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LAI SUN DEVELOPMENT

Lai Sun Development Company Limited
(Incorporated in Hong Kong with limited liability)

(Stock Code: 488)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 JULY 2020

RESULTS

The board of directors (the "**Board**") of Lai Sun Development Company Limited (the "**Company**") announces the consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 July 2020 together with the comparative figures of the last year as follows:

Consolidated Income Statement

For the year ended 31 July 2020

	Notes	2020 HK\$'000	2019 HK\$'000
TURNOVER	4	5,213,529	6,493,912
Cost of sales		(3,584,979)	(4,188,480)
Gross profit		1,628,550	2,305,432
Other revenue and gains		540,912	319,616
Selling and marketing expenses		(187,720)	(187,158)
Administrative expenses		(955,638)	(983,804)
Other operating expenses		(1,668,085)	(1,150,435)
Write-down of completed properties for sale to net realisable value		(587,099)	-
Fair value (losses)/gains on investment properties, net		(1,734,627)	649,774
Loss on remeasurement of existing interest in an associate upon business combination		-	(2,930,325)
Gain on bargain purchase on acquisition of subsidiaries		-	6,666,994
(LOSS)/PROFIT FROM OPERATING ACTIVITIES	5	(2,963,707)	4,690,094
Finance costs	6	(698,243)	(474,207)
Share of profits and losses of associates		(17,641)	26,948
Share of profits and losses of joint ventures		(423,021)	649,322
(LOSS)/PROFIT BEFORE TAX		(4,102,612)	4,892,157
Tax	7	90,025	(159,297)
(LOSS)/PROFIT FOR THE YEAR		(4,012,587)	4,732,860
Attributable to:			
Owners of the Company		(2,934,813)	4,842,944
Non-controlling interests		(1,077,774)	(110,084)
		(4,012,587)	4,732,860
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	9		
Basic		(HK\$4.825)	HK\$7.988
Diluted		(HK\$4.825)	HK\$7.958

Consolidated Statement of Comprehensive Income

For the year ended 31 July 2020

	2020 HK\$'000	2019 HK\$'000
(LOSS)/PROFIT FOR THE YEAR	<u>(4,012,587)</u>	<u>4,732,860</u>
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
<i>Other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange realignments	(418,908)	(495,192)
Share of other comprehensive (expense)/income of associates	(1,876)	9,258
Share of other comprehensive (expense)/income of joint ventures	<u>(63)</u>	<u>10,911</u>
	<u>(420,847)</u>	<u>(475,023)</u>
<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	<u>(190,325)</u>	<u>(6,065)</u>
Release of reserves upon remeasurement of existing interest in an associate upon business combination	-	215,211
Release of reserve upon winding-up and disposal of subsidiaries	<u>-</u>	<u>(10,636)</u>
	<u>-</u>	<u>204,575</u>
OTHER COMPREHENSIVE EXPENSE FOR THE YEAR	<u>(611,172)</u>	<u>(276,513)</u>
TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR	<u>(4,623,759)</u>	<u>4,456,347</u>
Attributable to:		
Owners of the Company	<u>(3,140,115)</u>	4,743,024
Non-controlling interests	<u>(1,483,644)</u>	<u>(286,677)</u>
	<u>(4,623,759)</u>	<u>4,456,347</u>

