



L A I S U N D E V E L O P M E N T

Lai Sun Development Company Limited  
(Stock Code: 488)

## Interim Report

For the six months ended 31 January 2021



# Corporate Information

## PLACE OF INCORPORATION

Hong Kong

## BOARD OF DIRECTORS

### *Executive Directors*

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

### *Non-executive Directors*

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

### *Independent Non-executive Directors*

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

## AUDIT COMMITTEE

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

## REMUNERATION COMMITTEE

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

## COMPANY SECRETARY

Chow Kwok Wor

## REGISTERED OFFICE / PRINCIPAL OFFICE

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

Tel: (852) 2741 0391

Fax: (852) 2785 2775

## AUTHORISED REPRESENTATIVES

Chew Fook Aun  
Chow Kwok Wor

## SHARE REGISTRAR AND TRANSFER OFFICE

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

## INDEPENDENT AUDITOR

Ernst & Young  
Certified Public Accountants

## PRINCIPAL BANKERS

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

## SHARES INFORMATION

### *Place of Listing*

The Main Board of The Stock Exchange  
of Hong Kong Limited

### *Stock Code / Board Lot*

488 / 300 Shares

### *American Depositary Receipt*

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

## WEBSITE

[www.laisun.com](http://www.laisun.com)

## INVESTOR RELATIONS

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The board of directors (the “**Board**”) of Lai Sun Development Company Limited (the “**Company**”) presents the unaudited consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 31 January 2021 together with the comparative figures of the last corresponding period as follows:

## Condensed Consolidated Income Statement

For the six months ended 31 January 2021

	Notes	Six months ended 31 January	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
TURNOVER	4	<b>2,745,371</b>	2,751,592
Cost of sales		<b>(2,127,231)</b>	(1,617,678)
Gross profit		<b>618,140</b>	1,133,914
Other revenue and gains		<b>429,936</b>	192,614
Selling and marketing expenses		<b>(93,380)</b>	(107,672)
Administrative expenses		<b>(466,644)</b>	(498,868)
Other operating expenses		<b>(617,353)</b>	(738,205)
Write-down of properties under development to net realisable value		<b>(135,838)</b>	(229,470)
Fair value losses on investment properties, net		<b>(363,382)</b>	(870,968)
LOSS FROM OPERATING ACTIVITIES	5	<b>(628,521)</b>	(1,118,655)
Finance costs	6	<b>(369,546)</b>	(336,235)
Share of profits and losses of associates		<b>(9,750)</b>	(287)
Share of profits and losses of joint ventures		<b>(328,933)</b>	(96,658)
LOSS BEFORE TAX		<b>(1,336,750)</b>	(1,551,835)
Tax	7	<b>(195,618)</b>	(71,598)
LOSS FOR THE PERIOD		<b>(1,532,368)</b>	(1,623,433)
Attributable to:			
Owners of the Company		<b>(1,227,421)</b>	(1,109,167)
Non-controlling interests		<b>(304,947)</b>	(514,266)
		<b>(1,532,368)</b>	(1,623,433)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	8		
Basic		<b>(HK\$2.005)</b>	(HK\$1.829)
Diluted		<b>(HK\$2.005)</b>	(HK\$1.829)

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 January 2021

	Six months ended 31 January	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
LOSS FOR THE PERIOD	<b>(1,532,368)</b>	(1,623,433)
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
<i>Other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange realignments	<b>2,003,098</b>	(294,801)
Share of other comprehensive income/(expense) of associates	<b>3,295</b>	(1,232)
Share of other comprehensive (expense)/income of joint ventures	<b>(2,582)</b>	452
Release of exchange reserve upon dissolution of subsidiaries	<b>974</b>	—
	<b>2,004,785</b>	(295,581)
<i>Other comprehensive expense 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	<b>(16,379)</b>	(5,896)
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD	<b>1,988,406</b>	(301,477)
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD	<b>456,038</b>	(1,924,910)
Attributable to:		
Owners of the Company	<b>(63,093)</b>	(1,123,764)
Non-controlling interests	<b>519,131</b>	(801,146)
	<b>456,038</b>	(1,924,910)

# Condensed Consolidated Statement of Financial Position

As at 31 January 2021

	Notes	31 January 2021 (Unaudited) HK\$'000	31 July 2020 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>7,861,748</b>	7,666,270
Right-of-use assets		<b>5,278,869</b>	5,282,544
Investment properties		<b>36,704,531</b>	35,824,589
Film rights		<b>4,256</b>	7,055
Film and TV program products		<b>65,241</b>	65,121
Music catalogs		<b>8,659</b>	25,047
Goodwill		<b>279,177</b>	271,958
Other intangible assets		<b>153,896</b>	151,228
Investments in associates		<b>423,942</b>	328,952
Investments in joint ventures		<b>6,402,291</b>	6,763,682
Financial assets at fair value through other comprehensive income		<b>1,701,032</b>	1,717,411
Financial assets at fair value through profit or loss		<b>1,061,906</b>	951,436
Derivative financial instruments		—	20,231
Debtors	9	<b>322,119</b>	—
Deposits, prepayments, other receivables and other assets		<b>395,493</b>	335,563
Deferred tax assets		<b>4,157</b>	4,259
Pledged and restricted bank balances and time deposits		<b>64,222</b>	70,765
<b>Total non-current assets</b>		<b>60,731,539</b>	59,486,111
<b>CURRENT ASSETS</b>			
Properties under development		<b>4,004,612</b>	3,822,423
Completed properties for sale		<b>6,249,045</b>	5,960,281
Films and TV programs under production and film investments		<b>409,584</b>	313,384
Inventories		<b>56,801</b>	56,547
Financial assets at fair value through profit or loss		<b>185,863</b>	153,251
Debtors	9	<b>313,736</b>	305,068
Deposits, prepayments, other receivables and other assets		<b>1,014,966</b>	905,618
Prepaid tax		<b>36,004</b>	42,231
Pledged and restricted bank balances and time deposits		<b>2,493,916</b>	1,860,097
Cash and cash equivalents		<b>4,876,832</b>	4,164,558
<b>Assets classified as held for sale</b>		<b>19,641,359</b>	17,583,458
		<b>5,368</b>	48,067
<b>Total current assets</b>		<b>19,646,727</b>	17,631,525

# Condensed Consolidated Statement of Financial Position

(Continued)

As at 31 January 2021

	Notes	31 January 2021 (Unaudited) HK\$'000	31 July 2020 (Audited) HK\$'000
<b>CURRENT LIABILITIES</b>			
Creditors, other payables and accruals	10	<b>3,258,653</b>	3,391,676
Deposits received, deferred income and contract liabilities		<b>1,660,194</b>	1,092,209
Derivative financial instruments		<b>5,973</b>	5,852
Lease liabilities		<b>246,985</b>	280,673
Tax payable		<b>474,401</b>	439,521
Bank borrowings		<b>4,616,786</b>	8,034,040
Other borrowings		<b>41,067</b>	41,050
<b>Total current liabilities</b>		<b>10,304,059</b>	13,285,021
<b>NET CURRENT ASSETS</b>		<b>9,342,668</b>	4,346,504
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>70,074,207</b>	63,832,615
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		<b>1,003,548</b>	1,093,757
Bank borrowings		<b>12,411,590</b>	8,101,635
Other borrowings		<b>274,592</b>	267,315
Guaranteed notes		<b>5,738,039</b>	5,717,879
Derivative financial instruments		<b>9,586</b>	—
Deferred tax liabilities		<b>5,407,223</b>	5,012,622
Other payables	10	<b>993,031</b>	—
Long-term deposits received		<b>200,617</b>	188,477
<b>Total non-current liabilities</b>		<b>26,038,226</b>	20,381,685
		<b>44,035,981</b>	43,450,930
<b>EQUITY</b>			
Equity attributable to owners of the Company			
Share capital		<b>4,134,565</b>	4,127,703
Reserves		<b>30,776,993</b>	30,842,466
		<b>34,911,558</b>	34,970,169
Non-controlling interests		<b>9,124,423</b>	8,480,761
		<b>44,035,981</b>	43,450,930

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 January 2021

	Attributable to owners of the Company										Total HK\$'000	
	Share capital HK\$'000	Fair value reserve 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 2020 (Audited)	4,127,703	1,480,445*	59,219*	4,692*	646,700*	2,366,461*	7,572*	(654,077)*	26,931,454*	34,970,169	8,480,761	43,450,930
Loss for the period	—	—	—	—	—	—	—	—	(1,227,421)	(1,227,421)	(304,947)	(1,532,368)
Other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods:												
Exchange realignments	—	—	—	—	—	—	—	1,179,714	—	1,179,714	823,384	2,003,098
Share of other comprehensive income of associates	—	—	—	—	—	—	—	3,088	—	3,088	207	3,295
Share of other comprehensive (expense)/income of joint ventures	—	—	—	—	—	—	—	(2,617)	—	(2,617)	35	(2,582)
Release of exchange reserve upon dissolution of subsidiaries	—	—	—	—	—	—	—	522	—	522	452	974
Other comprehensive expense that will not be reclassified to profit or loss in subsequent periods:												
Changes in fair values of financial assets at fair value through other comprehensive income	—	(16,379)	—	—	—	—	—	—	—	(16,379)	—	(16,379)
Total comprehensive income/(expense) for the period	—	(16,379)	—	—	—	—	—	1,180,707	(1,227,421)	(63,093)	519,131	456,038
Shares issued upon exercise of share options	6,862	—	(1,967)	—	—	—	—	—	—	4,895	—	4,895
Acquisition of additional interests in a subsidiary, net*	—	—	—	—	—	(2,322)	—	—	—	(2,322)	128,182	125,860
Equity-settled share option arrangements	—	—	1,224	—	—	—	—	—	—	1,224	—	1,224
Equity-settled share option arrangements of a subsidiary	—	—	—	—	—	—	—	—	—	—	157	157
Release of reserve upon lapse of share options issued by a subsidiary	—	—	—	—	—	—	—	—	685	685	(685)	—
Transfer to statutory reserve	—	—	—	—	—	—	19,051	—	(19,051)	—	—	—
Dividend paid to a non-controlling interest of a subsidiary	—	—	—	—	—	—	—	—	—	—	(2,331)	(2,331)
Disposal of a subsidiary	—	—	—	—	—	—	—	—	—	—	(792)	(792)
At 31 January 2021 (Unaudited)	4,134,565	1,464,066*	58,476*	4,692*	646,700*	2,364,139*	26,623*	526,630*	25,685,667*	34,911,558	9,124,423	44,035,981

\* These reserve accounts comprise the consolidated reserves of HK\$30,776,993,000 (31 July 2020: HK\$30,842,466,000) in the condensed consolidated statement of financial position.

# The amounts arose from the receipts from the clawback offer and placing of a total of 809,967,036 consolidated shares of Media Asia Group Holdings Limited ("MAGHL") net of direct transaction costs after eSun Holdings Limited ("eSun") and its subsidiaries (collectively the "eSun Group") agreed to subscribe for 2,687,500,000 consolidated shares of MAGHL at a price of HK\$0.16 per consolidated share in consideration of the cancellation by way of setting off against the outstanding principal amount of HK\$430,000,000 of loan from eSun to MAGHL. As a result, the eSun Group upon taking up a total of 1,877,532,964 capitalisation shares of MAGHL has increased its equity interest in MAGHL from 67.56% to 69.69%. The transactions were accounted for as equity transactions. Details are set out in a joint announcement of the Company, Lai Sun Garment (International) Limited ("LSG"), eSun and MAGHL dated 6 November 2020.

# Condensed Consolidated Statement of Changes in Equity

(Continued)

For the six months ended 31 January 2021

	Attributable to owners of the Company										Total HK\$'000	
	Share capital HK\$'000	Fair value reserve 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 2019 (Audited)	4,081,774	1,663,216	58,760	4,692	646,700	(32,509)	2,312	(531,399)	29,934,155	35,827,701	12,526,389	48,354,090
Loss for the period	—	—	—	—	—	—	—	—	(1,109,167)	(1,109,167)	(514,266)	(1,623,433)
Other comprehensive (expense)/income that may be reclassified to profit or loss in subsequent periods:												
Exchange realignments	—	—	—	—	—	—	—	(7,677)	—	(7,677)	(287,124)	(294,801)
Share of other comprehensive (expense)/income of associates	—	—	—	—	—	—	—	(1,252)	—	(1,252)	20	(1,232)
Share of other comprehensive income of joint ventures	—	—	—	—	—	—	—	228	—	228	224	452
Other comprehensive expense that will not be reclassified to profit or loss in subsequent periods:												
Changes in fair values of financial assets at fair value through other comprehensive income	—	(5,896)	—	—	—	—	—	—	—	(5,896)	—	(5,896)
Total comprehensive expense for the period	—	(5,896)	—	—	—	—	—	(8,701)	(1,109,167)	(1,123,764)	(801,146)	(1,924,910)
Final 2019 dividend declared <sup>®</sup>	—	—	—	—	—	—	—	—	(65,498)	(65,498)	—	(65,498)
Acquisition of additional interests in a subsidiary <sup>^</sup>	—	—	—	—	—	47,733	—	—	—	47,733	(98,896)	(51,163)
Equity-settled share option arrangements	—	—	3,248	—	—	—	—	—	—	3,248	674	3,922
Release of reserve upon lapse of share options	—	—	(841)	—	—	—	—	—	956	115	(115)	—
Shares issued by a subsidiary upon exercise of share options	—	—	—	—	—	(2,461)	—	—	—	(2,461)	3,190	729
Transfer to statutory reserve	—	—	—	—	—	—	6,472	—	(6,472)	—	—	—
Dividends payable to non-controlling interests of subsidiaries	—	—	—	—	—	—	—	—	—	—	(32,402)	(32,402)
Capital contributions from non-controlling interests of a subsidiary	—	—	—	—	—	—	—	—	—	—	2,308	2,308
Repayment to non-controlling interests of a subsidiary	—	—	—	—	—	—	—	—	—	—	(400)	(400)
At 31 January 2020 (Unaudited)	4,081,774	1,657,320	61,167	4,692	646,700	12,763	8,784	(540,100)	28,753,974	34,687,074	11,599,602	46,286,676

<sup>®</sup> On 20 December 2019, the Company's shareholders approved at the annual general meeting a final dividend of HK\$0.108 per share payable in cash with a scrip dividend alternative for the year ended 31 July 2019 (the "2019 Final Dividend"). The 2019 Final Dividend was settled subsequently in February 2020.

Further details are set out in the Company's circular dated 8 January 2020.

<sup>^</sup> The amounts arose from the acquisition of 20% equity interest in Rosy Commerce Holdings Limited (a non-wholly-owned subsidiary of the Company) from Sunny Horizon Investments Limited (an indirect wholly-owned subsidiary of eSun) for a consideration of HK\$57,250,000 during the six months ended 31 January 2020.



# Condensed Consolidated Statement of Cash Flows

For the six months ended 31 January 2021

	Six months ended	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<b>NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>	<b>445,127</b>	(507,968)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of items of property, plant and equipment	(160,457)	(311,784)
Additions to investment properties	(351,157)	(810,258)
Deposits paid for additions to investment properties	(3,029)	(5,439)
Investment in a joint venture	(15,600)	—
Advances to associates	(158,134)	(13,474)
Advances to joint ventures	(3,137)	(276,533)
Repayment from associates	61,878	4,649
Repayment from joint ventures	40,011	145,980
Dividends received from financial assets at fair value through other comprehensive income	30,400	20,777
Increase in pledged and restricted bank balances and time deposits	(533,636)	(78,248)
Decrease in non-pledged and non-restricted time deposits with original maturity of more than three months when acquired	—	39,309
Others	(29,568)	(43,184)
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(1,122,429)</b>	(1,328,205)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
New bank borrowings raised	5,229,939	5,581,397
Repayment of bank borrowings	(4,682,735)	(4,429,441)
Bank financing charges	(41,999)	(39,760)
Principal portion of lease payments	(115,372)	(144,245)
Increase in put option liabilities	752,473	—
Proceeds from exercise of share options	4,895	—
Proceeds from exercise of share options of a subsidiary	—	729
Net receipts from the clawback offer and placing of shares of a subsidiary	125,860	—
Dividend paid to a non-controlling interest of a subsidiary	(2,331)	—
Capital contribution from non-controlling interests of a subsidiary	—	2,308
Amount received from a potential non-controlling interest of a subsidiary	—	110,963
Others	—	(400)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>1,270,730</b>	1,081,551

# Condensed Consolidated Statement of Cash Flows *(Continued)*

For the six months ended 31 January 2021

	<b>Six months ended</b>	
	<b>31 January</b>	
	<b>2021</b>	2020
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<b>593,428</b>	(754,622)
Cash and cash equivalents at beginning of period	<b>4,164,558</b>	3,682,798
Effect of foreign exchange rate changes, net	<b>118,846</b>	(88,312)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>4,876,832</b>	2,839,864
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Non-pledged and non-restricted cash and bank balances	<b>3,693,011</b>	2,564,491
Non-pledged and non-restricted time deposits	<b>1,183,821</b>	275,373
Cash and cash equivalents as stated in the condensed consolidated statement of financial position and the condensed consolidated statement of cash flows	<b>4,876,832</b>	2,839,864

# Notes to Condensed Consolidated Interim Financial Statements

31 January 2021

## 1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 January 2021 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants.

The financial information relating to the year ended 31 July 2020 that is included in the unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 January 2021 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 July 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to the Hong Kong Companies Ordinance.

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

The condensed consolidated interim financial statements have not been audited by the Company’s auditor but have been reviewed by the Company’s audit committee.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and basis of presentation used in the preparation of these interim financial statements are the same as those used in the Group’s audited consolidated financial statements for the year ended 31 July 2020.

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* (the “**Conceptual Framework**”) and the revised Hong Kong Financial Reporting Standards (“**HKFRSs**”, which also include HKASs and Interpretations) which are applicable to the Group and are effective in the current period. The adoption of the Conceptual Framework and the revised HKFRSs has had no significant impact on the financial performance or financial position of the Group.

