277
Share of profits and losses of associates – unallocated																			**(98)**	18,773
Share of profits and losses of joint ventures	**201,338**	105,959	**(231,776)**	(569,167)	**6,363**	(10,216)	**–**	–	**(543)**	1,309	**(847)**	(889)	**(16,462)**	–	**–**	–	**(109)**	–	**(42,036)**	(473,004)
Loss before tax																			**(2,060,754)**	(2,401,379)
Tax																			**(262,831)**	(255,806)
Loss for the year																			**(2,323,585)**	(2,657,185)

4. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

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

	Property development and sales		Property investment		Hotel operation		Restaurant and F&B product sales operations		Media and entertainment		Film and TV program		Cinema operation		Theme park operation		Others		Consolidated	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment assets	**12,560,833**	10,253,411	**37,820,948**	37,675,821	**8,789,410**	9,272,393	**680,455**	580,155	**265,208**	353,929	**706,865**	588,886	**1,253,869**	1,349,565	**1,109,690**	1,602,919	**1,052,608**	1,084,402	**64,239,886**	62,761,481
Investments in associates	**2,274**	2,177	**116**	45	**155,653**	171,359	**(10,105)**	(10,105)	**–**	–	**–**	–	**–**	–	**–**	–	**5,473**	5,688	**153,411**	169,164
Investments in associates – unallocated																			**83,202**	47,999
Investments in joint ventures	**2,088,023**	2,115,704	**4,620,676**	4,909,949	**80,069**	82,730	**–**	–	**10,524**	15,018	**1,659**	1,058	**12,690**	–	**–**	–	**12,502**	–	**6,826,143**	7,124,459
Unallocated assets																			**9,591,137**	12,929,722
Assets classified as held for sale	**1,855**	5,273	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**1,855**	5,273
Total assets																			**80,895,634**	83,038,098
Segment liabilities	**1,276,657**	2,025,242	**1,050,988**	812,513	**391,022**	513,188	**198,527**	177,914	**80,032**	131,324	**370,283**	367,820	**1,152,785**	1,259,934	**81,106**	132,658	**443,195**	384,570	**5,044,595**	5,805,163
Bank borrowings																			**17,361,959**	18,771,101
Guaranteed notes																			**10,151,175**	7,692,495
Other borrowings																			**322,730**	318,557
Unallocated liabilities																			**7,027,675**	7,466,079
Total liabilities																			**39,908,134**	40,053,395

4. Segment Information (continued)

Other segment information

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

	Property development and sales		Property investment		Hotel operation		Restaurant and F&B product sales operations		Media and entertainment		Film and TV program		Cinema operation		Theme park operation		Others		Consolidated	
	2022 HK$'000	2021 HK$'000	**2022 HK$'000**	2021 HK$'000	**2022 HK$'000**	2021 HK$'000	**2022 HK$'000**	2021 HK$'000	**2022 HK$'000**	2021 HK$'000	**2022 HK$'000**	2021 HK$'000	**2022 HK$'000**	2021 HK$'000	**2022 HK$'000**	2021 HK$'000	**2022 HK$'000**	2021 HK$'000	**2022 HK$'000**	2021 HK$'000
Depreciation of property, plant and equipment	**881**	880	**17,539**	21,018	**243,894**	233,386	**20,765**	19,533	**993**	1,081	**165**	155	**49,495**	52,368	**125,336**	146,296	**5,941**	6,571	**465,009**	481,288
Depreciation of property, plant and equipment – unallocated																			**12,293**	8,402
																			477,302	489,690
Depreciation of right-of-use assets	**466**	496	**3,934**	5,653	**155,804**	155,828	**50,356**	58,295	**1,096**	1,353	**4,324**	2,693	**139,648**	129,030	**13,728**	18,807	**13,558**	13,850	**382,914**	386,005
Depreciation of right-of-use assets – unallocated																			**28,081**	28,347
																			410,995	414,352
Impairment of property, plant and equipment	**–**	–	**–**	–	**–**	–	**–**	–	**618**	494	**142**	125	**7,829**	8,149	**366,312**	199,631	**855**	643	**375,756**	209,042
Impairment of right-of-use assets	**–**	–	**–**	–	**–**	–	**–**	–	**2,644**	2,613	**8,234**	865	**33,791**	18,335	**–**	–	**1,368**	1,702	**46,037**	23,515
Impairment of goodwill	**–**	–	**–**	–	**–**	–	**36,101**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**36,101**	–
Loss on disposal/write-off of items of property, plant and equipment	**1**	157	**28**	4,826	**25**	72	**6**	–	**–**	3	**–**	–	**17**	12	**53**	–	**–**	–	**130**	5,070
Loss on disposal/write-off of items of property, plant and equipment – unallocated																			**28**	–
																			158	5,070

4. Segment Information (continued)

Other segment information (continued)

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

	Property development and sales		Property investment		Hotel operation		Restaurant and F&B product sales operations		Media and entertainment		Film and TV program		Cinema operation		Theme park operation		Others		Consolidated	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Write-down of properties under development to net realisable value	**310,187**	68,612	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**310,187**	68,612
Write-down of completed properties for sale to net realisable value	**–**	18,241	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	18,241
Impairment of films and TV programs under production	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**39,977**	2,553	**–**	–	**–**	–	**–**	–	**39,977**	2,553
Amortisation of film rights	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**5,397**	6,595	**–**	–	**–**	–	**–**	–	**5,397**	6,595
Amortisation of film and TV program products	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**10,076**	176,388	**–**	–	**–**	–	**–**	–	**10,076**	176,388
Amortisation of music catalogs	**–**	–	**–**	–	**–**	–	**–**	–	**2,461**	21,923	**–**	–	**–**	–	**–**	–	**–**	–	**2,461**	21,923
Amortisation of other intangible assets	**–**	–	**–**	–	**–**	–	**2,036**	1,221	**–**	–	**–**	–	**–**	–	**–**	–	**385**	410	**2,421**	1,631
Impairment of debtors, net	**–**	–	**6,289**	6,661	**–**	–	**4,800**	–	**6,995**	7,209	**(118)**	2,683	**–**	–	**–**	–	**–**	–	**17,966**	16,553
Impairment of advances and other receivables	**–**	–	**–**	–	**–**	–	**–**	–	**5,507**	20,290	**–**	3,609	**–**	–	**–**	–	**–**	–	**5,507**	23,899
Impairment of advances and other receivables – unallocated																			**68,208**	–
																			73,715	23,899
Impairment of amounts due from joint ventures	**–**	–	**–**	–	**–**	–	**–**	–	**1,711**	1,273	**(1,551)**	(1,183)	**–**	–	**–**	–	**–**	–	**160**	90
Derecognition loss on rental receivables	**–**	–	**42,728**	14,070	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**42,728**	14,070
Remeasurement of finance lease receivables	**34,193**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**34,193**	–
Foreseeable loss on finance lease contract	**1,558**	15,694	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**1,558**	15,694
Impairment of inventories	**–**	–	**–**	–	**–**	–	**150**	–	**1,164**	821	**319**	777	**–**	4	**–**	–	**2,558**	1,999	**4,191**	3,601
Capital expenditure	**384**	664	**896,183**	581,612	**3,589**	31,826	**132,463**	22,837	**548**	987	**732**	1,537	**708**	331,734	**86,530**	113,425	**17,753**	10,273	**1,138,890**	1,094,895
Capital expenditure – unallocated																			**6,526**	82,017
																			1,145,416	1,176,912

4. Segment Information (continued)

Geographical information

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

	Hong Kong		Mainland China and Macau		United Kingdom		Vietnam		Others		Consolidated	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue												
Sales to external customers	**1,779,434**	1,860,379	**2,751,872**	3,586,739	**84,750**	81,968	**222,361**	181,121	**255,286**	276,545	**5,093,703**	5,986,752
Other revenue	**159,112**	210,713	**39,416**	65,702	**7**	7,409	**259**	3	**2,030**	7,323	**200,824**	291,150
Total	**1,938,546**	2,071,092	**2,791,288**	3,652,441	**84,757**	89,377	**222,620**	181,124	**257,316**	283,868	**5,294,527**	6,277,902
Segment assets												
Non-current assets	**20,045,765**	20,148,111	**26,083,105**	26,388,753	**3,232,935**	3,560,918	**347,354**	386,946	**344,399**	397,856	**50,053,558**	50,882,584
Current assets	**6,403,925**	2,882,210	**7,123,919**	8,430,504	**35,121**	46,364	**151,809**	137,864	**471,554**	381,955	**14,186,328**	11,878,897
Total	**26,449,690**	23,030,321	**33,207,024**	34,819,257	**3,268,056**	3,607,282	**499,163**	524,810	**815,953**	779,811	**64,239,886**	62,761,481

Information about major customers

For both the years ended 31 July 2022 and 31 July 2021, there was no revenue derived from a single customer which contributed more than 10% of the Group's revenue for the respective years.

5. Related Party Transactions

In addition to the related party transactions and balances detailed elsewhere in the financial statements, the Group entered into the following material transactions with related parties during the year:

(a) Transactions with related parties

	Notes	**2022 HK$'000**	2021 HK$'000
Lease payments and building management fees paid or payable to:			
— LSG	(i), (ii)	**343**	833
— an associate of LSG	(i), (ii)	**450**	215
Rental income and management fee income received or receivable from LSG	(i)	**600**	739
Interest income received or receivable from advance to joint ventures	(i)	**5,075**	4,747
Production fee paid or payable to joint ventures	(i)	**1,522**	1,450
Share of net (loss)/gain from entertainment events organised by the Group to a joint venture		**(214)**	2,423
Sale of products and management fee income received or receivable from a joint venture	(i)	**3,506**	—
Management and other service fees paid or payable to a subsidiary of a substantial shareholder of Lai Fung Holdings Limited ("**Lai Fung**")	(i)	**—**	6,750
Multimedia design fee paid or payable to a joint venture	(i)	**—**	17,078
Sharing of corporate salaries on a cost basis allocated to LSG		**9,999**	9,085
Sharing of administrative expenses on a cost basis allocated to LSG		**2,418**	1,197
Sharing of corporate salaries on a cost basis allocated from LSG		**8,568**	7,508

5. Related Party Transactions (continued)

(a) Transactions with related parties (continued)

Notes:

(i) These transactions were entered into based on terms stated in the respective agreements or contracts and were charged on bases mutually agreed by the respective parties.

(ii) In addition to the variable lease payments and lease payments for short-term leases to the related parties, right-of-use assets of approximately HK$3,669,000 (2021: HK$2,445,000) and lease liabilities of approximately HK$4,293,000 (2021: HK$2,831,000) related to the leases with related parties were recognised in the consolidated statement of financial position as at 31 July 2022. During the year ended 31 July 2022, depreciation of these right-of-use assets of approximately HK$3,193,000 (2021: HK$2,654,000) and finance costs on these lease liabilities of approximately HK$107,000 (2021: HK$96,000) were recognised in the consolidated income statement.

(b) Compensation of key management personnel of the Group

	2022 **HK$'000**	2021 HK$'000
Short term employee benefits	**71,385**	66,891
Pension scheme contributions	**161**	377
Total compensation paid to key management personnel	**71,546**	67,268

Further details of directors' emoluments are included in note 9 to the financial statements.

6. Turnover and Other Revenue and Gains

An analysis of turnover is as follows:

	2022 **HK$'000**	2021 HK$'000
Turnover from contracts with customers:		
Sale of properties	**1,685,490**	2,039,170
Building management fee income	**198,548**	199,469
Income from hotel operation	**650,030**	621,199
Income from restaurant and F&B product sales operations	**419,922**	443,089
Distribution commission income, licence income from and sale of film and TV program products and film rights	**180,175**	297,562
Box-office takings, concessionary income and related income from cinemas	**385,023**	211,986
Entertainment event income	**36,963**	72,429
Sale of game products	**128,043**	157,597
Album sales, licence income and distribution commission income from music publishing and licensing	**80,713**	79,171
Artiste management fee income	**11,052**	11,929
Advertising income	**4,400**	1,330
Income from theme park operation	**16,049**	30,769
Others	**254,206**	269,078
	4,050,614	4,434,778
Turnover from other sources:		
Rental income	**1,043,089**	1,087,828
Income from properties under finance lease	**—**	464,146
	1,043,089	1,551,974
Total turnover	**5,093,703**	5,986,752
Timing of recognition of turnover from contracts with customers:		
At a point in time	**3,444,962**	3,808,230
Over time	**605,652**	626,548
	4,050,614	4,434,778

6. Turnover and Other Revenue and Gains (continued)

(a) Disaggregated revenue information:

	For the year ended 31 July 2022									
	Property development and sales HK$'000	Property investment HK$'000	Hotel operation HK$'000	Restaurant and F&B product sales operations HK$'000	Media and entertainment HK$'000	Film and TV program HK$'000	Cinema operation HK$'000	Theme park operation HK$'000	Others HK$'000	Consolidated HK$'000
Type of goods or services										
Sale of properties	1,685,490	–	–	–	–	–	–	–	–	1,685,490
Building management fee income	–	198,548	–	–	–	–	–	–	–	198,548
Income from hotel operation	–	–	650,030	–	–	–	–	–	–	650,030
Income from restaurant and F&B product sale operations	–	–	–	419,922	–	–	–	–	–	419,922
Distribution commission income, licence income from and sale of film and TV program products and film rights	–	–	–	–	–	180,175	–	–	–	180,175
Box-office takings, concessionary income and related income from cinemas	–	–	–	–	–	–	385,023	–	–	385,023
Entertainment event income	–	–	–	–	36,963	–	–	–	–	36,963
Sale of game products	–	–	–	–	128,043	–	–	–	–	128,043
Album sales, licence income and distribution commission income from music publishing and licensing	–	–	–	–	80,713	–	–	–	–	80,713
Artiste management fee income	–	–	–	–	11,052	–	–	–	–	11,052
Advertising income	–	–	–	–	–	4,400	–	–	–	4,400
Income from theme park operation	–	–	–	–	–	–	–	16,049	–	16,049
Others	–	–	–	–	–	–	–	–	254,206	254,206
Total turnover from contracts with customers	1,685,490	198,548	650,030	419,922	256,771	184,575	385,023	16,049	254,206	4,050,614
Turnover from other source – rental income	–	1,043,089	–	–	–	–	–	–	–	1,043,089
Total turnover	1,685,490	1,241,637	650,030	419,922	256,771	184,575	385,023	16,049	254,206	5,093,703

6. Turnover and Other Revenue and Gains (continued)

(a) Disaggregated revenue information: (continued)

	For the year ended 31 July 2022									
	Property development and sales HK$'000	Property investment HK$'000	Hotel operation HK$'000	Restaurant and F&B product sales operations HK$'000	Media and entertainment HK$'000	Film and TV program HK$'000	Cinema operation HK$'000	Theme park operation HK$'000	Others HK$'000	Consolidated HK$'000
Geographical markets										
Hong Kong	60,818	64,370	250,077	359,750	197,793	33,992	365,156	–	46,546	1,378,502
Mainland China and Macau	1,624,672	126,151	177,592	60,172	34,467	127,459	19,867	16,049	–	2,186,429
United Kingdom	–	8,027	–	–	–	–	–	–	–	8,027
Vietnam	–	–	222,361	–	–	–	–	–	–	222,361
Others	–	–	–	–	24,511	23,124	–	–	207,660	255,295
Total turnover from contracts with customers	1,685,490	198,548	650,030	419,922	256,771	184,575	385,023	16,049	254,206	4,050,614
Turnover from other source – rental income	–	1,043,089	–	–	–	–	–	–	–	1,043,089
Total turnover	1,685,490	1,241,637	650,030	419,922	256,771	184,575	385,023	16,049	254,206	5,093,703
Timing of recognition of turnover from contracts with customers										
At a point in time	1,685,490	–	318,256	419,922	216,627	184,575	385,023	–	235,069	3,444,962
Over time	–	198,548	331,774	–	40,144	–	–	16,049	19,137	605,652
Total turnover from contracts with customers	1,685,490	198,548	650,030	419,922	256,771	184,575	385,023	16,049	254,206	4,050,614
Turnover from other source – rental income	–	1,043,089	–	–	–	–	–	–	–	1,043,089
Total turnover	1,685,490	1,241,637	650,030	419,922	256,771	184,575	385,023	16,049	254,206	5,093,703

6. Turnover and Other Revenue and Gains (continued)

(a) Disaggregated revenue information: (continued)

	For the year ended 31 July 2021									
	Property development and sales HK$'000	Property investment HK$'000	Hotel operation HK$'000	Restaurant and F&B product sales operations HK$'000	Media and entertainment HK$'000	Film and TV program HK$'000	Cinema operation HK$'000	Theme park operation HK$'000	Others HK$'000	Consolidated HK$'000
Type of goods or services										
Sale of properties	2,039,170	–	–	–	–	–	–	–	–	2,039,170
Building management fee income	–	199,469	–	–	–	–	–	–	–	199,469
Income from hotel operation	–	–	621,199	–	–	–	–	–	–	621,199
Income from restaurant and F&B product sales operations	–	–	–	443,089	–	–	–	–	–	443,089
Distribution commission income, licence income from and sale of film and TV program products and film rights	–	–	–	–	–	297,562	–	–	–	297,562
Box-office takings, concessionary income and related income from cinemas	–	–	–	–	–	–	211,986	–	–	211,986
Entertainment event income	–	–	–	–	72,429	–	–	–	–	72,429
Sale of game products	–	–	–	–	157,597	–	–	–	–	157,597
Album sales, licence income and distribution commission income from music publishing and licensing	–	–	–	–	79,171	–	–	–	–	79,171
Artiste management fee income	–	–	–	–	11,929	–	–	–	–	11,929
Advertising income	–	–	–	–	–	1,330	–	–	–	1,330
Income from theme park operation	–	–	–	–	–	–	–	30,769	–	30,769
Others	–	–	–	–	–	–	–	–	269,078	269,078
Total turnover from contracts with customers	2,039,170	199,469	621,199	443,089	321,126	298,892	211,986	30,769	269,078	4,434,778
Turnover from other sources										
– rental income	–	1,087,828	–	–	–	–	–	–	–	1,087,828
– income from properties under finance lease	464,146	–	–	–	–	–	–	–	–	464,146
Total turnover from other sources	464,146	1,087,828	–	–	–	–	–	–	–	1,551,974
Total turnover	2,503,316	1,287,297	621,199	443,089	321,126	298,892	211,986	30,769	269,078	5,986,752

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6. Turnover and Other Revenue and Gains (continued)

(a) Disaggregated revenue information: (continued)

	For the year ended 31 July 2021									
	Property development and sales HK$'000	Property investment HK$'000	Hotel operation HK$'000	Restaurant and F&B product sales operations HK$'000	Media and entertainment HK$'000	Film and TV program HK$'000	Cinema operation HK$'000	Theme park operation HK$'000	Others HK$'000	Consolidated HK$'000
Geographical markets										
Hong Kong	227,815	70,345	232,174	347,114	243,899	52,582	185,985	–	43,620	1,403,534
Mainland China and Macau	1,811,355	117,280	207,904	95,975	49,915	222,536	26,001	30,769	–	2,561,735
United Kingdom	–	11,844	–	–	–	–	–	–	–	11,844
Vietnam	–	–	181,121	–	–	–	–	–	–	181,121
Others	–	–	–	–	27,312	23,774	–	–	225,458	276,544
Total turnover from contracts with customers	2,039,170	199,469	621,199	443,089	321,126	298,892	211,986	30,769	269,078	4,434,778
Turnover from other sources										
– rental income	–	1,087,828	–	–	–	–	–	–	–	1,087,828
– income from properties under finance lease	464,146	–	–	–	–	–	–	–	–	464,146
Total turnover from other sources	464,146	1,087,828	–	–	–	–	–	–	–	1,551,974
Total turnover	2,503,316	1,287,297	621,199	443,089	321,126	298,892	211,986	30,769	269,078	5,986,752
Timing of recognition of turnover from contracts with customers										
At a point in time	2,039,170	–	300,635	443,089	264,212	298,442	211,986	–	250,696	3,808,230
Over time	–	199,469	320,564	–	56,914	450	–	30,769	18,382	626,548
Total turnover from contracts with customers	2,039,170	199,469	621,199	443,089	321,126	298,892	211,986	30,769	269,078	4,434,778
Turnover from other sources										
– rental income	–	1,087,828	–	–	–	–	–	–	–	1,087,828
– income from properties under finance lease	464,146	–	–	–	–	–	–	–	–	464,146
Total turnover from other sources	464,146	1,087,828	–	–	–	–	–	–	–	1,551,974
Total turnover	2,503,316	1,287,297	621,199	443,089	321,126	298,892	211,986	30,769	269,078	5,986,752

6. Turnover and Other Revenue and Gains (continued)

(a) Disaggregated revenue information: (continued)

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2022 **HK$'000**	2021 HK$'000
Sale of properties	**674,001**	226,203
Other operations	**76,185**	173,653
	750,186	399,856

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of properties

Revenue from the sale of properties is recognised at a point in time when the completed property is transferred to customers, being at the point that the customer obtains the control of the completed property. Payment in advance is normally required.

Hotel operation and building management operation

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

Entertainment events

Revenue from entertainment events organised by the Group is recognised at a point in time when the events are completed. Payment is generally due within 30 to 60 days from the date of billing.

6. Turnover and Other Revenue and Gains (continued)

(b) Performance obligations (continued)

Film and TV program licence income

The performance obligation is satisfied at a point in time (i) when the films or TV programs licensed to movie theatres are exhibited, (ii) where an assignment is granted to the licensee which permits the licensee to exploit those rights freely and where the Group has no remaining obligations to perform and when the materials have been delivered to the licensee, or (iii) when the films or TV programs are available for showing or telecast. Partial payment in advance for licence income is normally required and the remaining balance is billed according to the payment schedule as stipulated in agreements or upon completion of exhibition of the films or TV programs. Payment is generally due within 30 to 60 days from the date of billing.

(c) Transaction price allocated to the remaining performance obligations

The amount of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) regarding contracts for sale of properties as at 31 July 2022 was HK$32,883,000 (2021: HK$32,200,000) and is expected to be recognised as revenue within one year.

The Group elected to apply the practical expedient under HKFRS 15 and does not disclose the amount of the transaction price allocated to the remaining obligations for contracts with an original expected duration for one year or less or contracts for hotel and serviced apartment and building management operations for which the Group bills a fixed amount for each month of service provided and recognises revenue in the amount to which the Group has a right to invoice.

The ultimate consideration for those contracts will depend on the occurrence or non-occurrence of future customer's fulfillment of contracts. Accordingly, the above may not reflect the actual performance of the Group in the future. The analysis is solely for compliance with the HKFRS 15 disclosure requirement in respect of the transaction price allocated to the remaining performance obligations.

6. Turnover and Other Revenue and Gains (continued)

(d) Other revenue and gains

An analysis of other revenue and gains is as follows:

	Notes	**2022 HK$'000**	2021 HK$'000
Other revenue and gains			
Interest income from bank deposits		**82,145**	59,954
Other interest income		**35,745**	30,180
Dividend income from financial assets at fair value through other comprehensive income		**36,400**	42,400
Fair value gains on foreign currency forward contract	27	**—**	395
Fair value gains on cross currency swaps	27	**34,247**	—
Fair value gains on financial assets at fair value through profit or loss, net		**—**	101,525
Interest income from finance lease contract		**21,995**	—
Government grants*		**68,862**	106,505
Compensation income		**—**	7,409
Foreign exchange differences, net		**—**	50,029
Rent concessions related to COVID-19	16(b), (c)	**58,737**	82,382
Others		**67,638**	75,181
		405,769	555,960

* During the years ended 31 July 2022 and 2021, government grants mainly represented the amount received under the "Anti-epidemic Fund" of the Government of the Hong Kong Special Administrative Region. There are no unfulfilled conditions or contingencies related to these grants.