Consolidated Statement of Financial Position

As at 31 July 2020

	<i>Notes</i>	2020 HK\$'000	2019 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		7,666,270	10,337,776
Right-of-use assets		5,282,544	-
Prepaid land lease payments		-	1,623,441
Investment properties		35,824,589	38,807,637
Properties under development		-	3,044,000
Film rights		7,055	24,608
Film and TV program products		65,121	75,022
Music catalogs		25,047	56,718
Goodwill		271,958	227,033
Other intangible assets		151,228	113,945
Investments in associates		328,952	344,433
Investments in joint ventures		6,763,682	7,411,355
Financial assets at fair value through other comprehensive income		1,717,411	1,907,735
Financial assets at fair value through profit or loss		951,436	645,631
Derivative financial instruments		20,231	53,784
Deposits, prepayments, other receivables and other assets		335,563	311,266
Deferred tax assets		4,259	39,371
Pledged and restricted bank balances and time deposits		70,765	81,345
Total non-current assets		<u>59,486,111</u>	<u>65,105,100</u>
CURRENT ASSETS			
Properties under development		3,822,423	3,807,868
Completed properties for sale		5,960,281	2,264,763
Films and TV programs under production and film investments		313,384	417,242
Inventories		56,547	58,443
Financial assets at fair value through profit or loss		153,251	230,273
Debtors	<i>10</i>	305,068	300,468
Deposits, prepayments, other receivables and other assets		905,618	1,082,648
Prepaid tax		42,231	42,031
Pledged and restricted bank balances and time deposits		1,860,097	1,452,156
Cash and cash equivalents		4,164,558	3,722,107
		<u>17,583,458</u>	<u>13,377,999</u>
Assets classified as held for sale		48,067	142,883
Total current assets		<u>17,631,525</u>	<u>13,520,882</u>
CURRENT LIABILITIES			
Creditors, other payables and accruals	<i>11</i>	3,391,676	3,187,571
Deposits received, deferred income and contract liabilities	<i>12</i>	1,092,209	1,674,695
Derivative financial instruments		5,852	-
Lease liabilities		280,673	-
Tax payable		439,521	298,297
Bank borrowings		8,034,040	4,282,923
Other borrowings		41,050	41,440
Total current liabilities		<u>13,285,021</u>	<u>9,484,926</u>
NET CURRENT ASSETS		<u>4,346,504</u>	<u>4,035,956</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>63,832,615</u>	<u>69,141,056</u>

Consolidated Statement of Financial Position (continued)*As at 31 July 2020*

	<i>Notes</i>	2020 HK\$'000	2019 HK\$'000
NON-CURRENT LIABILITIES			
Lease liabilities		1,093,757	-
Bank borrowings		8,101,635	8,988,292
Other borrowings		267,315	262,894
Guaranteed notes		5,717,879	5,736,654
Deferred tax liabilities		5,012,622	5,470,430
Other payables	<i>11</i>	-	87,410
Long-term deposits received	<i>12</i>	188,477	241,286
Total non-current liabilities		<u>20,381,685</u>	<u>20,786,966</u>
		<u>43,450,930</u>	<u>48,354,090</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital		4,127,703	4,081,774
Reserves		<u>30,842,466</u>	<u>31,745,927</u>
		34,970,169	35,827,701
Non-controlling interests		<u>8,480,761</u>	<u>12,526,389</u>
		<u>43,450,930</u>	<u>48,354,090</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

The financial information relating to the years ended 31 July 2020 and 31 July 2019 included in this preliminary announcement of annual results for the year ended 31 July 2020 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 July 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 July 2020 in due course.

Auditor's reports have been prepared on these financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation</i>
HKFRS 16	<i>Leases</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions (early adopted)</i>
Amendments to HKAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to HKAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements to HKFRSs 2015-2017 Cycle</i>	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Other than as explained below regarding the impact of HKFRS 16 and Amendment to HKFRS 16, the adoption of the above new and revised standards has had no significant financial effect on these financial statements.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(a) HKFRS 16 Leases

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases - Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. HKFRS 16 did not have any significant impact on leases where the Group is the lessor.

The Group has adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 August 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1 August 2019, and the comparative information for prior periods was not restated and continued to be reported under HKAS 17 and related interpretations.

New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 August 2019.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of shop units, cinema properties, office premises, warehouse premises, staff dormitory and equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less ("**short-term leases**") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 August 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(a) HKFRS 16 Leases (continued)

As a lessee – Leases previously classified as operating leases (continued)

Impact on transition

Lease liabilities at 1 August 2019 were recognised based on the present value of the remaining lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be determined, using the incremental borrowing rate at 1 August 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 1 August 2019 was about 3.83%. The Group elected to present the lease liabilities separately in the consolidated statement of financial position.

Right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the consolidated statement of financial position immediately before 1 August 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. In addition, leasehold land previously included in property, plant and equipment in the consolidated statement of financial position as at 31 July 2019 were reclassified to the right-of-use assets on 1 August 2019. The Group elected to present the right-of-use assets separately in the consolidated statement of financial position.