# Notes to Condensed Consolidated Interim Financial Statements

(Continued)

31 January 2021

## 3. SEGMENT INFORMATION

### Segment revenue and results

The following table presents revenue and results for the Group's reportable segments:

During the period ended 31 January 2021, segment information of theme park previously included in the "property investment" segment has been reclassified to the "theme park operation" segment. Accordingly, the comparative segment information has been reclassified to conform to the current period's presentation.

	Six months ended 31 January (Unaudited)																				
	Property development and sales		Property investment		Hotel operation		Restaurant operation		Media and entertainment		Film and TV program		Cinema operation		Theme park operation		Others		Consolidated		
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:	1,219,993	744,841	660,862	669,567	289,317	478,532	172,069	233,355	163,534	202,827	57,235	111,354	61,074	194,566	14,197	13,949	107,090	102,601	2,745,371	2,751,592	
Intersegment sales	—	—	19,910	20,890	400	676	47	56	—	86	3,019	5,252	146	686	—	—	13,132	17,442	36,654	45,088	
Other revenue and gains	3,789	54,107	10,608	10,963	17,122	736	27,900	884	13,189	4,605	34,298	1,671	57,562	18,700	2,277	—	32,706	13,602	199,451	105,268	
Total	1,223,782	798,948	691,380	701,420	306,839	479,944	200,016	234,295	176,723	207,518	94,552	118,277	118,782	213,952	16,474	13,949	152,928	133,645	2,981,476	2,901,948	
Elimination of intersegment sales																			(36,654)	(45,088)	
Total	(129,837)	169,188	399,255	448,611	(189,264)	(103,414)	(25,657)	(42,257)	8,448	8,156	13,133	(17,849)	(64,556)	(153,957)	(117,807)	(150,902)	6,070	(61,131)	(100,215)	96,445	
Unallocated other revenue and gains																			230,485	87,346	
Write-down of properties under development to net realisable value	(135,838)	(229,470)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(135,838)	(229,470)	
Fair value losses on investment properties, net	—	—	(363,382)	(870,968)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(363,382)	(870,968)	
Unallocated expenses	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(259,571)	(202,008)	
Loss from operating activities																			(628,521)	(1,118,655)	
Finance costs																			(369,546)	(336,235)	
Share of profits and losses of associates	47	53	(210)	(8)	(189)	(221)	(186)	(260)	—	(30)	—	27	—	—	—	—	153	282	(385)	(157)	
Share of profits and losses of associates — unallocated																			(9,365)	(130)	
Share of profits and losses of joint ventures	21,117	61,848	(353,408)	(158,597)	974	—	—	—	2,805	869	(463)	(778)	42	—	—	—	—	—	(328,933)	(96,658)	
Loss before tax																			(1,336,750)	(1,551,835)	
Tax																			(195,618)	(71,598)	
Loss for the period																			(1,532,368)	(1,623,433)	

# Notes to Condensed Consolidated Interim Financial Statements

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## 3. SEGMENT INFORMATION (CONTINUED)

### Segment assets and liabilities

The following table presents the total assets and liabilities for the Group's reportable segments:

	Property development and sales		Property investment		Hotel operation		Restaurant operation		Media and entertainment		Film and TV program		Cinema operation		Theme park operation		Others		Consolidated	
	31 January 2021 (Unaudited)	31 July 2020 (Audited)	31 January 2021 (Unaudited)	31 July 2020 (Audited)	31 January 2021 (Unaudited)	31 July 2020 (Audited)	31 January 2021 (Unaudited)	31 July 2020 (Audited)	31 January 2021 (Unaudited)	31 July 2020 (Audited)	31 January 2021 (Unaudited)	31 July 2020 (Audited)	31 January 2021 (Unaudited)	31 July 2020 (Audited)	31 January 2021 (Unaudited)	31 July 2020 (Audited)	31 January 2021 (Unaudited)	31 July 2020 (Audited)	31 January 2021 (Unaudited)	31 July 2020 (Audited)
	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	10,880,063	9,992,287	37,493,498	36,568,822	9,527,272	9,531,236	531,300	600,946	334,033	352,992	886,678	763,534	1,137,074	1,169,897	1,870,348	1,712,839	1,018,184	1,003,077	63,678,450	61,695,630
Investments in associates	159,647	2,099	200	533	186,414	178,033	(10,105)	(10,105)	—	—	—	—	—	—	—	—	3,519	3,156	339,675	173,716
Investments in associates — unallocated																			84,267	155,236
Investments in joint ventures	1,114,975	1,133,702	5,185,709	5,523,518	91,225	92,916	—	—	8,855	11,599	1,484	1,947	43	—	—	—	—	—	6,402,291	6,763,682
Unallocated assets																			9,868,215	8,281,305
Assets classified as held for sale	5,368	14,952	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	33,115	5,388	48,067
Total assets																			80,378,266	77,117,636
Segment liabilities	2,075,961	905,354	736,227	1,438,886	710,984	751,426	177,399	211,133	93,301	117,541	499,151	381,929	1,068,500	1,144,518	171,684	157,577	232,550	328,132	5,765,757	5,436,496
Bank borrowings																			17,028,376	16,135,675
Guaranteed notes																			5,738,039	5,717,879
Other borrowings																			315,659	308,365
Unallocated liabilities																			7,494,454	6,068,291
Total liabilities																			36,342,285	33,666,706

# Notes to Condensed Consolidated Interim Financial Statements

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## 4. TURNOVER

An analysis of turnover is as follows:

	Six months ended	
	31 January 2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
<b>Turnover from contracts with customers:</b>		
Sale of properties	940,761	744,841
Building management fee income	99,022	97,300
Income from hotel operation	289,317	478,532
Income from restaurant operation	172,069	233,355
Distribution commission income from, licence fee income from and sales of film and TV program products and film rights	57,118	109,944
Box-office takings, concessionary income and related income from cinemas	61,074	194,566
Entertainment event income	489	66,886
Sale of game products	111,606	84,681
Album sales, licence income and distribution commission income from music publishing and licensing	45,202	43,847
Artiste management fee income	6,237	7,413
Advertising income	117	1,410
Income from theme park operation	14,197	13,949
Others	107,090	102,601
	<b>1,904,299</b>	2,179,325
<b>Turnover from other sources:</b>		
Rental income from investment properties	561,840	572,267
Income from properties under finance lease	279,232	—
Total turnover	<b>2,745,371</b>	2,751,592
<b>Timing of recognition of turnover from contracts with customers:</b>		
At a point in time	1,605,816	1,856,933
Over time	298,483	322,392
	<b>1,904,299</b>	2,179,325

# Notes to Condensed Consolidated Interim Financial Statements

## (Continued)

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### 5. LOSS FROM OPERATING ACTIVITIES

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

	Six months ended	
	31 January 2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Depreciation of property, plant and equipment <sup>^</sup>	257,908	238,916
Depreciation of right-of-use assets <sup>^</sup>	196,638	217,667
Foreign exchange differences, net <sup>@</sup>	(79,097)	(32,530)
Amortisation of film rights <sup>#</sup>	3,849	1,826
Amortisation of film products <sup>#</sup>	26,208	39,631
Amortisation of music catalogs <sup>#</sup>	16,388	16,013
Amortisation of other intangible assets <sup>*</sup>	1,019	199
Impairment of property, plant and equipment <sup>*</sup>	—	97,050
Loss on disposal of assets classified as held for sale <sup>*</sup>	2,946	5,204
Fair value (gains)/losses on financial assets at fair value through profit or loss	(106,330) <sup>@</sup>	15,300 <sup>*</sup>
Fair value losses/(gains) on cross currency swaps	29,817 <sup>*</sup>	(4,984) <sup>@</sup>
Fair value losses on foreign currency forward contract <sup>*</sup>	121	3,660
Foreseeable loss on finance lease contract <sup>*</sup>	26,183	—
Service fee for operation of a club in hotel operation in Vietnam <sup>*</sup>	12,702	26,828

<sup>^</sup> Depreciation charge of approximately HK\$432,981,000 (Six months ended 31 January 2020: HK\$413,594,000) is included in "other operating expenses" on the face of the unaudited condensed consolidated income statement.

<sup>@</sup> These items are included in "other revenue and gains" on the face of the unaudited condensed consolidated income statement.

<sup>#</sup> These items are included in "cost of sales" on the face of the unaudited condensed consolidated income statement.

<sup>\*</sup> These items are included in "other operating expenses" on the face of the unaudited condensed consolidated income statement.

# Notes to Condensed Consolidated Interim Financial Statements

(Continued)

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## 6. FINANCE COSTS

	Six months ended 31 January	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Interest on bank borrowings	249,908	284,628
Interest on guaranteed notes	160,038	158,914
Interest on other borrowings	2,840	2,881
Interest on lease liabilities	26,066	29,819
Interest on put option liabilities	1,974	—
Bank financing charges	33,806	27,701
Interest expenses arising from revenue contracts	—	7,191
	<b>474,632</b>	511,134
Less: Amount capitalised in construction in progress	<b>(3,537)</b>	(17,680)
Amount capitalised in properties under development	<b>(46,648)</b>	(64,776)
Amount capitalised in investment properties under construction	<b>(54,901)</b>	(92,443)
	<b>369,546</b>	336,235

## 7. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (Six months ended 31 January 2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

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.

	Six months ended 31 January	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Current tax		
Hong Kong	20,911	19,577
Mainland China	163,872	99,027
Overseas	7,779	12,555
	<b>192,562</b>	131,159
Deferred tax	6,686	(60,894)
Prior periods' (overprovision)/underprovision		
Hong Kong	(29)	(99)
Mainland China	(20)	(150)
Overseas	(3,581)	1,582
	<b>(3,630)</b>	1,333
Tax charge for the period	<b>195,618</b>	71,598



# Notes to Condensed Consolidated Interim Financial Statements

## (Continued)

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### 8. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share amount was based on the loss for the period attributable to owners of the Company of HK\$1,227,421,000 (Six months ended 31 January 2020: HK\$1,109,167,000), and the weighted average number of ordinary shares of 612,059,000 (Six months ended 31 January 2020: 606,464,000) in issue during the period.

No adjustment has been made to the basic loss per share amounts presented for the periods ended 31 January 2021 and 2020 in respect of a dilution as the impact of the share options of the Company and Lai Fung Holdings Limited (“**Lai Fung**”) had an anti-dilutive effect on the basic loss per share amounts presented.

### 9. 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 trading terms of eSun Group with its customers are mainly on credit. Invoices are normally payable within 30 to 90 days of issuance, except for certain well-established customers, where the terms are extended to 120 days. Each customer has a maximum credit limit. eSun Group seeks to maintain strict control over its outstanding receivables and has a credit control policy to minimise its credit risk. Overdue balances are regularly reviewed by senior management. Since eSun Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within eSun Group as the customer bases of eSun Group’s trade receivables are widely dispersed in different sectors and industries. The eSun Group’s trade receivables are non-interest-bearing.

Other than rental deposits received, the Group does not hold any collateral or other credit enhancements over these balances.

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:

	<b>31 January 2021 (Unaudited) HK\$’000</b>	31 July 2020 (Audited) HK\$’000
Current portion		
Trade receivables:		
Not yet due or less than 30 days past due	<b>249,389</b>	245,100
31 — 60 days past due	<b>18,387</b>	19,054
61 — 90 days past due	<b>6,786</b>	7,754
Over 90 days past due	<b>39,174</b>	33,160
	<b>313,736</b>	305,068
Non-current portion		
Finance lease receivables not yet due	<b>322,119</b>	—
	<b>635,855</b>	305,068

# Notes to Condensed Consolidated Interim Financial Statements

## (Continued)

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### 10. 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:

	31 January 2021 (Unaudited) HK\$'000	31 July 2020 (Audited) HK\$'000
Creditors:		
Not yet due or less than 30 days past due	375,545	359,582
31 — 60 days past due	233,899	33,263
61 — 90 days past due	12,958	1,411
Over 90 days past due	9,215	19,510
	<b>631,617</b>	413,766
Other payables and accruals	<b>2,349,836</b>	2,700,824
Put option liabilities (Note)	<b>1,270,231</b>	277,086
	<b>4,251,684</b>	3,391,676
Less: Portion classified as current	<b>(3,258,653)</b>	(3,391,676)
Non-current portion	<b>993,031</b>	—

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 "**Agreement**") with an independent third-party, Zhuhai Da Hengqin Real Estate Co., Ltd. ("**Da Hengqin**"). Pursuant to the Agreement, among others, Da Hengqin has agreed to make a total capital contribution of approximately RMB948,448,000 in Laisun Creative Culture (the "**Transaction**"). The Transaction was completed on 6 August 2020 and Da Hengqin became a holder of 16.68% equity interest in Laisun Creative Culture.

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

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

# Notes to Condensed Consolidated Interim Financial Statements

## (Continued)

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### 11. SHARE OPTION SCHEMES

#### The Company

The Company adopted a new share option scheme on 11 December 2015 and terminated the share option scheme previously adopted on 22 December 2006. Subsisting options granted prior to the termination will continue to be valid and exercisable in accordance with the terms of the previous scheme.

The table below discloses movement of the Company's share options held by the Company's directors, employees and other eligible participants:

	<b>Number of underlying shares comprised in the Company's share options</b>
Outstanding as at 1 August 2020	<b>14,087,134</b>
Granted during the period	<b>470,000</b>
Exercised during the period	<b>(915,000)</b>
<b>Outstanding as at 31 January 2021</b>	<b>13,642,134</b>

The closing price of the Company's shares immediately before the date of grant of the Company's share options during the period was HK\$6.35 per share.

The fair value of the share options granted by the Company during the period was approximately HK\$1,224,000, HK\$2.604 each (Six months ended 31 January 2020: HK\$3,248,000, HK\$4.060 each), of which the Group recognised the entire amount as a share option expense for the six months ended 31 January 2021.

The fair value of equity-settled share options granted by the Company during the period was estimated as at the date of grant using the Binomial Option Pricing Model ("**Binomial Model**"), taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

<b>Date of valuation</b>	<b>26 January 2021</b>	20 August 2019
Closing share price (HK\$ per the Company's share)	<b>6.360</b>	9.750
Exercise price (HK\$ per the Company's share)	<b>6.360</b>	9.920
Option life (years)	<b>10</b>	10
Risk-free interest rate (%)	<b>0.752</b>	1.035
Dividend yield (%)	<b>0.0</b>	0.982
Expected volatility (%)	<b>36.393</b>	38.839
Historical volatility (%)	<b>36.393</b>	38.839
Forfeiture rate (%)	<b>2.258</b>	0.0

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.

# Notes to Condensed Consolidated Interim Financial Statements

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## 11. SHARE OPTION SCHEMES (CONTINUED)

### Lai Fung

On 18 December 2012, Lai Fung adopted a share option scheme and the table below discloses movement of Lai Fung's share options held by Lai Fung's directors and other eligible participants:

	<b>Number of underlying shares comprised in Lai Fung's share options</b>
Outstanding as at 1 August 2020	<b>9,684,526</b>
Granted during the period	<b>120,000</b>
Lapsed during the period	<b>(360,000)</b>
Outstanding as at 31 January 2021	<b>9,444,526</b>

The closing price of Lai Fung's shares immediately before the date of grant of Lai Fung's share options during the period was HK\$7.30 per share.

The fair value of the share options granted by Lai Fung during the period was approximately HK\$157,000, HK\$1.3101 each (Six months ended 31 January 2020: HK\$674,000, HK\$1.348 each) which was recognised as a share option expense of approximately HK\$157,000 (Six months ended 31 January 2020: HK\$674,000) and HK\$69,000 (Six months ended 31 January 2020: HK\$303,000) (before and after capitalisation to properties under development/investment properties under construction/construction in progress, respectively) for the six months ended 31 January 2021.

The fair value of equity-settled share options granted by Lai Fung during the period 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:

<b>Date of valuation</b>	<b>22 January 2021</b>	20 August 2019
Closing share price (HK\$ per Lai Fung's share)	<b>7.290</b>	6.610
Exercise price (HK\$ per Lai Fung's share)	<b>7.364</b>	6.784
Option life (years)	<b>10</b>	10
Risk-free interest rate (%)	<b>0.7882</b>	1.035
Dividend yield (%)	<b>0.0</b>	2.020
Expected volatility (%)	<b>37.553</b>	39.134
Historical volatility (%)	<b>37.553</b>	39.134
Forfeiture rate (%)	<b>9.4143</b>	0.0

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.

# Notes to Condensed Consolidated Interim Financial Statements

## (Continued)

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### 12. CAPITAL COMMITMENTS

The Group had the following commitments not provided for in the condensed consolidated interim financial statements at the end of the reporting period:

	<b>31 January 2021 (Unaudited) HK\$'000</b>	31 July 2020 (Audited) HK\$'000
Contracted, but not provided for		
Purchase of items of property, plant and equipment	<b>56,801</b>	6,764
Additions to investment properties	<b>14,191</b>	13,237
Construction, development and resettlement costs	<b>1,150,755</b>	1,162,581
	<b>1,221,747</b>	1,182,582

### 13. RELATED PARTY TRANSACTIONS

In addition to the related party transactions and balances detailed elsewhere in the condensed consolidated interim financial statements, the Group entered into the following material transactions with related parties during the period:

#### (a) Transactions with related parties

	Notes	<b>Six months ended 31 January 2021 (Unaudited) HK\$'000</b>	2020 (Unaudited) HK\$'000
Rental expenses/lease payments and building management fees paid or payable to:			
— LSG	(i),(ii)	<b>499</b>	684
— an associate of LSG	(i),(ii)	<b>52</b>	886
Rental income and management fee income received or receivable from LSG	(i)	<b>390</b>	380
Interest income received or receivable from advance to joint ventures	(i)	<b>2,577</b>	6,225
Production fee paid or payable to joint ventures	(i)	<b>400</b>	770
Management and other service fees paid or payable to a subsidiary of a substantial shareholder of Lai Fung	(i)	<b>3,243</b>	4,695
Sharing of corporate salaries on a cost basis allocated to LSG		<b>4,721</b>	5,403
Sharing of administrative expenses on a cost basis allocated to LSG		<b>513</b>	884
Sharing of corporate salaries on a cost basis allocated from LSG		<b>3,635</b>	4,043

Notes:

- (i) These transactions were entered into based on the agreements or contracts and were charged on bases mutually agreed by the respective parties.
- (ii) In addition to the variable lease payments and lease payments for short term leases to the related parties, right-of-use assets of approximately HK\$2,382,000 and lease liabilities of approximately HK\$2,444,000 related to the leases with related parties were recognised in condensed consolidated statement of financial position as at 31 January 2021. During the six months ended 31 January 2021, depreciation of these right-of-use assets of approximately HK\$1,237,000 (Six months ended 31 January 2020: HK\$552,000) and finance costs on these lease liabilities of approximately HK\$56,000 (Six months ended 31 January 2020: HK\$31,000) were recognised in condensed consolidated income statement.

