



LAI SUN DEVELOPMENT

(Stock Code: 488)





Cover Photo
Bal Residence

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Corporate Information

PLACE OF INCORPORATION

Hong Kong

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Director

U Po Chu

Independent Non-executive Directors

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

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)*
Lau Shu Yan, Julius (*alternate to Lam Kin Ngok, Peter*)
Leung Shu Yin, William
Lam Bing Kwan

REMUNERATION COMMITTEE

Leung Shu Yin, William (*Chairman*)
Lau Shu Yan, Julius
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

Lau Shu Yan, Julius
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 Limited
Bank of Communications Co., Ltd.
The Bank of East Asia, Limited
China Construction Bank (Asia) Corporation Limited
China Everbright Bank Co., Ltd., Hong Kong Branch
Chong Hing Bank Limited
Dah Sing Bank, Limited
DBS Bank Ltd.
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China Limited
Shanghai Commercial Bank Ltd.
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

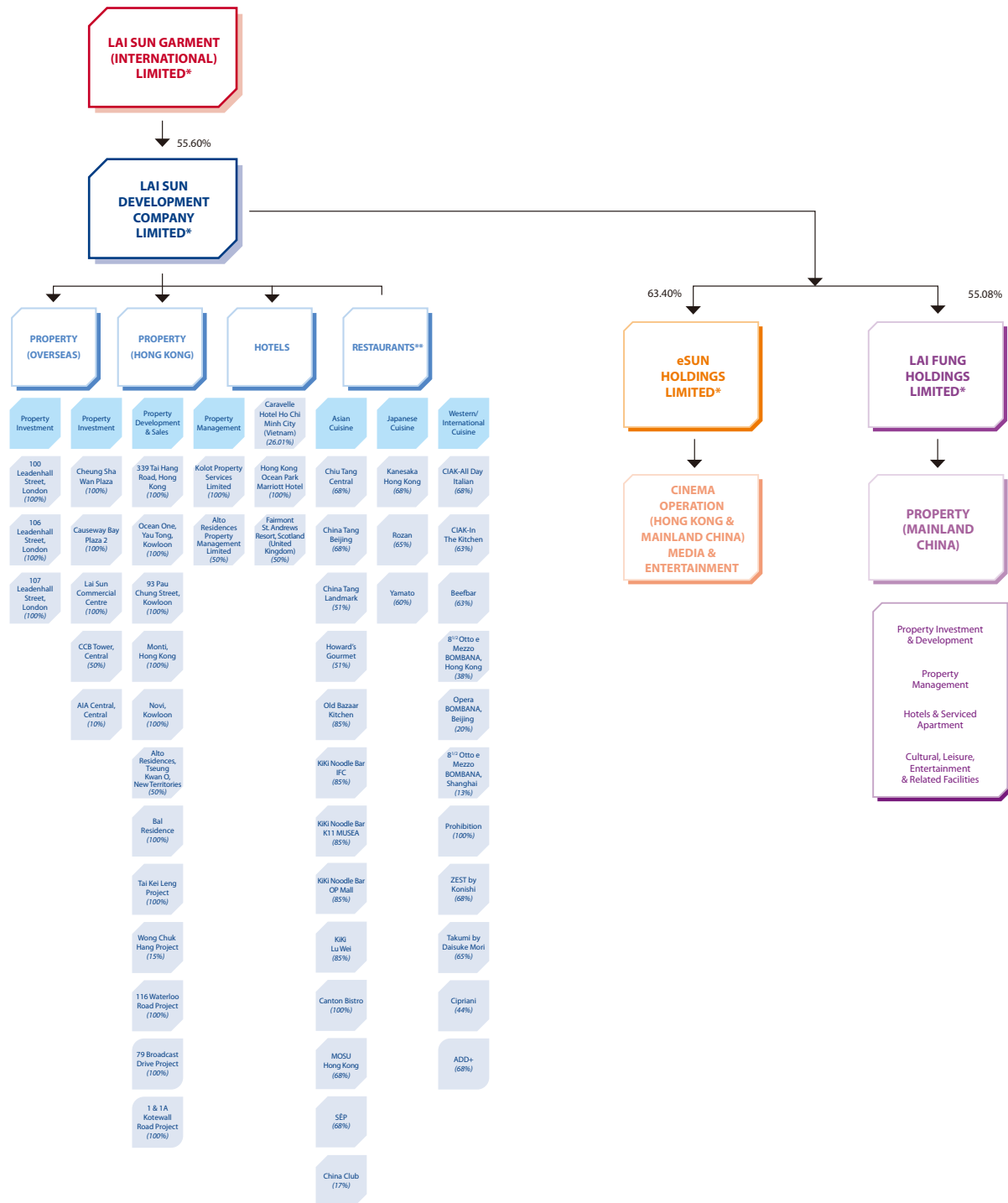
www.laisun.com

INVESTOR RELATIONS

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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, production and distribution of films and TV programs, music production and publishing, management and production of concerts, artiste management, 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
 ** Operated under various subsidiaries and associates

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 2023.

OVERVIEW OF FINAL RESULTS

For the year ended 31 July 2023, the Group recorded turnover of HK\$4,901.5 million (2022: HK\$5,093.7 million) and a gross profit of HK\$727.7 million (2022: HK\$1,544.0 million). The decrease was primarily due to (i) decrease in property sales in Lai Fung Holdings Limited (“**Lai Fung**”) and its subsidiaries (together “**Lai Fung Group**”) predominantly; and (ii) write-down of certain properties under development and completed properties for sale, 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			
	2023 (HK\$ million)	2022 (HK\$ million)	Difference (HK\$ million)	% change
Property investment	1,160.6	1,241.6	-81.0	-6.5
Property development and sales	946.6	1,685.5	-738.9	-43.8
Restaurant and F&B product sales operations	552.6	419.9	+132.7	+31.6
Hotel operation	977.7	650.0	+327.7	+50.4
Media and entertainment	372.5	256.8	+115.7	+45.1
Film and TV program	113.1	184.6	-71.5	-38.7
Cinema operation	525.1	385.0	+140.1	+36.4
Theme park operation	18.9	16.0	+2.9	+18.1
Others	234.4	254.3	-19.9	-7.8
Total	4,901.5	5,093.7	-192.2	-3.8

For the year ended 31 July 2023, net loss attributable to owners of the Company was approximately HK\$2,966.0 million (2022: HK\$1,966.9 million). The increased loss, partially offset by lower other operating expenses and tax charge, was primarily due to (i) decrease in property sales in Lai Fung predominantly; (ii) write-down of certain properties under development and completed properties for sale; (iii) increased finance costs; and (iv) decrease in fair values of investment properties owned by the Group, during the year under review as compared to last financial year. Net loss per share was HK\$2.448 (2022: HK\$2.133).

Chairman's Statement

OVERVIEW OF FINAL RESULTS (CONTINUED)

Excluding the effect of property revaluations, net loss attributable to owners of the Company was approximately HK\$2,132.2 million (2022: HK\$1,671.7 million). Net loss per share excluding the effect of property revaluations during the year under review was HK\$1.760 (2022: HK\$1.813).

Loss attributable to owners of the Company	For the year ended 31 July	
	2023	2022
	HK\$ million	HK\$ million
Reported	(2,966.0)	(1,966.9)
Less: Adjustments in respect of revaluation of investment properties held by		
— the Company and subsidiaries	781.8	(72.7)
— associates and joint ventures	77.7	303.6
Deferred tax on investment properties	(25.7)	64.3
Net loss after tax excluding revaluation of investment properties	(2,132.2)	(1,671.7)

Equity attributable to owners of the Company as at 31 July 2023 amounted to HK\$29,783.6 million, as compared to HK\$32,794.3 million as at 31 July 2022. Net asset value per share attributable to owners of the Company dropped to HK\$20.493 per share as at 31 July 2023 from HK\$33.847 per share as at 31 July 2022. The decrease was primarily due to the enlarged shareholder base as a result of the Rights Issue completed in January 2023.

FINAL DIVIDEND

The board of directors of the Company (“**Board**”) does not recommend the payment of a final dividend for the year ended 31 July 2023 (2022: Nil).

No interim dividend was declared during the year (2022: Nil).

BUSINESS REVIEW AND OUTLOOK

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

BUSINESS REVIEW AND OUTLOOK (CONTINUED)

Hong Kong and Overseas Property Market

COVID-19 measures, high interest rates, perception of the national security law persisted through much of the year under review. These factors translated into a technical recession since the third quarter of 2022. Economic recovery remained subdued but expected to recover to between 0.5% to 2.0% by end of 2023. Nevertheless consumer sentiment pointed to worsen economic outlook amid tighter financial conditions and rising borrowing costs in line with deterioration of global economic prospects.

Office leasing activities regained momentum in some parts during the year under review. Grade A offices, particularly those in the Central area, demonstrated resilience while other areas suffer decline. Tenants remained 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 will continue to be under pressure. Higher vacancy rates and suppressed rents are expected to prevail to different extent in near term. Whilst the visitor numbers have recovered somewhat 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 expect 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.

The office and retail leasing business in Hong Kong was challenging during the year under review. The Group have been coping with changing market trends and the evolving operating environment by continuing to optimise the tenant mix. Certain renovation and space optimisation works have been completed 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. The revised proposal has been approved by the City of London Authority in May 2023. The Group is currently considering options and timing for the redevelopment of the Leadenhall Properties.

Chairman's Statement

BUSINESS REVIEW AND OUTLOOK (CONTINUED)

Hong Kong and Overseas Property Market (continued)

Despite the uncertain global economic outlook in the near term, Hong Kong is on its path to normality with its economy regaining momentum. 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 and investors. Construction works of both Bal Residence in Kwun Tong and the Tai Kei Leng Project in Yuen Long are on schedule and completions are expected in the first half of 2024. Upon completion, these two residential projects are expected to add a total gross floor area ("GFA") of approximately 71,800 square feet and 42,200 square feet, respectively, to the development portfolio of the Group. Presale of Bal Residence was launched in February 2023. Up to 20 October 2023, 8 units in Bal Residence has been pre-sold with saleable area of approximately 2,731 square feet and the average selling price amounted to approximately HK\$17,800 per square foot. The Tai Kei Leng Project is expected to be launched for pre-sale in the second quarter of 2024.

The pre-construction works of two residential projects secured by the Group in the past two years, namely the 116 Waterloo Road project and the 1&1A Kotewall Road project, are in progress. The Group intends to redevelop the 116 Waterloo Road project, which was acquired in September 2021 with vacant possession in March 2022, into a residential project offering around 85 residential units with total GFA of approximately 46,600 square feet. The Group also acquired the 1&1A Kotewall Road project in Mid-Levels, Hong Kong Island and the transaction was completed with vacant possession in March 2022. The Group plans to redevelop the site into a luxury residential project with a total GFA of approximately 55,200 square feet, offering around 27 medium-large sized residential units. Construction work of the residential project at the Wong Chuk Hang Station Package Five Property Development is in progress and is expected to be completed in the fourth quarter of 2025. The 79 Broadcast Drive project in Kowloon Tong will be developed into a high-quality luxury residential property with the maximum permissible GFA of approximately 71,600 square feet, offering around 46 medium-large sized units, including 2 houses. Project design and foundation works are in progress and the construction is expected to be completed in the first half of 2026.

All 605 units, including 23 houses in Alto Residences have been sold and 110 car parking spaces of Alto Residences have been released for sale. Up to 20 October 2023, 75 car parking spaces have been sold and the total sales proceeds amounted to approximately HK\$204.1 million.

BUSINESS REVIEW AND OUTLOOK (CONTINUED)

Hong Kong and Overseas Property Market (continued)

All 209 residential units and 7 commercial units of 93 Pau Chung Street have been sold. The sale of car parking spaces of 93 Pau Chung Street is in progress. Up to 20 October 2023, 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.

All 144 residential units in Monti have now been sold with saleable area of approximately 45,822 square feet and the average selling price amounted to approximately HK\$21,300 per square foot.

During the year under review, the Group acquired a 15% interest in a company, principal business activities of which, together its subsidiaries, include holding of a land located in Shuen Wan, Tai Po, Hong Kong, as well as the development and construction of an 18-hole golf course and other ancillary facilities thereon. In view of the limited number of golf courses in Hong Kong, it is considered this acquisition is a unique investment opportunity of the Group. As of the date of this Annual Report, the development plan to be carried out on the land has yet to be finalised.

The Group will continue its prudent and flexible approach and be prepared to capture new development opportunities.

Mainland China Property Market

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

Chairman's Statement

BUSINESS REVIEW AND OUTLOOK (CONTINUED)

Mainland China Property Market (continued)

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

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

BUSINESS REVIEW AND OUTLOOK (CONTINUED)

Mainland China Property Market (continued)

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

Cinema Operation/Media and Entertainment/Film Production and Distribution

With the mask mandate arrangement and all social distancing measures being lifted in Hong Kong and the nationwide loosening of COVID-19 restrictions and relaxation of border controls in Mainland China, social and economic activities have seen a revival but consumer sentiment might still be dampened by the worse-than-expected economic outlook in Hong Kong and the deterioration of global economic prospects.

Chairman's Statement

BUSINESS REVIEW AND OUTLOOK (CONTINUED)

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

Due to the gradual relaxation of COVID-19 restrictions 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 requested to operate at 85% capacity for all screens before further relaxation of social distancing measures in Hong Kong since 22 December 2022. eSun Group’s cinemas in Hong Kong are now operating at full capacity without any COVID-19 restriction. Business performance of cinema operation in Mainland China also suffered from the social distancing requirements such as restrictions on the seating capacity and food and beverage consumption within the cinema houses in 2022. In view of the challenging market condition and economic uncertainty in China, the Guangzhou Mayflower Cinema City was closed in October 2022. Despite short-term interruption in January 2023 from the nationwide easing of anti-epidemic measures, the cinema operation in Mainland China has largely returned to normal. 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. eSun Group successfully expanded its cinema network, resulting in the opening of four new cinemas in Hong Kong. One notable addition is the MCL Cinemas Plus+ Plaza Hollywood, a new cinema at Plaza Hollywood in Diamond Hill, Kowloon through a joint venture company with Emperor Cinemas Group opened in July 2022. Furthermore, eSun Group extended its cinema network through another joint venture with Emperor Cinemas Group, namely the Emperor Cinemas Plus+ (Tai Wai), which is managed by Emperor Cinemas Group and opened in July 2023. In September 2023, eSun Group further expanded its presence with the opening of two new cinemas at The ONE in Tsim Sha Tsui, Kowloon and AIRSIDE in Kai Tak, Kowloon. These new cinemas further enhance eSun Group’s cinema network and strengthen eSun Group’s growing presence. 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.

Media Asia Group Holdings Limited (“**MAGHL**”, an indirect wholly-owned subsidiary of eSun as at the date of this Annual Report, 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.

BUSINESS REVIEW AND OUTLOOK (CONTINUED)

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

MAGHL Group continues to invest in original productions of quality films with Chinese themes. The current production pipelines include *"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 *"Love at First Lie"*, a romance comedy film directed and produced by Patrick Kong starring Edward Chen, Mandy Tam and Leung Chung Hang.

Projects under production include *"Heir to the Throne"*, a 30-episode modern-drama series tailor-made for Alibaba's Youku Platforms. MAGHL Group is in discussion with various Chinese portals and video websites for new project development in TV drama production.

The distribution licence of music products with Tencent Music Entertainment (Shenzhen) Co., Ltd, and Warner Music continue to provide stable income to eSun Group.

The recent *"Jay Fung Concert 2023 Jay Pop Live@Coliseum"*, *"Yoga Lin Concert in HK 2023"* and *"NCT Dream Tour 'The Dream Show 2: In A Dream' in Hong Kong"* have earned good reputation and public praises. eSun Group will continue to work with prominent local and Asian artistes for concert promotion and the upcoming events include concerts of Leon Lai, Tsai Chin and Sammi Cheng.

Looking forward, eSun Group believes that its integrated MAGHL platform comprising movies, TV programs, music, artiste management and live entertainment put it in a strong position to capture the opportunities of entertainment market by a balanced and synergetic approach and eSun Group will continue to explore cooperation and investment opportunities to enrich its portfolio, broaden its income stream and maximise value for its shareholders.

Chairman's Statement

BUSINESS REVIEW AND OUTLOOK (CONTINUED)

Other Business Updates

The rights issue ("**Rights Issue**") announced by the Company in November 2022 on the basis of one rights share for every two existing shares of the Company at a subscription price of HK\$1.64 each was completed in January 2023. The total net proceeds of the Rights Issue, after deduction of rights issue expenses, was approximately HK\$776.6 million. As at the date of this Annual Report, all HK\$776.6 million has been used for repayment of outstanding bank borrowings of the Group. Upon the completion of the Rights Issue, public float of the Company complies with the minimum requirement as set out in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**").

On 10 November 2022, eSun announced to privatise MAGHL by way of a scheme of arrangement ("**Scheme**"). On 13 February 2023, the Scheme was approved at the court meeting and special general meeting of MAGHL and the special general meeting of eSun by respective shareholders of MAGHL and eSun. The Scheme was sanctioned (without modification) by the Supreme Court of Bermuda on 3 March 2023 and became effective on 16 March 2023, and the listing of MAGHL shares on GEM of the Stock Exchange was withdrawn at 4:00 p.m. on 20 March 2023. An aggregate of 264,022,268 new shares of eSun were allotted and issued on 27 March 2023 and cash consideration of approximately HK\$194.3 million was paid to the relevant Scheme shareholders. MAGHL became an indirect wholly-owned subsidiary of eSun and eSun remained an indirect non-wholly-owned subsidiary of the Company. Immediately upon completion of the Scheme, eSun were indirectly owned as to approximately 63.40% by the Company.

During the year under review, the Group, excluding eSun Group and Lai Fung Group, redeemed the US\$400 million guaranteed notes issued by the Group in 2017 upon maturity in September 2022. As at 31 July 2023, the Group's consolidated cash and bank deposits amounted to HK\$5,022.4 million (HK\$1,889.3 million excluding eSun Group and Lai Fung Group) with undrawn facilities of HK\$5,295.4 million (HK\$3,246.9 million excluding eSun Group and Lai Fung Group). The net debt to equity ratio as at 31 July 2023 was approximately 70% (31 July 2022: 62%). The Group's gearing excluding the net debt of eSun Group and Lai Fung Group was approximately 46%. 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 approximately 44%. The Group will continue its prudent and flexible approach in growing the landbank and managing its financial position.

APPRECIATION

Looking back on this financial year, I would like to thank my Board colleagues, the senior management team, our partners and everyone who worked with us during the year for their loyalty, support and outstanding teamwork.

I am delighted to welcome Mr. Cheung Sum, Sam and Mr. Luk Hon Man who joined the Board as an Executive Director and an Independent Non-Executive Director of the Company with effect from 1 August 2023.

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

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

20 October 2023

Financial Highlights

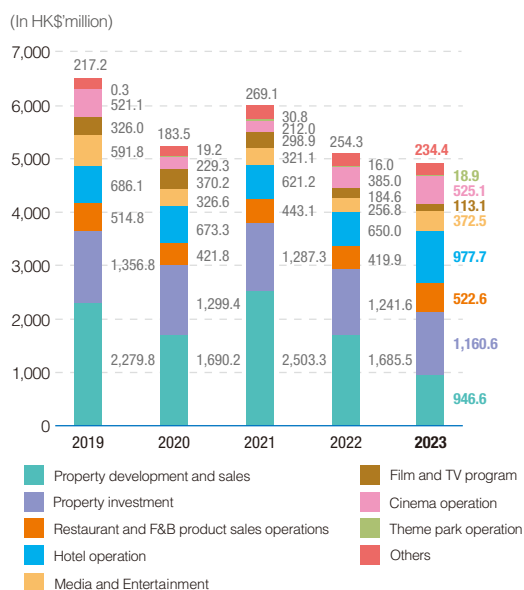
		Year ended 31 July 2023	Year ended 31 July 2022
Turnover	(HK\$M)	4,901.5	5,093.7
Gross profit	(HK\$M)	727.7	1,544.0
Gross profit margin	(%)	15%	30%
Operating loss	(HK\$M)	(2,310.2)	(1,144.3)
Operating loss margin	(%)	-47%	-22%
Loss attributable to owners of the Company	(HK\$M)		
— as reported		(2,966.0)	(1,966.9)
— adjusted (<i>Note 1</i>)		(2,132.2)	(1,671.7)
Net loss margin	(%)		
— as reported		-61%	-39%
— adjusted		-44%	-33%
Loss per share (<i>Note 2</i>)	(HK\$)		
— as reported		(2.448)	(2.133)
— adjusted		(1.760)	(1.813)
Equity attributable to owners of the Company	(HK\$M)	29,783.6	32,794.3
Net borrowings	(HK\$M)	20,904.0	20,255.1
Net asset value per share (<i>Note 3</i>)	(HK\$)	20.493	33.847
Share price as at 31 July	(HK\$)	1.370	4.310
Price earnings ratio	(times)		
— as reported		N/A	N/A
— adjusted		N/A	N/A
Market capitalisation as at 31 July	(HK\$M)	1,991.1	4,175.9
Return on shareholders' equity	(%)		
— as reported		-12%	-6%
— adjusted		-9%	-5%
Dividend per share	(HK\$)	Nil	Nil
Dividend yield	(%)	N/A	N/A
Gearing — net debt to equity	(%)	70%	62%
Current Ratio	(times)	1.5	1.7
Discount to net asset value	(%)	93%	87%

Note 1: excluding the effect of property revaluations.

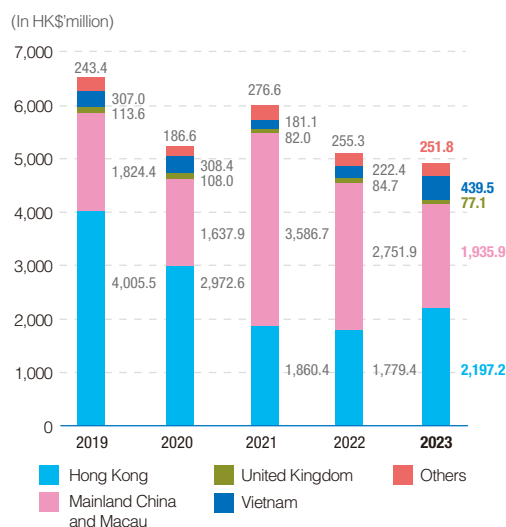
Note 2: calculated based on the loss attributable to owners of the Company and the weighted average number of ordinary shares in issue during the years.

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

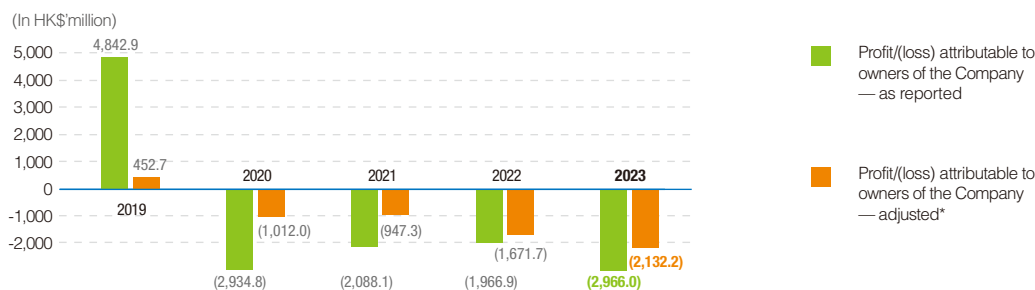
Turnover by Segment



Turnover by Geographical Location

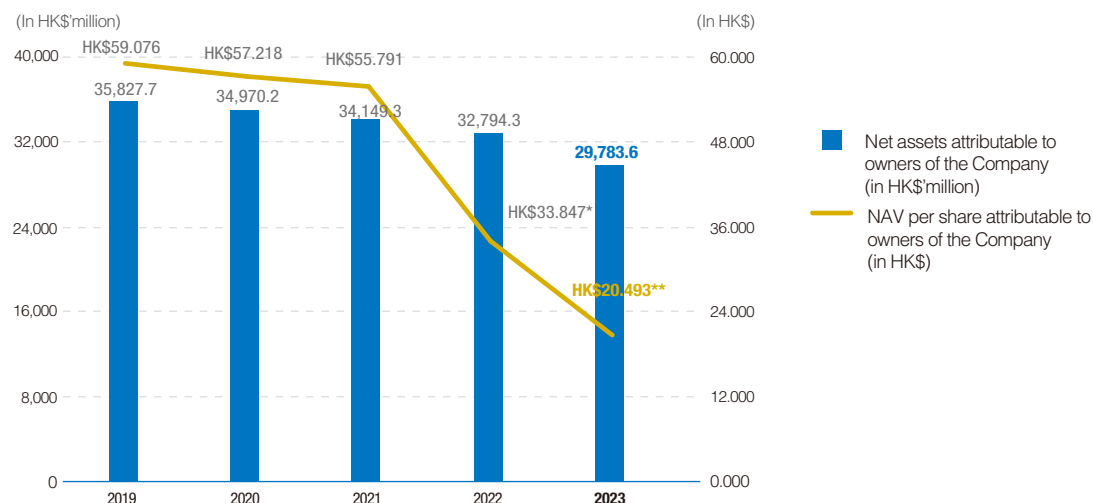


Profit/(loss) attributable to owners of the Company



* 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 right issue completed in August 2021 and October 2021, respectively.

** The decrease was primarily due to the enlarged shareholder base as a result of the issue of new shares of the Company under the right issue completed in January 2023.

Management Discussion and Analysis

PROPERTY PORTFOLIO COMPOSITION

The Group maintained a property portfolio with attributable GFA of approximately 8.8 million square feet as at 31 July 2023. 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 2023 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 basis¹)							
Completed Properties Held for Rental ²	1,472	1,216	—	—	—	2,688	1,643
Completed Hotel Properties and Serviced Apartments ²	—	—	545	—	—	545	—
Properties under Development ³	288	873	319	—	—	1,480	745
Completed Properties Held for Sale	91	232	136	411	—	870	1,906
Subtotal	1,851	2,321	1,000	411	—	5,583	4,294
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	739	1,030	—	—	64	1,833	1,436
Completed Hotel Properties and Serviced Apartments ²	—	—	725	—	—	725	92
Properties under Development ³	8	—	—	375	—	383	149
Completed Properties Held for Sale	33	105	61	33	—	232	52
Subtotal	780	1,135	786	408	64	3,173	1,729
Total GFA attributable to the Group	2,631	3,456	1,786	819	64	8,756	6,023

Notes:

1. As at 31 July 2023, Lai Fung is a 55.08%-owned subsidiary of the Company.
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\$1,160.6 million (2022: HK\$1,241.6 million) comprising turnover of HK\$444.8 million, HK\$77.1 million and HK\$638.7 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	
	2023 HK\$ million	2022 HK\$ million	% Change	2023 %	2022 %
Hong Kong					
Cheung Sha Wan Plaza	268.6	263.3	+2.0	95.5	87.0
Causeway Bay Plaza 2	125.5	151.6	-17.2	93.5	94.6
Lai Sun Commercial Centre	45.4	45.4	—	94.3	86.5
Others	5.3	5.0	+6.0		
Subtotal:	444.8	465.3	-4.4		
London, United Kingdom					
107 Leadenhall Street	24.6	27.8	-11.5	64.8	78.9
100 Leadenhall Street	47.1	50.8	-7.3	100.0	100.0
106 Leadenhall Street	5.4	6.1	-11.5	100.0	100.0
Subtotal:	77.1	84.7	-9.0		
Mainland China					
Shanghai					
Shanghai Hong Kong Plaza	270.3	298.8	-9.5	Retail: 91.5 Office: 90.8	Retail: 87.2 Office: 85.9
Shanghai May Flower Plaza	42.4	45.0	-5.8	Retail: 98.9	Retail: 97.3
Shanghai Regents Park	20.6	19.8	+4.0	100.0	81.0
Shanghai Skyline Tower ¹	12.0	N/A	N/A	Retail: 70.1 Office: 31.9	N/A
Guangzhou					
Guangzhou May Flower Plaza	95.0	121.8	-22.0	94.5	91.9
Guangzhou West Point	21.3	27.2	-21.7	95.0	90.0
Guangzhou Lai Fung Tower	130.9	142.9	-8.4	Retail: 100.0 Office: 85.0²	Retail: 100.0 Office: 93.6 ²
Guangzhou Lai Fung International Center ¹	10.6	N/A	N/A	Retail: 6.0 Office: 42.0	N/A

Management Discussion and Analysis

PROPERTY INVESTMENT (CONTINUED)

Rental Income (continued)

	For the year ended 31 July			Year end occupancy	
	2023 HK\$ million	2022 HK\$ million	% Change	2023 %	2022 %
Zhongshan					
Zhongshan Palm Spring	5.1	7.1	-28.2	Retail: 66.5²	Retail: 65.9 ²
Rainbow Mall					
Hengqin					
Hengqin Novotown Phase I	2.7	2.2	+22.7	Retail: 81.0³	Retail: 77.0 ³
Others	27.8	26.8	+3.7		
Subtotal:	638.7	691.6	-7.6		
Total:	1,160.6	1,241.6	-6.5		
Rental proceeds from joint venture projects					
Hong Kong					
CCB Tower ⁴ (50% basis)	111.5	119.7	-6.9	100.0	95.7
Alto Residences ⁵ (50% basis)	24.4	39.7	-38.5	94.0	84.7
Total:	135.9	159.4	-14.7		

Notes:

1. Shanghai Skyline Tower and Guangzhou Lai Fung International Center were completed in September and November 2022, respectively.
2. Excluding self-use area.
3. Including the cultural attraction spaces occupied by Lionsgate Entertainment World[®] and National Geographic Ultimate Explorer Hengqin.
4. 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 2023, the joint venture recorded rental proceeds of approximately HK\$223.0 million (2022: HK\$239.4 million).
5. 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 2023, the joint venture recorded rental proceeds of approximately HK\$48.8 million (2022: HK\$79.4 million).

PROPERTY INVESTMENT (CONTINUED)

Rental Income (continued)

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

	For the year ended 31 July 2023			For the year ended 31 July 2022		
	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		120.1	233,807		120.9	233,807
Office		129.5	409,896		125.3	409,896
Car Parking Spaces		19.0	N/A		17.1	N/A
Subtotal:		268.6	643,703		263.3	643,703
Causeway Bay Plaza 2	100%			100%		
Commercial		76.8	109,770		102.4	109,770
Office		43.6	96,268		44.8	96,268
Car Parking Spaces		5.1	N/A		4.4	N/A
Subtotal:		125.5	206,038		151.6	206,038
Lai Sun Commercial Centre	100%			100%		
Commercial		18.2	95,063		19.6	95,063
Office		5.6	74,181		5.6	74,181
Car Parking Spaces		21.6	N/A		20.2	N/A
Subtotal:		45.4	169,244		45.4	169,244
Others		5.3	63,883 ¹		5.0	63,883 ¹
Subtotal:		444.8	1,082,868¹		465.3	1,082,868¹
London, United Kingdom						
107 Leadenhall Street	100%			100%		
Commercial		3.0	48,182		3.4	48,182
Office		21.6	98,424		24.4	98,424
Subtotal:		24.6	146,606		27.8	146,606
100 Leadenhall Street	100%			100%		
Office		47.1	177,700		50.8	177,700
106 Leadenhall Street	100%			100%		
Commercial		0.4	3,540		0.5	3,540
Office		5.0	16,384		5.6	16,384
Subtotal:		5.4	19,924		6.1	19,924
Subtotal:		77.1	344,230		84.7	344,230

Management Discussion and Analysis

PROPERTY INVESTMENT (CONTINUED)

Rental Income (continued)

	For the year ended 31 July 2023			For the year ended 31 July 2022		
	Attributable interest to the Group	Turnover (HK\$ million)	Total GFA (square feet)	Attributable interest to the Group	Turnover (HK\$ million)	Total GFA (square feet)
Mainland China						
Shanghai						
Shanghai Hong Kong Plaza	55.08%			55.08%		
Retail		164.1	468,434		188.0	468,434
Office		100.2	362,098		104.7	362,096
Car Parking Spaces		6.0	N/A		6.1	N/A
Subtotal:		270.3	830,532		298.8	830,530
Shanghai May Flower Plaza	55.08%			55.08%		
Retail		37.8	320,314		40.5	320,314
Car Parking Spaces		4.6	N/A		4.5	N/A
Subtotal:		42.4	320,314		45.0	320,314
Shanghai Regents Park	52.33%			52.33%		
Retail		18.5	82,062		17.6	82,062
Car Parking Spaces		2.1	N/A		2.2	N/A
Subtotal:		20.6	82,062		19.8	82,062
Shanghai Skyline Tower ²	55.08%			55.08%		
Retail		1.5	92,226		N/A	N/A
Office		10.3	634,839		N/A	N/A
Car Parking Spaces		0.2	N/A		N/A	N/A
Subtotal:		12.0	727,065		N/A	N/A

PROPERTY INVESTMENT (CONTINUED)

Rental Income (continued)

	For the year ended 31 July 2023			For the year ended 31 July 2022		
	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		80.1	357,424		104.8	357,424
Office		12.3	79,431		14.3	79,431
Car Parking Spaces		2.6	N/A		2.7	N/A
Subtotal:		95.0	436,855		121.8	436,855
Guangzhou West Point	55.08%			55.08%		
Retail		21.3	182,344		27.2	182,344
Guangzhou Lai Fung Tower	55.08%			55.08%		
Retail		17.2	112,292		18.3	112,292
Office		107.0	625,821		117.8	625,821
Car Parking Spaces		6.7	N/A		6.8	N/A
Subtotal:		130.9	738,113		142.9	738,113
Guangzhou Lai Fung International Center ²	55.08%			55.08%		
Retail		0.1	109,320		N/A	N/A
Office		10.2	505,301		N/A	N/A
Car Parking Spaces		0.3	N/A		N/A	N/A
Subtotal:		10.6	614,621		N/A	N/A
Zhongshan						
Zhongshan Palm Spring Rainbow Mall Retail ³	55.08%	5.1	148,106	55.08%	7.1	148,106
Hengqin						
Novotown Phase I Commercial ⁵	64.06% ⁴	2.7	1,006,091 ⁵	64.06% ⁴	2.2	995,717 ⁵
Others		27.8	N/A		26.8	N/A
Subtotal:		638.7	5,086,103		691.6	3,734,041
Total:		1,160.6	6,513,201¹		1,241.6	5,161,139¹

Management Discussion and Analysis

PROPERTY INVESTMENT (CONTINUED)

Rental Income (continued)

	For the year ended 31 July 2023			For the year ended 31 July 2022		
	Attributable interest to the Group	Turnover (HK\$ million)	Total GFA (square feet)	Attributable interest to the Group	Turnover (HK\$ million)	Total GFA (square feet)
Rental proceeds from joint venture projects						
Hong Kong						
CCB Tower ⁶ (50% basis)	50%			50%		
Office		111.0	114,603 ⁷		119.2	114,603 ⁷
Car Parking Spaces		0.5	N/A		0.5	N/A
Subtotal:		111.5	114,603⁷		119.7	114,603⁷
Alto Residences ⁸ (50% basis)	50%			50%		
Commercial		15.1	47,067 ⁹		13.7	47,067 ⁹
Residential units ¹⁰		6.1	15,262 ¹¹		22.7	28,191 ¹¹
Car Parking Spaces		3.2	N/A		3.3	N/A
Subtotal:		24.4	62,329		39.7	75,258
Total:		135.9	176,932		159.4	189,861

Notes:

- Excluding 10% interest in AIA Central.
- Shanghai Skyline Tower and Guangzhou Lai Fung International Center were completed in September and November 2022, respectively.
- Excluding self-use area.
- Including the Company's 20% direct interest in Novotown Phase I and 44.06% attributable interest through Lai Fung. As at 31 July 2023, Novotown Phase I is 80% owned by Lai Fung and Lai Fung is a 55.08%-owned subsidiary of the Company.
- 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 2023. Revenue from Lionsgate Entertainment World[®] and National Geographic Ultimate Explorer Hengqin are recognised under turnover from theme park operation of the Group.
- 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 2023, the joint venture recorded rental proceeds of approximately HK\$223.0 million (2022: HK\$239.4 million).
- GFA attributable to the Group. The total GFA is 229,206 square feet.
- 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 2023, the joint venture recorded rental proceeds of approximately HK\$48.8 million (2022: HK\$79.4 million).
- GFA attributable to the Group. The total GFA is 94,133 square feet.
- Referring to those sold residential units offering early occupation benefit which allows the purchasers to move in earlier before completion of the sale.
- Saleable area attributable to the Group. The total saleable area is 30,524 (2022: 56,382) square feet.

PROPERTY INVESTMENT (CONTINUED)

Rental Income (continued)

The average Sterling exchange rate for the year under review depreciated by approximately 7.4% compared with last financial year. Excluding the effect of currency translation, the Sterling denominated turnover from London properties slightly decreased by 1.7% during the year under review. Breakdown of rental turnover of London portfolio for the year ended 31 July 2023 is as follows:

	2023	2022	%	2023	2022	%
	HK\$'000	HK\$'000	Change	GBP'000	GBP'000	Change
107 Leadenhall Street	24,606	27,790	-11.5	2,585	2,703	-4.4
100 Leadenhall Street	47,082	50,840	-7.4	4,946	4,946	—
106 Leadenhall Street	5,456	6,120	-10.8	573	595	-3.7
Total:	77,144	84,750	-9.0	8,104	8,244	-1.7

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

Management Discussion and Analysis

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 1 banking hall floor 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 2023 was approximately 64.8%.

The Group owns 100% of this property.



• AIA Central



• CCB Tower

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. 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. The Planning Consent would allow the Group to redevelop the Leadenhall Properties into a 57 storey tower with i) approximately 1,059,525 square feet gross internal area of office space as well as new retail space of approximately 57,827 square feet including two restaurant floors at levels 53 and 54; ii) a free, public viewing gallery of approximately 25,190 square feet at levels 56 and 57 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 153,487 square feet, the total gross internal area of the proposed tower is expected to be approximately 1,296,029 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 scheme 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. The revised proposal has been approved by the City of London Authority in May 2023. The Group is currently considering options and timing for the redevelopment of the Leadenhall Properties.



• 100 Leadenhall Street, London



• 107 Leadenhall Street, London



• 106 Leadenhall Street, London

Management Discussion and Analysis

PROPERTY INVESTMENT (CONTINUED)

Review of major investment properties (continued)

Mainland China Properties

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)

Shanghai Skyline Tower

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

Lai Fung Group owns 100% of this property.

Guangzhou May Flower Plaza

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

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

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.

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

Guangzhou Lai Fung Tower

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

Lai Fung Group owns 100% of this property.

Management Discussion and Analysis

PROPERTY INVESTMENT (CONTINUED)

Review of major investment properties (continued)

Mainland China Properties (continued)

Guangzhou Lai Fung International Center

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

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.

Lai Fung Group owns 100% of this property.

Hengqin Novotown

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

PROPERTY INVESTMENT (CONTINUED)

Review of major investment properties (continued)

Mainland China Properties (continued)

Phase I

Novotown Phase I opened in 2019 and comprises a 493-room Hyatt Regency Hengqin hotel, multi-function hall, wedding pavilion, offices, cultural workshops and studios, a central garden for hosting outdoor performances, shopping and leisure facilities with a total GFA of approximately 2.8 million square feet, as well as 1,844 car parking spaces and ancillary facilities.

Lionsgate Entertainment World®, featuring attractions, retail, and dining experiences themed around Lionsgate’s most captivating global film franchises, including The Hunger Games, The Twilight Saga, The Divergent Series, Now You See Me, Gods of Egypt and Escape Plan commenced operation on 31 July 2019. The family edutainment center, National Geographic Ultimate Explorer Hengqin, containing 18 individual attractions including rides, F&B facilities, retail premises, virtual reality and/or 4-D interactive experiences, and other types of entertainment and educational attractions commenced operations on 9 September 2019. In February 2021, a new interactive attraction “Wonders of Kung Fu” was launched in the central garden space of Novotown Phase I, which includes light shows providing immersive cultural experience and interactive games with Chinese Kungfu being the key underlying theme. This attraction in the 5,000 square meters central garden offers more than 10 interactive points, aiming not only to bring new experiences to visitors in terms of advanced visual/media technologies and cultural enlightenment, but also with an objective to boost night economy at Novotown. As at the date of this Annual Report, leasing of the commercial area of Novotown Phase I is underway with approximately 83% of the leasable area. Except for the two themed indoor experience centers, key tenants include Zhuhai Duty Free, Pokiddo Trampoline Park, Kunpeng Go-Kart Sports Centre, Snow Alarm, Da Yin Restaurant, Oyster King, Zhen Qi Ji, Ai Shang Niu Ding Ji, Vanguard Life Superstore and ULSC Hengqin.