For the leasehold land and buildings (that were held to earn rental income and/or for capital appreciation) previously included in investment properties and measured at fair value, the Group has continued to include them as investment properties at 1 August 2019. They continue to be measured at fair value applying HKAS 40.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 August 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease
- Using a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relying on the entity's assessment of whether leases were onerous by applying HKAS 37 immediately before the date of initial application as an alternative to performing an impairment review
- Excluding the initial direct costs from the measurement of the right-of-use assets at the date of initial application

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(a) HKFRS 16 Leases (continued)

Financial impact at 1 August 2019

The impact arising from the adoption of HKFRS 16 as at 1 August 2019 was as follows:

	Increase/ (decrease) HK\$'000
Assets	
Right-of-use assets	5,811,886
Property, plant and equipment	(2,887,251)
Prepaid land lease payments	(1,623,441)
Deposits, prepayments, other receivables and other assets	(4,544)
Increase in total assets	<u>1,296,650</u>
Liabilities	
Lease liabilities	1,347,454
Creditors, other payables and accruals	(50,804)
Increase in total liabilities	<u>1,296,650</u>

The lease liabilities as at 1 August 2019 reconciled to the operating lease commitments as at 31 July 2019 were as follows:

	HK\$'000
Operating lease commitments as at 31 July 2019	1,499,224
Add: Payments for optional extension periods not recognised as at 31 July 2019	71,094
Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 July 2020 and commitments relating to leases of low-value assets	(12,043)
Total future interest expenses	<u>(210,821)</u>
Discounted operating lease commitments and lease liabilities as at 1 August 2019	<u>1,347,454</u>

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(b) Amendment to HKFRS 16 Covid-19-Related Rent Concessions

Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted.

During the year ended 31 July 2020, certain monthly lease payments for the leases of the Group's cinema properties and shop units have been reduced or waived by the lessors as a result of the covid-19 pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the covid-19 pandemic during the year ended 31 July 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of HK\$47,156,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to the consolidated income statement for the year ended 31 July 2020.

3. SEGMENT INFORMATION

For management purposes, the Group has the following reportable segments:

- (a) the property development and sales segment engages in property development and sale of properties;
- (b) the property investment segment invests in commercial and office buildings for their rental income potential and provides building management services;
- (c) the hotel operation segment engages in the operation of and provision of consultancy services to hotels and serviced apartments;
- (d) the restaurant operation segment engages in the operation of and provision of consultancy services to restaurants;
- (e) the media and entertainment segment engages in the investment in, and the production of entertainment events and provision of related advertising services, the provision of artiste management services, album sales and distribution, licence of music and trading of gaming products;
- (f) the film and TV program segment engages in the investment in, production of, sale, distribution and licence of films and TV programs, the provision of related advertising services as well as the distribution of video format products derived from these films and films licensed-in by the Group;

3. SEGMENT INFORMATION (continued)

- (g) the cinema operation segment engages in the operation of cinemas in Hong Kong and Mainland China;
- (h) the theme park operation segment engages in the development and operation of theme parks in Mainland China. Such segment information was included in the property investment segment in the prior year. Accordingly, the comparative segment information has been reclassified to conform to the current year's presentation; and
- (i) the "others" segment mainly comprises luxury yachting business, the provision of property management services, leasing agency services and building services.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment results, which is a measure of adjusted (loss)/profit before tax. The adjusted (loss)/profit before tax is measured consistently with the Group's (loss)/profit before tax except that write-down of completed properties for sale to net realisable value, fair value (losses)/gains on investment properties, net, loss on remeasurement of existing interest in an associate upon business combination, gain on bargain purchase on acquisition of subsidiaries, finance costs, share of profits and losses of associates, share of profits and losses of joint ventures and other unallocated income and expenses are excluded from such measurement.

Segment assets mainly exclude investments in associates, investments in joint ventures, financial assets at fair value through other comprehensive income, certain financial assets at fair value through profit or loss, derivative financial instruments, deferred tax assets, prepaid tax, certain pledged and restricted bank balances and time deposits, certain cash and cash equivalents, assets classified as held for sale and other unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities mainly exclude bank borrowings, other borrowings, guaranteed notes, tax payable, deferred tax liabilities, derivative financial instruments, put option liabilities and other unallocated corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales are transacted with reference to the prevailing market prices.