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7. Loss From Operating Activities

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

	Notes	2022 HK$'000	2021 HK$'000
Cost of completed properties sold		**1,271,186**	2,549,514
Cost of inventories sold		**339,726**	356,521
Cost of film rights, licence rights and film and TV program products		**146,400**	346,297
Cost of artiste management services and services for entertainment events provided		**57,905**	100,572
Cost of theatrical releasing and concessionary sales		**159,154**	80,483
Depreciation of property, plant and equipment^	14	**477,302**	489,690
Depreciation of right-of-use assets^	16(a), (c)	**410,995**	414,352
Impairment of property, plant and equipment*	14	**375,756**	209,042
Impairment of right-of-use assets*	16(a), (c)	**46,037**	23,515
Loss on disposal/write-off of items of property, plant and equipment*		**158**	5,070
Write-down of completed properties for sale to net realisable value*		**—**	18,241
Write-down of properties under development to net realisable value^^	17	**310,187**	68,612
Staff costs (including directors' remuneration — note 9):			
Wages and salaries		**1,314,742**	1,299,277
Pension scheme contributions##		**53,734**	39,661
Equity-settled share option expenses		**1,869**	1,381
		1,370,345	1,340,319
Capitalised in properties under development/ investment properties under construction/ construction in progress		**(120,060)**	(106,470)
Total		**1,250,285**	1,233,849
Auditor's remuneration		**16,238**	15,960
Lease payments not included in the measurement of lease liabilities		**18,106**	14,908
Contingent rents incurred for:			
Entertainment events#		**2,199**	6,215
Cinema*		**4,646**	625
Total	16(c)	**24,951****	21,748**

7. Loss From Operating Activities (continued)

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

	Notes	2022 HK$'000	2021 HK$'000
Minimum lease income under operating leases		**(1,034,759)**	(1,074,729)
Contingent rents		**(8,330)**	(13,099)
Total operating lease income		**(1,043,089)**	(1,087,828)
Less: Outgoings		**107,880**	84,978
Net rental income		**(935,209)**	(1,002,850)
Impairment of films and TV programs under production#	31	**39,977**	2,553
Fair value changes from film investments	31	**(1,656)@**	12,702*
Fair value changes from entertainment events organised by co-investors		**(155)@**	1,280*
Amortisation of film rights#		**5,397**	6,595
Amortisation of film and TV program products#	19	**10,076**	176,388
Amortisation of music catalogs#		**2,461**	21,923
Amortisation of other intangible assets*	22	**2,421**	1,631
Impairment of debtors, net*	33	**17,966**	16,553
Impairment of advances and other receivables*	28	**73,715**	23,899
Impairment of amounts due from joint ventures*	24	**160**	90
Loss on disposal of joint ventures*	24	**—**	142
Loss/(gain) on dissolution/deregistration of subsidiaries		**42,917***	(576)@
Fair value (gains)/losses on cross currency swaps	27	**(34,247)@**	29,005*
Fair value gains on foreign currency forward contract@	27	**—**	(395)
Fair value losses/(gains) on financial assets at fair value through profit or loss, net		**244,139***	(101,525)@
Derecognition loss on rental receivables*		**42,728**	14,070
Remeasurement of finance lease receivables*		**34,193**	—
Impairment of inventories#		**4,191**	3,601
Impairment of goodwill*	21	**36,101**	—
Foreign exchange differences, net		**198,213***	(50,029)@
Foreseeable loss on finance lease contract*		**1,558**	15,694
Service fee for operation of a club in hotel operation in Vietnam*		**24,584**	19,746

7. Loss From Operating Activities (continued)

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

These items are included in "cost of sales" on the face of the consolidated income statement. The contingent rents are charged based on certain percentages of the gross ticket proceeds collected in respect of the entertainment events.

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

* These items are included in "other operating expenses" on the face of the consolidated income statement. The contingent rents are charged based on certain percentages of the gross box-office takings in respect of the cinema operation.

^ Depreciation charges of approximately HK$815,061,000 (2021: HK$829,655,000) are included in "other operating expenses" on the face of the consolidated income statement.

^^ Write-down of properties under development to net realisable value of approximately HK$308,000,000 (2021: Nil) and HK$2,187,000 (2021: HK$68,612,000) is included in "cost of sales" and "other operating expenses" on the face of the consolidated income statement, respectively.

** Lease payments of approximately HK$11,496,000 (2021: HK$7,121,000) are included in "other operating expenses" on the face of the consolidated income statement.

As at 31 July 2022 and 31 July 2021, the Group had no forfeited contributions from the pension schemes available to reduce its contributions to the pension schemes in future years.

8. Finance Costs

	Notes	2022 HK$'000	2021 HK$'000
Interest on bank borrowings		**529,999**	513,325
Interest on guaranteed notes		**527,340**	319,069
Interest on other borrowings		**5,647**	5,640
Interest on lease liabilities	16(b), (c)	**48,069**	55,188
Bank financing charges		**82,122**	69,800
Interest on put option liabilities		**4,975**	4,424
		1,198,152	967,446
Less: Amount capitalised in construction in progress	14	**(15,496)**	(11,917)
Amount capitalised in properties under development	17	**(178,580)**	(109,142)
Amount capitalised in investment properties under construction	15	**(127,660)**	(78,964)
		876,416	767,423

Where funds have been borrowed generally and used for the purpose of obtaining qualifying assets, capitalisation at rates ranging from 3.5% to 5.2% (2021: 3.0% to 5.1%) have been applied to the expenditure on the individual assets for the year ended 31 July 2022.

9. Directors' Remuneration

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), section 383(1)(a), (b), (c) and (f) of the Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2022	2021
	HK$'000	HK$'000
Fees	**2,173**	2,290
Other emoluments:		
Salaries, allowances and benefits in kind	**69,212**	64,601
Pension scheme contributions	**161**	377
	69,373	64,978
	71,546	67,268
Capitalised in properties under development/investment properties under construction/construction in progress	**(9,851)**	(9,816)
	61,695	57,452

9. Directors' Remuneration (continued)

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

	Notes	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total HK$'000
2022					
Executive directors:					
Lam Kin Ngok, Peter	(a)	180	31,292	18	31,490
Chew Fook Aun	(b)	—	17,923	54	17,977
Lau Shu Yan, Julius	(c)	—	5,106	16	5,122
Lam Hau Yin, Lester	(d)	—	3,499	36	3,535
Lee Tze Yan, Ernest	(e)	—	2,946	19	2,965
Tham Seng Yum, Ronald	(f)	—	4,120	18	4,138
		180	64,886	161	65,227
Non-executive director:					
U Po Chu	(g)	250	4,326	—	4,576
Independent non-executive directors:					
Ip Shu Kwan, Stephen		350	—	—	350
Lam Bing Kwan	(h)	700	—	—	700
Leung Shu Yin, William		350	—	—	350
Leung Wang Ching, Clarence	(i)	343	—	—	343
		1,743	—	—	1,743
		2,173	69,212	161	71,546

9. DIRECTORS' REMUNERATION (CONTINUED)

	Notes	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total HK$'000
2021					
Executive directors:					
Lam Kin Ngok, Peter	(a)	180	27,971	18	28,169
Chew Fook Aun	(b)	—	16,020	54	16,074
Lau Shu Yan, Julius	(c)	—	4,663	233	4,896
Lam Hau Yin, Lester	(d)	—	3,340	36	3,376
Tham Seng Yum, Ronald	(f)	—	7,800	36	7,836
		180	59,794	377	60,351
Non-executive directors:					
Lam Kin Ming	(j)	110	500	—	610
U Po Chu	(g)	250	4,307	—	4,557
		360	4,807	—	5,167
Independent non-executive directors:					
Ip Shu Kwan, Stephen		350	—	—	350
Lam Bing Kwan	(h)	700	—	—	700
Leung Shu Yin, William		350	—	—	350
Leung Wang Ching, Clarence	(i)	350	—	—	350
		1,750	—	—	1,750
		2,290	64,601	377	67,268

9. Directors' Remuneration (continued)

Notes:

(a) The amounts included fees and salaries paid by eSun Holdings Limited ("**eSun**") and its subsidiaries (collectively the "**eSun Group**") of HK$12,697,000 and salaries paid by Lai Fung of HK$3,130,000 (2021: fees and salaries paid by the eSun Group of HK$11,368,000 and salaries paid by Lai Fung of HK$2,797,000).

(b) The amounts included salaries and pension scheme contributions paid by the eSun Group of HK$4,499,000 and paid by Lai Fung of HK$4,499,000 (2021: paid by the eSun Group of HK$4,023,000 and paid by Lai Fung of HK$4,023,000).

(c) Mr. Lau Shu Yan, Julius is also the chief executive officer of the Company.

(d) The amounts included salaries and pension scheme contributions paid by Lai Fung of HK$1,686,000 (2021: HK$1,610,000).

(e) Mr. Lee Tze Yan, Ernest was appointed as an executive director with effect from 25 January 2022. The amounts included salaries and pension scheme contributions paid by Lai Fung of HK$745,000 (2021: Nil).

(f) Mr. Tham Seng Yum, Ronald resigned as an executive director of the Company with effect from 27 January 2022. The amounts included salaries and pension scheme contributions paid by Lai Fung of HK$2,069,000 (2021: HK$3,918,000).

(g) The amounts included salaries paid by Lai Fung of HK$4,326,000 (2021: HK$4,307,000).

(h) The amounts included fees paid by Lai Fung of HK$350,000 (2021: HK$350,000).

(i) Mr. Leung Wang Ching, Clarence resigned as an independent non-executive director of the Company with effect from 25 July 2022.

(j) Dr. Lam Kin Ming passed away on 8 January 2021. For the year ended 31 July 2021, the amounts included salaries paid by Lai Fung of HK$500,000.

There were no other emoluments payable to the independent non-executive directors during the year (2021: Nil).

There was no arrangement under which a director or the chief executive officer waived or agreed to waive any remuneration during the year (2021: Nil).

10. Employees' Remuneration

The five highest paid employees during the year included two (2021: three) directors, details of whose remuneration are set out in note 9 above. Details of the remuneration of the remaining three (2021: two) highest paid employees who are neither a director nor chief executive officer of the Company are as follows:

	2022 **HK$'000**	2021 HK$'000
Fees	**180**	180
Other emoluments:		
Salaries, allowances and benefits in kind	**21,687**	13,665
Pension scheme contributions	**102**	66
	21,789	13,731
	21,969	13,911
Capitalised in properties under development/investment properties under construction/construction in progress	**(4,028)**	(3,952)
	17,941	9,959

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

	Number of employees	
	2022	2021
HK$6,500,001 to HK$7,000,000	**1**	1
HK$7,000,001 to HK$7,500,000	**1**	1
HK$7,500,001 to HK$8,000,000	**1**	—
	3	2

11. Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

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

	2022 **HK$'000**	2021 HK$'000
Current		
— Hong Kong		
Charge for the year	**19,765**	35,223
Overprovision in prior years	**(3,330)**	(7,351)
	16,435	27,872
— Mainland China		
CIT		
Charge for the year	**162,281**	167,631
Overprovision in prior years	**(41,971)**	(1,310)
LAT		
Charge for the year	**330,104**	191,688
Underprovision in prior years	**—**	4,755
	450,414	362,764
— Elsewhere		
Charge for the year	**17,960**	11,073
Overprovision in prior years	**(980)**	(3,911)
	16,980	7,162
	483,829	397,798
Deferred tax (note 39)	**(220,998)**	(141,992)
Tax charge for the year	**262,831**	255,806

11. TAX (CONTINUED)

A reconciliation of the tax charge applicable to loss before tax at the statutory rate for the location in which the Company and the majority of its subsidiaries are domiciled to the tax charge at the effective tax rate is as follows:

	2022 HK$'000	2021 HK$'000
Loss before tax	**(2,060,754)**	(2,401,379)
Add/(less): Share of profits and losses of associates	**(2,040)**	(20,050)
Share of profits and losses of joint ventures	**42,036**	473,004
Loss before tax attributable to the Group	**(2,020,758)**	(1,948,425)
Tax at the statutory tax rate of 16.5% (2021: 16.5%)	**(333,425)**	(321,490)
Higher tax rate for other countries	**(6,739)**	(44,889)
Adjustments in respect of current tax of previous periods	**(46,281)**	(12,572)
Income not subject to tax	**(13,414)**	(33,469)
Expenses not deductible for tax purposes	**467,095**	455,411
Tax losses utilised from previous periods	**(19,359)**	(30,134)
Tax losses not recognised	**260,224**	287,752
Provision for LAT	**330,104**	196,443
Tax effect of provision for LAT	**(82,526)**	(49,111)
Other temporary differences	**(318,662)**	(238,360)
Withholding tax on the distributable earnings of the subsidiaries established in Mainland China	**23,459**	44,033
Withholding tax on the interest income from the subsidiaries established in Mainland China	**2,355**	2,192
Tax charge for the year	**262,831**	255,806

12. DIVIDEND

No final dividend was declared for the years ended 31 July 2022 and 2021.

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13. Loss Per Share Attributable to Owners of the Company

	2022 **HK$'000**	2021 HK$'000
Loss		
Loss for the purpose of basic and diluted loss per share	**(1,966,921)**	(2,088,090)

	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share (Note)	**921,978**	688,131

Note: No adjustment has been made to the basic loss per share amounts presented for the years ended 31 July 2022 and 2021 in respect of a dilution as the impact of the share options of the Company, eSun and Lai Fung had an anti-dilutive effect on the basic loss per share amounts presented.

The weighted average number of ordinary shares in issue for both years used in the above basic and diluted loss per share calculation has been adjusted to reflect the effect of the rights issue completed during the year ended 31 July 2022 as set out in note 40(b).

14. Property, Plant and Equipment

	Notes	Hotel properties HK$'000	Leasehold buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Computers HK$'000	Motor vessels HK$'000	Theme parks HK$'000	Construction in progress HK$'000	Total HK$'000
Cost:											
At 1 August 2020		5,881,653	329,822	648,627	431,638	49,153	94,588	57,493	1,561,077	59,000	9,113,051
Finance costs capitalised	8	—	—	—	—	—	—	—	—	11,917	11,917
Additions		10,941	—	64,952	35,913	2,774	7,979	76,946	—	116,900	316,405
Transfer from investment properties	15	—	3,000	—	—	—	—	—	—	31,507	34,507
Disposals/write-off		—	—	(15,180)	(7,015)	(3,131)	(6,212)	—	—	—	(31,538)
Adjustments		(111,516)	—	—	—	—	—	—	(20,998)	—	(132,514)
Exchange realignment		168,904	23,889	31,864	7,635	2,155	2,763	—	113,427	4,097	354,734
At 31 July 2021 and 1 August 2021		**5,949,982**	**356,711**	**730,263**	**468,171**	**50,951**	**99,118**	**134,439**	**1,653,506**	**223,421**	**9,666,562**
Finance costs capitalised	8	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**15,496**	**15,496**
Additions		**3,475**	**—**	**64,393**	**18,199**	**866**	**12,883**	**4,513**	**438**	**82,617**	**187,384**
Disposals/write-off		**—**	**—**	**—**	**(1,923)**	**—**	**(887)**	**—**	**—**	**—**	**(2,810)**
Adjustments		**(76,802)**	**—**	**—**	**—**	**—**	**—**	**—**	**(26,060)**	**—**	**(102,862)**
Exchange realignment		**(54,917)**	**(9,321)**	**(13,682)**	**(5,119)**	**(662)**	**(5,551)**	**—**	**(33,891)**	**(6,286)**	**(129,429)**
At 31 July 2022		**5,821,738**	**347,390**	**780,974**	**479,328**	**51,155**	**105,563**	**138,952**	**1,593,993**	**315,248**	**9,634,341**

14. Property, Plant and Equipment (continued)

	Notes	Hotel properties HK$'000	Leasehold buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Computers HK$'000	Motor vessels HK$'000	Theme parks HK$'000	Construction in progress HK$'000	Total HK$'000
Accumulated depreciation and impairment:											
At 1 August 2020		451,414	40,614	448,107	232,421	37,506	38,998	56,054	141,667	—	1,446,781
Depreciation provided during the year	7	191,137	18,193	44,426	63,001	4,249	15,977	9,367	143,340	—	489,690
Impairment during the year	7	—	—	7,820	767	—	824	—	199,631	—	209,042
Disposals/write-off		—	—	(9,710)	(5,346)	(2,979)	(6,190)	—	—	—	(24,225)
Exchange realignment		14,371	3,313	34,699	5,539	889	1,971	—	20,391	—	81,173
At 31 July 2021 and 1 August 2021		**656,922**	**62,120**	**525,342**	**296,382**	**39,665**	**51,580**	**65,421**	**505,029**	**—**	**2,202,461**
Depreciation provided during the year	7	**205,593**	**18,319**	**55,058**	**43,152**	**4,034**	**15,868**	**12,950**	**122,328**	**—**	**477,302**
Impairment during the year	7	**—**	**—**	**6,669**	**1,654**	**—**	**1,121**	**—**	**366,312**	**—**	**375,756**
Disposals/write-off		**—**	**—**	**—**	**(1,612)**	**—**	**(730)**	**—**	**—**	**—**	**(2,342)**
Exchange realignment		**(10,535)**	**(2,229)**	**(23,413)**	**(4,071)**	**(516)**	**(2,328)**	**—**	**(21,483)**	**—**	**(64,575)**
At 31 July 2022		**851,980**	**78,210**	**563,656**	**335,505**	**43,183**	**65,511**	**78,371**	**972,186**	**—**	**2,988,602**
Net carrying amount:											
At 31 July 2022		**4,969,758**	**269,180**	**217,318**	**143,823**	**7,972**	**40,052**	**60,581**	**621,807**	**315,248**	**6,645,739**
At 31 July 2021		5,293,060	294,591	204,921	171,789	11,286	47,538	69,018	1,148,477	223,421	7,464,101

14. Property, Plant and Equipment (continued)

At 31 July 2022, the HK Hotel comprising hotel properties, leasehold improvements, furniture, fixtures and equipment and computers, named "Hong Kong Ocean Park Marriott Hotel", with carrying amounts of approximately HK$2,919,692,000, HK$32,047,000, HK$13,115,000, and HK$6,575,000, respectively, totalling HK$2,971,429,000; certain serviced apartments under hotel properties (including related leasehold improvements) and certain construction in progress with aggregate carrying amounts of approximately HK$354,759,000 and HK$274,313,000, respectively, were pledged to banks to secure banking facilities granted to the Group (note 37).

At 31 July 2021, the HK Hotel comprising hotel properties, leasehold improvements, furniture, fixtures and equipment and computers of Hong Kong Ocean Park Marriott Hotel, with carrying amounts of approximately HK$3,034,565,000, HK$38,915,000, HK$20,687,000, and HK$9,343,000, respectively, totalling HK$3,103,510,000; certain serviced apartments under hotel properties (including related leasehold improvements) and certain construction in progress with aggregate carrying amounts of approximately HK$378,084,000 and HK$182,682,000, respectively, were pledged to banks to secure banking facilities granted to the Group (note 37).

As at 31 July 2022, the Group had conducted an impairment test on property, plant and equipment including property, plant and equipment related to theme parks (each treated as a cash generating unit). The carrying amounts of the cash-generating units were in excess of their recoverable amounts given the market conditions and the impact of the outbreak of COVID-19 were out of management's expectation. Accordingly, a provision for impairment of approximately HK$375,756,000 (2021: HK$209,042,000) was charged to the consolidated income statement for the year. The estimated recoverable amounts as at 31 July 2022 were determined based on their value in use amounts estimated by using discount rates ranging from 10% to 32% (2021: 9% to 24%).

15. Investment Properties

	2022 **HK$'000**	2021 HK$'000
Completed investment properties	**31,341,722**	32,413,952
Investment properties under construction	**5,826,500**	4,621,200
	37,168,222	37,035,152

15. Investment Properties (continued)

	Notes	**2022** **HK$'000**	2021 HK$'000
Carrying amount at beginning of year		**37,035,152**	35,824,589
Additions		**887,235**	560,900
Finance costs capitalised	8	**127,660**	78,964
Transfer from completed properties for sale		**—**	2,011
Transfer to construction in progress	14	**—**	(34,507)
Transfer to right-of-use assets	16(a)	**—**	(64,699)
Transfer to properties under development	17	**—**	(769,245)
Fair value gains/(losses), net		**226,415**	(358,857)
Exchange realignment		**(1,108,240)**	1,795,996
Carrying amount at end of year		**37,168,222**	37,035,152

Most of the investment properties of the Group are leased to third parties under operating leases, further summary details of which are included in note 16 to the financial statements.

Certain investment properties of the Group with an aggregate carrying amount of approximately HK$31,314,902,000 (2021: HK$30,343,392,000) were pledged to banks to secure banking facilities granted to the Group (note 37).

Valuation process

The directors of the Company have determined that investment properties are completed properties held for rental and investment properties under construction, based on the nature, characteristics and risks of each property. The Group's investment properties were revalued on 31 July 2022 based on valuations performed by Savills Valuation and Professional Services Limited, Savills (UK) Limited and Knight Frank Petty Limited, independent professionally qualified valuers, at HK$13,381,720,000 (2021: HK$13,528,860,000), HK$3,227,900,000 (2021: HK$3,556,490,000) and HK$20,558,602,000 (2021: HK$19,949,802,000), respectively. Each year, the Group's management decides to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has discussions with the valuers on the valuation assumptions and valuation results twice a year when the valuations are performed for interim and annual financial reporting.

15. Investment Properties (continued)

Valuation process (continued)

Fair value measurement using significant unobservable inputs (Level 3)

For completed investment properties, valuations are based on the income approach and the market approach. The income approach is based on capitalisation of the net income and the reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation are with reference to valuers' view of recent lettings, within the subject properties and other comparable properties. The market approach is based on market comparable transactions available in the market and adjustments of various factors would be made between the subject properties and comparable properties.

For investment properties in London, the fair values are determined on the basis that they will be redeveloped and completed in accordance with the Group's latest development plans. The valuation is mainly determined by the residual method, and wherever appropriate, by the income approach. The residual method involves calculating the gross development value ("**GDV**") and deducting the estimated development costs and developer's profit. The income approach capitalises the remaining income profiles of the existing buildings until the latest expiry.

For investment properties under construction, the Group has valued such properties on the basis that they will be developed and completed in accordance with the Group's latest development plans. Valuations are based on the residual method, which is essentially a means of valuing the land by reference to its development potential by deducting development costs together with developer's profit and risk associated with the estimated capital value of the proposed development assumed to be completed as at the date of valuation.