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

Management Discussion and Analysis

PROPERTY DEVELOPMENT

Recognised Sales

For the year ended 31 July 2023, recognised turnover from sales of properties was HK\$946.6 million (2022: HK\$1,685.5 million). Breakdown of turnover for the year ended 31 July 2023 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	2,788	21,382	59.6
Subtotal				59.6

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 Unit	1	3,202	14,000	41.1
Hengqin Novotown Phase I Cultural Studios	10	32,605	4,547	137.9
Cultural Workshop Units	56	42,476	2,375	92.6
Zhongshan Palm Spring Residential High-rise Units	287	343,099	1,838	578.8
Residential House Units	3	6,208	3,412	20.2
Shanghai Regents Park Car Parking Spaces	20			12.8
Guangzhou Eastern Place Car Parking Space	1			0.7
Guangzhou King's Park Car Parking Spaces	3			1.6
Guangzhou West Point Car Parking Spaces	2			1.0
Zhongshan Palm Spring Car Parking Spaces	2			0.3
Subtotal				887.0
Total				946.6

PROPERTY DEVELOPMENT (CONTINUED)

Recognised Sales (continued)

Recognised sales from joint venture project

Hong Kong

Recognised basis	No. of Units	Approximate Saleable Area (Square feet)	Average Selling Price ¹ (HK\$/square foot)	Turnover (HK\$ million)
Alto Residences (50% basis)				
Houses	2 ⁴	4,638 ⁴	22,302	103.4 ⁵
Residential Unit	1 ⁶	1,304 ⁶	25,307	33.0 ⁷
Car Parking Space	1 ⁸			2.8
Total				139.2

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. Value-added tax inclusive.
3. Value-added tax exclusive.
4. No. of houses and saleable area attributable to the Group. The total no. of houses recognised and total saleable area are 3 and 9,275 square feet, respectively.
5. Representing property sales proceeds of HK\$191.7 million and rental proceeds of HK\$15.2 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 unit and saleable area attributable to the Group. The total no. of residential unit recognised and total saleable area is 2 and 2,608 square feet, respectively.
7. Representing property sales proceeds of HK\$64.2 million and rental proceeds of HK\$1.8 million in relation to certain residential unit offering early occupation benefit which allows the purchasers to move in earlier before completion of the sale.
8. No. of car parking space attributable to the Group. The total no. of car parking spaces recognised is 2.

Management Discussion and Analysis

PROPERTY DEVELOPMENT (CONTINUED)

Contracted Sales

As at 31 July 2023, the Group's property development operation has contracted but not yet recognised sales of HK\$1,014.3 million. Including the joint venture project of the Group, the total contracted but not yet recognised sales of the Group as at 31 July 2023 amounted to HK\$1,311.6 million. Breakdown of contracted but not yet recognised sales as at 31 July 2023 is as follows:

Hong Kong

Contracted basis	No. of Units	Approximate Saleable Area (Square feet)	Average Selling Price (HK\$/square foot)	Turnover (HK\$ million)
Bal Residence Residential Units	7	2,382	17,890	42.6

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	300	364,690	1,684	614.0
Hengqin Novotown Phase I Cultural Studios	7	27,318	4,715	128.8
Hengqin Novotown Phase I Cultural Workshop Units	37	26,310	2,360	62.1
Hengqin Novotown Phase II Harrow ILA Hengqin Buildings ²	N/A	149,078	1,110	165.5
Shanghai Regents Park Car Parking Space	1			0.7
Guangzhou West Point Car Parking Space	1			0.6
Subtotal				971.7
Total				1,014.3

PROPERTY DEVELOPMENT (CONTINUED)

Contracted Sales (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	3 ³	9,241 ³	23,189	214.3 ⁴
Residential Units	3 ⁵	2,932 ⁵	25,926	76.0 ⁶
Car Parking Spaces	3 ⁷			7.0
Total				297.3

Notes:

1. Value-added tax inclusive.
2. Will be recognised as income from finance lease under turnover.
3. No. of houses and saleable area attributable to the Group. The total no. of houses contracted and total saleable area are 6 and 18,482 square feet, respectively.
4. Representing property sales proceeds of HK\$394.8 million and rental proceeds of HK\$33.7 million in relation to certain houses offering early occupation benefit which allows the purchasers to move in earlier before completion of the sale.
5. No. of residential units and saleable area attributable to the Group. The total no. of residential units contracted and total saleable area are 5 and 5,864 square feet, respectively.
6. Representing property sales proceeds of HK\$144.4 million and rental proceeds of HK\$7.6 million in relation to certain residential units offering early occupation benefit which allows the purchasers to move in earlier before completion of the sale.
7. No. of car parking spaces attributable to the Group. The total no. of car parking spaces contracted is 5.

Management Discussion and Analysis

PROPERTY DEVELOPMENT (CONTINUED)

Review of Major Projects for Sale and under Development

Hong Kong Properties

Alto Residences

In November 2012, the Group successfully tendered for and secured a site located at No. 29 Tong Yin Street, Tseung Kwan O, New Territories, through a 50:50 joint venture vehicle.

This project providing 605 flats, including 23 houses was named “Alto Residences” and the construction was completed in September 2018. 605 units, including 23 houses in Alto Residences have been sold, with saleable area of approximately 405,831 square feet at an average selling price of approximately HK\$18,000 per square foot. Total 110 car parking spaces of Alto Residences have been released for sale. Up to 20 October 2023, 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 site 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.

This project was named “93 Pau Chung Street” and the construction was completed in November 2018. All 209 residential units and 7 commercial units have been sold, achieving an average selling price of approximately HK\$16,400 per square foot and HK\$23,500 per square foot, respectively. Up to 20 October 2023, 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.



• Alto Residences



• 93 Pau Chung Street

PROPERTY DEVELOPMENT (CONTINUED)

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

Hong Kong Properties (continued)

Novi

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 was completed in July 2019.

This project was named “Novi” and the sale of all 138 flats, including studios and one bedroom unit 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 are fully leased.

The Group owns 100% of this project.

Monti

In September 2015, the Group was successful in its bid for the development rights to the Sai Wan Ho Street project 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 was completed in March 2020.

This project was named “Monti” and launched for pre-sale in August 2018. The Group has sold all 144 units in Monti with saleable area of approximately 45,822 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 completed.

The Group owns 100% of this project.



• Novi



• Monti

Management Discussion and Analysis

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 adding a total GFA of approximately 42,200 square feet to the development portfolio of the Group, offering 112 residential units. Construction work is in progress and is expected to be completed in the second quarter of 2024. Pre-sale of residential units is expected to be launched in the second quarter of 2024.

The Group owns 100% of this project.

Bal Residence

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”. Pre-sale of residential units was launched in February 2023. Up to 20 October 2023, the Group has pre-sold 8 units in Bal Residence with saleable area of approximately 2,731 square feet at an average selling price of approximately HK\$17,800 per square foot. Fitting-out work is in progress and is expected to be completed in the first quarter of 2024.

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 luxury residential development project sitting on top of the Wong Chuk Hang MTR station and “THE SOUTHSIDE”, the largest shopping mall in the prominent Southern district of Hong Kong to be opened by end of 2023, covers a site area of approximately 95,600 square feet, with a total GFA of approximately 636,200 square feet and is expected to deliver two residential towers, offering around 825 residential units, with a total investment of approximately HK\$18.0 billion. Construction work is in progress and is expected to be completed in the fourth quarter of 2025.

The Group owns 15% interest in this project.

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 residential units with a total GFA of approximately 46,600 square feet, offering around 85 residential units, with a total investment of approximately HK\$1.1 billion. Project design work is in progress and the construction is expected to be completed in 2027/2028.

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. Project design and foundation works are in progress and the 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 27 medium-large sized residential units upon completion. The total investment of the project will be approximately HK\$1.9 billion. Project design and preparation of foundation works are in progress and the construction is expected to be completed in 2027.

The Group owns 100% of 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)

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 Wuli Bridge Project

Shanghai Wuli Bridge Project is a high-end luxury residential project located by Huangpu River in Huangpu District in Shanghai. This project providing 28 residential units with an attributable GFA of approximately 77,900 square feet and 43 car parking spaces was launched for sale in September 2020 and has received an enthusiastic response from the market. During the year under review, sales of a residential unit with a total GFA of 3,202 square feet was recognised at an average selling price of HK\$14,000 per square foot, which contributed a total of HK\$41.1 million to Lai Fung Group's turnover. As at 31 July 2023, all residential units and 30 car parking spaces have been sold. The remaining 13 car parking spaces of this development remained unsold.

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

Shanghai May Flower Plaza

Shanghai May Flower Plaza is a completed mixed-use project located at the junction of Da Tong Road and Zhi Jiang Xi Road in Su Jia Xiang in the Jing'an District in Shanghai and situated near the Zhongshan Road North Metro Station. As at 31 July 2023, 458 car parking spaces of this development remained unsold.

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

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

PROPERTY DEVELOPMENT (CONTINUED)

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

Mainland China Properties (continued)

Guangzhou King's Park

This is a high-end residential development located on Donghua Dong Road in Yuexiu District. The attributable GFA is approximately 98,300 square feet excluding 57 car parking spaces and ancillary facilities. During the year under review, the sales of three car parking spaces contributed HK\$1.6 million to the turnover. As at 31 July 2023, two car parking spaces remained unsold.

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

Zhongshan Palm Spring

The project is located in Caihong Planning Area, Western District of Zhongshan. The overall development has a total planned GFA of approximately 6.1 million square feet. The project comprises high-rise residential towers, townhouses and commercial blocks totaling 4.5 million square feet. All construction of Zhongshan Palm Spring has been completed and the sale of remaining phases is in progress with satisfactory result.

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

STARR Resort Residence Zhongshan comprising two 16-storey blocks in the Palm Lifestyle complex was closed in 2019. The serviced apartment units were launched for sale in May 2019 and have been re-classified from "Property, plant and equipment" to "Assets classified as held for sale" in the consolidated statement of financial position of Lai Fung Group. The sale of these serviced apartment units is recorded as disposal of assets classified as held for sale and the sales proceeds net of cost are included in "Other operating expenses, net" on the face of the consolidated income statement of Lai Fung Group. As at 31 July 2023, a serviced apartment unit remained unsold.

As at 31 July 2023, completed units held for sale in this development, including residential units, a serviced apartment unit and commercial units, amounted to approximately 820,000 square feet and 2,677 car parking spaces of this development remained unsold.

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

Lai Fung Group owns 80% of Novotown Phase I. The remaining 20% is owned 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. This mixed-used development project is expected to provide commercial and experiential entertainment facilities, office space and serviced apartment space of 355,500 square feet, 1,585,000 square feet and 578,400 square feet, respectively. Properties in Novotown Phase II occupied by Harrow ILA Hengqin have been sold to the school operator, which enabled Lai Fung Group to crystallise the value of its investment in Novotown Phase II and gradually recoup funding to improve the project's working capital position.

Lai Fung Group remains confident that the continuous development of the Guangdong-Macau In-Depth Cooperation Zone in Hengqin will position Hengqin as a prominent piece within the Guangdong-Hong Kong-Macau Greater Bay Area development. The integration between Macau and Hengqin will encourage more businesses and population to reside in Hengqin which will further enhance the tourism market, making Novotown a new contributor to 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 2023, restaurant and F&B product sales operations contributed HK\$552.6 million to the Group's turnover, representing an increase of approximately 31.6% from that of HK\$419.9 million last year. The Group has 6 more new restaurants in operation under the year under review, namely ADD+, KiKi Noodle Bar OP Mall, KiKi Lu Wei, MOSU Hong Kong, SÊP and Kanesaka Hong Kong.

Up to the date of this Annual Report, restaurant operations include the Group's interests in 27 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	8 th Otto e Mezzo BOMBANA Hong Kong	Hong Kong	38%	Three Michelin stars (2012-2023)	
	8 th Otto e Mezzo BOMBANA Shanghai	Shanghai	13%	Two Michelin stars (2017-2023)	
	Opera BOMBANA	Beijing	20%	One Michelin star (2023)	
	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 (2017-2023)	
	Takumi by Daisuke Mori	Hong Kong	65%	One Michelin star (2018-2023)	
	Prohibition ^(Note)	Hong Kong	100%		
	ZEST by Konishi	Hong Kong	68%	One Michelin star (2020-2023)	
	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	85%		
Canton Bistro ^(Note)		Hong Kong	100%		
KiKi Noodle Bar IFC		Hong Kong	85%		
KiKi Noodle Bar K11 MUSEA		Hong Kong	85%		
KiKi Noodle Bar OP Mall		Hong Kong	85%		
KiKi Lu Wei		Hong Kong	85%		
MOSU Hong Kong		Hong Kong	68%		
SÊP	Hong Kong	68%			
Japanese Cuisine	China Club	Hong Kong	17%		
	Kanesaka Hong Kong	Hong Kong	68%		
	Rozan	Hong Kong	65%		
	Yamato	Hong Kong	60%		
	Managed restaurant				
Western Cuisine	8 th Otto e Mezzo BOMBANA, Macau	Macau	N/A	One Michelin star (2016-2023)	

Note: Performance of these two restaurants in Ocean Park Marriott Hotel has been 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. Since 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 2023, the hotel and serviced apartment operations contributed HK\$977.7 million to the Group's turnover (2022: HK\$650.0 million). Recovery of tourism industry and hotel business in Vietnam was strong since its reopening of border gate to foreign visitors in March 2022 and the Group's Caravelle Hotel in Ho Chi Minh City recorded robust growth during the year under review as compared to last financial year. Hong Kong Ocean Park Marriot 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 and during that period the hotel's catering and banquet businesses saw a significant decrease in demand. Following the reopening of the border with Mainland China in early January 2023, there has been an increase in the number of visitors from Mainland China. As a result, the Group's Hong Kong Ocean Park Marriot Hotel experienced growth during the year under review as compared to last financial year.



• 8½ Otto e Mezzo BOMBANA Hong Kong



• Beefbar



• Takumi by Daisuke Mori



• ZEST by Konishi

HOTEL AND SERVICED APARTMENT OPERATIONS (CONTINUED)

Breakdown of turnover from hotel and serviced apartment operations for the year ended 31 July 2023 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	287.4	82.7
Ascott Huaihai Road Shanghai	Shanghai	55.08%	310	358,009	97.8	88.1
STARR Hotel Shanghai	Shanghai	55.08%	239	143,846	23.7	91.3
Hyatt Regency Hengqin	Hengqin	64.06%	493	610,540	128.1	86.0
Caravelle Hotel	Ho Chi Minh City	26.01%	335	378,225	439.5	72.4
Subtotal:			1,848	1,856,594	976.5	
Hotel management fee					1.2	
Total:					977.7	
Joint Venture Project						
Fairmont St. Andrews resort (50% basis)	Scotland	50%	106 ²	138,241 ²	80.7	77.3

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 — Kids Pool



• Fairmont St. Andrews resort

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. Ocean Park Marriott Hotel has achieved “Gold” rating in BEAM Plus Final Assessment. With the border between Hong Kong and Mainland China reopened on 8 January 2023, the Group remains cautiously optimistic about the prospects of the Ocean Park Marriott Hotel given the popularity of Ocean Park, as well as Asia’s first all-season water park, Water World, grand opened in September 2021. 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 a 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 attributable to Lai Fung Group.

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

Hyatt Regency Hengqin is located in Novotown Phase I in Hengqin, Zhuhai, the heart of the Greater Bay Area and is within easy reach of the Hong Kong-Zhuhai-Macau Bridge. Hyatt Regency Hengqin with total GFA of approximately 610,500 square feet and approximately 488,400 square feet attributable to Lai Fung Group 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 2023, this segment recorded a turnover of HK\$525.1 million (2022: HK\$385.0 million) and segment results of a loss of HK\$55.5 million (2022: a loss of HK\$130.1 million). The Hong Kong box office was encouraging with a strong line-up of locally produced movies and Hollywood blockbusters released during the year under review. In view of the challenging market condition and economic uncertainty in Mainland China, the Guangzhou Mayflower Cinema City was closed in October 2022 and a non-recurring gain on derecognition of lease liabilities was recognised during the year under review. As at the date of this Annual Report, eSun Group operates seventeen 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 disclosed in below table. Besides, eSun Group has extended its cinema network through a 50% joint venture with Emperor Cinemas Group, namely the Emperor Cinemas Plus+ (Tai Wai), which is managed by Emperor Cinemas Group and opened in July 2023.

Cinema (managed by eSun Group)	Attributable interest to eSun Group (%)	No. of screens <i>(Note)</i>	No. of seats <i>(Note)</i>
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 Airside Cinema	100	7	944
MCL The One Cinema	100	6	831
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 Telford Cinema (including MX4D theatre)	95	6	789
MCL Metro City Cinema	95	6	690
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		93	14,381
Total		108	16,726

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 2023, this segment recorded a turnover of HK\$372.5 million (2022: HK\$256.8 million) and segment results of a turnaround from loss to profit of HK\$12.2 million from that of a loss of HK\$8.4 million last year.

Events Management

During the year under review, eSun Group organised and invested in 93 (2022: 18) shows by popular local, Asian and internationally renowned artistes, including Grasshopper, Super Junior, Ekin Cheng, Joyce Cheng, Jay Fung, Jay Chou, Mayday, Yoga Lin, ILUB, Miriam Yeung and C AllStar.

Music Production, Distribution and Publishing

During the year under review, eSun Group released 7 (2022: 18) albums, including titles by Jay Fung, Cloud Wan, Sammi Cheng, Joyce Cheng and Leslie Cheung. 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 TV drama production and film production businesses. eSun Group currently has 25 artistes under its management.

FILM AND TV PROGRAM PRODUCTION AND DISTRIBUTION

The film and TV program production and distribution businesses are operated by eSun Group. For the year ended 31 July 2023, this segment recorded a turnover of HK\$113.1 million (2022: HK\$184.6 million) and segment results of a loss of HK\$48.6 million (2022: a loss of HK\$52.8 million).

During the year under review, a total of 6 (2022: 8) films produced/invested by eSun Group were theatrically released, namely *"Warriors of Future"*, *"Tales From The Occult I"*, *"Cyber Heist"*, *"Tales From The Occult: Body and Soul"*, *"Tales From The Occult: Ultimate Malevolence"* and *"Detrimental"*. eSun Group also distributed 32 (2022: 19) films and 151 (2022: 196) videos with high profile titles including *"Warriors of Future"*, *"Mama's Affair"*, *"Marry My Dead Body"*, *"Godfather"*, *"Jurassic World Dominion"* and *"Top Gun: Maverick"*.



• Kanesaka Hong Kong



• Rozan

INTERESTS IN JOINT VENTURES

For the year ended 31 July 2023, losses from joint ventures amounted to losses of HK\$10.3 million, as compared to losses of HK\$42.0 million last year. The narrowed loss was primarily due to the decrease in fair value loss of CCB Tower, which slightly offset by the decrease in operating profits of joint ventures during the year under review.

	For the year ended 31 July	
	2023 (HK\$ million)	2022 (HK\$ million)
Revaluation losses	(77.7)	(303.6)
Operating profits	67.4	261.6
Losses from joint ventures	(10.3)	(42.0)



• China Tang Landmark



• KiKi Noodle Bar IFC



• Canto Bistro



• Prohibition

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 July 2023, cash and bank balances and undrawn facilities held by the Group amounted to approximately HK\$5,022.4 million and approximately HK\$5,295.4 million, respectively. Cash and bank balances held by the Group of which about 41% was denominated in Hong Kong dollars and United States dollars, and about 45% 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 2023 were approximately HK\$1,889.3 million and approximately HK\$3,246.9 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 and rights issue.

As at 31 July 2023, the Group had bank borrowings of approximately HK\$21,344.4 million, guaranteed notes of approximately HK\$4,263.7 million and other borrowings of approximately HK\$318.4 million. As at 31 July 2023, the maturity profile of the bank borrowings of HK\$21,344.4 million is spread with HK\$6,000.8 million repayable within one year, HK\$1,693.1 million repayable in the second year, HK\$12,176.5 million repayable in the third to fifth years, and HK\$1,474.0 million repayable beyond the fifth year.

The Group issued guaranteed notes in an aggregate principal amount of US\$500 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 4.9% to 5.25% per annum. Certain guaranteed notes are listed on the Stock Exchange and were issued for refinancing the previous notes and for general corporate purposes.

Approximately 83% and 16% of the Group's total borrowings carried interest on a floating rate basis and fixed rate basis, respectively, and the remaining 1% of the Group's borrowings were interest-free.

The gearing ratio, expressed as a percentage of the total outstanding net debt (being the total borrowings less cash and bank balances) to consolidated net assets attributable to owners of the Company, was approximately 70%. Excluding the net debt of eSun Group and Lai Fung Group, the Group's gearing ratio was approximately 46%. 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 44%.

As at 31 July 2023, certain investment properties with carrying amounts of approximately HK\$33,317.6 million, certain property, plant and equipment and the related right-of-use assets with carrying amounts of approximately HK\$8,329.7 million, certain completed properties for sale with carrying amounts of approximately HK\$449.7 million, certain properties under development with carrying amounts of approximately HK\$4,718.8 million, and certain bank balances and time deposits with banks of approximately HK\$827.5 million were pledged to banks to secure banking facilities granted to the Group. In addition, certain shares in subsidiaries were pledged to banks to secure banking facilities granted to the Group. Shares in certain joint ventures were pledged to banks to secure banking facilities granted to the respective joint ventures of the Group. The Group's secured bank borrowings were also secured by floating charges over certain assets held by the Group.

LIQUIDITY AND FINANCIAL RESOURCES (CONTINUED)

The Group's major assets and liabilities and transactions were denominated in Hong Kong dollars, United States dollars, Pound Sterling and Renminbi. Considering that Hong Kong dollars are pegged against United States dollars, the Group believes that the corresponding exposure to exchange rate risk arising from United States dollars is 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 2023, the Group employed a total of approximately 4,100 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.



• SÈP



• ADD+

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				
	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000
Turnover	4,901,537	5,093,703	5,986,752	5,213,529	6,493,612
(Loss)/profit before tax	(3,493,939)	(2,060,754)	(2,401,379)	(4,102,612)	4,892,157
Tax	59,227	(262,831)	(255,806)	90,025	(159,297)
(Loss)/profit for the year	(3,434,712)	(2,323,585)	(2,657,185)	(4,012,587)	4,732,860
Attributable to:					
Owners of the Company	(2,965,960)	(1,966,921)	(2,088,090)	(2,934,813)	4,842,944
Non-controlling interests	(468,752)	(356,664)	(569,095)	(1,077,774)	(110,084)
	(3,434,712)	(2,323,585)	(2,657,185)	(4,012,587)	4,732,860

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 July				
	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000
Property, plant and equipment	5,987,057	6,645,739	7,464,101	7,666,270	10,337,776
Right-of-use assets	4,501,872	4,922,940	5,306,475	5,282,544	—
Prepaid land lease payments	—	—	—	—	1,623,441
Investment properties	35,751,721	37,168,222	37,035,152	35,824,589	38,807,637
Property under development for sale (classified as non-current assets)	—	—	—	—	3,044,000
Film rights	24,366	19,162	15,109	7,055	24,608
Film and TV program products	61,059	61,174	54,838	65,121	75,022
Music catalogs	—	663	3,124	25,047	56,718
Goodwill	221,977	207,792	274,423	271,958	227,033
Other intangible assets	109,630	132,883	150,853	151,228	113,945
Investments in associates	323,694	236,613	217,163	328,952	344,433
Investments in joint ventures	6,807,047	6,826,143	7,124,459	6,763,682	7,411,355
Financial assets at fair value through other comprehensive income	1,690,582	1,710,095	1,689,200	1,717,411	1,907,735
Financial assets at fair value through profit or loss (classified as non-current assets)	895,902	906,513	1,041,480	951,436	645,631
Derivative financial instruments (classified as non-current assets)	—	—	191	20,231	53,784
Debtors (classified as non-current assets)	477,974	493,643	526,687	—	—
Deposits, prepayments, other receivables and other assets (classified as non-current assets)	595,936	721,772	275,008	335,563	311,266
Deferred tax assets	1,858	2,118	2,147	4,259	39,371
Pledged and restricted bank balances and time deposits (classified as non-current assets)	109,247	79,305	55,105	70,765	81,345
Current assets	16,410,094	20,760,857	21,802,583	17,631,525	13,520,882
TOTAL ASSETS	73,970,016	80,895,634	83,038,098	77,117,636	78,625,982
Current liabilities	(11,120,774)	(12,498,726)	(8,851,869)	(13,285,021)	(9,484,926)
Lease liabilities (classified as non-current liabilities)	(838,618)	(974,959)	(1,103,892)	(1,093,757)	—
Bank borrowings (classified as non-current liabilities)	(15,343,543)	(15,836,626)	(15,661,477)	(8,101,635)	(8,988,292)
Other borrowings (classified as non-current liabilities)	(284,006)	(281,152)	(277,398)	(267,315)	(262,894)
Guaranteed notes (classified as non-current liabilities)	(4,263,654)	(4,281,877)	(7,692,495)	(5,717,879)	(5,736,654)
Derivative financial instruments (classified as non-current liabilities)	—	—	(8,965)	—	—
Deferred tax liabilities	(4,152,881)	(4,865,562)	(5,256,477)	(5,012,622)	(5,470,430)
Other payables and accruals (classified as non-current liabilities)	(909,044)	(967,835)	(1,001,169)	—	(87,410)
Long term deposits received	(195,670)	(201,397)	(199,653)	(188,477)	(241,286)
TOTAL LIABILITIES	(37,108,190)	(39,908,134)	(40,053,395)	(33,666,706)	(30,271,892)
NON-CONTROLLING INTERESTS	(7,078,232)	(8,193,203)	(8,835,389)	(8,480,761)	(12,526,389)
NET ASSETS ATTRIBUTABLE TO OWNERS OF THE COMPANY	29,783,594	32,794,297	34,149,314	34,970,169	35,827,701

Particulars of Major Properties

COMPLETED PROPERTIES HELD FOR RENTAL

As at 31 July 2023

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)	
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
Wylar 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	-	-	47,933	47,933	5

COMPLETED PROPERTIES HELD FOR RENTAL (CONTINUED)

As at 31 July 2023

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)	
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
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	63,593	1,287,144	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 2023

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)	
Mainland China								
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	199,444	-	457,457	193
May Flower Plaza	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 40 years for commercial use commencing on 5 February 2007	176,429	-	-	176,429	-
Skyline Tower	Tian Mu Road West, and Da Tong Road, Jing'an District	55.08%	The property is held for a term of 40 years for commercial use and 50 years for office use commencing on 30 September 2016	50,798	349,669	-	400,467	244
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:				528,180	549,113	-	1,077,293	437
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

COMPLETED PROPERTIES HELD FOR RENTAL (CONTINUED)

As at 31 July 2023

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)	
Lai Fung International Center	Chang Di Main Road, Yuexiu District	55.08%	The property is held for a term of 40 years for commercial, tourism and entertainment uses and 50 years for others use commencing on 2 June 2006	60,213	278,320	-	338,533	147
Subtotal of major completed properties held for rental in Guangzhou:				419,367	666,773	-	1,086,140	394
Zhongshan								
Palm Spring Rainbow Mall	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	644,542 ³	-	-	644,542 ³	1,181
Subtotal of major completed properties held for rental in Hengqin:				644,542³	-	-	644,542³	1,181
Subtotal of major completed properties held for rental in Mainland China:				1,673,666	1,215,886	-	2,889,552	2,012
Total of major completed properties held for rental:				2,211,095	2,246,238	63,593	4,520,926	3,079

Notes:

1. Gross internal area.
2. As at 31 July 2023, Novotown Phase I was 80% owned by Lai Fung Group and 20% owned by the Group.
3. Including cultural attraction spaces occupied by Lionsgate Entertainment World® and National Geographic Ultimate Explorer Hengqin.

Particulars of Major Properties

COMPLETED HOTEL PROPERTIES AND SERVICED APARTMENTS

As at 31 July 2023

Property Name	Location	Attributable Interest to the Group	Tenure	No. of rooms	Approximate Attributable GFA (square feet)	No. of car parking spaces attributable to the Group
					Hotel	
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	302	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:				1,034	667,557	-
Total of major completed hotel properties and serviced apartments:				2,051	1,270,148	92

PROPERTIES UNDER DEVELOPMENT

As at 31 July 2023

Property Name	Location	Attributable Interest to the Group	Stage of construction	Expected completion date	Approximate Site Area (square feet)	Approximate Attributable GFA (square feet)				Total (excluding car parking spaces & ancillary facilities)	No. of car parking spaces attributable to the Group
						Commercial/Retail	Office	Serviced Apartments	Residential		
Hong Kong											
Bal Residence	No.18 Hang On Street, Kwun Tong, Hong Kong	100%	Fitting-out works in progress	Q1 2024	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	Q2 2024	12,000	-	-	-	42,200	42,200	-
Wong Chuk Hang Project	Site E of Aberdeen Inland Lot No. 467	15%	Construction works in progress	Q4 2025	95,560	-	-	-	95,423	95,423	26
79 Broadcast Drive Project	No.79 Broadcast Drive, Kowloon Tong, Hong Kong	100%	Project design and foundation works in progress	H1 2026	23,864	-	-	-	71,591	71,591	62
116 Waterloo Road Project	No.116 Waterloo Road, Ho Man Tin, Hong Kong	100%	Project design in progress	2027/2028	9,322 ¹	-	-	-	46,608 ¹	46,608 ¹	21 ¹
1&1A Kotewall Road Project	Nos.1&1A Kotewall Road, Mid-Levels, Hong Kong	100%	Project design and preparation of foundation work in progress	2027	11,044	-	-	-	55,219	55,219	30
Subtotal of major properties under development in Hong Kong:						8,074	-	-	374,735	382,809	149

Note 1: Subject to negotiation with Lands Department.

Particulars of Major Properties

PROPERTIES UNDER DEVELOPMENT (CONTINUED)

As at 31 July 2023

Property Name	Location	Attributable Interest to the Group	Stage of construction	Approximate Site Area (square feet)	Approximate Attributable GFA (square feet)					No. of car parking spaces attributable to the Group
					Commercial/Retail	Office	Serviced Apartments	Residential	Total (excluding car parking spaces & ancillary facilities)	
Mainland China										
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 works in progress	1,547,523	287,800	873,041	318,555	-	1,479,396	745
Subtotal of major properties under development in Mainland China:					287,800	873,041	318,555	-	1,479,396	745
Total of major properties under development:					295,874	873,041	318,555	374,735	1,862,205	894

COMPLETED PROPERTIES HELD FOR SALE

As at 31 July 2023

Property Name	Location	Attributable Interest to the Group	Approximate Attributable GFA (square feet)				Total (excluding car parking spaces & ancillary facilities)	No. of car parking spaces attributable to the Group
			Commercial/Retail	Office	Serviced Apartments	Residential		
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%	-	-	-	12,173	12,173	23
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%	-	-	-	-	-	6
Subtotal of major completed properties held for sale in Hong Kong:			33,302	-	-	18,631	51,933	52

Particulars of Major Properties

COMPLETED PROPERTIES HELD FOR SALE (CONTINUED)

As at 31 July 2023

Property Name	Location	Attributable Interest to the Group	Approximate Attributable GFA (square feet)					Total (excluding car parking spaces & ancillary facilities)	No. of car parking spaces attributable to the Group
			Commercial/Retail	Office	Serviced Apartments	Residential			
Mainland China									
Shanghai									
Wuli Bridge Project	Wuliqiao Road, 104 Jie Fang, Huangpu District	55.08%	-	-	-	-	-	7	
May Flower Plaza	Sujiaxiang, Jing'an District	55.08%	-	-	-	-	-	252	
Regents Park	88 Huichuan Road, Changning District	52.33%	-	-	-	-	-	105	
Subtotal of major completed properties held for sale in Shanghai:			-	-	-	-	-	364	
Guangzhou									
Eastern Place Phase V	787 Dongfeng East Road, Yuexiu District	55.08%	-	-	-	-	-	4	
King's Park	Donghua Dong Road, Yuexiu District	55.08%	-	-	-	-	-	1	
West Point	The junction of Zhongshan Qi Road and Guangfu Road, Liwan District	55.08%	-	-	-	-	-	63	
Subtotal of major completed properties held for sale in Guangzhou:			-	-	-	-	-	68	
Zhongshan									
Palm Spring	Caihong Planning Area, Western District	55.08%	90,529	-	-	379,329	469,858	1,474	
Subtotal of major completed properties held for sale in Zhongshan:			90,529	-	-	379,329	469,858	1,474	
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	197,721	45,549	580,170	-	
Subtotal of major completed properties held for sale in Hengqin:			-	336,900	197,721	45,549	580,170	-	
Subtotal of major completed properties held for sale in Mainland China:			90,529	336,900	197,721	424,878	1,050,028	1,906	
Total of major completed properties held for sale:			123,831	336,900	197,721	443,509	1,101,961	1,958	

Environmental, Social and Governance Report

ABOUT THIS REPORT

The Company is delighted to publish its annual Environmental, Social and Governance (“**ESG**”) report, summarising the ESG management approach, strategies and performance of the Company and its subsidiaries (together, the “**Group**”) in accordance with the ESG Reporting Guide contained in Appendix 27 to the Rules Governing the Listing of Securities on the main board of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”). This report complies with the four reporting principles listed in the Stock Exchange ESG Reporting Guide, including materiality, quantitative, balance and consistency for report disclosure and historical data comparison. This year, the Company has taken the lead to disclose the climate actions with reference to the Task Force on Climate-related Financial Disclosures (“**TCFD**”) to build our climate resilience strategy. We also mapped our strategies and initiatives with the United Nations’ Sustainable Development Goals (“**SDGs**”). 10 of the 17 SDGs, which are the most relevant to our business profile, were mapped into our contribution in respective chapters of this report.

Unless otherwise specified, this report covers the ESG management and performance of the Group from 1 August 2022 to 31 July 2023. The reporting boundary of this report comprises properties under the Group’s property investment, property development and investment and operation of hotel, 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

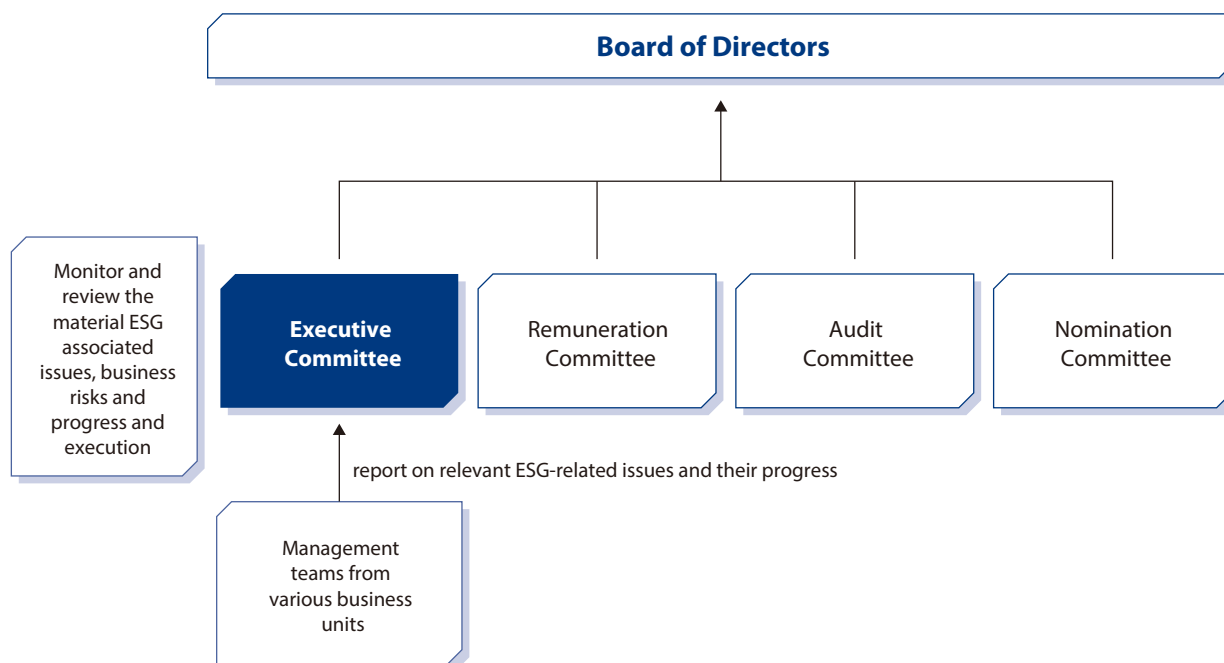
The Group recognises the importance of tackling ESG issues to pave the way for long-lasting business success. The Board holds the responsibility for endorsing the ESG report, prioritising and overseeing key ESG issues including material ESG risks related to the business operations and their incorporation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

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

Environmental, Social and Governance Report

ESG GOVERNANCE (CONTINUED)

Board Statement (continued)



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

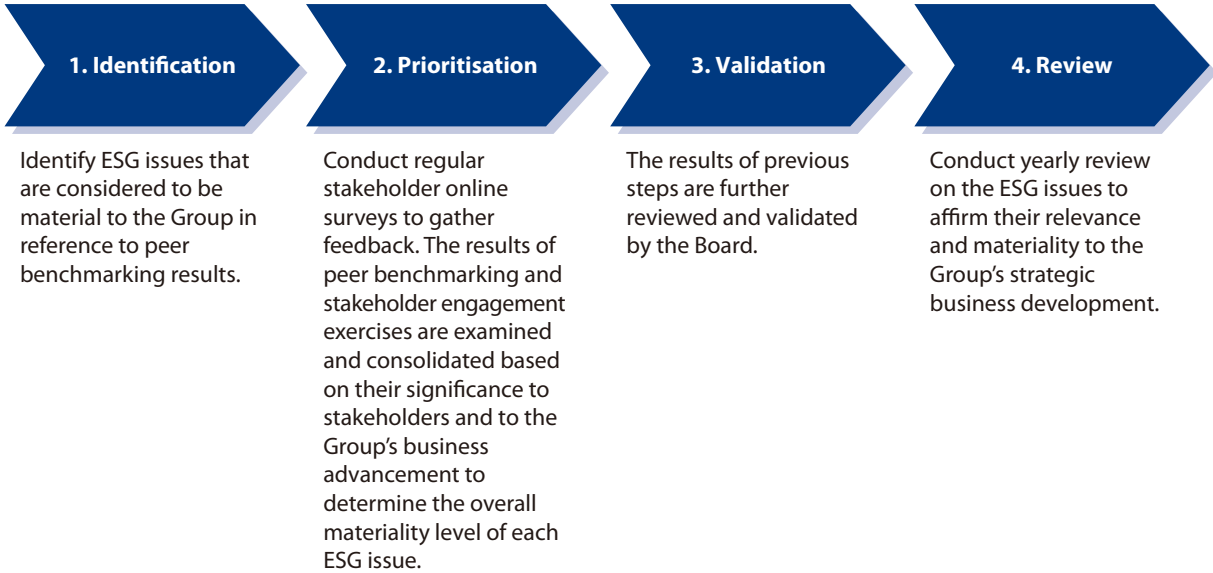
Stakeholder Engagement

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

ESG GOVERNANCE (CONTINUED)

Materiality Analysis

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



Environmental, Social and Governance Report

ESG GOVERNANCE (CONTINUED)

Materiality Analysis (continued)

Peer benchmarking and review of the material issues were conducted during the reporting year. This exercise enabled us to identify the latest trend from the industry and market, thereby leveraging them in building reinforced ESG management practices. A range of ESG issues that are regarded material to our stakeholders and the Group are listed as follow:

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

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

** Renamed and merged

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

ENVIRONMENT



Integrating Environmental Sustainability into Our Operations

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

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

Green Building Development and Operations

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

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

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

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

Environmental, Social and Governance Report

ENVIRONMENT (CONTINUED)

Green Building Development and Operations (continued)

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

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

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

ENVIRONMENT (CONTINUED)

Green Building Development and Operations (continued)

In addition, CCB Tower has received various awards in appreciation of its' environmental efforts, including the Excellent Level of Wastewi\$e Certificate issued by the Environmental Campaign Committee, the Green Office Award Labelling Scheme Certificate issued by the World Green Organisation and the Indoor Air Quality Certificate (Good Class) from the Environmental Protection Department ("EPD"). Furthermore, the Group used environmentally friendly materials with low volatile organic compound levels in managed properties' maintenance and refurbishment projects whenever possible.

For more details on energy, water and waste management initiatives, please refer to Waste and Air Emissions to the Environment, Greenhouse Gas Emissions and Energy, and Water sections respectively.

Responding to Climate Change

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

Governance

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

Strategy

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

Physical Risk

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

Environmental, Social and Governance Report

ENVIRONMENT (CONTINUED)

Responding to Climate Change (continued)

Strategy (continued)

Transition Risk

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

Risk Management

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

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

Metrics and Targets

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

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

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

ENVIRONMENT (CONTINUED)

Waste and Air Emissions to the Environment

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

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

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

Managing Waste from Property Development and Investment

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

Environmental, Social and Governance Report

ENVIRONMENT (CONTINUED)

Waste and Air Emissions to the Environment (continued)

Managing Waste from Property Development and Investment (continued)

Moreover, we reduce tenant waste through providing specific locations for waste disposal and sorting. Grease oil is collected by a certified environmental contractor, ensuring any non-hazardous waste is properly sorted for disposal and recycling. As a group-wide approach, we have enhanced collection and disclosure of recycling data of hazardous and non-hazardous waste in all operations in Mainland China. Please refer to the section of Summary of Environmental Performance in this report for further details.