3. SEGMENT INFORMATION (continued)

Segment revenue and results

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

	Property development and sales		Property investment		Hotel operation		Restaurant operation		Media and entertainment		Film and TV program		Cinema operation		Theme park operation		Others		Consolidated		
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000 (Restated)	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000 (Restated)	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000	
Segment revenue:																					
Sales to external customers	1,690,213	2,279,822	1,299,408	1,356,793	673,359	686,057	421,764	514,784	326,604	591,795	370,215	325,996	229,264	521,104	19,153	285	183,549	217,276	5,213,529	6,493,912	
Intersegment sales	-	-	39,099	42,878	683	2,137	148	249	128	100	6,231	14,524	527	1,706	-	-	31,519	31,694	78,335	93,288	
Other revenue and gains	11,703	10,245	45,363	31,146	8,589	542	20,217	480	6,241	24,208	3,935	21,788	73,684	43,925	-	-	42,504	23,529	212,236	155,863	
Total	<u>1,701,916</u>	<u>2,290,067</u>	<u>1,383,870</u>	<u>1,430,817</u>	<u>682,631</u>	<u>688,736</u>	<u>442,129</u>	<u>515,513</u>	<u>332,973</u>	<u>616,103</u>	<u>380,381</u>	<u>362,308</u>	<u>303,475</u>	<u>566,735</u>	<u>19,153</u>	<u>285</u>	<u>257,572</u>	<u>272,499</u>	<u>5,504,100</u>	<u>6,743,063</u>	
Elimination of intersegment sales																					
Total																					
Segment results	<u>59,241</u>	<u>250,339</u>	<u>850,827</u>	<u>908,021</u>	<u>(360,633)</u>	<u>(238,615)</u>	<u>(110,570)</u>	<u>(39,786)</u>	<u>(30,172)</u>	<u>40,131</u>	<u>(79,962)</u>	<u>(119,590)</u>	<u>(515,156)</u>	<u>(110,710)</u>	<u>(263,350)</u>	<u>(80,207)</u>	<u>(21,130)</u>	<u>(57,396)</u>	<u>(470,905)</u>	552,187	
Unallocated other revenue and gains																					
Write-down of completed properties for sale to net realisable value	(587,099)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(587,099)	-	
Fair value (losses)/gains on investment properties, net	-	-	(1,734,627)	649,774	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,734,627)	649,774	
Unallocated expenses																					
Loss on remeasurement of existing interest in an associate upon business combination																				(2,930,325)	
Gain on bargain purchase on acquisition of subsidiaries																				6,666,994	
(Loss)/profit from operating activities																				(2,963,707)	4,690,094
Finance costs																				(698,243)	(474,207)
Share of profits and losses of associates	83	101	(617)	(40)	(274)	(237)	130	60	-	(68)	-	432	-	463	-	-	2,498	1,347	1,820	2,058	
Share of profits and losses of associates - unallocated																				(19,461)	24,890
Share of profits and losses of joint ventures	70,252	565,620	(468,856)	85,432	(24,505)	-	-	-	(155)	(144)	243	(1,586)	-	-	-	-	-	-	(423,021)	649,322	
(Loss)/profit before tax																				(4,102,612)	4,892,157
Tax																				90,025	(159,297)
(Loss)/profit for the year																				(4,012,587)	4,732,860

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	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000 (Restated)	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Segment assets	9,992,287	9,432,089	36,568,822	39,425,580	9,531,236	9,394,633	600,946	568,971	352,992	474,906	763,534	877,035	1,169,897	719,620	1,712,839	1,727,560	1,003,077	1,094,884	61,695,630	63,715,278
Investments in associates	2,099	2,251	533	5,804	178,033	182,812	(10,105)	(10,105)	-	-	-	-	-	-	-	-	3,156	2,975	173,716	183,737
Investments in associates - unallocated																			155,236	160,696
Investments in joint ventures	1,133,702	1,329,107	5,523,518	6,062,373	92,916	-	-	-	11,599	17,804	1,947	2,071	-	-	-	-	-	-	6,763,682	7,411,355
Unallocated assets																			8,281,305	7,012,033
Assets classified as held for sale	14,952	142,883	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33,115	-	48,067	142,883
Total assets																			77,117,636	78,625,982
Segment liabilities	905,354	1,325,075	1,438,886	1,374,257	751,426	664,478	211,133	61,600	117,541	181,195	381,929	417,061	1,144,518	205,151	157,577	120,822	328,132	425,061	5,436,496	4,774,700
Bank borrowings																			16,135,675	13,271,215
Guaranteed notes																			5,717,879	5,736,654
Other borrowings																			308,365	304,334
Unallocated liabilities																			6,068,291	6,184,989
Total liabilities																			33,666,706	30,271,892