# Notes to Condensed Consolidated Interim Financial Statements

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## 13. RELATED PARTY TRANSACTIONS (CONTINUED)

### (b) Compensation of key management personnel of the Group

	Six months ended	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Short term employee benefits	33,741	37,098
Pension scheme contributions	189	189
Equity-settled share option expenses	—	3,922
<b>Total compensation paid to key management personnel</b>	<b>33,930</b>	<b>41,209</b>

## 14. 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\$5,684,581,000 (31 July 2020: HK\$5,596,373,000), of which the fair value was determined by reference to the closing prices of the guaranteed notes published by a leading global financial market data provider as at the end of the reporting period, the directors consider the carrying amounts of all other financial assets and financial liabilities measured at amortised cost approximate to their fair values as at the end of the reporting period.

### Financial instruments measured at fair value

	Level 1 (Unaudited) HK\$'000	Level 2 (Unaudited) HK\$'000	Level 3 (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
<b>As at 31 January 2021</b>				
<b>Financial assets</b>				
Financial assets at fair value through other comprehensive income	34,867	—	1,666,165	1,701,032
Financial assets at fair value through profit or loss	85	1,114,448	133,236	1,247,769
Financial assets included in deposits, prepayments, other receivables and other assets	—	—	21,077	21,077
Film investments	—	—	8,165	8,165
	<b>34,952</b>	<b>1,114,448</b>	<b>1,828,643</b>	<b>2,978,043</b>
<b>Financial liabilities</b>				
Derivative financial instruments				
— cross currency swaps ("CCSs")	—	—	9,586	9,586
— foreign currency forward contract	—	5,973	—	5,973
	<b>—</b>	<b>5,973</b>	<b>9,586</b>	<b>15,559</b>

# Notes to Condensed Consolidated Interim Financial Statements

## (Continued)

31 January 2021

### 14. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments measured at fair value (Continued)

	Level 1 (Audited) HK\$'000	Level 2 (Audited) HK\$'000	Level 3 (Audited) HK\$'000	Total (Audited) HK\$'000
As at 31 July 2020				
Financial assets				
Financial assets at fair value through other comprehensive income	39,280	—	1,678,131	1,717,411
Financial assets at fair value through profit or loss	168	977,495	127,024	1,104,687
Derivative financial instruments — CCSs	—	—	20,231	20,231
Financial assets included in deposits, prepayments, other receivables and other assets	—	—	22,223	22,223
Film investments	—	—	16,716	16,716
	39,448	977,495	1,864,325	2,881,268
Financial liabilities				
Derivative financial instruments — foreign currency forward contract	—	5,852	—	5,852

During the six months ended 31 January 2021, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers of fair value measurements into or out of Level 3 for financial assets and financial liabilities (Six months ended 31 January 2020: Nil).

The movements in fair value measurements in Level 3 of the principal financial instruments during the period are as follows:

Financial assets at fair value through other comprehensive income

	Six months ended 31 January	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
At beginning of period	1,678,131	1,863,437
Total losses recognised in other comprehensive income	(11,966)	(4,512)
At end of period	1,666,165	1,858,925

# Notes to Condensed Consolidated Interim Financial Statements

(Continued)

31 January 2021

## 14. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

### 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 are based on the fair values of the underlying investment portfolio provided by the fund managers

In respect of derivative financial instruments — foreign currency forward contract, the Group relies on bank valuations to determine the fair value of the instruments. These valuations maximise the use of observable market data. Key observable inputs in the valuations are spot rates, strike rates, volatility, time to expiration and risk free rate.

Fair value measurement using significant unobservable inputs (Level 3)

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

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The methods and assumptions used to estimate the fair values of the principal financial instruments are stated as follows:

- (i) Fair value of the equity interest in an investee company, classified as financial assets at fair value through other comprehensive income, has been estimated using the fair value of investment properties held by the investee company, which is mainly determined by income approach. Income approach is an approach to valuation that provides an indication of value by converting future cash flows to a single current capital value. The current capital value is projected based on discounted cash flow method. It is a process of valuing an investment property or asset by undertaking an estimation of future cash flows and taking into account the time value of money.
- (ii) Derivative financial instruments — CCSs are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot rates and interest rate curves as well as other unobservable inputs. The carrying amounts of the derivative financial instruments are the same as their fair values.



# Notes to Condensed Consolidated Interim Financial Statements

## (Continued)

31 January 2021

### 14. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

#### Valuation Techniques (Continued)

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

	Valuation technique	Significant unobservable inputs	Value of unobservable inputs	Notes
<b>31 January 2021</b>				
Financial assets at fair value through other comprehensive income	Income approach	Average monthly market rent per square foot	HK\$142	1
		Capitalisation rate	2.85%	2
Derivative financial instruments — CCS	Discounted cash flow with swaption approach	Expected exposure at default — counterparty	HK0.29 million to HK8.44 million	3
		Expected exposure at default — the Group	HK0.52 million to HK19.61 million	4
		Credit spread — counterparty	8.61 basis points to 90.76 basis points	5
		Credit spread — the Group	14.31 basis points to 407.04 basis points	6
		Loss given default ratio — counterparty non-performance risk	80%	7
	Loss given default ratio — own credit risk	60%	8	
<b>31 July 2020</b>				
Financial assets at fair value through other comprehensive income	Income approach	Average monthly market rent per square foot	HK\$144	1
		Capitalisation rate	2.85%	2
Derivative financial instruments — CCS	Discounted cash flow with swaption approach	Expected exposure at default — counterparty	HK\$2.93 million to HK\$34.04 million	3
		Expected exposure at default — the Group	HK\$0.02 million to HK\$37.45 million	4
		Credit spread — counterparty	7.69 basis points to 111.58 basis points	5
		Credit spread — the Group	13.26 basis points to 484.14 basis points	6
		Loss given default ratio — counterparty non-performance risk	80%	7
	Loss given default ratio — own credit risk	60%	8	

#### Notes:

1. The higher the average monthly market rent per square foot, the higher the fair value
2. The higher the capitalisation rate, the lower the fair value
3. The higher the expected exposure at default — counterparty, the lower the fair value
4. The higher the expected exposure at default — the Group, the higher the fair value
5. The higher the credit spread — counterparty, the lower the fair value
6. The higher the credit spread — the Group, the higher the fair value
7. The higher the loss given default ratio — counterparty non-performance risk, the lower the fair value
8. The higher the loss given default ratio — own credit risk, the higher the fair value

# Notes to Condensed Consolidated Interim Financial Statements

(Continued)

31 January 2021

## 15. EVENT AFTER THE REPORTING PERIOD

On 25 January 2021, eSun Group and U A Cinema Circuit Limited (“**UA**”) entered into an asset sale and purchase agreement that eSun Group has conditionally agreed to purchase the cinema related assets at a consideration of HK\$56,000,000. On the same date, eSun Group, UA and Hong Kong Island Development Limited entered into a novation and amendment agreement that eSun Group has conditionally agreed to take all of the estate, rights, title, benefits and interest of the tenancy agreement for L4 and L5 of K11 MUSEA, Tsim Sha Tsui, Kowloon. As at 31 January 2021, initial deposit of HK\$5,600,000 was paid. The completion of the transactions took place in early March 2021. Details are set out in a joint announcement of the Company, LSG and eSun dated 25 January 2021.

# Interim Dividend

The Board of the Company has resolved not to declare the payment of an interim dividend for the financial year ending 31 July 2021. No interim dividend was declared in respect of the last corresponding period.

## Management Discussion and Analysis

### BUSINESS REVIEW AND OUTLOOK

The novel coronavirus (COVID-19) pandemic has led to severe disruptions to the global economy triggering the largest global recession since the Great Depression. While we are starting to see rollouts of COVID-19 mass vaccination programs in different countries around the world, and stimulus packages continued to be implemented by governments, it remains uncertain as to when the state of the global economy will be fully restored to pre-pandemic levels. During the period under review, the Group continued to operate with caution to minimise the impacts caused by such pandemic-induced disruptions, and stepped up its efforts in identifying and pursuing opportunities to prepare itself to be in a position to benefit from the post-pandemic recovery.

### Hong Kong and Overseas Property Market

Prolonged social distancing measures and travel restrictions continued to cripple many businesses during the six months ended 31 January 2021. Nevertheless, the Group's Hong Kong investment properties contributed a relatively steady recurrent income stream of approximately HK\$265.6 million in turnover, as compared to HK\$285.4 million for the same period last year. Particularly in unprecedented challenging times like now, the Group worked even more closely with its stakeholders, including its tenants, to progress through the darkest hours. During the period under review, the Group provided rental relief arrangements in the form of rental deferrals or rental concessions with certain tenants on a case-by-case basis. The Group is of the view that Hong Kong, as a sophisticated financial hub strategically located at the heart of Asia with no capital control, will continue to attract quality multinational corporations and experienced talent. The growing trend of companies seeking their initial public offerings or secondary-listings in Hong Kong should provide ample demand for office space in the city. In London, despite the pandemic challenges and the complexity of the UK-EU relations, which may be the near-term uncertainties around the UK economy, the Group is of the view that the City of London's positioning as a major financial and business centre should remain unchanged. The Group will continue to monitor the market conditions in London for the potential redevelopment of the three properties on Leadenhall Street, comprising 100, 106 and 107 Leadenhall Street (together, "**Leadenhall Properties**").

Despite the uncertain economic outlook brought by the prolonged pandemic, the residential property market in Hong Kong has demonstrated resilience and robustness primarily due to limited supply, solid pent-up demand driven by local end-users and the prevailing low interest rate environment. During the period under review, the Group continued to source and evaluate suitable land acquisition opportunities to grow the pipeline. In January 2021, the consortium formed by the Group together with New World Development Company Limited, Empire Development Hong Kong (BVI) Limited and CSI Properties Limited successfully won the tender for the Wong Chuk Hang Station Package Five Property Development. This residential development project sitting on top of the Wong Chuk Hang MTR station in the prominent Southern district of Hong Kong covers a site area of approximately 95,600 square feet, with a gross floor area ("**GFA**") of approximately 636,200 square feet and is expected to deliver two residential towers, offering around 1,050 residential units.

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

# Management Discussion and Analysis (Continued)

## BUSINESS REVIEW AND OUTLOOK (CONTINUED)

### Hong Kong and Overseas Property Market (Continued)

Up to 14 March 2021, 603 units in Alto Residences have been sold, achieving an average selling price of approximately HK\$18,000 per square foot. The Group has released in total 86 car-parking spaces of Alto Residences for sale since March 2019. Up to 14 March 2021, 73 car-parking spaces have been sold and the total sales proceeds amounted to approximately HK\$190.1 million.

The sale and handover of all 209 residential units and 7 commercial units of 93 Pau Chung Street have been completed. Car-parking spaces of 93 Pau Chung Street were launched for sale in July 2019. Up to 14 March 2021, 7 out of 20 car-parking spaces and 4 out of 5 motor-parking spaces have been sold and the total sales proceeds amounted to approximately HK\$10.2 million.

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

Construction of Monti, the Sai Wan Ho Street project has been completed. Up to 14 March 2021, 121 out of 144 units in Monti has been sold with saleable area of approximately 37,984 square feet and the average selling price amounted to approximately HK\$21,100 per square foot. Handover of the sold residential units has been substantially completed.

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

### Mainland China Property Market

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

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

# Management Discussion and Analysis *(Continued)*

## BUSINESS REVIEW AND OUTLOOK *(CONTINUED)*

### Mainland China Property Market *(Continued)*

Leasing of the commercial area of Phase I of Novotown ("**Novotown Phase I**") is underway with approximately 66% of the leasable area having been leased and key tenants include two themed indoor experience centres, namely "Lionsgate Entertainment World®" and "National Geographic Ultimate Explorer Hengqin", Pokiddo Trampoline Park, Adidas Outlet, Decathlon, Paulaner Wirtshaus Hengqin, Oyster King, Starbucks and McDonald's. In February 2021, a new interactive attraction — "Wonders of Kung Fu" — was launched in the outdoor garden space of Novotown Phase I, which includes light shows providing immersive experience and interactive games with Chinese Kungfu and cuisine being the key underlying theme. This attraction in the 5,000 square meters outdoor garden offers more than 10 interactive points, aiming not only to bring new experiences to visitors in terms of advanced visual/media technologies and cultural enlightenment, but also with an objective to boost the night economy at Novotown.

Construction of Novotown Phase II is in progress. This mixed-used development project is expected to complete in phases by 2024, providing commercial and experiential entertainment facilities, office and serviced apartment spaces of 387,700 square feet, 1,599,300 square feet and 586,800 square feet, respectively. Real Madrid World and Ducati Experience Centre are expected to be the key experiential entertainment facilities in Novotown Phase II. Part of office and serviced apartment spaces have been designated as for-sale properties. Properties in Novotown Phase II occupied by Harrow Innovation Leadership Academy Hengqin ("**Harrow ILA Hengqin**") were sold to the school operator during the period under review, which enabled 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 growing commitment from corporations amongst Guangdong, Hong Kong and Macau in the development of the Greater Bay Area will make Novotown a new contributor to Lai Fung Group's results in the long run.

Construction of Shanghai Wuli Bridge Project, the high-end luxury residential project located by the Huangpu River in Huangpu District has been completed. The project providing 28 residential units and 43 car-parking spaces was launched for sale in September 2020 and has received an enthusiastic response from the market. Sales of 15 residential units and 15 car-parking spaces have been completed during the period under review, contributing a total turnover of approximately HK\$529.5 million and the contracted sales for 8 residential units and 7 car-parking spaces of this development as at 31 January 2021 amounted to approximately HK\$300.9 million. Up to 28 February 2021, the remaining 5 residential units with 6 car-parking spaces have been sold subject to contract, contributing RMB162.0 million in total, which are expected to be turned into contracted property sales in coming months. Construction of Phase III of Zhongshan Palm Spring was completed in November 2020 and handover of pre-sold units is in progress. Development of Phase IV of Zhongshan Palm Spring is on track and expected to be completed in the third quarter of 2021. The residential units in Shanghai Wuli Bridge Project, serviced apartment units and residential units in Zhongshan Palm Spring as well as the cultural studios, cultural workshops and office of Hengqin Novotown Phase I are expected to contribute to the income of Lai Fung Group in the coming financial years.

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

# Management Discussion and Analysis (Continued)

## BUSINESS REVIEW AND OUTLOOK (CONTINUED)

### Cinema Operation/Media and Entertainment/Film Production and Distribution

2020 has been one of the toughest years in the history of the entertainment industry marked by the global COVID-19 pandemic. Although vaccination programs have been launched on massive scales by various governments, mass immunisation will take time. Therefore, it is anticipated that the COVID-19 containment measures will continue in the near term.

The disruption of cinema operation of eSun Holdings Limited (“**eSun**”) and its subsidiaries (together, “**eSun Group**”) continued during the six months ended 31 January 2021. eSun Group’s cinemas in Hong Kong have been requested to close three times for over 160 days since the outbreak of COVID-19 in early 2020. The latest mandatory closure when the fourth wave of COVID-19 emerged from 2 December 2020 to 17 February 2021 throughout the holiday seasons has inevitably impacted eSun Group’s box office performance for the period under review. Cinemas in Mainland China re-opened in late July 2020 after being closed for over 5 months and the box office has shown a signal of recovery. However, business performance of cinema operation in Hong Kong and Mainland China are still suffering from the delay in releases of blockbuster movies and the social distancing measures such as restrictions on the seating capacity and food and beverages consumption within the cinema houses. Despite the challenging operating environment under the COVID-19 pandemic, eSun Group remains cautiously optimistic about the fundamental demand for entertainment in long run and continues to evaluate opportunities to maintain and enhance its market positioning as a leading multiplex cinema operator in Hong Kong. In March 2021, eSun Group took over the site in K11 MUSEA in Tsim Sha Tsui, Kowloon that was previously operated by U A Cinema Circuit Limited and the cinema named K11 Art House started the business on 6 March 2021. The K11 Art House with 12 houses and a total of 1,708 seats is the first cinema in Hong Kong that uses IMAX laser, equipped with all the latest audiovisual technology, such as IMAX 12-channel IMMERSIVE Sound system and 4K RGB Laser for an extraordinary theatrical effect. eSun Group also secured the cinema site at The ONE, 100 Nathan Road in Tsim Sha Tsui, Kowloon and the operation is expected to commence in April 2023. eSun Group is closely monitoring the market conditions in Hong Kong and Mainland China and will continue to improve its overall operating efficiency and take a prudent approach in evaluating opportunities for further expansion of its footprint.

The outbreak of novel COVID-19 also posted unprecedented challenges to the media and entertainment industry, with entertainment spending affected severely by the accompanying economic recession and social distancing measures. In light of the unstable business environment in the near term, Media Asia Group Holdings Limited (“**MAGHL**”, a non-wholly-owned subsidiary of eSun, together with its subsidiaries, “**MAGHL Group**”), being the media and entertainment arm of eSun Group, is focusing on producing high quality projects with proven track record as well as commercial viability and tightening the cost control procedures. As the consumption of online content has substantially increased in areas of streaming platforms and e-commerce as a result of pandemic lockdown measures and social distancing policies, it is believed that there are opportunities in online e-commerce and influencer market which MAGHL Group has been directing its resources towards development of related businesses.