Reducing Waste in Food and Beverage Services

Our food and beverage operations mainly focus on food and kitchen waste reduction at source. In order to minimise waste during the food manufacturing process, perishable food is stocked in a proper manner to reduce wastage during food production processes, and usage of all raw material has been maximised. Whenever possible, non-perishable foods under good condition will be donated to charitable organisations. For example, Hong Kong Ocean Park Marriott Hotel works with local non-governmental organisations such as Foodlink and Food Angel to donate food like excess bread, pastries and desserts from the buffet and cafeteria to people in need.

Minimising Waste in Hotel Operations

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

Minimising Waste in Media and Entertainment Business

Our media and entertainment operations have implemented several employee-centric initiatives to curtail waste. We promote eco-friendly practices such as cloud-sharing of work documents, employment of environmentally friendly paper, and adoption of double-sided printing to minimise paper usage in our offices. Furthermore, we encourage our staff to minimise the use of plastic disposable items wherever feasible.

Minimising Air Emissions from Property Development

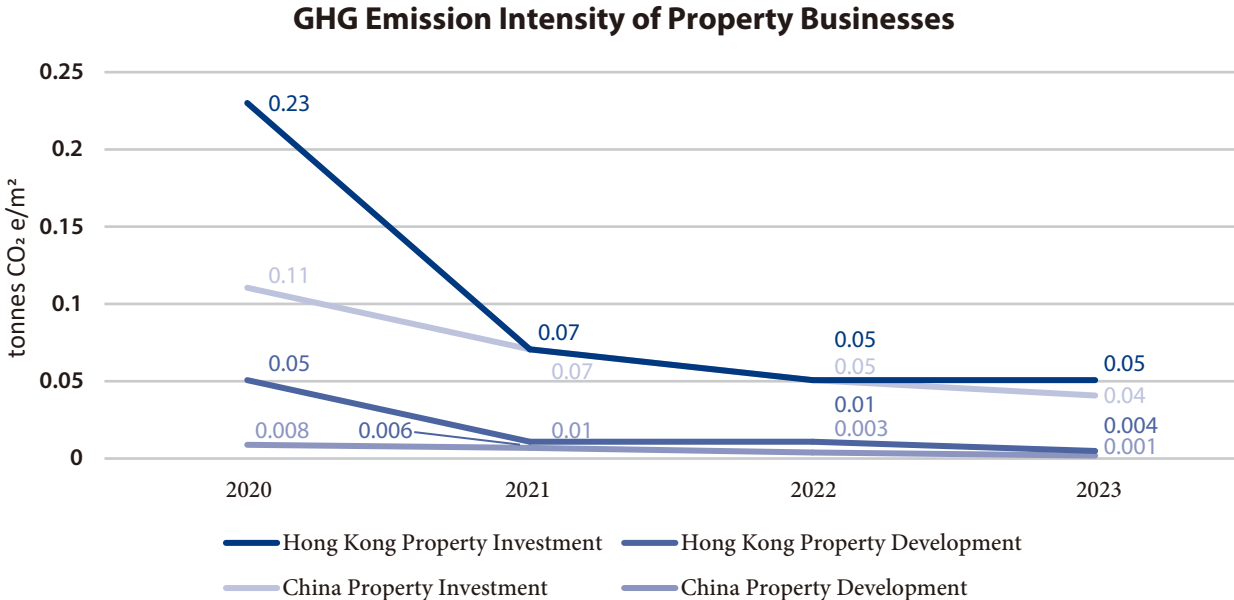
The Group has implemented various measures to control the amount of air pollutants released during its construction projects. To reduce dust emissions, the Group requires its contractors to adopt dust abatement procedures when undertaking activities such as vehicle movement and material handling on construction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

ENVIRONMENT (CONTINUED)

Greenhouse Gas Emissions and Energy

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

The GHG emission intensity of the Group’s property operations are shown as follows:



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

Environmental, Social and Governance Report

ENVIRONMENT (CONTINUED)

Greenhouse Gas Emissions and Energy (continued)

Reducing Energy Consumption in Property Business

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

To achieve our energy targets, various initiatives were successfully implemented to improve energy management systems. CCB Tower successfully collaborated with "CLP eSolution" to implement a Chiller Plant Optimisation through installing "PlantPro" in March 2023, allowing more energy-efficient controlling of HVAC systems within the property. Also Causeway Bay Plaza 2 optimised its Chiller Plant systems to increase operating efficiency of its air conditioning system, reducing overall electricity consumption. Lighting upgrade was in good progress in addition to HVAC systems improvement.

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, generating approximately 170,000 kWh annually, while Cheung Sha Wan Plaza's solar panels started operation in May 2023 and both PV systems allow CLP to buy the renewable energy from us at tariff rates. In terms of energy consumption reduction initiatives, CCB Tower locks their passenger lift situated in the main lobby for energy-saving purposes every day during non-business hours, while Alto Residences has adjusted their operation hours for car lifts during Sundays and Public Holidays.

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, CCB Tower has been awarded with the Platinum Award of Charter on External Lighting from the Environmental Bureau.

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

Reducing Energy Use in Food and Beverage Services

To maintain efficiency, all air-conditioners are regularly cleaned and required to be turned off when not in use. Furthermore, LED lighting fixtures are continually retrofitted into most of the Group's restaurants to further reduce energy consumption.

ENVIRONMENT (CONTINUED)

Greenhouse Gas Emissions and Energy (continued)

Minimising Energy Consumption in Hotel Operations

The Group actively engages in resources conservation in our hotels in Hong Kong and Mainland China. For instance, Hong Kong Ocean Park Marriott Hotel is part of 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 in the hotel are estimated to save around 43,200 kWh of electricity annually.

In Mainland China, Ascott Huaihai Road Shanghai has established a number of measures demonstrated in the case study below. Meanwhile, in Hyatt Regency Hengqin, an infrared sensor lighting management system is installed for automatically turning off lighting in hotel rooms when idle for 45 minutes, which can save nearly 200,000 kWh of electricity per year.

Energy Optimisation in Ascott Huaihai Road Shanghai

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



Environmental, Social and Governance Report

ENVIRONMENT (CONTINUED)

Greenhouse Gas Emissions and Energy (continued)

Managing Energy Use in Cinema Operation

We have implemented various management measures to control electrical consumption effectively. To maintain our high standards, the electricity consumption of cinemas is closely monitored on a regular basis. Furthermore, some of the Group's cinemas have gone a step further by adopting additional energy-saving measures, such as installing energy-efficient lighting and automated induction systems.

Water

Reducing Water Consumption in Property Business

Several Hong Kong properties under our management, including Causeway Bay Plaza 2, Cheung Sha Wan Plaza and Alto Residences, feature automatic sensors for urinals and water taps to conserve water. These water-saving measures have resulted in water consumption reduction. Moreover, the Group plans to implement a resource management platform in our properties in Shanghai, allowing for monitoring of properties' water consumption, leading to better water consumption management.

Minimising Water Consumption in Hotel Operations

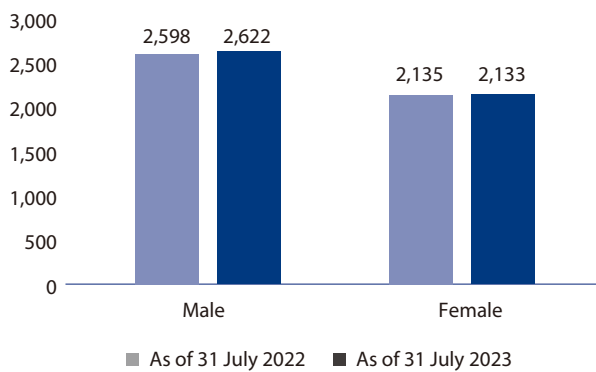
The Group has implemented multiple initiatives in our hotel operations to ensure minimising of water consumption within our business. For Hong Kong Ocean Park Marriot Hotel, we have installed a rainwater collection system for irrigation purposes, estimated to save around 4,450m³ of water annually. For Ascott Huaihai Road Shanghai, STARR Hotel Shanghai and Hyatt Regency Hengqin, the hotels retrofitted the water closets with higher water efficiency models, saving an estimated 700 to 800 tonnes of water per year.

PEOPLE

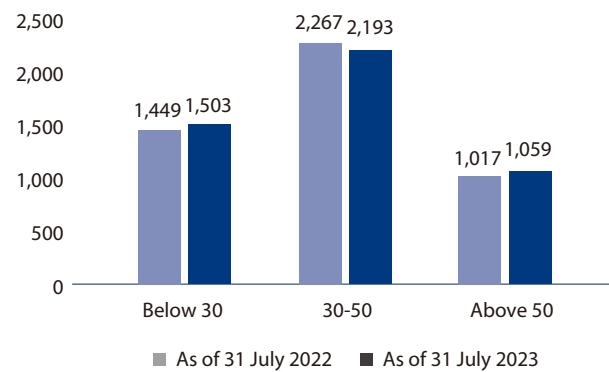


Employment Practices

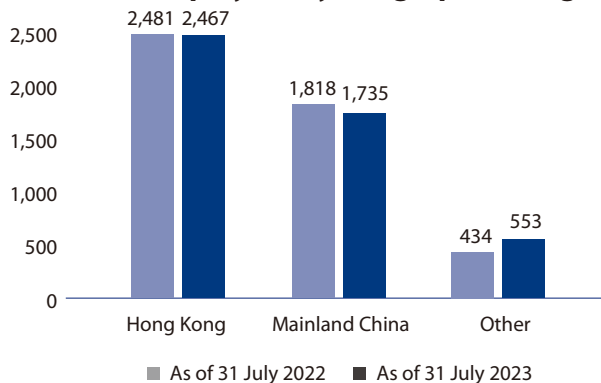
Number of Employees by Gender



Number of Employees by Age Group



Number of Employees by Geographical Region



Gender ratio
Male: Female = 1:0.8

Turnover rate
40%

The Group makes the best endeavour to retain and attract talent as we acknowledge the unquestionable importance of employees to a sustainable and 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, and the Group's standards for employees' work behaviour and conduct.

Environmental, Social and Governance Report

PEOPLE (CONTINUED)

Employment Practices (continued)

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

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

Employee Welfare

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

We also offer well-being programmes and value-added benefits to the employees. We provide a wide range of non-wage compensations, such as vaccination leave, additional holidays, annual health check-ups and free entry to club-house facilities for employees who work in the properties in Mainland China. To foster balanced lifestyles, our full-time cinema staff is offered further work flexibility and mobility, including overtime allowance, travel allowance, typhoon/rainstorm allowance, and attendance bonus. For our employees in Hong Kong, we arrange monthly "Lunch Talk" sessions, with this year covering topics on health knowledge and ethics at work. DIY workshops and a wellbeing massage session were also organised to engage employees. In Mainland China, we prepared festive gifts such as mooncakes for employees to celebrate traditional festivals, and increased sense of belonging through organising employee birthday celebrations, staff-appreciation meetings, and Global Health Week activities promoting employee physical and mental health. Overall efforts to build team relations for employee groups across our operations include movie screenings, group fitness classes, BBQ parties, and more.

PEOPLE (CONTINUED)

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 promote fire awareness, and reporting or abating fire hazards. At the same time, protective equipment will be provided for our employees at all premises to prevent any health and safety hazards.

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

The Group places high value on its employees and views them as a crucial asset for long-term business development. The Group regularly organises workshops and events dedicated to promoting health and wellness. During the reporting year, there were no non-compliance cases with health and safety laws and regulations listed in the List of Significant Laws and Regulations section.

At Construction Sites and in Building Operations

The Group aims to be meticulous when addressing potential occupational health and safety risks at construction sites. 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 any health and safety issues and prepare the on-site management plan. We arrange meetings with the officers once every two weeks to identify safety hazards and discuss the appropriate measures. The regular safety training that we arrange helps provide adequate knowledge for employees so that they can respond well in the events of work-related emergencies as well as prevent those events from happening.

Environmental, Social and Governance Report

PEOPLE (CONTINUED)

Health and Safety (continued)

At Construction Sites and in Building Operations (continued)

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

ISO and Other Certifications	Properties
ISO 45001:2018 Occupational health and safety management systems	CCB Tower
Guideline of China occupational safety and health management system (GB/T 33000-2016) Level 3 Certification	Shanghai Hong Kong Plaza Shanghai May Flower Plaza
HKQAA Anti-Epidemic Hygiene Measures Certification	CCB Tower

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

At Hotels

In hospitality operations, the Safety Committees at Hong Kong Ocean Park Marriott Hotel and Ascott Huaihai Road Shanghai manage 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. Clear guidelines on emergency medical response are also implemented by the Safety Committees to ensure employee injuries are sufficiently managed and filed.

PEOPLE (CONTINUED)

Development and Training

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

Total Training Hours
>102,900 hours

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

The Group acknowledges a strong linkage between the performance appraisal and employee's motivation. To recognise valued performers, the job assessment is carried out every year in Hong Kong, while two evaluations for Mainland China employees occur in every July and December. The Group offers merit to employees with outstanding results in the forms of salary adjustments and job promotion opportunities.

Capacity Building for the Property Business

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

The Group also invites high calibre graduates to our Management Trainee Programme. During the reporting year, the Programme has been extended from 15 months to 18 months to leverage the power of talented young people into the Group's strategy. Trainees will rotate through different functions of LSD and be engaged in tailor-made programmes such as on-the-job training, professional training workshops, and trips to the properties in Mainland China. Upon the completion of the programmes, they will be assigned as the managerial staff to a specific department in the Group.

Environmental, Social and Governance Report

PEOPLE (CONTINUED)

Development and Training (continued)

Training Opportunities for Hotel Operations

The Group also makes ceaseless commitments in employee cultivation and nurturing of their growth in its hotel operation. During the reporting year, Hong Kong Ocean Park Marriott Hotel continued their sustainable commitments by providing awareness training on Greenkey certificate implementation and running the Foundation of Leadership training to entire employees to enhance their societal responsibilities.

In Mainland China, Ascott Huaihai Road Shanghai executed diverse programmes such as Red Cross first aid training, handling explosive and combustible objects, and customer service training to deliver lofty customer satisfaction levels. Hyatt Regency Hengqin continued its Management Trainee programme to onboard and coach talented fresh graduates to become a valuable part of the team.

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

Labour Standards

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

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

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

OPERATING PRACTICES



Responsible and Ethical Practices

Responsible Marketing Practices for Property Sales

The Group implements necessary measures to avoid providing any inaccurate information to our customers. 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. Sales Management will conduct regular meetings and reviews to all the advertisements to make sure they are in strict compliance with the Ordinances before granting consent for publication.

All Hong Kong property sales staff must acquire a salesperson's or estate agent's license and comply with the rules and regulations of the Estate Agents Ordinance, including its subsidiary legislations, the Code of Ethics, and any other guidelines issued by the Estate Agents Authority during their practices. The Sales Team is required to adhere to the best practices guidelines outlined in the Practice Notes recommended by the Sales of First-hand Residential Properties Authority periodically. The Group obtains official sales consent from the Legal Advisory and Conveyancing Office ("LACO") of Lands Department before publicly selling first-hand residential properties, relying on strict adherence to local government laws and regulations.

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

Environmental, Social and Governance Report

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

ISO and Other Certifications	Properties
ISO 9001:2015 Quality management systems	Shanghai Hong Kong Plaza Guangzhou May Flower Plaza Guangzhou West Point Hengqin Novotown Cheung Sha Wan Plaza CCB Tower
2022 Zhuhai Property Management Demonstration Project	Hengqin Novotown
Advanced Property Management Community and Excellent Unit	Zhongshan Palm Spring
HKQAA "Silver Seal" for Business Resilience & Community Contribution	CCB Tower

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

OPERATING PRACTICES (CONTINUED)

Service Excellence (continued)

Delivering Excellent Property Management Services (continued)

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.

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

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

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

Environmental, Social and Governance Report

OPERATING PRACTICES (CONTINUED)

Service Excellence (continued)

Maintaining Excellent Services in Food and Beverage 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 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's customer satisfaction surveys are distributed to guests via email after the check-out procedure, achieving an 80% satisfaction score as the latest score received in May 2023. Each complaint is analysed by the front desk team, and the team manager promptly notifies the operations team to discuss remedial action. Furthermore, Hong Kong Ocean Park Marriott Hotel has an online system "Guest Voice" for customers to express their opinions after staying with the hotel. Follow-up actions are 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.

Ensuring Customer Satisfaction 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 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 headquarters for further follow-up. There were no major complaint cases in the entertainment business received by the Group during the reporting year.

OPERATING PRACTICES (CONTINUED)

Customer Health and Safety

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

Ensuring Customer Health and Safety in Property Management Services

In our managed properties, we have implemented strict measures to ensure the health and safety of our customers and staff. For example, in CCB Tower, disinfection machines have been placed in the common areas for added protection against germs and viruses. We maintain air quality with purifiers installed in all bathrooms within Cheung Sha Wan Plaza.

Further examples from our properties in Mainland China include air-conditioning water quality testing, regular cleaning of grease ducts, and domestic water tank cleaning and water quality testing in Guangzhou, and daily inspections for fire safety, regular inspection of safety hazards, noise source inspection, and engagement of qualified units to ensure the safety of equipment operation warning in Zhongshan. We also conduct regular fire drills or training for tenants and staff.

Ensuring Customer Health and Safety in Hotel Operations

Our staff are trained in procedures for handling theft or violence incidents and hazardous materials. For example, at Hyatt Regency Hengqin, we have passed the annual system certification audit of ISO 22000:2018 required by the Hyatt Group and undergone professional inspection by the authoritative organisation – Intertek. As part of the Marriot International corporate standard, Hong Kong Ocean Park Marriott Hotel requires employees to undergo various training, including new employee induction, fire safety, first aid, food safety, and emergency plan training, to ensure that we provide a safe environment for our guests.

Safety and Hygiene in Food and Beverage Services and Cinema Operations

Food safety is crucial to our food and beverage and cinema operations. 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. 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.

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

Environmental, Social and Governance Report

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 and 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 ("PRC") strictly. Personal and confidential data will be handled with caution, and the Group only collects personal data from its employees, suppliers or customers when necessary. Data providers are well informed to sign a Personal Information Collection Statement before their personal information is about to be collected. The practice is also made known to our business partners and clients to avoid confusion. During the reporting year, there were no recorded incidents of non-compliance with data privacy.

Property Business

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

Food and Beverage Operations

The Group's food and beverage operations follow the Information Protection & Cyber Security Policy and the Information Protection Awareness Guide, and comply with the Payment Card Industry Data Security Standard.

Hotel and Cinema Operations

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

OPERATING PRACTICES (CONTINUED)

Data Protection and Privacy (continued)

Hotel and Cinema Operations (continued)

In our cinema operations, the customers' personal data, including their names, birth dates, 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 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 safe 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 selection criteria in the tendering process that evaluates whether the contractor's environmental and safety practices meet our standards. To guarantee that the relevant procedures are effectively carried out, all selected contractors are required to submit an Environmental Management Plan and a Safety Management Plan to the Group. Relevant parties working at our Shanghai construction sites must also sign a subcontractor construction safety agreement. Moreover, to ensure new suppliers comply with our environmental protection requirements, they must sign a confirmation to acknowledge such requirements.

Environmental, Social and Governance Report

OPERATING PRACTICES (CONTINUED)

Supply Chain Management (continued)

ESG Considerations in Selecting Construction Contractors (continued)

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

Selecting Sustainable Suppliers for Hotels

The Group has established a standardised procurement procedure for supplier selection for hotels in Mainland China. For example, at Ascott Huaihai Road Shanghai, suppliers must meet the requirements for waste management, material usage, and safety equipment as mentioned in the hotel's Sustainable Building Guideline and Occupational Health and Safety Plan. For Hong Kong Ocean Park Marriot Hotel, briefings, interviews, and other 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.

Responsible Food Sourcing in Food and Beverage Services

To fulfil the growing demand for healthy and sustainable food among the customers, the Group carefully selects responsible sources of food for our restaurants with regular inspections. For instance, the restaurants in Hong Kong 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 to 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, priority will be given to suppliers who provide ASC, MSC or organic-certified food with ISO or HACCP certification to ensure responsible food sourcing. Healthiness, organic and fair trade are also taken into consideration when purchasing concession stand products for our cinema operations. Site visits with our existing suppliers are also conducted regularly to monitor their environmental and social compliances and initiatives.

OPERATING PRACTICES (CONTINUED)

Integrity and Discipline

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

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

The Group has set up designated training across our businesses. We held anti-corruption training across our Mainland China property operations. All new employees receive anti-corruption training which is included within their induction. Beyond internal training, we cooperated with the government to foster anti-corruption practices and integrity through promotional material, including posters and educational films displayed on project bulletin boards and screens. We also arranged lectures on the Communist Party Anti-Corruption Law of the People’s Republic of China for our staff.

Within our Hong Kong Properties, on top of the Ethics at Work training conducted by Independent Commission Against Corruption (“ICAC”), employees received training on the business ethics and conflicts of interest in 2022. We also invited ICAC’s representative to provide both “Prevention of Bribery Ordinance” and integrity compliance training during the reporting year.

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

Environmental, Social and Governance Report

OPERATING PRACTICES (CONTINUED)

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, and have clarified, the rights. 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



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

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

In Hong Kong, the Group collaborated with different organisations and encouraged our staff to participate in volunteering events. For example, our staff volunteers participated in elderly visits organised by the Hong Kong Young Women’s Christian Association in Mid-Autumn Festival. Also, we continued the Serve360 Sustainability Program to deliver aid and support to the needy, and joined the volunteer event organised by Food Angel to serve the community.

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

Environmental, Social and Governance Report

SUMMARY OF ENVIRONMENTAL PERFORMANCE *Note 1, Note 2*

Reporting Scope

Hong Kong Property Investment		Hotel	
<ul style="list-style-type: none"> Cheung Sha Wan Plaza CCB Tower Alto Residences 	<ul style="list-style-type: none"> Causeway Bay Plaza 2 Lai Sun Commercial Centre 	<ul style="list-style-type: none"> Hong Kong Ocean Park Marriott Hotel Ascott Huaihai Road Shanghai 	<ul style="list-style-type: none"> STARR Hotel Shanghai Hyatt Regency Hengqin
Hong Kong Property Development		Food & Beverage <i>Note 3</i>	
<ul style="list-style-type: none"> Tai Kei Leng project Bal Residence 116 Waterloo Road project* 	<ul style="list-style-type: none"> 79 Broadcast Drive project* 1&1A Kotewall Road project* 	<ul style="list-style-type: none"> CIAK-In the Kitchen CIAK-All Day Italian Beefbar Takumi by Daisuke Mori China Tang Landmark Howard's Gourmet Chiu Tang Central Old Bazaar Kitchen ZEST by Konishi KiKi Noodle Bar IFC 	<ul style="list-style-type: none"> KiKi Noodle Bar K11 MUSEA Canton Bistro Prohibition China Tang Beijing ADD+* MOSU Hong Kong* Rozan* Yamato* SẾP*
China Property Investment <i>Note 4</i>			
<ul style="list-style-type: none"> Shanghai Hong Kong Plaza Shanghai May Flower Plaza Shanghai Regents Park Guangzhou May Flower Plaza Guangzhou West Point 	<ul style="list-style-type: none"> Guangzhou Lai Fung Tower Zhongshan Palm Spring Hengqin Novotown Phase I Guangzhou Lai Fung International Center* Shanghai Skyline Tower* 		
China Property Development		Cinema	
<ul style="list-style-type: none"> Hengqin Novotown Phase II 			<ul style="list-style-type: none"> Movie Town Festival Grand Cinema MCL Metro City Cinema MCL Telford Cinema STAR Cinema Grand Kornhill Cinema MCL South Horizons Cinema MCL Green Code Cinema Grand Windsor Cinema MCL Cheung Sha Wan Cinema MCL Cyberport Cinema K11 Art House MCL Citygate Cinema MCL Amoy Cinema
Media & Entertainment			
<ul style="list-style-type: none"> Wyler Centre 			

* Newly added entity in FY 22/23

Note 1: Calculations are based on method and conversion factor mentioned in "How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs (version updated on 25 Mar 2022)" by The Stock Exchange of Hong Kong Limited and Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 edition), unless otherwise specified.

Note 2: The total are summed up using unrounded figures.

Note 3: Compared with the year ended 31 July 2022, Sun's Bazaar KiKi Tea Telford Plaza, KiKi Noodle Bar Shanghai Hong Kong Plaza, Kiki Noodle Bar Shanghai One ITC in Shanghai were removed from the reporting scope.

Note 4: Compared with the year ended 31 July 2022, Guangzhou Lai Fung International Center and Shanghai Skyline Tower are recategorised from China Property Development to China Property Investment.

SUMMARY OF ENVIRONMENTAL PERFORMANCE Note 1, Note 2 (CONTINUED)

Unit	Total		Hong Kong Property Investment		Hong Kong Property Development		China Property Investment		China Property Development		Hotel		Food & Beverage		Cinema		Entertainment	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
A1.1 The types of air emissions and respective emissions data																		
Nitrogen oxides ("NOx") emissions	2,715	2,516	0	0	0	0	2,055	1,972	0	0	566	453 ^{Note 8}	92	89	0	0	2.39	2.74
Sulphur oxides ("SOx") emissions	1.13	0.92	0	0	0	0	0.39	0.28	0	0	0.34	0.31	0.29	0.21	0	0	0.11	0.12
Particulate Matter ("PM") emissions	2.02	1.04	0	0	0	0	1.33	0.11	0	0	0.51	0.73	0	0	0	0	0.18	0.20
Total air emissions	2,718	2,518	0	0	0	0	2,057	1,972	0	0	567	454^{Note 8}	92	89	0	0	2.68	3.06
A1.2 GHG emissions in total and intensity^{Note 9}																		
Direct GHG emissions (Scope 1)	4,273	3,833	1.58	1.42	34	1	2,123	2,036	0	0	1,334	1,169	760	604	0	0	20	22
Indirect GHG emissions (Scope 2)	84,746	81,727	8,628	8,544	63	60	54,548	52,175	511	1,669	15,091	14,468	3,141	2,472	2,668	2,244	96	95
Total GHG emissions	89,017	85,560	8,629	8,545	97	61	56,671	54,211	511	1,669	16,425	15,637	3,901	3,076	2,668	2,244	115	117
GHG emissions intensity	0.04	0.04	0.05	0.05	0.004	0.010	0.04	0.05	0.001	0.003	0.11	0.11	0.41	0.4^{Note 8}	0.08	0.06	0.05	0.05

Note 5: Water consumption is managed by the central property management of the office building, and thus consumption values are not available for this report.

Note 6: COVID-19 outbreak led to a lower-than-usual environmental footprint during the year ended 31 July 2022.

Note 7: Closure of cinemas due to COVID-19 outbreak in 2022.

Note 8: Data is restated to reflect actual situation.

Note 9: Natural gas is calculated with reference to "Emission Factors for Greenhouse Gas Inventories" by US EPA.

Environmental, Social and Governance Report

SUMMARY OF ENVIRONMENTAL PERFORMANCE *Note 1, Note 2* (CONTINUED)

Unit	Total		Hong Kong Property Investment		Hong Kong Property Development		China Property Investment		China Property Development		Hotel		Food & Beverage		Cinema		Entertainment ^{Note 5}	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
A1.3 Total hazardous waste produced and intensity																		
Total hazardous waste produced ^{Note 10}	1,924	1,784	298	328	4,254	0.004	995	910	0	0	464	318	0	2.5	124	197	39	32
Percentage of hazardous waste recycled	4.75	7.52	25	1	100	20	3.52	1.87	0	0	23	30	0	20	0	0	60	59
Hazardous waste produced intensity	0.001	0.001	0.002	0.002	0.1600	0.0004	0.001	0.001	0	0	0.003	0.002	0	0.0003	0.004	0.006	0.02	0.01
A1.4 Total non-hazardous waste produced and intensity																		
Construction waste disposed ^{Note 11}	12,594	8,919	N/A	N/A	5,985	1,376	6,609	6,497	0	1,046	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Food waste disposed ^{Note 12}	2,709	2,747	N/A	N/A	N/A	N/A	2,691	2,714	N/A	N/A	1.32	8.01	16	26 ^{Note 8}	N/A	N/A	N/A	N/A
General waste disposed	14,768	13,159	7,018	6,431	N/A	N/A	7,533	6,483	N/A	N/A	147	201	2.64	4.86	64	36	2.84	2.84
Paper disposed	1.02	0.76	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.02	0.76	N/A	N/A	N/A	N/A	N/A	N/A
Plastic disposed	0.63	0.20	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.63	0.2	N/A	N/A	N/A	N/A	N/A	N/A

Note 10: Hazardous waste produced includes fluorescent lamps, chemicals, and toner cartridge waste disposed.

Note 11: Construction waste includes renovation waste, general construction waste, soil excavation, concrete, bricks, timber and steel.

Note 12: Food waste includes grease oil and waste oil.

SUMMARY OF ENVIRONMENTAL PERFORMANCE *Note 1, Note 2 (CONTINUED)*

	Unit	Total		Hong Kong Property Investment		Hong Kong Property Development		China Property Investment		China Property Development		Hotel		Food & Beverage		Cinema		Entertainment ^{Note 5}	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Total non-hazardous waste produced (including recycling waste)	tonnes	35,848	25,947	7,035	6,444	11,479	1,376	16,833	15,700	0	2,084	397	275	36	31 ^{Note 8}	64	36	2.84	2.84
Percentage of non-hazardous waste recycled	%	16	4	0.24	0.19	48	0	0	0.04	0	50	62	24	47	3	0	0	0	0
Non-hazardous waste produced intensity	kg/m ²	16	13	43	38	430	140	12	15	0	3.79	2.78	1.92	3.77	3.25 ^{Note 8}	1.84	1.04	1.19	1.19
A2.1 Direct and/or indirect energy consumption by type in total and intensity																			
Electricity consumption	MWh	146,472	135,325	16,824	16,699	162	154	93,887	85,518	879	2,736	23,646	21,612	4,932	3,466	5,897	4,897	246	244
Gas consumption ^{Note 13}	MWh	22,366	20,260	N/A	N/A	N/A	N/A	11,319	10,945	N/A	N/A	7,081	6,201 ^{Note 8}	3,966	3,114	N/A	N/A	N/A	N/A
Diesel oil consumption	MWh	155	19	6	6	138	4	6	5	N/A	N/A	4	4	N/A	N/A	N/A	N/A	N/A	N/A
Gasoline consumption	MWh	347	279	N/A	N/A	N/A	N/A	256	187	N/A	N/A	19	11	N/A	N/A	N/A	N/A	71	81
Total energy consumption	MWh	169,340	155,883	16,830	16,705	301	158	105,468	96,656	879	2,736	30,750	27,827	8,899	6,580	5,897	4,897	317	325
Energy consumption intensity	kWh/m ²	77	78	103	99	11	16	76	92	2.23	4.97	215	195	935	846 ^{Note 8}	168	139	133	137

Note 13: Gas consumption includes natural gas and town gas.

Environmental, Social and Governance Report

SUMMARY OF ENVIRONMENTAL PERFORMANCE *Note 1, Note 2 (CONTINUED)*

Unit	Total		Hong Kong Property Investment		Hong Kong Property Development		China Property Investment		China Property Development		Hotel		Food & Beverage		Cinema		Entertainment <i>Note 5</i>	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
A2.2 Water consumption in total and intensity <i>Note 14</i>																		
Water consumption	1,502,192	1,502,044	85,151	112,639	5,147	908	1,070,388	1,025,505	37,349	115,921	217,759	173,419	78,451	66,263	7,948	7,389	N/A	N/A
Water consumption intensity	0.69	0.75	0.52	0.67	0.52	0.09	0.77	0.97	0.09	0.21	1.52	1.21	8.25	8.52 <i>Note 8</i>	0.26	0.23 <i>Note 8</i>	N/A	N/A

Note 14: 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 meters for the cinemas.

SUMMARY OF SOCIAL PERFORMANCE

The Group ^{Note 15}	Unit	2023	2022
B1.1 Total workforce by gender, employment type, age group and geographical region (excluding contractors and subcontractors)			
Number of employees	No. of people	4,755	4,733
By gender			
Male	No. of people	2,622	2,598
Female	No. of people	2,133	2,135
By age group			
Below 30	No. of people	1,503	1,449
30-50	No. of people	2,193	2,267
Above 50	No. of people	1,059	1,017
By employment type			
Full time — Male	No. of people	2,194	2,184
Full time — Female	No. of people	1,867	1,781
Part time — Male	No. of people	360	389
Part time — Female	No. of people	334	379
By geographical region			
Hong Kong SAR	No. of people	2,467	2,481
Mainland China	No. of people	1,735	1,818
Other	No. of people	553	434
B1.2 Employee turnover rate by gender, age group and geographical region ^{Note 16}			
Total employee turnover rate	%	40	33
By gender			
Male	%	41	34
Female	%	38	31
By age group			
Below 30	%	49	44
30-50	%	38	27
Above 50	%	31	29
By geographical region			
Hong Kong SAR	%	39	27
Mainland China	%	45	37
Other	%	28	45

Note 15: The reporting scope Summary of Social Performance includes Lai Sun Development Company Limited and its subsidiaries.

Note 16: Turnover rate (in percentage) = Total number of employees leaving employment in the category/Total number of employees in the category × 100% for financial year 2021/2022 and 2022/2023 including all full-time and part-time employees.

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SUMMARY OF SOCIAL PERFORMANCE (CONTINUED)

The Group ^{Note 15}	Unit	2023	2022
B2.1 Number and rate of work-related fatalities ^{Note 17}			
Number of work-related fatalities	No. of fatalities	0	0
Rate of work-related fatalities	%	0	0
B2.2 Lost days due to work injury			
Number of lost days	No. of lost days	680	1,912
Number of attendance by employees attended training by gender and employee category			
By employee category			
Senior management	No. of attendance	122	158
Middle management	No. of attendance	710	541
General staff	No. of attendance	5,718	6,516
By gender			
Male	No. of attendance	2,489	4,057
Female	No. of attendance	4,061	3,158
B3.2 The average training hours completed per employee by gender and employee category ^{Note 18}			
By employee category			
Senior management	No. of hours	30	33
Middle management	No. of hours	25	22
General staff	No. of hours	21	15
By gender			
Male	No. of hours	22	17
Female	No. of hours	21	17
B5.1 Number of suppliers by geographical region			
Hong Kong SAR	No. of suppliers	1,047	924
Mainland China	No. of suppliers	1,468	1,124
Other	No. of suppliers	77	54
B8.2 Resources contributed to community investment			
Cash donations	HKD	5,088,585	6,900,002
Volunteering hours	Hours	36	140

Note 17: Number and rate of work-related fatalities that occurred in each of the past three years including the reporting year was 0.

Note 18: Average number of training hours per employee = Total training hours in the category/Total workforce in the category.

LIST OF SIGNIFICANT LAWS AND REGULATIONS

Environment

Aspect A1-A3: Environmental

Hong Kong:

- 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 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

Environmental, Social and Governance Report

LIST OF SIGNIFICANT LAWS AND REGULATIONS (CONTINUED)

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 PRC

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 HKEX ESG REPORTING GUIDE

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

Environmental, Social and Governance Report

REFERENCES TO HKEX ESG REPORTING GUIDE (CONTINUED)

Subject Areas, Aspects, General Disclosure and KPIs		Sections/Remarks
A. Environmental		
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Integrating Environmental Sustainability into Our Operations
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Integrating Environmental Sustainability into Our Operations; Waste and Air Emissions to the Environment; Greenhouse Gas Emissions and Energy; Water
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Integrating Environmental Sustainability into Our Operations
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Integrating Environmental Sustainability into Our Operations
B. Social		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.	Employment Practices; Employee Welfare
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Summary of Social Performance
B1.2	Employee turnover rate by gender, age group and geographical region.	Summary of Social Performance
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Summary of Social Performance
B2.2	Lost days due to work injury.	Summary of Social Performance
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	During the reporting year, only the number of training attendees were being recorded and disclosed.
B3.2	The average training hours completed per employee by gender and employee category.	Summary of Social Performance

REFERENCES TO HKEX ESG REPORTING GUIDE (CONTINUED)

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

Environmental, Social and Governance Report

REFERENCES TO HKEX ESG REPORTING GUIDE (CONTINUED)

Subject Areas, Aspects, General Disclosure and KPIs		Sections/Remarks
B. Social		
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 2023 (“**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 16 December 2022. However, Mr. Chew Fook Aun, then the Deputy Chairman was present at that AGM and took the chair of that AGM 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.

(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, production and distribution of films and TV programs, music production and publishing, management and production of concerts, artiste management, 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.

Corporate Governance Report

(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 are 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 ten members, of whom five are executive Directors (“EDs”), one is non-executive Director (“NED”) and the remaining four are independent non-executive Directors (“INEDs”), 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*)

Lau Shu Yan, Julius (*Chief Executive Officer*)

Lam Hau Yin, Lester (*also alternate director to U Po Chu*)

Lee Tze Yan, Ernest

Cheung Sum, Sam (appointed on 1 August 2023)

Non-executive Directors

U Po Chu

Chew Fook Aun (*Deputy Chairman*) (redesignated from ED to NED on 2 June 2023 and resigned as Deputy Chairman and NED on 1 October 2023)

Independent Non-executive Directors

Lam Bing Kwan

Leung Shu Yin, William

Ip Shu Kwan, Stephen, GBS, JP

Luk Hon Man (appointed on 1 August 2023)

The brief biographical particulars of the Directors are set out in the section headed “Biographical Details of Directors” of this Annual Report on pages 133 to 140.

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.

Corporate Governance Report

(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 20 October 2023, the Board has reviewed the implementation and effectiveness of the following mechanisms at the Board meeting:

- (a) Four out of the ten Directors are INEDs which complies with 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/Committee meetings.
- (e) The Chairman of the Board will meet with the INEDs at least annually without the presence of the EDs.
- (f) A Director (including INED) who has material interest in any contract, transaction or arrangement shall abstain from voting and not be counted in the quorum on any Board resolution approving the same.
- (g) No equity-based remuneration with performance-related elements will be granted to INEDs.

(3) BOARD OF DIRECTORS (CONTINUED)

(3.4) Directors' attendance at Board meetings

The Board had held six 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 (<i>Chairman</i>)	6/6
Lau Shu Yan, Julius (<i>Chief Executive Officer</i>)	6/6
Lam Hau Yin, Lester (<i>also alternate director to U Po Chu</i>)	6/6
Lee Tze Yan, Ernest	5/6
Cheung Sum, Sam ⁽¹⁾	N/A
Non-executive Directors	
U Po Chu	6/6
Chew Fook Aun (<i>Deputy Chairman</i>) ⁽²⁾	6/6
Independent Non-executive Directors	
Lam Bing Kwan	6/6
Leung Shu Yin, William	6/6
Ip Shu Kwan, Stephen, GBS, JP	6/6
Luk Hon Man ⁽³⁾	N/A

Notes:

- (1) Mr. Cheung Sum, Sam was appointed an ED on 1 August 2023.
- (2) Mr. Chew Fook Aun was re-designated from an ED to NED on 2 June 2023 and resigned as Deputy Chairman and NED on 1 October 2023.
- (3) Mr. Luk Hon Man was appointed an INED on 1 August 2023.

(3.5) NEDs

None of the existing NEDs (including INEDs) is appointed for a specific term.

(3.6) INEDs

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

Corporate Governance Report

(3) BOARD OF DIRECTORS (CONTINUED)

(3.6) INEDs (continued)

Mr. Lam Bing Kwan (“**Mr. Lam**”) and Mr. Leung Shu Yin, William (“**Mr. Leung**”) will retire at the forthcoming AGM and, being eligible, they offer themselves for re-election. Mr. Lam was appointed an INED in July 2002 and Mr. Leung was appointed an INED in September 2004 and have served on the Board for more than 9 years. The Board has received from Mr. Lam and Mr. Leung written annual confirmation of their 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. Lam and Mr. Leung are still independent and should be re-elected. Being a long-serving Director, Mr. Lam and Mr. Leung have developed an in-depth understanding of the Company’s operations and business, and have expressed objective views and given independent guidance to the Company over the years. There is no empirical evidence that the long service of Mr. Lam and Mr. Leung would impair their independent judgement. The Board is satisfied that Mr. Lam and Mr. Leung will continue to have the required character and experience to fulfill the role of an INED and considers that the re-election of Mr. Lam and Mr. Leung as an INED at the forthcoming AGM are in the best interest of the Company and its Shareholders as a whole.

Pursuant to code provision B.2.3 of the CG Code, their re-election will be subject to a separate resolution to be approved by the shareholders at 2023 AGM. Details of the above retiring INEDs and the reason why the Nomination Committee and the Board considered them to be independent and recommended to be re-elected at 2023 AGM will be set out in the Company’s circular dated 17 November 2023.

Another existing INED, namely Mr. Ip Shu Kwan, Stephen was appointed in December 2009. As all INEDs during the Year have served more than nine years on the Board, the Company has appointed Mr. Luk Hon Man as an additional INED on 1 August 2023 in compliance with code provision B.2.4(b) of the CG Code.

Mr. Luk Hon Man will retire as Director at the forthcoming AGM and, being eligible, offer himself for election. The Board has received a written annual confirmation of independence from Mr. Luk and taking into account the various matters as set out in Rule 3.13 of the Listing Rules. Both the Nomination Committee and the Board are satisfied that Mr. Luk has the required character and experience to fulfill the role of an INED and consider that the election of Mr. Luk 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.