15. Investment Properties (continued)

Valuation techniques

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

2022

Description	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Completed investment properties				
Completed properties in Hong Kong	Income approach	Average monthly market rent per square foot	HK$14 to HK$325	The higher the market rent, the higher the fair value
		Capitalisation rate	2.5% to 4.3%	The higher the capitalisation rate, the lower the fair value
Completed properties in Mainland China	Income approach	Average monthly market rent per square metre	HK$31 to HK$346	The higher the market rent, the higher the fair value
		Capitalisation rate	3.75% to 7.5%	The higher the capitalisation rate, the lower the fair value
Commercial properties in Mainland China	Market approach	Average market unit rate per square metre	HK$14,500	The higher the market unit rate, the higher the fair value
Residential property in Mainland China	Market approach	Average market unit rate per square metre	HK$165,000	The higher the market unit rate, the higher the fair value

15. Investment Properties (continued)

Valuation techniques (continued)

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

2022 (continued)

Description	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Completed investment properties (continued)				
Completed properties in London (with future redevelopment plan)	Residual method	GDV per square foot	HK$15,605	The higher the GDV, the higher the fair value
		Estimated development costs	HK$10.8 billion	The higher the estimated development costs, the lower the fair value
		Developer's profit margin	15%	The higher the developer's profit margin, the lower the fair value
Investment properties under construction				
Commercial properties in Mainland China	Residual method	GDV per square metre	HK$23,000 to HK$81,000	The higher the GDV, the higher the fair value
		Budgeted costs to completion	HK$339,200,000 to HK$936,800,000	The higher the budgeted cost to completion, the lower the fair value
		Developer's profit margin	1% to 20%	The higher the developer's profit margin, the lower the fair value

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15. Investment Properties (continued)

Valuation techniques (continued)

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

2021

Description	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Completed investment properties				
Completed properties in Hong Kong	Income approach	Average monthly market rent per square foot	HK$14 to HK$329	The higher the market rent, the higher the fair value
		Capitalisation rate	2.5% to 4.3%	The higher the capitalisation rate, the lower the fair value
Completed properties in Mainland China	Income approach	Average monthly market rent per square metre	HK$32 to HK$363	The higher the market rent, the higher the fair value
		Capitalisation rate	3.75% to 7.5%	The higher the capitalisation rate, the lower the fair value
Commercial properties in Mainland China	Market approach	Average market unit rate per square metre	HK$15,000	The higher the market unit rate, the higher the fair value
Residential property in Mainland China	Market approach	Average market unit rate per square metre	HK$174,000	The higher the market unit rate, the higher the fair value

15. Investment Properties (Continued)

Valuation techniques (continued)

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

2021 (continued)

Description	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Completed investment properties (continued)				
Completed properties in London (with future redevelopment plan)	Residual method	GDV per square foot	HK$17,123	The higher the GDV, the higher the fair value
		Estimated development costs	HK$11.8 billion	The higher the estimated development costs, the lower the fair value
		Developer's profit margin	15%	The higher the developer's profit margin, the lower the fair value
Investment properties under construction				
Commercial properties in Mainland China	Residual method	GDV per square metre	HK$24,000 to HK$84,000	The higher the GDV, the higher the fair value
		Budgeted costs to completion	HK$597,000,000 to HK$1,038,700,000	The higher the budgeted cost to completion, the lower the fair value
		Developer's profit margin	2% to 20%	The higher the developer's profit margin, the lower the fair value

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 (2021: Nil).

16. Leases

The Group as a lessee

The Group has lease contracts of certain cinema related properties, other properties and equipment for its operations. Leases of cinema related properties generally have lease terms between 2 and 14 years, while other properties generally have lease terms between 2 and 15 years. Leases of equipment generally have lease terms of 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

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

	Notes	Leasehold land HK$'000	Cinema related properties HK$'000	Other properties HK$'000	Equipment HK$'000	Total HK$'000
At 1 August 2020		4,307,372	696,232	276,662	2,278	5,282,544
Additions		12,070	263,189	24,348	—	299,607
Lease modification		—	353	(2,527)	—	(2,174)
Transfer from investment properties under construction	15	64,699	—	—	—	64,699
Termination		—	—	(7,057)	(142)	(7,199)
Depreciation charged	7, 16(c)	(188,991)	(125,612)	(99,054)	(695)	(414,352)
Impairment loss recognised	7, 16(c)	—	(18,335)	(5,180)	—	(23,515)
Exchange realignment		103,542	2,496	799	28	106,865
At 31 July 2021 and 1 August 2021		**4,298,692**	**818,323**	**187,991**	**1,469**	**5,306,475**
Additions		**—**	**—**	**69,520**	**1,279**	**70,799**
Lease modification		**—**	**63,098**	**15,606**	**—**	**78,704**
Termination		**—**	**—**	**(1,295)**	**(376)**	**(1,671)**
Depreciation charged	7, 16(c)	**(184,000)**	**(135,974)**	**(90,253)**	**(768)**	**(410,995)**
Impairment loss recognised	7, 16(c)	**—**	**(33,791)**	**(11,459)**	**(787)**	**(46,037)**
Exchange realignment		**(70,886)**	**(563)**	**(2,748)**	**(138)**	**(74,335)**
At 31 July 2022		**4,043,806**	**711,093**	**167,362**	**679**	**4,922,940**

16. LEASES (CONTINUED)

The Group as a lessee (continued)

(a) Right-of-use assets (continued)

During the year ended 31 July 2022, the impairment loss of HK$46,037,000 (2021: HK$23,515,000 represented the write-down of the carrying amounts of right-of use assets of certain cinema related properties and other properties) represented the write-down of the carrying amounts of right-of-use assets of certain cinema related properties, other properties and equipment to their recoverable amounts because the market conditions and the impact after the outbreak of COVID-19 were out of the management's expectation. The estimated recoverable amounts as at 31 July 2022 were determined based on their value in use amounts estimated by using discount rates ranging from 10% to 32% (2021: 9% to 24%).

At 31 July 2022, certain of the Group's right-of-use assets with a carrying amount of HK$2,864,019,000 (2021: HK$3,010,032,000), of which HK$1,436,114,000 (2021: HK$1,492,617,000) was in relation to the land on which the HK Hotel is situated, were pledged to secure banking facilities granted to the Group (note 37).

(b) Lease liabilities

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

	Notes	**2022** **HK$'000**	2021 HK$'000
Carrying amount at 1 August		**1,387,617**	1,374,430
Additions		**64,737**	299,610
Accretion of interest recognised during the year	8, 16(c)	**48,069**	55,188
Lease modification		**77,661**	(659)
Payments		**(264,175)**	(260,142)
Termination		**(674)**	(7,136)
Rent concessions related to COVID-19	6(d), 16(c)	**(58,737)**	(82,382)
Exchange realignment		**(4,358)**	8,708
Carrying amount at 31 July		**1,250,140**	1,387,617
Analysed into:			
Current portion		**275,181**	283,725
Non-current portion		**974,959**	1,103,892
		1,250,140	1,387,617

The maturity analysis of lease liabilities is disclosed in note 48(iv) to the financial statements.

The Group has applied the practical expedient to all eligible rent concessions granted by the lessors during the years ended 31 July 2022 and 2021.

16. LEASES (CONTINUED)

The Group as a lessee (continued)

(c) The amounts charged/(credited) to consolidated income statement in relation to leases are as follows:

	Notes	**2022 HK$'000**	2021 HK$'000
Interest on lease liabilities	8, 16(b)	**48,069**	55,188
Depreciation charge of right-of-use assets	7, 16(a)	**410,995**	414,352
Impairment of right-of-use assets	7, 16(a)	**46,037**	23,515
Expense relating to short-term leases and other leases with remaining lease terms less than one year and leases of low value assets	7	**13,375**	11,825
Variable lease payments not included in the measurement of lease liabilities	7	**11,576**	9,923
Rent concessions related to COVID-19	6(d),16(b)	**(58,737)**	(82,382)
Gain on termination of leases		**(366)**	(163)
Total amount charged to consolidated income statement		**470,949**	432,258

(d) Variable lease payments

The Group leased a number of properties which contain variable lease payment terms that are based on the Group's turnover generated from the properties. There are also minimum annual base rental arrangements for these leases.

(e) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in notes 52(c) and 44(b) respectively, to the financial statements.

The Group as a lessor

The Group leases its investment properties (note 15) under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rental adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was HK$1,043,089,000 (2021: HK$1,087,828,000), details of which are included in note 6 to the financial statements.

16. LEASES (CONTINUED)

The Group as a lessor (continued)

At 31 July 2022, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2022 HK$'000	2021 HK$'000
Within one year	**814,095**	937,212
In the second to fifth years, inclusive	**1,247,172**	1,438,502
After five years	**287,874**	366,075
	2,349,141	2,741,789

In addition, the operating lease arrangements for certain investment properties of the Group are contingent based on the turnover of the tenants pursuant to the terms and conditions as set out in the respective agreements. As the future turnover of the tenants could not be accurately determined, the relevant contingent rent has not been included above.

17. PROPERTIES UNDER DEVELOPMENT

	Notes	2022 HK$'000	2021 HK$'000
At beginning of year, at cost		**2,075,324**	3,822,423
Additions		**3,825,819**	921,614
Interest and bank financing charges capitalised	8	**178,580**	109,142
Transfer from investment properties	15	**—**	769,245
Transfer to completed properties for sale		**(149,872)**	(3,670,871)
Realisation of foreseeable loss on finance lease contract		**(16,028)**	—
Write-down of properties under development to net realisable value	7	**(310,187)**	(68,612)
Exchange realignment		**(27,463)**	192,383
At end of year, at cost		**5,576,173**	2,075,324

As at 31 July 2022, certain of the Group's properties under development with a total carrying amount of approximately HK$3,587,318,000 (2021: HK$2,063,013,000) were pledged to banks to secure banking facilities granted to the Group (note 37).

18. Film Rights

Film rights are rights acquired or licensed from outsiders for exhibition/broadcasting and other exploitation of the films and TV programs.

The Group regularly reviews its library of film rights to assess the marketability/future economic benefits of film rights and the corresponding recoverable amounts. The estimated recoverable amounts as at 31 July 2022 and 31 July 2021 were determined based on the present value of expected future revenues and related cash flows arising from the distribution and sublicensing of the film rights, which were derived from discounting the projected cash flows using a discount rate of 13.5% (2021: 13.5%) for the relevant assets.

19. Film and TV Program Products

	Notes	HK$'000
Cost:		
At 1 August 2020		258,804
Additions		2,661
Transfer from films and TV programs under production	31	296,128
Sale of film and TV program products		(132,684)
Exchange realignment		10,479
At 31 July 2021 and 1 August 2021		**435,388**
Transfer from films and TV programs under production	31	**108,681**
Sale of film and TV program products		**(92,245)**
Exchange realignment		**(7,994)**
At 31 July 2022		**443,830**
Accumulated amortisation:		
At 1 August 2020		193,683
Provided during the year	7	176,388
Exchange realignment		10,479
At 31 July 2021 and 1 August 2021		**380,550**
Provided during the year	7	**10,076**
Exchange realignment		**(7,970)**
At 31 July 2022		**382,656**
Net carrying amount:		
At 31 July 2022		**61,174**
At 31 July 2021		54,838

19. Film and TV Program Products (continued)

The Group regularly reviews its film and TV program products to assess the marketability/future economic benefits of film and TV program products and the corresponding recoverable amounts. The estimated recoverable amounts as at 31 July 2022 and 31 July 2021 were determined based on the present value of expected future revenues and related cash flows arising from the distribution and sublicensing of the film and TV program products, which were derived from discounting the projected cash flows using a discount rate of 13.5% (2021: ranging from 13.5% to 15%) for the relevant assets.

20. Music Catalogs

Music catalogs represent song catalogs, music video recording rights and publishing rights of songs acquired.

21. Goodwill

	Note	HK$'000
Cost:		
At 1 August 2020		273,277
Exchange realignment		2,465
At 31 July 2021 and 1 August 2021		**275,742**
Exchange realignment		**(30,530)**
At 31 July 2022		**245,212**
Accumulated impairment:		
At 1 August 2020, 31 July 2021 and 1 August 2021		1,319
Provided during the year	7	36,101
At 31 July 2022		**37,420**
Net carrying amount:		
At 31 July 2022		**207,792**
At 31 July 2021		274,423

21. GOODWILL (CONTINUED)

Impairment testing of goodwill

CNI CGU

Goodwill of HK$203,951,000 (2021: HK$234,480,000) arising from the acquisition of additional equity interests in CNI (as defined in note 50 to the financial statements) and its subsidiaries during the year ended 31 July 2018 was allocated to cash-generating unit (the "**CNI CGU**"), which is included in the components of others segment for impairment testing.

The acquired subsidiaries of the CNI CGU generate cash inflows that are largely independent of the cash inflows from other assets.

Details of impairment test of the CNI CGU are set out in note 22 to the financial statements.

F&B CGU A

Goodwill of HK$3,842,000 (2021: HK$3,842,000) arising from the acquisition of additional equity interests in three subsidiaries during the year ended 31 July 2016 was allocated to a cash-generating unit (the "**F&B CGU A**"), which is included in the components of the restaurant and F&B product sales operations segment for impairment testing.

The acquired subsidiaries of the F&B CGU A generate cash inflows that are largely independent of the cash inflows from other assets.

The carrying amount of the cash-generating unit, which included the goodwill, was in excess of its recoverable amount as a result of the continuing operating losses incurred. Accordingly, an impairment of approximately HK$1,319,000 was recognised in prior years.

The recoverable amount of the F&B CGU A has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period (2021: two-year period) with a growth rate approved by senior management, which is based on management's expectation for market development. The discount rate applied to the cash flow projections is 12.5% (2021: 12%).

Assumptions were used in the value in use calculation of the F&B CGU A for the years ended 31 July 2022 and 2021. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted profit — The basis used to determine the value assigned to the budgeted profit is the historical average profit achieved, adjusted for expected efficiency improvement, and expected market development.

Discount rate — The discount rate used is before tax and reflects specific risks relating to the relevant unit.

21. Goodwill (continued)

Impairment testing of goodwill (continued)

F&B CGU B

Goodwill of HK$36,101,000 (2021: HK$36,101,000) arising from the acquisition of non-wholly-owned subsidiaries during the year ended 31 July 2020 was allocated to a cash-generating unit (the "**F&B CGU B**"), which is included in the components of the restaurant and F&B product sales operations segment for impairment testing.

The acquired subsidiaries of the F&B CGU B generate cash inflows that are largely independent of the cash inflows from other assets.

As at 31 July 2022, the carrying amount of the cash-generating unit, which included the goodwill, was in excess of its recoverable amount because the market conditions and the impact of the outbreak of COVID-19 were out of management's expectation. Accordingly, an impairment of approximately HK$36,101,000 (2021: Nil) was recognised to write down to its recoverable amount.

Details of the impairment test of the F&B CGU B are set out in note 22 to the financial statements.

22. Other Intangible Assets

	Note	Trademarks HK$'000	Customer relationships HK$'000	Online movie platform HK$'000	Total HK$'000
Cost:					
At 1 August 2020		135,785	17,201	586	153,572
Exchange realignment		1,218	44	—	1,262
At 31 July 2021 and 1 August 2021		**137,003**	**17,245**	**586**	**154,834**
Exchange realignment		**(15,207)**	**(532)**	**—**	**(15,739)**
At 31 July 2022		**121,796**	**16,713**	**586**	**139,095**
Accumulated amortisation:					
At 1 August 2020		—	1,758	586	2,344
Provided during the year	7	—	1,631	—	1,631
Exchange realignment		—	6	—	6
At 31 July 2021 and 1 August 2021		**—**	**3,395**	**586**	**3,981**
Provided during the year	7	**—**	**2,421**	**—**	**2,421**
Exchange realignment		**—**	**(190)**	**—**	**(190)**
At 31 July 2022		**—**	**5,626**	**586**	**6,212**
Net carrying amount:					
At 31 July 2022		**121,796**	**11,087**	**—**	**132,883**
At 31 July 2021		137,003	13,850	—	150,853

22. Other Intangible Assets (continued)

Trademarks

Trademarks are regarded as having an indefinite useful life because the trademarked products and services are expected to generate net cash inflows indefinitely.

Impairment testing of goodwill and trademarks with an indefinite useful life allocated to CNI CGU

The recoverable amount of the CNI CGU has been determined based on a value in use calculation using three-year (2021: three-year) cash flow projections based on financial budgets approved by senior management, which is based on management's expectation for market development. The growth rate used to extrapolate the cash flows of the CNI CGU beyond the three-year (2021: three-year) period is 1.5% (2021: 1.5%). The discount rate applied to the cash flow projections is 12% (2021: 12%). The terminal growth rate applied to the cash flow projections is 1.5% (2021: 1.5%).

Assumptions were used in the value in use calculation of the CNI CGU for the years ended 31 July 2022 and 2021. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted profit — The basis used to determine the value assigned to the budgeted profit is the historical average profit achieved, adjusted for expected efficiency improvement, and expected market development.

Discount rate — The discount rate used is before tax and reflects specific risks relating to the relevant unit.

Impairment testing of goodwill and trademarks with an indefinite useful life allocated to F&B CGU B

The recoverable amount of the F&B CGU B has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period with a growth rate approved by senior management, which is based on management's expectation for market development. The discount rate applied to the cash flow projections is 13% (2021: 14%). The terminal growth rate applied to the cash flow projections is 1.4% (2021: 2%).

Assumptions were used in the value in use calculation of the F&B CGU B for the years ended 31 July 2022 and 2021. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted profit — The basis used to determine the value assigned to the budgeted profit is the historical average profit achieved, adjusted for expected efficiency improvement, and expected market development.

Discount rate — The discount rate used is before tax and reflects specific risks relating to the relevant unit.

23. Investments in Associates

	2022 HK$'000	2021 HK$'000
Share of net assets	**16,708**	34,785
Amounts due from associates	**317,028**	284,859
Provision for impairment	**(97,123)**	(102,481)
	219,905	182,378
Total	**236,613**	217,163

The amounts due from associates are unsecured, interest-free and repayable on demand but are not expected to be repayable within the next 12 months from the end of the reporting period. In the opinion of the directors, these balances are considered as part of the Group's net investments in the associates.

Loss allowance for impairment of the amounts due from associates represented lifetime ECLs made for credit-impaired balance.

Movements in the loss allowance for impairment of amounts due from associates are as follows:

	2022 HK$'000	2021 HK$'000
At the beginning of the year	**102,481**	100,318
Write-back of impairment loss	**(61)**	(85)
Write-off	**(4,773)**	—
Exchange realignment	**(524)**	2,248
At the end of the year	**97,123**	102,481

The associates are accounted for using the equity method in these financial statements. During the year ended 31 July 2022, the Group received dividend income amounting to HK$1,840,000 from an associate (2021: no dividend income was received from associates).

As at 31 July 2022 and 31 July 2021, there were no material associates which principally affected the results for the year or formed a substantial portion of the net assets of the Group.

23. Investments in Associates (continued)

Aggregate financial information of associates that are not individually material:

	2022 HK$'000	2021 HK$'000
The Group's share of profits	**2,040**	20,050
The Group's share of other comprehensive expense	**(5,680)**	(2,672)
The Group's share of total comprehensive (expense)/income	**(3,640)**	17,378

24. Investments in Joint Ventures

	2022 HK$'000	2021 HK$'000
Share of net assets	**5,267,838**	5,347,703
Amounts due from joint ventures	**1,611,725**	1,830,639
Provision for impairment#	**(53,420)**	(53,883)
	1,558,305	1,776,756
Total	**6,826,143**	7,124,459

As at 31 July 2022, impairment of HK$53,420,000 (2021: HK$53,883,000) was recognised for amounts due from joint ventures with gross carrying amounts of HK$66,605,000 (2021: HK$68,004,000) because these joint ventures have been loss-making for some time.

Except for the amount of HK$1,500,000 (2021: Nil) due from a joint venture which was unsecured, interest-free and repayable on the third anniversary date of the drawdown date of such loan, the amounts due from joint ventures are unsecured, interest-free and repayable on demand but are not expected to be repayable within the next 12 months from the end of the reporting period. In the opinion of the directors, these amounts due from joint ventures are unlikely to be repaid in the foreseeable future and are considered as part of the Group's net investments in the joint ventures.

During the year ended 31 July 2021, the Group entered into sale and purchase agreements with a joint venture partner to sell 50% equity interests of certain joint ventures to the joint venture partner at the aggregate consideration of approximately HK$1,104,000. Loss on disposal of HK$142,000 was recognised for the year ended 31 July 2021.

24. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Loss allowance for impairment of amounts due from joint ventures represented lifetime ECLs made for credit-impaired balance. Except for the credit-impaired balance, there has been no significant increase in credit risk of the remaining balances.

Movements in the loss allowance for impairment of amounts due from joint ventures are as follows:

	Note	**2022** **HK$'000**	2021 HK$'000
At the beginning of the year		**53,883**	52,132
Impairment loss recognised	7	**160**	90
Exchange realignment		**(623)**	1,661
At the end of the year		**53,420**	53,883

Shares in certain joint ventures held by the Group were pledged to banks to secure banking facilities granted to the joint ventures.

All the joint ventures are accounted for using the equity method in these financial statements. During the year ended 31 July 2022, the Group received dividend income amounting to HK$60,000,000 from a joint venture (2021: HK$66,775,000 from joint ventures).

Details of the principal joint ventures are set out in note 51 to the financial statements.

The summarised financial information below represents amounts shown in the financial statements of the respective joint ventures prepared in accordance with HKFRSs and complies with the Group's accounting policies.

24. Investments in Joint Ventures (continued)

Diamond Path Limited and its subsidiaries (the "Diamond Path Group")

The Diamond Path Group, a 50%-owned joint venture, was principally engaged in the development of a residential/commercial project in Hong Kong. The project, "Alto Residences", is located at 29 Tong Yin Street, Tseung Kwan O, Hong Kong.

	31 July 2022 HK$'000	31 July 2021 HK$'000
Current assets	**658,316**	1,233,284
Non-current assets	**1,466,483**	1,350,799
Total assets	**2,124,799**	2,584,083
Current liabilities	**(109,290)**	(126,108)
Non-current liabilities	**(159,474)**	(940,142)
Total liabilities	**(268,764)**	(1,066,250)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	**55,747**	157,050
Non-current financial liabilities (excluding creditors, other payables and accruals)	**(68,863)**	(770,550)

24. Investments in Joint Ventures (continued)

Diamond Path Limited and its subsidiaries (the "Diamond Path Group") (continued)

	Year ended 31 July 2022 HK$'000	Year ended 31 July 2021 HK$'000
Turnover	**859,122**	362,839
Profit and total comprehensive income for the year	**338,202**	261,826
The above profit and total comprehensive income for the year include the following:		
Interest income	**549**	693
Interest expense	**(391)**	—

Reconciliation of the above summarised financial information of the Diamond Path Group to the carrying amount of the interest in the Diamond Path Group recognised in the financial statements is as follows:

	31 July 2022 HK$'000	31 July 2021 HK$'000
Net assets of the Diamond Path Group	**1,856,035**	1,517,833
The Group's 50% ownership interest in the Diamond Path Group	**928,018**	758,917
Amount due (to)/from the Diamond Path Group	**(37,195)**	400,037
Carrying amount of the Group's interest in the Diamond Path Group	**890,823**	1,158,954

24. Investments in Joint Ventures (continued)

Diamond String Limited ("Diamond String")

Diamond String, a 50%-owned joint venture, principally held a property for rental in Hong Kong. The property, "CCB Tower", is located at 3 Connaught Road Central, Hong Kong.

	31 July 2022 HK$'000	31 July 2021 HK$'000
Current assets	**357,373**	310,242
Non-current assets	**9,879,891**	10,510,491
Total assets	**10,237,264**	10,820,733
Current liabilities	**(938,111)**	(35,083)
Non-current liabilities	**(882,025)**	(1,785,557)
Total liabilities	**(1,820,136)**	(1,820,640)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	**403,944**	349,439
Current financial liabilities (excluding creditors, other payables and accruals)	**(907,046)**	—
Non-current financial liabilities (excluding creditors, other payables and accruals)	**(847,386)**	(1,752,211)

	Year ended 31 July 2022 HK$'000	Year ended 31 July 2021 HK$'000
Turnover	**225,653**	264,542
Loss and total comprehensive expense for the year	**(462,966)**	(1,139,899)
The above loss and total comprehensive expense for the year include the following:		
Interest income	**615**	1,788
Interest expense	**(22,320)**	(22,150)

24. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Diamond String Limited ("Diamond String") (continued)

Reconciliation of the above summarised financial information of Diamond String to the carrying amount of the interest in Diamond String recognised in the financial statements is as follows:

	31 July 2022 HK$'000	31 July 2021 HK$'000
Net assets of Diamond String	**8,417,128**	9,000,093
The Group's 50% ownership interest in Diamond String	**4,208,564**	4,500,046
Amount due from Diamond String	**393,522**	393,522
Carrying amount of the Group's interest in Diamond String	**4,602,086**	4,893,568

King Empire International Limited and its subsidiary (the "King Empire International Group")

The King Empire International Group, a 15%-owned joint venture, is principally engaged in the development of a residential project located at Wong Chuk Hang, Hong Kong.