MAGHL Group continues to invest in original production of quality films with Chinese themes. The current production pipeline include “*Septet: the Story of Hong Kong*”, an omnibus film produced by seven Hong Kong film masters including Johnnie To, Tsui Hark, Ann Hui, Patrick Tam, Sammo Hung, Yuen Woo-Ping and the memorable Ringo Lam, and “*Tales from the Occult*”, a psychological thriller made up of three short stories produced by John Chong and Mathew Tang, and directed by Wesley Hoi, Fung Chih Chiang and Fruit Chan. A 52 episode romance drama series “*New Horizon*” starring Zheng Kai and Chen Chiao-en, is in the post-production stage. Projects under production include “*Modern Dynasty*”, a 30 episode modern-day drama series tailor-made for Alibaba’s Youku platforms. MAGHL Group is in discussion with various Chinese portals and video web sites for new project development in TV drama production.

# Management Discussion and Analysis *(Continued)*

## BUSINESS REVIEW AND OUTLOOK *(CONTINUED)*

### Cinema Operation/Media and Entertainment/Film Production and Distribution *(Continued)*

The exclusive distribution licence of MAGHL Group's music products with Tencent Music Entertainment (Shenzhen) Co., Ltd and Warner Music continues to provide it with stable income contribution. During the period under review, MAGHL Group set up a joint venture namely "Cool Style Talent Management Limited" with One Cool Group to expand its artiste management business. Other shareholders of Cool Style Talent Management Limited include model and actress Angelababy Yeung Wing and film director Stephen Fung Tak Lun. MAGHL Group will keep looking for new talent in Greater China and further cooperation with Asian artistes with an aim to build up a strong artiste roster for MAGHL Group. Several concerts of MAGHL Group have been postponed due to the public health concerns. MAGHL Group will continue to work with prominent local and Asian artistes for concert promotion and upcoming events including concerts of Eman Lam.

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

### Other Business Updates

As at 31 January 2021, the Group's consolidated cash and bank deposits amounted to HK\$7,435.0 million (HK\$1,305.5 million excluding eSun Group and Lai Fung Group) with undrawn facilities of HK\$5,397.2 million (HK\$2,439.0 million excluding eSun Group and Lai Fung Group). The net debt to equity ratio as at 31 January 2021 was 45% (31 July 2020: 46%). The Group's gearing excluding the net debt of eSun Group and Lai Fung Group was approximately 30%. 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 28%. On 5 October 2020, the Group managed to sign a 5-year secured term loan and revolving credit facility with 19 leading banks to refinance the outstanding loan balance under the existing loan facility secured by the Cheung Sha Wan Plaza and finance the general corporate requirements of the Group. This loan facility was substantially over-subscribed with total commitment of HK\$7,440 million received, which represents approximately 207% of the total facility amount of HK\$3,600 million. The Group will continue its prudent and flexible approach in growing the landbank and managing its financial position.

# Management Discussion and Analysis (Continued)

## OVERVIEW OF INTERIM RESULTS

For the six months ended 31 January 2021, the Group recorded turnover of HK\$2,745.4 million (2020: HK\$2,751.6 million) and a gross profit of HK\$618.1 million (2020: HK\$1,133.9 million). The increase in turnover from sale of properties primarily driven by the sales performance of Lai Fung Group's development projects in Mainland China during the period under review was offset by the decrease in revenue from hotel and restaurant operations of the Group, as well as cinema operation and media and entertainment businesses of eSun Group amid the prolonged global COVID-19 pandemic since January 2020.

Set out below is the turnover by segment:

	Six months ended 31 January			
	2021 (HK\$ million)	2020 (HK\$ million)	Difference (HK\$ million)	% change
Property investment	660.9	669.6	-8.7	-1.3
Property development and sales	1,220.0	744.8	+475.2	+63.8
Restaurant operation	172.1	233.4	-61.3	-26.3
Hotel operation	289.3	478.5	-189.2	-39.5
Media and entertainment	163.5	202.8	-39.3	-19.4
Film and TV program	57.2	111.4	-54.2	-48.7
Cinema operation	61.1	194.6	-133.5	-68.6
Theme park operation	14.2	13.9	+0.3	+2.2
Others	107.1	102.6	+4.5	+4.4
<b>Total</b>	<b>2,745.4</b>	<b>2,751.6</b>	<b>-6.2</b>	<b>-0.2</b>

For the six months ended 31 January 2021, net loss attributable to owners of the Company was approximately HK\$1,227.4 million (2020: HK\$1,109.2 million). Net loss per share was HK\$2.005 (2020: HK\$1.829).

Excluding the effect of property revaluations during the period under review, net loss attributable to owners of the Company was approximately HK\$419.5 million (2020: HK\$324.3 million). Net loss per share excluding the effect of property revaluations was HK\$0.685 (2020: HK\$0.535).

Loss attributable to owners of the Company	Six months ended 31 January	
	2021 HK\$ million	2020 HK\$ million
Reported	(1,227.4)	(1,109.2)
Less: Adjustments in respect of revaluation of investment properties held by		
— the Company and subsidiaries	401.4	633.7
— associates and joint ventures	394.5	208.9
Deferred tax on investment properties	12.0	(37.4)
Non-controlling interests' share of revaluation movements less deferred tax	—	(20.3)
<b>Net loss after tax excluding revaluation of investment properties</b>	<b>(419.5)</b>	<b>(324.3)</b>

Equity attributable to owners of the Company as at 31 January 2021 amounted to HK\$34,911.6 million, as compared to HK\$34,970.2 million as at 31 July 2020. Net asset value per share attributable to owners of the Company decreased slightly to HK\$57.037 per share as at 31 January 2021 from HK\$57.218 per share as at 31 July 2020.



# Management Discussion and Analysis (Continued)

## PROPERTY PORTFOLIO COMPOSITION

The Group maintained a property portfolio with attributable GFA of approximately 9.4 million square feet as at 31 January 2021. All major properties of the Group in Mainland China are held through Lai Fung Group, except Novotown Phase I which is 80% owned by Lai Fung Group and 20% owned by the Group, and all major properties in Hong Kong and overseas are held by the Group excluding eSun Group and Lai Fung Group.

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

	Commercial/ Retail	Office	Hotel/ Serviced Apartments	Residential	Industrial	Total (excluding car-parking spaces & ancillary facilities)	No. of car-parking spaces
<b>GFA of major properties and number of car-parking spaces of Lai Fung Group (on attributable basis<sup>1</sup>)</b>							
Completed Properties Held for Rental <sup>2</sup>	1,330	582	—	—	—	1,912	1,241
Completed Hotel Properties and Serviced Apartments <sup>2</sup>	—	—	533	—	—	533	—
Properties under Development <sup>3</sup>	370	1,642	320	808	—	3,140	1,820
Completed Properties Held for Sale	37	230	164	411	—	842	1,384
<b>Subtotal</b>	<b>1,737</b>	<b>2,454</b>	<b>1,017</b>	<b>1,219</b>	<b>—</b>	<b>6,427</b>	<b>4,445</b>
<b>GFA of major properties and number of car-parking spaces of the Group excluding Lai Fung Group (on attributable basis)</b>							
Completed Properties Held for Rental <sup>2</sup>	733	1,030	—	—	64	1,827	1,436
Completed Hotel Properties and Serviced Apartments <sup>2</sup>	—	—	722	—	—	722	92
Properties under Development <sup>3</sup>	8	—	—	106	—	114	12
Completed Properties Held for Sale	33	105	75	97	—	310	65
<b>Subtotal</b>	<b>774</b>	<b>1,135</b>	<b>797</b>	<b>203</b>	<b>64</b>	<b>2,973</b>	<b>1,605</b>
<b>Total GFA attributable to the Group</b>	<b>2,511</b>	<b>3,589</b>	<b>1,814</b>	<b>1,422</b>	<b>64</b>	<b>9,400</b>	<b>6,050</b>

*Notes:*

1. As at 31 January 2021, Lai Fung is a 54.56%-owned subsidiary of the Group.
2. Completed and rental generating properties.
3. All properties under construction.

# Management Discussion and Analysis (Continued)

## PROPERTY INVESTMENT

### Rental Income

During the period under review, the Group's rental operations recorded a turnover of HK\$660.9 million (2020: HK\$669.6 million) comprising turnover of HK\$265.6 million, HK\$55.9 million and HK\$339.4 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:

	Six months ended 31 January			Period end occupancy (%)
	2021 HK\$ million	2020 HK\$ million	% Change	
<b>Hong Kong</b>				
Cheung Sha Wan Plaza	154.9	168.0	-7.8	93.3
Causeway Bay Plaza 2	86.6	91.6	-5.5	91.9
Lai Sun Commercial Centre	22.1	23.1	-4.3	98.4
Others	2.0	2.7	-25.9	
<b>Subtotal:</b>	<b>265.6</b>	<b>285.4</b>	<b>-6.9</b>	
<b>London, United Kingdom</b>				
107 Leadenhall Street	23.0	24.6	-6.5	97.4
100 Leadenhall Street	29.7	28.7	+3.5	100.0
106 Leadenhall Street	3.2	3.2	0.0	100.0
<b>Subtotal:</b>	<b>55.9</b>	<b>56.5</b>	<b>-1.1</b>	
<b>Mainland China</b>				
<i>Shanghai</i>				
Shanghai Hong Kong Plaza	144.8	151.9	-4.7	Retail: 91.8 Office: 83.4
Shanghai May Flower Plaza	20.5	19.2	+6.8	Retail: 99.2
Shanghai Regents Park	11.6	11.7	-0.9	100.0
<i>Guangzhou</i>				
Guangzhou May Flower Plaza	58.4	60.7	-3.8	98.8
Guangzhou West Point	13.4	12.7	+5.5	96.0
Guangzhou Lai Fung Tower	73.8	61.5	+20.0	Retail: 95.9 Office: 98.3 <sup>1</sup>
<i>Zhongshan</i>				
Zhongshan Palm Spring	2.6	2.2	+18.2	Retail: 74.5 <sup>1</sup>
<i>Hengqin</i>				
Hengqin Novotown Phase I	4.3	0.1	+4200.0	Retail: 66.2 <sup>2</sup>
Others	10.0	7.7	+29.9	
<b>Subtotal:</b>	<b>339.4</b>	<b>327.7</b>	<b>+3.6</b>	
<b>Total:</b>	<b>660.9</b>	<b>669.6</b>	<b>-1.3</b>	

# Management Discussion and Analysis (Continued)

## PROPERTY INVESTMENT (CONTINUED)

### Rental Income (Continued)

	Six months ended 31 January			Period end occupancy (%)
	2021 HK\$ million	2020 HK\$ million	% Change	
<b>Rental proceeds from joint venture projects</b>				
<b>Hong Kong</b>				
CCB Tower <sup>3</sup> (50% basis)	68.6	70.0	-2.0	100.0
Alto Residences <sup>4</sup> (50% basis)	10.9	7.1	+53.5	68.9
<b>Total:</b>	<b>79.5</b>	<b>77.1</b>	<b>+3.1</b>	

Notes:

1. Excluding self-use area.
2. Including cultural attraction spaces occupied by Lionsgate Entertainment World® and National Geographic Ultimate Explorer Hengqin.
3. CCB Tower is a joint venture project with China Construction Bank Corporation (“CCB”) in which each of the Group and CCB has an effective 50% interest. For the six months ended 31 January 2021, the joint venture recorded rental proceeds of approximately HK\$137.1 million (2020: HK\$140.0 million).
4. Alto Residences is a joint venture project with Empire Group Holdings Limited (“Empire Group”) in which each of the Group and Empire Group has an effective 50% interest. For the six months ended 31 January 2021, the joint venture recorded rental proceeds of approximately HK\$21.8 million (2020: HK\$14.2 million).

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

	Six months ended 31 January 2021			Six months ended 31 January 2020		
	Attributable interest to the Group	Turnover (HK\$ million)	Total GFA (square feet)	Attributable interest to the Group	Turnover (HK\$ million)	Total GFA (square feet)
<b>Hong Kong</b>						
Cheung Sha Wan Plaza	100%			100%		
Commercial		78.0	233,807		86.1	233,807
Office		69.3	409,896		73.2	409,896
Car-parking spaces		7.6	N/A		8.7	N/A
<b>Subtotal:</b>		<b>154.9</b>	<b>643,703</b>		<b>168.0</b>	<b>643,703</b>
Causeway Bay Plaza 2	100%			100%		
Commercial		60.2	109,770		61.6	109,770
Office		24.2	96,268		28.3	96,268
Car-parking spaces		2.2	N/A		1.7	N/A
<b>Subtotal:</b>		<b>86.6</b>	<b>206,038</b>		<b>91.6</b>	<b>206,038</b>
Lai Sun Commercial Centre	100%			100%		
Commercial		11.2	95,063		11.8	95,063
Office		2.5	74,181		2.2	74,181
Car-parking spaces		8.4	N/A		9.1	N/A
<b>Subtotal:</b>		<b>22.1</b>	<b>169,244</b>		<b>23.1</b>	<b>169,244</b>
Others		2.0	63,592 <sup>1</sup>		2.7	63,592 <sup>1</sup>
<b>Subtotal:</b>		<b>265.6</b>	<b>1,082,577<sup>1</sup></b>		<b>285.4</b>	<b>1,082,577<sup>1</sup></b>

# Management Discussion and Analysis (Continued)

## PROPERTY INVESTMENT (CONTINUED)

### Rental Income (Continued)

	Six months ended 31 January 2021			Six months ended 31 January 2020		
	Attributable interest to the Group	Turnover (HK\$ million)	Total GFA (square feet)	Attributable interest to the Group	Turnover (HK\$ million)	Total GFA (square feet)
<b>London, United Kingdom</b>						
107 Leadenhall Street	100%			100%		
Commercial		2.3	48,182		2.0	48,182
Office		20.7	98,424		22.6	98,424
<b>Subtotal:</b>		<b>23.0</b>	<b>146,606</b>		<b>24.6</b>	<b>146,606</b>
100 Leadenhall Street	100%			100%		
Office		29.7	177,700		28.7	177,700
106 Leadenhall Street	100%			100%		
Commercial		0.6	3,540		0.6	3,540
Office		2.6	16,384		2.6	16,384
<b>Subtotal:</b>		<b>3.2</b>	<b>19,924</b>		<b>3.2</b>	<b>19,924</b>
<b>Subtotal:</b>		<b>55.9</b>	<b>344,230</b>		<b>56.5</b>	<b>344,230</b>
<b>Mainland China</b>						
<b>Shanghai</b>						
Shanghai Hong Kong Plaza	54.56%			37.71%		
Retail		90.8	468,434		97.4	468,434
Office		50.2	362,096		51.5	362,096
Car-parking spaces		3.8	N/A		3.0	N/A
<b>Subtotal:</b>		<b>144.8</b>	<b>830,530</b>		<b>151.9</b>	<b>830,530</b>
Shanghai May Flower Plaza	54.56%			37.71%		
Retail		18.6	320,314		17.3	320,314
Car-parking spaces		1.9	N/A		1.9	N/A
<b>Subtotal:</b>		<b>20.5</b>	<b>320,314</b>		<b>19.2</b>	<b>320,314</b>
Shanghai Regents Park	51.83%			35.82%		
Retail		10.5	82,062		10.6	82,062
Car-parking spaces		1.1	N/A		1.1	N/A
<b>Subtotal:</b>		<b>11.6</b>	<b>82,062</b>		<b>11.7</b>	<b>82,062</b>
<b>Guangzhou</b>						
Guangzhou May Flower Plaza	54.56%			37.71%		
Retail		49.9	357,424		52.8	357,424
Office		6.9	79,431		6.5	79,431
Car-parking spaces		1.6	N/A		1.4	N/A
<b>Subtotal:</b>		<b>58.4</b>	<b>436,855</b>		<b>60.7</b>	<b>436,855</b>
Guangzhou West Point	54.56%			37.71%		
Retail		13.4	171,968		12.7	171,968
Guangzhou Lai Fung Tower	54.56%			37.71%		
Retail		9.0	112,292		7.5	112,292
Office		61.5	625,821		51.1	625,821
Car-parking spaces		3.3	N/A		2.9	N/A
<b>Subtotal:</b>		<b>73.8</b>	<b>738,113</b>		<b>61.5</b>	<b>738,113</b>

# Management Discussion and Analysis (Continued)

## PROPERTY INVESTMENT (CONTINUED)

### Rental Income (Continued)

	Six months ended 31 January 2021			Six months ended 31 January 2020		
	Attributable interest to the Group	Turnover (HK\$ million)	Total GFA (square feet)	Attributable interest to the Group	Turnover (HK\$ million)	Total GFA (square feet)
<b>Zhongshan</b>						
Zhongshan Palm Spring Retail	54.56%	2.6	149,433	37.71%	2.2	147,408
<b>Hengqin</b>						
Novotown Phase I Retail <sup>3</sup>	63.65% <sup>2</sup>	4.3	682,073 <sup>3</sup>	50.16%	0.1	682,076 <sup>3</sup>
Others	N/A	10.0	N/A	N/A	7.7	N/A
<b>Subtotal:</b>		<b>339.4</b>	<b>3,411,348</b>		<b>327.7</b>	<b>3,409,326</b>
<b>Total:</b>		<b>660.9</b>	<b>4,838,155</b>		<b>669.6</b>	<b>4,836,133</b>
<b>Joint Venture Projects</b>						
<b>Hong Kong</b>						
CCB Tower <sup>4</sup> (50% basis)	50%			50%		
Office		68.3	114,603 <sup>5</sup>		69.7	114,603 <sup>5</sup>
Car-parking spaces		0.3	N/A		0.3	N/A
<b>Subtotal:</b>		<b>68.6</b>	<b>114,603<sup>5</sup></b>		<b>70.0</b>	<b>114,603<sup>5</sup></b>
Alto Residences <sup>6</sup> (50% basis)	50%			50%		
Commercial		2.7	47,067 <sup>7</sup>		1.6	47,067 <sup>7</sup>
Residential units <sup>8</sup>		7.0	19,768 <sup>9</sup>		5.4	19,452 <sup>9</sup>
Car-parking spaces		1.2	N/A		0.1	N/A
<b>Subtotal:</b>		<b>10.9</b>	<b>66,835</b>		<b>7.1</b>	<b>66,519</b>
<b>Total:</b>		<b>79.5</b>	<b>181,438</b>		<b>77.1</b>	<b>181,122</b>

#### Notes:

- Excluding 10% interest in AIA Central.
- Including the Company's 20% direct interest in Novotown Phase I and 43.65% attributable interest through Lai Fung. As at 31 January 2021, Novotown Phase I is 80% owned by Lai Fung and Lai Fung is a 54.56%-owned subsidiary of the Company.
- Excluding the cultural attraction spaces occupied by Lionsgate Entertainment World® and National Geographic Ultimate Explorer Hengqin.
- CCB Tower is a joint venture project with CCB in which each of the Group and CCB has an effective 50% interest. For the six months ended 31 January 2021, the joint venture recorded rental proceeds of approximately HK\$137.1 million (2020: HK\$140.0 million).
- GFA attributable to the Group. The total GFA of CCB Tower 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 six months ended 31 January 2021, the joint venture recorded rental proceeds of approximately HK\$21.8 million (2020: HK\$14.2 million).
- GFA attributable to the Group. 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 39,536 (2020: 38,903) square feet.