(3.7) Directors’ and Officers’ Liabilities Insurance

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

(4) DIRECTORS' INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

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

The Directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, the Company has been encouraging the Directors and senior executives to enroll in a wide range of professional development courses and seminars/webinars 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.

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	✓	✓	✓	—
Lau Shu Yan, Julius	✓	✓	✓	✓
Lam Hau Yin, Lester (also alternate director to U Po Chu)	✓	✓	✓	✓
Lee Tze Yan, Ernest	✓	✓	✓	✓
Cheung Sum, Sam ⁽¹⁾	N/A	N/A	N/A	N/A
Non-executive Directors				
U Po Chu	✓	✓	✓	—
Chew Fook Aun ⁽²⁾	✓	✓	✓	✓
Independent Non-executive Directors				
Lam Bing Kwan	✓	✓	✓	✓
Leung Shu Yin, William	✓	✓	✓	✓
Ip Shu Kwan, Stephen, GBS, JP	✓	✓	✓	✓
Luk Hon Man ⁽³⁾	N/A	N/A	N/A	N/A

Notes:

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

(2) Mr. Chew Fook Aun was re-designated from an ED to NED on 2 June 2023 and resigned as Deputy Chairman and NED on 1 October 2023.

(3) Mr. Luk Hon Man was appointed an INED on 1 August 2023.

Corporate Governance Report

(5) BOARD COMMITTEES

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

(5.1) Audit Committee

The Board established an Audit Committee on 31 March 2000 which currently comprises three INEDs, namely Mr. Leung Shu Yin, William (Chairman), Mr. Lam Bing Kwan, and Mr. Ip Shu Kwan, Stephen up to the date of this Annual Report.

The Company has complied with Rule 3.21 of the Listing Rules, which requires that at least one of the members of the Audit Committee (which must comprise a minimum of three members and must be chaired by an 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 which include the responsibilities to develop, review, monitor, and make recommendations to the Board (as appropriate) in respect of the Company's policies and practices of corporate governance (including the compliance with the CG Code and the relevant disclosures in the Company's interim and annual reports), the practices in compliance with legal and regulatory requirements, and the training and continuous professional development of the Directors and senior management.

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

(5) BOARD COMMITTEES (CONTINUED)

(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 2022, the unaudited interim results of the Company for the six months ended 31 January 2023 and other matters related to the financial and accounting policies and practices of the Company as well as the nature and scope of the audit for the Year. It has also reviewed the Company’s compliance with the CG Code and disclosure in this Corporate Governance Report. Further, it has reviewed audit fees payable to the independent auditor of the Company (“**Independent Auditor**”), the 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 revised Whistleblowing Policy and accept pre-concurrence for provision of non-assurance services (“**NAS**”) provided by the Independent Auditor and a threshold for each individual NAS was set. In addition, the Audit Committee held private session with the Independent Auditor separately without the presence of management.

On 19 October 2023, the Audit Committee reviewed the draft audited consolidated financial statements of the Company as well as the accounting principles and policies for the Year with the Company’s management in the presence of the representatives of the Independent Auditor. It also reviewed this Corporate Governance Report, the internal control review reports on the Company and risk management report prepared by the Independent Advisor. In addition, the Audit Committee has assessed the effectiveness of the Group’s systems of risk management and internal control. Further, it has reviewed and approved the proposal for internal audit services for the three financial years ending 31 July 2026.

Corporate Governance Report

(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	3/3

(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 ceased to act as and Mr. Lau Shu Yan, Julius was appointed an alternate to Dr. Lam Kin Ngok, Peter on 2 June 2023.

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 HKEX and the Company.

(5) BOARD COMMITTEES (CONTINUED)

(5.2) Nomination Committee (continued)

(a) Duties of the Nomination Committee

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

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

(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, which 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 and commitment and integrity, and the independence criteria under Rule 3.13 of the Listing Rules if the candidate is proposed to be appointed as an INED. Nomination of new Directors will normally be proposed by the 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 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 Committee will review the Nomination Policy, as appropriate, to ensure its continued effectiveness.

The Nomination Policy was reviewed by the Nomination Committee on 19 October 2023 and the Board on 20 October 2023.

Corporate Governance Report

(5) BOARD COMMITTEES (CONTINUED)

(5.2) Nomination Committee (continued)

(a) Duties of the Nomination Committee (continued)

(ii) *Board Diversity Policy*

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

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

Board diversity ensures the Board has the appropriate balance and level of skills, experience and 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 ten members, of whom five are EDs, one is NED and the remaining four are INEDs. The Company has one female Director achieving gender diversity at Board level. The current Board comprises individuals who are professionals with real estate, investment, textile and apparel industry, accounting, financial, general management, tourism and public services backgrounds.

The Board Diversity Policy was reviewed by the Nomination Committee on 19 October 2023 and the Board on 20 October 2023.

(5) BOARD COMMITTEES (CONTINUED)

(5.2) Nomination Committee (continued)

(b) Work performed by the Nomination Committee

The Nomination Committee held three meetings during the Year. It has reviewed and approved the revised Board diversity Policy and the Nomination Policy, and considered that the said policies were appropriate and effective. It has also 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. In addition, the Nomination Committee reviewed and recommended to the Board on the redesignation of Mr. Chew Fook Aun from ED to NED, the appointment of Mr. Cheung Sum, Sam as ED and Mr. Luk Hon Man as INED.

On 19 October 2023, the Nomination Committee reviewed the Nomination Policy and the Board Diversity Policy, and considered that the said policies were appropriate and effective. Further, it reviewed biographies of the Directors, assessed the continued independence of each INED and recommended Mr. Lau Shu Yan, Julius, Mr. Cheung Sum, Sam, Mr. Lam Bing Kwan, Mr. Leung Shu Yin, William and Mr. Luk Hon Man (“**Retiring Directors**”) to the Board for considering their election/re-election at the forthcoming AGM based on the Nomination Policy and the Board Diversity Policy. The Nomination Committee believed that the Retiring Directors will continue to contribute to the Board with their skills, experience and knowledge. 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 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
Executive Directors	
Lam Kin Ngok, Peter, GBM, GBS	3/3
Lau Shu Yan, Julius ⁽¹⁾	1/1
Non-executive Director	
Chew Fook Aun ⁽²⁾	2/2
Independent Non-executive Directors	
Leung Shu Yin, William	3/3
Lam Bing Kwan	3/3

Notes:

(1) Mr. Lau Shu Yan, Julius was appointed alternate to Dr. Lam Kin Ngok, Peter on 2 June 2023.

(2) Mr. Chew Fook Aun ceased to act as alternate to Dr. Lam Kin Ngok, Peter on 2 June 2023.

Corporate Governance Report

(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. Lau Shu Yan, Julius. Mr. Chew Fook Aun ceased to be a member of the Remuneration Committee on 2 June 2023.

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.

(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.

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

The terms of reference of the Remuneration Committee setting out its authority, duties and responsibilities are available on the respective website of HKEX and the Company.

(b) Work performed by the Remuneration Committee

The Remuneration Committee held three meetings during the Year to discuss remuneration-related matters (including the new share option scheme adopted by the Company on 16 December 2022), the payment of discretionary bonus to EDs and review the remuneration packages of EDs as well as the redesignation of Mr. Chew Fook Aun from ED to NED and the appointment of new ED and INED. It also reviewed the Terms of Reference of Remuneration Committee. No Director was involved in deciding his own remuneration at the meeting of the Remuneration Committee.

(5) BOARD COMMITTEES (CONTINUED)

(5.3) Remuneration Committee (continued)

(c) Attendance at the Remuneration 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
Executive Director	
Lau Shu Yan, Julius ⁽¹⁾	1/1
Non-executive Director	
Chew Fook Aun ⁽²⁾	2/2
Independent Non-executive Directors	
Leung Shu Yin, William	3/3
Lam Bing Kwan	3/3

Notes:

(1) Mr. Lau Shu Yan, Julius was appointed a member of the Remuneration Committee on 2 June 2023.

(2) Mr. Chew Fook Aun ceased to be a member of the Remuneration Committee on 2 June 2023.

(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 and Mr. Lau Shu Yan, Julius is the Chief Executive Officer of the Company. Mr. Chew Fook Aun was the Deputy Chairman of the Company until 1 October 2023.

The established division of responsibilities between the roles of the Chairman and Chief Executive Officer was put into written form and formally adopted by the Board.

Corporate Governance Report

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

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

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

(10) ANTI-FRAUD AND ANTI-CORRUPTION POLICY

In compliance with code provision D.2.7 of the CG Code, the Board adopted the 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.

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.

Corporate Governance Report

(11) INDEPENDENT AUDITOR'S REMUNERATION

The fees in respect of the audit and non-audit services provided to the Group by the Independent Auditor, Ernst & Young, Certified Public Accountants, ("**Ernst & Young**") Hong Kong for the Year amounted to HK\$15,794,000 and HK\$5,262,000, 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)	6,079	2,326
eSun and its subsidiaries (including Media Asia Group Holdings Limited and its subsidiaries)	6,007	2,270
Lai Fung and its subsidiaries	3,708	666
Total	15,794	5,262

(12) DIRECTORS' RESPONSIBILITY FOR PREPARING FINANCIAL STATEMENTS

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

(13) INDEPENDENT AUDITOR'S REPORTING RESPONSIBILITY

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

(14) RISK MANAGEMENT AND INTERNAL CONTROL

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

Corporate Governance Report

(14) RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

Risk management report and internal control review 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.

Corporate Governance Report

(16) SHAREHOLDERS' RIGHTS (CONTINUED)

(16.2) Procedures for putting forward proposals at general meeting

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

The requisition (i) must be sent to the Company in hard copy form at the Registered Office stated in paragraph (16.1) above or in electronic form by email at lscmsec@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: lscmsec@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 ("**SC Policy**") which was revised and adopted by the Board 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 in printed form or in electronic form by accessing the corporate communications published on 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 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 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.

The Board has reviewed the SC Policy on 21 July 2023. Having considered the multiple channels of communication and engagement in place, the Board is satisfied that the SC Policy has been properly implemented during the Year and is effective.

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

Corporate Governance Report

(17) COMMUNICATION WITH SHAREHOLDERS (CONTINUED)

(17.2) Directors' attendance at general meetings

During the Year, the Company had held two general meetings (including the 2022 AGM) and the attendance record of individual Directors at these meetings is set out below:

Directors	Number of Meetings Attended/ Number of Meetings Held
Executive Directors	
Lam Kin Ngok, Peter, GBM, GBS (<i>Chairman</i>)	0/2
Lau Shu Yan, Julius (<i>Chief Executive Officer</i>)	1/2
Lam Hau Yin, Lester (<i>also alternate director to U Po Chu</i>)	0/2
Lee Tze Yan, Ernest	2/2
Cheung Sum, Sam ⁽¹⁾	N/A
Non-executive Directors	
U Po Chu	0/2
Chew Fook Aun (<i>Deputy Chairman</i>) ⁽²⁾	2/2
Independent Non-executive Directors	
Ip Shu Kwan, Stephen, GBS, JP	2/2
Lam Bing Kwan	2/2
Leung Shu Yin, William	2/2
Luk Hon Man ⁽³⁾	N/A

Notes:

- (1) *Mr. Cheung Sum, Sam was appointed an ED on 1 August 2023.*
- (2) *Mr. Chew Fook Aun was re-designated from an ED to NED on 2 June 2023 and resigned as Deputy Chairman and NED on 1 October 2023.*
- (3) *Mr. Luk Hon Man was appointed an INED on 1 August 2023.*

(17) COMMUNICATION WITH SHAREHOLDERS (CONTINUED)

(17.3) Details of the Last general meeting

The last general meeting of the Company, being the 2022 AGM, was held at 11:00 a.m. on 16 December 2022 at Grand Ballrooms 1 and 2, Level B, Hong Kong Ocean Park Marriott Hotel, 180 Wong Chuk Hang Road, Aberdeen, Hong Kong (“**2022 AGM**”). At the 2022 AGM, Shareholders approved by a vast majority of votes (i) the adoption of the audited financial statements of the Company for the year ended 31 July 2022 and the reports of the directors and the independent auditor thereon; (ii) the re-election of Mr. Lee Tze Yan, Ernest as ED, Madam U Po Chu as NED and Mr. Ip Shu Kwan, Stephen 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; (viii) the adoption of the New Share Option Scheme (as defined in the circular of the Company dated 17 November 2022 (“**2022 Circular**”)) and the termination of the Existing Share Option Scheme (as defined in the 2022 Circular); (ix) the adoption of the Service Provider Sublimit (as defined in the 2022 Circular); (x) the adoption of the New Share Option Scheme of eSun and the termination of the Existing Share Option Scheme of eSun (as defined in the 2022 Circular); (xi) the adoption of the New Share Option Scheme of LFH (as defined in the 2022 Circular); (xii) the adoption of the New Share Option Scheme of MAGHL (as defined in the 2022 Circular); (xiii) the adoption of the New Articles of Association (as defined in the 2022 Circular). The notice of the 2022 AGM and the poll results announcement in respect of the 2022 AGM were published on the websites of both the HKEX and the Company on 16 November 2022 and 16 December 2022, respectively.

Corporate Governance Report

(18) INVESTOR RELATIONS

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

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

The Company is keen on promoting investor relations and enhancing communication with the Shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public who may contact the Investor Relations Department by phone on (852) 2853 6106, by fax at (852) 2853 6651 or by e-mail at ir@laisun.com.

(19) CONSTITUTIONAL DOCUMENTS

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

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

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

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**") and Lai Fung Holdings Limited ("**Lai Fung**"). 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**"). LSG is the ultimate holding company of the Company which in turn is the intermediate holding company of eSun and Lai Fung.

Dr. Lam Kin Ngok, Peter, Chairman, aged 66, has been an Executive Director since June 1977. He is currently a member of the Executive Committee of the Company and the chairman of the Nomination Committee of the Company. Dr. Lam is also the chairman and an executive director of LSG and Lai Fung and an executive director of Crocodile Garments Limited ("**CGL**"), whose issued shares are listed and traded on the Main Board of the Stock Exchange. He was an executive director of eSun from 15 October 1996 to 13 February 2014 and was the chairman and an executive director of Lai Fung from 28 November 1997 to 31 October 2012. Dr. Lam was also the chairman and an executive director of Media Asia Group Holdings Limited which had withdrawn from GEM listing of the Stock Exchange on 21 March 2023 and has accordingly become a wholly-owned subsidiary of eSun.

Dr. Lam has extensive experience in the property development and investment business, hospitality as well as media and entertainment business. He was conferred an Honorary Doctorate by The Hong Kong Academy for Performing Arts in June 2011. Dr. Lam received the Gold Bauhinia Star and the Grand Bauhinia Medal awarded from the Government of the Hong Kong Special Administrative Region ("**HKSAR**") on 1 July 2015 and 27 July 2022, respectively.

Currently, Dr. Lam is the chairman of the Hong Kong Trade Development Council. He is also a standing committee member of the 14th National Committee of the Chinese People's Political Consultative Conference ("**CPPCC**"). In addition, Dr. Lam is the chairman of Hong Kong Chamber of Films Limited, a life honorable president of Hong Kong Motion Picture Industry Association Limited, a vice president of The Real Estate Developers Association of Hong Kong, a vice chairman of Friends of Hong Kong Association Limited, a director of Hong Kong-Vietnam Chamber of Commerce Limited, an honorary chairman of Federation of HK Jiangsu Community Organisations, the president of Hong Kong Association of Cultural Industries Limited, the chairman of Hong Kong Cultural Development Research Institute Limited, a non-official member of the Trade and Industry Advisory Board, a member of each of the board of West Kowloon Cultural District Foundation Limited (a wholly-owned subsidiary of West Kowloon Cultural District Authority) and the general committee of Hong Kong General Chamber of Commerce, and a member under the group of regional and global collaborations of the Chief Executive's Council of Advisers. He was a trustee of The Better Hong Kong Foundation.

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

Biographical Details of Directors

EXECUTIVE DIRECTORS (CONTINUED)

Mr. Lau Shu Yan, Julius, Chief Executive Officer, aged 67, joined the Company as an Executive Director in July 1991 and is currently a member of the Executive Committee and Remuneration Committee of the Company as well as the alternate to Dr. Lam, the chairman of the Nomination 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. Lau has entered into a service contract with the Company with no fixed term, but such contract is determinable by the Company or Mr. Lau by serving the other party not less than 3 months' written notice or payment in lieu thereof. In accordance with the provisions of the Articles of Association of the Company ("**Articles of Association**"), he will be subject to retirement from office as director by rotation once every three years if re-elected at the forthcoming annual general meeting of the Company ("**AGM**") and will also be eligible for re-election at future AGMs. Mr. Lau presently receives a monthly salary of HK\$396,340 and is entitled to receive such other remuneration and discretionary bonus as may be determined by the Board from time to time with reference to the results of the Company, his performance, duties and responsibilities as well as the prevailing market conditions. The Nomination Committee and the Board had considered and recommended the re-election of Mr. Lau at the forthcoming AGM.

Save as disclosed above, Mr. Lau 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 592,875 shares in the Company, Mr. Lau 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**"). Mr. Lau was appointed an independent non-executive director and a member of audit committee of Lien Hoe Corporation Berhad on 27 February 2023. The issued shares of Lien Hoe Corporation Berhad are listed and traded on the Main Market of Bursa Malaysia Securities Berhad.

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

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

EXECUTIVE DIRECTORS (CONTINUED)

Mr. Lam Hau Yin, Lester, aged 42, 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 59, 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.

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

Mr. Cheung was the chief financial officer of FTLife Insurance Company Limited (“FTLife”, a wholly-owned subsidiary of NWS Holdings Limited) from September 2019 to November 2020, the chief financial officer and vice president of Agile Group Holdings Limited from July 2013 to May 2019, an executive director of eSun from March 2011 to August 2012, and an executive director of each of the Company and Lai Fung from June 2007 to October 2009 and from March 2011 to August 2012. Save for FTLife, the issued shares of all the aforesaid companies are listed and traded on the Stock Exchange.

Biographical Details of Directors

EXECUTIVE DIRECTORS (CONTINUED)

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

The Company and Mr. Cheung have entered into an employment contract with no fixed term but such contract is determinable by either the Company or Mr. Cheung by serving the other party not less than three months’ written notice or payment in lieu thereof. In accordance with the provision of the Articles of Association, he is due to retire from office at the forthcoming AGM and is eligible for election thereat. If elected, he will be subject to retirement from office by rotation once every three years and will also be eligible for re-election at future AGMS. Under his employment contract, Mr. Cheung is entitled to an annual remuneration of HK\$2,600,000 and such other remuneration and discretionary bonus as may be determined by the Board with reference to the performance of the Company, his duties and responsibilities and prevailing market conditions. He also receives an annual remuneration of HK\$300,000 from LSG and eSun and HK\$1,800,000 from Lai Fung, respectively. The Nomination Committee and the Board had considered and recommended the election of Mr. Cheung at the forthcoming AGM.

Save as disclosed above, Mr. Cheung does not have any relationship with any other directors, senior management or substantial or controlling shareholders of the Company. As at the date of this Annual Report, Mr. Cheung does not hold any interest or short position in the shares, underlying shares and/or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

For the purpose of his election as a director of the Company at the forthcoming AGM in accordance with Article 93 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”.

NON-EXECUTIVE DIRECTOR

Madam U Po Chu, aged 98, 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 which in turn is the intermediate holding company of eSun and 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 1970’s and became involved in property development and investment in the late 1980’s.

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).

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam Bing Kwan, aged 73, was appointed an Independent Non-Executive Director in July 2002 and is currently a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company.

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 20 years and is currently a non-executive director of Sino-i Technology Limited and Nan Hai Corporation Limited and an independent non-executive director of LSG and Lai Fung. The issued shares of all the aforesaid companies are listed and traded on the Main Board of the Stock Exchange.

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

Mr. Lam has served on the Board for over 9 years. Being a long-serving director, Mr. Lam 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. Lam would impair his independent judgment. The Nomination Committee had assessed the independence of Mr. Lam in accordance with Rule 3.13 of the Listing Rules criteria and the Board is satisfied that Mr. Lam 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. Lam as an Independent Non-Executive Director at the forthcoming AGM is in the best interest of the Company and its shareholders as a whole.

Save as disclosed above, Mr. Lam does not have any relationship with any other directors, senior management or substantial or controlling shareholders of the Company. As at the date of this Annual Report, Mr. Lam 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".

Biographical Details of Directors

INDEPENDENT NON-EXECUTIVE DIRECTORS (CONTINUED)

Mr. Leung Shu Yin, William, aged 74, was appointed an Independent Non-Executive Director in September 2004 and is currently the chairman of both the Remuneration Committee and the Audit Committee of the Company. He was also a member of the Nomination Committee of the Company. Mr. Leung is a certified public accountant, a member of the Hong Kong Securities and Investment Institute and a fellow of both the Association of Chartered Certified Accountants in the UK and the HKICPA. He is a practising director of two certified public accountants' firms in Hong Kong and is an independent non-executive director of LSG and CGL. He was also the Deputy Chairman of CGL and an independent non-executive director of Mainland Headwear Holdings Limited until his resignation on 31 August 2023. The issued shares of all the aforesaid companies are listed and traded on the Main Board of the Stock Exchange.

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

Mr. Leung has served on the Board for over 9 years. Being a long-serving director, Mr. Leung 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. Leung would impair his independent judgment. The Nomination Committee had assessed the independence of Mr. Leung in accordance with Rule 3.13 of the Listing Rules criteria and the Board is satisfied that Mr. Leung 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. Leung as an Independent Non-Executive Director at the forthcoming AGM is in the best interest of the Company and its shareholders as a whole.

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

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

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

INDEPENDENT NON-EXECUTIVE DIRECTORS (CONTINUED)

Mr. Ip Shu Kwan, Stephen, aged 72, was appointed an Independent Non-Executive Director of the Company in December 2009. He is currently 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.

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.

Mr. Luk Hon Man, aged 39, was appointed an Independent Non-Executive Director of the Company on 1 August 2023. He is a seasoned strategic advisor with twenty years of experience spanning across the public affairs and business sectors. Mr. Luk is currently serving as a Member of the Legislative Council of the HKSAR. He was also the Chief Strategy Officer of the Chairman's Office of Lai Sun Group.

Mr. Luk holds a Bachelor of Education (Honours) in Languages from The Hong Kong Institute of Education (now known as the Education University of Hong Kong) and a Master of Public Administration degree from the University of Hong Kong.

Mr. Luk participates actively in public service. He is a Standing Committee Member of the 14th Qingdao Provincial Committee of the CPPCC. He is also keen to serve the Hong Kong business and financial services industries by assuming roles including the Vice Chairman of the Economic Policy Committee of the Hong Kong General Chamber of Commerce, a member of the Market Development Committee of the Financial Services Development Council, a member of the Mainland Business Advisory Committee of the Hong Kong Trade Development Council, Vice-Chairman of Youth Committee of Belt & Road General Chamber of Commerce, and a member of the Board of Directors of the Hong Kong Professionals and Senior Executives Association. Mr. Luk is the Deputy Secretary-General of the Business and Professionals Alliance for Hong Kong ("**BPA**") and the Chairman of the BPA Youth Affairs Committee.

Biographical Details of Directors

INDEPENDENT NON-EXECUTIVE DIRECTORS (CONTINUED)

The Company and Mr. Luk have entered into a service contract with no fixed term. In accordance with the provisions of the Articles of Association, he is due to retire from office at the forthcoming AGM and is eligible for election thereat. If elected, he will be subject to retirement from office by rotation once every three years and will also be eligible for re-election at future AGMs. Mr. Luk presently receives an annual director's fee of HK\$350,000 and is entitled to receive such other remuneration and discretionary bonus as may be determined by the Board from time to time with reference to the results of the Company, his performance, duties and responsibilities as well as the prevailing market conditions. The Nomination Committee had assessed the independence of Mr. Luk in accordance with Rule 3.13 of the Listing Rules criteria and the Board is satisfied that Mr. Luk will have the required character and experience to fulfill the role of an INED and will recommend the election of Mr. Luk at the forthcoming AGM.

Save as disclosed above, Mr. Luk 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 3,300 shares in the Company, Mr. Luk 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 election as a director of the Company at the forthcoming AGM in accordance with Article 93 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. Lau Shu Yan, Julius, Mr. Cheung Sum, Sam, Mr. Lam Bing Kwan, Mr. Leung Shu Yin, William and Mr. Luk Hon Man ("**Retiring Directors**") will retire as directors by rotation at the forthcoming AGM. Being eligible, they offer themselves for election/re-election. The Nomination Committee has considered the working experiences, working profiles, qualifications, independence and other factors of the Retiring Directors and the Board, with the assistance and recommendation from the Nomination Committee will propose to the shareholders to elect/re-elect the Retiring Directors at the forthcoming AGM. For the purpose of each of the Retiring Directors' election/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 consolidated financial statements of the Company and its subsidiaries (together, “**Group**”) for the year ended 31 July 2023 (“**Year**”).

PRINCIPAL ACTIVITIES

During the Year, the Group’s principal activities consisted of property investment, property development, investment in and operation of hotels and restaurants, production and distribution of films and TV programs, music production and publishing, management and production of concerts, artiste management, 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 2023 are set out in the consolidated financial statements and their accompanying notes on pages 179 to 360.

The board of Directors (“**Board**”) does not recommend the payment of a final dividend in respect of the Year (2022: Nil). No interim dividend was paid or declared in respect of the Year (2022: 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 and Corporate Governance Report on pages 63 to 106 and pages 107 to 132 of this Annual Report, respectively.

DISTRIBUTABLE RESERVES

The Company’s reserves available for distribution to shareholders as at 31 July 2023 were approximately HK\$4,880,232,000.

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 (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.

Report of the Directors

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's 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 ("**Report Date**") are named as follows:

Executive Directors ("**EDs**")

Lam Kin Ngok, Peter, GBM, GBS ("**Dr. Peter Lam**") (*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**")
Cheung Sum, Sam ("**Mr. Sam Cheung**") (*appointed on 1 August 2023*)

Non-executive Directors ("**NEDs**")

U Po Chu ("**Madam U**")
Chew Fook Aun ("**Mr. FA Chew**") (*Deputy Chairman*) (*re-designated from ED to NED on 2 June 2023 and resigned as Deputy Chairman and NED on 1 October 2023*)

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**")
Luk Hon Man ("**Mr. HM Luk**") (*appointed on 1 August 2023*)

In accordance with Article 93 of the Articles of Association, Mr. Sam Cheung and Mr. HM Luk will retire from office as Directors at the forthcoming annual general meeting of the Company ("**AGM**"). Being eligible, they offer themselves for election.

In accordance with Article 102 of the Articles of Association, Mr. Julius Lau, Mr. BK Lam and Mr. William Leung will retire by rotation at the forthcoming AGM. Being eligible, they offer themselves for re-election.

Details of the retiring Directors, namely Mr. Sam Cheung, Mr. HM Luk, Mr. Julius Lau, Mr. BK Lam and Mr. William Leung proposed for election/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 2023.

The list of directors who have served on the boards of the Company's subsidiaries during the Year and up to the Report Date 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 133 to 140 of this Annual Report. Directors' other particulars are contained in this Report and elsewhere in this Annual Report.

DIRECTORS' SERVICE CONTRACTS

None of the retiring Directors proposed for election/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.

Report of the Directors

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 terms 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.

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 2023, the management and other service fees paid or payable by the Group to Ascott amounted to RMB4,871,000 (equivalent to approximately HK\$5,442,000).

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.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

2. 2020 Commercial Letting Framework Agreement

The Company, LSG, eSun, Lai Fung (collectively, “**Lai Sun Group**”) and Media Asia Group Holdings Limited (“**MAGHL**”, withdrawn listing from GEM of the Stock Exchange in March 2023) 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 and MAGHL entered into the 2020 Commercial Letting Framework Agreement dated 31 July 2020 to govern the Transactions constituting their respective CCTs for a period of three years commencing on 1 August 2020 and expiring on 31 July 2023.

Pursuant to the announcement made by the Lai Sun Group on 31 July 2020, the Company 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, HK\$12,100,000 and HK\$8,400,000 for the respective financial years ended 31 July 2021, 2022 and 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, HK\$10,900,000 and HK\$12,100,000 for the respective financial years ended 31 July 2021, 2022 and 2023.

Report of the Directors

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

2. 2020 Commercial Letting Framework Agreement (continued)

As lessor:

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

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

For the financial year ended 31 July 2023, in respect of the Transactions:

- (i) total value of the newly recognised right-of-use assets amounted to HK\$2,298,000;
- (ii) licensing and other fees other than the fixed rental payments paid or payable by the Group amounted to HK\$3,277,000; and
- (iii) annual rental, licensing fees and/or other fees received or receivable by the Group amounted to HK\$10,714,000.

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.

According to the Yu Shareholders’ disclosures of interests in eSun, the Yu Shareholders held over 10% of the issued share capital of eSun during the period from 30 May 2022 to 26 March 2023 (“**Relevant Period**”). Hence, eSun became a connected subsidiary of the Company pursuant to Rule 14A.16(1) of the Listing Rules, and was a connected person of the Company. While the terms of the 2020 Commercial Letting Framework Agreement remained unchanged, during the period from 30 May 2022 to 26 March 2023, the transactions thereunder had become CCTS of the Company under Chapter 14A of the Listing Rules.

Due to the Yu Shareholders having become substantial shareholders of eSun during the Relevant Period, the actual transaction amount for the financial year ended 31 July 2023 under the 2020 Commercial Letting Framework Agreement as recorded by LSD as a lessor (being the rental income) of its connected persons exceeded the corresponding annual cap of HK\$6.1 million by approximately HK\$4.6 million.

As announced on 31 July 2023, the annual cap as set out in the announcement made by the Lai Sun Group on 31 July 2020 were determined at the time that eSun was not a connected subsidiary of the Company and LSG due to the Yu Shareholders’ interests in eSun (which was less than 10% of the issued share capital of eSun). Further details are set out in the Company’s announcement dated 31 July 2023.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

3. Cheung Sha Wan Cinema Lease

As announced by the Company and LSG on 31 July 2023, on 26 November 2018, Multiplex Cinema Limited (“**Lessee**”), an indirect 95%-owned subsidiary of eSun, and the Company entered into the lease (“**Cinema Lease**”) for certain premises in Lai Sun Commercial Centre, for a fixed term of four years from 26 November 2018 to 25 November 2022 (both days inclusive) (“**Fixed Term**”). On 26 November 2022, pursuant to the terms of the Cinema Lease, the Lessee renewed such lease for a further term of three years (“**First Renewal Term**”), which shall expire on 25 November 2025, and the Lessee has the option to renew the Cinema Lease for another further term of three years from the expiration of the First Renewal Term. The maximum total lease term is therefore ten years.

The Company from the perspective of a lessor has recognised the rental payments under the Cinema Lease as their rental income over the term thereof. For the period from 1 August 2022 to 26 March 2023, the actual transaction amount recorded by the Company as lessor under the Cinema Lease was approximately HK\$4,416,000, which consisted of:

	HK\$
For the period from 1 August 2022 to 25 November 2022	2,467,000
For the period from 26 November 2022 to 26 March 2023	<u>1,949,000[#]</u>
For the period from 1 August 2022 to 26 March 2023	<u>4,416,000</u>

According to the Yu Shareholders’ disclosures of interests in eSun, the Yu Shareholders held over 10% of the issued share capital of eSun during the period from 30 May 2022 to 26 March 2023. Hence, eSun became a connected subsidiary of the Company pursuant to Rule 14A.16(1) of the Listing Rules, and was a connected person of the Company. Whilst the terms of the Cinema Lease remained unchanged, during the period from 30 May 2022 to 26 March 2023, the transactions thereunder had become CCTs of the Company under Chapter 14A of the Listing Rules. No annual caps were set for the Company as lessor in respect of the transactions for the period from 1 August 2022 to 25 November 2022 under such pre-existing agreement.

[#] *Since the annual transaction amount for the annual rental income receivable by the Group as lessor is less than HK\$3,000,000, the transactions constitute fully exempt CCTs under Listing Rule 14A.76, and are not subject to, amongst others, annual review requirements under the Listing Rules.*

Report of the Directors

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

4. Financial Assistance Framework Agreements

As announced by the Company and LSG on 9 September 2022, the Company entered into the LSG-LSD Framework Agreement with LSG in respect of financial assistance to be provided by LSG Lender Group Companies to LSD Borrower Group Companies from time to time for an initial term of three years commencing from 1 January 2023 and expiring on 31 December 2025. On 9 September 2022, the Company entered into the LSD-eSun Framework Agreement and the LSD-LF Framework Agreement respectively with eSun and LF in respect of financial assistance to be provided by LSD Lender Group Companies to eSun Borrower Group Companies and LF Borrower Group Companies, respectively, from time to time. Each of the two LSD Financial Assistance Framework Agreements is for an initial term of three years commencing from 1 January 2023 and expiring on 31 December 2025.

The two LSD Financial Assistance Framework Agreements and the Intercompany Loan Transactions contemplated thereunder, had constituted CCTs of the Company under Chapter 14A of the Listing Rules.

Pursuant to the announcement made by the Company on 9 September 2022, the Company had set the following annual caps:

- (i) the LSD-eSun Annual Caps for the LSD-eSun Loan Transactions contemplated under the LSD-eSun Framework Agreement are HK\$90,000,000 for the financial year ended 31 July 2023, HK\$190,000,000, HK\$360,000,000 and HK\$485,000,000 for the respective financial years ending 31 July 2024, 2025 and 2026; and
- (ii) the LSD-LF Annual Caps for the LSD-LF Loan Transactions contemplated under the LSD-LF Framework Agreement are HK\$1,000,000,000 for the financial year ended 31 July 2023, HK\$3,000,000,000, HK\$3,000,000,000 and HK\$3,000,000,000 for the respective financial years ending 31 July 2024, 2025 and 2026.

For the year ended 31 July 2023, there is no transaction under these Financial Assistance Framework Agreements.

Details of the Financial Assistance Framework Agreements are set out in the announcement dated 9 September 2022 jointly published by the Company and LSG.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

5. 2023 Commercial Letting Framework Agreement

As announced on 31 July 2023, the Lai Sun Group entered into the 2023 commercial letting framework agreement (“**2023 Commercial Letting Framework Agreement**”) for the transaction with regard to the letting and/or licensing of premises for office space, warehouse, commercial properties, car parking spaces, advertising spaces and other premises within members of the Lai Sun Group (“**Transaction**”) and the Transactions constituting their respective CCTs for a period of three years commencing on 1 August 2023 and expiring on 31 July 2026.

Pursuant to the announcement made by the Lai Sun Group on 31 July 2023, 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\$16,000,000, HK\$15,000,000 and HK\$14,000,000 for the respective financial years ending 31 July 2024, 2025 and 2026; and
- (ii) the annual caps for licensing and other fees other than the fixed rental payments in respect of the Transactions are HK\$5,000,000 for each of the respective financial years ending 31 July 2024, 2025 and 2026.

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\$22,000,000, HK\$23,000,000 and HK\$26,000,000 for the respective financial years ending 31 July 2024, 2025 and 2026.

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

The Company will comply with the requirements under the connected transactions rules of the Listing Rules if any cap is exceeded, or when the 2023 Commercial Letting Framework Agreement is renewed or there are material changes to the provisions of the 2023 Commercial Letting Framework Agreement.

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.

Report of the Directors

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

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 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 as set out in (1) and (2) above, and the disclosed CCTs under the pre-existing Cheung Sha Wan Cinema Lease during the period from 1 August 2022 to 25 November 2022 as set out in (3) above;

- (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, except for the annual rental, licensing fees and/or other fees receivable by the Group in respect of the CCT listed in (3), which exceeded the cap by approximately HK\$4,614,000.

In respect of the pre-existing Cheung Sha Wan Cinema Lease entered into prior to eSun becoming a connected subsidiary (and therefore a connected person) of the Company as a result of the Yu Shareholders becoming connected persons of each of the Company and eSun, no annual caps were set for the Company as lessor in respect of such transactions.

In addition, during the Year, there were sharing of corporate salaries and administrative expenses on a cost basis allocated from and to the Group, the LSG Group, the eSun Group and the Lai Fung Group. These 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 Report Date, 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. Julius Lau, Madam U, Mr. Lester Lam, Mr. Sam Cheung (from 1 August 2023) and Mr. FA Chew (up to 30 September 2023) (together, "**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.

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.

Report of the Directors

SHARE OPTION SCHEMES

(1) The Company

At the annual general meeting of the Company held on 16 December 2022, the shareholders of the Company approved the adoption of a new share option scheme ("**2022 Share Option Scheme**"). The 2022 Share Option Scheme has also approved by the shareholders of LSG at its annual general meeting on 16 December 2022. The share option schemes adopted by the Company on 22 December 2006 ("**2006 Share Option Scheme**") and 11 December 2015 ("**2015 Share Option Scheme**") terminated when the 2022 Share Option Scheme was adopted on 16 December 2022 and became effective on 19 December 2022 ("**Effective Date**"). The number of shares available for grant under the 2015 Share Option Scheme at the beginning of the year ended 31 July 2023 was 39,302,738 Shares, representing approximately 4.06% of the shares then in issue. No further share options will be granted under the 2006 Share Option Scheme and the 2015 Share Option Scheme but the subsisting options granted prior to its termination will continue to be valid and exercisable in accordance with the terms of the 2006 Share Option Scheme and the 2015 Share Option Scheme.

The purpose of the 2022 Share Option Scheme is to recognise the contribution or future contribution of the Eligible Participants (as defined in the 2022 Share Option Scheme) for their contribution 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 Group and the Related Entities (as defined in the 2022 Share Option Scheme). Eligible Participants include but not limited to the Directors, chief executive, employees of the Group and related entity and the service providers of the Group. The 2022 Share Option Scheme shall strengthen the many long-term relationships that the Eligible Participants may have with the Group. Unless otherwise cancelled or amended, the 2022 Share Option Scheme will remain in force for 10 years from the Effective Date.

The principal terms of the 2022 Share Option Scheme are set out in the circular of the Company dated 17 November 2022. The number of shares available for grant under the 2022 Share Option Scheme as at the Effective Date and the end of the financial year for the year ended 31 July 2023 was 96,888,588 shares (representing 6.67% of the Company's issued shares as at 31 July 2023). The service provider sublimit as at the Effective Date and the end of the financial year for the year ended 31 July 2023 was 9,688,858 shares (representing 0.67% of the Company's issued shares as at 31 July 2023).

On 30 January 2023, the Company issued and allotted 484,442,943 Rights Shares pursuant to the completion of the 1-to-2 rights issue of the Company ("**Rights Issue**").

During the Year, 486,452 options, 2,432,259 options, 4,864,519 options, 969,854 options granted to the Directors, namely, Dr. Lam Kin Ngok, Peter, Mr. Lau Shu Yan, Julius, Mr. Lam Hau Yin, Lester and Mr. Lee Tze Yan, Ernest and 1,308,905 options granted to certain eligible participants, respectively under the 2006 Share Option Scheme expired on 18 January 2023 and 26 July 2023, and no share options had been granted under the 2022 Share Option Scheme and all its old share options schemes. Accordingly, there were no shares of the Company that might be issued in respect of share options granted under all share option schemes of the Company during the Year.

As at 31 July 2023, share options comprising a total of 896,604 underlying Shares, representing 193,176 share options granted under the 2006 Share Option Scheme and 703,428 share options granted under the 2015 Share Option Scheme were outstanding, representing approximately 0.06% of the shares currently in issue.

SHARE OPTION SCHEMES (CONTINUED)

(1) The Company (continued)

Particulars of the outstanding options granted under the 2006 Share Option Scheme and the 2015 Share Option Scheme at the beginning and at the end of the financial period are as follows:

Name and category of participants	Date of grant of options	Number of underlying Shares comprised in share options						Outstanding at 31/07/2023	Exercisable period of share options	Exercise price of share options prior the Rights Issue HK\$ per Share	Adjusted Exercise price of share options after the Rights Issue HK\$ per Share
		Outstanding at 01/08/2022	Adjusted after the Rights Issue	Granted during the Year	Exercised during the Year	Lapsed during the Year	Outstanding at 31/07/2023				
Directors											
Lam Kin Ngok, Peter (Note 3)	18/01/2013	486,452	—	—	—	(486,452)	—	18/01/2013 - 17/01/2023	13.811	N/A	
Lau Shu Yan, Julius (Note 4)	18/01/2013	2,432,259	—	—	—	(2,432,259)	—	18/01/2013 - 17/01/2023	13.811	N/A	
Lam Hau Yin, Lester (Note 5)	18/01/2013	4,864,519	—	—	—	(4,864,519)	—	18/01/2013 - 17/01/2023	13.811	N/A	
Lee Tze Yan, Ernest (Note 6)	18/01/2013	969,854	—	—	—	(969,854)	—	18/01/2013 - 17/01/2023	13.811	N/A	
Subtotal:		8,753,084	—	—	—	(8,753,084)	—				
Other employee participants (Note 7)											
	18/01/2013	1,212,318	—	—	—	(1,212,318)	—	18/01/2013 - 17/01/2023	13.811	N/A	
	26/07/2013	96,985	96,587	—	—	(96,587)	—	26/07/2013 - 25/07/2023	9.650	9.689	
	21/01/2015	193,971	193,176	—	—	—	193,176	21/01/2015 - 20/01/2025	7.163	7.192	
	22/01/2016	69,940	69,652	—	—	—	69,652	22/01/2016 - 21/01/2026	4.032	4.048	
	20/01/2017	69,940	69,652	—	—	—	69,652	20/01/2017 - 19/01/2027	6.991	7.019	
	26/01/2021	256,449	255,395	—	—	—	255,395	26/01/2021 - 25/01/2031	5.455	5.476	
	25/01/2022	310,000	308,729	—	—	—	308,729	25/01/2022 - 24/01/2032	4.380	4.397	
Subtotal:		2,209,603	993,191	—	—	(1,308,905)	896,604				
Total:		10,962,687	993,191	—	—	(10,061,989)	896,604				

Report of the Directors

SHARE OPTION SCHEMES (CONTINUED)

(1) The Company (continued)

Notes:

1. *The share options 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 similar changes in the Company's share capital.*
3. *The 486,452 share options of Dr. Lam Kin Ngok, Peter was expired on 18 January 2023.*
4. *The 2,432,259 share options of Mr. Lau Shu Yan, Julius was expired on 18 January 2023.*
5. *The 4,864,519 share options of Mr. Lam Hau Yin, Lester was expired on 18 January 2023.*
6. *The 969,854 share options of Mr. Lee Tze Yan, Ernest was expired on 18 January 2023*
7. *Other employee participants including the employees of the Group.*

Save as disclosed above, no share options were granted, exercised, cancelled, or lapsed in accordance with the terms of the 2006 Share Option Scheme, the 2015 Share Option Scheme and the 2022 Share Option Scheme during the Year.