	31 July 2022 HK$'000	31 July 2021 HK$'000
Current assets	**14,624,789**	14,351,721
Current liabilities	**(7,992,036)**	(10,586,117)
Non-current liabilities	**(6,633,467)**	(3,765,695)
Total liabilities	**(14,625,503)**	(14,351,812)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	**19,797**	—
Current financial liabilities (excluding creditors, other payables and accruals)	**(7,989,575)**	(10,585,282)
Non-current financial liabilities (excluding creditors, other payables and accruals)	**(2,800,000)**	—
Interest expense (capitalised as current asset)	**155,542**	82,075

24. INVESTMENTS IN JOINT VENTURES (CONTINUED)

King Empire International Limited and its subsidiary (the "King Empire International Group") (continued)

	Year ended 31 July 2022 HK$'000	Year ended 31 July 2021 HK$'000
Loss and total comprehensive expense for the year	**(623)**	(91)

Reconciliation of the above summarised financial information of the King Empire International Group to the carrying amount of the interest in the King Empire International Group recognised in the financial statements is as follows:

	31 July 2022 HK$'000	31 July 2021 HK$'000
Net liabilities of the King Empire International Group	**(714)**	(91)
The Group's 15% ownership interest in the King Empire International Group	**(107)**	(13)
Amount due from the King Empire International Group	**1,198,436**	957,792
Carrying amount of the Group's interest in the King Empire International Group	**1,198,329**	957,779

24. Investments in Joint Ventures (continued)

Aggregate financial information of joint ventures that are not individually material:

	Year ended 31 July 2022 HK$'000	Year ended 31 July 2021 HK$'000
The Group's share of profits/(losses)	**20,439**	(33,954)
The Group's share of other comprehensive expense	**(9,927)**	(1,225)
The Group's share of total comprehensive income/(expense)	**10,512**	(35,179)

	2022 HK$'000	2021 HK$'000
Aggregate carrying amount of the Group's investments in joint ventures that are not individually material	**134,905**	114,158

25. Financial Assets at Fair Value Through Other Comprehensive Income

	Notes	2022 HK$'000	2021 HK$'000
Financial assets at fair value through other comprehensive income			
Listed equity investment, at fair value	(i)	**28,621**	38,824
Unlisted equity investments, at fair value	(ii)	**1,681,474**	1,650,376
		1,710,095	1,689,200

During the year ended 31 July 2022, the Group disposed of a financial asset at fair value through other comprehensive income, of which the aggregate amount of fair value on the dates of sale and the accumulated losses recognised in other comprehensive income of HK$1,041,000 (2021: HK$7,930,000) was transferred to retained profits.

Notes:

(i) The equity investment is an investment in a company listed on the Stock Exchange and was irrevocably designated at fair value through other comprehensive income as the Group considers such investment to be strategic in nature.

(ii) As at 31 July 2022, included in unlisted equity investments was an equity interest in Bayshore Development Group Limited ("**Bayshore**") of approximately HK$1,575,704,000 (2021: HK$1,536,364,000). The principal activity of Bayshore is property investment.

26. Financial Assets at Fair Value Through Profit or Loss

	Notes	**2022 HK$'000**	2021 HK$'000
Listed equity investments	(i)	**14,457**	—
Unlisted debt investments	(ii)	**123,245**	136,782
Unlisted fund investments	(ii)	**889,263**	1,087,988
		1,026,965	1,224,770
Less: Portion classified as current		**(120,452)**	(183,290)
Non-current portion		**906,513**	1,041,480

Notes:

(i) The equity investments were classified as financial assets at fair value through profit or loss as they were held for trading.

(ii) The unlisted debt investments and unlisted fund investments were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

27. Derivative Financial Instruments

	Notes	**2022 HK$'000**	2021 HK$'000
Current/non-current financial assets/(liabilities)			
— Cross currency swap agreements (the "**CCSs**")			
— For LSD 2017 Guaranteed Notes (the "**CCS — LSD 2017 Notes**")	(a)	**20,922**	191
— For Lai Fung 2018 Guaranteed Notes (the "**CCS — LF 2018 Notes**")	(b)	**4,551**	(8,965)
		25,473	(8,774)
Less: Portion classified as current		**(25,473)**	—
Non-current portion		**—**	(8,774)

27. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

The movements in the financial assets/(liabilities) arising from the derivative financial instruments during the year are as follows:

	CCS — LSD 2017 Notes HK$'000	CCS — LF 2018 Notes HK$'000	CCSs Total HK$'000	Foreign currency forward contract HK$'000
Carrying amount as at 1 August 2020	13,410	6,821	20,231	(5,852)
Fair value (losses charged)/gains credited to the consolidated income statement (note 7)	(13,219)	(15,786)	(29,005)	395
Settlement upon maturity	—	—	—	5,457
Carrying amount as at 31 July 2021 and 1 August 2021	**191**	**(8,965)**	**(8,774)**	**—**
Fair value gains credited to the consolidated income statement (note 7)	**20,731**	**13,516**	**34,247**	**—**
Carrying amount as at 31 July 2022	**20,922**	**4,551**	**25,473**	**—**

(a) CCS — LSD 2017 Notes

During the year ended 31 July 2018, the Group has entered into the CCS — LSD 2017 Notes with financial institutions with an aggregate nominal amount of US$400,000,000 in connection with the guaranteed notes as detailed in note 36(c) to the financial statements.

Pursuant to the terms of the CCS — LSD 2017 Notes, the Group receives an amount semi-annually in arrears calculated based on a fixed rate of 4.6% per annum on the aggregate notional amount of US$400,000,000 during the term of five years, and pays an amount semi-annually in arrears calculated based on a fixed rate of 4.28% per annum on the aggregate notional amount of HK$3,121,400,000 (being the HK$ equivalent amount of US$400,000,000 translated at a contracted exchange rate of US$1 to HK$7.8035) during the term of five years. Upon maturity in September 2022, the Group will receive the aggregate notional amount of US$400,000,000 and will pay the aggregate notional amount of HK$3,121,400,000.

The CCS — LSD 2017 Notes are not designated for hedge purposes and are measured at fair value through profit or loss. Changes in the fair value of the CCS — LSD 2017 Notes amounting to HK$20,731,000 were credited to the consolidated income statement (2021: HK$13,219,000 were charged to the consolidated income statement) during the year.

27. Derivative Financial Instruments (continued)

(b) CCS — LF 2018 Notes

During the year ended 31 July 2018, Lai Fung and its subsidiaries (the "**Lai Fung Group**") has entered into the CCS — LF 2018 Notes with financial institutions with an aggregate nominal amount of US$350,000,000 in connection with the guaranteed notes as detailed in note 36(d) to the financial statements.

Pursuant to the terms of the CCS — LF 2018 Notes, the Lai Fung Group receives an amount semi-annually calculated based on a fixed rate of 5.65% per annum on the aggregate notional amount of US$350,000,000 during the period from 18 January 2018 to 18 January 2023 before each Interest Payment Date — LF 2018 Notes (as defined in note 36(d)), and pays an amount semi-annually calculated based on a fixed rate of 5.37% per annum on the aggregate notional amount of HK$2,738,225,000 (being the HK$ equivalent amount of US$350,000,000 translated at a contracted exchange rate of US$1 to HK$7.8235) during the period from 18 January 2018 to 18 January 2023 before each Interest Payment Date — LF 2018 Notes. Before 18 January 2023, the Lai Fung Group will receive the aggregate notional amount of US$350,000,000 and will pay the aggregate notional amount of HK$2,738,225,000.

The CCS — LF 2018 Notes are not designated for hedge purposes and are measured at fair value through profit or loss. Changes in the fair value of the CCS — LF 2018 Notes amounting to HK$13,516,000 were credited to the consolidated income statement (2021: HK$15,786,000 were charged to the consolidated income statement) during the year.

28. Deposits, Prepayments, Other Receivables and Other Assets

	2022 **HK$'000**	2021 HK$'000
Loan receivables:		
Variable-rate mortgage loan receivables	**90,537**	115,599
Deposits, prepayments, other receivables and other assets	**1,398,488**	1,112,948
	1,489,025	1,228,547
Less: Portion classified as current	**(767,253)**	(953,539)
Non-current portion	**721,772**	275,008

Movements in the loss allowance for impairment of financial assets included in deposits, prepayments, other receivables and other assets are as follows:

	Note	**2022** **HK$'000**	2021 HK$'000
At the beginning of the reporting period		**53,479**	42,709
Impairment losses recognised	7	**73,715**	23,899
Write-back of impairment losses recognised		**(3,397)**	(842)
Write-off		**—**	(13,607)
Exchange realignment		**(550)**	1,320
At the end of the reporting period		**123,247**	53,479

As at 31 July 2022 and 2021, the ECLs were estimated by applying a credit risk approach with reference to the historical loss record of the Group as at 31 July 2022 and 2021. The loss allowance for impairment of financial assets included in deposits, prepayments, other receivables and other assets is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

29. Pledged and Restricted Bank Balances and Time Deposits and Cash and Cash Equivalents

	2022 HK$'000	2021 HK$'000
Cash and bank balances	**5,187,086**	8,432,296
Time deposits	**2,393,632**	2,178,089
	7,580,718	10,610,385
Less: Non-current portion of pledged balances:		
Bank balances pledged for bank borrowings	**(17,279)**	(17,007)
Time deposits pledged for bank borrowings	**(44,550)**	(38,098)
Time deposit pledged for a bank guarantee*	**(17,476)**	—
	(79,305)	(55,105)
Less: Current portion of pledged balances:		
Bank balances pledged for bank borrowings	**(224,004)**	(165,777)
Time deposits pledged for bank borrowings	**(312,672)**	(300,353)
Time deposits pledged for banking facilities**	**(32,300)**	(2,120)
	(568,976)	(468,250)
Less: Current portion of restricted balances***:		
Bank balances	**(1,858,787)**	(1,785,195)
Time deposits	**(17,208)**	(17,038)
	(1,875,995)	(1,802,233)
	(2,444,971)	(2,270,483)
Cash and cash equivalents	**5,056,442**	8,284,797

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

* The balance of HK$17,476,000 (2021: Nil) was pledged to a bank in respect of a bank guarantee for an associate.

** The balance included an amount of HK$30,000,000 (2021: Nil) pledged to a bank in respect of a standby letter of credit issued by the bank.

*** In accordance with the relevant laws and regulations imposed by the government authorities concerned or the terms and conditions set out in the relevant bank loan agreements, proceeds from the pre-sale of certain properties in Mainland China are required to be deposited into designated bank accounts and restricted to be used for the relevant projects. Such restriction will be uplifted upon repayment of the relevant bank loans or the attainment of the relevant ownership certificates issued by the authorities. As at 31 July 2022, the balance was HK$1,797,860,000 (2021: HK$1,693,992,000) in aggregate.

In accordance with the relevant laws and regulations imposed by the government authorities concerned, estimated resettlement costs of certain sites for development in Mainland China are required to be deposited into designated bank accounts. Such deposits are restricted to be used for the resettlement and such restriction will be uplifted upon completion of the resettlement. As at 31 July 2022, the balance was HK$25,127,000 (2021: HK$25,924,000) in aggregate.

In accordance with the relevant clauses of certain bank loan facilities, proceeds from the drawdown of bank loans and certain funds are required to be deposited into designated bank accounts and restricted to be used the relevant projects. As at 31 July 2022, the balance was HK$35,702,000 (2021: HK$65,176,000) 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 2022, the balance was HK$17,306,000 (2021: HK$17,141,000) in aggregate.

The conversion of Vietnamese Dong ("**VND**")/Renminbi ("**RMB**") denominated cash and bank balances and time deposits into foreign currencies and the remittance of such foreign currencies denominated balances out of Vietnam/Mainland China are subject to the relevant rules and regulations of foreign exchange control promulgated by the respective government authorities concerned. As at 31 July 2022, such VND and RMB denominated cash and bank balances and time deposits of the Group amounted to approximately HK$134,163,000 (2021: HK$76,400,000) and approximately HK$3,866,634,000 (2021: HK$4,651,315,000), respectively.

Cash at banks earns interest at floating rates based on bank deposit rates. Short-term time deposits are spread over varying periods up to three months based on the estimated cash requirements of the Group, and earn interest at the respective short-term time deposit rates. Bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

30. Completed Properties for Sale

The completed properties for sale were carried at cost at the end of the reporting period.

As at 31 July 2022, certain of the Group's completed properties for sale with a total carrying amount of approximately HK$1,099,983,000 (2021: HK$1,698,680,000) were pledged to banks to secure banking facilities granted to the Group (note 37).

31. Films and TV Programs Under Production and Film Investments

	Notes	**2022** **HK$'000**	2021 HK$'000
Films and TV programs under production	(i)	**245,389**	192,110
Film investments, at fair value	(ii)	**71,720**	43,734
		317,109	235,844

Notes:

(i) Films and TV programs under production

	Notes	**2022** **HK$'000**	2021 HK$'000
At the beginning of the reporting period		**192,110**	296,668
Additions		**204,177**	177,193
Transfer to film and TV program products	19	**(108,681)**	(296,128)
Impairment#	7	**(39,977)**	(2,553)
Exchange realignment		**(2,240)**	16,930
At the end of the reporting period		**245,389**	192,110

The impairment of films and TV programs under production was made based on management's estimation of the recoverable amount against the carrying amount.

(ii) Film investments, at fair value

	Note	**2022** **HK$'000**	2021 HK$'000
Film investments classified as financial assets at fair value through profit or loss:			
At the beginning of the reporting period		**43,734**	16,716
Additions		**40,069**	47,395
Changes in fair value	7	**1,656**	(12,702)
Settlement		**(11,493)**	(9,570)
Exchange realignment		**(2,246)**	1,895
At the end of the reporting period		**71,720**	43,734

32. Assets Classified As Held For Sale

Balance as at 31 July 2022 and 2021 included units of serviced apartments located in Zhongshan (namely, STARR Resort Residence Zhongshan) which were offered for sale with carrying amounts of approximately HK$1,855,000 and HK$5,273,000, respectively. The serviced apartments were previously classified as property, plant and equipment. Management had committed to a plan to sell with an active programme to locate buyers already initiated and the disposal was expected to be completed in the ensuing year. As a result, the serviced apartments were transferred to assets classified as held for sale since then.

33. Debtors

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

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

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

33. Debtors (continued)

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

	2022 HK$'000	2021 HK$'000
Trade receivables:		
Not yet due or less than 30 days past due	**302,642**	281,435
31 — 60 days past due	**37,680**	17,172
61 — 90 days past due	**17,143**	5,184
Over 90 days past due	**42,303**	35,366
	399,768	339,157
Finance lease receivables, not yet due (Note)	**497,168**	528,484
	896,936	867,641
Less: Portion classified as current	**(403,293)**	(340,954)
Non-current portion	**493,643**	526,687

The movements in the loss allowance for the impairment of debtors are as follows:

	Note	2022 HK$'000	2021 HK$'000
At beginning of year		**31,313**	13,253
Impairment losses, net	7	**17,966**	16,553
Write-off		**(2,033)**	—
Exchange realignment		**(698)**	1,507
At end of year		**46,548**	31,313

An impairment analysis is performed at each reporting date using a provision matrix to measure ECLs. The provision rates are based on days past due for grouping of various customer segments with shared risk characteristics. The provision matrix reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group has applied the simplified approach to provide for ECLs for trade receivables and finance lease receivables which permits the use of lifetime ECLs provision. To measure the ECLs, the Group considered the historical and forward-looking information. As at 31 July 2022 and 2021, the Group estimated that the ECLs for finance lease receivables were insignificant.

33. DEBTORS (CONTINUED)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix analysed by the payment due date:

As at 31 July 2022

		Past due		
	Current to 30 days	**30 to 90 days**	**Over 90 days**	**Total**
Expected credit loss rate	**0%**	**4%**	**51%**	**10%**
Gross carrying amount (HK$'000)	**303,024**	**57,210**	**86,082**	**446,316**
Expected credit losses (HK$'000)	**382**	**2,387**	**43,779**	**46,548**

As at 31 July 2021

		Past due		
	Current to 30 days	30 to 90 days	Over 90 days	Total
Expected credit loss rate	0%	3%	46%	8%
Gross carrying amount (HK$'000)	281,492	23,073	65,905	370,470
Expected credit losses (HK$'000)	57	717	30,539	31,313

33. Debtors (continued)

Note:

The breakdown of finance lease receivables:

	2022 **HK$'000**	2021 HK$'000
Lease payments receivables		
Not later than 1 year	**3,525**	1,797
Later than 1 year but not later than 2 years	**5,636**	5,786
Later than 2 years but not later than 3 years	**7,276**	22,898
Later than 3 years but not later than 4 years	**9,091**	28,340
Later than 4 years but not later than 5 years	**12,170**	33,936
Later than 5 years	**821,325**	750,712
	859,023	843,469
Less: Unearned finance lease income relating to lease payments receivables	**(361,855)**	(314,985)
Present value of lease payments receivables	**497,168**	528,484
Add: Present value of unguaranteed residual value	**—**	—
Net investment in the finance lease	**497,168**	528,484
Less: Accumulated expected credit losses	**—**	—
Total	**497,168**	528,484

34. CREDITORS, OTHER PAYABLES AND ACCRUALS

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

	2022 **HK$'000**	2021 HK$'000
Creditors:		
Not yet due or less than 30 days past due	**477,855**	447,146
31 — 60 days past due	**11,659**	31,209
61 — 90 days past due	**7,783**	4,648
Over 90 days past due	**115,281**	7,580
	612,578	490,583
Other payables and accruals	**2,344,176**	2,681,090
Put option liabilities (Note)	**1,240,322**	1,270,976
	4,197,076	4,442,649
Less: Portion classified as current	**(3,229,241)**	(3,441,480)
Non-current portion	**967,835**	1,001,169

The creditors and other creditors are non-interest-bearing and normally with an average credit term of one to three months.

Note:

On 19 January 2020, Winfield Concept Limited ("**Winfield**"), a subsidiary owned by Lai Fung and the Company (other than interests held through Lai Fung) as to 80% and 20%, respectively, together with its wholly-owned subsidiary, Zhuhai Hengqin Laisun Creative Culture City Co., Ltd. ("**Laisun Creative Culture**"), entered into an agreement (the "**Da Hengqin Agreement**") with an independent third-party, Zhuhai Da Hengqin Real Estate Co., Ltd. ("**Da Hengqin**"). Pursuant to the Da Hengqin Agreement, among others, Da Hengqin has agreed to make a total capital contribution of approximately RMB948,448,000 in Laisun Creative Culture (the "**Da Hengqin Transaction**"). The Da Hengqin Transaction was completed on 6 August 2020 and Da Hengqin became a holder of 16.68% equity interest in Laisun Creative Culture.

According to the Da Hengqin Agreement, Da Hengqin has been granted a put option pursuant to which Da Hengqin has the right (but not an obligation) to require Laisun Creative Culture and/or Winfield to acquire all equity interest held by Da Hengqin in Laisun Creative Culture upon occurrence of certain events. Accordingly, financial liabilities of approximately RMB825,606,000 (equivalent to approximately HK$959,672,000 (2021: HK$993,150,000)), equal to the amount of capital contribution made by Da Hengqin in cash to Laisun Creative Culture, are recorded as put option liabilities under non-current "other payables" of the consolidated statement of financial position as at the end of the reporting period.

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

34. Creditors, Other Payables and Accruals (continued)

Note: (continued)

On 31 December 2018, Rosy Commerce Holdings Limited ("**Rosy Commerce**", a company indirectly owned by Lai Fung and eSun as to 80% and 20%, respectively) and China Cinda (HK) Asset Management Co., Limited ("**Cinda**"), an independent third party, entered into two investment agreements (the "**Cinda Agreements**"). Pursuant to the Cinda Agreements, Cinda agrees to invest, by way of share subscription and/or share sale, in two wholly-owned subsidiaries of Rosy Commerce, namely Harmonic Run Limited ("**HRL**") and Glorious Stand Limited ("**GSL**") at a total consideration (the "**Consideration**") of approximately US$35,752,000 (the "**Cinda Transaction**"). The Cinda Transaction was completed on 25 January 2019 (the "**Cinda Completion Date**") and Cinda became a holder of 30% equity interests in each of HRL and GSL.

On the Cinda Completion Date, Rosy Commerce and Cinda further entered into two shareholders' agreements, pursuant to the buy-back clause contained therein, upon the occurrence of certain triggering events during the six-year investment period, Rosy Commerce has a contractual obligation to buy-back the 30% equity interests in each of HRL and GSL from Cinda at an aggregate amount equal to the Consideration. Accordingly, financial liabilities of approximately US$35,752,000 (equivalent to approximately HK$280,650,000 (2021: HK$277,826,000)) were recorded as put option liabilities under "Creditors, other payables and accruals" of the consolidated statement of financial position as at the end of the reporting period.

Further details of the Cinda Transaction are set out in a joint announcement of the Company, LSG, eSun and Lai Fung dated 2 January 2019.

35. Deposits Received, Deferred Income and Contract Liabilities

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

	2022 **HK$'000**	2021 HK$'000
Deposits received and deferred income	**516,673**	563,344
Contract liabilities (Note)	**677,885**	1,066,895
	1,194,558	1,630,239
Less: Portion classified as current	**(993,161)**	(1,430,586)
Non-current portion	**201,397**	199,653

35. Deposits Received, Deferred Income and Contract Liabilities (continued)

Note:

Details of contract liabilities are as follows:

	2022 HK$'000	2021 HK$'000
Contract liabilities arising from:		
Sales of properties	**544,829**	937,458
Other operations	**133,056**	129,437
	677,885	1,066,895

As at 1 August 2020, 31 July 2021 and 31 July 2022, the Group's total contract liabilities of HK$507,370,000, HK$1,066,895,000 and HK$677,885,000, respectively, mainly represented sales proceeds received in advance from buyers in connection with the Group's sale and pre-sale of properties and interest on the sales proceeds received and consideration received in advance from customers and deferred revenue under media and entertainment and film and TV program operations. The change in contract liabilities during the years ended 31 July 2022 and 2021 was mainly due to the net effect of recognition of revenue and receipts of advance from customers.

36. Guaranteed Notes

	Notes	2022 HK$'000	2021 HK$'000
HK$385,000,000 4.9% — 5.25% guaranteed notes ("**LSD 2022 Notes**")	(a)	**379,598**	—
US$500,000,000 5% guaranteed notes ("**LSD 2021 Notes**")	(b)	**3,902,279**	1,928,741
US$400,000,000 4.6% guaranteed notes ("**LSD 2017 Notes**")	(c)	**3,139,352**	3,102,355
US$350,000,000 5.65% guaranteed notes ("**LF 2018 Notes**")	(d)	**2,729,946**	2,661,399
		10,151,175	7,692,495
Analysed into:			
Guaranteed notes repayable:			
Within one year		**5,869,298**	—
In the second year		**—**	5,814,349
In the third to fifth years, inclusive		**4,080,766**	1,878,146
Beyond fifth year		**201,111**	—
		10,151,175	7,692,495

36. Guaranteed Notes (continued)

Notes:

(a) LSD 2022 Notes

On 9 and 10 November 2021, Lai Sun MTN Limited ("**Lai Sun MTN**"), a wholly-owned subsidiary of the Company, issued guaranteed notes in an aggregate principal amount of HK$385,000,000. The LSD 2022 Notes are guaranteed by the Company, have terms ranging from five years to seven years and three months and bear interest at fixed interest rates ranging from 4.9% to 5.25% per annum payable quarterly or semi-annually in arrears.