3. SEGMENT INFORMATION (continued)

Other segment information

The following table presents the other segment information for the Group's reportable segments:

	Property development and sales		Property investment		Hotel operation		Restaurant operation		Media and entertainment		Film and TV program		Cinema operation		Theme park operation		Others		Consolidated	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000 (Restated)	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Depreciation of property, plant and equipment	921	1,533	9,879	24,187	224,060	225,904	38,652	44,250	1,340	1,587	508	1,508	56,597	68,135	143,785	2,097	8,103	11,963	483,845	381,164
Depreciation of property, plant and equipment - unallocated																			8,286	15,656
																			492,131	396,820
Depreciation of right-of-use assets	1,259	-	35,869	-	119,296	-	66,638	-	3,407	-	6,382	-	154,233	-	18,447	-	17,441	-	422,972	-
Depreciation of right-of-use assets - unallocated																			26,197	-
																			449,169	-
Amortisation of prepaid land lease payments	-	-	-	-	-	43,405	-	-	-	-	-	-	-	-	-	-	-	-	-	43,405
Impairment of property, plant and equipment	-	-	-	-	-	-	26,083	2,900	638	-	273	-	94,832	40,850	-	-	2,408	-	124,234	43,750
Impairment of property, plant and equipment - unallocated																			-	8,010
																			124,234	51,760
Impairment of right-of-use assets	-	-	-	-	-	-	23,059	-	2,656	-	5,183	-	272,073	-	-	-	832	-	303,803	-
Loss on disposal/write-off of items of property, plant and equipment	40	47	1,085	694	70	650	-	1,283	30	209	4	4	243	507	-	1	24	10	1,496	3,405
Loss on disposal/write-off of items of property, plant and equipment - unallocated																			149	-
																			1,645	3,405
Write-down of properties under development to net realisable value	15,037	92,003	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,037	92,003
Impairment of films and TV programs under production	-	-	-	-	-	-	-	-	-	-	12,439	64,310	-	-	-	-	-	-	12,439	64,310
Amortisation of film rights	-	-	-	-	-	-	-	-	-	-	29,689	6,357	-	-	-	-	-	-	29,689	6,357
Amortisation of film and TV program products	-	-	-	-	-	-	-	-	-	-	128,011	69,019	-	-	-	-	-	-	128,011	69,019
Amortisation of music catalogs	-	-	-	-	-	-	-	-	31,671	26,957	-	-	-	-	-	-	-	-	31,671	26,957
Amortisation of other intangible assets	-	-	-	-	-	-	950	-	-	-	-	586	-	-	-	-	384	395	1,334	981
Impairment of debtors	-	-	4,147	-	-	-	-	-	7,466	693	131	-	-	-	-	-	-	-	11,744	693
Impairment of advances and other receivables	2,595	-	-	-	-	-	-	-	5,530	3,184	16,065	18,486	-	539	-	-	775	-	24,965	22,209
Write-back of impairment of advances and other receivables	-	-	-	-	-	-	-	-	-	(251)	-	(316)	-	-	-	-	-	-	-	(567)
Impairment of amounts due from joint ventures	-	-	-	-	-	-	-	-	703	1,763	765	-	-	-	-	-	-	-	1,468	1,763
Gain on disposal of subsidiaries	-	-	-	-	-	-	-	-	(11)	-	-	(4,720)	-	-	-	-	-	-	(11)	(4,720)
Gain on disposal of an associate	-	-	-	-	-	-	-	-	-	-	-	-	(19,705)	-	-	-	-	-	-	(19,705)
Gain on disposal of joint ventures	-	-	-	(8,158)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(8,158)
Derecognition loss on rental receivable	-	-	16,855	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,855	-
Impairment of inventories	-	-	-	-	-	-	-	-	59	2,319	2,466	161	20	-	-	-	4,185	-	6,730	2,480
Impairment of goodwill	-	-	-	-	-	-	1,319	-	-	-	-	-	-	-	-	-	-	-	1,319	-
Capital expenditure	1,957	990	1,002,529	2,553,656	621,663	908,246	59,212	18,082	1,539	4,798	2,705	725	144,340	65,368	86,510	-	21,510	24,734	1,941,965	3,576,599
Capital expenditure - unallocated																			9,058	708
																			1,951,023	3,577,307