Subsequent to the Year, a share option comprising 179,262 underlying Shares granted to certain eligible participants under the 2015 Share Option Scheme lapsed in August 2023.

Details of the 2006 Share Option Scheme, the 2015 Share Option Scheme and the 2022 Share Option Scheme are set out in note 41 to the financial statements.

(2) eSun

On 11 December 2015, eSun adopted a share option scheme ("**2015 eSun Share Option Scheme**") which became effective on 23 December 2015 and should remain in force for 10 years from its adoption date. The maximum number of eSun's ordinary shares of HK\$0.50 each ("**eSun Shares**") issuable pursuant to the 2015 eSun Share Option Scheme is 124,321,216, being 10% of the total issued eSun Shares on the date of the approval of the 2015 eSun Share Option Scheme.

Upon the closing of eSun's offers on 22 August 2018, all outstanding share options granted under the 2015 eSun Share Option Scheme had been cancelled. On 21 January 2022, eSun granted share options under the 2015 eSun Share Option Scheme to the eligible participants to subscribe for a total of 1,500,000 underlying eSun Shares (equivalent to approximately 0.10% of the total issued eSun Shares as at that date (i.e. 1,491,854,598)) at the exercise price of HK\$0.50 per eSun Share with the exercise period from 21 January 2022 to 20 January 2032.

The 2015 eSun Share Option Scheme was terminated and a new share option scheme ("**2022 eSun Share Option Scheme**") was adopted by eSun's shareholders ("**eSun Shareholders**") at its annual general meeting held on 16 December 2022. The 2022 eSun Share Option Scheme has also been approved by shareholders of both the Company and LSG at their respective annual general meetings held on the same date and became effective on 19 December 2022 ("**eSun Effective Date**").

SHARE OPTION SCHEMES (CONTINUED)

(2) eSun (continued)

The number of eSun Shares available for grant under the 2015 eSun Share Option Scheme at the beginning of the financial year ended 31 July 2023 was 122,821,216. Following termination of the 2015 eSun Share Option Scheme, no further share options will be granted thereunder but the outstanding share options granted prior to the termination will continue to be valid and exercisable in accordance with the terms of the 2015 eSun Share Option Scheme.

Unless otherwise cancelled or amended, the 2022 eSun Share Option Scheme will remain in force for 10 years from the eSun Effective Date, which will expire on 19 December 2032. The principal terms of the 2022 eSun Share Option Scheme are set out in the circular of eSun dated 17 November 2022. The maximum number of eSun Shares issuable and the service provider sublimit pursuant to the 2022 eSun Share Option Scheme were 149,185,459 and 14,918,545 Shares (being 10% and 1% of the total issued eSun Shares) as at the eSun Effective Date and (being 8.50% and 0.85% of the total issued eSun Shares) as at the end of the financial year ended 31 July 2023 respectively.

The purpose of the 2022 eSun Share Option Scheme is to recognise the contribution or future contribution of the Eligible Participants (as defined in the 2022 eSun Share Option Scheme) for their contribution to the eSun 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 eSun Group and the related entities. The 2022 eSun Share Option Scheme shall strengthen the many long-term relationships that the Eligible Participants may have with the eSun Group. Eligible Participants include but not limited to the directors, chief executives, employees and service providers of the eSun Group as well as the related entity participants (as defined in the 2022 eSun Share Option Scheme).

During the Year, no share options had been granted under the 2015 eSun Share Option Scheme and the 2022 eSun Share Option Scheme. Accordingly, there were no eSun Shares that might be issued in respect of share options granted under all share option schemes of eSun during the Year.

As at 31 July 2023, share options comprising a total of 1,500,000 underlying eSun Shares (representing approximately 0.085% of the total issued eSun Shares as at that date (i.e. 1,755,876,866)) granted under the 2015 eSun Share Option Scheme were outstanding and no further share options can be granted under the 2015 eSun Share Option Scheme upon its termination on 16 December 2022. Therefore, a total number of 150,685,459 eSun Shares are available for issue under the share option schemes of eSun, representing approximately 8.58% of the total issued eSun Shares as at that date.

Report of the Directors

SHARE OPTION SCHEMES (CONTINUED)

(2) eSun (continued)

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

Category of grantees	Date of grant (Note 1)	Number of underlying eSun Shares comprised in eSun share options					Outstanding at 31/07/2023	Exercisable period	Exercisable price per eSun Share (HK\$) (Note 2)
		Outstanding at 01/08/2022	Granted during the Year	Exercised during the Year	Lapsed during the Year	Outstanding at 31/07/2023			
Employees and other eligible participants									
Employees	21/01/2022	400,000	—	—	—	400,000	21/01/2022 - 20/01/2032	0.50	
Other eligible participants	21/01/2022	1,100,000	—	—	—	1,100,000	21/01/2022 - 20/01/2032	0.50	
Total:		1,500,000	—	—	—	1,500,000			

Notes:

1. The eSun share options were vested on the date of grant.
2. The exercise price of the eSun share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in eSun's share capital.

Save as disclosed above, no eSun share options were granted, exercised, cancelled, or lapsed in accordance with the terms of the 2015 eSun Share Option Scheme and the 2022 eSun Share Option Scheme during the Year.

A share option granted to an eligible participant under the 2015 eSun Share Option Scheme on 21 January 2022 comprising 800,000 underlying eSun Shares lapsed on 15 August 2023. As at the Report Date, share options to subscribe for a maximum of 149,185,459 eSun Shares could be granted under the 2022 eSun Share Option Scheme, together with the 700,000 underlying eSun Shares comprised in the share options granted under the 2015 eSun Share Option Scheme and remained outstanding as at the Report Date, a total number of 149,885,459 eSun Shares are available for issue under the share option schemes of eSun, representing approximately 8.54% of the total issued eSun Shares as at the Report Date.

Further details of the 2015 eSun Share Option Scheme and the 2022 eSun Share Option Scheme are set out in note 41 to financial statements.

SHARE OPTION SCHEMES (CONTINUED)

(3) Lai Fung

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

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

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

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

Report of the Directors

SHARE OPTION SCHEMES (CONTINUED)

(3) Lai Fung (continued)

The movement of Lai Fung share options granted under the 2012 Lai Fung Share Option Scheme during the Year is as follows:

Name or category of grantees	Date of grant (Note 1)	Number of underlying Lai Fung Shares comprised in Lai Fung share options					Outstanding at 31/07/2023	Exercisable period	Exercisable price per Lai Fung Share (HK\$) (Note 2)
		Outstanding at 01/08/2022	Granted during the Year	Exercised during the Year	Lapsed during the Year				
Directors of Lai Fung									
Lam Hau Yin, Lester	18/01/2013	3,219,182	—	—	(3,219,182)	—	18/01/2013 - 17/01/2023	11.40	
Cheng Shin How	18/01/2013	643,836	—	—	(643,836)	—	18/01/2013 - 17/01/2023	11.40	
Lee Tze Yan, Ernest	18/01/2013	640,000	—	—	(640,000)	—	18/01/2013 - 17/01/2023	11.40	
Subtotal:		4,503,018	—	—	(4,503,018)	—			
Other employee participants									
	18/01/2013	1,381,918 (Note 3)	—	—	(1,381,918) (Note 3)	—	18/01/2013 - 17/01/2023	11.40	
	26/07/2013	60,000	—	—	(60,000)	—	26/07/2013 - 25/07/2023	9.50	
	16/01/2015	120,000	—	—	(60,000)	60,000	16/01/2015 - 15/01/2025	8.00	
	19/01/2018	150,000	—	—	—	150,000	19/01/2018 - 18/01/2028	13.52	
	22/01/2019	260,000	—	—	—	260,000	22/01/2019 - 21/01/2029	10.18	
	22/01/2021	60,000	—	—	—	60,000	22/01/2021 - 21/01/2031	7.364	
	21/01/2022	240,000	—	—	(180,000)	60,000	21/01/2022 - 20/01/2032	5.75	
Subtotal:		2,271,918	—	—	(1,681,918)	590,000			
Related entity participants									
	18/01/2013	1,325,754 (Note 4)	—	—	(1,325,754) (Note 4)	—	18/01/2013 - 17/01/2023	11.40	
	26/07/2013	100,000	—	—	(100,000)	—	26/07/2013 - 25/07/2023	9.50	
	19/01/2018	40,000	—	—	—	40,000	19/01/2018 - 18/01/2028	13.52	
	21/01/2022	200,000	—	—	—	200,000	21/01/2022 - 20/01/2032	5.75	
Subtotal:		1,665,754	—	—	(1,425,754)	240,000			
Total:		8,440,690	—	—	(7,610,690)	830,000			

SHARE OPTION SCHEMES (CONTINUED)

(3) Lai Fung (continued)

Notes:

1. *The Lai Fung share options vested on the date of grant.*
2. *The exercise price of the Lai Fung 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. *Dr. Lam Kin Ngok, Peter (a substantial shareholder of Lai Fung within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong) was granted a share option to subscribe for a total of 321,918 Lai Fung Shares on 18 January 2013. Such share option lapsed in accordance with the terms of the 2012 Lai Fung Share Option Scheme on 18 January 2023. Dr. Lam Kin Ngok, Peter was appointed an executive director of Lai Fung on 2 June 2023.*
4. *Mr. Lau Shu Yan, Julius, a director of the Company was granted a share option to subscribe for a total of 965,754 Lai Fung Shares on 18 January 2013. Such share option lapsed in accordance with the terms of the 2012 Lai Fung Share Option Scheme on 18 January 2023.*

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

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

Further details of the 2012 Lai Fung Share Option Scheme and the 2022 Lai Fung Share Option Scheme are set out in note 41 to the financial statements.

(4) MAGHL

At the annual general meeting of Media Asia Group Holdings Limited ("**MAGHL**", a company listed on GEM of the Stock Exchange ("**GEM**") and a subsidiary of eSun since 9 June 2011) held on 16 December 2022, the shareholders of MAGHL approved the adoption of a new share option scheme ("**2022 MAGHL Share Option Scheme**") to replace the share option scheme adopted by MAGHL on 18 December 2012 ("**2012 MAGHL Share Option Scheme**") which was due to expire on 17 December 2022. The adoption of the 2022 MAGHL Share Option Scheme by MAGHL has also been approved by shareholders of each of the Company, LSG and eSun at their respective annual general meetings held on the same date.

No share options have been granted under the 2012 MAGHL Share Option Scheme since its adoption until its expiry.

Report of the Directors

SHARE OPTION SCHEMES (CONTINUED)

(4) MAGHL (continued)

The purpose of the 2022 MAGHL Share Option Scheme is to recognise the contribution or future contribution of the eligible participants (“**MAGHL Eligible Participants**”, as defined in the 2022 MAGHL Share Option Scheme) for their contribution to MAGHL and its subsidiaries (“**MAGHL Group**”) by granting share options to them as incentives or rewards and to attract, retain and motivate high-calibre MAGHL Eligible Participants in line with the performance goals of MAGHL Group and its related entities; and strengthen the many long-term relationships that MAGHL Eligible Participants may have with the MAGHL Group. MAGHL Eligible Participants include but not limited to the directors, chief executive, employees and service providers of MAGHL Group as well as the related entity participants (as defined in the 2022 MAGHL Share Option Scheme).

The 2022 MAGHL Share Option Scheme which became effective on 19 December 2022 (“**MAGHL Effective Date**”) would remain in force for 10 years from MAGHL Effective Date. The principal terms of the 2022 MAGHL Share Option Scheme are set out in the circular of MAGHL dated 31 October 2022. The maximum number of MAGHL’s ordinary shares of HK\$0.10 each (“**MAGHL Shares**”) issuable and MAGHL’s service provider sublimit pursuant to the 2022 MAGHL Share Option Scheme were 298,631,401 and 29,863,140 MAGHL Shares (being 10% and 1% of the total number of the issued MAGHL Shares) as at MAGHL Effective Date.

No share options had been granted under the 2022 MAGHL Share Option Scheme since its adoption. As the listing of MAGHL Shares on GEM was withdrawn at 4:00 p.m. on 20 March 2023, the 2022 MAGHL Share Option Scheme was terminated thereafter with the approval of MAGHL’s board of directors and sole member respectively.

DIRECTORS' INTERESTS

The following Directors and the chief executive of the Company who held office on 31 July 2023 and their respective close associates (as defined in the Listing Rules) were interested or were deemed to be interested in the following interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (“SFO”)) on that date (a) as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they were taken or deemed to have under such provisions of the SFO); or (b) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO (“**Register of Directors and Chief Executive**”); or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Code of Practice for Securities Transactions by Directors and Designated Employees adopted by the Company (“**Securities Code**”); or (d) as known 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	975,907 (Note 2)	Nil	808,084,296 (Note 3)	Nil (Note 7)	809,060,203	55.67%
Chew Fook Aun	Beneficial owner/Owner of controlled corporations	Nil	Nil	1,831,500 (Note 5)	Nil	1,831,500	0.13%
Lau Shu Yan, Julius	Beneficial owner	592,875 (Note 6)	Nil	Nil	Nil (Note 7)	592,875	0.04%
Lam Hau Yin, Lester	Beneficial owner	Nil	Nil	Nil	Nil (Note 7)	Nil	N/A
Lee Tze Yan, Ernest	Beneficial owner	Nil	Nil	Nil	Nil (Note 7)	Nil	N/A
U Po Chu (Note 4)	Beneficial owner	60,567 (Note 4)	Nil	Nil	Nil	60,567	0.01%

Report of the Directors

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 2023 (i.e. 1,453,328,830 Shares).*

*On 30 January 2023, the Company issued and allotted 484,442,943 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 968,885,887 to 1,453,328,830.*

- (2) *Dr. Lam Kin Ngok, Peter subscribed 325,302 Rights Shares and his interest in the Company increased from 650,605 Shares to 975,907 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 257,694,765 Rights Shares and its interest in the Company increased from 515,389,531 Shares to 773,084,296 Shares after the completion of the Rights issue.*

LSG acquired 35,000,000 Shares of the Company through Joy Mind on the market on 19 July 2023, thereby increasing their shareholding interests in the Company from 773,084,296 Shares to 808,084,296 Shares.

*LSG, Zimba International and Joy Mind beneficially owned 808,084,296 Shares, representing approximately 55.60% of the issued share capital of the Company. Dr. Lam Kin Ngok, Peter was deemed to be interested in the same 808,084,296 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 8,718,829 Shares, representing approximately 0.60% of the issued share capital of the Company.*

Madam U Po Chu subscribed 20,189 Rights Shares and her interest in the Company increased from 40,378 Shares to 60,567 Shares after the completion of the Rights Issue.

- (5) *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 these 1,831,500 Shares.*

Subsequent to 31 July 2023 and as at the Report Date, Mr. Chew Fook Aun resigned as Deputy Chairman and NED on 1 October 2023.

- (6) *Mr. Lau Shu Yan, Julius subscribed 197,625 Rights Shares and his interest in the Company increased from 395,250 Shares to 592,875 Shares after the completion of the Rights Issue.*

- (7) *The 486,452 share options, the 2,432,259 share options, the 4,864,519 share options and the 969,854 share options 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 on 18 January 2013 expired on 18 January 2023.*

- (8) *Subsequent to 31 July 2023 and as at the Report Date, Mr. Luk Hon Man, was appointed an INED on 1 August 2023. He was interested in 3,300 Shares of the Company.*

DIRECTORS' INTERESTS (CONTINUED)

(2) Associated Corporations

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

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

Name of Director	Capacity	Personal interests	Family interests	Corporate interests	Other interests	Total interests	Approximate % of total interests to total issued LSG Shares (Note 1)
Lam Kin Ngok, Peter	Beneficial owner/Owner of controlled corporations	112,211,038 (Note 2)	Nil	258,168,186 (Note 3)	1,832,017 (Note 6)	372,211,241	42.14%
Chew Fook Aun	Beneficial owner	Nil	Nil	Nil	5,135,275 (Note 6)	5,135,275	0.58%
Lam Hau Yin, Lester	Beneficial owner	28,033,218 (Note 4)	Nil	Nil	6,519,095 (Note 6)	34,552,313	3.91%
U Po Chu	Beneficial owner	1,857,430 (Note 5)	Nil	Nil	Nil	1,857,430	0.21%

Notes:

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

On 3 January 2023, LSG issued and allotted 294,457,967 new ordinary shares pursuant to the 1-for-2 Rights Issue (“**LSG Rights Issue**”) and the total number of issued LSG Shares increased from 588,915,934 LSG Shares to 883,373,901 LSG Shares.

- (2) Dr. Lam Kin Ngok, Peter subscribed 37,403,679 LSG Rights Shares and his interest in LSG increased from 74,807,359 LSG Shares to 112,211,038 LSG Shares after the completion of the LSG Rights Issue.

- (3) Wisdoman subscribed 86,056,062 LSG Rights Shares and its interest in LSG increased from 172,112,124 LSG Shares to 258,168,186 LSG Shares after the completion of the LSG Rights Issue.

Report of the Directors

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 9,344,406 LSG Rights Shares and his interest in LSG increased from 18,688,812 LSG Shares to 28,033,218 LSG Shares after the completion of the LSG Rights Issue.
- (5) Madam U Po Chu subscribed 619,143 LSG Rights Shares and her interest in LSG increased from 1,238,287 LSG Shares to 1,857,430 LSG Shares after the completion of the LSG Rights Issue.
- (6) Share options were 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	425,033	19/06/2017 - 18/06/2027	11.763	448,197	11.155
	25/01/2022	1,312,300	25/01/2022 - 24/01/2032	3.874	1,383,820	3.673
Chew Fook Aun	19/06/2017	4,869,867	19/06/2017 - 18/06/2027	11.763	5,135,275*	11.155
Lam Hau Yin, Lester	19/06/2017	4,869,867	19/06/2017 - 18/06/2027	11.763	5,135,275	11.155
	25/01/2022	1,312,300	25/01/2022 - 24/01/2032	3.874	1,383,820	3.673

* Subsequent to 31 July 2023 and as at the Report Date, Mr. Chew Fook Aun resigned as Deputy Chairman and NED on 1 October 2023.

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	63.56% (Note 2)
Lam Hau Yin, Lester	Beneficial owner	2,794,443	Nil	Nil	Nil	2,794,443	0.16% (Note 3)

Notes:

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

The privatisation of Media Asia Group Holdings Limited (“MAGHL”) by way of a scheme of arrangement (“Scheme”) was became effective on 16 March 2023 and an aggregate of 264,022,268 shares in eSun (“eSun Consideration Shares”) were allotted and issued to the relevant Scheme shareholders on 27 March 2023. Accordingly, the total issued eSun Shares increased from 1,491,854,598 to 1,755,876,866, resulting the equity interest of the Company, and hence LSG, in eSun was diluted from approximately 74.62% to approximately 63.40%.

- (2) As at 31 July 2023, LSG was interested in 808,084,296 Shares in the Company, representing approximately 55.60% 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 63.40% 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 55.67% in the issued share capital of LSG and the Company, respectively.

Upon issue of eSun Consideration Shares, Dr. Lam Kin Ngok, Peter’s personal and deemed interest in eSun Shares decreased for 74.81% to 63.56%.

- (3) Upon issue of eSun Consideration Shares, Mr. Lam Hau Yin, Lester’s interest in eSun Shares decreased from 0.19% to 0.16%.

Report of the Directors

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 (Note 4)	Beneficial owner/Owner of controlled corporations	Nil	Nil	182,318,266 (Note 2)	Nil (Note 3)	182,318,266	55.08%
Lau Shu Yan, Julius	Beneficial owner	Nil	Nil	Nil	Nil (Note 3)	Nil	N/A
Lam Hau Yin, Lester	Beneficial owner	Nil	Nil	Nil	Nil (Note 3)	Nil	N/A
Lee Tze Yan, Ernest	Beneficial owner	Nil	Nil	Nil	Nil (Note 3)	Nil	N/A

Notes:

- (1) The percentage has compiled based on the total number of issued Lai Fung Shares as at 31 July 2023 (i.e. 331,033,443 Lai Fung Shares).
- (2) As at 31 July 2023, 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 55.67% personal (excluding underlying shares) and deemed interests in the issued share capital of LSG and the Company, respectively.
- (3) The 321,918 share options, the 965,754 share options, the 3,219,182 share options and the 640,000 share options were 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 on 18 January 2013 lapsed on 18 January 2023.
- (4) Dr. Lam Kin Ngok, Peter was appointed an executive director of Lai Fung on 2 June 2023.

DIRECTORS' INTERESTS (CONTINUED)

(2) Associated Corporations (continued)

- (iv) 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	USD12,500,000 ^{Note}

Note:

Dr. Lam Kin Ngok, Peter purchased USD1,500,000 and USD1,000,000 Lai Sun MTN Limited 5% guaranteed medium term notes on 24 May 2023 and 29 May 2023, respectively. During the Year, the principal amount was increased from USD10,000,000 to USD12,500,000.

Save as disclosed above, as at 31 July 2023, 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 Schemes" 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.

Report of the Directors

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS

As at 31 July 2023, 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	808,084,296 (Note 2)	55.60%
Lam Kin Ngok, Peter	Beneficial owner/Owner of controlled corporations	Personal and corporate	809,060,203 (Note 2)	55.67%
Yu Cheuk Yi	Beneficial owner	Personal	276,926,400 (Note 3)	19.05%
Yu Siu Yuk	Beneficial owner	Personal	276,926,400 (Note 3)	19.05%

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 2023 (i.e. 1,453,328,830 Shares).*
- (2) *LSG with Zimba International and Joy Mind subscribed 257,694,765 Rights Shares and its interest in the Company increased from 515,389,531 Shares to 773,084,296 Shares after the completion of the Rights Issue.*

Dr. Lam Kin Ngok, Peter subscribed 325,302 Rights Shares and his interest in the Company increased from 650,605 Shares to 975,907 Shares after the completion of the Rights Issue.

LSG acquired 35,000,000 Shares of the Company through Joy Mind or the market on 19 July 2023, thereby increasing their shareholding interests in the Company from 773,084,296 Shares to 808,084,296 Shares.

LSG and two of its wholly-owned subsidiaries, namely Zimba International and Joy Mind beneficially owned 808,084,296 Shares, representing approximately 55.60% of the issued share capital of the Company. Dr. Lam Kin Ngok, Peter was deemed to be interested in the same 808,084,296 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 276,926,400 Shares (19.05%), based on the total number of issued Shares (i.e. 1,453,328,830 Shares) according to shareholding shown in last Individual Substantial Notice (Form 1) filed for an event on 23 March 2023.*

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 2023, 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

LSD Bonds (2017) Limited, a wholly-owned subsidiary of the Company, issued the US\$400,000,000 4.6% guaranteed notes due 13 September 2022 ("**LSD Guaranteed Notes**") in September 2017.

The maturity amount and interest amount of the LSD Guaranteed Notes due was fully paid on the maturity date of 13 September 2022.

Lai Fung Bonds (2018) Limited ("**LF Bonds**", a wholly-owned subsidiary of Lai Fung) issued the US\$350,000,000 5.65% guaranteed notes due 2023 ("**LF Guaranteed Notes**") on 18 January 2018.

On 12 August 2022, LF Bonds repurchased the LF Guaranteed Notes in a principal amount of US\$3,500,000, for an aggregate consideration (with accrued interest) of approximately US\$3,235,000 (equivalent to approximately HK\$25,365,000) in the open market. On 18 January 2023, LF Bonds fully redeemed its outstanding LF Guaranteed Notes at principal amount upon maturity.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 July 2023.

Report of the Directors

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.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the public float of the Company complies with the minimum percentage requirement of 25% as prescribed by Rule 8.08(1)(a) of the Listing Rules during the Year, upon completion of the rights issue in January 2023 and up to the Report Date.

PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 July 2023 are set out in note 50 to the financial statements.

CHARITABLE CONTRIBUTIONS

During the Year, the Group made charitable contributions totalling approximately HK\$5,067,000.

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 less than 30% of the Group's total purchases for the Year.

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

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years is set out in the "Summary of Financial Information" of this Annual Report on pages 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 107 to 132.

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.

Mr. Luk Hon Man was appointed an INED of the Company subsequent to the year end on 1 August 2023.

EQUITY-LINKED AGREEMENTS

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

REVIEW BY AUDIT COMMITTEE

The Audit Committee of the Company ("**Audit Committee**") comprises 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

Lam Kin Ngok, Peter

Chairman and Executive Director

Hong Kong

20 October 2023

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 2022/2023

Annual results announcement	20 October 2023
Latest time and date for lodging transfer documents with the share registrar to ascertain entitlement to attending and voting at the 2023 annual general meeting ("AGM")	4:30 p.m. on 11 December 2023
2023 AGM	15 December 2023

For Financial Year 2023/2024

Interim results announcement	on or before 31 March 2024
Annual results announcement	on or before 31 October 2024

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 2022-2023 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 15 December 2023. 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 2023. Notice of the AGM and the proxy form are also available on the Company's website.

Independent Auditor's Report



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

OPINION

We have audited the consolidated financial statements of Lai Sun Development Company Limited (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 179 to 360, which comprise the consolidated statement of financial position as at 31 July 2023, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 July 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the 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.

Independent Auditor's Report

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
<i>Impairment of a hotel property located in Hong Kong</i>	
<p>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 2023 were approximately HK\$2,838 million and HK\$1,380 million, respectively. Significant judgements and assumptions, including those related to cash flow projections, such as the estimated average daily room rates, estimated occupancy rates 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 to determine the recoverable amount of the HK Hotel.</p> <p>Related disclosures are disclosed in notes 3, 14 and 16 to the consolidated financial statements.</p>	<p>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 estimated average daily room rates, estimated occupancy rates 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.</p>
<i>Estimation of fair values of investment properties</i>	
<p>Investment properties are stated at fair value. The carrying amount of investment properties as at 31 July 2023 was approximately HK\$35,752 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.</p> <p>Related disclosures are disclosed in notes 3 and 15 to the consolidated financial statements.</p>	<p>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.</p>

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
<i>Net realisable value assessment of properties under development and completed properties for sale</i>	
<p>The Group's properties under development and completed properties for sale are stated at the lower of cost and net realisable value. As at 31 July 2023, the carrying amounts of these properties under development and completed properties for sale were approximately HK\$5,377 million and HK\$4,352 million, respectively. During the year, write-down of approximately HK\$858 million and HK\$321 million were recognised in income statement against properties under development and completed properties for sale, respectively.</p> <p>Management's assessment of the net realisable value of these properties is based on the estimated selling prices and costs necessary to complete the development, if any, and to sell these properties. The assessment of certain properties has also made reference to the valuations carried out by the external valuers engaged by the Group. Significant judgements and assumptions are required to determine the net realisable value of the properties under development and completed properties for sale.</p> <p>Related disclosures are disclosed in notes 3, 17 and 30 to the consolidated financial statements.</p>	<p>Our audit procedures included, among others, (i) obtaining and reviewing management's assessments and/or the valuation reports prepared by the external valuers on which the management's assessment of the net realisable value of properties under development and completed properties for sale was based, on a sample basis; (ii) evaluating the external valuers' objectivity, independence and competency; and (iii) involving our internal valuation specialists to assist us in the assessment of the valuation methodologies applied and the key assumptions adopted in the valuations, including the estimated selling prices and costs necessary to complete the development by comparing with market available data and management's development budget, on a sample basis.</p>

Independent Auditor's Report

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 HKSAAs 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 HKSA's, 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.

Independent Auditor's Report

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

20 October 2023

Consolidated Income Statement

Year ended 31 July 2023

	Notes	2023 HK\$'000	2022 HK\$'000
TURNOVER	6	4,901,537	5,093,703
Cost of sales		(4,173,809)	(3,549,680)
Gross profit		727,728	1,544,023
Other revenue and gains	6	357,822	405,769
Selling and marketing expenses		(241,182)	(253,834)
Administrative expenses		(920,932)	(851,807)
Other operating expenses		(1,420,912)	(2,214,908)
Fair value (losses)/gains on investment properties, net	15	(812,687)	226,415
LOSS FROM OPERATING ACTIVITIES	7	(2,310,163)	(1,144,342)
Finance costs	8	(1,172,419)	(876,416)
Share of profits and losses of associates		(1,011)	2,040
Share of profits and losses of joint ventures		(10,346)	(42,036)
LOSS BEFORE TAX		(3,493,939)	(2,060,754)
Tax	11	59,227	(262,831)
LOSS FOR THE YEAR		(3,434,712)	(2,323,585)
Attributable to:			
Owners of the Company		(2,965,960)	(1,966,921)
Non-controlling interests		(468,752)	(356,664)
		(3,434,712)	(2,323,585)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	13		
Basic and diluted		(HK\$2.448)	(HK\$2.133)

Consolidated Statement of Comprehensive Income

Year ended 31 July 2023

	2023 HK\$'000	2022 HK\$'000
LOSS FOR THE YEAR	(3,434,712)	(2,323,585)
OTHER COMPREHENSIVE EXPENSE		
<i>Other comprehensive (expense)/income that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange realignments	(1,204,420)	(1,145,837)
Share of other comprehensive income/(expense) of associates	4,786	(5,680)
Share of other comprehensive income/(expense) of joint ventures	3,047	(9,927)
Release of exchange reserve upon dissolution and deregistration of subsidiaries	(11,118)	42,918
Reclassification of reserve upon return of capital from subsidiaries	(285)	29,965
	(1,207,990)	(1,088,561)
<i>Other comprehensive (expense)/income that will not be reclassified to profit or loss in subsequent periods:</i>		
Changes in fair values of financial assets at fair value through other comprehensive income	(12,481)	9,140
OTHER COMPREHENSIVE EXPENSE FOR THE YEAR	(1,220,471)	(1,079,421)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR	(4,655,183)	(3,403,006)
Attributable to:		
Owners of the Company	(3,586,869)	(2,706,995)
Non-controlling interests	(1,068,314)	(696,011)
	(4,655,183)	(3,403,006)

Consolidated Statement of Financial Position

31 July 2023

	Notes	2023 HK\$'000	2022 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	5,987,057	6,645,739
Right-of-use assets	16(a)	4,501,872	4,922,940
Investment properties	15	35,751,721	37,168,222
Film rights	18	24,366	19,162
Film and TV program products	19	61,059	61,174
Music catalogs	20	—	663
Goodwill	21	221,977	207,792
Other intangible assets	22	109,630	132,883
Investments in associates	23	323,694	236,613
Investments in joint ventures	24	6,807,047	6,826,143
Financial assets at fair value through other comprehensive income	25	1,690,582	1,710,095
Financial assets at fair value through profit or loss	26	895,902	906,513
Debtors	33	477,974	493,643
Deposits, prepayments, other receivables and other assets	28	595,936	721,772
Deferred tax assets	39	1,858	2,118
Pledged and restricted bank balances and time deposits	29	109,247	79,305
Total non-current assets		57,559,922	60,134,777
CURRENT ASSETS			
Properties under development	17	5,377,100	5,576,173
Completed properties for sale	30	4,351,917	5,847,757
Films and TV programs under production and film investments	31	306,142	317,109
Inventories		66,614	59,612
Financial assets at fair value through profit or loss	26	95,258	120,452
Derivative financial instruments	27	748	25,473
Debtors	33	349,699	403,293
Deposits, prepayments, other receivables and other assets	28	785,310	767,253
Prepaid tax		162,381	140,467
Pledged and restricted bank balances and time deposits	29	1,234,210	2,444,971
Cash and cash equivalents	29	3,678,957	5,056,442
Assets classified as held for sale	32	1,758	1,855
Total current assets		16,410,094	20,760,857

Consolidated Statement of Financial Position

31 July 2023

	Notes	2023 HK\$'000	2022 HK\$'000
CURRENT LIABILITIES			
Creditors, other payables and accruals	34	3,058,397	3,229,241
Deposits received, deferred income and contract liabilities	35	1,285,548	993,161
Lease liabilities	16(b)	245,039	275,181
Tax payable		496,557	564,934
Bank borrowings	37	6,000,821	1,525,333
Other borrowings	38	34,412	41,578
Guaranteed notes	36	—	5,869,298
Total current liabilities		11,120,774	12,498,726
NET CURRENT ASSETS			
		5,289,320	8,262,131
TOTAL ASSETS LESS CURRENT LIABILITIES			
		62,849,242	68,396,908
NON-CURRENT LIABILITIES			
Lease liabilities	16(b)	838,618	974,959
Bank borrowings	37	15,343,543	15,836,626
Other borrowings	38	284,006	281,152
Guaranteed notes	36	4,263,654	4,281,877
Deferred tax liabilities	39	4,152,881	4,865,562
Other payables and accruals	34	909,044	967,835
Long-term deposits received	35	195,670	201,397
Total non-current liabilities		25,987,416	27,409,408
		36,861,826	40,987,500
EQUITY			
Equity attributable to owners of the Company			
Share capital	40	6,240,082	5,463,477
Reserves	42	23,543,512	27,330,820
		29,783,594	32,794,297
Non-controlling interests		7,078,232	8,193,203
		36,861,826	40,987,500

Lau Shu Yan, Julius
Director

Lam Hau Yin, Lester
Director

Consolidated Statement of Changes in Equity

Year ended 31 July 2023

	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 (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	—	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(a))	235,153	—	—	—	—	—	—	—	—	235,153	—	235,153
Net proceeds from rights issue (note 40(a))	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	—
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

Consolidated Statement of Changes in Equity

Year ended 31 July 2023

	Attributable to owners of the Company										Total HK\$'000	
	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
At 1 August 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
Loss for the year	—	—	—	—	—	—	—	—	(2,965,960)	(2,965,960)	(468,752)	(3,434,712)
Other comprehensive (expense)/income that may be reclassified to profit or loss in subsequent periods:												
Exchange realignments	—	—	—	—	—	—	—	(608,128)	—	(608,128)	(596,292)	(1,204,420)
Share of other comprehensive income of associates	—	—	—	—	—	—	—	3,422	—	3,422	1,364	4,786
Share of other comprehensive income/(expense) of joint ventures	—	—	—	—	—	—	—	3,144	—	3,144	(97)	3,047
Release of exchange reserve upon dissolution and deregistration of subsidiaries	—	—	—	—	—	—	—	(6,194)	—	(6,194)	(4,924)	(11,118)
Reclassification of reserve upon return of capital from subsidiaries	—	—	—	—	—	—	—	(157)	—	(157)	(128)	(285)
Other comprehensive (expense)/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	—	(12,996)	—	—	—	—	—	—	—	(12,996)	515	(12,481)
Total comprehensive expense for the year	—	(12,996)	—	—	—	—	—	(607,913)	(2,965,960)	(3,586,869)	(1,068,314)	(4,655,183)
Net proceeds from rights issue (note 40(b))	776,605	—	—	—	—	—	—	—	—	776,605	—	776,605
Dividends paid to non-controlling interests of subsidiaries	—	—	—	—	—	—	—	—	—	—	(69,025)	(69,025)
Advance from a non-controlling interest of a subsidiary	—	—	—	—	—	—	—	—	—	—	4,318	4,318
Release of reserve upon lapse of share options	—	—	(41,703)	—	—	—	—	—	41,703	—	—	—
Release of reserve upon lapse of share options of a subsidiary	—	—	—	—	—	—	—	—	—	—	—	—
Transfer to statutory reserve	—	—	—	—	—	—	15,372	—	11,842	11,842	(11,842)	—
Dissolution of a subsidiary	—	—	—	—	—	219	—	—	(15,372)	—	—	—
Deemed disposal of a subsidiary (note 50(a))	—	—	—	—	—	(211,422)	—	—	(1,078)	(859)	859	—
Capital contributions from non-controlling interests of subsidiaries	—	—	—	—	—	—	—	—	—	(211,422)	8,724	(202,698)
At 31 July 2023	6,240,082	1,449,332*	1,810*	4,692*	646,700*	2,274,688*	71,240*	(813,018)*	19,908,068*	29,783,594	7,078,232	36,861,826

* These reserve accounts comprise the consolidated reserves of HK\$23,543,512,000 (2022: HK\$27,330,820,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 July 2023

	Notes	2023 HK\$'000	2022 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(3,493,939)	(2,060,754)
Adjustments for:			
Finance costs	8	1,172,419	876,416
Share of profits and losses of associates		1,011	(2,040)
Share of profits and losses of joint ventures		10,346	42,036
Fair value losses/(gains) on investment properties, net	15	812,687	(226,415)
Depreciation of property, plant and equipment	7	406,571	477,302
Depreciation of right-of-use assets	7	375,703	410,995
Impairment of property, plant and equipment	7	191,413	375,756
Impairment of right-of-use assets	7	5,202	46,037
Impairment of goodwill	7	—	36,101
(Gain)/loss on disposal/write-off of items of property, plant and equipment	7	(123)	158
Write-down of properties under development to net realisable value	7	858,000	310,187
Write-down of completed properties for sale to net realisable value	7	321,337	—
Amortisation of film rights	7	3,747	5,397
Amortisation of film and TV program products	7	35,641	10,076
Amortisation of music catalogs	7	663	2,461
Amortisation of other intangible assets	7	1,994	2,421
Impairment of films and TV programs under production	7	2,472	39,977
Impairment of other intangible assets	7	27,601	—
Write-off of other intangible assets		1,150	—
Impairment of debtors, net	7	(941)	17,966
Impairment of advances and other receivables	7	32,552	73,715
Impairment of amounts due from joint ventures	7	2,207	160
Impairment of inventories	7	2,544	4,191
Reversal of impairment of property, plant and equipment	7	(3,006)	—
Reversal of impairment of right-of-use assets	7	(7,687)	—
Write-back of impairment of advances and other receivables	28	(1,313)	(3,397)
Write-back of impairment of amounts due from associates	23	(639)	(61)
Fair value losses on financial assets at fair value through profit or loss, net	7	17,274	244,139
Fair value losses on financial liabilities at fair value through profit or loss		204	—
Gain on disposal of financial liabilities at fair value through profit or loss		(1,084)	—
(Gains)/losses on dissolution/deregistration of subsidiaries	7	(844)	42,917
Gain on termination of leases	16(c)	(1,222)	(366)
Fair value losses/(gains) on cross currency swaps	7	26,873	(34,247)
Fair value gains on foreign currency forward contract	7	(17)	—
Foreseeable loss on finance lease contract	7	—	1,558
Remeasurement of finance lease receivables	7	—	34,193
Derecognition loss on rental receivables	7	4,553	42,728

Consolidated Statement of Cash Flows

Year ended 31 July 2023

	Notes	2023 HK\$'000	2022 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES (continued)			
Gain on repurchase of guaranteed notes		(2,195)	—
Interest income	6	(170,560)	(117,890)
Interest income from finance lease contract	6	(19,533)	(21,995)
Rent concessions related to COVID-19	6	(1,790)	(58,737)
Other rent concessions	6	(999)	—
Dividend income from financial assets at fair value through other comprehensive income	6	(36,300)	(36,400)
Dividend income from financial assets at fair value through profit or loss		(837)	(312)
Fair value changes from film investments	7	4,614	(1,656)
Fair value changes from entertainment events organised by co-investors	7	(1,366)	(155)
Equity-settled share option expenses	7	—	1,869
Foreign exchange differences, net		(7,212)	167,554
Loss on disposal of an associate		—	82
		567,171	701,967
Increase in properties under development		(386,407)	(3,825,819)
Decrease in completed properties for sale		858,644	1,459,277
Decrease in assets classified as held for sale		—	3,369
Increase in inventories		(9,273)	(11,074)
Additions of films and TV programs under production	31	(64,199)	(204,177)
Decrease/(increase) in film investments		25,257	(28,576)
(Increase)/decrease in film and TV program products	19	(80)	92,245
Additions of film rights		(8,951)	(9,450)
Decrease/(increase) in debtors		28,780	(70,173)
Decrease in a financial asset at fair value through profit or loss		31	38,662
Decrease/(increase) in deposits, prepayments, other receivables and other assets		158,086	(364,227)
Increase/(decrease) in creditors, other payables and accruals		139,803	(628,818)
Increase/(decrease) in deposits received, deferred income and contract liabilities		62,411	(49,910)
Cash generated from/(used in) operations		1,371,273	(2,896,704)
Interest received		170,560	117,890
Interest paid on bank borrowings		(1,113,068)	(549,594)
Interest paid on guaranteed notes		(350,779)	(471,639)
Hong Kong profits tax paid, net		(25,637)	(30,454)
Mainland China taxes paid, net		(421,045)	(496,607)
Overseas taxes paid, net		(10,900)	(12,339)
Net cash flows used in operating activities		(379,596)	(4,339,447)

	2023	2022
	HK\$'000	HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of items of property, plant and equipment	(190,402)	(268,860)
Additions to investment properties	(303,562)	(643,814)
Deposits paid for additions to investment properties	(299)	(12,438)
Acquisition of financial assets at fair value through other comprehensive income	—	(12,654)
Acquisition of financial assets at fair value through profit or loss	(76,909)	(322,447)
Increase in financial liabilities at fair value through profit or loss	880	—
Proceeds from disposal of equity investment at fair value through other comprehensive income	49	899
Proceeds from disposal of financial assets at fair value through profit or loss	93,671	232,595
Proceeds from disposal of items of property, plant and equipment	2,738	310
Advances to associates	(70,637)	(36,425)
Acquisition of an associate	(4,613)	—
Repayment from associates	1,570	557
Dividend received from an associate	—	1,840
Advances to joint ventures	(180,379)	(296,923)
Investment in joint ventures	(25,001)	(28,346)
Repayment from joint ventures	212,986	509,993
Dividend received from a joint venture	—	60,000
Dividends received from financial assets at fair value through other comprehensive income	36,300	36,400
Dividends received from financial assets at fair value through profit or loss	837	312
Increase in derivative financial instruments	(731)	—
Decrease/(increase) in pledged and restricted bank balances and time deposits	1,062,608	(260,225)
Net cash flows from/(used in) investing activities	559,106	(1,039,226)

Consolidated Statement of Cash Flows

Year ended 31 July 2023

	Notes	2023 HK\$'000	2022 HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank borrowings raised		8,938,309	3,281,423
Repayment of bank borrowings		(4,726,859)	(4,472,839)
Bank financing charges		(36,590)	(26,598)
Lease payments	16(b)	(242,857)	(264,175)
Guaranteed notes issued		—	2,331,750
Guaranteed notes issue expenses		—	(20,263)
Redemption and repurchase of guaranteed notes		(5,876,038)	—
Decrease in put option liabilities		(32,250)	—
Repayment of other borrowings		(6,915)	—
Dividends paid to non-controlling interests of subsidiaries		(69,025)	(34,334)
Repayment to non-controlling interests of subsidiaries		—	(2,121)
Capital contributions from non-controlling interests of subsidiaries		20,309	63,440
Advance from a non-controlling interest of a subsidiary		4,318	—
Proceeds from issue of shares	40(a)	—	235,153
Net proceeds from rights issue	40(a), (b)	776,605	1,093,759
Deemed disposal of a subsidiary and acquisition of additional interests in a subsidiary	50(a)	(202,698)	—
Proceeds from issuance of shares of a subsidiary		—	48,735
Transaction costs of issuance of shares of a subsidiary		—	(698)
Net cash flows (used in)/from financing activities		(1,453,691)	2,233,232
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		5,056,442	8,284,797
Effect of foreign exchange rate changes, net		(103,304)	(82,914)
CASH AND CASH EQUIVALENTS AT END OF YEAR		3,678,957	5,056,442
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Non-pledged and non-restricted cash and bank balances		2,582,378	3,087,016
Non-pledged and non-restricted time deposits		1,096,579	1,969,426
Cash and cash equivalents as stated in the consolidated statement of financial position		3,678,957	5,056,442

Notes to Financial Statements

31 July 2023

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;
- production and distribution of films and TV programs;
- music production and publishing;
- management and production of concerts;
- artiste management;
- 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.