The net proceeds from the offering of the LSD 2022 Notes were approximately HK$379,000,000 and were used for general corporate purposes.

	2022 **HK$'000**	2021 HK$'000
Guaranteed notes	**385,000**	—
Issue expenses	**(5,402)**	—
Carrying amount at the end of the reporting period	**379,598**	—

(b) LSD 2021 Notes

On 28 July and 9 September 2021, Lai Sun MTN issued guaranteed notes in an aggregate principal amount of US$500,000,000. The LSD 2021 Notes are guaranteed by the Company, have a term of five years and bear interest at a fixed interest rate of 5% per annum payable semi-annually in arrears. The LSD 2021 Notes are listed on the Stock Exchange.

The net proceeds from the offering of the LSD 2021 Notes were approximately US$496,000,000 and were used for general corporate purposes.

	2022 **HK$'000**	2021 HK$'000
Guaranteed notes	**3,925,000**	1,942,750
Issue expenses	**(22,721)**	(14,009)
Carrying amount at the end of the reporting period	**3,902,279**	1,928,741
Fair value of the LSD 2021 Notes	**3,010,004**	1,943,566

The fair value was determined by reference to the closing price of the LSD 2021 Notes published by a leading global financial market data provider as at 31 July 2022.

36. Guaranteed Notes (continued)

Notes: (continued)

(c) LSD 2017 Notes

On 13 September 2017, LSD Bonds (2017) Limited, a wholly-owned subsidiary of the Company, issued guaranteed notes in an aggregate principal amount of US$400,000,000. The LSD 2017 Notes are guaranteed by the Company, have a term of five years and bear interest at a fixed interest rate of 4.6% per annum payable semi-annually in arrears. The LSD 2017 Notes are listed on the Stock Exchange.

The net proceeds from the offering of the LSD 2017 Notes were approximately US$396,000,000 and were used for refinancing the guaranteed notes issued in 2013 and general corporate purposes.

	2022 **HK$'000**	2021 HK$'000
Guaranteed notes	**3,140,000**	3,108,400
Issue expenses	**(648)**	(6,045)
Carrying amount at the end of the reporting period	**3,139,352**	3,102,355
Fair value of the LSD 2017 Notes	**3,111,206**	3,126,522

The fair value was determined by reference to the closing price of the LSD 2017 Notes published by a leading global financial market data provider as at 31 July 2022.

In connection with the LSD 2017 Notes, the Group entered into the CCS — LSD 2017 Notes with financial institutions, which have effectively converted the LSD 2017 Notes into fixed rate HK$ denominated debts. Taking into account the CCS — LSD 2017 Notes, the effective interest rate of the LSD 2017 Notes is 4.28% per annum. Details of the CCS — LSD 2017 Notes are set out in note 27(a) to the financial statements.

36. GUARANTEED NOTES (CONTINUED)

Notes: (continued)

(d) LF 2018 Notes

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

The LF 2018 Notes are guaranteed by Lai Fung and also have the benefit of a keepwell deed and a deed of equity interest purchase undertaking from the Company.

The LF 2018 Notes were issued for the refinancing of the fixed rate senior notes which were matured on 25 April 2018 and for general corporate purposes. The net proceeds from the LF 2018 Notes after deducting issue expenses amounted to approximately HK$2,712,758,000.

The LF 2018 Notes recognised in the consolidated statement of financial position are calculated as follows:

	2022 **HK$'000**	2021 HK$'000
Carrying amount at the beginning of the reporting period	**2,661,399**	2,629,047
Amortisation during the year	**34,988**	32,398
Exchange realignment	**33,559**	(46)
Carrying amount at the end of the reporting period	**2,729,946**	2,661,399
Fair value of the LF 2018 Notes	**2,490,471**	2,667,819

The fair value was determined by reference to the closing price of the LF 2018 Notes published by a leading global financial market data provider as at 31 July 2022 and 31 July 2021.

The effective interest rate of the LF 2018 Notes is 5.86% per annum.

In connection with the LF 2018 Notes, Lai Fung entered into the CCS — LF 2018 Notes with financial institutions, which have effectively converted the LF 2018 Notes into fixed rate HK$ denominated debts. Taking into account the CCS — LF 2018 Notes, the effective interest rate of the LF 2018 Notes is 5.58% per annum. Details of the CCS — LF 2018 Notes are set out in note 27(b) to the financial statements.

37. Bank Borrowings

	Effective annual interest rate (%)	2022 HK$'000	2021 HK$'000
Current			
Bank borrowings — secured	2.0 — 6.4 (2021: 1.3 — 5.4)	**1,118,583**	2,764,936
Bank borrowings — unsecured	1.3 — 6.8 (2021: 3.1 — 6.7)	**406,750**	344,688
		1,525,333	3,109,624
Non-current			
Bank borrowings — secured	2.2 — 6.4 (2021: 1.3 — 5.4)	**13,435,332**	12,773,660
Bank borrowings — unsecured	5.2 — 6.8 (2021: 1.1 — 6.7)	**2,401,294**	2,887,817
		15,836,626	15,661,477
		17,361,959	18,771,101
Analysed into:			
Bank borrowings repayable:			
Within one year		**1,525,333**	3,109,624
In the second year		**6,487,050**	1,428,809
In the third to fifth years, inclusive		**7,769,342**	12,797,241
Beyond five years		**1,580,234**	1,435,427
		17,361,959	18,771,101

37. Bank Borrowings (continued)

Other than disclosed elsewhere in the financial statements, the Group's bank borrowings as at the end of the reporting period were secured, inter alia, by:

(i) fixed charges over certain items of property, plant and equipment, certain right-of-use assets, certain investment properties and certain properties under development of the Group with carrying amounts of approximately HK$2,971,429,000 (2021: HK$3,103,510,000) (note 14), HK$1,436,114,000 (2021: HK$1,492,617,000) (note 16(a)), HK$16,563,900,000 (2021: HK$15,525,490,000) (note 15) and HK$2,857,518,000 (2021: HK$1,313,336,000) (note 17), respectively;

(ii) floating charges over all assets of certain subsidiaries of the Group with an aggregate carrying amount of approximately HK$15,041,239,000 (2021: HK$14,195,270,000), of which the carrying amounts of the items of property, plant and equipment, right-of-use assets, investment properties and properties under development of approximately HK$2,971,429,000 (2021: HK$3,103,510,000), HK$1,436,114,000 (2021: HK$1,492,617,000), HK$7,517,900,000 (2021: HK$8,096,490,000) and HK$2,857,518,000 (2021: HK$1,313,336,000), respectively, are also included in note (i) above;

(iii) mortgages over certain serviced apartments under hotel properties (including related leasehold improvements) of the Group with an aggregate carrying amount of HK$354,759,000 (2021: HK$378,084,000) (note 14);

(iv) mortgages over certain construction in progress of the Group with an aggregate carrying amount of HK$274,313,000 (2021: HK$182,682,000) (note 14);

(v) mortgages over certain right-of-use assets of the Group with an aggregate carrying amount of HK$1,427,905,000 (2021: HK$1,517,415,000) (note 16(a));

(vi) mortgages over certain properties under development of the Group with an aggregate carrying amount of HK$729,800,000 (2021: HK$749,677,000) (note 17);

(vii) mortgages over certain investment properties of the Group with an aggregate carrying amount of HK$14,751,002,000 (2021: HK$14,817,902,000) (note 15);

(viii) mortgages over certain completed properties for sale of the Group with an aggregate carrying amount of HK$1,099,983,000 (2021: HK$1,698,680,000) (note 30);

(ix) charges over certain bank balances and time deposits of the Group with an aggregate carrying amount of approximately HK$630,805,000 (2021: HK$ HK$523,355,000) (note 29); and

(x) charges over the shares of certain subsidiaries held by the Group (note 50).

38. Other Borrowings

	Notes	Effective annual interest rate (%)	2022 HK$'000	2021 HK$'000
Current:				
Other borrowing — unsecured	(i)	—	**41,578**	41,159
Non-current:				
Interest-bearing other borrowings — unsecured	(ii), (iv)	5.0 (2021: 5.0)	**226,864**	221,217
Other borrowing — unsecured	(iii), (iv)	—	**54,288**	56,181
			281,152	277,398
			322,730	318,557
Maturity profile:				
Within one year			**41,578**	41,159
In the second year			**281,152**	277,398
			322,730	318,557

Notes:

(i) On the Cinda Completion Date, Rosy Commerce and Cinda entered into two shareholders' loan agreements pursuant to which, Cinda provided non-interest-bearing initial shareholder loans of an aggregate amount of US$ equivalent of RMB36,000,000 (equivalent to approximately HK$41,578,000 (2021: HK$41,159,000)) to HRL and GSL. Such shareholders' loans are repayable upon the earlier of, inter alia, the sixth anniversary of the date of the two shareholders' loan agreements; or the occurrence of the buy-back triggering events mentioned in note 34 to the financial statements.

(ii) The unsecured other borrowings represented amounts due to the late Mr. Lim Por Yen which bear interest at The Hongkong and Shanghai Banking Corporation Limited prime rate per annum except for the accrued interest portion with an amount of HK$113,926,000 (2021: HK$108,279,000) which is interest-free.

(iii) The unsecured other borrowing represented an amount due to the late Mr. Lim Por Yen which is interest-free.

(iv) At the request of the Group, the joint executrixes of the estate of the late Mr. Lim Por Yen confirmed with the Group that no demand for the repayment of the outstanding other borrowings or the related interest would be made within one year from the end of the respective reporting periods.

39. Deferred Tax

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2022 HK$'000	2021 HK$'000
Deferred tax assets	**2,118**	2,147
Deferred tax liabilities	**(4,865,562)**	(5,256,477)
	(4,863,444)	(5,254,330)

The movements in deferred tax (liabilities)/assets during the year are as follows:

	Notes	Accelerated tax depreciation HK$'000	Fair value adjustments arising from acquisition of subsidiaries HK$'000	Revaluation of properties HK$'000	Withholding tax HK$'000	Losses available for offsetting against future taxable profits HK$'000	Other temporary differences HK$'000	Total HK$'000
At 1 August 2020		(836,545)	(2,185,782)	(1,892,646)	(98,762)	30,851	(25,479)	(5,008,363)
Deferred tax (charged)/credited to the consolidated income statement during the year	11	(69,527)	235,487	(62,694)	(44,033)	85,054	(2,295)	141,992
Exchange realignment		(59,714)	(150,385)	(181,045)	–	3,490	(305)	(387,959)
At 31 July 2021 and 1 August 2021		(965,786)	(2,100,680)	(2,136,385)	(142,795)	119,395	(28,079)	(5,254,330)
Deferred tax (charged)/credited to the consolidated income statement during the year	11	**(67,203)**	**319,349**	**(85,244)**	**(20,960)**	**81,822**	**(6,766)**	**220,998**
Deferred tax utilised during the year		**–**	**–**	**–**	**14,439**	**–**	**–**	**14,439**
Exchange realignment		**30,654**	**45,910**	**81,818**	**–**	**(6,350)**	**3,417**	**155,449**
At 31 July 2022		**(1,002,335)**	**(1,735,421)**	**(2,139,811)**	**(149,316)**	**194,867**	**(31,428)**	**(4,863,444)**

39. DEFERRED TAX (CONTINUED)

At 31 July 2022, the Group had tax losses arising in Hong Kong of approximately HK$6.9 billion (2021: HK$6.2 billion) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses could be utilised.

As at 31 July 2022, the Group had tax losses arising in Mainland China of HK$1.5 billion (2021: HK$1.2 billion) that would expire in one to five years for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses could be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applied to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is either 5% or 10% (2021: 5% or 10%). The Group is therefore liable for withholding taxes on dividends to be distributed by those subsidiaries and joint ventures established in Mainland China in respect of earnings generated from 1 January 2008.

For the investment properties that are located in Mainland China, they are held by certain subsidiaries with a business model to consume substantially all the economic benefits embodied in the investment properties over time, rather than through sale, the presumption is rebutted and related deferred tax is determined based on recovery of use. For the remaining investment properties, the tax consequence is on the presumption that they are recovered entirely by sale.

At 31 July 2022, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that were subject to withholding taxes of certain subsidiaries established in Mainland China. In the opinion of the directors, it was not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK$16 million as at 31 July 2022 (2021: HK$25 million).

40. Share Capital

	2022 Number of shares	**2022** Total amount HK$'000	2021 Number of shares	2021 Total amount HK$'000
Issued and fully paid ordinary shares	**968,885,887**	**5,463,477**	612,089,025	4,134,565

A summary of movements in the Company's share capital is as follows:

	Notes	**Number of shares in issue**	**Total amount** HK$'000
At 1 August 2020		611,174,025	4,127,703
Shares issued upon exercise of share options	a	915,000	6,862
At 31 July 2021 and 1 August 2021		**612,089,025**	**4,134,565**
Issue of shares	b	**33,834,900**	**235,153**
Rights issue	b	**322,961,962**	**1,093,759**
At 31 July 2022		**968,885,887**	**5,463,477**

Notes:

a. During the year ended 31 July 2021, 915,000 ordinary shares were issued in respect of share options exercised under the Company's share option scheme at an exercise price of HK$5.350 per share and a total cash consideration of approximately HK$4,895,000 was received. The share option reserve of approximately HK$1,967,000 was released to the share capital.

b. During the year ended 31 July 2022, the Company allotted 33,834,900 new shares to an independent third party for approximately HK$235 million. The Company also completed a rights issue of 322,961,962 shares on the basis of one rights share for every two existing shares of the Company at a subscription price of HK$3.43 each. The net proceeds from the rights issue were approximately HK$1,094 million.

41. Share Option Schemes

(a) The Company

2006 Share Option Scheme

On 22 December 2006, the Company adopted a share option scheme (the "**2006 Share Option Scheme**") for the purpose of providing incentives or rewards to eligible participants for their contribution or would be contribution to the Group, to enable the Group to recruit and retain high-calibre employees and to attract human resources that are valuable to the Group. Eligible participants of the 2006 Share Option Scheme include the directors (including executive, non-executive and independent non-executive directors), employees of the Group, agents or consultants of the Group, and employees of the shareholder or any member of the Group or any holder of any securities issued by any member of the Group. The 2006 Share Option Scheme became effective on 29 December 2006. Unless otherwise terminated or amended, the 2006 Share Option Scheme would remain in force for 10 years from 29 December 2006. The 2006 Share Option Scheme was terminated upon the adoption of the 2015 Share Option Scheme (as defined below) on 11 December 2015.

The maximum number of the Company's shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the 2006 Share Option Scheme and any other schemes of the Company must not exceed 30% of the Company's total number of shares in issue from time to time. The total number of shares which may be issued upon exercise of all share options to be granted under the 2006 Share Option Scheme and any other schemes of the Company shall not exceed 10% of the total number of shares of the Company in issue as at the date of adopting the 2006 Share Option Scheme unless the Company seeks the approval of its shareholders in a general meeting to refresh the 10% limit under the 2006 Share Option Scheme.

The total number of shares issued and to be issued upon exercise of the share options granted to each eligible participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the Company's total number of shares in issue. Any further grant of share options representing in aggregate over 1% of the total number of the Company's shares in issue must be separately approved by the shareholders in general meetings of the Company.

Each grant of share options to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates, shall be subject to approval by the independent non-executive directors of the Company. Any grant of share options to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, representing in aggregate over 0.1% of the shares of the Company in issue or having an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK$5 million, in the 12-month period up to and including the date of such grant must be approved by shareholders in general meetings of the Company.

41. Share Option Schemes (continued)

(a) The Company (continued)

2006 Share Option Scheme (continued)

The offer of a grant of share options shall be accepted within 28 days from the date of offer and acceptance shall be made with a remittance in favour of the Company of HK$1 by way of consideration for the grant. The exercise period of the share options granted is determinable by the directors of the Company save that such period shall not be more than 10 years from the date of grant of the share options.

The exercise price of share options is determinable by the directors of the Company, but shall not be lower than the highest of (i) the closing price of the Company's shares as stated in the daily quotation sheet of the Stock Exchange on the date of grant, which must be a trading day; and (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant.

Share options do not confer rights on the holders to dividends or to vote at general meetings of the Company.

2015 Share Option Scheme

On 11 December 2015, the Company adopted a new share option scheme (the "**2015 Share Option Scheme**") and terminated the 2006 Share Option Scheme. Subsisting options granted prior to the termination will continue to be valid and exercisable in accordance with the terms of the previous scheme. The purpose of the 2015 Share Option Scheme is to recognise the contribution or future contribution of the eligible participants to the Group by granting share options to them as incentives or rewards and to attract, retain and motivate high-calibre eligible participants in line with the performance goals of the relevant companies. Eligible participants include but are not limited to the directors and any employee of the Group. The 2015 Share Option Scheme became effective on 23 December 2015. Unless otherwise cancelled or amended, the 2015 Share Option Scheme will remain in force for 10 years from 23 December 2015.

The maximum number of shares which may be issued upon the exercise of all options to be granted under the 2015 Share Option Scheme (i) shall not exceed 10% of the shares of the Company in issue at the date of adopting the 2015 Share Option Scheme; (ii) shall not exceed 30% of the shares of the Company in issue from time to time; and (iii) to each eligible participant and within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of the limits set out in (i) and (iii) is subject to the approval of shareholders of the Company and the shareholders of LSG (so long as the Company is a subsidiary of LSG under the Listing Rules) in the respective general meetings.

41. Share Option Schemes (continued)

(a) The Company (continued)

2015 Share Option Scheme (continued)

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors of each of the Company and LSG (so long as the Company is a subsidiary of LSG under the Listing Rules). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to the approval of shareholders of the Company and the shareholders of LSG (so long as the Company is a subsidiary of LSG under the Listing Rules) in the respective general meetings.

The offer of a grant of share options may be accepted within 30 days from the date of grant, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determined by the directors of the Company, save that such period shall not be longer than 10 years from the date of grant of the share options.

The exercise price of the share options is determinable by the directors of the Company, which shall be at least the highest of (i) the closing price of the Company's shares as stated in the daily quotation sheets of the Stock Exchange on the date of grant of the share options; and (ii) the average closing price of the Company's shares as stated in the daily quotation sheets of the Stock Exchange for the five trading days immediately preceding the date of grant.

Share options do not confer rights on the holders to dividends or to vote at general meetings of the Company.

41. Share Option Schemes (continued)

(a) The Company (continued)

Details of the movements of the Company's share options outstanding under the 2006 Share Option Scheme and the 2015 Share Option Scheme during the year are as follows:

	2022		2021	
	Number of underlying shares comprised in the Company's share options	**Weighted average exercise price per the Company's share***	Number of underlying shares comprised in the Company's share options	Weighted average exercise price per the Company's share*
		HK$		HK$
Outstanding at beginning of year	**12,327,810**	**13.394**	14,087,134	13.324
Adjustment during the year (Note)	**2,042,370**	**—**	—	—
Granted during the year	**310,000**	**4.380**	470,000	6.360
Exercised during the year	**—**	**—**	(915,000)	5.350
Lapsed during the year	**(3,717,493)**	**6.182**	(1,314,324)	15.732
Outstanding at end of year	**10,962,687**	**10.948**	12,327,810	13.394

Note: On 6 October 2021, the exercise price of and the number of shares entitled to be subscribed for under the outstanding share options have been adjusted due to rights issue of the Company.

The exercise prices and exercise periods of the Company's share options outstanding as at the end of the reporting period are as follows:

2022

Number of underlying shares comprised in the Company's share options	**Exercise price per share***	**Exercise period**
	HK$	
9,965,402	**13.811**	**18/01/2013 to 17/01/2023**
96,985	**9.650**	**26/07/2013 to 25/07/2023**
193,971	**7.163**	**21/01/2015 to 20/01/2025**
69,940	**4.032**	**22/01/2016 to 21/01/2026**
69,940	**6.991**	**20/01/2017 to 19/01/2027**
256,449	**5.455**	**26/01/2021 to 25/01/2031**
310,000	**4.380**	**25/01/2022 to 24/01/2032**
10,962,687		

41. Share Option Schemes (continued)

(a) The Company (continued)

The exercise prices and exercise periods of the Company's share options outstanding as at the end of the reporting period are as follows: (continued)

2021

Number of underlying shares comprised in the Company's share options	Exercise price per share* HK$	Exercise period
1,952,081	5.350	05/06/2012 to 04/06/2022
8,736,129	16.100	18/01/2013 to 17/01/2023
83,200	11.250	26/07/2013 to 25/07/2023
166,400	8.350	21/01/2015 to 20/01/2025
60,000	4.700	22/01/2016 to 21/01/2026
60,000	8.150	20/01/2017 to 19/01/2027
800,000	9.920	19/08/2019 to 18/08/2029
470,000	6.360	26/01/2021 to 25/01/2031
12,327,810		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other relevant changes in the Company's share capital.

The closing price of the Company's shares immediately before the date of grant of share options during the year was HK$4.32 per share.

The fair value of the share options granted during the year was approximately HK$550,000, HK$1.774 each (2021: HK$1,224,000, HK$2.604 each), of which the Group recognised the entire amount as an expense during the year.

41. Share Option Schemes (continued)

(a) The Company (continued)

The fair value of equity-settled share options granted during the year was estimated as at the date of grant using the Binomial 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	**25 January 2022**	26 January 2021
Closing share price (HK$ per share)	**4.250**	6.36
Exercise price (HK$ per share)	**4.380**	6.36
Expected life of options (years)	**10**	10
Risk-free interest rate (%)	**1.727**	0.752
Dividend yield (%)	**0.0**	0.0
Expected volatility (%)	**36.586**	36.393
Historical volatility (%)	**36.586**	36.393
Forfeiture rate (%)	**2.200**	2.258

The expected life of the options is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

The weighted average closing price of the Company's shares immediately before and at the dates of exercise of share options during the year ended 31 July 2021 was HK$8.23 and HK$8.20 per share, respectively.

Other than the movements of the share options as detailed above, no options were granted, exercised, cancelled or lapsed in accordance with the terms of the 2006 Share Option Scheme and the 2015 Share Option Scheme.

41. Share Option Schemes (continued)

(a) The Company (continued)

As at 31 July 2022, a total of 10,962,687 underlying shares comprised in share options were outstanding, of which 10,256,358 underlying shares relate to share options granted under the 2006 Share Option Scheme and 706,329 underlying shares relate to share options granted under the 2015 Share Option Scheme, represented approximately 1.06% and 0.07% of the Company's shares in issue, respectively, as at that date.

(b) eSun

2015 eSun Share Option Scheme

On 11 December 2015 (the "**2015 eSun Adoption Date**"), eSun adopted a new share option scheme (the "**2015 eSun Share Option Scheme**") and terminated its share option scheme previously adopted on 23 December 2005. The purpose of the 2015 eSun Share Option Scheme is to recognise the contribution or future contribution of the Eligible Participants (as defined in the scheme) to the eSun Group by granting share options to them as incentives or rewards and to attract, retain and motivate the Eligible Participants in line with the performance goals of the Relevant Companies (as defined in the scheme). Eligible Participants include but are not limited to the directors and any employees of the eSun Group. Unless otherwise cancelled or amended, the 2015 eSun Share Option Scheme will remain in force for 10 years from the 2015 eSun Adoption Date.

The principal terms of the 2015 eSun Share Option Scheme are:

(i) The maximum number of shares in respect of which share options may be granted under the 2015 eSun Share Option Scheme and any other share option schemes of eSun (i) shall not in aggregate exceed 10% of the total issued eSun shares on the 2015 eSun Adoption Date; (ii) shall not exceed 30% of the total issued eSun shares from time to time; and (iii) to each Eligible Participant in the 2015 eSun Share Option Scheme and within any 12-month period, is limited to 1% of total issued eSun Shares at any time. Any further grant of share options in excess of the limits set out in (i) and (iii) must be subject to the approval of the shareholders of eSun and the shareholders of the Company (so long as eSun is a subsidiary of the Company under the Listing Rules) in the respective general meetings.