# Management Discussion and Analysis (Continued)

## PROPERTY INVESTMENT (CONTINUED)

### Rental Income (Continued)

The average Sterling exchange rate for the period under review appreciated by approximately 3.7% compared with the same period last year. Excluding the effect of currency translation, the Sterling denominated turnover from London properties decreased slightly by 4.5% during the period under review. Breakdown of rental turnover of London portfolio for the six months ended 31 January 2021 is as follows:

	2021 HK\$'000	2020 HK\$'000	% Change	2021 GBP'000	2020 GBP'000	% Change
107 Leadenhall Street	22,963	24,626	-6.8	2,232	2,482	-10.1
100 Leadenhall Street	29,713	28,644	+3.7	2,888	2,888	0.0
106 Leadenhall Street	3,260	3,214	+1.4	317	324	-2.2
<b>Total:</b>	<b>55,936</b>	<b>56,484</b>	<b>-1.0</b>	<b>5,437</b>	<b>5,694</b>	<b>-4.5</b>

## Review of major investment properties

### Hong Kong Properties

#### Cheung Sha Wan Plaza

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

#### Causeway Bay Plaza 2

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

#### Lai Sun Commercial Centre

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

#### CCB Tower

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

#### AIA Central

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

# Management Discussion and Analysis (Continued)

## PROPERTY INVESTMENT (CONTINUED)

### Review of major investment properties (Continued)

#### 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 January 2021 was approximately 97.4%.

##### *100 Leadenhall Street, London EC3, United Kingdom*

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

##### *106 Leadenhall Street, London EC3, United Kingdom*

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

The City of London's Planning and Transportation Committee has approved a resolution to grant Planning Consent to the Group to redevelop the Leadenhall Properties. The Leadenhall Properties currently have a combined GFA of approximately 344,230 square feet. The Planning Consent would allow the Group to redevelop the Leadenhall Properties into a 56 storey tower with i) approximately 1,068,510 square feet gross internal area of office space as well as new retail space of approximately 8,730 square feet; ii) a free, public viewing gallery of approximately 19,967 square feet at levels 55 and 56 of the building which offers 360 degree views across London; and iii) new pedestrian routes between Leadenhall Street, Bury Street and St Mary Axe, and new public spaces around the base of the building. Including ancillary facilities of approximately 178,435 square feet, the total gross internal area of the proposed tower is expected to be approximately 1,275,642 square feet upon completion. All leases of the Leadenhall Properties have been aligned to expire in 2023. The Group will continue to monitor the market conditions in London closely.

#### Mainland China Properties

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

##### *Shanghai Hong Kong Plaza*

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

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

Lai Fung Group owns 100% of this property.

# Management Discussion and Analysis *(Continued)*

## PROPERTY INVESTMENT *(CONTINUED)*

### Review of major investment properties *(Continued)*

#### *Mainland China Properties (Continued)*

##### *Shanghai May Flower Plaza*

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

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

##### *Shanghai Regents Park*

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

##### *Guangzhou May Flower Plaza*

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

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

Lai Fung Group owns 100% of this property.

##### *Guangzhou West Point*

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

Lai Fung Group owns 100% of this property.

##### *Guangzhou Lai Fung Tower*

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

Lai Fung Group owns 100% of this property.



# Management Discussion and Analysis (Continued)

## PROPERTY INVESTMENT (CONTINUED)

### Review of major investment properties (Continued)

#### *Mainland China Properties (Continued)*

##### *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.

##### *Hengqin Novotown Phase I*

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

Lionsgate Entertainment World® featuring attractions, retail, and dining experiences themed around Lionsgate's most captivating global film franchises, including The Hunger Games, The Twilight Saga, The Divergent Series, Now You See Me, Gods of Egypt and Escape Plan commenced operation on 31 July 2019. The family edutainment center, National Geographic Ultimate Explorer Hengqin, containing 18 individual attractions including rides, F&B facilities, retail premises, virtual reality and/or 4-D interactive experiences, and other types of entertainment and educational attractions officially commenced operations on 9 September 2019. In February 2021, a new interactive attraction "Wonders of Kung Fu" was launched in the outdoor garden space of Novotown Phase I, which includes light shows providing immersive experience and interactive games with Chinese Kungfu and cuisine being the key underlying theme. This attraction in the 5,000 square meters outdoor garden offers more than 10 interactive points, aiming not only to bring new experiences to visitors in terms of advanced visual/media technologies and cultural enlightenment, but also with an objective to boost night economy at Novotown. Leasing of the commercial area of Novotown Phase I is underway with approximately 66% of the leasable area let. Except for the two themed indoor experience centres, key tenants include Pokiddo Trampoline Park, Adidas Outlet, Decathlon, Paulaner Wirtshaus Hengqin, Oyster King, Starbucks and McDonald's.

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

# Management Discussion and Analysis (Continued)

## PROPERTY DEVELOPMENT

### Recognised Sales

For the six months ended 31 January 2021, recognised turnover from sales of properties was HK\$1,220.0 million (2020: HK\$744.8 million). Set out below is a breakdown of turnover for the six months ended 31 January 2021 from sales of properties:

#### Hong Kong

Recognised basis	No. of Units	Approximate Saleable Area (Square feet)	Average Selling Price <sup>1</sup> (HK\$/square foot)	Turnover (HK\$ million)
Monti Residential Units	17	5,662	21,926	124.2
<b>Subtotal</b>				<b>124.2</b>

#### Mainland China

Recognised basis	No. of Units	Approximate GFA (Square feet)	Average Selling Price <sup>2</sup> (HK\$/square foot)	Turnover <sup>3</sup> (HK\$ million)
Shanghai Wuli Bridge Project Residential Units	15	37,976	14,922	519.9
Hengqin Novotown Phase I Cultural Studios	3	13,990	5,026	67.0
Hengqin Novotown Phase I Cultural Workshop Unit	1	655	3,435	2.1
Hengqin Novotown Phase II Harrow ILA Hengqin Building <sup>4</sup>	N/A	271,381	1,029	279.2
Zhongshan Palm Spring Residential High-rise Units	81	102,910	1,647	158.0
Zhongshan Palm Spring Residential House Units	9	20,200	2,932	56.4
Shanghai Wuli Bridge Project Car-parking Spaces	15	N/A	N/A	9.6
Shanghai Regents Park Car-parking Spaces	4	N/A	N/A	2.6
Guangzhou Eastern Place Car-parking Space	1	N/A	N/A	1.0
<b>Subtotal</b>				<b>1,095.8</b>
<b>Total</b>				<b>1,220.0</b>

#### Recognised sales from joint venture project

##### Hong Kong

Recognised basis	No. of Units	Approximate Saleable Area (Square feet)	Average Selling Price <sup>1</sup> (HK\$/square foot)	Turnover (HK\$ million)
Alto Residences (50% basis) Residential Units	2	2,319	23,588	54.7

#### 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. Classified as income from properties under finance lease.

# Management Discussion and Analysis (Continued)

## PROPERTY DEVELOPMENT (CONTINUED)

### Contracted Sales

As at 31 January 2021, the Group's property development operation has contracted but not yet recognised sales of HK\$2,141.8 million. Including the joint venture project of the Group, the total contracted but not yet recognised sales of the Group as at 31 January 2021 amounted to HK\$3,057.7 million. Breakdown of contracted but not yet recognised sales as at 31 January 2021 is as follows:

#### Hong Kong

Contracted basis	No. of Units	Approximate Saleable Area (Square feet)	Average Selling Price (HK\$/square foot)	Turnover (HK\$ million)
Monti Residential Units	7	2,143	23,122	49.6
<b>Subtotal</b>				<b>49.6</b>

#### Mainland China

Contracted basis	No. of Units	Approximate GFA (Square feet)	Average Selling Price <sup>1</sup> (HK\$/square foot)	Turnover <sup>1</sup> (HK\$ million)
Zhongsan Palm Spring Residential High-rise Units	563	660,791	1,713	1,131.9
Residential House Units	16	33,473	3,200	107.1
Serviced Apartment Units <sup>2</sup>	2	2,120	1,462	3.1
Shanghai Wuli Bridge Project Residential Units	8	19,633	15,061	295.7
Hengqin Novotown Phase I Cultural Studios	2	11,106	5,276	58.6
Serviced Apartment Units	2	1,597	3,632	5.8
Hengqin Novotown Phase II Harrow ILA Hengqin Buildings <sup>3</sup>	N/A	293,729	1,641	481.9
Shanghai Wuli Bridge Project Car-parking Spaces	7	N/A	N/A	5.2
Shanghai Regents Park Car-parking Spaces	3	N/A	N/A	2.1
Guangzhou King's Park Car-parking Space	1	N/A	N/A	0.8
<b>Subtotal</b>				<b>2,092.2</b>
<b>Total</b>				<b>2,141.8</b>

#### 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) Residential Units	21	36,669	24,691	905.4 <sup>4</sup>
Car-parking Spaces	9	N/A	N/A	19.5

#### Notes:

- Value-added tax inclusive.
- Will be recorded as disposal of assets classified as held for sale and the sales proceeds net of cost will be included in "other operating expenses" in the consolidated income statement of the Group when the sale is completed.
- Will be recognised as income from finance lease under turnover.
- Representing property sales proceeds of HK\$829.2 million and rental proceeds of HK\$76.2 million in relation to certain residential units offering early occupation benefit which allows the purchasers to move in earlier before completion of the sale.

# Management Discussion and Analysis *(Continued)*

## PROPERTY DEVELOPMENT *(CONTINUED)*

### Review of major projects for sale and under development

#### *Hong Kong Properties*

##### *Alto Residences*

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

This project providing 605 flats, including 23 detached houses was named “Alto Residences” and was launched for pre-sale in October 2016. Up to 14 March 2021, the Group has sold 603 units in Alto Residences with saleable area of approximately 403,761 square feet at an average selling price of approximately HK\$18,000 per square foot. The Group released in total 86 car-parking spaces of Alto Residences for sale since March 2019. Up to 14 March 2021, 73 car-parking spaces have been sold and the total sales proceeds amounted to approximately HK\$190.1 million.

##### *93 Pau Chung Street*

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

This project was named “93 Pau Chung Street” and launched for pre-sale in September 2016. The sale and handover of all 209 residential units and 7 commercial units have been completed, achieving an average selling price of approximately HK\$16,400 per square foot and HK\$23,500 per square foot, respectively. Up to 14 March 2021, 7 out of 20 car-parking spaces and 4 out of 5 motor-parking spaces have been sold and the total sales proceeds amounted to approximately HK\$10.2 million.

##### *Novi*

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

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

# Management Discussion and Analysis (Continued)

## PROPERTY DEVELOPMENT (CONTINUED)

### Review of major projects for sale and under development (Continued)

#### *Hong Kong Properties (Continued)*

##### *Monti*

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

This project was named “Monti” and launched for pre-sale in August 2018. Up to 14 March 2021, the Group has sold 121 units in Monti with saleable area of approximately 37,984 square feet at an average selling price of approximately HK\$21,100 per square foot. Handover of the sold residential units has been substantially completed.

##### *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. Construction work is in progress and is expected to be completed in 2024.

##### *Hang On Street project*

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

##### *Wong Chuk Hang project*

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

#### *Mainland China Properties*

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

##### *Shanghai Northgate Plaza Redevelopment Project*

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

# Management Discussion and Analysis (Continued)

## PROPERTY DEVELOPMENT (CONTINUED)

### Review of major projects for sale and under development (Continued)

#### Mainland China Properties (Continued)

##### *Shanghai Wuli Bridge Project*

Shanghai Wuli Bridge Project is a high-end luxury residential project located by Huangpu River in Huangpu District in Shanghai with a site area of approximately 74,100 square feet. Construction work has been completed in August 2019. This project providing 28 residential units with an attributable GFA of approximately 77,900 square feet and 28 car-parking spaces was launched for sale in September 2020 and has received an enthusiastic response from the market. During the period under review, sales of 15 residential units with a total GFA of 37,976 square feet were recognised at an average selling price of HK\$14,922 per square foot, which contributed a total of HK\$519.9 million to Lai Fung Group's turnover and the sale of 15 car-parking spaces contributed HK\$9.6 million to Lai Fung Group's turnover. As at 31 January 2021, 13 residential units and 28 car-parking spaces of this development remained unsold.

##### *Shanghai May Flower Plaza*

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

##### *Shanghai Regents Park*

Shanghai Regents Park is a large-scale residential/commercial composite development located in the Zhongshan Park Commercial Area at the Changning District, Shanghai. It is situated within walking distance of the Zhongshan Park Metro Station. As at 31 January 2021, a total of 240 car-parking spaces of this development remained unsold.

##### *Guangzhou King's Park*

This is a high-end residential development located on Donghua Dong Road in Yuexiu District. The attributable GFA is approximately 98,300 square feet excluding 57 car-parking spaces and ancillary facilities. As at 31 January 2021, a total of 9 car-parking spaces of this development remained unsold.

##### *Guangzhou Haizhu Plaza*

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

##### *Zhongshan Palm Spring*

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

During the period under review, 102,910 square feet of high-rise residential units and 20,200 square feet of house units were recognised at average selling prices of HK\$1,647 and HK\$2,932 per square foot, respectively, which contributed a total of HK\$214.4 million to the sales turnover.

# Management Discussion and Analysis (Continued)

## PROPERTY DEVELOPMENT (CONTINUED)

### Review of major projects for sale and under development (Continued)

#### Mainland China Properties (Continued)

##### *Zhongshan Palm Springs (Continued)*

STARR Resort Residence Zhongshan comprising two 16-storey blocks in the Palm Lifestyle complex was closed. The serviced apartment units were launched for sale in May 2019 and have been re-classified from “Property, plant and equipment” to “Assets classified as held for sale” in the consolidated statement of financial position of the Group. During the period under review, 7 serviced apartment units have been sold for a total sales proceed of approximately HK\$9.6 million. The sale of these serviced apartment units is recorded as disposal of assets classified as held for sale and the sales proceeds net of cost are included in “other operating expenses” in the consolidated income statement of the Group.

As at 31 January 2021, completed units held for sale in this development, including residential units, serviced apartment units and commercial units, amounted to approximately 611,973 square feet and 1,621 car-parking spaces remained unsold. The remaining GFA of Phase IV of Palm Spring under development was approximately 1,576,100 square feet excluding car-parking spaces and ancillary facilities. Construction work is on track and expected to be completed in the third quarter of 2021.

##### *Hengqin Novotown*

###### *Phase I*

Sales of the cultural studios and cultural workshop units of Hengqin Novotown Phase I are in progress. During the period under review, sales of 13,990 square feet of cultural studios and 655 square feet of cultural workshop units were recognised at an average selling price of HK\$5,026 and HK\$3,435 per square foot, respectively, which contributed a total of HK\$69.1 million to the Group's turnover. As at 31 January 2021, completed properties held for sale in Novotown Phase I, including cultural studios, cultural workshops units and office units, amounted to approximately 1,074,000 square feet.

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

###### *Phase II*

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

Lai Fung Group entered into a licence agreement with Real Madrid Club de Fútbol in June 2017 in relation to the development and operation of the location based entertainment centre, namely Real Madrid World in Novotown. Real Madrid World is expected to contain over 20 attractions and will be made up of several signature experiences including the Flying Theatre and the Stuntpit, an array of interactive training games, a walkthrough of Real Madrid history, plus dining and retail outlets. Lai Fung Group also entered into a license agreement in December 2018 with Ducati Motor Holding S.p.A. for the development and operation of the Ducati Experience Centre in Novotown. The Ducati Experience Centre expects to cover an area of no less than 4,500 square meters and will offer experiential attractions including immersive racing experiences, exclusive Ducati exhibits and retail concessions.

# Management Discussion and Analysis *(Continued)*

## PROPERTY DEVELOPMENT *(CONTINUED)*

### Review of major projects for sale and under development *(Continued)*

#### *Mainland China Properties (Continued)*

#### *Hengqin Novotown (Continued)*

##### *Phase II (Continued)*

Construction works are on track and the completion is expected to be in phases by 2024. This mixed-used development project is expected to provide commercial and experiential entertainment facilities, office space and serviced apartment space of 387,700 square feet, 1,599,300 square feet and 586,800 square feet, respectively. Real Madrid World and Ducati Experience Centre are expected to be the key experiential entertainment facilities in Novotown Phase II. Real Madrid World is currently under construction and Lai Fung Group is in the process of finalising the development plan for Ducati Experience Centre, as well as other facilities in Novotown Phase II.