Notes to Financial Statements

31 July 2023

2.1 BASIS OF PREPARATION (CONTINUED)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 July 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

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

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

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

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

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

³ Effective for annual periods beginning on or after 1 January 2025

⁴ No mandatory effective date yet determined but available for adoption

⁵ As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

⁶ As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

⁷ An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of HKFRS 17

The Group is in the process of making an assessment of the impact of 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.

Notes to Financial Statements

31 July 2023

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.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill (continued)

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

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

Fair value measurement

The Group measures its investment properties, 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.

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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 or equipment and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. These include land held for a currently undetermined future use and properties which are constructed for future use as investment properties.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions as at the end of the reporting period. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of the retirement or disposal.

Properties under construction for future use as investment properties are accounted for in the same way as completed investment properties. Specifically, construction costs incurred for investment properties under construction are capitalised as part of the carrying amounts of the investment properties under construction. Investment properties under construction are measured at fair value as at the end of the reporting period. Any difference between the fair values of the investment properties under construction and their carrying amounts is recognised in the income statement in the period in which it arises.

If the fair value of an investment property under construction is at present not reliably determinable but is expected to be reliably determinable when construction is completed, such investment property under construction is stated at cost until either its fair value becomes reliably determinable or construction is completed, whichever is earlier.

A transfer from investment property under construction to property under development/construction in progress shall be made when, and only when, there is a change in use, evidenced by commencement of development with a view to sale/owner-occupation.

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.

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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.

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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.

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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.

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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 that there has been a significant increase in credit risk when contractual payments are more than 30 days past due unless the Group has reasonable and supportable information that demonstrates otherwise.

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

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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.

Notes to Financial Statements

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments

Initial recognition and subsequent measurement

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the income statement.

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

Inventories

Inventories comprise food, beverages, cutlery, linen, supplies used in hotel and restaurant operation, video products and gaming products, are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside 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

Notes to Financial Statements

31 July 2023

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax (continued)

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Dividend income derived from the Company's subsidiaries in Mainland China is subject to a withholding tax under the prevailing tax rules and regulations of the People's Republic of China (the "PRC").

Mainland China land appreciation tax ("LAT")

LAT is levied at prevailing progressive rates on the appreciation of land value, being the proceeds from the sale of properties less deductible costs.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the income statement by way of a reduced depreciation charge.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(a) *Sale of 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.

Notes to Financial Statements

31 July 2023

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 are expired; 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 the 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 and artiste management*

Advertising income and artiste management fee 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).

Notes to Financial Statements

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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.

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31 July 2023

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits

Share-based payments

The Group operates share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange 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:

Notes to Financial Statements

31 July 2023

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 estimated average daily room rates, estimated occupancy rates 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 2023 were approximately HK\$2,838 million (2022: HK\$2,971 million) and HK\$1,380 million (2022: HK\$1,436 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.

Notes to Financial Statements

31 July 2023

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment assessment of film rights, film and TV program products and films and TV programs under production

Film rights and 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, film rights 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 the 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, film rights 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 rights, film and TV program products and films and TV programs under production are disclosed in notes 18, 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 2023 was approximately HK\$35,752 million (2022: HK\$37,168 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 2023 was approximately HK\$1,576 million (2022: HK\$1,576 million).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

Estimation of net realisable value of properties under development and completed properties for sale

In determining the net realisable value of properties under development and completed properties for sale, management takes into consideration of (i) independent valuations by professional valuers; (ii) current market conditions; (iii) estimated selling prices of properties of a similar nature, conditions and locations; and (iv) estimated costs of completion and the estimated costs necessary to make the sale, if any. Write-down on properties under development and/or completed properties for sale to net realisable value is made if the estimated or actual net realisable value of properties under development and completed properties for sale is less than expected as a result of change in market condition.

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.

Notes to Financial Statements

31 July 2023

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

Provision for ECLs on debtors and other receivables (continued)

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.

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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

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.

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).

Provision for LAT and corporate income tax (“CIT”)

The Group is subject to LAT in the PRC. The provision for LAT is based on management’s best estimates according to its understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculations and payments with the tax authorities for certain property development projects. The final tax outcome could be different from the amounts that were initially recorded, and any differences will impact the LAT expenses and the related LAT provision in the period in which such taxes are finalised with the tax authorities.

The Group is mainly subject to CIT in the PRC. Subsequent to the financial year ends of the PRC subsidiaries, management shall make adjustments (and the relevant local tax authorities may raise further adjustments) to the accounting profit to arrive at the taxable income under the process known as annual tax assessment. Management’s best estimates with reference to the currently enacted tax laws, regulations and other related policies are required in determining the provision for CIT. Where the final tax outcomes of tax adjustments are different from the amounts originally recorded, the differences will impact on the CIT and related CIT provision in the period in which such taxes are finalised with the tax authorities.

Notes to Financial Statements

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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 management and production of concerts and the provision of related advertising services, the provision of artiste management services, album sales and the distribution and licensing of music and the 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 (losses)/gains 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, 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.

Notes to Financial Statements

31 July 2023

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			
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022		
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	
Segment revenue (note 6(a)):																						
Sales to external customers	946,639	1,685,490	1,160,587	1,241,637	977,696	650,030	552,594	419,922	372,438	256,771	113,116	184,575	525,066	385,023	18,877	16,049	234,504	254,206	4,901,337	5,093,703		
Intersegment sales	—	—	43,985	33,460	662	1,010	2,975	1,436	—	—	19,286	5,110	5,543	1,972	—	—	27,277	13,512	99,728	56,500		
Other revenue and gains	31,024	31,226	23,790	20,759	1,393	12,165	4,963	16,606	7,572	1,802	2,612	1,737	17,617	73,011	657	1,154	84,808	42,364	174,436	200,824		
Total	977,663	1,716,716	1,228,362	1,295,826	979,751	663,205	560,532	437,964	380,030	288,573	135,014	191,422	548,226	460,006	19,334	17,203	346,589	310,082	5,175,701	5,351,027		
Elimination of intersegment sales																						
Total																						
Total																						
Segment results	(1,066,931)	(26,837)	538,602	564,232	(193,706)	(340,418)	(142,478)	(159,337)	12,214	(8,362)	(48,615)	(52,757)	(55,503)	(130,062)	(295,397)	(530,999)	57,509	55,489	(1,194,705)	(689,051)		
Unallocated other revenue and gains																						
Fair value (losses)/gains on investment properties, net	—	—	(812,687)	226,415	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Unallocated expenses																						
Loss from operating activities																						
Finance costs																						
Share of profits and losses of associates	350	69	(8)	75	(755)	(709)	(527)	(217)	—	—	—	—	—	—	—	—	1,245	2,920	305	2,138		
Share of profits and losses of associates — unallocated																						
Share of profits and losses of joint ventures	47,340	201,338	(35,965)	(231,776)	(9,881)	6,363	—	—	(744)	(543)	(55)	(847)	(11,000)	(16,462)	—	—	(41)	(109)	(10,346)	(42,086)		
Loss before tax																						
Tax																						
Loss for the year																						
Loss for the year																						

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				
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
Segment assets	10,748,451	12,560,833	36,390,311	37,820,948	8,334,600	8,789,410	705,612	680,455	235,392	265,208	773,501	776,865	1,088,189	1,253,869	852,827	1,109,690	1,025,364	1,052,688	60,154,247	64,239,886			
Investments in associates	2,242	2,274	99	116	166,442	155,653	1,003	(101,05)	—	—	—	—	—	—	—	—	4,221	5,473	174,407	153,411			
Investments in associates – unallocated																			149,687	83,202			
Investments in joint ventures	1,931,531	2,088,023	4,584,710	4,620,676	73,474	80,069	—	—	8,957	10,524	106	1,659	25,999	12,690	—	—	182,270	12,502	6,807,447	6,826,143			
Unallocated assets																			6,683,270	9,591,137			
Assets classified as held for sale	1,758	1,855	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1,758	1,855			
Total assets																					73,970,016	80,935,634	
Segment liabilities																							
Bank borrowings																						5,110,296	5,044,595
Guaranteed notes																						21,344,364	17,361,959
Other borrowings																						4,263,654	10,151,175
Unallocated liabilities																						318,418	322,730
																						6,071,458	7,027,675
Total liabilities																						37,108,190	39,908,134

Notes to Financial Statements

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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		
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	659	881	15,581	17,539	230,665	243,894	32,237	20,765	834	993	163	165	45,421	49,495	60,760	125,336	6,549	5,941	392,869	465,009	
Depreciation of property, plant and equipment — unallocated	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	13,702	12,293
Depreciation of right-of-use assets	—	466	3,895	3,934	151,384	155,804	49,861	50,356	131	1,096	1,351	4,324	119,473	139,648	7,400	13,728	10,557	13,538	344,452	382,914	
Depreciation of right-of-use assets — unallocated	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	406,371	477,302
Impairment of property, plant and equipment	—	—	—	—	—	—	16,372	—	211	618	610	142	—	7,829	173,442	366,312	578	855	191,413	375,756	
Impairment of right-of-use assets	—	—	—	—	—	—	2,452	—	633	2,644	883	8,234	—	33,791	—	—	1,234	1,368	5,202	46,037	
Impairment of goodwill	—	—	—	—	—	—	—	36,101	—	—	—	—	—	—	—	—	—	—	—	—	36,101
Impairment of other intangible assets	—	—	—	—	—	—	27,601	—	—	—	—	—	—	—	—	—	—	—	—	27,601	—
(Gain)/loss on disposal/write-off of items of property, plant and equipment	5	1	183	28	20	25	1	6	2	—	9	—	(380)	17	—	53	(6)	—	—	(166)	130
Loss on disposal/write-off of items of property, plant and equipment — unallocated	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	43	28
																				(123)	158

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		
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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	858,000	310,187	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	858,000	310,187
Write-down of completed properties for sale to net realisable value	321,337	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	321,337	—
Impairment of films and TV programs under production	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2,472	39,977
Amortisation of film rights	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3,747	5,397
Amortisation of film and TV program products	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	35,641	10,076
Amortisation of music catalogs	—	—	—	—	—	—	—	—	—	663	2,461	—	—	—	—	—	—	—	—	663	2,461
Amortisation of other intangible assets	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1,994	2,421
Impairment of debtors, net	—	—	(1,225)	6,289	—	—	—	—	—	206	6,995	78	(118)	—	—	—	—	—	—	(941)	17,966
Impairment of advances and other receivables	—	—	—	—	—	—	—	—	—	4,671	5,507	—	—	—	—	—	—	—	—	4,671	5,507
Impairment of advances and other receivables — unallocated	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	27,881	68,208
																				32,552	73,715
Impairment of amounts due from joint ventures	—	—	—	—	—	—	—	—	—	1,175	1,711	1,032	(1,551)	—	—	—	—	—	—	2,207	160
Decreognition loss on rental receivables	—	—	4,553	42,728	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	4,553	42,728
Reassessment of finance lease receivables	—	34,193	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	34,193
Foreseeable loss on finance lease contract	—	1,558	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1,558
Impairment of inventories	—	—	—	—	—	—	590	150	1,075	1,164	1,199	319	—	—	—	—	—	—	—	2,544	4,191
Capital expenditure	335	384	466,363	896,183	9,571	3,589	84,730	132,463	439	548	193	732	91,524	708	28,919	86,530	17,733	697,017	1,138,890	8,423	6,526
Capital expenditure — unallocated	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	705,440	1,145,416

Notes to Financial Statements

31 July 2023

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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue												
Sales to external customers	2,197,222	1,779,434	1,935,899	2,751,872	77,144	84,750	439,506	222,361	251,766	255,286	4,901,537	5,093,703
Other revenue	127,744	159,112	45,397	39,416	64	7	812	259	419	2,030	174,436	200,824
Total	2,324,966	1,938,546	1,981,296	2,791,288	77,208	84,757	440,318	222,620	252,185	257,316	5,075,973	5,294,527
Segment assets												
Non-current assets	19,317,944	20,045,765	24,538,984	26,083,105	3,025,908	3,232,935	323,366	347,354	364,958	344,399	47,571,160	50,053,558
Current assets	6,175,289	6,403,925	5,692,944	7,123,919	50,354	35,121	194,638	151,809	469,862	471,554	12,583,087	14,186,328
Total	25,493,233	26,449,690	30,231,928	33,207,024	3,076,262	3,268,056	518,004	499,163	834,820	815,953	60,154,247	64,239,886

Information about major customers

For both the years ended 31 July 2023 and 31 July 2022, 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	2023 HK\$'000	2022 HK\$'000
Lease payments and building management fees paid or payable to:			
— LSG	(i), (ii)	414	343
— an associate of LSG	(i), (ii)	359	450
Rental income and management fee income received or receivable from LSG	(i)	597	600
Interest income received or receivable from advance to joint ventures	(i)	74,106	5,075
Production fee paid or payable to joint ventures	(i)	3,430	1,522
Advertising and promotion expenses paid or payable to a joint venture	(i)	875	—
Sale of products and management fee income received or receivable from a joint venture	(i)	2,722	3,506
Film releasing income received or receivable from joint ventures	(i)	1,821	—
Sharing of corporate salaries on a cost basis allocated to LSG		10,209	9,999
Sharing of administrative expenses on a cost basis allocated to LSG		1,949	2,418
Sharing of corporate salaries on a cost basis allocated from LSG		5,639	8,568

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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\$1,955,000 (2022: HK\$3,669,000) and lease liabilities of approximately HK\$2,295,000 (2022: HK\$4,293,000) related to the leases with related parties were recognised in the consolidated statement of financial position as at 31 July 2023. During the year ended 31 July 2023, depreciation of these right-of-use assets of approximately HK\$3,460,000 (2022: HK\$3,193,000) and finance costs on these lease liabilities of approximately HK\$143,000 (2022: HK\$107,000) were recognised in the consolidated income statement.

(b) Compensation of key management personnel of the Group

	2023 HK\$'000	2022 HK\$'000
Short term employee benefits	63,991	71,385
Pension scheme contributions	123	161
Total compensation paid to key management personnel	64,114	71,546

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:

	2023 HK\$'000	2022 HK\$'000
Turnover from contracts with customers:		
Sale of properties	946,639	1,685,490
Building management fee income	200,396	198,548
Income from hotel operation	977,696	650,030
Income from restaurant and F&B product sales operations	552,594	419,922
Distribution commission income, licence income from and sale of film and TV program products and film rights	105,163	180,175
Box-office takings, concessionary income and related income from cinemas	525,066	385,023
Entertainment event income	208,410	36,963
Sale of game products	98,257	128,043
Album sales, licence income and distribution commission income from music publishing and licensing	53,011	80,713
Artiste management fee income	12,780	11,052
Advertising income	7,953	4,400
Income from theme park operation	18,877	16,049
Others	234,504	254,206
	3,941,346	4,050,614
Turnover from other source:		
Rental income	960,191	1,043,089
Total turnover	4,901,537	5,093,703
Timing of recognition of turnover from contracts with customers:		
At a point in time	3,195,553	3,444,962
Over time	745,793	605,652
	3,941,346	4,050,614

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6. TURNOVER AND OTHER REVENUE AND GAINS (CONTINUED)

(a) Disaggregated revenue information:

Type of goods or services	For the year ended 31 July 2023									
	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
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sale of properties	946,639	—	—	—	—	—	—	—	—	946,639
Building management fee income	—	200,396	—	—	—	—	—	—	—	200,396
Income from hotel operation	—	—	977,696	—	—	—	—	—	—	977,696
Income from restaurant and F&B product sale operations	—	—	—	552,594	—	—	—	—	—	552,594
Distribution commission income, licence income from and sale of film and TV program products and film rights	—	—	—	—	—	105,163	—	—	—	105,163
Box-office takings, concessionary income and related income from cinemas	—	—	—	—	—	—	525,066	—	—	525,066
Entertainment event income	—	—	—	—	208,410	—	—	—	—	208,410
Sale of game products	—	—	—	—	98,257	—	—	—	—	98,257
Album sales, licence income and distribution commission income from music publishing and licensing	—	—	—	—	53,011	—	—	—	—	53,011
Artiste management fee income	—	—	—	—	12,780	—	—	—	—	12,780
Advertising income	—	—	—	—	—	7,953	—	—	—	7,953
Income from theme park operation	—	—	—	—	—	—	—	18,877	—	18,877
Others	—	—	—	—	—	—	—	—	234,504	234,504
Total turnover from contracts with customers	946,639	200,396	977,696	552,594	372,458	113,116	525,066	18,877	234,504	3,941,346
Turnover from other source — rental income	—	960,191	—	—	—	—	—	—	—	960,191
Total turnover	946,639	1,160,587	977,696	552,594	372,458	113,116	525,066	18,877	234,504	4,901,537

6. TURNOVER AND OTHER REVENUE AND GAINS (CONTINUED)

(a) Disaggregated revenue information: (continued)

	For the year ended 31 July 2023									
	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
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Geographical markets										
Hong Kong	59,614	69,156	287,978	495,964	298,262	55,290	508,416	—	46,977	1,821,657
Mainland China and Macau	887,025	123,027	250,214	56,630	30,044	37,736	16,650	18,877	—	1,420,203
United Kingdom	—	8,213	—	—	—	647	—	—	—	8,860
Vietnam	—	—	439,504	—	—	2	—	—	—	439,506
Others	—	—	—	—	44,152	19,441	—	—	187,527	251,120
Total turnover from contracts with customers	946,639	200,396	977,696	552,594	372,458	113,116	525,066	18,877	234,504	3,941,346
Turnover from other source — rental income	—	960,191	—	—	—	—	—	—	—	960,191
Total turnover	946,639	1,160,587	977,696	552,594	372,458	113,116	525,066	18,877	234,504	4,901,537
Timing of recognition of turnover from contracts with customers										
At a point in time	946,639	—	497,596	552,594	346,097	113,116	525,066	—	214,445	3,195,553
Over time	—	200,396	480,100	—	26,361	—	—	18,877	20,059	745,793
Total turnover from contracts with customers	946,639	200,396	977,696	552,594	372,458	113,116	525,066	18,877	234,504	3,941,346
Turnover from other source — rental income	—	960,191	—	—	—	—	—	—	—	960,191
Total turnover	946,639	1,160,587	977,696	552,594	372,458	113,116	525,066	18,877	234,504	4,901,537

Notes to Financial Statements

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6. TURNOVER AND OTHER REVENUE AND GAINS (CONTINUED)

(a) Disaggregated revenue information: (continued)

	For the year ended 31 July 2022									
	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
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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	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
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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

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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:

	2023 HK\$'000	2022 HK\$'000
Sale of properties	457,818	674,001
Other operations	27,320	76,185
	485,138	750,186

(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 Group elected to apply the practical expedient under HKFRS 15 and does not disclose the amount of the transaction price allocated to the remaining obligations for contracts with an original expected duration for one year or less as well as contracts for hotel and serviced apartment operation and building management operations for which the Group bills fixed amount for each month of service provided and recognises revenue in the amount to which the Group has right to invoice.

(d) Other revenue and gains

An analysis of other revenue and gains is as follows:

	Notes	2023 HK\$'000	2022 HK\$'000
Other revenue and gains			
Interest income from bank deposits		84,506	82,145
Other interest income		86,054	35,745
Dividend income from financial assets at fair value through other comprehensive income		36,300	36,400
Fair value gains on cross currency swaps	27	—	34,247
Interest income from finance lease contract		19,533	21,995
Government grants*		8,442	68,862
Foreign exchange differences, net		20,364	—
Rent concessions related to COVID-19	16(b), (c)	1,790	58,737
Other rent concessions	16(b), (c)	999	—
Others		99,834	67,638
		357,822	405,769

* During the years ended 31 July 2023 and 2022, 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	2023 HK\$'000	2022 HK\$'000
Cost of completed properties sold		738,688	1,271,186
Cost of inventories sold		365,678	339,726
Cost of film rights, licence rights and film and TV program products		75,048	146,400
Cost of artiste management services and services for entertainment events provided		176,873	57,905
Cost of theatrical releasing and concessionary sales		190,842	159,154
Depreciation of property, plant and equipment [^]	14	406,571	477,302
Depreciation of right-of-use assets [^]	16(a), (c)	375,703	410,995
Impairment of property, plant and equipment*	14	191,413	375,756
Reversal of impairment of property, plant and equipment [@]	14	(3,006)	—
Impairment of right-of-use assets*	16(a), (c)	5,202	46,037
Reversal of impairment of right-of-use assets [@]	16(a), (c)	(7,687)	—
(Gain)/loss on disposal/write-off of items of property, plant and equipment		(123)[@]	158*
Write-down of properties under development to net realisable value ^{^^}	17	858,000	310,187
Write-down of completed properties for sale to net realisable value [#]	30	321,337	—
Staff costs (including directors' remuneration — note 9):			
Wages and salaries		1,319,852	1,314,742
Pension scheme contributions ^{##}		51,330	53,734
Equity-settled share option expenses		—	1,869
		1,371,182	1,370,345
Capitalised in properties under development/ investment properties under construction/ construction in progress		(51,037)	(120,060)
Total		1,320,145	1,250,285
Auditor's remuneration		15,794	16,238
Lease payments not included in the measurement of lease liabilities		37,771	18,106
Contingent rents incurred for:			
Entertainment events [#]		14,251	2,199
Cinema [*]		27,564	4,646
Total	16(c)	79,586**	24,951**

7. LOSS FROM OPERATING ACTIVITIES (CONTINUED)

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

	Notes	2023 HK\$'000	2022 HK\$'000
Minimum lease income under operating leases		(951,534)	(1,034,759)
Contingent rents		(8,657)	(8,330)
Total operating lease income		(960,191)	(1,043,089)
Less: Outgoings		109,516	107,880
Net rental income		(850,675)	(935,209)
Impairment of films and TV programs under production [#]	31	2,472	39,977
Fair value changes from film investments	31	4,614*	(1,656) [@]
Fair value changes from entertainment events organised by co-investors [@]		(1,366)	(155)
Amortisation of film rights [#]		3,747	5,397
Amortisation of film and TV program products [#]	19	35,641	10,076
Amortisation of music catalogs [#]		663	2,461
Amortisation of other intangible assets*	22	1,994	2,421
Impairment of debtors, net	33	(941)[@]	17,966*
Impairment of advances and other receivables*	28	32,552	73,715
Impairment of amounts due from joint ventures*	24	2,207	160
(Gains)/losses on dissolution/deregistration of subsidiaries		(844)[@]	42,917*
Fair value losses/(gains) on cross currency swaps	27	26,873*	(34,247) [@]
Fair value gains on foreign currency forward contract [@]	27	(17)	—
Fair value losses on financial assets at fair value through profit or loss, net*		17,274	244,139
Derecognition loss on rental receivables*		4,553	42,728
Remeasurement of finance lease receivables*		—	34,193
Impairment of inventories [#]		2,544	4,191
Impairment of goodwill*	21	—	36,101
Impairment of other intangible assets*	22	27,601	—
Foreign exchange differences, net		(20,364)[@]	198,213*
Foreseeable loss on finance lease contract*		—	1,558
Service fee for operation of a club in hotel operation in Vietnam*		57,574	24,584

Notes to Financial Statements

31 July 2023

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\$712,494,000 (2022: HK\$815,061,000) 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\$858,000,000 (2022: HK\$308,000,000) and nil (2022: HK\$2,187,000) is included in "cost of sales" and "other operating expenses" on the face of the consolidated income statement, respectively.
- ** Lease payments of approximately HK\$46,101,000 (2022: HK\$11,496,000) are included in "other operating expenses" on the face of the consolidated income statement.
- ## As at 31 July 2023 and 31 July 2022, 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	2023 HK\$'000	2022 HK\$'000
Interest on bank borrowings		1,081,042	529,999
Interest on guaranteed notes		324,204	527,340
Interest on other borrowings		6,189	5,647
Interest on lease liabilities	16(b), (c)	40,987	48,069
Bank financing charges		128,373	82,122
Interest on put option liabilities		4,612	4,975
		1,585,407	1,198,152
Less: Amount capitalised in construction in progress	14	(29,835)	(15,496)
Amount capitalised in properties under development	17	(334,165)	(178,580)
Amount capitalised in investment properties under construction	15	(48,988)	(127,660)
		1,172,419	876,416

Where funds have been borrowed generally and used for the purpose of obtaining qualifying assets, capitalisation at rates ranging from 4.9% to 7.0% (2022: 3.5% to 5.2%) have been applied to the expenditure on the individual assets for the year ended 31 July 2023.

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:

	2023 HK\$'000	2022 HK\$'000
Fees	2,224	2,173
Other emoluments:		
Salaries, allowances and benefits in kind	61,767	69,212
Pension scheme contributions	123	161
	61,890	69,373
	64,114	71,546
Capitalised in properties under development/ investment properties under construction/ construction in progress	(5,079)	(9,851)
	59,035	61,695

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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
2023					
Executive directors:					
Lam Kin Ngok, Peter	(a)	180	28,670	2	28,852
Chew Fook Aun	(b)	—	14,083	49	14,132
Lau Shu Yan, Julius	(c)	—	4,756	—	4,756
Lam Hau Yin, Lester	(d)	—	3,374	36	3,410
Lee Tze Yan, Ernest	(e)	—	6,626	36	6,662
		180	57,509	123	57,812
Non-executive directors:					
U Po Chu	(f)	250	4,258	—	4,508
Chew Fook Aun	(b)	394	—	—	394
		644	4,258	—	4,902
Independent non-executive directors:					
Ip Shu Kwan, Stephen		350	—	—	350
Lam Bing Kwan	(g)	700	—	—	700
Leung Shu Yin, William		350	—	—	350
		1,400	—	—	1,400
		2,224	61,767	123	64,114

9. DIRECTORS' REMUNERATION (CONTINUED)

	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	(h)	—	4,120	18	4,138
		180	64,886	161	65,227
Non-executive director:					
U Po Chu	(f)	250	4,326	—	4,576
Independent non-executive directors:					
Ip Shu Kwan, Stephen		350	—	—	350
Lam Bing Kwan	(g)	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

Notes to Financial Statements

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9. DIRECTORS' REMUNERATION (CONTINUED)

Notes:

- (a) The amounts included fees and salaries paid by eSun Holdings Limited ("**eSun**") and its subsidiaries (collectively the "**eSun Group**") of HK\$11,648,000 and salaries paid by Lai Fung Holdings Limited ("**Lai Fung**") of HK\$2,867,000 (2022: fees and salaries paid by the eSun Group of HK\$12,697,000 and salaries paid by Lai Fung of HK\$3,130,000).
- (b) Mr. Chew Fook Aun was re-designated from an executive director to a non-executive director with effect from 2 June 2023. The amounts included fees, salaries and pension scheme contributions paid by the eSun Group of HK\$3,537,000 and paid by Lai Fung of HK\$3,734,000 (2022: 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).
- (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\$1,626,000 (2022: HK\$1,686,000).
- (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\$1,673,000 (2022: HK\$745,000).
- (f) The amounts included salaries paid by Lai Fung of HK\$4,258,000 (2022: HK\$4,326,000).
- (g) The amounts included fees paid by Lai Fung of HK\$350,000 (2022: HK\$350,000).
- (h) Mr. Tham Seng Yum, Ronald resigned as an executive director of the Company with effect from 27 January 2022. For the year ended 31 July 2022, the amounts included salaries and pension scheme contributions paid by Lai Fung of HK\$2,069,000.
- (i) Mr. Leung Wang Ching, Clarence resigned as an independent non-executive director of the Company with effect from 25 July 2022.

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

There was no arrangement under which a director or the chief executive officer waived or agreed to waive any remuneration during the year (2022: Nil).

10. EMPLOYEES' REMUNERATION

The five highest paid employees during the year included three (2022: two) directors, details of whose remuneration are set out in note 9 above. Details of the remuneration of the remaining two (2022: three) highest paid employees who are neither a director nor chief executive officer of the Company are as follows:

	2023 HK\$'000	2022 HK\$'000
Fees	180	180
Other emoluments:		
Salaries, allowances and benefits in kind	13,973	21,687
Pension scheme contributions	66	102
	14,039	21,789
	14,219	21,969
Capitalised in properties under development/ investment properties under construction/ construction in progress	(1,459)	(4,028)
	12,760	17,941

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	
	2023	2022
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
	2	3

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11. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 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.

	2023	2022
	HK\$'000	HK\$'000
Current tax		
— Hong Kong		
Charge for the year	10,162	19,765
Overprovision in prior years	(962)	(3,330)
	9,200	16,435
— Mainland China		
CIT		
Charge for the year	100,227	162,281
Overprovision in prior years	—	(41,971)
LAT		
Charge for the year	211,693	330,104
	311,920	450,414
— Elsewhere		
Charge for the year	19,126	17,960
Overprovision in prior years	—	(980)
	19,126	16,980
	340,246	483,829
Deferred tax (note 39)	(399,473)	(220,998)
Tax (credit)/charge for the year	(59,227)	262,831

11. TAX (CONTINUED)

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

	2023 HK\$'000	2022 HK\$'000
Loss before tax	(3,493,939)	(2,060,754)
Add/(less): Share of profits and losses of associates	1,011	(2,040)
Share of profits and losses of joint ventures	10,346	42,036
Loss before tax attributable to the Group	(3,482,582)	(2,020,758)
Tax at the statutory tax rate of 16.5% (2022: 16.5%)	(574,626)	(333,425)
Higher tax rate for other countries	(98,052)	(6,739)
Adjustments in respect of current tax of previous periods	(962)	(46,281)
Income not subject to tax	(35,680)	(13,414)
Expenses not deductible for tax purposes	492,234	467,095
Tax losses utilised from previous periods	(19,097)	(19,359)
Tax losses not recognised	394,871	260,224
Provision for LAT	211,693	330,104
Tax effect of provision for LAT	(52,923)	(82,526)
Other temporary differences	(349,177)	(318,662)
Withholding tax on the distributable earnings of the subsidiaries established in Mainland China	(28,853)	23,459
Withholding tax on the interest income from the subsidiaries established in Mainland China	1,345	2,355
Tax (credit)/charge for the year	(59,227)	262,831

12. DIVIDEND

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

13. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share amount was based on the loss for the year attributable to owners of the Company of HK\$2,965,960,000 (2022: HK\$1,966,921,000), and the weighted average number of ordinary shares of 1,211,771,000 (2022: 921,978,000) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 July 2023 and 2022 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.

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14. PROPERTY, PLANT AND EQUIPMENT

	Note	Furniture, fixtures and equipment										Total HK\$'000		
		Hotel properties HK\$'000	Leasehold buildings HK\$'000	Leasehold improvements HK\$'000	Leasehold improvements HK\$'000	Motor vehicles HK\$'000	Computers HK\$'000	Motor vessels HK\$'000	Theme parks HK\$'000	Construction in progress HK\$'000				
Cost:														
At 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 and 1 August 2022		5,821,738	347,390	780,974	479,328	51,155	105,563	138,952	1,593,993	315,248	9,634,341			
Finance costs capitalised	8	—	—	—	—	—	—	—	—	29,835	29,835			
Additions		—	—	32,399	17,421	2,997	8,027	351	—	28,949	90,144			
Disposals/write-off		—	—	(38,481)	(8,980)	(1,443)	(2,389)	—	—	—	(51,293)			
Adjustments		(30,601)	—	—	—	—	—	—	(2,154)	—	(32,755)			
Exchange realignment		(79,617)	(17,075)	(28,502)	(6,992)	(975)	(561)	—	(104,811)	(16,241)	(254,774)			
At 31 July 2023		5,711,520	330,315	746,390	480,777	51,734	110,640	139,303	1,487,028	357,791	9,415,498			

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Hotel	Leasehold	Leasehold	Furniture,	Motor	Computers	Motor	Theme	Construction	Total
		properties	buildings	improvements	fixtures and	vehicles	HK\$'000	vessels	parks	in progress	
		HK\$'000	HK\$'000	HK\$'000	equipment	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Accumulated depreciation and impairment:											
At 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 and 1 August 2022		851,980	78,210	563,656	335,505	43,183	65,511	78,371	972,186	—	2,988,602
Depreciation provided during the year	7	195,243	17,419	49,402	53,538	3,585	16,308	13,092	57,984	—	406,571
Impairment during the year	7	—	—	12,569	3,378	—	1,824	—	173,642	—	191,413
Reversal of impairment during the year	7	—	—	(3,006)	—	—	—	—	—	—	(3,006)
Disposals/write-off		—	—	(37,468)	(7,450)	(1,410)	(2,350)	—	—	—	(48,678)
Exchange realignment		(19,705)	(899)	(16,794)	(5,910)	(857)	(952)	—	(61,344)	—	(106,461)
At 31 July 2023		1,027,518	94,730	568,359	379,061	44,501	80,341	91,463	1,142,468	—	3,428,441
Net carrying amount:											
At 31 July 2023		4,684,002	235,585	178,031	101,716	7,233	30,299	47,840	344,560	357,791	5,987,057
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

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14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

At 31 July 2023, 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\$2,804,819,000, HK\$25,179,000, HK\$5,173,000, and HK\$2,891,000, respectively, totalling HK\$2,838,062,000; certain leasehold buildings, certain hotels and serviced apartments under hotel properties (including related leasehold improvements), theme parks and certain construction in progress with aggregate carrying amount of approximately HK\$2,340,027,000 were pledged to banks to secure banking facilities granted to the Group (note 37).

At 31 July 2022, 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\$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 amount of approximately HK\$629,072,000 were pledged to banks to secure banking facilities granted to the Group (note 37).

As at 31 July 2023, 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 were out of management's expectation. Accordingly, a provision for impairment of approximately HK\$191,413,000 (2022: HK\$375,756,000) was charged to the consolidated income statement for the year. The reversal of impairment loss of HK\$3,006,000 (2022: Nil) represented the write-back of the carrying amounts of certain plant and equipment of certain cinemas to their recoverable amounts because favourable changes on the cinema operation have been taken place during the year ended 31 July 2023. The estimated recoverable amounts as at 31 July 2023 were determined based on their value in use amounts estimated using discount rates ranging from 10% to 12% (2022: 10% to 32%).

15. INVESTMENT PROPERTIES

	2023 HK\$'000	2022 HK\$'000
Completed investment properties	35,364,721	31,341,722
Investment properties under construction	387,000	5,826,500
	35,751,721	37,168,222

15. INVESTMENT PROPERTIES (CONTINUED)

	Note	2023 HK\$'000	2022 HK\$'000
Carrying amount at beginning of year		37,168,222	37,035,152
Additions		462,538	887,235
Finance costs capitalised	8	48,988	127,660
Fair value (losses)/gains, net		(812,687)	226,415
Exchange realignment		(1,115,340)	(1,108,240)
Carrying amount at end of year		35,751,721	37,168,222

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\$33,317,551,000 (2022: HK\$31,314,902,000) 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 2023 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\$13,035,270,000 (2022: HK\$13,381,720,000), HK\$3,025,651,000 (2022: HK\$3,227,900,000) and HK\$19,690,800,000 (2022: HK\$20,558,602,000), 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.

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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) 2023

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\$314	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\$29 to HK\$327	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\$13,600	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\$305,000	The higher the market unit rate, the higher 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)

2023 (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\$18,660	The higher the GDV, the higher the fair value
		Estimated development costs	HK\$11.9 billion	The higher the estimated development costs, the lower the fair value
		Developer's profit margin	12%	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\$26,000 to HK\$29,000	The higher the GDV, the higher the fair value
		Budgeted costs to completion	HK\$818,000,000	The higher the budgeted cost to completion, the lower the fair value
		Developer's profit margin	20%	The higher the developer's profit margin, the lower the fair value

15. INVESTMENT PROPERTIES (CONTINUED)

Valuation techniques (continued)

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

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

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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

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2022: Nil).

16. 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 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 and 1 August 2022		4,043,806	711,093	167,362	679	4,922,940
Additions		—	87,925	63,991	842	152,758
Lease modification		—	(114,820)	3,704	—	(111,116)
Termination		—	—	(606)	—	(606)
Depreciation charged	7, 16(c)	(173,470)	(115,710)	(85,904)	(619)	(375,703)
Impairment loss recognised	7, 16(c)	—	—	(4,420)	(782)	(5,202)
Reversal of impairment loss recognised	7, 16(c)	—	7,687	—	—	7,687
Exchange realignment		(90,459)	(195)	1,742	26	(88,886)
At 31 July 2023		3,779,877	575,980	145,869	146	4,501,872

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16. LEASES (CONTINUED)

The Group as a lessee (continued)

(a) Right-of-use assets (continued)

During the year ended 31 July 2023, the impairment loss of HK\$5,202,000 (2022: HK\$46,037,000 represented the write-down of the carrying amounts of right-of-use assets of certain cinema related properties, other properties and equipment) represented the write-down of the carrying amounts of right-of-use assets of other properties and equipment to their recoverable amounts because the market conditions were out of the management's expectation. The reversal of impairment loss of HK\$7,687,000 (2022: Nil) represented the write-back of the carrying amounts of right-of-use assets of certain cinema related properties to their recoverable amounts because favourable changes on the cinema operation have been taken place during the year ended 31 July 2023. The estimated recoverable amounts as at 31 July 2023 were determined based on their value in use amounts estimated using discount rates ranging from 10% to 12% (2022: 10% to 32%).