41. Share Option Schemes (continued)

(b) eSun (continued)

2015 eSun Share Option Scheme (continued)

The principal terms of the 2015 eSun Share Option Scheme are: (continued)

(ii) Share options granted to a director, chief executive or substantial shareholder of eSun, or to any of their respective associates, are subject to approval by the independent non-executive directors of eSun and the Company (so long as eSun is a subsidiary of the Company under the Listing Rules). In addition, any share options granted to a substantial shareholder or an independent non-executive director of eSun, or to any of their respective associates, in excess of 0.1% of the total issued eSun shares at any time and with an aggregate value (based on the closing price of eSun shares as stated in the Stock Exchange's daily quotation sheet on the date of grant) in excess of HK$5 million, within any 12-month period up to and including the date of grant, are subject to the approval by the shareholders of eSun and the shareholders of the Company (so long as eSun is a subsidiary of the Company under the Listing Rules) in the respective general meetings.

(iii) The offer of a grant of share options may be accepted within 30 days from the date of offer, to be accompanied by payment of a consideration of HK$1 per share option by the grantee. The exercise period of the share options granted is determined by the board of directors of eSun in its absolute discretion.

(iv) The subscription (or exercise) price of any share options is determinable by the directors of eSun, and shall be at least the highest of (i) the closing price of eSun shares in the Stock Exchange's daily quotation sheet on the date of the offer of grant; (ii) the average closing price of eSun shares in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of an eSun share on the date of the offer of grant.

Share options do not confer rights on the holders to dividends or to vote at general meetings of eSun.

2015 eSun Share Option Scheme (continued)

Details of the share options outstanding granted under the 2015 eSun Share Option Scheme during the year are as follows:

	Number of underlying shares comprised in eSun share options	Weighted average exercise price per eSun share* HK$
Outstanding as at 1 August 2021	—	—
Granted during the year	1,500,000	0.50
Outstanding as at 31 July 2022	1,500,000	0.50

The exercise price and exercise period of the share options outstanding as at the end of the reporting period are as follows:

2022

Number of underlying shares comprised in eSun share options	Exercise price per eSun share* HK$	Exercise period
1,500,000	**0.50**	**21/01/2022 to 20/01/2032**

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other specific changes in eSun's share capital.

41. Share Option Schemes (continued)

(b) eSun (continued)

2015 eSun Share Option Scheme (continued)

Other than the movements of the share options as detailed above, no share options were granted, exercised, cancelled or lapsed in accordance with the terms of the 2015 eSun Share Option Scheme during the year ended 31 July 2022.

The closing price of the eSun share immediately before the date of grant of share options during the year was HK$0.37. The fair value of the share options granted during the year was approximately HK$243,000 (2021: Nil), which was recognised as share option expense during the year ended 31 July 2022.

The fair value of equity-settled share options granted during the year was estimated as at the date of grant using the Binomial Model, taking into account the terms and conditions upon which the share 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)	0.360
Exercise price (HK$ per share)	0.500
Expected life of options (years)	10
Risk-free interest rate (%)	1.737
Dividend yield (%)	0.0
Expected volatility (%)	52.626
Historical volatility (%)	52.626
Forfeiture rate (%)	2.200

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 2022, a total of 1,500,000 (2021: Nil) underlying shares relating to share options granted under the 2015 eSun Share Option Scheme were outstanding and it represented approximately 0.1% of the total issued eSun shares as at that date.

(c) MAGHL

MAGHL Share Option Scheme

On 18 December 2012, MAGHL adopted a share option scheme (the "**MAGHL Share Option Scheme**") which will remain in force for 10 years commencing from the adoption date. The purpose of the MAGHL Share Option Scheme is to recognise the contribution or future contribution of the eligible participants to MAGHL and its subsidiaries (the "**MAGHL Group**") by granting share options to them as incentives or rewards and to attract, retain and motivate high-calibre eligible participants in line with the performance goals of MAGHL Group or the affiliated companies. Eligible participants include any employee, director, officer or consultant of MAGHL Group and the affiliated companies, and any other group or classes of participants which the board of the directors of MAGHL, in its absolute discretion, considers to have contributed or will contribute, whether by way of business alliance or other business arrangement, to the development and growth of the MAGHL Group.

The principal terms of the MAGHL Share Option Scheme are as follows:

(i) The total number of MAGHL shares which may be issued upon exercise of all share options to be granted under the MAGHL Share Option Scheme and all options to be granted under any other share option schemes of any member of MAGHL Group (the "**Other Schemes**") must not in aggregate exceed 10% of the total number of MAGHL shares in issue as at 18 December 2012 (the "**MAGHL Scheme Limit**").

(ii) Subject to (i) above and the approval of the shareholders of MAGHL and eSun (so long as MAGHL is a subsidiary of eSun under the Rules Governing the Listing of Securities on GEM of the Stock Exchange ("**GEM Listing Rules**")) at the respective general meetings, MAGHL may refresh the MAGHL Scheme Limit at any time, provided that such limit as refreshed must not exceed 10% of the total number of shares of MAGHL in issue as at the date of approval of such refreshed limit.

(iii) Subject to (i) above and the approval of the shareholders of MAGHL and eSun (so long as MAGHL is a subsidiary of eSun under the GEM Listing Rules) at the respective general meetings, MAGHL may grant the share options beyond the 10% limit, provided that the share options in excess of such limit are granted only to the eligible participants specifically identified by MAGHL before such shareholders' approval is sought.

(iv) The maximum number of MAGHL shares to be issued upon exercise of all outstanding share options granted and yet to be exercised under the MAGHL Share Option Scheme and the Other Schemes must not in aggregate exceed 30% of the issued share capital of MAGHL from time to time.

41. Share Option Schemes (continued)

(c) MAGHL (continued)

MAGHL Share Option Scheme (continued)

The principal terms of the MAGHL Share Option Scheme are as follows: (continued)

(v) The maximum number of MAGHL shares issued and to be issued upon exercise of the share options granted to each eligible participant under the MAGHL Share Option Scheme and Other Schemes (including exercised, cancelled and outstanding share options) in any 12-month period up to and including the date of grant must not exceed 1% of the total number of MAGHL shares in issue at any time. Any further grant of share options in excess of this limit must be separately approved by the shareholders of MAGHL and eSun (so long as MAGHL is a subsidiary of eSun under the GEM Listing Rules) at the respective general meetings with such eligible participant and his associates abstaining from voting.

(vi) Any grant of share options to a director, chief executive or substantial shareholder of MAGHL, or to any of their respective associates, is subject to approval in advance by the independent non-executive directors of MAGHL and eSun (so long as MAGHL is a subsidiary of eSun under the GEM Listing Rules).

(vii) Any grant of share options to a substantial shareholder or an independent non-executive director of MAGHL, or to any of their respective associates, in excess of 0.1% of MAGHL shares in issue at any time and with an aggregate value (based on the closing price of MAGHL shares as stated in the Stock Exchange's daily quotation sheet on the date of grant) in excess of HK$5 million, within any 12-month period up to and including the date of grant, must be approved by the shareholders of MAGHL and eSun (so long as MAGHL is a subsidiary of eSun under the GEM Listing Rules) in advance at the respective general meetings.

(viii) An offer of the grant of share options may be accepted within 30 days from the date of offer of grant, together with payment of a consideration of HK$1 per share option for the grant by the grantee.

(ix) The exercise period of the share options granted is determined by the directors of MAGHL provided that such period must not be longer than 10 years from the date upon which any share option is granted in accordance with the MAGHL Share Option Scheme.

(x) The exercise price of the share options is determined by the directors of MAGHL, but must be at least the highest of (i) the closing price of MAGHL shares as stated in the Stock Exchange's daily quotation sheet on the date of the offer of grant; (ii) the average closing price of MAGHL shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of MAGHL shares on the date of the offer of grant.

41. SHARE OPTION SCHEMES (CONTINUED)

(c) MAGHL (continued)

MAGHL Share Option Scheme (continued)

The principal terms of the MAGHL Share Option Scheme are as follows: (continued)

Share options do not confer rights on the holders to dividends or to vote at general meetings of MAGHL.

No share options had been granted by MAGHL under the MAGHL Share Option Scheme during the years ended 31 July 2022 and 2021.

(d) Lai Fung

On 18 December 2012 (the "**Adoption Date**"), Lai Fung adopted a share option scheme (the "**Lai Fung Share Option Scheme**"). The purpose of the Lai Fung Share Option Scheme is to recognise the contribution or future contribution of the Eligible Participants (as defined in the scheme) to the Lai Fung Group by granting share options to them as incentives or rewards and to attract, retain and motivate high-calibre Eligible Participants in line with the performance goals of the Relevant Companies (as defined in the scheme). Eligible Participants include but are not limited to the directors and any employees of the Lai Fung Group. Unless otherwise cancelled or amended, the Lai Fung Share Option Scheme will remain in force for 10 years from the Adoption Date.

The maximum number of shares which may be issued upon the exercise of all options to be granted under the Lai Fung Share Option Scheme (i) shall not exceed 10% of the shares of Lai Fung in issue on the Adoption Date; (ii) shall not exceed 30% of the shares of Lai Fung in issue from time to time; and (iii) to each Eligible Participant and within any 12-month period, is limited to 1% of the shares of Lai Fung in issue at any time. Any further grant of share options in excess of the limits set out in (i) and (iii) is subject to the approval of shareholders of Lai Fung and the shareholders of the holding company of Lai Fung in the respective general meetings.

Share options granted to a director, chief executive or substantial shareholder of Lai Fung, or to any of their associates, are subject to approval in advance by the independent non-executive directors of each of Lai Fung and the holding company of Lai Fung. In addition, any share options granted to a substantial shareholder or an independent non-executive director of Lai Fung, or to any of their associates, in excess of 0.1% of the shares of Lai Fung in issue at any time or with an aggregate value (based on the closing price of Lai Fung shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to the approval of shareholders of Lai Fung and the shareholders of the holding company of Lai Fung in the respective general meetings.

The offer of a grant of share options may be accepted within 30 days from the date of grant, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determined by the directors of Lai Fung, save that such period shall not be longer than 10 years from the date of grant of the share options.

41. Share Option Schemes (continued)

(d) Lai Fung (continued)

The exercise price of the share options is determinable by the directors of Lai Fung, which shall be at least the highest of (i) the Stock Exchange closing price of Lai Fung shares on the date of grant of the share options; (ii) the average Stock Exchange closing price of Lai Fung shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a share of Lai Fung on the date of grant.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings of Lai Fung.

The movements of share options under the Lai Fung Share Option Scheme during the year are as follows:

	2022		2021	
	Number of underlying shares comprised in Lai Fung share options	**Weighted average exercise price per Lai Fung share* HK$**	Number of underlying shares comprised in Lai Fung share options	Weighted average exercise price per Lai Fung share* HK$
Outstanding as at 1 August	**8,680,690**	**10.993**	9,684,526	11.039
Granted during the year	**440,000**	**5.750**	120,000	7.364
Lapsed during the year	**(680,000)**	**7.482**	(1,123,836)	11.001
Outstanding as at 31 July	**8,440,690**	**11.003**	8,680,690	10.993

41. SHARE OPTION SCHEMES (CONTINUED)

(d) Lai Fung (continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2022

Number of underlying shares comprised in Lai Fung share options	Exercise price per Lai Fung share* HK$	Exercise period
7,210,690	**11.400**	**18/1/2013 to 17/1/2023**
160,000	**9.500**	**26/7/2013 to 25/7/2023**
120,000	**8.000**	**16/1/2015 to 15/1/2025**
190,000	**13.520**	**19/1/2018 to 18/1/2028**
260,000	**10.180**	**22/1/2019 to 21/1/2029**
60,000	**7.364**	**22/1/2021 to 21/1/2031**
440,000	**5.750**	**21/1/2022 to 20/1/2032**
8,440,690		

2021

Number of underlying shares comprised in Lai Fung share options	Exercise price per Lai Fung share* HK$	Exercise period
7,270,690	11.400	18/1/2013 to 17/1/2023
220,000	9.500	26/7/2013 to 25/7/2023
120,000	8.000	16/1/2015 to 15/1/2025
190,000	13.520	19/1/2018 to 18/1/2028
260,000	10.180	22/1/2019 to 21/1/2029
500,000	6.784	19/8/2019 to 18/8/2029
120,000	7.364	22/1/2021 to 21/1/2031
8,680,690		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues or other similar changes in Lai Fung's share capital.

41. Share Option Schemes (continued)

(d) Lai Fung (continued)

Other than the grant of share options comprising 440,000 Lai Fung underlying shares and the lapse of share options comprising 680,000 Lai Fung underlying shares, no share options were granted, exercised, lapsed or cancelled in accordance with the terms of Lai Fung Share Option Scheme during the year.

The closing price of the Lai Fung shares immediately before the date of grant of share options during the year was HK$6.00.

The fair value of the share options granted during the year was approximately HK$1,076,000, HK$2.4447 each (2021: HK$157,000, HK$1.3101 each) which was recognised as a share option expense of approximately HK$1,076,000 (2021: HK$157,000) and HK$495,000 (2021: HK$69,000) (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 was estimated as at the date of acceptance using the Binomial Model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Date of valuation	**21 January 2022**	21 January 2021
Closing share price (HK$ per share)	**5.750**	7.290
Exercise price (HK$ per share)	**5.750**	7.364
Option life (years)	**10**	10
Risk-free interest rate (%)	**1.7370**	0.7882
Dividend yield (%)	**0**	0
Expected volatility (%)	**37.528**	37.553
Historical volatility (%)	**37.528**	37.553
Forfeiture rate (%)	**0**	9.4143

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 2022, a total of 8,440,690 Lai Fung underlying shares relating to share options granted under the Lai Fung Share Option Scheme were outstanding, represented approximately 2.55% of the Lai Fung shares in issue as at that date.

42. Reserves

The amounts of the Group's reserves and the movements therein for the years ended 31 July 2022 and 2021 are presented in the consolidated statement of changes in equity.

Statutory reserve

Pursuant to the relevant laws and regulations in the PRC, the subsidiaries and the joint ventures of the Company, which are registered in the PRC, are required to transfer a certain percentage of their net profit after tax (after offsetting any prior years' losses) to statutory reserve funds which are restricted as to use, until the balance of the statutory reserve funds reaches 50% of the entity's registered capital.

Other reserve

The other reserve mainly comprised of the reserve arising from the acquisition of the additional equity interests in subsidiaries.

43. Partly-Owned Subsidiaries with Material Non-Controlling Interests

Details of the Group's subsidiaries that have material non-controlling interests are set out below. The summarised financial information below represents amounts after fair value adjustments and before intragroup eliminations.

43. Partly-Owned Subsidiaries with Material Non-Controlling Interests (continued)

(a) eSun

	2022 **HK$'000**	2021 HK$'000
Current assets	**1,837,311**	2,308,488
Non-current assets	**1,379,447**	1,463,957
Total assets	**3,216,758**	3,772,445
Current liabilities	**991,194**	1,057,216
Non-current liabilities	**1,187,322**	1,347,301
Total liabilities	**2,178,516**	2,404,517
Equity attributable to owners of the Company	**1,430,249**	1,651,769
Non-controlling interests	**(392,007)**	(283,841)
Total equity	**1,038,242**	1,367,928
Turnover	**830,237**	835,303
Cost of sales	**(481,366)**	(667,672)
Gross profit	**348,871**	167,631
Other revenue	**91,649**	133,511
Selling and marketing expenses	**(22,108)**	(24,525)
Administrative expenses	**(279,014)**	(282,837)
Other operating expenses	**(483,307)**	(378,016)
LOSS FROM OPERATING ACTIVITIES	**(343,909)**	(384,236)
Finance costs	**(54,379)**	(60,987)
Share of profits and losses of joint ventures	**(17,852)**	420
LOSS BEFORE TAX	**(416,140)**	(444,803)

43. Partly-Owned Subsidiaries with Material Non-Controlling Interests (continued)

(a) eSun (continued)

	2022 HK$'000	2021 HK$'000
LOSS BEFORE TAX	**(416,140)**	(444,803)
Income tax credit/(expense)	**37,590**	(2,107)
LOSS FOR THE YEAR	**(378,550)**	(446,910)
Loss attributable to owners of the Company	**(251,803)**	(290,873)
Loss attributable to non-controlling interests	**(126,747)**	(156,037)
Loss for the year	**(378,550)**	(446,910)
Other comprehensive income/(expense) attributable to owners of the Company	**667**	(4,973)
Other comprehensive expense attributable to non-controlling interests	**(85)**	(4,846)
Other comprehensive income/(expense) for the year	**582**	(9,819)
Total comprehensive expense attributable to owners of the Company	**(251,136)**	(295,846)
Total comprehensive expense attributable to non-controlling interests	**(126,832)**	(160,883)
Total comprehensive expense for the year	**(377,968)**	(456,729)
Net cash flows used in operating activities	**(247,441)**	(148,397)
Net cash flows (used in)/from investing activities	**(5,499)**	3,059
Net cash flows used in financing activities	**(161,294)**	(11,320)
Net decrease in cash and cash equivalents	**(414,234)**	(156,658)

43. Partly-Owned Subsidiaries with Material Non-Controlling Interests (continued)

(b) Lai Fung

	2022 HK$'000	2021 HK$'000
Current assets	**11,244,446**	13,057,096
Non-current assets	**26,175,086**	26,428,257
Total assets	**37,419,532**	39,485,353
Current liabilities	**6,942,518**	4,185,761
Non-current liabilities	**13,812,735**	17,260,490
Total liabilities	**20,755,253**	21,446,251
Equity attributable to owners of the Company	**9,059,618**	9,735,469
Non-controlling interests	**7,604,661**	8,303,633
Total equity	**16,664,279**	18,039,102
Turnover	**2,515,771**	3,196,582
Cost of sales	**(1,748,223)**	(2,850,872)
Gross profit	**767,548**	345,710
Other revenue	**142,073**	106,640
Selling and marketing expenses	**(137,261)**	(137,511)
Administrative expenses	**(241,755)**	(250,312)
Other operating expenses	**(809,727)**	(641,146)
Fair value gains on investment properties, net	**340,987**	248,718
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	**61,865**	(327,901)
Finance costs	**(429,477)**	(428,848)
Share of profits and losses of joint ventures	**(392)**	(1,339)
Share of profits and losses of associates	**75**	(235)
LOSS BEFORE TAX	**(367,929)**	(758,323)

43. Partly-Owned Subsidiaries with Material Non-Controlling Interests (continued)

(b) Lai Fung (continued)

	2022 **HK$'000**	2021 HK$'000
LOSS BEFORE TAX	**(367,929)**	(758,323)
Income tax expense	**(243,106)**	(210,217)
LOSS FOR THE YEAR	**(611,035)**	(968,540)
Loss attributable to owners of the Company	**(261,977)**	(461,739)
Loss attributable to non-controlling interests	**(349,058)**	(506,801)
Loss for the year	**(611,035)**	(968,540)
Other comprehensive (expense)/income attributable to owners of the Company	**(355,797)**	834,745
Other comprehensive (expense)/income attributable to non-controlling interests	**(349,914)**	872,739
Other comprehensive (expense)/income for the year	**(705,711)**	1,707,484
Total comprehensive (expense)/income attributable to owners of the Company	**(617,774)**	373,006
Total comprehensive (expense)/income attributable to non-controlling interests	**(698,972)**	365,938
Total comprehensive (expense)/income for the year	**(1,316,746)**	738,944
Net cash flows from operating activities	**407,383**	1,647,342
Net cash flows used in investing activities	**(907,803)**	(1,194,206)
Net cash flows (used in)/from financing activities	**(118,369)**	1,085,819
Net (decrease)/increase in cash and cash equivalents	**(618,789)**	1,538,955

44. COMMITMENTS

(a) The Group had the following commitments not provided for in the financial statements at the end of the reporting period:

	2022	2021
	HK$'000	HK$'000
Contracted, but not provided for		
Purchase of items of property, plant and equipment	**19,942**	7,214
Additions to investment properties	**22,824**	12,046
Construction, development and resettlement costs	**756,308**	1,108,680
	799,074	1,127,940

(b) The Group has lease contracts that have not yet commenced as at 31 July 2022. The future lease payments for these non-cancellable lease contracts are HK$7,800,000 (2021: Nil) due within one year, HK$129,800,000 (2021: HK$118,600,000) due in the second to fifth years, inclusive and HK$195,790,000 (2021: HK$214,790,000) due after five years.

45. CONTINGENT LIABILITIES

Save as disclosed elsewhere in the financial statements, the Group also had the following contingent liabilities at the end of the reporting period:

(a) Contingent liabilities not provided for in the financial statements:

	2022	2021
	HK$'000	HK$'000
Guarantees given to banks in connection with facilities granted to and utilised by joint ventures	**563,250**	792,150

(b) The Group has provided guarantees to certain banks in respect of mortgage loan facilities granted by such banks to certain end-buyers of property units developed by the Group. Pursuant to the terms of the guarantees, upon default in mortgage payments by these end-buyers, the Group will be responsible 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 2022, in respect of these guarantees, the contingent liabilities of the Group amounted to approximately HK$768,204,000 (2021: HK$1,071,581,000).

45. Contingent Liabilities (continued)

(c) The Group has pledged a time deposit to a bank in connection with a bank guarantee for an associate of approximately HK$14,040,000 (2021: Nil).

(d) The Group had pledged certain time deposits to certain banks in connection with the banking facilities granted to certain subsidiaries and the respective letter of credit and letter of guarantee facilities of approximately HK$2,246,000 (2021: HK$1,673,000) were utilised.

46. Financial Instruments by Category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

31 July 2022

	Financial assets at fair value through profit or loss HK$'000	Financial assets at fair value through other comprehensive income HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000
Due from associates	—	—	219,905	219,905
Due from joint ventures	—	—	1,558,305	1,558,305
Financial assets at fair value through other comprehensive income	—	1,710,095	—	1,710,095
Financial assets at fair value through profit or loss	1,026,965	—	—	1,026,965
Derivative financial instruments	25,473	—	—	25,473
Film investments	71,720	—	—	71,720
Trade receivables	—	—	399,768	399,768
Finance lease receivables	—	—	497,168	497,168
Financial assets included in deposits, prepayments, other receivables and other assets	4,425	—	1,054,993	1,059,418
Pledged and restricted bank balances and time deposits	—	—	2,524,276	2,524,276
Cash and cash equivalents	—	—	5,056,442	5,056,442
	1,128,583	**1,710,095**	**11,310,857**	**14,149,535**

46. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

Financial assets (continued)

31 July 2021

	Financial assets at fair value through profit or loss HK$'000	Financial assets at fair value through other comprehensive income HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000
Due from associates	—	—	182,378	182,378
Due from joint ventures	—	—	1,776,756	1,776,756
Financial assets at fair value through other comprehensive income	—	1,689,200	—	1,689,200
Financial assets at fair value through profit or loss	1,224,770	—	—	1,224,770
Derivative financial instruments	191	—	—	191
Film investments	43,734	—	—	43,734
Trade receivables	—	—	339,157	339,157
Finance lease receivables	—	—	528,484	528,484
Financial assets included in deposits, prepayments, other receivables and other assets	5,687	—	686,506	692,193
Pledged and restricted bank balances and time deposits	—	—	2,325,588	2,325,588
Cash and cash equivalents	—	—	8,284,797	8,284,797
	1,274,382	1,689,200	14,123,666	17,087,248

46. Financial Instruments by Category (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

Financial liabilities

31 July 2022

	Financial liabilities at fair value through profit or loss HK$'000	**Financial liabilities at amortised cost HK$'000**	**Total HK$'000**
Financial liabilities included in creditors, other payables and accruals	**—**	**4,028,620**	**4,028,620**
Financial liabilities included in deposits received, deferred income and contract liabilities	**—**	**392,920**	**392,920**
Lease liabilities	**—**	**1,250,140**	**1,250,140**
Bank borrowings	**—**	**17,361,959**	**17,361,959**
Other borrowings	**—**	**322,730**	**322,730**
Guaranteed notes	**—**	**10,151,175**	**10,151,175**
	—	**33,507,544**	**33,507,544**

31 July 2021

	Financial liabilities at fair value through profit or loss HK$'000	Financial liabilities at amortised cost HK$'000	Total HK$'000
Financial liabilities included in creditors, other payables and accruals	—	4,246,776	4,246,776
Financial liabilities included in deposits received, deferred income and contract liabilities	—	488,541	488,541
Derivative financial instruments	8,965	—	8,965
Lease liabilities	—	1,387,617	1,387,617
Bank borrowings	—	18,771,101	18,771,101
Other borrowings	—	318,557	318,557
Guaranteed notes	—	7,692,495	7,692,495
	8,965	32,905,087	32,914,052

47. Fair Value Hierarchy of Financial Instruments

Financial instruments for which fair value is disclosed

Except for the guaranteed notes with a fair value in aggregate of approximately HK$8,611,681,000 (2021: HK$7,737,907,000) as detailed in note 36, the directors consider the carrying amounts of all other financial assets and financial liabilities measured at amortised cost approximated to their fair values as at the end of the reporting period.