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

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



# Management Discussion and Analysis (Continued)

## RESTAURANT OPERATIONS

The extension of containment measures in Hong Kong for catering businesses continued to weigh on the performance of the Group's restaurants. Revenue of this segment of the Group has been inevitably affected by compulsory social distancing and seat restrictions, as well as restrictions on reduced dining time. For the six months ended 31 January 2021, restaurant operations contributed HK\$172.1 million to the Group's turnover (2020: HK\$233.4 million). Up to the date of this Report, restaurant operations include the Group's interests in 23 restaurants in Hong Kong and Mainland China and 2 restaurants in Hong Kong and Macau under management. Details of each existing restaurant of the Group are as follows:

Cuisine	Restaurant	Location	Attributable interest to the Group	Award
<b>Owned restaurants</b>				
Western/				
International Cuisine	8 <sup>1/2</sup> Otto e Mezzo BOMBANA Hong Kong	Hong Kong	37%	Three Michelin stars (2012-2021)
	8 <sup>1/2</sup> Otto e Mezzo BOMBANA Shanghai	Shanghai	13%	Two Michelin stars (2017-2021)
	Opera BOMBANA	Beijing	20%	
	CIAK — In The Kitchen	Hong Kong	62%	One Michelin star (2015-2017)
	CIAK — All Day Italian	Hong Kong	67%	Michelin Bib Gourmand (2017-2021)
	Beefbar	Hong Kong	62%	One Michelin star (2017-2021)
	Takumi by Daisuke Mori	Hong Kong	63%	One Michelin star (2018-2021)
	Prohibition <sup>(Note)</sup>	Hong Kong	100%	
	Zest by Konishi	Hong Kong	67%	One Michelin star (2020-2021)
Asian Cuisine	China Tang Landmark	Hong Kong	50%	The Plate Michelin (2019-2021)
	China Tang Harbour City	Hong Kong	60%	The Plate Michelin (2019-2021)
	China Tang Beijing	Beijing	67%	
	Howard's Gourmet	Hong Kong	50%	
	Chiu Tang Central	Hong Kong	67%	
	Old Bazaar Kitchen	Hong Kong	63%	
	Sun's Bazaar Pacific Place	Hong Kong	67%	
	Sun's Bazaar KiKi Tea Telford Plaza	Hong Kong	69%	
	Canton Bistro <sup>(Note)</sup>	Hong Kong	100%	
	KiKi Noodle Bar IFC	Hong Kong	67%	
	KiKi Noodle Bar K11 MUSEA	Hong Kong	67%	
	KiKi Noodle Bar Shanghai Hong Kong Plaza	Shanghai	67%	
	KiKi Noodle Bar Shanghai One ITC	Shanghai	67%	
Japanese Cuisine	Masa Hong Kong	Hong Kong	67%	
<b>Managed restaurants</b>				
Western Cuisine	8 <sup>1/2</sup> Otto e Mezzo BOMBANA Macau	Macau	N/A	One Michelin star (2016-2021)
	Cipriani	Hong Kong	N/A	

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 (Continued)

## 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, Mainland China. In December 2019, the Group had further expanded its hotel portfolio with the acquisition of a 50% interest in Fairmont St. Andrews resort in Fife, Scotland, United Kingdom. This 211-bedroom five-star hotel, sitting on 520 acres of land with two private Manor Homes of four bedrooms each enjoys spectacular cliff-top views and boasts two championship golf courses in addition to a 10-treatment room spa, five restaurants and bars, as well as 3,000 square meters of conference and event space. Performance of the 50:50 joint venture of Fairmont St. Andrews resort is recognised as "Share of profits and losses of joint ventures" in the consolidated income statement of the Group. The hotel project in Phuket, Thailand that the Group invested in June 2017 is still at the planning stage. The Group is closely monitoring the tourism market in Thailand and will provide updates on this project as and when there is material progress.

COVID-19 pandemic has presented unprecedented challenges to global tourism and hospitality industry. Since early 2020, a number of social distancing measures and travel restrictions have been implementing by countries around the world to prevent the spread of the virus and the tourist economy has experienced a record contraction. The Group's hotel and serviced apartment portfolio was inevitably affected by the epidemic with its occupancy and revenue per available room having dropped significantly. For the six months ended 31 January 2021, the hotel and serviced apartment operations contributed HK\$289.3 million to the Group's turnover (2020: HK\$478.5 million).

Breakdown of turnover for the six months ended 31 January 2021 from hotel and serviced apartment operations is as follows:

	Location	Attributable interest to the Group	No. of Rooms <sup>Note 1</sup>	Total GFA (square feet)	Turnover (HK\$ million)	Period end occupancy rate (%)	
Hotel and serviced apartment							
	Ocean Park Marriott Hotel	Hong Kong	100%	471	365,974	81.8	23.8
	Ascott Huaihai Road Shanghai	Shanghai	54.56%	309	356,638	49.1	83.6
	STARR Hotel Shanghai	Shanghai	54.56%	239	143,846	11.4	46.5
	Hyatt Regency Hengqin	Hengqin	63.65%	493	594,763	42.6	26.7
	Caravelle Hotel	Ho Chi Minh City	26.01%	335	378,225	104.2	7.0
<b>Subtotal:</b>				<b>1,847</b>	<b>1,839,446</b>	<b>289.1</b>	
Hotel management fee						0.2	
<b>Total:</b>						<b>289.3</b>	
<b>Joint Venture Project</b>							
	Fairmont St. Andrews (50% basis)	Scotland	50%	211	276,482	13.3	Note 2

Notes:

1. On 100% basis
2. The resort has been required to close temporarily since 24 October 2020 due to COVID-19 pandemic in the United Kingdom

# Management Discussion and Analysis *(Continued)*

## 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.

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

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

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

Lai Fung Group also owns 100% interest in the Ascott Huaihai Road in Shanghai Hong Kong Plaza which is managed by the Ascott Group and it is one of a premier collection of the Ascott Limited's serviced residences in over 70 cities in Asia Pacific, Europe and the Gulf region. The residence with total GFA of approximately 358,400 square feet and approximately 356,600 square feet attributable to Lai Fung Group has 309 contemporary apartments of various sizes: studios (640-750 square feet), one-bedroom apartments (915-1,180 square feet), two-bedroom apartments (1,720 square feet), three-bedroom apartments (2,370 square feet) and two luxurious penthouses on the highest two floors (4,520 square feet).

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

# Management Discussion and Analysis (Continued)

## CINEMA OPERATION

The cinema operation is managed by eSun Group. For the six months ended 31 January 2021, this segment recorded a turnover of HK\$61.1 million (2020: HK\$194.6 million) and segment results of a loss of HK\$64.6 million (2020: a loss of HK\$154.0 million). The box office performance of eSun Group has been severely affected by cinema closures and the delay in major blockbuster movies amidst the global COVID-19 pandemic. As at the date of this Report, eSun Group operates twelve cinemas in Hong Kong and three cinemas in Mainland China and details on the number of screens and seats of each existing cinema are as follows:

Cinema	Attributable interest to eSun Group (%)	No. of screens (Note)	No. of seats (Note)
<b>Mainland China</b>			
Suzhou Grand Cinema City	100	10	1,440
Guangzhou May Flower Cinema City	100	7	606
Zhongshan May Flower Cinema City	100	5	905
<b>Subtotal</b>		<b>22</b>	<b>2,951</b>
<b>Hong Kong</b>			
K11 Art House	100	12	1,708
Movie Town (including MX4D theatre)	100	7	1,702
MCL Cyberport Cinema	100	4	818
Festival Grand Cinema	95	8	1,196
MCL Metro City Cinema	95	6	690
MCL Telford Cinema (including MX4D theatre)	95	6	789
STAR Cinema	95	6	622
Grand Kornhill Cinema (including MX4D theatre)	95	5	706
MCL Cheung Sha Wan Cinema	95	4	418
MCL South Horizons Cinema	95	3	555
MCL Green Code Cinema	95	3	285
Grand Windsor Cinema	95	3	246
<b>Subtotal</b>		<b>67</b>	<b>9,735</b>
<b>Total</b>		<b>89</b>	<b>12,686</b>

Note: On 100% basis

# Management Discussion and Analysis (Continued)

## MEDIA AND ENTERTAINMENT

The media and entertainment businesses are operated by eSun Group. For the six months ended 31 January 2021, this segment recorded a turnover of HK\$163.5 million (2020: HK\$202.8 million) and segment results of a profit of HK\$8.4 million (2020: HK\$8.2 million).

### Live Entertainment

During the period under review, eSun Group organised and invested in 1 (2020: 39) show(s).

### Music Production, Distribution and Publishing

For the six months ended 31 January 2021, eSun Group released 9 (2020: 12) albums, including titles by Sammi Cheng, Andy Leung, Chan Kin On, Jay Fung and Nowhere Boys. eSun Group is expected to continue to increase its music licensing revenue from the exploitation of the music library through new media distribution.

### Artiste Management

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

## FILM AND TV PROGRAM PRODUCTION AND DISTRIBUTION

The film and TV program production and distribution businesses are operated by eSun Group. For the six months ended 31 January 2021, this segment recorded a turnover of HK\$57.2 million (2020: HK\$111.4 million) and segment results of a profit of HK\$13.1 million (2020: a loss of HK\$17.8 million).

During the period under review, a total of 2 films produced/invested by eSun Group were theatrically released, namely "I'm Livin' It" and "The Calling Of A Bus Driver". eSun Group also distributed 10 (2020: 17) films and 107 (2020: 179) videos with high profile titles including "Doraemon: Nobita's New Dinosaur", "Onward", "Greenland" and "Trolls World Tour".

## INTERESTS IN JOINT VENTURES

During the period ended 31 January 2021, losses from joint ventures amounted to HK\$328.9 million, as compared to losses of HK\$96.7 million for the same period in 2020. This is primarily due to the decrease in fair value of CCB Tower and lower profit contribution from property sale of Alto Residences during the period under review.

	Six months ended 31 January	
	2021	2020
	(HK\$ million)	(HK\$ million)
Revaluation losses	(394.5)	(208.9)
Operating profits	65.6	112.2
Losses from joint ventures	(328.9)	(96.7)

# Management Discussion and Analysis (Continued)

## LIQUIDITY AND FINANCIAL RESOURCES

As at 31 January 2021, cash and bank balances and undrawn facilities held by the Group amounted to HK\$7,435.0 million and HK\$5,397.2 million, respectively. Cash and bank balances held by the Group of which about 36% was denominated in Hong Kong dollars and United States dollars, and about 60% was denominated in Renminbi. Cash and bank balances and undrawn facilities held by the Group excluding eSun Group and Lai Fung Group as at 31 January 2021 were HK\$1,305.5 million and HK\$2,439.0 million, respectively.

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

As at 31 January 2021, the Group had bank borrowings of approximately HK\$17,028.4 million, guaranteed notes of approximately HK\$5,738.0 million and other borrowings of approximately HK\$315.7 million. As at 31 January 2021, the maturity profile of the bank borrowings of HK\$17,028.4 million is spread with HK\$4,616.8 million repayable within 1 year, HK\$1,118.9 million repayable in the second year and HK\$9,721.1 million repayable in the third to fifth years, and HK\$1,571.6 million repayable beyond the fifth year.

The Group issued guaranteed notes in an aggregate principal amount of US\$750 million. The guaranteed notes have terms of five years and bear a fixed interest rate of 4.6% and 5.65% per annum with interest payable semi-annually in arrears. The guaranteed notes are listed on the Stock Exchange and were issued for refinancing the previous notes and for general corporate purposes. The Group entered into cross currency swap agreements with financial institutions for the purpose of hedging the foreign currency risk.

Approximately 73% and 25% of the Group's total borrowings carried interest on a floating rate basis and fixed rate basis, respectively, and the remaining 2% of 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 45%. Excluding the net debt of eSun Group and Lai Fung Group, the Group's gearing ratio was approximately 30%. Excluding the net debt of London portfolio of 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 28%.

As at 31 January 2021, certain investment properties with carrying amounts of approximately HK\$31,672.8 million, certain property, plant and equipment with carrying amounts of approximately HK\$3,166.8 million, certain right-of-use assets of approximately HK\$3,019.4 million, certain completed properties of approximately HK\$53.1 million, certain properties under development of approximately HK\$3,089.3 million, certain serviced apartments and related leasehold improvements of approximately HK\$383.3 million, certain construction in progress of approximately HK\$122.8 million, and certain bank balances and time deposits with banks of approximately HK\$1,456.8 million were pledged to banks to secure banking facilities granted to the Group. In addition, shares in certain subsidiaries held by the Group were also pledged to banks to secure banking facilities granted to the Group. Shares in certain joint ventures and an associate held by the Group were pledged to banks to secure banking facilities granted to certain joint ventures and an associate of the Group. The Group's secured bank borrowings were also secured by floating charges over certain assets held by the Group.

# Management Discussion and Analysis *(Continued)*

## LIQUIDITY AND FINANCIAL RESOURCES *(CONTINUED)*

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

## CONTINGENT LIABILITIES

There has been no material change in contingent liabilities of the Group since 31 July 2020.

# Particulars of Major Properties

## COMPLETED PROPERTIES HELD FOR RENTAL

Property Name	Location	Attributable Interest to the Group	Tenure	Approximate Attributable GFA (square feet)			Total (excluding car-parking spaces & ancillary facilities)	No. of car-parking spaces attributable to the Group
				Commercial/Retail	Office	Industrial		
<b>Hong Kong</b>								
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	—	—	47,932	47,932	5
AIA Central	1 Connaught Road Central, Hong Kong (Marine Lot No. 275, Section A and the Remaining Portion of Marine Lot No. 278)	10%	The property is held for a term of 999 years commencing from 9 September 1895 (for Marine Lot No. 275) and 999 years commencing from 12 October 1896 (for Marine Lot no. 278)	—	42,896	—	42,896	6
Metropolitan Factory and Warehouse Building (Units A and B on 10/F and car-parking space nos. 1, 2, 13 and 14 on G/F)	30-32 Chai Wan Kok Street, Tsuen Wan, New Territories, Hong Kong	100%	The property is held for a term of which expired on 27 June 1997 and has been extended upon expiry until 30 June 2047	—	—	11,370	11,370	4
Luen Fat Loong Factory Building (4/F)	19 Cheung Lee Street, Chai Wan, Hong Kong	100%	The property is held for a term of 75 years commencing on 4 November 1963 renewable for a further term of 75 years	—	—	4,290	4,290	—
<b>Subtotal of major completed properties held for rental in Hong Kong:</b>				<b>485,707</b>	<b>737,844</b>	<b>63,592</b>	<b>1,287,143</b>	<b>1,052</b>
<b>United Kingdom</b>								
107 Leadenhall Street London <sup>1</sup>	107 Leadenhall Street, London EC3, United Kingdom	100%	The property is held freehold	48,182	98,424	—	146,606	—
100 Leadenhall Street London <sup>1</sup>	100 Leadenhall Street, London EC3, United Kingdom	100%	The property is held freehold	—	177,700	—	177,700	15
106 Leadenhall Street London <sup>1</sup>	106 Leadenhall Street, London EC3, United Kingdom	100%	The property is held freehold	3,540	16,384	—	19,924	—
<b>Subtotal of major completed properties held for rental in United Kingdom:</b>				<b>51,722</b>	<b>292,508</b>	<b>—</b>	<b>344,230</b>	<b>15</b>



# Particulars of Major Properties (Continued)

## COMPLETED PROPERTIES HELD FOR RENTAL (CONTINUED)

Property Name	Location	Attributable Interest to the Group	Tenure	Approximate Attributable GFA (square feet)			Total (excluding car-parking spaces & ancillary facilities)	No. of car-parking spaces attributable to the Group
				Commercial/Retail	Office	Industrial		
<b>Mainland China</b>								
<b>Shanghai</b>								
Shanghai Hong Kong Plaza	282 & 283 Huaihaizhong Road, Huangpu District	54.56%	The property is held for a term of 50 years commencing on 16 September 1992	255,578	197,560	—	453,138	191
May Flower Plaza	Sujiaxiang, Jing'an District	54.56%	The property is held for a term of 40 years for commercial use commencing on 5 February 2007	174,763	—	—	174,763	—
Regents Park	88 Huichuan Road, Changning District	51.83%	The property is held for a term of 70 years commencing on 4 May 1996	42,534	—	—	42,534	—
<b>Subtotal of major completed properties held for rental in Shanghai:</b>				<b>472,875</b>	<b>197,560</b>	<b>—</b>	<b>670,435</b>	<b>191</b>
<b>Guangzhou</b>								
May Flower Plaza	68 Zhongshanwu Road, Yuexiu District	54.56%	The property is held for a term of 40 years for commercial use and 50 years for other uses commencing on 14 October 1997	195,011	43,338	—	238,349	74
West Point	Zhongshan Qi Road, Liwan District	54.56%	The property is held for a term of 40 years for commercial use and 50 years for other uses commencing on 11 January 2006	93,826	—	—	93,826	—
Lai Fung Tower	787 Dongfeng East Road, Yuexiu District	54.56%	The property is held for a term of 40 years for commercial uses and 50 years for other uses commencing on 21 October 1997	61,267	341,448	—	402,715	171
<b>Subtotal of major completed properties held for rental in Guangzhou:</b>				<b>350,104</b>	<b>384,786</b>	<b>—</b>	<b>734,890</b>	<b>245</b>
<b>Zhongshan</b>								
Palm Spring	Caihong Planning Area, Western District	54.56%	The property is held for a term expiring on 30 March 2075 for commercial/residential use	81,531	—	—	81,531	—
<b>Subtotal of major completed properties held for rental in Zhongshan:</b>				<b>81,531</b>	<b>—</b>	<b>—</b>	<b>81,531</b>	<b>—</b>
<b>Hengqin</b>								
Novotown Phase I <sup>2</sup>	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	63.65%	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	620,800 <sup>3</sup>	—	—	620,800	1,174
<b>Subtotal of major completed properties held for rental in Hengqin:</b>				<b>620,800</b>	<b>—</b>	<b>—</b>	<b>620,800</b>	<b>1,174</b>
<b>Subtotal of major completed properties held for rental in Mainland China:</b>				<b>1,525,310</b>	<b>582,346</b>	<b>—</b>	<b>2,107,656</b>	<b>1,610</b>
<b>Total of major completed properties held for rental:</b>				<b>2,062,739</b>	<b>1,612,698</b>	<b>63,592</b>	<b>3,739,029</b>	<b>2,677</b>