At 31 July 2023, certain of the Group's right-of-use assets with a carrying amount of HK\$3,151,616,000 (2022: HK\$2,864,019,000), of which HK\$1,379,611,000 (2022: HK\$1,436,114,000) 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	2023 HK\$'000	2022 HK\$'000
Carrying amount at 1 August		1,250,140	1,387,617
Additions		159,539	64,737
Accretion of interest recognised during the year	8, 16(c)	40,987	48,069
Lease modification		(118,466)	77,661
Payments		(242,857)	(264,175)
Termination		(1,828)	(674)
Rent concessions related to COVID-19	6(d), 16(c)	(1,790)	(58,737)
Other rent concessions	6(d), 16(c)	(999)	—
Exchange realignment		(1,069)	(4,358)
Carrying amount at 31 July		1,083,657	1,250,140
Analysed into:			
Current portion		245,039	275,181
Non-current portion		838,618	974,959
		1,083,657	1,250,140

The maturity analysis of lease liabilities is disclosed in note 48(iv) to the financial statements.

The Group adopted the amendments to HKFRS 16 and applied the practical expedient to all eligible rent concessions granted by lessors during the year ended 31 July 2022.

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	2023 HK\$'000	2022 HK\$'000
Interest on lease liabilities	8, 16(b)	40,987	48,069
Depreciation charge of right-of-use assets	7, 16(a)	375,703	410,995
Impairment of right-of-use assets	7, 16(a)	5,202	46,037
Reversal of impairment of right-of-use assets	7, 16(a)	(7,687)	—
Expense relating to short-term leases and other leases with remaining lease terms less than one year and leases of low value assets	7	24,051	13,375
Variable lease payments not included in the measurement of lease liabilities	7	55,535	11,576
Rent concessions related to COVID-19	6(d), 16(b)	(1,790)	(58,737)
Other rent concessions	6(d), 16(b)	(999)	—
Gain on termination of leases		(1,222)	(366)
Total amount charged to consolidated income statement		489,780	470,949

- (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\$960,191,000 (2022: HK\$1,043,089,000), details of which are included in note 6 to the financial statements.

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16. LEASES (CONTINUED)

The Group as a lessor (continued)

At 31 July 2023, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2023 HK\$'000	2022 HK\$'000
Within one year	853,244	814,095
In the second to fifth years, inclusive	1,408,747	1,247,172
After five years	442,256	287,874
	2,704,247	2,349,141

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	2023 HK\$'000	2022 HK\$'000
At beginning of year, at cost		5,576,173	2,075,324
Additions		386,408	3,825,819
Interest and bank financing charges capitalised	8	334,165	178,580
Transfer to completed properties for sale		—	(149,872)
Realisation of foreseeable loss on finance lease contract		(1,444)	(16,028)
Write-down of properties under development to net realisable value	7	(858,000)	(310,187)
Exchange realignment		(60,202)	(27,463)
At end of year, at cost		5,377,100	5,576,173

As at 31 July 2023, certain of the Group's properties under development with a total carrying amount of approximately HK\$4,718,765,000 (2022: HK\$3,587,318,000) 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 2023 and 31 July 2022 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% (2022: 13.5%) for the relevant assets.

19. FILM AND TV PROGRAM PRODUCTS

	Notes	HK\$'000
Cost:		
At 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 and 1 August 2022		443,830
Additions		80
Transfer from films and TV programs under production	31	35,473
Exchange realignment		(14,114)
At 31 July 2023		465,269
Accumulated amortisation:		
At 1 August 2021		380,550
Provided during the year	7	10,076
Exchange realignment		(7,970)
At 31 July 2022 and 1 August 2022		382,656
Provided during the year	7	35,641
Exchange realignment		(14,087)
At 31 July 2023		404,210
Net carrying amount:		
At 31 July 2023		61,059
At 31 July 2022		61,174

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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 the film and TV program products and the corresponding recoverable amounts. The estimated recoverable amounts as at 31 July 2023 and 31 July 2022 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% (2022: 13.5%) 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 2021		275,742
Exchange realignment		(30,530)
At 31 July 2022 and 1 August 2022		245,212
Exchange realignment		14,185
At 31 July 2023		259,397
Accumulated impairment:		
At 1 August 2021		1,319
Provided during the year	7	36,101
At 31 July 2022, 1 August 2022 and 31 July 2023		37,420
Net carrying amount:		
At 31 July 2023		221,977
At 31 July 2022		207,792

21. GOODWILL (CONTINUED)

Impairment testing of goodwill

CNI CGU

Goodwill of HK\$218,135,000 (2022: HK\$203,951,000) 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 (2022: 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 (2022: 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 13.0% (2022: 12.5%).

Assumptions were used in the value in use calculation of the F&B CGU A for the years ended 31 July 2023 and 2022. 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.

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21. GOODWILL (CONTINUED)

Impairment testing of goodwill (continued)

F&B CGU B

Goodwill of HK\$36,101,000 (2022: 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.

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 was recognised to write down to its recoverable amount in prior year.

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 2021		137,003	17,245	586	154,834
Exchange realignment		(15,207)	(532)	—	(15,739)
At 31 July 2022 and 1 August 2022		121,796	16,713	586	139,095
Write-off		(1,150)	—	(586)	(1,736)
Exchange realignment		7,353	259	—	7,612
At 31 July 2023		127,999	16,972	—	144,971
Accumulated amortisation and impairment:					
At 1 August 2021		—	3,395	586	3,981
Amortisation provided during the year	7	—	2,421	—	2,421
Exchange realignment		—	(190)	—	(190)
At 31 July 2022 and 1 August 2022		—	5,626	586	6,212
Amortisation provided during the year	7	—	1,994	—	1,994
Impairment during the year	7	20,272	7,329	—	27,601
Write-off		—	—	(586)	(586)
Exchange realignment		—	120	—	120
At 31 July 2023		20,272	15,069	—	35,341
Net carrying amount:					
At 31 July 2023		107,727	1,903	—	109,630
At 31 July 2022		121,796	11,087	—	132,883

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 (2022: 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 (2022: three-year) period is 1.5% (2022: 1.5%). The discount rate applied to the cash flow projections is 13% (2022: 12%). The terminal growth rate applied to the cash flow projections is 1.5% (2022: 1.5%).

Assumptions were used in the value in use calculation of the CNI CGU for the years ended 31 July 2023 and 2022. 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 other intangible assets 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% (2022: 13%). The terminal growth rate applied to the cash flow projections is 1.9% (2022: 1.4%).

Assumptions were used in the value in use calculation of the F&B CGU B for the years ended 31 July 2023 and 2022. 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.

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23. INVESTMENTS IN ASSOCIATES

	2023 HK\$'000	2022 HK\$'000
Share of net assets	32,398	16,708
Amounts due from associates	389,551	317,028
Provision for impairment	(98,255)	(97,123)
	291,296	219,905
Total	323,694	236,613

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 the credit-impaired balance.

Movements in the loss allowance for impairment of amounts due from associates are as follows:

	2023 HK\$'000	2022 HK\$'000
At the beginning of the year	97,123	102,481
Write-back of impairment loss	(639)	(61)
Write-off	—	(4,773)
Exchange realignment	1,771	(524)
At the end of the year	98,255	97,123

The associates are accounted for using the equity method in these financial statements. During the year ended 31 July 2023, no dividend income was received by the Group from associates (2022: HK\$1,840,000 was received from an associate).

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

23. INVESTMENTS IN ASSOCIATES (CONTINUED)

Aggregate financial information of associates that are not individually material:

	2023 HK\$'000	2022 HK\$'000
The Group's share of (losses)/profits	(1,011)	2,040
The Group's share of other comprehensive income/(expense)	4,786	(5,680)
The Group's share of total comprehensive income/(expense)	3,775	(3,640)

24. INVESTMENTS IN JOINT VENTURES

	2023 HK\$'000	2022 HK\$'000
Share of net assets	5,280,975	5,267,838
Amounts due from joint ventures	1,575,079	1,611,725
Provision for impairment [#]	(49,007)	(53,420)
	1,526,072	1,558,305
Total	6,807,047	6,826,143

[#] As at 31 July 2023, an impairment of HK\$49,007,000 (2022: HK\$53,420,000) was recognised for amounts due from joint ventures with gross carrying amounts of HK\$54,193,000 (2022: HK\$66,605,000) because these joint ventures have been loss-making for some time.

Except for the amount of HK\$1,500,000 (2022: HK\$1,500,000) 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.

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24. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Loss allowance for impairment of amounts due from joint ventures represented lifetime ECLs made for the 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	2023 HK\$'000	2022 HK\$'000
At the beginning of the year		53,420	53,883
Impairment loss recognised	7	2,207	160
Exchange realignment		(6,620)	(623)
At the end of the year		49,007	53,420

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 2023, no dividend income was received by the Group from joint ventures (2022: HK\$60,000,000 was received from a joint venture).

Details of the principal joint ventures are set out in note 51 to the financial statements.

The summarised financial information below represents amounts shown in the financial statements of the respective joint ventures prepared in accordance with HKFRSs and complies with the Group's accounting policies.

24. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Diamond Path Limited and its subsidiaries (the “Diamond Path Group”)

The Diamond Path Group, a 50%-owned joint venture, was principally engaged in the development of a residential/commercial project in Hong Kong. The project, “Alto Residences”, is located at 29 Tong Yin Street, Tseung Kwan O, Hong Kong.

	31 July 2023 HK\$'000	31 July 2022 HK\$'000
Current assets	515,722	658,316
Non-current asset	1,632,274	1,466,483
Total assets	2,147,996	2,124,799
Current liabilities	(59,350)	(109,290)
Non-current liabilities	(111,743)	(159,474)
Total liabilities	(171,093)	(268,764)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	39,570	55,747
Non-current financial liabilities (excluding creditors, other payables and accruals)	(38,434)	(68,863)

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24. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Diamond Path Limited and its subsidiaries (the “Diamond Path Group”)
(continued)

	Year ended 31 July 2023 HK\$'000	Year ended 31 July 2022 HK\$'000
Turnover	325,537	859,122
Profit and total comprehensive income for the year	120,868	338,202
The above profit and total comprehensive income for the year include the following:		
Interest income	1,314	549
Interest expense	(1,058)	(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 2023 HK\$'000	31 July 2022 HK\$'000
Net assets of the Diamond Path Group	1,976,903	1,856,035
The Group's 50% ownership interest in the Diamond Path Group	988,452	928,018
Amount due to the Diamond Path Group	(151,175)	(37,195)
Carrying amount of the Group's interest in the Diamond Path Group	837,277	890,823

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 2023 HK\$'000	31 July 2022 HK\$'000
Current assets	437,859	357,373
Non-current assets	9,711,731	9,879,891
Total assets	10,149,590	10,237,264
Current liabilities	(27,025)	(938,111)
Non-current liabilities	(1,776,992)	(882,025)
Total liabilities	(1,804,017)	(1,820,136)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	466,393	403,944
Current financial liabilities (excluding creditors, other payables and accruals)	(7,588)	(907,046)
Non-current financial liabilities (excluding creditors, other payables and accruals)	(1,741,101)	(847,386)
	Year ended 31 July 2023 HK\$'000	Year ended 31 July 2022 HK\$'000
Turnover	222,988	225,653
Loss and total comprehensive expense for the year	(71,555)	(462,966)
The above loss and total comprehensive expense for the year include the following:		
Interest income	2,755	615
Interest expense	(85,318)	(22,320)

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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 2023 HK\$'000	31 July 2022 HK\$'000
Net assets of Diamond String	8,345,573	8,417,128
The Group's 50% ownership interest in Diamond String	4,172,786	4,208,564
Amount due from Diamond String	393,522	393,522
Carrying amount of the Group's interest in Diamond String	4,566,308	4,602,086

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 2023 HK\$'000	31 July 2022 HK\$'000
Current assets	15,418,635	14,624,789
Current liabilities	(7,323,041)	(7,992,036)
Non-current liabilities	(8,096,999)	(6,633,467)
Total liabilities	(15,420,040)	(14,625,503)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	130,193	19,797
Current financial liabilities (excluding creditors, other payables and accruals)	(7,304,128)	(7,989,575)
Non-current financial liabilities (excluding creditors, other payables and accruals)	(4,200,000)	(2,800,000)
Interest expense (capitalised as current asset)	540,040	155,542

24. INVESTMENTS IN JOINT VENTURES (CONTINUED)

King Empire International Limited and its subsidiary (the “King Empire International Group”) (continued)

	Year ended 31 July 2023 HK\$'000	Year ended 31 July 2022 HK\$'000
Loss and total comprehensive expense for the year	(691)	(623)

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 2023 HK\$'000	31 July 2022 HK\$'000
Net liabilities of the King Empire International Group	(1,405)	(714)
The Group's 15% ownership interest in the King Empire International Group	(211)	(107)
Amount due from the King Empire International Group	1,095,619	1,198,436
Carrying amount of the Group's interest in the King Empire International Group	1,095,408	1,198,329

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24. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Aggregate financial information of joint ventures that are not individually material:

	Year ended 31 July 2023 HK\$'000	Year ended 31 July 2022 HK\$'000
The Group's share of (losses)/profits	(34,899)	20,439
The Group's share of other comprehensive income/(expense)	3,047	(9,927)
The Group's share of total comprehensive (expense)/income	(31,852)	10,512
	2023 HK\$'000	2022 HK\$'000
Aggregate carrying amount of the Group's investments in joint ventures that are not individually material	308,054	134,905

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Notes	2023 HK\$'000	2022 HK\$'000
Financial assets at fair value through other comprehensive income			
Listed investment, at fair value	(i)	21,541	28,621
Unlisted investments, at fair value	(ii)	1,669,041	1,681,474
		1,690,582	1,710,095

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 was transferred to retained profits.

Notes:

- (i) The listed 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 2023, included in unlisted investments was an equity interest in Bayshore Development Group Limited ("**Bayshore**") of approximately HK\$1,576,268,000 (2022: HK\$1,575,704,000). The principal activity of Bayshore is property investment.

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	2023 HK\$'000	2022 HK\$'000
Listed investments	(i)	23,725	14,457
Unlisted investments	(ii)	967,435	1,012,508
		991,160	1,026,965
Less: Portion classified as current		(95,258)	(120,452)
Non-current portion		895,902	906,513

Notes:

- (i) The listed investments were classified as financial assets at fair value through profit or loss as they were equity investments held for trading.
- (ii) The unlisted investments were mainly debt investments, fund investments and equity investments which 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	2023 HK\$'000	2022 HK\$'000
Cross currency swap agreements (the "CCSs")			
— For LSD 2017 Guaranteed Notes (the "CCS — LSD 2017 Notes")	(a)	—	20,922
— For Lai Fung 2018 Guaranteed Notes (the "CCS — LF 2018 Notes")	(b)	—	4,551
Foreign currency forward contract		748	—
		748	25,473

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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 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 and 1 August 2022	20,922	4,551	25,473	—
Fair value (losses charged)/gains credited to the consolidated income statement (note 7)	(20,922)	(5,951)	(26,873)	17
Settlement upon maturity	—	1,400	1,400	731
Carrying amount as at 31 July 2023	—	—	—	748

(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 received 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 paid 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 received the aggregate notional amount of US\$400,000,000 and paid the aggregate notional amount of HK\$3,121,400,000.

The CCS — LSD 2017 Notes were not designated for hedge purposes and were measured at fair value through profit or loss. Changes in the fair value of the CCS — LSD 2017 Notes amounting to HK\$20,922,000 were charged to the consolidated income statement during the year (2022: HK\$20,731,000 were credited to the consolidated income statement).

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 received an amount semi-annually calculated based on a fixed rate of 5.65% per annum on the aggregate notional amount of US\$350,000,000 during the period from 18 January 2018 to 18 January 2023 before each Interest Payment Date — LF 2018 Notes (as defined in note 36(d)), and paid an amount semi-annually calculated based on a fixed rate of 5.37% per annum on the aggregate notional amount of HK\$2,738,225,000 (being the HK\$ equivalent amount of US\$350,000,000 translated at a contracted exchange rate of US\$1 to HK\$7.8235) during the period from 18 January 2018 to 18 January 2023 before each Interest Payment Date — LF 2018 Notes. Right before 18 January 2023, the Lai Fung Group received the aggregate notional amount of US\$350,000,000 and paid the aggregate notional amount of HK\$2,738,225,000.

The CCS — LF 2018 Notes were not designated for hedge purposes and were measured at fair value through profit or loss. Changes in the fair value of the CCS — LF 2018 Notes amounting to HK\$5,951,000 were charged to the consolidated income statement during the year (2022: HK\$13,516,000 were credited to the consolidated income statement).

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28. DEPOSITS, PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2023 HK\$'000	2022 HK\$'000
Loan receivables:		
Variable-rate mortgage loan receivables	41,993	90,537
Deposits, prepayments, other receivables and other assets	1,339,253	1,398,488
	1,381,246	1,489,025
Less: Portion classified as current	(785,310)	(767,253)
Non-current portion	595,936	721,772

Movements in the loss allowance for impairment of financial assets included in deposits, prepayments, other receivables and other assets are as follows:

	Note	2023 HK\$'000	2022 HK\$'000
At the beginning of the reporting period		123,247	53,479
Impairment loss recognised	7	32,552	73,715
Write-back of impairment loss recognised		(1,313)	(3,397)
Write-off		(5,348)	—
Exchange realignment		(1,214)	(550)
At the end of the reporting period		147,924	123,247

As at 31 July 2023 and 2022, the ECLs were estimated by applying a credit risk approach with reference to the historical loss record of the Group as at 31 July 2023 and 2022. 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

	2023 HK\$'000	2022 HK\$'000
Cash and bank balances	3,442,419	5,187,086
Time deposits	1,579,995	2,393,632
	5,022,414	7,580,718
Less: Non-current portion of pledged balances:		
Bank balances pledged for bank borrowings	(42,219)	(17,279)
Time deposits pledged for bank borrowings	(49,029)	(44,550)
Time deposit pledged for a bank guarantee*	(17,999)	(17,476)
	(109,247)	(79,305)
Less: Current portion of pledged balances:		
Bank balances pledged for bank borrowings	(319,688)	(224,004)
Bank balances pledged for banking facilities**	(500)	—
Time deposits pledged for bank borrowings	(358,085)	(312,672)
Time deposits pledged for banking facilities**	(31,686)	(32,300)
Time deposits pledged for a forward contract arrangement	(8,307)	—
	(718,266)	(568,976)
Less: Current portion of restricted balances***:		
Bank balances	(497,634)	(1,858,787)
Time deposits	(18,310)	(17,208)
	(515,944)	(1,875,995)
	(1,234,210)	(2,444,971)
Cash and cash equivalents	3,678,957	5,056,442

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29. PLEDGED AND RESTRICTED BANK BALANCES AND TIME DEPOSITS AND CASH AND CASH EQUIVALENTS (CONTINUED)

- * The balance of HK\$17,999,000 (2022: HK\$17,476,000) was pledged to a bank in respect of a bank guarantee for an associate.
- ** The balances included an aggregate amount of HK\$31,186,000 (2022: HK\$30,000,000) pledged to certain banks in respect of a guarantee and a standby letter of credit issued by the banks.
- *** In accordance with the relevant laws and regulations imposed by the government authorities concerned or the terms and conditions set out in the relevant bank loan agreements, proceeds from the sale and lease of certain properties in Mainland China are required to be deposited into designated bank accounts and restricted to be used for the relevant projects. As at 31 July 2023, the balance was HK\$466,046,000 (2022: HK\$1,797,860,000) in aggregate.

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

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

In accordance with the relevant laws and regulations imposed by the government authorities concerned, certain deposits are required to be placed into designated bank accounts restricted as to use. As at 31 July 2023, the balance was HK\$18,403,000 (2022: HK\$17,306,000) in aggregate.

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 2023, such VND and RMB denominated cash and bank balances and time deposits of the Group amounted to approximately HK\$177,336,000 (2022: HK\$134,163,000) and approximately HK\$2,222,700,000 (2022: HK\$3,866,634,000), 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 and net realisable value at the end of the reporting period.

During the year ended 31 July 2023, write-down of completed properties for sale of approximately HK\$321,337,000 was charged to the consolidated income statement (2022: Nil).

As at 31 July 2023, certain of the Group’s completed properties for sale with a total carrying amount of approximately HK\$449,669,000 (2022: HK\$1,099,983,000) 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	2023 HK\$'000	2022 HK\$'000
Films and TV programs under production	(i)	267,598	245,389
Film investments, at fair value	(ii)	38,544	71,720
		306,142	317,109

Notes:

(i) Films and TV programs under production

	Notes	2023 HK\$'000	2022 HK\$'000
At the beginning of the reporting period		245,389	192,110
Additions		64,199	204,177
Transfer to film and TV program products	19	(35,473)	(108,681)
Impairment [#]	7	(2,472)	(39,977)
Exchange realignment		(4,045)	(2,240)
At the end of the reporting period		267,598	245,389

[#] 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	2023 HK\$'000	2022 HK\$'000
Film investments classified as financial assets at fair value through profit or loss:			
At the beginning of the reporting period		71,720	43,734
Additions		6,247	40,069
Changes in fair value	7	(4,614)	1,656
Settlement		(31,504)	(11,493)
Exchange realignment		(3,305)	(2,246)
At the end of the reporting period		38,544	71,720

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32. ASSETS CLASSIFIED AS HELD FOR SALE

Balance as at 31 July 2023 and 2022 included units of serviced apartments located in Zhongshan (namely, STARR Resort Residence Zhongshan) which were offered for sale with carrying amounts of approximately HK\$1,758,000 and HK\$1,855,000, 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 did 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:

	2023 HK\$'000	2022 HK\$'000
Trade receivables:		
Not yet due or less than 30 days past due	243,298	302,642
31 — 60 days past due	40,409	37,680
61 — 90 days past due	9,531	17,143
Over 90 days past due	52,336	42,303
	345,574	399,768
Finance lease receivables, not yet due (Note)	482,099	497,168
	827,673	896,936
Less: Portion classified as current	(349,699)	(403,293)
Non-current portion	477,974	493,643

The movements in the loss allowance for the impairment of debtors are as follows:

	Note	2023 HK\$'000	2022 HK\$'000
At beginning of year		46,548	31,313
Impairment losses, net	7	(941)	17,966
Write-off		(593)	(2,033)
Exchange realignment		761	(698)
At end of year		45,775	46,548

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 2023 and 2022, the Group estimated that the ECLs for finance lease receivables were insignificant.

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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 2023

	Current to 30 days	Past due		Total
		30 to 90 days	Over 90 days	
Expected credit loss rate	0%	0%	46%	12%
Gross carrying amount (HK\$'000)	243,814	50,032	97,503	391,349
Expected credit losses (HK\$'000)	516	92	45,167	45,775

As at 31 July 2022

	Current to 30 days	Past due		Total
		30 to 90 days	Over 90 days	
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

33. DEBTORS (CONTINUED)

Note:

The breakdown of finance lease receivables:

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

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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:

	2023 HK\$'000	2022 HK\$'000
Creditors:		
Not yet due or less than 30 days past due	254,171	477,855
31 — 60 days past due	27,623	11,659
61 — 90 days past due	6,415	7,783
Over 90 days past due	105,752	115,281
	393,961	612,578
Other payables and accruals	2,459,400	2,344,176
Put option liabilities (Note)	1,114,080	1,240,322
	3,967,441	4,197,076
Less: Portion classified as current	(3,058,397)	(3,229,241)
Non-current portion	909,044	967,835

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\$900,726,000 (2022: HK\$959,672,000)), equal to the amount of capital contribution made by Da Hengqin in cash to Laisun Creative Culture, 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 considerations of approximately US\$27,366,000 and approximately US\$8,386,000, respectively (the “**HRL Consideration**” and “**GSL Consideration**”, collectively the “**Considerations**”) (the “**Cinda Transaction**”). The Cinda Transaction was completed on 25 January 2019 (the “**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 Considerations. Accordingly, financial liabilities, being the amount equal to the Considerations, 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:

	2023 HK\$’000	2022 HK\$’000
Deposits received and deferred income	539,305	516,673
Contract liabilities (Note)	941,913	677,885
	1,481,218	1,194,558
Less: Portion classified as current	(1,285,548)	(993,161)
Non-current portion	195,670	201,397

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35. DEPOSITS RECEIVED, DEFERRED INCOME AND CONTRACT LIABILITIES (CONTINUED)

Note:

Details of contract liabilities are as follows:

	2023 HK\$'000	2022 HK\$'000
Contract liabilities arising from:		
Sales of properties	775,685	544,829
Other operations	166,228	133,056
	941,913	677,885

As at 1 August 2021, 31 July 2022 and 31 July 2023, the Group's total contract liabilities of HK\$1,066,895,000, HK\$677,885,000 and HK\$941,913,000, 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 2023 and 2022 was mainly due to the net effect of recognition of revenue and receipt of advance from customers.

36. GUARANTEED NOTES

	Notes	2023 HK\$'000	2022 HK\$'000
HK\$385,000,000 4.9% — 5.25% guaranteed notes ("LSD 2022 Notes")	(a)	380,545	379,598
US\$500,000,000 5% guaranteed notes ("LSD 2021 Notes")	(b)	3,883,109	3,902,279
US\$400,000,000 4.6% guaranteed notes ("LSD 2017 Notes")	(c)	—	3,139,352
US\$350,000,000 5.65% guaranteed notes ("LF 2018 Notes")	(d)	—	2,729,946
		4,263,654	10,151,175
Analysed into:			
Guaranteed notes repayable:			
Within one year		—	5,869,298
In the third to fifth years, inclusive		4,061,952	4,080,766
Beyond fifth year		201,702	201,111
		4,263,654	10,151,175

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.

	2023 HK\$'000	2022 HK\$'000
Guaranteed notes	385,000	385,000
Issue expenses	(4,455)	(5,402)
Carrying amount at the end of the reporting period	380,545	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 refinancing the guaranteed notes issued in 2017 and general corporate purposes.

	2023 HK\$'000	2022 HK\$'000
Guaranteed notes	3,900,150	3,925,000
Issue expenses	(17,041)	(22,721)
Carrying amount at the end of the reporting period	3,883,109	3,902,279
Fair value of the LSD 2021 Notes	2,764,466	3,010,004

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 2023 and 31 July 2022.

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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 were guaranteed by the Company, had a term of five years and bore interest at a fixed interest rate of 4.6% per annum payable semi-annually in arrears. The LSD 2017 Notes were 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.

During the year ended 31 July 2023, the LSD 2017 Notes matured and were fully redeemed.

	2023 HK\$'000	2022 HK\$'000
Guaranteed notes	—	3,140,000
Issue expenses	—	(648)
Carrying amount at the end of the reporting period	—	3,139,352
Fair value of the LSD 2017 Notes	—	3,111,206

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 was 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 were matured on 18 January 2023 for bullet repayment. The LF 2018 Notes bore interest from 18 January 2018 and were payable semi-annually in arrears on 18 January and 18 July of each year, commencing on 18 July 2018 (each, an “**Interest Payment Date — LF 2018 Notes**”). The LF 2018 Notes were listed on the Stock Exchange.

The LF 2018 Notes were guaranteed by Lai Fung and also had 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.

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

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

The LF 2018 Notes recognised in the consolidated statement of financial position are calculated as follows:

	2023 HK\$'000	2022 HK\$'000
Carrying amount at the beginning of the reporting period	2,729,946	2,661,399
Amortisation	17,302	34,988
Repurchase	(25,244)	—
Repayment upon maturity	(2,710,794)	—
Exchange realignment	(11,210)	33,559
Carrying amount at the end of the reporting period	—	2,729,946
Fair value of the LF 2018 Notes	—	2,490,471

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.

The effective interest rate of the LF 2018 Notes was 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 was 5.58% per annum. Details of the CCS — LF 2018 Notes are set out in note 27(b) to the financial statements.

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37. BANK BORROWINGS

	Effective annual interest rate (%)	2023 HK\$'000	2022 HK\$'000
Current			
Bank borrowings — secured	3.9 — 8.9 (2022: 2.0 — 6.4)	5,316,787	1,118,583
Bank borrowings — unsecured	6.2 — 8.3 (2022: 1.3 — 6.8)	684,034	406,750
		6,000,821	1,525,333
Non-current			
Bank borrowings — secured	3.9 — 10.8 (2022: 2.2 — 6.4)	15,015,694	13,435,332
Bank borrowings — unsecured	4.3 — 6.2 (2022: 5.2 — 6.8)	327,849	2,401,294
		15,343,543	15,836,626
		21,344,364	17,361,959
Analysed into:			
Bank borrowings repayable:			
Within one year		6,000,821	1,525,333
In the second year		1,693,054	6,487,050
In the third to fifth years, inclusive		12,176,524	7,769,342
Beyond five years		1,473,965	1,580,234
		21,344,364	17,361,959

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, certain properties under development and certain completed properties for sale of the Group with carrying amounts of approximately HK\$3,171,212,000 (2022: HK\$2,971,429,000) (note 14), HK\$1,422,595,000 (2022: HK\$1,436,114,000) (note 16(a)), HK\$16,015,651,000 (2022: HK\$16,563,900,000) (note 15), HK\$3,920,055,000 (2022: HK\$2,857,518,000) (note 17) and HK\$220,547,000 (2022: Nil) (note 30), respectively;
- (ii) floating charges over all assets of certain subsidiaries of the Group with an aggregate carrying amount of approximately HK\$16,737,298,000 (2022: HK\$15,041,239,000), of which the carrying amounts of the items of property, plant and equipment, right-of-use assets, investment properties, properties under development and completed properties for sale of approximately HK\$3,171,213,000 (2022: HK\$2,971,429,000), HK\$1,422,595,000 (2022: HK\$1,436,114,000), HK\$7,107,651,000 (2022: HK\$7,517,900,000), HK\$3,920,055,000 (2022: HK\$2,857,518,000) and HK\$220,547,000 (2022: Nil), respectively, are also included in note (i) above;
- (iii) mortgages over certain serviced apartments under hotel properties (including related leasehold improvements), theme parks and certain construction in progress of the Group with an aggregate carrying amount of HK\$2,006,877,000 (2022: HK\$629,072,000) (note 14);
- (iv) mortgages over certain right-of-use assets of the Group with an aggregate carrying amount of HK\$1,729,021,000 (2022: HK\$1,427,905,000) (note 16(a));
- (v) mortgages over certain properties under development of the Group with an aggregate carrying amount of HK\$798,710,000 (2022: HK\$729,800,000) (note 17);
- (vi) mortgages over certain investment properties of the Group with an aggregate carrying amount of HK\$17,301,900,000 (2022: HK\$14,751,002,000) (note 15);
- (vii) mortgages over certain completed properties for sale of the Group with an aggregate carrying amount of HK\$229,122,000 (2022: HK\$1,099,983,000) (note 30);
- (viii) charges over certain bank balances and time deposits of the Group with an aggregate carrying amount of approximately HK\$827,513,000 (2022: HK\$648,281,000) (note 29); and
- (ix) charges over the shares of certain subsidiaries held by the Group (note 50).

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38. OTHER BORROWINGS

	Notes	Effective annual interest rate (%)	2023 HK\$'000	2022 HK\$'000
Current:				
Other borrowing — unsecured	(i)	—	34,412	41,578
Non-current:				
Interest-bearing other borrowings — unsecured	(ii), (iv)	5.9 (2022: 5.0)	233,053	226,864
Other borrowing — unsecured	(iii), (iv)	—	50,953	54,288
			284,006	281,152
			318,418	322,730
Maturity profile:				
Within one year			34,412	41,578
In the second year			284,006	281,152
			318,418	322,730

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 US\$4,414,000 and US\$883,000 to HRL and GSL, respectively (the "HRL Shareholder's Loan" and "GSL Shareholder's Loan"). Such shareholders' loans are repayable upon the earlier of, inter alia, the sixth anniversary of the date of the two shareholders' loan agreements; or the occurrence of the buy-back triggering events mentioned in note 34 to the financial statements.

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

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

- (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\$120,115,000 (2022: HK\$113,926,000) 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:

	2023 HK\$'000	2022 HK\$'000
Deferred tax assets	1,858	2,118
Deferred tax liabilities	(4,152,881)	(4,865,562)
	(4,151,023)	(4,863,444)

The movements in deferred tax (liabilities)/assets during the year are as follows:

	Note	Accelerated tax depreciation HK\$'000	Fair value adjustments arising from acquisition of subsidiaries HK\$'000	Revaluation of properties HK\$'000	Withholding tax HK\$'000	Losses available for offsetting against future taxable profits HK\$'000	Other temporary differences HK\$'000	Total HK\$'000
At 1 August 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 and 1 August 2022		(1,002,335)	(1,735,421)	(2,139,811)	(149,316)	194,867	(31,428)	(4,863,444)
Deferred tax (charged)/credited to the consolidated income statement during the year	11	(62,298)	350,588	17,202	28,853	54,246	10,882	399,473
Deferred tax utilised during the year		—	—	—	56,531	—	—	56,531
Exchange realignment		50,269	75,832	143,824	—	(12,183)	(1,325)	256,417
At 31 July 2023		(1,014,364)	(1,309,001)	(1,978,785)	(63,932)	236,930	(21,871)	(4,151,023)

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39. DEFERRED TAX (CONTINUED)

At 31 July 2023, the Group had tax losses arising in Hong Kong of approximately HK\$8.4 billion (2022: HK\$6.9 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 2023, the Group had tax losses arising in Mainland China of HK\$1.8 billion (2022: HK\$1.5 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% (2022: 5% or 10%). The Group is therefore liable to 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 2023, 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\$15 million as at 31 July 2023 (2022: HK\$16 million).

40. SHARE CAPITAL

	2023		2022	
	Number of shares	Total amount HK\$'000	Number of shares	Total amount HK\$'000
Issued and fully paid ordinary shares	1,453,328,830	6,240,082	968,885,887	5,463,477

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 2021		612,089,025	4,134,565
Issue of shares	a	33,834,900	235,153
Rights issue	a	322,961,962	1,093,759
At 31 July 2022 and 1 August 2022		968,885,887	5,463,477
Rights issue	b	484,442,943	776,605
At 31 July 2023		1,453,328,830	6,240,082

Notes:

- a. 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.
- b. During the year ended 31 July 2023, the Company completed a rights issue of 484,442,943 shares on the basis of one rights share for every two existing shares of the Company at a subscription price of HK\$1.64 each. The net proceeds from the rights issue were approximately HK\$777 million.

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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. Upon the termination of the 2015 Share Option Scheme at the annual general meeting of the Company held on 16 December 2022, no further share options can be granted thereunder but the subsisting share options granted prior to the termination will continue to be valid and exercisable in accordance with the terms of the 2015 Share Option Scheme.

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.

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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:

	2023		2022	
	Number of underlying shares comprised in the Company's share options	Weighted average exercise price per the Company's share* HK\$	Number of underlying shares comprised in the Company's share options	Weighted average exercise price per the Company's share* HK\$
Outstanding at beginning of year	10,962,687	10.948	12,327,810	13.394
Adjustment during the year (Note)	(4,094)	—	2,042,370	—
Granted during the year	—	—	310,000	4.380
Lapsed during the year	(10,061,989)	13.771	(3,717,493)	6.182
Outstanding at end of year	896,604	5.483	10,962,687	10.948

Note: On 30 January 2023 and 6 October 2021, the exercise price of and the number of shares entitled to be subscribed for under the outstanding share options had been adjusted due to rights issue of the Company, respectively.

The exercise prices and exercise periods of the Company's share options outstanding as at the end of the reporting period are as follows:

2023	Number of underlying shares comprised in the Company's share options	Exercise price per share* HK\$	Exercise period
	193,176	7.192	21/01/2015 to 20/01/2025
	69,652	4.048	22/01/2016 to 21/01/2026
	69,652	7.019	20/01/2017 to 19/01/2027
	255,395	5.476	26/01/2021 to 25/01/2031
	308,729	4.397	25/01/2022 to 24/01/2032
	896,604		

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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)

2022	Number of underlying shares comprised in the Company's share options	Exercise price per share* HK\$	Exercise period
	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		

* 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 ended 31 July 2022 was HK\$4.32 per share.

The fair value of the share options granted during the year ended 31 July 2022 was approximately HK\$550,000, HK\$1.774 each, of which the Group recognised the entire amount as an expense during the year ended 31 July 2022.

41. SHARE OPTION SCHEMES (CONTINUED)

(a) The Company (continued)

The fair value of the equity-settled share options granted during the year ended 31 July 2022 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
Closing share price (HK\$ per share)	4.250
Exercise price (HK\$ per share)	4.380
Expected life of options (years)	10
Risk-free interest rate (%)	1.727
Dividend yield (%)	0.0
Expected volatility (%)	36.586
Historical volatility (%)	36.586
Forfeiture rate (%)	2.200

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.

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.

As at 31 July 2023, a total of 896,604 underlying shares comprised in share options were outstanding, of which 193,176 underlying shares relate to share options granted under the 2006 Share Option Scheme and 703,428 underlying shares relate to share options granted under the 2015 Share Option Scheme, represented approximately 0.01% and 0.05% of the Company's shares in issue, respectively, as at that date.

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41. SHARE OPTION SCHEMES (CONTINUED)

(a) The Company (continued)

2022 Share Option Scheme

On 16 December 2022 (the “**Adoption Date**”), the Company adopted of a new share option scheme (the “**2022 Share Option Scheme**”) and terminated the 2015 Share Option Scheme. Subsisting options granted prior to the termination will continue to be valid and exercisable in accordance with the terms of the 2006 Share Option Scheme and the 2015 Share Option Scheme. The purpose of the 2022 Share Option Scheme is to recognise the contribution or future contribution of the Eligible Participants (as defined in the 2022 Share Option Scheme) for their contribution 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 Group and the Related Entities (as defined in the 2022 Share Option Scheme). Eligible Participants include but are not limited to the directors, chief executive, employees of the Group and related entity and the service providers. The 2022 Share Option Scheme shall strengthen the many long-term relationships that the Eligible Participants may have with the Group. The 2022 Share Option Scheme became effective on 19 December 2022 (the “**Effective Date**”). Unless otherwise altered or terminated, the 2022 Share Option Scheme will be valid and effective for a period of 10 years commencing on the Effective Date.

The maximum number of shares which may be issued upon the exercise of all share options to be granted under the 2022 Share Option Scheme and any other share option schemes and share award schemes of the Company (i) shall not in aggregate exceed 10% of shares of the Company in issue at the Adoption Date; (ii) to the Service Provider (as defined in the 2022 Share Option Scheme), shall not exceed 1% of shares of the Company in issue at the Adoption Date; and (iii) to each Eligible Participant in the 2022 Share Option Scheme and within any 12-month period, is limited to 1% of 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 (ii) must be subject to the approval of the 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 after three years from the Adoption Date or the last refreshment.

Share options granted to Eligible Participants (as defined in the 2022 Share Option Scheme), including a director, chief executive or substantial shareholder of the Company, or to any of their respective associates, are subject to the approval 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 respective associates, in excess of 0.1% of the relevant class of shares of the Company, within any 12-month period up to and including the date of grant, are subject to the approval by the 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)

2022 Share Option Scheme (continued)

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 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 2022 Share Option Scheme.

A share option must be held by the option holder for at least 12 months before the share option can be exercised. A shorter vesting period may be granted to the Employee Participants (as defined in the 2022 Share Option Scheme) at the discretion of the board of directors of the Company in the circumstances as set out in the 2022 Share Option Scheme.

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 sheet 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 sheet 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.

During the year, no share options were granted, exercised, cancelled or lapsed in accordance with the terms of the 2022 Share Option Scheme.

(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"). 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 2015 eSun Share Option 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 2015 eSun Share Option Scheme). Eligible Participants include but are not limited to the directors and any employees of the eSun Group. Upon the termination of the 2015 eSun Share Option Scheme at the annual general meeting of eSun held on 16 December 2022, no further share options can be granted thereunder but the subsisting share options granted prior to the termination will continue to be valid and exercisable in accordance with the terms of the 2015 eSun Share Option Scheme.

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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:

- (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.
- (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.
- (iv) The exercise period of the share options granted is determined by the directors of eSun 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 2015 eSun Share Option Scheme.
- (v) 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.

41. SHARE OPTION SCHEMES (CONTINUED)

(b) eSun (continued)

2015 eSun Share Option Scheme (continued)

Details of the movement of the share options outstanding 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 August 2022 and 31 July 2023	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:

2023	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

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.

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41. SHARE OPTION SCHEMES (CONTINUED)

(b) eSun (continued)

2015 eSun Share Option Scheme (continued)

The closing price of the eSun share immediately before the date of grant of share options during the year ended 31 July 2022 was HK\$0.37. The fair value of the share options granted was approximately HK\$243,000, which was recognised as share option expense during the year ended 31 July 2022.

The fair value of the equity-settled share options granted during the year ended 31 July 2022 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 also 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.

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 years ended 31 July 2023 and 2022.

As at 31 July 2023, a total of 1,500,000 (2022: 1,500,000) underlying eSun shares relating to share options granted under the 2015 eSun Share Option Scheme were outstanding and they represented approximately 0.09% (2022: 0.10%) of the total issued eSun shares as at that date.

41. SHARE OPTION SCHEMES (CONTINUED)

(b) eSun (continued)

2022 eSun Share Option Scheme

At the annual general meeting of eSun held on 16 December 2022 (the “**2022 eSun Adoption Date**”), the shareholders of eSun approved the adoption of a new share option scheme (the “**2022 eSun Share Option Scheme**”) which became effective on 19 December 2022 (the “**2022 eSun Share Option Scheme Effective Date**”). Unless otherwise cancelled or amended, the 2022 eSun Share Option Scheme will remain in force for 10 years from the 2022 eSun Share Option Scheme Effective Date, which will expire on 19 December 2032.