Financial instruments measured at fair value

	Notes	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
As at 31 July 2022					
Financial assets					
Financial assets at fair value through other comprehensive income	25	**28,621**	**—**	**1,681,474**	**1,710,095**
Financial assets at fair value through profit or loss	26	**14,457**	**915,313**	**97,195**	**1,026,965**
Derivative financial instruments — CCSs	27	**—**	**—**	**25,473**	**25,473**
Financial assets included in deposits, prepayments, other receivables and other assets		**—**	**—**	**4,425**	**4,425**
Film investments	31	**—**	**—**	**71,720**	**71,720**
		43,078	**915,313**	**1,880,287**	**2,838,678**

47. Fair Value Hierarchy of Financial Instruments (continued)

Financial instruments measured at fair value (continued)

	Notes	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
As at 31 July 2021					
Financial assets					
Financial assets at fair value through other comprehensive income	25	38,824	—	1,650,376	1,689,200
Financial assets at fair value through profit or loss	26	—	1,097,884	126,886	1,224,770
Derivative financial instruments — CCSs	27	—	—	191	191
Financial assets included in deposits, prepayments, other receivables and other assets		—	—	5,687	5,687
Film investments	31	—	—	43,734	43,734
		38,824	1,097,884	1,826,874	2,963,582
Financial liabilities					
Derivative financial instruments — CCSs	27	—	—	8,965	8,965

During the year ended 31 July 2022, there were no transfer of fair value measurement between Level 1 and Level 2 (2021: Nil).

During the year ended 31 July 2022, fair value measurement of a financial asset at fair value through profit or loss had been transferred from Level 2 to Level 3 and the transfer is primarily attributable to changes in observable valuation inputs in valuing this investment. During the year ended 31 July 2021, there were no transfers into or out of Level 3 for both financial assets and liabilities.

47. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments measured at fair value (continued)

The movements in fair value measurements within Level 3 during the year are as follows:

(i) Financial assets at fair value through other comprehensive income:

	2022 HK$'000	2021 HK$'000
At beginning of year	**1,650,376**	1,678,131
Additions	**11,907**	—
Total gains/(losses) recognised in other comprehensive income	**19,191**	(27,755)
At end of year	**1,681,474**	1,650,376

(ii) Financial assets at fair value through profit or loss

	2022 HK$'000	2021 HK$'000
At beginning of year	**126,886**	127,024
Total gains recognised in the income statement	**11,035**	—
Transfer from Level 2	**2,840**	—
Settlement	**(38,662)**	(1,444)
Exchange realignment	**(4,904)**	1,306
At end of year	**97,195**	126,886

The movements in the financial assets/(liabilities) arising from the derivative financial instruments and film investments are disclosed in notes 27 and 31, respectively to the financial statements.

Valuation techniques

Fair value measurement using significant observable inputs (Level 2)

The fair values of certain financial assets at fair value through profit or loss is based on the fair values of the underlying investment portfolio provided by the fund managers.

47. Fair Value Hierarchy of Financial Instruments (continued)

Valuation techniques (continued)

Fair value measurement using significant unobservable inputs (Level 3)

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

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The methods and assumptions used to estimate the fair values of the principal financial instruments are stated as follows:

(i) Fair value of the equity interest in Bayshore, classified as financial assets at fair value through other comprehensive income, has been estimated using the fair value of investment properties held by Bayshore, which is mainly determined by income approach. Income approach is an approach to valuation that provides an indication of value by converting future cash flows to a single current capital value. The current capital value is projected based on discounted cash flow method. It is a process of valuing an investment property or asset by undertaking an estimation of future cash flows and taking into account the time value of money.

(ii) Derivative financial instruments — CCSs are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot rates and interest rate curves as well as other unobservable inputs. The carrying amounts of the derivative financial instruments are the same as their fair values.

(iii) Fair value of the financial asset at fair value through profit or loss has been determined by equity value allocation model with Black-Scholes option pricing formula. Under this valuation methodology, the underlying total equity values have been determined based on the most recent transactions of share subscriptions by the independent third-party investors in the investee companies as well as other unobservable inputs.

47. Fair Value Hierarchy of Financial Instruments (continued)

Valuation techniques (continued)

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

31 July 2022

	Valuation technique	Significant unobservable inputs	Value of unobservable inputs	Notes
Financial assets at fair value through other comprehensive income	Income approach	Average monthly market rent per square foot	**HK$134**	1
		Capitalisation rate	**2.85%**	2
Derivative financial instruments — CCSs	Discounted cash flow with swaption approach	Expected exposure at default — counterparty	**HK$2.22 million to HK$15.70 million**	3
		Expected exposure at default — the Group	**HK$0.00 million to HK$1.44 million**	4
		Credit spread — counterparty	**13.34 basis point to 121.35 basis point**	5
		Credit spread — the Group	**23.73 basis point to 1,230.02 basis point**	6
		Loss given default ratio — counterparty non- performance risk	**80%**	7
		Loss given default ratio — own credit risk	**60%**	8
Financial asset at fair value through profit or loss	Market approach	Expected volatility	**57.50%**	9
		Expected time to exit	**3 years**	10

47. Fair Value Hierarchy of Financial Instruments (continued)

Valuation techniques (continued)

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

31 July 2021

	Valuation technique	Significant unobservable inputs	Value of unobservable inputs	Notes
Financial assets at fair value through other comprehensive income	Income approach	Average monthly market rent per square foot	HK$139	1
		Capitalisation rate	2.85%	2
Derivative financial instruments — CCSs	Discounted cash flow with swaption approach	Expected exposure at default — counterparty	HK$0.31 million to HK$4.05 million	3
		Expected exposure at default — the Group	HK$0.44 million to HK$11.22 million	4
		Credit spread — counterparty	8.81 basis point to 86.59 basis point	5
		Credit spread — the Group	11.38 basis point to 376.19 basis point	6
		Loss given default ratio — counterparty non-performance risk	80%	7
		Loss given default ratio — own credit risk	60%	8

Notes:
1. The higher the average monthly market rent per square foot, the higher the fair value
2. The higher the capitalisation rate, the lower the fair value
3. The higher the expected exposure at default — counterparty, the lower the fair value of CCSs
4. The higher the expected exposure at default — the Group, the higher the fair value of CCSs
5. The higher the credit spread — counterparty, the lower the fair value of CCSs
6. The higher the credit spread — the Group, the higher the fair value of CCSs
7. The higher the loss given default ratio — counterparty non-performance risk, the lower the fair value of CCSs
8. The higher the loss given default ratio — own credit risk, the higher the fair value of CCSs
9. The higher the expected volatility, the higher the fair value
10. The longer the expected time to exit, the higher the fair value

48. Financial Risk Management Objectives and Policies

The principal financial assets held by the Group comprise financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, pledged and restricted bank balances and time deposits, and cash and cash equivalents. Management would, based on the Group's projected cash flow requirements, determine the types and levels of these financial instruments with a view to maintaining an appropriate level of funding for the Group's operations and to enhancing the returns generated from these financial instruments. The Group's principal financial liabilities comprise bank borrowings and guaranteed notes. The Group will procure various types and levels of such financial liabilities in order to maintain sufficient funding for the Group's daily operations and to cope with expenditures incurred for various properties under development or investment projects. In addition, the Group has various other financial assets and liabilities such as debtors and creditors which arise directly from its daily operations.

The main risks arising from the Group's financial instruments are interest rate risks, foreign currency risk, credit risk and liquidity risk. The management of the Company meets periodically to analyse and formulate measures to manage the Group's exposure to these risks. Generally, the Group has adopted relatively conservative strategies on its risk management and the Group has not used any derivatives and other instruments for hedging purposes during the year. The Group does not hold or issue derivative financial instruments for trading purposes. The directors review and determine policies for managing each of these risks and they are summarised as follows:

(i) Fair value and cash flow interest rate risks

Fair value interest rate risk is the risk that the value of a financial instrument fluctuates because of changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument fluctuate because of changes in market interest rates. The Group is exposed to both fair value and cash flow interest rate risks. The Group's exposure to market risk for changes in interest rates relates primarily to the Group's pledged and restricted bank balances and time deposits, cash and cash equivalents and bank borrowings with a floating interest rate.

At present, the Group does not intend to seek to hedge its exposure to interest rate fluctuations. However, the Group constantly reviews the economic situation and its interest rate risk profile, and will consider appropriate hedging measures in future as may be necessary.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant and before any impact on tax, of the Group's income statement (through the impact on variable-rate mortgage loan receivables, pledged and restricted bank balances and time deposits, cash and cash equivalents, bank borrowings and certain other borrowings) and the equity of the Group.

(i) Fair value and cash flow interest rate risks (continued)

	Increase in interest rate %	Decrease in profit and equity HK$'000
2022	**0.5**	**49,018**
2021	0.5	40,790

(ii) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument fluctuates because of changes in foreign exchange rates.

US$

The Group's major assets and liabilities and transactions are denominated in HK$ or US$. As HK$ is pegged against US$, the Group believes that the corresponding exposure to exchange rate risk arising from US$ is nominal and does not expect any significant movements in the exchange rate in the foreseeable future.

RMB

Certain subsidiaries (mainly the Lai Fung Group) of the Group have transactions denominated in RMB. The Group is exposed to foreign exchange risk arising from the exposure of RMB against HK$.

It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximise hedge effectiveness. The Group will constantly review the economic situation and its foreign currency risk profile, and will consider other appropriate hedging measures in future as may be necessary.

Pound Sterling

The Group had made investments in the United Kingdom with the assets and liabilities denominated in Pounds Sterling. The investments were financed by bank borrowings denominated in Pound Sterling in order to minimise the net foreign exchange exposure.

Other than the abovementioned, the remaining monetary assets and liabilities of the Group were denominated in Euro, Malaysian Ringgit and VND which were insignificant as compared with the Group's total assets and liabilities. The Group manages its foreign currency risk by closely reviewing the movement of foreign currency rates and considers hedging significant foreign currency exposure should the additional need arise.

48. Financial Risk Management Objectives and Policies (continued)

(iii) Credit risk

The Group (other than eSun Group) maintains various credit policies for different business operations as described in note 33 to the financial statements. In addition, debtor balances are being closely monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The eSun Group trades only with recognised and creditworthy third parties. It is the eSun Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the eSun Group's exposure to bad debts is not significant.

In respect of loan and interest receivables, individual credit evaluations are performed on all borrowers requiring credit over a certain amount. These evaluations focus on the borrowers' past history of making payments when due and the current ability to pay, and take into account information specific to the borrowers. Certain of these loan and interest receivables are secured by share charges in respect of the equity interest of certain subsidiaries and unlisted equity investments of the respective borrowers.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 July. The amounts presented are gross carrying amounts for financial assets.

48. Financial Risk Management Objectives and Policies (continued)

(iii) Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 July 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Due from associates					
Normal**	219,905	—	—	—	219,905
Doubtful**	—	—	97,123	—	97,123
Due from joint ventures					
Normal**	1,545,120	—	—	—	1,545,120
Doubtful**	—	—	66,605	—	66,605
Trade receivables*	—	—	—	446,316	446,316
Finance lease receivables*	—	—	—	497,168	497,168
Financial assets included in deposit, prepayments, other receivables and other assets					
Normal**	1,054,993	—	—	—	1,054,993
Doubtful**	—	—	65,344	—	65,344
Pledged and restricted bank balances and time deposits	2,524,276	—	—	—	2,524,276
Cash and cash equivalents	5,056,442	—	—	—	5,056,442
	10,400,736	—	229,072	943,484	11,573,292

48. Financial Risk Management Objectives and Policies (continued)

(iii) Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 July 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Due from associates					
Normal**	182,378	—	—	—	182,378
Doubtful**	—	—	102,481	—	102,481
Due from joint ventures					
Normal**	1,762,635	—	—	—	1,762,635
Doubtful**	—	—	68,004	—	68,004
Trade receivables*	—	—	—	370,470	370,470
Finance lease receivables*	—	—	—	528,484	528,484
Financial assets included in deposit, prepayments, other receivables and other assets					
Normal**	686,442	—	—	—	686,442
Doubtful**	—	—	7,666	—	7,666
Pledged and restricted bank balances and time deposits	2,325,588	—	—	—	2,325,588
Cash and cash equivalents	8,284,797	—	—	—	8,284,797
	13,241,840	—	178,151	898,954	14,318,945

* For trade receivables and finance lease receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 33 to the financial statements.

** The credit quality of the amounts due from associates and joint ventures, and financial assets included in deposits, prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

(iv) Liquidity risk

The Group's objective is to ensure adequate funds are available to meet commitments associated with its capital expenditure and financial liabilities. Cash flows are closely monitored on an ongoing basis.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2022			
	Less than 1 year HK$'000	**1 to 5 years HK$'000**	**Over 5 years HK$'000**	**Total HK$'000**
Financial liabilities included in creditors, other payables and accruals	**3,068,948**	**—**	**959,672**	**4,028,620**
Financial liabilities included in deposits received, deferred income and contract liabilities	**191,523**	**201,397**	**—**	**392,920**
Lease liabilities	**314,493**	**832,779**	**236,899**	**1,384,171**
Bank borrowings	**2,480,623**	**15,111,151**	**1,886,410**	**19,478,184**
Other borrowings	**41,578**	**286,799**	**—**	**328,377**
Guaranteed notes	**6,223,617**	**4,767,670**	**226,525**	**11,217,812**
Inflow of derivative financial instruments	**(6,016,527)**	**—**	**—**	**(6,016,527)**
Outflow of derivative financial instruments	**5,928,067**	**—**	**—**	**5,928,067**
	12,232,322	**21,199,796**	**3,309,506**	**36,741,624**

	2021			
	Less than 1 year HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Financial liabilities included in creditors, other payables and accruals	3,253,626	—	993,150	4,246,776
Financial liabilities included in deposits received, deferred income and contract liabilities	288,888	199,653	—	488,541
Lease liabilities	337,060	855,226	375,020	1,567,306
Bank borrowings	3,629,741	15,591,009	1,605,711	20,826,461
Other borrowings	41,159	283,045	—	324,204
Guaranteed notes	390,119	8,250,433	—	8,640,552
Inflow of derivative financial instruments	(293,791)	(5,919,133)	—	(6,212,924)
Outflow of derivative financial instruments	226,653	5,942,628	—	6,169,281
	7,873,455	25,202,861	2,973,881	36,050,197

48. Financial Risk Management Objectives and Policies (continued)

(v) Capital management

The Group manages its capital structure to ensure that entities in the Group will be able to continue to operate as a going concern while maximising the return to stakeholders through the setting up and maintenance of an optimal debt and equity capital structure. The Group's overall strategy remains unchanged from that of the prior year.

The capital structure of the Group mainly consists of bank borrowings, other borrowings, guaranteed notes and equity attributable to owners of the Company, comprising share capital and reserves.

The directors of the Company review the capital structure regularly. They will take into consideration the cost of capital and the risks associated with each class of capital prevailing in the market. Based on the recommendation of the directors, the Group will balance its overall capital structure through various types of equity fund raising exercises as well as maintenance of appropriate types and levels of debts.

The Group monitors capital using, inter alia, a gearing ratio which is net debt divided by equity attributable to owners of the Company. Net debt includes bank borrowings, other borrowings, and guaranteed notes, less pledged and restricted bank balances and time deposits, and cash and cash equivalents. The gearing ratio as at the end of the reporting period is as follows:

	2022 **HK$'000**	2021 HK$'000
Bank borrowings	**17,361,959**	18,771,101
Other borrowings	**322,730**	318,557
Guaranteed notes	**10,151,175**	7,692,495
Less: Pledged and restricted bank balances and time deposits	**(2,524,276)**	(2,325,588)
Cash and cash equivalents	**(5,056,442)**	(8,284,797)
Net debt	**20,255,146**	16,171,768
Equity attributable to owners of the Company	**32,794,297**	34,149,314
Gearing ratio	**62%**	47%

49. Statement of Financial Position of the Company

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2022 HK$'000	2021 HK$'000
NON-CURRENT ASSETS		
Property, plant and equipment	**3,107**	3,227
Right-of-use assets	**59,315**	80,112
Investment properties	**9,084,400**	8,981,600
Investments in subsidiaries	**12,096,230**	11,679,016
Investments in joint ventures	**426,859**	393,522
Financial assets at fair value through other comprehensive income	**36,309**	36,309
Financial assets at fair value through profit or loss	**21,214**	31,277
Deposits, prepayments, other receivables and other assets	**33,827**	20,941
Pledged bank balances and time deposits	**44,550**	38,097
Total non-current assets	**21,805,811**	21,264,101
CURRENT ASSETS		
Debtors	**4,726**	6,541
Deposits, prepayments, other receivables and other assets	**59,215**	64,780
Pledged bank balances and time deposits	**103,399**	107,745
Cash and cash equivalents	**371,313**	1,357,367
Total current assets	**538,653**	1,536,433
CURRENT LIABILITIES		
Creditors, other payables and accruals	**78,405**	63,203
Deposits received	**43,525**	50,020
Lease liabilities	**21,285**	20,452
Tax payable	**13,302**	23,081
Bank borrowings	**190,490**	2,486,480
Total current liabilities	**347,007**	2,643,236
NET CURRENT ASSETS/(LIABILITIES)	**191,646**	(1,106,803)
TOTAL ASSETS LESS CURRENT LIABILITIES	**21,997,457**	20,157,298

49. Statement of Financial Position of the Company (continued)

	2022 **HK$'000**	2021 HK$'000
NON-CURRENT LIABILITIES		
Lease liabilities	**41,564**	62,849
Bank borrowings	**3,009,764**	2,927,366
Deferred tax	**93,620**	87,929
Long-term deposits received	**44,550**	44,316
Total non-current liabilities	**3,189,498**	3,122,460
	18,807,959	17,034,838
EQUITY		
Share capital	**5,463,477**	4,134,565
Reserves (Note)	**13,344,482**	12,900,273
	18,807,959	17,034,838

Chew Fook Aun
Director

Lau Shu Yan, Julius
Director

49. Statement of Financial Position of the Company (continued)

Note:

A summary of the Company's reserves is as follows:

	Share option reserve HK$'000	Capital reduction reserve HK$'000	General reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 August 2020	59,219	4,692	646,700	9,955,544	10,666,155
Profits for the year and total comprehensive income for the year	—	—	—	2,234,861	2,234,861
Shares issued upon exercise of share options	(1,967)	—	—	—	(1,967)
Equity-settled share option arrangements	1,224	—	—	—	1,224
Release of reserve upon lapse of share options	(6,472)	—	—	6,472	—
At 31 July 2021 and 1 August 2021	52,004	4,692	646,700	12,196,877	12,900,273
Profits for the year and total comprehensive income for the year	—	—	—	443,659	443,659
Equity-settled share option arrangements	550	—	—	—	550
Release of reserve upon lapse of share options	(9,041)	—	—	9,041	—
At 31 July 2022	43,513	4,692	646,700	12,649,577	13,344,482

50. Particulars of Principal Subsidiaries

Particulars of the Company's principal subsidiaries as at 31 July 2022 were as follows:

Name of company	Place of incorporation/ registration and business	Issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Bushell Limited	Hong Kong	HK$2	—	100.00	Property development and sale
Camper & Nicholsons International S.A. ("**CNI**")	Luxembourg	EUR941,625	—	98.27	Brokerage, charter, marketing, management and crew placement of luxury yachts
Cape Nga Holding Company Limited	Thailand	THB1,225,000	—	100.00	Investment holding

50. Particulars of Principal Subsidiaries (continued)

Name of company	Place of incorporation/ registration and business	Issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Capital Court Limited	Hong Kong	HK$1	—	100.00	Hotel operation
Chains Caravelle Hotel Joint Venture Company Limited ("**CCHJV**") @###	Vietnam	US$23,175,577	—	26.01	Hotel operation
Charming Jade Limited ^^^^	Hong Kong	HK$1	—	68.39	Restaurant operation
Frontier Dragon Limited	British Virgin Islands/ United Kingdom	US$1	—	100.00	Property investment
Furama Hotel Enterprises Limited	Hong Kong	HK$102,880,454	—	100.00	Investment holding
Furama Hotels and Resorts International Limited	British Virgin Islands/ Hong Kong	US$1,000,000	—	100.00	Provision of management services
Fusion Century Limited ^^^^	Hong Kong	HK$100	—	51.29	Restaurant operation
Gainful Limited	Hong Kong	HK$1	—	100.00	Property development
Gainlong Limited	Hong Kong	HK$1	—	100.00	Property development
Gainplace Limited	Hong Kong	HK$1	—	100.00	Property development
Gilroy Company Limited	Hong Kong	HK$10,000	100.00	—	Property investment
Glynhill Hotels and Resorts (Vietnam) Pte Ltd	Singapore/Vietnam	S$2	—	100.00	Provision of management and consultancy services to hotel owners
Glynhill Investments (Vietnam) Pte Ltd ("**GIV**") @	Singapore	S$2	—	51.00	Investment holding

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of company	Place of incorporation/ registration and business	Issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Gold Fusion Limited	Hong Kong	HK$1	—	100.00	Property development
Greatful Limited ^^^^	Hong Kong	HK$100	—	68.39	Central kitchen
Hazelway Limited	Hong Kong	HK$1	—	69.00	Restaurant operation
Hibright Limited	Hong Kong	HK$1	100.00	—	Provision of finance
Intercontinental Development and Services Limited	Hong Kong	HK$300,000	—	100.00	Property investment
Joyful Plus Limited ^^^^	Hong Kong	HK$1	—	68.39	Restaurant operation
King Faithful Limited ^^^^	Hong Kong	HK$100	—	62.92	Restaurant operation
Kingland Century Limited	Hong Kong	HK$1	—	100.00	Property development and sale
Kingright International Limited	Hong Kong	HK$1	—	100.00	Golf apparel retailing
Kolot Property Services Limited	Hong Kong	HK$780,002	100.00	—	Property management
Lai Sun Dining Limited ^^^^	Hong Kong	HK$1	—	68.39	Provision of management and consultancy services to restaurants
Lai Sun F&B Holding Company Limited ("**LSF&B**")	British Virgin Islands/ Hong Kong	HK$621,995,507	—	68.39	Investment holding
Lai Sun International Finance (2012) Limited	British Virgin Islands/ Hong Kong	US$1	100.00	—	Treasury operation
Lai Sun MTN	Hong Kong	HK$1	100.00	—	Treasury operation