### Notes:

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

# Particulars of Major Properties *(Continued)*

## COMPLETED HOTEL PROPERTIES AND SERVICED APARTMENTS

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
<b>Hong Kong</b>						
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
<b>Vietnam</b>						
Caravelle Hotel	19 Lam Son Square, District 1, Ho Chi Minh City	26.01%	The property is held under a land use right due to expire on 8 October 2040	335	98,376	—
<b>United Kingdom</b>						
Fairmont St. Andrews	St. Andrews KY16 8PN, United Kingdom	50%	The property is held freehold	211	138,241	76
<b>Mainland China</b>						
<b>Shanghai</b>						
Ascott Huaihai Road Shanghai	282 Huaihaizhong Road, Huangpu District	54.56%	The property is held for a term of 50 years commencing on 16 September 1992	309	194,582	—
STARR Hotel Shanghai	Sujiaxiang, Jing'an District	54.56%	The property is held for a term of 50 years for commercial use commencing on 5 February 2007	239	78,482	—
<b>Hengqin</b>						
Hyatt Regency Hengqin	1295 Qisecaihong Road, Hengqin New Area, Zhuhai City	63.65%	The property is held for a term of 40 years commencing on 31 December 2013	493	378,555	—
<b>Subtotal of major completed hotel properties and serviced apartments in Mainland China:</b>				<b>1,041</b>	<b>651,619</b>	<b>—</b>
<b>Total of major completed hotel properties and serviced apartments:</b>				<b>2,058</b>	<b>1,254,210</b>	<b>92</b>

# Particulars of Major Properties (Continued)

## PROPERTIES UNDER DEVELOPMENT

Property Name	Location	Attributable Interest to the Group	Stage of Construction	Expected Completion Date	Approximate Site Area (square feet) <sup>1</sup>	Approximate Attributable GFA (square feet)				Total (excluding car-parking spaces & ancillary facilities)	No. of car-parking spaces attributable to the Group
						Commercial/Retail	Office	Hotel/Service Apartments	Residential		
<b>Hong Kong</b>											
Hang On Street project	No. 18 Hang On Street, Kwun Tong, Hong Kong	100%	Foundation works in progress	2023	8,500	8,100	—	—	63,700	71,800	12
Tai Kei Leng project	No. 266 Tai Kei Leng, Lot No. 5382 in Demarcation District No.116, Tai Kei Leng, Yuen Long, Hong Kong	100%	Foundation works in progress	2024	12,000	—	—	—	42,200	42,200	—
<b>Subtotal of major properties under development in Hong Kong:</b>						<b>8,100</b>	<b>—</b>	<b>—</b>	<b>105,900</b>	<b>114,000</b>	<b>12</b>
<b>Mainland China</b>											
<b>Guangzhou</b>											
Haizhu Plaza	Chang Di Main Road, Yuexiu District	54.56%	Construction work in progress	H1 2023	90,708	56,831	260,067	—	—	316,898	166
<b>Subtotal of major properties under development in Guangzhou:</b>						<b>56,831</b>	<b>260,067</b>	<b>—</b>	<b>—</b>	<b>316,898</b>	<b>166</b>
<b>Zhongshan</b>											
Palm Spring (Phase IV)	Caihong Planning Area, Western District	54.56%	Construction work in progress	Q3 2021	2,547,298	51,576	—	—	808,331	859,907	567
<b>Subtotal of major properties under development in Zhongshan:</b>						<b>51,576</b>	<b>—</b>	<b>—</b>	<b>808,331</b>	<b>859,907</b>	<b>567</b>
<b>Shanghai</b>											
Northgate Plaza Redevelopment Project	Tian Mu Road West, Jing'an District	54.56%	Construction work in progress	H2 2022	107,223	50,530	346,257	—	—	396,787	302
<b>Subtotal of major properties under development in Shanghai:</b>						<b>50,530</b>	<b>346,257</b>	<b>—</b>	<b>—</b>	<b>396,787</b>	<b>302</b>

# Particulars of Major Properties (Continued)

## PROPERTIES UNDER DEVELOPMENT (CONTINUED)

Property Name	Location	Attributable Interest to the Group	Stage of Construction	Expected Completion Date	Approximate Site Area (square feet) <sup>1</sup>	Approximate Attributable GFA (square feet)				Total (excluding car-parking spaces & ancillary facilities)	No. of car-parking spaces attributable to the Group
						Commercial/Retail	Office	Hotel/Service Apartments	Residential		
<b>Hengqin</b>											
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	54.56%	Construction work in progress	2024 (by phases)	1,547,523	211,508	1,035,944	320,170	—	1,567,622	785
<b>Subtotal of major properties under development in Hengqin:</b>						<b>211,508</b>	<b>1,035,944</b>	<b>320,170</b>	<b>—</b>	<b>1,567,622</b>	<b>785</b>
<b>Subtotal of major properties under development in Mainland China:</b>						<b>370,445</b>	<b>1,642,268</b>	<b>320,170</b>	<b>808,331</b>	<b>3,141,214</b>	<b>1,820</b>
<b>Total of major properties under development:</b>						<b>378,545</b>	<b>1,642,268</b>	<b>320,170</b>	<b>914,231</b>	<b>3,255,214</b>	<b>1,832</b>

*Note:*

1. On project basis.

# Particulars of Major Properties (Continued)

## COMPLETED PROPERTIES HELD FOR SALE

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		
<b>Hong Kong</b>								
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%	—	—	—	42,005	42,005	36
93 Pau Chung Street	20-32 San Shan Road and 93 Pau Chung Street, Ma Tau Kok, Kowloon, Hong Kong	100%	—	—	—	—	—	13
Novi	50 Ki Lung Street, Kowloon, Hong Kong	100%	5,996	—	—	—	5,996	—
Monti	9 Sai Wan Ho Street, Shau Kei Wan, Hong Kong	100%	—	—	—	13,026	13,026	6
<b>Subtotal of major completed properties held for sale in Hong Kong:</b>			<b>33,302</b>	<b>—</b>	<b>—</b>	<b>61,489</b>	<b>94,791</b>	<b>65</b>
<b>Mainland China</b>								
<b>Zhongshan</b>								
Palm Spring	Caihong Planning Area, Western District	54.56%	37,402	—	—	313,772	351,174	884
<b>Subtotal of major completed properties held for sale in Zhongshan:</b>			<b>37,402</b>	<b>—</b>	<b>—</b>	<b>313,772</b>	<b>351,174</b>	<b>884</b>
<b>Hengqin</b>								
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	63.65%	—	334,690	239,301	109,688	683,679	—
<b>Subtotal of major completed properties held for sale in Hengqin:</b>			<b>—</b>	<b>334,690</b>	<b>239,301</b>	<b>109,688</b>	<b>683,679</b>	<b>—</b>
<b>Shanghai</b>								
Wuli Bridge Project	Wuliqiao Road, 104 Jie Fang, Huangpu District	54.56%	—	—	—	21,759	21,759	44
May Flower Plaza	Sujiaxiang, Jing'an District	54.56%	—	—	—	—	—	250
Regents Park, Phase II	88 Huichuan Road, Changning District	51.83%	—	—	—	—	—	124
<b>Subtotal of major completed properties held for sale in Shanghai:</b>			<b>—</b>	<b>—</b>	<b>—</b>	<b>21,759</b>	<b>21,759</b>	<b>418</b>
<b>Guangzhou</b>								
Eastern Place Phase V	787 Dongfeng East Road, Yuexiu District	54.56%	—	—	—	—	—	7
Dolce Vita	Jinshazhou, Heng Sha, Baiyun District	27.28%	—	—	—	—	—	4
King's Park	Donghua Dong Road, Yuexiu District	54.56%	—	—	—	—	—	5
West Point	Zhongshan Qi Road, Liwan District	54.56%	—	—	—	—	—	66
<b>Subtotal of major completed properties held for sale in Guangzhou:</b>			<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>82</b>
<b>Subtotal of major completed properties held for sale in Mainland China:</b>			<b>37,402</b>	<b>334,690</b>	<b>239,301</b>	<b>445,219</b>	<b>1,056,612</b>	<b>1,384</b>
<b>Total of major completed properties held for sale:</b>			<b>70,704</b>	<b>334,690</b>	<b>239,301</b>	<b>506,708</b>	<b>1,151,403</b>	<b>1,449</b>

# Corporate Governance and Other Information

## CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Corporate Governance Code (“**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities (“**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) throughout the six months ended 31 January 2021 save for the deviations from code provisions A.4.1, A.5.1 and E.1.2.

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

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

*Under code provision A.5.1, a nomination committee comprising a majority of the independent non-executive directors should be established and chaired by the chairman of the board or an independent non-executive director.*

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

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

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

# Corporate Governance and Other Information *(Continued)*

## CORPORATE GOVERNANCE *(CONTINUED)*

### Board

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

The Board currently comprises ten members, of whom five are EDs, one is NED and four are INEDs. The current composition of the Board is characterised by diversity, whether considered in terms of gender, nationality, professional background and skills.

The Board meets at least four times a year with meeting dates scheduled prior to the beginning of the year. Additional board meetings will be held when warranted. Directors also participate in the consideration and approval of matters of the Company by way of written resolutions circulated to Directors together with supporting explanatory materials as and when required.

All Directors have been provided in a timely manner 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.

### Chairman and Chief Executive Officer

During the six months ended 31 January 2021 and up to the date of this Report, Dr. Lam Kin Ngok, Peter (an ED) is the Chairman of the Company while Mr. Chew Fook Aun (an ED) and Mr. Lau Shu Yan, Julius (an ED) is the Deputy Chairman and Chief Executive Officer of the Company, respectively. The segregation ensures a clear distinction between the Chairman's responsibilities to manage the Board and the Chief Executive Officer's responsibilities to manage the Company's businesses. The division of responsibilities between the Chairman and the Chief Executive Officer is defined.

## 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 six months ended 31 January 2021.

# Corporate Governance and Other Information *(Continued)*

## DIRECTORS' INTERESTS

The following Directors and the chief executive of the Company who held office on 31 January 2021 and their respective close associates (as defined in the Listing Rules) were interested or were deemed to be interested in the following interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (“SFO”)) on that date (a) as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they were taken or deemed to have under such provisions of the SFO); or (b) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO (“Register of Directors and Chief Executive”); or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the 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 <i>(Note 1)</i>
Lam Kin Ngok, Peter	Beneficial owner/ Owner of controlled corporations	433,737	Nil	343,593,021 <i>(Note 2)</i>	417,308 <i>(Note 5)</i>	344,444,066	56.27%
Chew Fook Aun	Beneficial owner/ Owner of controlled corporations	Nil	Nil	1,221,000 <i>(Note 4)</i>	1,952,081 <i>(Note 5)</i>	3,173,081	0.52%
Lau Shu Yan, Julius	Beneficial owner	263,500	Nil	Nil	2,086,540 <i>(Note 5)</i>	2,350,040	0.38%
Lam Hau Yin, Lester	Beneficial owner	Nil	Nil	Nil	4,173,081 <i>(Note 5)</i>	4,173,081	0.68%
Tham Seng Yum, Ronald	Beneficial owner	Nil	Nil	Nil	800,000 <i>(Note 5)</i>	800,000	0.13%
U Po Chu <i>(Note 3)</i>	Beneficial owner	26,919 <i>(Note 3)</i>	Nil	Nil	Nil	26,919	0.01%



# Corporate Governance and Other Information (Continued)

## DIRECTORS' INTERESTS (CONTINUED)

### (1) The Company (Continued)

Notes:

- (1) The percentage has been compiled based on the total number of issued Shares for the six months ended 31 January 2021 (i.e. 612,089,025 Shares).
- (2) Lai Sun Garment (International) Limited ("**LSG**") and two of its wholly-owned subsidiaries, namely Zimba International Limited ("**Zimba International**") and Joy Mind Limited ("**Joy Mind**"), beneficially owned 343,593,021 Shares, representing approximately 56.13% of the issued share capital of the Company. Dr. Lam Kin Ngok, Peter was deemed to be interested in the same 343,593,021 Shares by virtue of, in aggregate, his personal and deemed interests of approximately 41.66% in the issued share capital of LSG. LSG is approximately 12.43% owned by Dr. Lam Kin Ngok, Peter and is approximately 29.23% owned by Wisdoman Limited which in turn is 100% beneficially owned by Dr. Lam Kin Ngok, Peter.
- LSG pledged approximately 208,513,987 Shares held by LSG, Zimba International and Joy Mind as security pursuant to its 7.70% secured guaranteed notes due 2018 under a Share Charge dated 24 July 2014. The amount has been repaid in full.
- (3) Madam U Po Chu is the widow of the late Mr. Lim Por Yen whose estate includes an interest of 3,957,189 Shares, representing approximately 0.65% of the issued share capital of the Company.
- (4) The 1,221,000 Shares were owned by The Orchid Growers Association Limited. By virtue of his 100% interest in the issued share capital of The Orchid Growers Association Limited, Mr. Chew Fook Aun was deemed to be interested in these 1,221,000 Shares.
- (5) A share option was granted by the Company to each of Dr. Lam Kin Ngok, Peter, Mr. Chew Fook Aun, Mr. Lau Shu Yan, Julius, Mr. Lam Hau Yin, Lester and Mr. Tham Seng Yum, Ronald, the particulars of which are set out below:

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

\* On 7 August 2020, Mr. Chew Fook Aun exercised his options to subscribe for 915,000 Shares.

# Corporate Governance and Other Information (Continued)

## 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	48,802,906	Nil	114,741,416	333,333 (Note 2)	163,877,655	41.74%
Chew Fook Aun	Beneficial owner	Nil	Nil	Nil	3,819,204 (Note 2)	3,819,204	0.97%
Lam Hau Yin, Lester	Beneficial owner	12,459,208	Nil	Nil	3,819,204 (Note 2)	16,278,412	4.15%
U Po Chu	Beneficial owner	825,525	Nil	Nil	Nil	825,525	0.21%

Notes:

- (1) The percentage has been compiled based on the total number of issued LSG Shares for the six months ended 31 January 2021 (i.e. 392,610,623 LSG Shares).
- (2) A share option was granted by LSG to each of Dr. Lam Kin Ngok, Peter, Mr. Chew Fook Aun and Mr. Lam Hau Yin, Lester, the particulars of which are set out below:

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

- (3) Dr. Lam Kin Ming passed away on 8 January 2021 whose estate includes an interest of 1,021,443 LSG Shares, representing approximately 0.26% of the LSG's issued share capital.

# Corporate Governance and Other Information *(Continued)*

## 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 <i>(Note 1)</i>
Lam Kin Ngok, Peter	Beneficial owner/ Owner of controlled corporations	2,794,443	Nil	1,113,260,072 <i>(Note 2)</i>	Nil	1,116,054,515	74.81%
Lam Hau Yin, Lester	Beneficial owner	2,794,443	Nil	Nil	Nil	2,794,443	0.19%

*Notes:*

- (1) The percentage has been compiled based on the total number of issued eSun Shares for the six months ended 31 January 2021 (i.e. 1,491,854,598 eSun Shares).
- (2) LSG was interested in 343,593,021 Shares in the Company, representing approximately 56.13% of the issued share capital of the Company. Transtrend Holdings Limited (“**Transtrend**”), a wholly-owned subsidiary of the Company, was interested in 1,113,260,072 eSun Shares, representing approximately 74.62% of the issued share capital of eSun. As such, Dr. Lam Kin Ngok, Peter was deemed to be interested in the same 1,113,260,072 eSun Shares by virtue of, in aggregate, his personal and deemed interests of approximately 41.66% and 56.20% in the issued share capital of LSG and the Company, respectively.

# Corporate Governance and Other Information *(Continued)*

## 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 <i>(Note 1)</i>
Lam Kin Ngok, Peter	Beneficial owner/ Owner of controlled corporations	Nil	Nil	180,618,266 <i>(Note 2)</i>	321,918 <i>(Note 3)</i>	180,940,184	54.66%
Lau Shu Yan, Julius	Beneficial owner	Nil	Nil	Nil	965,754 <i>(Note 3)</i>	965,754	0.29%
Lam Hau Yin, Lester	Beneficial owner	Nil	Nil	Nil	3,219,182 <i>(Note 3)</i>	3,219,182	0.97%
Tham Seng Yum, Ronald	Beneficial owner	Nil	Nil	Nil	500,000 <i>(Note 3)</i>	500,000	0.15%

*Notes:*

- (1) *The percentage has been compiled based on the total number of issued Lai Fung Shares for the six months ended 31 January 2021 (i.e. 331,033,443 Lai Fung Shares).*
- (2) *The Company was interested in 180,618,266 Lai Fung Shares (Holy Unicorn Limited, a wholly-owned subsidiary of the Company and Transtrend were interested in 180,600,756 and 17,510 Lai Fung Shares, respectively), representing approximately 54.56% of the issued share capital of Lai Fung.*

*Dr. Lam Kin Ngok, Peter was deemed to be interested in the same 180,618,266 Lai Fung Shares by virtue of, in aggregate, his personal and deemed interests of approximately 41.66% and 56.20% in the issued share capital of LSG and the Company, respectively.*

# Corporate Governance and Other Information (Continued)

## DIRECTORS' INTERESTS (CONTINUED)

### (2) Associated Corporations (Continued)

#### (iii) Lai Fung Holdings Limited (“Lai Fung”) — a subsidiary of the Company (Continued)

Notes: (Continued)

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

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

#### (iv) Media Asia Group Holdings Limited (“MAGHL”) — a subsidiary of eSun

##### Long positions in the shares of MAGHL (“MAGHL Shares”) and underlying MAGHL Shares

Name of Director	Capacity	Number of MAGHL Shares held	Number of underlying MAGHL Shares held	Total number of issued MAGHL Shares and underlying MAGHL Shares held	Approximate % of total interests to total issued MAGHL Shares (Note 1)
Lam Kin Ngok, Peter	Owner of controlled corporations	2,021,848,647 (Note 2)	Nil	2,021,848,647	69.69%

Note:

- (1) As a result of the share consolidation of MAGHL (“Share Consolidation”) becoming effective on 22 December 2020 and the completion of the loan capitalisation (“Loan Capitalisation”) on 18 January 2021, the total issued shares of MAGHL became 2,901,105,682 MAGHL Shares. The percentage has been compiled based on the total number of issued MAGHL Shares for the six months ended 31 January 2021 (i.e. 2,901,105,682 MAGHL Shares).
- (2) As at 31 January 2021, these interests in MAGHL represented the shares beneficially owned by Perfect Sky Holdings Limited, a wholly-owned subsidiary of eSun, representing approximately 69.69% of the issued share capital of MAGHL. eSun is owned as to approximately 74.62% by the Company which in turn is owned as to approximately 56.13% by LSG. As LSG is approximately 12.43% owned by Dr. Lam Kin Ngok, Peter and approximately 29.23% owned by Wisdoman Limited which in turn is 100% beneficially owned by Dr. Lam Kin Ngok, Peter, he was deemed to be interested in the said 2,021,848,647 MAGHL Shares.