The purpose of the 2022 eSun Share Option Scheme is to recognise the contribution or future contribution of the Eligible Participants including but not limited to the directors, chief executives, employees and service providers of the eSun Group as well as the related entity participants (as defined in the 2022 eSun Share Option Scheme) for their contribution to the eSun 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 eSun Group and the related entities. The 2022 eSun Share Option Scheme shall strengthen the many long-term relationships that the Eligible Participants may have with the eSun Group.

The principal terms of the 2022 eSun Share Option Scheme are:

- (i) The maximum number of shares in respect of which share options may be granted under the 2022 eSun Share Option Scheme and any other share option schemes and share award schemes of eSun (i) shall not in aggregate exceed 10% of the number of the total issued eSun shares on the 2022 eSun Adoption Date (i.e. 149,185,459 shares); (ii) to the Service Providers (as defined in the 2022 eSun Share Option Scheme), shall not exceed 1% of the number of the total issued eSun shares on the 2022 eSun Adoption Date (i.e. 14,918,545 shares); and (iii) to each Eligible Participant in the 2022 eSun Share Option Scheme and within any 12-month period, is limited to 1% of the total issued eSun shares at any time. Any further grant of share options in excess of the limits set out in (i) and (ii) must be subject to the approval of the shareholders of eSun and the shareholders of the Company and/or LSG (so long as eSun is a subsidiary of the Company and/or LSG under the Listing Rules) in the respective general meetings after three years of the 2022 eSun Adoption Date or the last refreshment.
- (ii) Share options granted to Eligible Participants (as defined in the 2022 eSun Share Option Scheme), including a director, chief executive or substantial shareholder of eSun, or to any of their respective associates, are subject to the approval by the independent non-executive directors of eSun and the Company and/or LSG (so long as eSun is a subsidiary of the Company and/or LSG 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 relevant class of shares of eSun, 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 and/or LSG (so long as eSun is a subsidiary of the Company and/or LSG under the Listing Rules) in the respective general meetings.

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41. SHARE OPTION SCHEMES (CONTINUED)

(b) eSun (continued)

2022 eSun Share Option Scheme (continued)

The principal terms of the 2022 eSun Share Option Scheme are: (continued)

- (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.
- (iv) The exercise period of the share options granted is determined by the directors of eSun 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 2022 eSun Share Option Scheme.
- (v) A share option must be held by the option holder for at least 12 months before the share option can be exercised. A shorter vesting period may be granted to the Employee Participants (as defined in the 2022 eSun Share Option Scheme) at the discretion of the board of directors of eSun in the circumstances as set out in the 2022 eSun Share Option Scheme.
- (vi) The 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 share as stated in the Stock Exchange's daily quotation sheet on the date of the offer of grant; (ii) the average of the closing price of eSun share 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 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.

During the year, no share options were granted, exercised, cancelled or lapsed in accordance with the terms of the 2022 eSun Share Option Scheme.

(c) Lai Fung

2012 Lai Fung Share Option Scheme

On 18 December 2012 (the "2012 Lai Fung Adoption Date"), Lai Fung adopted a share option scheme (the "2012 Lai Fung Share Option Scheme"). Unless otherwise cancelled or amended, the 2012 Lai Fung Share Option Scheme will remain in force for 10 years from the 2012 Lai Fung Adoption Date. The purpose of the 2012 Lai Fung Share Option Scheme is to recognise the contribution or future contribution of the Eligible Participants (as defined in the 2012 Lai Fung Share Option 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 2012 Lai Fung Share Option Scheme). Eligible Participants include but are not limited to the directors and any employees of the Lai Fung Group. The 2012 Lai Fung Share Option Scheme expired on 17 December 2022.

The maximum number of shares which may be issued upon the exercise of all options to be granted under the 2012 Lai Fung Share Option Scheme (i) shall not exceed 10% of the shares of Lai Fung in issue on the 2012 Lai Fung 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.

41. SHARE OPTION SCHEMES (CONTINUED)

(c) Lai Fung (continued)

2012 Lai Fung Share Option Scheme (continued)

Share options granted to a director, chief executive or substantial shareholder of Lai Fung, or to any of their associates, are subject to approval in advance by the independent non-executive directors of each of Lai Fung and the holding company of Lai Fung. In addition, any share options granted to a substantial shareholder or an independent non-executive director of Lai Fung, or to any of their associates, in excess of 0.1% of the shares of Lai Fung in issue at any time or with an aggregate value (based on the closing price of Lai Fung shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to the approval of shareholders of Lai Fung and the shareholders of the holding company of Lai Fung in the respective general meetings.

The offer of a grant of share options may be accepted within 30 days from the date of grant, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determined by the directors of Lai Fung, save that such period shall not be longer than 10 years from the date of grant of the share options.

The exercise price of the share options is determinable by the directors of Lai Fung, which shall be at least the highest of (i) the Stock Exchange closing price of Lai Fung shares on the date of grant of the share options; (ii) the average Stock Exchange closing price of Lai Fung shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of Lai Fung shares 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 2012 Lai Fung Share Option Scheme during the year are as follows:

	2023		2022	
	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	8,440,690	11.003	8,680,690	10.993
Granted during the year	—	—	440,000	5.750
Lapsed during the year	(7,610,690)	11.200	(680,000)	7.482
Outstanding as at 31 July	830,000	9.196	8,440,690	11.003

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41. SHARE OPTION SCHEMES (CONTINUED)

(c) Lai Fung (continued)

2012 Lai Fung Share Option Scheme (continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2023			
	Number of underlying shares comprised in Lai Fung share options	Exercise price per Lai Fung share* HK\$	Exercise period
	60,000	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
	260,000	5.750	21/1/2022 to 20/1/2032
	830,000		
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		

* 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)

(c) Lai Fung (continued)

2012 Lai Fung Share Option Scheme (continued)

The closing price of the Lai Fung shares immediately before the date of grant of share options during the year ended 31 July 2022 was HK\$6.00.

The fair value of the share options granted during the year ended 31 July 2022 was approximately HK\$1,076,000, HK\$2.4447 each which was recognised as a share option expense of approximately HK\$1,076,000 and HK\$495,000 (before and after capitalisation to properties under development/investment properties under construction/construction in progress, respectively) for the year ended 31 July 2022.

The fair value of the equity-settled share options granted during the year ended 31 July 2022 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
Closing share price (HK\$ per share)	5.750
Exercise price (HK\$ per share)	5.750
Option life (years)	10
Risk-free interest rate (%)	1.7370
Dividend yield (%)	0
Expected volatility (%)	37.528
Historical volatility (%)	37.528
Forfeiture rate (%)	0

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also 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.

Other than the lapse of share options comprising 7,610,690 Lai Fung underlying shares, no share options were granted, exercised, lapsed or cancelled in accordance with the terms of the 2012 Lai Fung Share Option Scheme during the year.

As at 31 July 2023, a total of 830,000 (2022: 8,440,690) Lai Fung underlying shares relating to share options granted under the 2012 Lai Fung Share Option Scheme were outstanding, represented approximately 0.25% (2022: 2.55%) of the Lai Fung shares in issue as at that date.

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41. SHARE OPTION SCHEMES (CONTINUED)

(c) Lai Fung (continued)

2022 Lai Fung Share Option Scheme

On 16 December 2022 (the “**2022 Lai Fung Adoption Date**”), Lai Fung adopted a new share option scheme (the “**2022 Lai Fung Share Option Scheme**”) which became effective on 19 December 2022 (the “**2022 Lai Fung Share Option Scheme Effective Date**”). The purpose of the 2022 Lai Fung Share Option Scheme is to recognise the contribution or future contribution of the Eligible Participants (as defined in the 2022 Lai Fung Share Option Scheme) to the Lai Fung Group by granting options to them as incentives or rewards and to attract, retain and motivate high-caliber Eligible Participants in line with performance goals of the Lai Fung Group and the related entities. Eligible Participants include but are not limited to the directors, chief executive and employees of the Lai Fung Group and related entities, and service providers of the Lai Fung Group. Unless otherwise cancelled or amended, the 2022 Lai Fung Share Option Scheme will remain in force for 10 years from the 2022 Lai Fung Share Option Scheme Effective Date.

The maximum number of shares which may be issued upon the exercise of all options to be granted under the 2022 Lai Fung Share Option Scheme (i) shall not (when aggregated with any other share option scheme(s) and share award scheme(s) of Lai Fung) exceed 10% of the shares of Lai Fung in issue on the 2022 Lai Fung Adoption Date (“**Scheme Mandate Limit**”); and (ii) shall not exceed 1% of the shares of Lai Fung in issue on the 2022 Lai Fung Adoption Date in respect of options that may be granted to service providers. The total number of shares issued and to be issued upon exercise of the options and awards granted to each Eligible Participant or grantee (including exercised and outstanding options but excluding any options and awards lapsed in accordance with the terms of such schemes) in any 12-month period up to the date of grant shall not exceed 1% of the number of total issued shares at the date of grant.

Lai Fung may seek separate approval by the shareholders in its general meeting for granting options beyond the Scheme Mandate Limit provided that the options in excess of the Scheme Mandate Limit are granted only to the Eligible Participants specifically identified by Lai Fung before such approval is sought.

Any grant of options to an Eligible Participant who is a director, chief executive or substantial shareholder of Lai Fung or their respective associates must be approved by the independent non-executive directors of Lai Fung (excluding any independent non-executive director who is a proposed grantee of the relevant options) and shall comply with the requirements of Rule 17.04 of the Listing Rules. Where options are proposed to be granted to independent non-executive director or substantial shareholder of Lai Fung, or any of their respective associates and if such grant would result in the total number of shares issued and to be issued in respect of all options and awards (excluding any options and awards lapsed in accordance with the terms of the 2022 Lai Fung Share Option Scheme) granted to such person in the 12-month period up to and including the date of grant to such person representing in aggregate over 0.1% of the relevant class of shares, then the proposed grant must be subject to the approval of shareholders taken on a poll in a general meeting.

41. SHARE OPTION SCHEMES (CONTINUED)

(c) Lai Fung (continued)

2022 Lai Fung Share Option Scheme (continued)

Save for the circumstances as set out in the 2022 Lai Fung Share Option Scheme that a shorter vesting period may be granted to the employee participants at the sole discretion of the board of directors of Lai Fung, an option must be held by the option holder for at least 12 months before the option can be exercised.

The offer of a grant of share options may be accepted within 30 days from the date of grant, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determined by the directors of Lai Fung, save that such period shall not be longer than 10 years from the date of grant of the share options.

The exercise price of the share options is determinable by the directors of Lai Fung, which shall be at least the highest of (i) the Stock Exchange closing price of Lai Fung shares on the date of grant of the share options; (ii) the average Stock Exchange closing price of Lai Fung shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of Lai Fung shares 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.

During the year, no share options were granted, exercised, cancelled or lapsed in accordance with the terms of the 2022 Lai Fung Share Option Scheme.

42. RESERVES

The amounts of the Group's reserves and the movements therein for the years ended 31 July 2023 and 2022 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, if any) to the 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.

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43. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

(CONTINUED)

(a) eSun

	2023 HK\$'000	2022 HK\$'000
Current assets	1,379,394	1,837,311
Non-current assets	1,180,062	1,379,447
Total assets	2,559,456	3,216,758
Current liabilities	880,332	991,194
Non-current liabilities	1,062,337	1,187,322
Total liabilities	1,942,669	2,178,516
Equity attributable to owners of the Company	1,083,216	1,430,249
Non-controlling interests	(466,429)	(392,007)
Total equity	616,787	1,038,242
Turnover	1,013,860	830,237
Cost of sales	(537,355)	(481,366)
Gross profit	476,505	348,871
Other revenue	47,445	91,649
Selling and marketing expenses	(28,866)	(22,108)
Administrative expenses	(268,004)	(279,014)
Other operating expenses	(390,926)	(483,307)
LOSS FROM OPERATING ACTIVITIES	(163,846)	(343,909)
Finance costs	(49,480)	(54,379)
Share of profits and losses of joint ventures	(11,799)	(17,852)
LOSS BEFORE TAX	(225,125)	(416,140)

43. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

(CONTINUED)

(a) eSun (continued)

	2023 HK\$'000	2022 HK\$'000
LOSS BEFORE TAX	(225,125)	(416,140)
Income tax (expense)/credit	(691)	37,590
LOSS FOR THE YEAR	(225,816)	(378,550)
Loss attributable to owners of the Company	(141,252)	(251,803)
Loss attributable to non-controlling interests	(84,564)	(126,747)
Loss for the year	(225,816)	(378,550)
Other comprehensive income attributable to owners of the Company	960	667
Other comprehensive income/(expense) attributable to non-controlling interests	268	(85)
Other comprehensive income for the year	1,228	582
Total comprehensive expense attributable to owners of the Company	(140,292)	(251,136)
Total comprehensive expense attributable to non-controlling interests	(84,296)	(126,832)
Total comprehensive expense for the year	(224,588)	(377,968)
Net cash flows from/(used in) operating activities	92,353	(247,441)
Net cash flows from/(used in) investing activities	20,358	(5,499)
Net cash flows used in financing activities	(508,457)	(161,294)
Net decrease in cash and cash equivalents	(395,746)	(414,234)

Notes to Financial Statements

31 July 2023

43. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

(CONTINUED)

(b) Lai Fung

	2023 HK\$'000	2022 HK\$'000
Current assets	8,227,562	11,244,446
Non-current assets	24,674,828	26,175,086
Total assets	32,902,390	37,419,532
Current liabilities	4,218,394	6,942,518
Non-current liabilities	14,419,293	13,812,735
Total liabilities	18,637,687	20,755,253
Equity attributable to owners of the Company	7,785,305	9,059,618
Non-controlling interests	6,479,398	7,604,661
Total equity	14,264,703	16,664,279
Turnover	1,800,510	2,515,771
Cost of sales	(1,503,978)	(1,748,223)
Gross profit	296,532	767,548
Other revenue	96,335	142,073
Selling and marketing expenses	(112,161)	(137,261)
Administrative expenses	(310,532)	(241,755)
Other operating expenses	(423,396)	(809,727)
Fair value (losses)/gains on investment properties, net	(68,825)	340,987
(LOSS)/PROFIT FROM OPERATING ACTIVITIES	(522,047)	61,865
Finance costs	(610,944)	(429,477)
Share of profits and losses of joint ventures	(214)	(392)
Share of profits and losses of associates	(8)	75
LOSS BEFORE TAX	(1,133,213)	(367,929)

43. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

(CONTINUED)

(b) Lai Fung (continued)

	2023 HK\$'000	2022 HK\$'000
LOSS BEFORE TAX	(1,133,213)	(367,929)
Income tax credit/(expense)	91,595	(243,106)
LOSS FOR THE YEAR	(1,041,618)	(611,035)
Loss attributable to owners of the Company	(535,024)	(261,977)
Loss attributable to non-controlling interests	(506,594)	(349,058)
Loss for the year	(1,041,618)	(611,035)
Other comprehensive expense attributable to owners of the Company	(739,289)	(355,797)
Other comprehensive expense attributable to non-controlling interests	(618,669)	(349,914)
Other comprehensive expense for the year	(1,357,958)	(705,711)
Total comprehensive expense attributable to owners of the Company	(1,274,313)	(617,774)
Total comprehensive expense attributable to non-controlling interests	(1,125,263)	(698,972)
Total comprehensive expense for the year	(2,399,576)	(1,316,746)
Net cash flows from operating activities	626,412	407,383
Net cash flows from/(used in) investing activities	798,019	(907,803)
Net cash flows used in financing activities	(1,771,054)	(118,369)
Net decrease in cash and cash equivalents	(346,623)	(618,789)

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44. COMMITMENTS

- (a) The Group had the following commitments not provided for in the financial statements at the end of the reporting period:

	2023 HK\$'000	2022 HK\$'000
Contracted, but not provided for		
Purchase of items of property, plant and equipment	58,896	19,942
Additions to investment properties	1,656	22,824
Construction, development and resettlement costs	223,938	756,308
	284,490	799,074

- (b) The Group had lease contracts that had not yet commenced as at 31 July 2022. The future lease payments for these non-cancellable lease contracts were HK\$7,800,000 due within one year, HK\$129,800,000 due in the second to fifth years, inclusive and HK\$195,790,000 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:

	2023 HK\$'000	2022 HK\$'000
Guarantees given to banks in connection with facilities granted to and utilised by joint ventures	780,480	563,250

- (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 2023, in respect of these guarantees, the contingent liabilities of the Group amounted to approximately HK\$731,643,000 (2022: HK\$768,204,000).

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\$17,999,000 (2022: HK\$14,040,000).
- (d) The Group had pledged certain time deposits to certain banks in connection with the banking facilities granted to certain subsidiaries. As at 31 July 2023, the respective letter of credit and letter of guarantee facilities of approximately HK\$440,000 (2022: HK\$2,246,000) 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 2023

	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	—	—	291,296	291,296
Due from joint ventures	—	—	1,526,072	1,526,072
Financial assets at fair value through other comprehensive income	—	1,690,582	—	1,690,582
Financial assets at fair value through profit or loss	991,160	—	—	991,160
Derivative financial instruments	748	—	—	748
Film investments	38,544	—	—	38,544
Trade receivables	—	—	345,574	345,574
Finance lease receivables	—	—	482,099	482,099
Financial assets included in deposits, prepayments, other receivables and other assets	1,845	—	927,444	929,289
Pledged and restricted bank balances and time deposits	—	—	1,343,457	1,343,457
Cash and cash equivalents	—	—	3,678,957	3,678,957
	1,032,297	1,690,582	8,594,899	11,317,778

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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 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 liabilities

31 July 2023

	Financial liabilities at amortised cost HK\$'000
Financial liabilities included in creditors, other payables and accruals	3,742,387
Financial liabilities included in deposits received, deferred income and contract liabilities	416,341
Lease liabilities	1,083,657
Bank borrowings	21,344,364
Other borrowings	318,418
Guaranteed notes	4,263,654
	31,168,821

31 July 2022

	Financial liabilities at amortised cost HK\$'000
Financial liabilities included in creditors, other payables and accruals	4,028,620
Financial liabilities included in deposits received, deferred income and contract liabilities	392,920
Lease liabilities	1,250,140
Bank borrowings	17,361,959
Other borrowings	322,730
Guaranteed notes	10,151,175
	33,507,544

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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\$2,764,466,000 (2022: HK\$8,611,681,000) 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 2023					
Financial assets					
Financial assets at fair value through other comprehensive income	25	21,541	—	1,669,041	1,690,582
Financial assets at fair value through profit or loss	26	23,725	829,442	137,993	991,160
Derivative financial instruments	27	—	748	—	748
Financial assets included in deposits, prepayments, other receivables and other assets		—	—	1,845	1,845
Film investments	31	—	—	38,544	38,544
		45,266	830,190	1,847,423	2,722,879

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 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

During the year ended 31 July 2023, there were no transfer of fair value measurement between Level 1 and Level 2 for both financial assets and financial liabilities (2022: Nil).

During the year ended 31 July 2023, there were no transfers into or out of Level 3 for both financial assets and liabilities. 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 was primarily attributable to changes in observable valuation inputs in valuing this investment.

Notes to Financial Statements

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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:**

	2023 HK\$'000	2022 HK\$'000
At beginning of year	1,681,474	1,650,376
Additions	—	11,907
Total (losses)/gains recognised in other comprehensive income	(12,433)	19,191
At end of year	1,669,041	1,681,474

(ii) **Financial assets at fair value through profit or loss**

	2023 HK\$'000	2022 HK\$'000
At beginning of year	97,195	126,886
Additions	34,530	—
Total gains recognised in the income statement	8,323	11,035
Transfer from Level 2	—	2,840
Settlement	(421)	(38,662)
Exchange realignment	(1,634)	(4,904)
At end of year	137,993	97,195

The movements in the financial assets arising from the derivative financial instruments and film investments are disclosed in notes 27 and 31, respectively to the financial statements.

Valuation techniques

Fair value measurement using significant observable inputs (Level 2)

The fair values of certain financial assets at fair value through profit or loss is based on the fair values of the underlying investment portfolio provided by the fund managers.

For the derivative financial instruments in Level 2, the Group relies on bank valuations to determine the fair value of the instruments. The fair value of the instruments was estimated at the end of the reporting period using observable market data. Key observable inputs in the valuations are foreign exchange spot rates, strike rates, volatility, time to expiration and risk free rate.

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) Fair value of the financial asset at fair value through profit or loss has been determined using 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.
- (iii) Derivative financial instruments—CCSs were measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporated 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 were the same as their fair values.

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47. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Valuation techniques (continued)

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

31 July 2023

	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\$133	1
		Capitalisation rate	2.85%	2
Financial asset at fair value through profit or loss	Market approach	Expected volatility	59.93%	3
		Expected time to exit	2.0 years	4

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 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
Financial asset at fair value through profit or loss	Market approach	Expected volatility	57.50%	3
		Expected time to exit	3.0 years	4
Derivative financial instruments — CCSs	Discounted cash flow with swaption approach	Expected exposure at default — counterparty	HK\$2.22 million to HK\$15.70 million	5
		Expected exposure at default — the Group	HK\$0.00 million to HK\$1.44 million	6
		Credit spread — counterparty	13.34 basis point to 121.35 basis point	7
		Credit spread — the Group	23.73 basis point to 1,230.02 basis point	8
		Loss given default ratio — counterparty non-performance risk	80%	9
		Loss given default ratio — own credit risk	60%	10

Notes:

- The higher the average monthly market rent per square foot, the higher the fair value
- The higher the capitalisation rate, the lower the fair value
- The higher the expected volatility, the higher the fair value
- The longer the expected time to exit, the higher the fair value
- The higher the expected exposure at default — counterparty, the lower the fair value of CCSs
- The higher the expected exposure at default — the Group, the higher the fair value of CCSs
- The higher the credit spread — counterparty, the lower the fair value of CCSs
- The higher the credit spread — the Group, the higher the fair value of CCSs
- The higher the loss given default ratio — counterparty non-performance risk, the lower the fair value of CCSs
- The higher the loss given default ratio — own credit risk, the higher the fair value of CCSs

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48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The principal financial assets held by the Group comprise financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, pledged and restricted bank balances and time deposits, and cash and cash equivalents. Management would, based on the Group's projected cash flow requirements, determine the types and levels of these financial instruments with a view to maintaining an appropriate level of funding for the Group's operations and to enhancing the returns generated from these financial instruments. The Group's principal financial liabilities comprise bank borrowings and guaranteed notes. The Group will procure various types and levels of such financial liabilities in order to maintain sufficient funding for the Group's daily operations and to cope with expenditures incurred for various properties under development or investment projects. In addition, the Group has various other financial assets and liabilities such as debtors and creditors which arise directly from its daily operations.

The main risks arising from the Group's financial instruments are interest rate risks, foreign currency risk, credit risk and liquidity risk. The management of the Company meets periodically to analyse and formulate measures to manage the Group's exposure to these risks. Generally, the Group has adopted relatively conservative strategies on its risk management and the Group has not used any derivatives and other instruments for hedging purposes during the year. The Group does not hold or issue derivative financial instruments for trading purposes. The directors review and determine policies for managing each of these risks and they are summarised as follows:

(i) Fair value and cash flow interest rate risks

Fair value interest rate risk is the risk that the value of a financial instrument fluctuates because of changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument fluctuate because of changes in market interest rates. The Group is exposed to both fair value and cash flow interest rate risks. The Group's exposure to market risk for changes in interest rates relates primarily to the Group's pledged and restricted bank balances and time deposits, cash and cash equivalents and bank borrowings with a floating interest rate.

At present, the Group does not intend to seek to hedge its exposure to interest rate fluctuations. However, the Group constantly reviews the economic situation and its interest rate risk profile, and will consider appropriate hedging measures in future as may be necessary.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant and before any impact on tax, of the Group's income statement (through the impact on variable-rate mortgage loan receivables, pledged and restricted bank balances and time deposits, cash and cash equivalents, bank borrowings and certain other borrowings) and the equity of the Group.

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(i) Fair value and cash flow interest rate risks (continued)

	Increase in interest rate %	Decrease in profit and equity HK\$'000
2023	0.5	81,964
2022	0.5	49,018

(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.

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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 2023

	12-month ECLs		Lifetime ECLs		Total HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Simplified approach HK\$'000	
	Due from associates				
Normal**	291,296	—	—	—	291,296
Doubtful**	—	—	98,255	—	98,255
Due from joint ventures					
Normal**	1,520,886	—	—	—	1,520,886
Doubtful**	—	—	54,193	—	54,193
Trade receivables*	—	—	—	391,349	391,349
Finance lease receivables*	—	—	—	482,099	482,099
Financial assets included in deposit, prepayments, other receivables and other assets					
Normal**	927,444	—	—	—	927,444
Doubtful**	—	—	80,747	—	80,747
Pledged and restricted bank balances and time deposits	1,343,457	—	—	—	1,343,457
Cash and cash equivalents	3,678,957	—	—	—	3,678,957
	7,762,040	—	233,195	873,448	8,868,683

Notes to Financial Statements

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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		Total HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Simplified approach 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

* For trade receivables and finance lease receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 33 to the financial statements.

** The credit quality of the amounts due from associates and joint ventures, and financial assets included in deposits, prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iv) Liquidity risk

The Group's objective is to ensure adequate funds are available to meet commitments associated with its capital expenditure and financial liabilities. Cash flows are closely monitored on an ongoing basis.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2023			Total HK\$'000
	Less than 1 year HK\$'000	1 to 5 years HK\$'000	Over 5 years HK\$'000	
Financial liabilities included in creditors, other payables and accruals	2,841,661	—	900,726	3,742,387
Financial liabilities included in deposits received, deferred income and contract liabilities	220,672	195,669	—	416,341
Lease liabilities	283,689	583,329	359,377	1,226,395
Bank borrowings	7,246,555	15,949,584	1,661,976	24,858,115
Other borrowings	34,412	290,641	—	325,053
Guaranteed notes	205,858	4,535,265	215,763	4,956,886
	10,832,847	21,554,488	3,137,842	35,525,177
	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

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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:

	2023 HK\$'000	2022 HK\$'000
Bank borrowings	21,344,364	17,361,959
Other borrowings	318,418	322,730
Guaranteed notes	4,263,654	10,151,175
Less: Pledged and restricted bank balances and time deposits	(1,343,457)	(2,524,276)
Cash and cash equivalents	(3,678,957)	(5,056,442)
Net debt	20,904,022	20,255,146
Equity attributable to owners of the Company	29,783,594	32,794,297
Gearing ratio	70%	62%

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:

	2023 HK\$'000	2022 HK\$'000
NON-CURRENT ASSETS		
Property, plant and equipment	7,853	3,107
Right-of-use assets	32,482	59,315
Investment properties	8,946,000	9,084,400
Investments in subsidiaries	14,773,036	12,096,230
Investments in joint ventures	425,843	426,859
Financial assets at fair value through other comprehensive income	36,309	36,309
Financial assets at fair value through profit or loss	20,772	21,214
Deposits, prepayments, other receivables and other assets	18,349	33,827
Pledged bank balances and time deposits	49,030	44,550
Total non-current assets	24,309,674	21,805,811
CURRENT ASSETS		
Debtors	4,418	4,726
Deposits, prepayments, other receivables and other assets	69,703	59,215
Pledged bank balances and time deposits	135,772	103,399
Cash and cash equivalents	346,630	371,313
Total current assets	556,523	538,653
CURRENT LIABILITIES		
Creditors, other payables and accruals	90,049	78,405
Deposits received	45,628	43,525
Lease liabilities	17,275	21,285
Tax payable	508	13,302
Bank borrowings	193,188	190,490
Total current liabilities	346,648	347,007
NET CURRENT ASSETS	209,875	191,646
TOTAL ASSETS LESS CURRENT LIABILITIES	24,519,549	21,997,457

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31 July 2023

49. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

	2023 HK\$'000	2022 HK\$'000
NON-CURRENT LIABILITIES		
Lease liabilities	15,331	41,564
Bank borrowings	5,002,239	3,009,764
Deferred tax	98,119	93,620
Long-term deposits received	49,068	44,550
Total non-current liabilities	5,164,757	3,189,498
	19,354,792	18,807,959
EQUITY		
Share capital	6,240,082	5,463,477
Reserves (Note)	13,114,710	13,344,482
	19,354,792	18,807,959

Lau Shu Yan, Julius
Director

Lam Hau Yin, Lester
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 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 and 1 August 2022	43,513	4,692	646,700	12,649,577	13,344,482
Loss for the year and total comprehensive expense for the year	—	—	—	(229,772)	(229,772)
Release of reserve upon lapse of share options	(41,703)	—	—	41,703	—
At 31 July 2023	1,810	4,692	646,700	12,461,508	13,114,710

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 July 2023 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		Principal activities
			Direct	Indirect	
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

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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		Principal activities
			Direct	Indirect	
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		Principal activities
			Direct	Indirect	
Gold Fusion Limited	Hong Kong	HK\$1	—	100.00	Property development
Greatful Limited ^{***}	Hong Kong	HK\$100	—	68.39	Restaurant operation
Hazelway Limited	Hong Kong	HK\$1	—	64.31	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

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31 July 2023

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		Principal activities
			Direct	Indirect	
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
Mighty Style Limited ^{^^^}	Hong Kong	HK\$1	—	68.39	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		Principal activities
			Direct	Indirect	
Really Star Limited ^{AAA}	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 ^{AAA}	Hong Kong	HK\$10,000	—	60.18	Restaurant operation
Silver Fusion Limited ^{AAA}	Hong Kong	HK\$500,000	—	68.39	Restaurant operation
Superise Limited ^{AAA}	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") ^{AAA##}	PRC/Mainland China	RMB44,500,000 [#]	—	68.39	Restaurant operation
西雙版納麟瓏茶室飲料有限 公司("麟瓏茶室") ^A	PRC/Mainland China	RMB100,000,000 [#]	—	60.00	Sales of beverage products
eSun (Listed on the Stock Exchange) (Note (a))	Bermuda/Hong Kong	HK\$877,938,433	—	63.40	Investment holding
Capital Artists Limited ^{AA}	Hong Kong	HK\$44,394,500	—	63.40	Music production and distribution and film investment

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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		Principal activities
			Direct	Indirect	
East Asia Music (Holdings) Limited ^{^^}	Hong Kong	HK\$10,000	—	63.40	Music production and distribution and film investment
eSun High-Tech Limited ^{^^}	Hong Kong	HK\$2	—	63.40	Investment in and licensing of film rights
Fascinating Screens Limited ^{^^}	Hong Kong	HK\$1,000,001	—	63.40	Cinema operation
Fortunate Sound Limited ^{^^}	Hong Kong	HK\$1	—	63.40	Music production and distribution
Fortune Spark Limited ^{^^}	Hong Kong	HK\$10,000,000	—	63.40	Cinema operation
Glynhill International Limited ^{^^}	Hong Kong	HK\$915,631,997	—	63.40	Investment holding and provision of management service
Intercontinental Film Distributors (H.K.) Limited ^{^^}	Hong Kong	HK\$700,400	—	60.23	Film distribution
Intercontinental Group Holdings Limited ^{^^}	Cayman Islands/ Hong Kong	US\$50,000	—	60.23	Investment holding
Kaleidoscope International Limited ^{^^}	British Virgin Islands/ Hong Kong	US\$1	—	63.40	Property holding
Lauro Game Entertainment Limited ^{^^}	Hong Kong	HK\$100,000	—	60.23	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		Principal activities
			Direct	Indirect	
Media Asia Distribution Ltd. ^{^^}	British Virgin Islands/ Hong Kong	US\$80	—	63.40	Film distribution, licensing of film rights and film investment
Media Asia Distribution (HK) Limited ^{^^}	Hong Kong	HK\$2	—	63.40	Film distribution and film library management
Media Asia Entertainment Group Limited ^{^^}	Bermuda/Hong Kong	HK\$100	—	63.40	Investment holding
Media Asia Films (BVI) Ltd. ^{^^}	British Virgin Islands/ Hong Kong	US\$7	—	63.40	Film production, licensing of films and investment holding
Media Asia Group Limited ^{^^}	Hong Kong	HK\$2	—	63.40	Investment holding and provision of management services
Media Asia Holdings Ltd. ^{^^}	British Virgin Islands/ Hong Kong	US\$6,831	—	63.40	Investment holding
Mega Star Video Distribution (HK) Limited ^{^^}	Hong Kong	HK\$2	—	63.40	Licensing of film rights and sale of video products
Multiplex Cinema Limited ^{^^}	Hong Kong	HK\$71,000,000	—	60.23	Cinema operation
Perfect Advertising & Production Company Limited ^{^^}	Hong Kong	HK\$10,000	—	60.23	Provision of advertising services, video duplication services, and translating and subtitling of TV programs

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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		Principal activities
			Direct	Indirect	
Perfect Sky Holdings Limited ("Perfect Sky") ^{^^}	British Virgin Islands/ Hong Kong	US\$1	—	63.40	Investment holding
Rich & Famous Talent Management Group Limited ^{^^}	Hong Kong	HK\$100	—	47.55	Provision of artiste management services
Style International Management Group Limited ^{^^}	Hong Kong	HK\$1	—	36.90	Provision of artiste management services
廣東五月花電影城 有限公司("廣東五月花") ^{^^##}	PRC/Mainland China	RMB120,000,000 [#]	—	63.40	Cinema operation
東亞豐麗演出經紀(北京) 有限公司 ^{^^##}	PRC/Mainland China	RMB25,000,000 [#]	—	63.40	Provision of artiste management and performance agency services
Media Asia Group Holdings Limited ("MAGHL") (note (b)) ^{^^}	Incorporated in the Cayman Islands and continued in Bermuda/ Hong Kong	HK\$29,863	—	63.40	Investment holding
Champ Universe Limited ^{^^}	Hong Kong	HK\$1	—	63.40	Provision of management services
Lam & Lamb Entertainment Limited ^{^^}	Hong Kong	HK\$1	—	63.40	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		Principal activities
			Direct	Indirect	
Media Asia Distribution (Beijing) Co., Ltd. ^{^^##}	PRC/Mainland China	RMB130,000,000 [#]	—	63.40	Film distribution
Media Asia Entertainment Limited ^{^^}	Hong Kong	HK\$100	—	63.40	Entertainment activity productions, and event and film investments
Media Asia Film International Limited ^{^^}	British Virgin Islands/ Hong Kong	US\$100	—	63.40	Film investment and production and event investments
Media Asia Film Production Limited ^{^^}	Hong Kong	HK\$100	—	63.40	Investment holding and film production
Media Asia Music Limited ^{^^}	Hong Kong	HK\$1	—	63.40	Music production and distribution and event investments
Media Asia Talent Management Limited ^{^^}	Hong Kong	HK\$1	—	63.40	Provision of artiste management services
Media Asia TV Program Distribution Limited ^{^^}	Hong Kong	HK\$1	—	63.40	Licensing of television dramas
Media Asia TV Program Production (HK) Limited ^{^^}	Hong Kong	HK\$1	—	44.38	TV program production
寰亞文化傳播(中國) 有限公司 ^{^^##}	PRC/Mainland China	HK\$38,000,000 [#]	—	63.40	Entertainment activity production
Lai Fung (Listed on the Stock Exchange)	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

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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		Principal activities
			Direct	Indirect	
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 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 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 investment
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

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		Principal activities
			Direct	Indirect	
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
Shanghai Wa Yee Real Estate Development Company Limited ^{^Δ}	PRC/Mainland China	US\$10,000,000 [#]	—	52.33	Property development and investment

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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		Principal activities
			Direct	Indirect	
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 ^{^0}	PRC/Mainland China	RMB1,100,000 [#]	—	55.08	Property management
上海麗港物業管理有限公司 ^{^0}	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	RMB10,000,000 [#]	—	55.08	Property development
中山高樂物業管理有限公司 ^{^0}	PRC/Mainland China	RMB500,000 [#]	—	55.08	Property management
珠海橫琴創新方商業管理有限公司 ^{^##}	PRC/Mainland China	RMB5,000,000 [#]	—	55.08	Property management
珠海橫琴麗新文創新天地有限公司(“麗新文創”) ^{^Δ}	PRC/Mainland China	RMB2,280,379,000 [#]	—	64.06	Property development and investment
珠海橫琴麗新創新方發展有限公司(“創新方發展”) ^{^##}	PRC/Mainland China	RMB2,500,000,000 [#]	—	55.08	Property development and investment

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		Principal activities
			Direct	Indirect	
珠海橫琴創新方娛樂 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
珠海橫琴創新方文化創意 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

[#] Subsidiaries of the Company

The registered capital of 麟瓏茶室 was fully paid up. For 北京唐人館, RMB3,500,000 (equivalent to approximately HK\$3,817,000) was unpaid as at 31 July 2023.

Subsidiaries of eSun

The registered capital of these subsidiaries was fully paid up, except for 廣東五月花 of which the capital of RMB20,000,000 (equivalent to approximately HK\$21,800,000) and Media Asia Distribution (Beijing) Co., Ltd. of which the capital of RMB29,480,000 (equivalent to approximately HK\$32,163,000) were unpaid as at 31 July 2023.

Subsidiaries of Lai Fung

The registered capital of these subsidiaries was fully paid up, except for Guangzhou Guang Bird, 麗新文創 and 創新方發展 which capital of approximately US\$9,971,000 (equivalent to approximately HK\$77,739,000), RMB736,443,000 (equivalent to approximately HK\$803,451,000) and RMB1,084,610,000 (equivalent to approximately HK\$1,183,297,000), respectively was unpaid as at 31 July 2023.

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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.
- △ Registered as equity joint ventures under the laws of the PRC
- ∅ Registered as domestic enterprises under the laws of the PRC
- ^ They are subsidiaries of Lai Fung.
- ^^ They are subsidiaries of eSun.
- ^^^ They are subsidiaries of LSF&B, a 68.39%-owned subsidiary of the Company (2022: 68.39%).
- ⊗ The Group owns a 51% (2022: 51%) equity interests in Porchester, which in turn, through GIV, a wholly-owned subsidiary of Porchester, owns a 51% (2022: 51%) interest in CCHJV. By virtue of the 51% (2022: 51%) equity interest in CCHJV held by the Group through the 51%-owned Porchester, an effective equity interest of 26.01% (2022: 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 2023, the Group had unpaid capital contributions of approximately HK\$120,587,000 (2022: HK\$146,600,000) to four (2022: five) non-wholly-owned subsidiaries which are not included in the above table.

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Notes:

(a) Interest in eSun

For the year ended 31 July 2023

Further to the joint announcement of the Company, LSG, eSun, MAGHL and Perfect Sky (a wholly-owned subsidiary of eSun, “**Offeror**”) dated 10 November 2022 and 17 March 2023 and the scheme document jointly issued by eSun, the Offeror and MAGHL dated 12 January 2023, among others, in respect of the proposed merger of MAGHL by eSun and the Offeror (“**Proposal**”) by way of a scheme of arrangement (“**Scheme**”), all the conditions to the Proposal and the Scheme were fulfilled on 16 March 2023 and the Scheme became effective.

Since then, MAGHL became a wholly-owned subsidiary of eSun. eSun allotted and issued 264,022,268 new ordinary shares on 27 March 2023 and paid a total cash consideration of approximately HK\$194.3 million and the related transaction costs of approximately HK\$8.4 million. Upon the completion, the Company’s interest in eSun was diluted from 74.62% to 63.40%. The transaction was accounted for as an equity transaction. The change in the Group’s equity interest in eSun resulted in a decrease in other reserve of approximately HK\$211,422,000 and increase in non-controlling interests of approximately HK\$8,724,000 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.

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51. PARTICULARS OF PRINCIPAL JOINT VENTURES

Particulars of the Group's principal joint ventures as at 31 July 2023 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 2023, the Group had non-cash additions and modifications to right-of-use assets of HK\$41,642,000 (2022: HK\$149,503,000) and lease liabilities of HK\$41,073,000 (2022: HK\$142,398,000), 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	Guaranteed notes	Other borrowings	Put option liabilities [#]	Lease liabilities
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 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 and 1 August 2022	17,361,959	10,151,175	322,730	1,240,322	1,250,140
Changes from financing cash flows	4,211,450	(5,876,038)	(6,915)	(32,250)	(242,857)
Amortisation of bank financing charges	56,443	—	—	—	—
Interest expense	—	—	6,189	—	40,987
Amortisation of guaranteed note issued expenses	—	25,043	—	—	—
Additions	—	—	—	—	159,539
Lease modification	—	—	—	—	(118,466)
Termination	—	—	—	—	(1,828)
Rent concessions related to COVID-19	—	—	—	—	(1,790)
Other rent concessions	—	—	—	—	(999)
Reclassified to other payables	—	—	—	(33,283)	—
Foreign exchange movements	(285,488)	(36,526)	(3,586)	(60,709)	(1,069)
At 31 July 2023	21,344,364	4,263,654	318,418	1,114,080	1,083,657

[#] The amount is included in creditors, other payables and accruals.

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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:

	2023	2022
	HK\$'000	HK\$'000
Within operating activities	(79,586)	(24,951)
Within financing activities	(242,857)	(264,175)
	(322,443)	(289,126)

53. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 20 October 2023.