50. Particulars of Principal Subsidiaries (continued)

Name of company	Place of incorporation/ registration and business	Issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Lai Sun Real Estate Agency Limited	Hong Kong	HK$2	100.00	—	Property management and real estate agency
Laurel Coast Limited	Hong Kong	HK$1,000,000	—	85.00	Restaurant operation
LSD Bonds (2017) Limited	British Virgin Islands/ Hong Kong	US$1	100.00	—	Treasury operation
Mazy Charm Limited ^^^^	Hong Kong	HK$1,000,000	—	62.92	Restaurant operation
Mazy Lamp Limited ^^^^	Hong Kong	HK$1,000,000	—	50.61	Restaurant operation
Milirich Investment Limited	Hong Kong	HK$2	100.00	—	Property development and sale
Modern Charm Limited ^^^^	Hong Kong	HK$10,000	—	68.39	Restaurant operation
Nice Plus Limited ^^^^	Hong Kong	HK$1	—	68.39	Restaurant operation
Oceania Gem Limited	Hong Kong	HK$1	—	85.00	Restaurant operation
Oriental Style Limited	Hong Kong	HK$1	—	100.00	Property development and sale
Oriental Wood Limited	Hong Kong	HK$1	—	100.00	Investment holding
Peakflow Profits Limited	British Virgin Islands/ Hong Kong	US$1	100.00	—	Investment holding
Porchester Assets Limited ("**Porchester**") @	British Virgin Islands/ Hong Kong	US$100	—	51.00	Investment holding

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of company	Place of incorporation/ registration and business	Issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Really Star Limited ^^^^	Hong Kong	HK$4,600	—	64.70	Restaurant operation
Rife World Limited	Hong Kong	HK$1	—	100.00	Provision of finance
Rolling Star Limited	Hong Kong	HK$1	—	100.00	Provision of finance
Royal Team Limited ^^^^	Hong Kong	HK$10,000	—	60.18	Restaurant operation
Silver Fusion Limited ^^^^	Hong Kong	HK$500,000	—	68.39	Restaurant operation
Superise Limited ^^^^	Hong Kong	HK$400	—	38.23	Restaurant operation
Transformation International Limited	British Virgin Islands/ Hong Kong	US$1	100.00	—	Investment holding
Transtrend Holdings Limited	Hong Kong	HK$20	—	100.00	Investment holding
Unit Power Limited	Hong Kong	HK$1	—	100.00	Property investment
Wellway Limited	Hong Kong	HK$1	—	100.00	Property development
Winstead Limited	Hong Kong	HK$1	—	100.00	Property development and sale
北京唐人館餐飲管理有限公司 ("**北京唐人館**") ^^^^##	PRC/Mainland China	RMB38,000,000#	—	68.39	Restaurant operation
西雙版納麟瓏茶室飲料有限公司("**麟瓏茶室**") Δ	PRC/Mainland China	RMB100,000,000#	—	60.00	Sales of beverage products
eSun (Listed on the Stock Exchange)	Bermuda/Hong Kong	HK$745,927,299	—	74.62	Investment holding
Capital Artists Limited ^^^	Hong Kong	HK$44,394,500	—	74.62	Music production and distribution

50. Particulars of Principal Subsidiaries (continued)

Name of company	Place of incorporation/ registration and business	Issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
East Asia Music (Holdings) Limited ^^^	Hong Kong	HK$10,000	—	74.62	Music production and distribution
eSun High-Tech Limited ^^^	Hong Kong	HK$2	—	74.62	Investment in and licensing of film rights
Fascinating Screens Limited ^^^	Hong Kong	HK$1,000,001	—	74.62	Cinema operation
Fortune Sound Limited ^^^	Hong Kong	HK$1	—	74.62	Music production and distribution
Fortune Spark Limited ^^^	Hong Kong	HK$10,000,000	—	74.62	Cinema operation
Glynhill International Limited ^^^	Hong Kong	HK$915,631,997	—	74.62	Investment holding and provision of management services
Intercontinental Film Distributors (H.K.) Limited ^^^	Hong Kong	HK$700,400	—	70.89	Film distribution
Intercontinental Group Holdings Limited ^^^	Cayman Islands/ Hong Kong	US$50,000	—	70.89	Investment holding
Intercontinental Video Limited ^^^	Hong Kong	HK$100	—	70.89	Distribution of movie digital video discs and blu-ray discs
Kaleidoscope International Limited ^^^	British Virgin Islands/ Hong Kong	US$1	—	74.62	Property holding
Lauro Game Entertainment Limited ^^^	Hong Kong	HK$100,000	—	70.89	Trading of gaming products

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of company	Place of incorporation/ registration and business	Issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Media Asia Distribution Ltd. ^^^	British Virgin Islands/ Hong Kong	US$80	—	74.62	Film distribution, licensing of film rights and film investment
Media Asia Distribution (HK) Limited ^^^	Hong Kong	HK$2	—	74.62	Film distribution and film library management
Media Asia Entertainment Group Limited ^^^	Bermuda/Hong Kong	HK$100	—	74.62	Investment holding
Media Asia Films (BVI) Ltd. ^^^	British Virgin Islands/ Hong Kong	US$7	—	74.62	Film production, licensing of films and investment holding
Media Asia Group Limited ^^^	Hong Kong	HK$2	—	74.62	Investment holding and provision of management services
Media Asia Holdings Ltd. ^^^	British Virgin Islands/ Hong Kong	US$6,831	—	74.62	Investment holding
Mega Star Video Distribution (HK) Limited ^^^	Hong Kong	HK$2	—	74.62	Licensing of film rights and sale of video products
Multiplex Cinema Limited ^^^	Hong Kong	HK$71,000,000	—	70.89	Cinema operation
Perfect Advertising & Production Company Limited ^^^	Hong Kong	HK$10,000	—	70.89	Provision of advertising services, video duplication services, and translating and subtitling of television programs

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of company	Place of incorporation/ registration and business	Issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Perfect Sky Holdings Limited ^^^	British Virgin Islands/ Hong Kong	US$1	—	74.62	Investment holding
Rich & Famous Talent Management Group Limited ^^^	Hong Kong	HK$100	—	55.97	Provision of artiste management services
Style International Management Group Limited ^^^	Hong Kong	HK$1	—	43.43	Provision of artiste management services
寰亞風尚演藝經紀(上海)有限公司 ^^^ ##	PRC/Mainland China	RMB2,000,000#	—	43.43	Provision of artiste management services
廣東五月花電影城有限公司 ^^^ ##	PRC/Mainland China	RMB100,000,000#	—	74.62	Cinema operation
東亞豐麗演出經紀(北京)有限公司 ^^^ ##	PRC/Mainland China	RMB25,000,000#	—	74.62	Provision of artiste management and performance agency services
MAGHL (Listed on the GEM of the Stock Exchange) (note b) ^^^	Incorporated in the Cayman Islands and continued in Bermuda/Hong Kong	HK$298,631,402	—	50.52	Investment holding
Champ Universe Limited ^	Hong Kong	HK$1	—	50.52	Provision of management services
Lam & Lamb Entertainment Limited ^	Hong Kong	HK$1	—	50.52	Provision of artiste management services and entertainment activity production

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of company	Place of incorporation/ registration and business	Issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Media Asia Distribution (Beijing) Co., Ltd. ^ ##	PRC/Mainland China	RMB130,000,000#	—	50.52	Film distribution
Media Asia Entertainment Limited ^	Hong Kong	HK$100	—	50.52	Entertainment activity production and event and film investments
Media Asia Film International Limited ^	British Virgin Islands	US$100	—	50.52	Film investment and production and event investments
Media Asia Film Production Limited ^	Hong Kong	HK$100	—	50.52	Investment holding and film production
Media Asia Music Limited ^	Hong Kong	HK$1	—	50.52	Music production and distribution and event investments
Media Asia Talent Management Limited ^	Hong Kong	HK$1	—	50.52	Provision of artiste management services
Media Asia TV Program Distribution Limited ^	Hong Kong	HK$1	—	50.52	Licensing of television dramas
Media Asia TV Program Production (HK) Limited ^	Hong Kong	HK$1	—	35.36	TV program production
寰亞文化傳播(中國)有限公司 ^ ##	PRC/Mainland China	HK$38,000,000#	—	50.52	Entertainment activity production
Lai Fung (Listed on the Stock Exchange) (note a)	Cayman Islands/ Hong Kong	HK$1,655,167,215	—	55.08	Investment holding
Canvex Limited ^^	Hong Kong	HK$2	—	55.08	Property investment
Eastern Power Limited ^^	Hong Kong	HK$1	—	55.08	Investment holding

50. Particulars of Principal Subsidiaries (continued)

Name of company	Place of incorporation/ registration and business	Issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Eternal Medal Limited ^^	Hong Kong	HK$1	—	55.08	Investment holding
Fore Bright Limited ^^	Hong Kong	HK$1	—	55.08	Investment holding
Frank Light Development Limited ^^	Hong Kong	HK$19,999,999	—	55.08	Investment holding
Gentle Code Limited ^^	Hong Kong	HK$1	—	55.08	Investment holding
Gentle Holdings Limited ^^	Hong Kong	HK$1	—	55.08	Investment holding
Goldthorpe Limited ^^	British Virgin Islands/ Hong Kong	US$1	—	55.08	Investment holding
Good Strategy Limited ^^	British Virgin Islands/ Mainland China	US$1	—	55.08	Property investment
Grand Wealth Limited ^^	Hong Kong	HK$2	—	55.08	Investment holding
Grosslink Investment Limited ^^	Hong Kong	HK$2	—	55.08	Investment holding
Guangzhou Gentle Code Real Estate Company Limited ("**Guangzhou Gentle Code**") ^^ ##	PRC/Mainland China	US$22,830,000#	—	55.08	Property investment
Guangzhou Gentle Real Estate Company Limited ^^ ##	PRC/Mainland China	US$17,080,000#	—	55.08	Property development
Guangzhou Grand Wealth Properties Limited ^^ ##	PRC/Mainland China	HK$280,000,000#	—	55.08	Property development and investment
Guangzhou Guang Bird Property Development Limited ("**Guangzhou Guang Bird**") ^^ ##	PRC/Mainland China	US$79,600,000#	—	55.08	Property development and investment

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of company	Place of incorporation/ registration and business	Issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Guangzhou Honghui Real Estate Development Company Limited ^^ ##	PRC/Mainland China	RMB79,733,004#	—	55.08	Property development and investment
Guangzhou Jieli Real Estate Company Limited ^^ ##	PRC/Mainland China	HK$168,000,000#	—	55.08	Property investment
Hankey Development Limited ^^	Hong Kong	HK$10,000	—	55.08	Investment holding
Kingscord Investment Limited ^^	Hong Kong	HK$2	—	55.08	Investment holding
Lai Fung Company Limited ^^	Hong Kong	HK$20	—	55.08	Investment holding
Manful Concept Limited ^^	Hong Kong	HK$2	—	55.08	Investment holding
Nicebird Company Limited ^^	Hong Kong	HK$2	—	55.08	Investment holding
Pearl Merge Limited ^^	Hong Kong	HK$1	—	64.06	Investment holding
Rosy Commerce ^^	British Virgin Islands/ Hong Kong	US$100	—	64.06	Investment holding
Shanghai Hankey Real Estate Development Company Limited ^^ ##	PRC/Mainland China	US$47,600,000#	—	55.08	Property investment
Shanghai HKP Property Management Limited ^^ ##	PRC/Mainland China	US$150,000#	—	55.08	Property management
Shanghai Hu Xin Real Estate Development Company Limited ^^ ##	PRC/Mainland China	US$40,000,000#	—	55.08	Property development and investment
Shanghai Li Xing Real Estate Development Company Limited ^^ ##	PRC/Mainland China	US$36,000,000#	—	55.08	Property investment

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of company	Place of incorporation/ registration and business	Issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Shanghai Wa Yee Real Estate Development Company Limited ^^Δ	PRC/Mainland China	US$10,000,000#	—	52.33	Property development and investment
Shanghai Zhabei Plaza Real Estate Development Company Limited ^^##	PRC/Mainland China	US$79,800,000#	—	55.08	Property investment
Sunlite Investment Limited ^^	Hong Kong	HK$2	—	55.08	Investment holding
Supreme Motion Limited ^^	Hong Kong	HK$1	—	55.08	Investment holding
Wide Angle Development Limited ^^	Hong Kong	HK$2	—	55.08	Investment holding
Winfield ^^	Hong Kong	HK$1	—	64.06	Investment holding
Win Merge Limited ^^	Hong Kong	HK$1	—	64.06	Investment holding
Zhongshan Bao Li Properties Development Company Limited ^^##	PRC/Mainland China	HK$960,000,000#	—	55.08	Property development and investment
廣州高樂物業管理有限公司 ^^ø	PRC/Mainland China	RMB1,100,000#	—	55.08	Property management
上海麗港物業管理有限公司 ^^ø	PRC/Mainland China	RMB500,000#	—	55.08	Property management
上海麗星房地產發展有限公司^^##	PRC/Mainland China	RMB80,000,000#	—	55.08	Property development
中山高樂物業管理有限公司 ^^ø	PRC/Mainland China	RMB500,000#	—	55.08	Property management
珠海横琴創新方商業管理有限公司 ^^##	PRC/Mainland China	RMB5,000,000#	—	55.08	Property management
珠海横琴麗新文創天地有限公司("**麗新文創**") ^^Δ	PRC/Mainland China	RMB2,280,379,000#	—	64.06	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#	—	55.08	Property development and investment

50. Particulars of Principal Subsidiaries (continued)

Name of company	Place of incorporation/ registration and business	Issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
珠海横琴創新方娛樂有限公司 ^^##	PRC/Mainland China	RMB500,000,000#	—	64.06	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#	—	64.06	Development and operation of and investment in cultural, leisure, entertainment and related facilities
珠海横琴創新方馬皇文化有限公司 (“**創新方馬皇**”) ^^##	PRC/Mainland China	RMB107,000,000#	—	55.08	Development and operation of and investment in cultural, leisure, entertainment and related facilities

Subsidiaries of the Company

The registered capital of 麟瓏茶室 was fully paid up. For 北京唐人館, RMB4,000,000 (equivalent to approximately HK$4,650,000) was unpaid as at 31 July 2022.

Subsidiaries of eSun

The registered capital of these subsidiaries was fully paid up, except for Media Asia Distribution (Beijing) Co., Ltd. of which the capital of RMB29,480,000 (equivalent to approximately HK$34,271,000) was unpaid as at 31 July 2022.

Subsidiaries of Lai Fung

The registered capital of these subsidiaries was fully paid up, except for Guangzhou Guang Bird, 麗新文創, 創新方發展 and 創新方馬皇 which capital of approximately US$9,971,000 (equivalent to approximately HK$78,272,000), RMB736,443,000 (equivalent to approximately HK$856,030,000), RMB1,156,610,000 (equivalent to approximately HK$1,344,426,000) and RMB77,500,000 (equivalent to approximately HK$90,085,000), respectively, was unpaid as at 31 July 2022. Subsequent to 31 July 2022, the registered capital of 創新方發展 of RMB56,000,000 (equivalent to approximately HK$65,094,000) has been paid up.

Subsequent to 31 July 2022, Guangzhou Gentle Code was wound-up.

50. Particulars of Principal Subsidiaries (continued)

\#\# Registered as wholly-foreign-owned enterprises under the laws of the PRC

\#\#\# This subsidiary has registered capital rather than issued share capital.

Δ Registered as equity joint ventures under the laws of the PRC

ø Registered as domestic enterprises under the laws of the PRC

^ They are subsidiaries of MAGHL.

^^ They are subsidiaries of Lai Fung.

^^^ They are subsidiaries of eSun (other than MAGHL).

^^^^ They are subsidiaries of LSF&B, a 68.39%-owned subsidiary of the Company (2021: 67.04%).

@ The Group owns a 51% (2021: 51%) equity interests in Porchester, which in turn, through GIV, a wholly-owned subsidiary of Porchester, owns a 51% (2021: 51%) interest in CCHJV. By virtue of the 51% (2021: 51%) equity interest in CCHJV held by the Group through the 51%-owned Porchester, an effective equity interest of 26.01% (2021: 26.01%) in CCHJV was held by the Group.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Shares of certain subsidiaries held by the Group were also pledged to banks to secure banking facilities granted to the Group (note 37).

As at 31 July 2022, the Group had unpaid capital contributions of approximately HK$146,600,000 (2021: HK$174,431,000) to four (2021: four) non-wholly-owned subsidiaries and a wholly-owned subsidiary (2021: one) which are not included in the above table.

50. Particulars of Principal Subsidiaries (continued)

Notes:

(a) Interests in Lai Fung

For the year ended 31 July 2021

During the year ended 31 July 2021, the Group (through a wholly-owned subsidiary) acquired additional equity interest in Lai Fung at a cash consideration of approximately HK$14,927,000. As a result, the Group's effective equity interest in Lai Fung increased from 54.56% to 55.08%. The transaction was accounted for as equity transaction. The change in the Group's shareholding interest in Lai Fung resulted in an increase in other reserve of approximately HK$79,591,000 and decrease of non-controlling interests of approximately HK$94,518,000 in the consolidated statement of changes in equity.

(b) Interest in MAGHL

For the year ended 31 July 2022

On 3 August 2021, MAGHL allotted and issued a total of 40,612,197 ordinary shares to THL G Limited at HK$1.2 per share. The effective equity interest of the Group in MAGHL decreased from 51.22% to 50.52%. The net proceeds received by the Group were approximately HK$48,037,000. The change in the Group's effective equity interest in MAGHL resulted in an increase in other reserve of HK$21,918,000 and an increase in the non-controlling interests of HK$26,119,000.

For the year ended 31 July 2021

On 18 January 2021, a total of 2,687,500,000 ordinary shares of MAGHL were issued at HK$0.16 per share under the loan capitalisation. The aggregate consideration for the allotment and issue of the shares was settled by way of setting off against the outstanding principal amount of HK$430,000,000 of the shareholder's loans from eSun to MAGHL.

On the same date, a total of 41,217,036 ordinary shares of MAGHL were offered by eSun through a clawback offer to the clawback qualifying shareholders. In addition, eSun placed a total of 768,750,000 ordinary shares of MAGHL through the placing agent to not less than six placees. The net proceeds received by the Group from the clawback offer and the placing were approximately HK$121,159,000. Upon the completion of the loan capitalisation, the clawback offer and the placing, the Group took up the remaining 1,877,532,964 ordinary shares of MAGHL and the Group's effective equity interest in MAGHL increased from 50.41% to 52.00%. The change in the Group's equity interest in MAGHL resulted in a decrease in other reserve of HK$5,881,000 and an increase in the non-controlling interests of HK$127,040,000 in the consolidated statement of changes in equity. Details were set out in joint announcements of the Company, LSG, eSun and MAGHL dated 6 November 2020 and 18 January 2021.

On 17 March 2021, a total of 1,875,000 ordinary shares were issued by MAGHL to Anglo Chinese Corporate Finance, Limited ("**Anglo Chinese**"), an independent third party, in settlement of the advisory fee of HK$300,000 at the election of Anglo Chinese. The equity interest of the Group in MAGHL decreased from 52.00% to 51.97%. The change in the Group's equity interest in MAGHL resulted in an increase in other reserve of HK$96,000 and an increase in the non-controlling interests of HK$204,000.

On 28 June 2021, MAGHL allotted and issued a total of 42,721,136 ordinary shares to THL G Limited at HK$1.2 per share. The equity interest of the Group in MAGHL decreased from 51.97% to 51.22%. The net proceeds received by the Group were approximately HK$50,531,000. The change in the Group's equity interest in MAGHL resulted in an increase in other reserve of HK$23,499,000 and an increase in the non-controlling interests of HK$27,032,000.

Notes to Financial Statements

31 July 2022

51. Particulars of Principal Joint Ventures

Particulars of the Group's principal joint ventures as at 31 July 2022 were as follows:

Name	Place of incorporation or registration and business	Class of shares held	Percentage of ownership interest attributable to the Group	Principal activities
Diamond Path Limited	British Virgin Islands/ Hong Kong	Ordinary	50.00	Investment holding (Diamond Path Group is principally engaged in property development and investment)
Diamond String Limited	Hong Kong	Ordinary	50.00	Property investment
King Empire International Limited	British Virgin Islands/ Hong Kong	Ordinary	15.00	Investment holding (King Empire International Group is principally engaged in property development)

The above table lists the joint ventures of the Group which, in the opinion of the directors of the Company, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other joint ventures would, in the opinion of the directors of the Company, result in particulars of excessive length.

52. Notes to the Consolidated Statement of Cash Flows

(a) Major non-cash transactions

During the year ended 31 July 2021, capital reduction of HK$156,618,000 from a joint venture was settled through the balance with a joint venture.

During the year ended 31 July 2022, the Group had non-cash additions and modifications to right-of-use assets of HK$149,503,000 (2021: HK$297,433,000) and lease liabilities of HK$142,398,000 (2021: HK$298,951,000), in respect of lease arrangements for cinema related properties, other properties and equipment.

52. Notes to the Consolidated Statement of Cash Flows (continued)

(b) Changes in liabilities arising from financing activities

	Bank borrowings HK$'000	Guaranteed notes HK$'000	Other borrowings HK$'000	Put option liabilities HK$'000	Lease liabilities HK$'000	Amount received from a potential non-controlling interest of a subsidiary# HK$'000
At 1 August 2020	16,135,675	5,717,879	308,365	277,086	1,374,430	221,558
Changes from financing cash flows	2,277,176	1,928,741	—	738,352	(260,142)	—
Amortisation of bank financing charges	57,091	—	—	—	—	—
Interest expense	—	—	5,640	—	55,188	—
Amortisation of guaranteed note issued expenses	—	37,621	—	—	—	—
Additions	—	—	—	—	299,610	—
Lease modification	—	—	—	—	(659)	—
Termination	—	—	—	—	(7,136)	—
Rent concessions related to COVID-19	—	—	—	—	(82,382)	—
Transfer	—	—	—	236,044	—	(236,044)
Foreign exchange movements	301,159	8,254	4,552	19,494	8,708	14,486
At 31 July 2021 and 1 August 2021	**18,771,101**	**7,692,495**	**318,557**	**1,270,976**	**1,387,617**	**—**
Changes from financing cash flows	**(1,191,416)**	**2,311,487**	**—**	**—**	**(264,175)**	**—**
Amortisation of bank financing charges	**60,465**	**—**	**—**	**—**	**—**	**—**
Interest expense	**—**	**—**	**5,647**	**—**	**48,069**	**—**
Amortisation of guaranteed note issued expenses	**—**	**47,037**	**—**	**—**	**—**	**—**
Additions	**—**	**—**	**—**	**—**	**64,737**	**—**
Lease modification	**—**	**—**	**—**	**—**	**77,661**	**—**
Termination	**—**	**—**	**—**	**—**	**(674)**	**—**
Rent concessions related to COVID-19	**—**	**—**	**—**	**—**	**(58,737)**	**—**
Foreign exchange movements	**(278,191)**	**100,156**	**(1,474)**	**(30,654)**	**(4,358)**	**—**
At 31 July 2022	**17,361,959**	**10,151,175**	**322,730**	**1,240,322**	**1,250,140**	**—**

The amount is included in creditors, other payables and accruals.

52. Notes to the Consolidated Statement of Cash Flows (continued)

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2022 **HK$'000**	2021 HK$'000
Within operating activities	**(24,951)**	(21,748)
Within investing activities	**—**	(9,104)
Within financing activities	**(264,175)**	(260,142)
	(289,126)	(290,994)

53. Comparative Figures

Certain comparative amounts in the consolidated income statement and the notes to the financial statements have been re-presented to conform with the current year's presentation. In the opinion of the directors of the Company, this presentation would better reflect the financial performance of the Group.

54. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors on 21 October 2022.

LAI SUN DEVELOPMENT COMPANY LIMITED