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

# Corporate Governance and Other Information (Continued)

## SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS

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

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

Name	Capacity	Nature of interests	Number of Shares and underlying Shares	Approximate % of Shares in issue (Note 1)
Lai Sun Garment (International) Limited	Beneficial owner	Corporate	343,593,021 (Note 2)	56.13%
Lam Kin Ngok, Peter	Beneficial owner/ Owner of controlled corporations	Personal and corporate	344,444,066 (Note 2)	56.27%
Yu Cheuk Yi	Beneficial owner	Personal	134,724,810 (Note 3)	22.01%
Yu Siu Yuk	Beneficial owner	Personal	134,724,810 (Note 3)	22.01%

#### Notes:

- (1) The percentage has been compiled based on the total number of issued Shares for the six months ended 31 January 2021 (i.e. 612,089,025 Shares).
- (2) LSG and two of its wholly-owned subsidiaries, namely Zimba International Limited ("**Zimba International**") and Joy Mind Limited, ("**Joy Mind**") beneficially owned 343,593,021 Shares, representing approximately 56.13% of the issued share capital of the Company. Dr. Lam Kin Ngok, Peter was deemed to be interested in the same 343,593,021 Shares by virtue of, in aggregate, his personal and deemed interests of approximately 41.66% in the issued share capital of LSG.
- (3) Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk jointly held 134,724,810 Shares (22.01%) according to shareholding shown in last Individual Substantial Notice (Form 1) filed for an event on 17 November 2020. Mr. Yu Cheuk Yi held 145,320,810 Shares (23.74%, including his jointly holding with Ms. Yu Siu Yuk) according to shareholding shown in last Individual Substantial Notice (Form 1) filed for an event on 17 November 2020.

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 January 2021, 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.

# Corporate Governance and Other Information *(Continued)*

## SHARE OPTION SCHEME

### (1) The Company

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

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

During the six-month period ended 31 January 2021, share options comprising a total of 13,642,134 underlying Shares were outstanding, of which 12,252,134 underlying Shares were granted under the Old Scheme and share options comprising 1,390,000 underlying Shares were granted under the New Scheme.

During the six-month period ended 31 January 2021, there were 915,000 options exercised by Mr. Chew Fook Aun on 7 August 2020 under the Old Scheme and 470,000 options were granted to certain eligible participants under the New Scheme. Apart from that, no options were granted, exercised, cancelled or lapsed in accordance with the terms of the schemes during the six-month period ended 31 January 2021.

# Corporate Governance and Other Information (Continued)

## SHARE OPTION SCHEME (CONTINUED)

### (1) The Company (Continued)

Particulars of the outstanding options at the beginning and at the end of the financial period are as follows:

Name and category of participant	Date of grant of options	Number of underlying Shares comprised in share options						Outstanding at 31/01/2021 (Note 2)	Exercisable period of share options
		Outstanding at 01/08/2020	Granted during the period	Exercise price of share options HK\$ per Share	Exercised during the period	Lapsed during the period	Outstanding at 01/08/2020		
<b>Directors</b>									
Lam Kin Ngok, Peter	18/01/2013	417,308	—	16.100	—	—	417,308	18/01/2013 - 17/01/2023	
Chew Fook Aun	05/06/2012	2,867,081	—	5.350	(915,000)	—	1,952,081	05/06/2012 - 04/06/2022	
Lau Shu Yan, Julius	18/01/2013	2,086,540	—	16.100	—	—	2,086,540	18/01/2013 - 17/01/2023	
Lam Hau Yin, Lester	18/01/2013	4,173,081	—	16.100	—	—	4,173,081	18/01/2013 - 17/01/2023	
Tham Seng Yum, Ronald	19/08/2019	800,000	—	9.920	—	—	800,000	19/08/2019 - 18/08/2029	
<b>Other employees</b>	18/01/2013	3,311,124	—	16.100	—	—	3,311,124	18/01/2013 - 17/01/2023	
<b>Other employees</b>	26/07/2013	83,200	—	11.250	—	—	83,200	26/07/2013 - 25/07/2023	
<b>Other employees</b>	21/01/2015	228,800	—	8.350	—	—	228,800	21/01/2015 - 20/01/2025	
<b>Other employees</b>	22/01/2016	60,000	—	4.700	—	—	60,000	22/01/2016 - 21/01/2026	
<b>Other employees</b>	20/01/2017	60,000	—	8.150	—	—	60,000	20/01/2017 - 19/01/2027	
<b>Other employees</b>	26/01/2021	—	470,000 (Note 1)	6.360	—	—	470,000	26/01/2021 - 25/01/2031	
<b>Total:</b>		14,087,134	470,000	—	(915,000)	—	13,642,134		

Notes:

- During the six months ended 31 January 2021, a share option was granted to certain eligible participants under the New Scheme on 26 January 2021 enabling them to subscribe for a total of 470,000 Shares at an exercise price of HK\$6.360 per Share during the exercisable period from 26 January 2021 to 25 January 2031. The closing price of the Shares immediately before the date of grant was HK\$6.350 per Share.
- Subsequent to 31 January 2021, the total number of shares entitled to be subscribed for under the outstanding share options have been decreased from 13,642,134 to 12,327,810 after a total of 1,314,324 underlying Shares lapsed by certain eligible participants in March 2021 under the Old Scheme.



# Corporate Governance and Other Information *(Continued)*

## SHARE OPTION SCHEME *(CONTINUED)*

### (2) eSun

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

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

### (3) Lai Fung

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

As at 31 January 2021, share options comprising a total of 9,444,526 underlying Lai Fung Shares granted under the Scheme were outstanding.

# Corporate Governance and Other Information (Continued)

## SHARE OPTION SCHEME (CONTINUED)

### (3) Lai Fung (Continued)

The movement of the share options granted under the Scheme during the six months ended 31 January 2021 is as follows:

Name or category of participant	Date of grant (Note 1)	Number of underlying Lai Fung Shares comprised in share options				Outstanding at 31/01/2021	Exercise period of Lai Fung share options	Exercise price per Lai Fung Share (HK\$) (Note 2)
		Outstanding at 01/08/2020	Granted during the period	Exercised during the period	Lapsed during the period			
<b>Directors (Note 3)</b>								
Lam Kin Ngok, Peter	18/01/2013	321,918	—	—	—	321,918	18/01/2013-17/01/2023	11.40
Lau Shu Yan, Julius	18/01/2013	965,754	—	—	—	965,754	18/01/2013-17/01/2023	11.40
Lam Hau Yin, Lester	18/01/2013	3,219,182	—	—	—	3,219,182	18/01/2013-17/01/2023	11.40
Tham Seng Yum, Ronald	19/08/2019	500,000	—	—	—	500,000	19/08/2019-18/08/2029	6.784
<b>Other eligible participants (in aggregate) (Note 5)</b>								
Batch 1	18/01/2013	3,627,672	—	—	(160,000)	3,467,672	18/01/2013-17/01/2023	11.40
Batch 2	26/07/2013	220,000	—	—	—	220,000	26/07/2013-25/07/2023	9.50
Batch 3	16/01/2015	180,000	—	—	—	180,000	16/01/2015-15/01/2025	8.00
Batch 4	19/01/2018	190,000	—	—	—	190,000	19/01/2018-18/01/2028	13.52
Batch 5	22/01/2019	460,000	—	—	(200,000)	260,000	22/01/2019-21/01/2029	10.18
Batch 6	22/01/2021	—	120,000 (Note 4)	—	—	120,000	22/01/2021-21/01/2031	7.364
<b>Total:</b>		<b>9,684,526</b>	<b>120,000</b>	<b>—</b>	<b>(360,000)</b>	<b>9,444,526</b>		

**Notes:**

- The share options vested on the date of grant.
- 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.
- Directors refer to Directors of the Company.
- During the six months ended 31 January 2021, a share option was granted to certain eligible participants under the Scheme on 22 January 2021 enabling them to subscribe for a total of 120,000 ordinary shares of Lai Fung at an exercise price of HK\$7.364 per Lai Fung Share during the exercisable period from 22 January 2021 to 21 January 2031. The closing price of the shares immediately before the date of grant was HK\$7.300 per Lai Fung Share.
- Other Eligible Participants include directors of Lai Fung.

# Corporate Governance and Other Information *(Continued)*

## SHARE OPTION SCHEME *(CONTINUED)*

### (3) Lai Fung *(Continued)*

Save as disclosed above, no share options were granted, exercised, cancelled, or lapsed in accordance with the terms of the Scheme during the six months ended 31 January 2021.

### (4) MAGHL

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

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

No share options have been granted under MAGHL Scheme since its adoption on 18 December 2012. As a result of the Share Consolidation becoming effective on 22 December 2020 and the completion of the Loan Capitalisation on 18 January 2021, the total issued shares of MAGHL became 2,901,105,682 MAGHL Shares. As at the date of this Report, MAGHL may grant options under the MAGHL Scheme to subscribe for a maximum of 21,360,568 MAGHL Shares (after adjustment for the Share Consolidation), representing approximately 0.74% of its total issued shares as at 31 January 2021 (i.e. 2,901,105,682 MAGHL Shares).

## PUBLIC FLOAT

The public float of the Company was below 25% of the total issued shares of the Company due to the increase in shareholding of Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk, being the substantial shareholders and core connected persons of the Company. The Company is considering steps to restore the public float at the minimum prescribed percentage in accordance with the Listing Rules.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 January 2021, the Company did not redeem any of its shares listed and traded on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such shares.

# Corporate Governance and Other Information *(Continued)*

## UPDATE OF DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in Directors' and Chief Executive Officer's information since the disclosure made in the Company's annual report 2019-2020 are set out as follows:

(1) Directors' remuneration for the six months ended 31 January 2021 and 2020 are as follows:

	Fees HK\$'000	Salaries allowances and benefits in kind HK\$'000	Equity-settled share option expenses HK\$'000	Pension Scheme contributions HK\$'000	Total remuneration HK\$'000
<b>For the six months ended 31 January 2021</b>					
Executive directors					
Lam Kin Ngok, Peter <i>(Chairman) (note a)</i>	90	13,985	—	9	14,084
Chew Fook Aun <i>(Deputy Chairman) (note b)</i>	—	8,010	—	27	8,037
Lau Shu Yan, Julius <i>(Chief Executive Officer)</i>	—	2,331	—	117	2,448
Lam Hau Yin, Lester <i>(note c)</i>	—	1,670	—	18	1,688
Tham Seng Yum, Ronald <i>(note d)</i>	—	3,900	—	18	3,918
	90	29,896	—	189	30,175
Non-executive directors					
Lam Kin Ming <i>(note e)</i>	110	500	—	—	610
U Po Chu <i>(note f)</i>	125	2,145	—	—	2,270
	235	2,645	—	—	2,880
Independent non-executive directors					
Ip Shu Kwan, Stephen	175	—	—	—	175
Lam Bing Kwan <i>(note g)</i>	350	—	—	—	350
Leung Shu Yin, William	175	—	—	—	175
Leung Wang Ching, Clarence	175	—	—	—	175
	875	—	—	—	875
	1,200	32,541	—	189	33,930

# Corporate Governance and Other Information (Continued)

## UPDATE OF DIRECTORS' INFORMATION (CONTINUED)

(1) Directors' remuneration for the six months ended 31 January 2021 and 2020 are as follows: (Continued)

	Fees HK\$'000	Salaries allowances and benefits in kind HK\$'000	Equity-settled share option expenses HK\$'000	Pension Scheme contributions HK\$'000	Total remuneration HK\$'000
<b>For the six months ended 31 January 2020</b>					
Executive directors					
Lam Kin Ngok, Peter (Chairman) (note a)	90	15,151	—	9	15,250
Chew Fook Aun (Deputy Chairman) (note b)	—	9,345	—	27	9,372
Lau Shu Yan, Julius (Chief Executive Officer)	—	2,720	—	117	2,837
Lam Hau Yin, Lester (note c)	—	1,809	—	18	1,827
Tham Seng Yum, Ronald (note d)	—	4,163	3,922	18	8,103
	90	33,188	3,922	189	37,389
Non-executive directors					
Lam Kin Ming (note e)	125	570	—	—	695
U Po Chu (note f)	125	2,125	—	—	2,250
	250	2,695	—	—	2,945
Independent non-executive directors					
Ip Shu Kwan, Stephen	175	—	—	—	175
Lam Bing Kwan (note g)	350	—	—	—	350
Leung Shu Yin, William	175	—	—	—	175
Leung Wang Ching, Clarence	175	—	—	—	175
	875	—	—	—	875
	1,215	35,883	3,922	189	41,209

### Notes:

- The amounts included fees and salaries paid by the eSun Group of HK\$5,684,000 and salaries paid by Lai Fung of HK\$1,399,000 (six months ended 31 January 2020: paid by the eSun Group of HK\$7,665,000).
- The amounts included salaries and pension scheme contributions paid by the eSun Group of HK\$2,011,000 and paid by Lai Fung of HK\$2,012,000 (six months ended 31 January 2020: paid by the eSun Group of HK\$4,691,000).
- The amounts included salaries and pension scheme contributions paid by Lai Fung of HK\$805,000 (six months ended 31 January 2020: paid by the eSun Group of HK\$871,000).
- Mr. Tham Seng Yum, Ronald was appointed as an executive director with effect from 19 August 2019. The amounts included salaries, and pension scheme contributions paid by Lai Fung of HK\$1,959,000 (six months ended 31 January 2020: salaries, equity-settled share option expenses and pension scheme contributions paid by the eSun Group of HK\$2,764,000).
- Dr. Lam Kin Ming deceased on 8 January 2021. The amounts included salaries paid by Lai Fung of HK\$499,000 (six months ended 31 January 2020: paid by the eSun Group of HK\$570,000).
- The amounts included salaries paid by Lai Fung of HK\$2,145,000 (six months ended 31 January 2020: paid by the eSun Group of HK\$2,125,000).
- The amounts included fees paid by Lai Fung of HK\$175,000 (six months ended 31 January 2020: paid by the eSun Group of HK\$175,000).
- Lai Fung ceased to be a subsidiary of eSun since May 2020. For the six months ended 31 January 2021, the amounts paid by the eSun Group excluded the amount paid by Lai Fung whilst for the six months ended 31 January 2020, the amounts paid by the eSun Group included the amounts paid by Lai Fung.

# Corporate Governance and Other Information *(Continued)*

## UPDATE OF DIRECTORS' INFORMATION *(CONTINUED)*

- (2) Dr. Lam Kin Ngok, Peter
  - (a) was appointed the Chairman of LSG with effect from 26 January 2021; and
  - (b) was re-appointed as a member of West Kowloon Cultural District Foundation Limited for a term of three years from 16 November 2020 to 15 November 2023.
- (3) Mr. Chew Fook Aun
  - (a) ceased to act as a member of the Operations Review Committee of the Independent Commission Against Corruption on 31 December 2020; and
  - (b) was appointed as Vice Chairman of the board of directors of the Hong Kong Sports Institute Limited for a term of two years with effect from 1 April 2021 to 31 March 2023.
- (4) Mr. Ip Shu Kwan, Stephen was appointed as an independent non-executive director of C-Mer Eye Care Holdings Limited with effect from 6 November 2020.
- (5) Mr. Leung Shu Yin, William was appointed as the Deputy Chairman of Crocodile Garments Limited with effect from 22 January 2021.
- (6) Dr. Lam Kin Ming deceased on 8 January 2021.

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 January 2021, the Group employed a total of approximately 4,500 employees. The Group recognises the importance of maintaining a stable staff force in its continued success. Under the Group's existing policies, employee pay rates are maintained at competitive levels whilst promotion and salary increments are assessed on a performance-related basis. Discretionary bonuses are granted to employees based on their merit and in accordance with industry practice. Other benefits including share option scheme, mandatory provident fund scheme, free hospitalisation insurance plan, subsidised medical care and sponsorship for external education and training programmes are offered to eligible employees.

## INVESTOR RELATIONS

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

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

# Corporate Governance and Other Information *(Continued)*

## REVIEW OF INTERIM REPORT

The audit committee of the Company (“**Audit Committee**”) currently comprises three INEDs, Mr. Leung Shu Yin, William, Mr. Lam Bing Kwan and Mr. Leung Wang Ching, Clarence. The Audit Committee has reviewed the interim report (including the unaudited condensed consolidated financial statements) of the Company for the six months ended 31 January 2021.

By Order of the Board  
**Lam Kin Ngok, Peter**  
*Chairman*

Hong Kong, 26 March 2021