3. SEGMENT INFORMATION (continued)

Geographical information

The following table presents revenue and assets by geographical location of the assets:

	Hong Kong		Mainland China and Macau		United Kingdom		Vietnam		Others		Consolidated	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Segment revenue												
Sales to external customers	2,972,571	4,005,529	1,637,902	1,824,391	108,042	113,561	308,384	306,970	186,630	243,461	5,213,529	6,493,912
Other revenue	159,650	115,517	49,222	39,831	138	253	601	262	2,625	-	212,236	155,863
Total	<u>3,132,221</u>	<u>4,121,046</u>	<u>1,687,124</u>	<u>1,864,222</u>	<u>108,180</u>	<u>113,814</u>	<u>308,985</u>	<u>307,232</u>	<u>189,255</u>	<u>243,461</u>	<u>5,425,765</u>	<u>6,649,775</u>
Segment assets												
Non-current assets	21,113,204	22,751,325	24,302,996	28,113,380	3,251,828	3,021,774	408,112	363,749	412,156	373,783	49,488,296	54,624,011
Current assets	2,838,412	3,406,025	8,839,104	5,088,677	92,847	48,726	162,121	205,285	274,850	342,554	12,207,334	9,091,267
Total	<u>23,951,616</u>	<u>26,157,350</u>	<u>33,142,100</u>	<u>33,202,057</u>	<u>3,344,675</u>	<u>3,070,500</u>	<u>570,233</u>	<u>569,034</u>	<u>687,006</u>	<u>716,337</u>	<u>61,695,630</u>	<u>63,715,278</u>

Information about major customers

For both the years ended 31 July 2020 and 31 July 2019, there was no revenue derived from a single customer which contributed more than 10% of the Group's revenue for the respective years.

4. TURNOVER

An analysis of turnover is as follows:

	2020 HK\$'000	2019 HK\$'000
<u>Turnover from contracts with customers:</u>		
Sale of properties	1,690,213	2,279,822
Building management fee income	183,467	192,959
Income from hotel operation	673,359	686,057
Income from restaurant operation	421,764	514,784
Distribution commission income from, licence fee income from and sales of film and TV program products and film rights	368,548	320,965
Box-office takings, concessionary income and related income from cinemas	229,264	521,104
Entertainment event income	68,922	309,321
Sale of game products	156,520	176,965
Album sales, licence income and distribution commission income from music publishing and licensing	89,197	86,609
Artiste management fee income	11,965	18,900
Advertising income	1,667	5,031
Income from theme park operation	19,153	285
Others	183,549	217,276
	<u>4,097,588</u>	<u>5,330,078</u>
<u>Turnover from other sources:</u>		
Rental income	<u>1,115,941</u>	<u>1,163,834</u>
Total turnover	<u><u>5,213,529</u></u>	<u><u>6,493,912</u></u>
<u>Timing of recognition of turnover from contracts with customers:</u>		
At a point in time	3,557,789	4,824,312
Over time	<u>539,799</u>	<u>505,766</u>
	<u><u>4,097,588</u></u>	<u><u>5,330,078</u></u>

5. (LOSS)/PROFIT FROM OPERATING ACTIVITIES

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

	2020 HK\$'000	2019 HK\$'000
Cost of inventories sold	432,100	453,386
Cost of completed properties sold	1,518,919	1,836,830
Cost of film rights, licence rights and film and TV program products	324,814	347,347
Cost of artiste management services and services for entertainment events provided	101,980	292,758
Cost of theatrical releasing and concessionary sales	83,250	187,365
Depreciation of property, plant and equipment [^]	492,131	396,820
Depreciation of right-of-use assets [^]	449,169	-
Amortisation of prepaid land lease payments [*]	-	43,405
Impairment of property, plant and equipment [*]	124,234	51,760
Impairment of right-of-use assets [*]	303,803	-
Loss on disposal/write-off of items of property, plant and equipment [*]	1,645	3,405
Write-down of properties under development to net realisable value [*]	15,037	92,003
Impairment of films and TV programs under production [#]	12,439	64,310
Fair value change from film investments [*]	5,014	-
Fair value change from entertainment events organised by co-investors [@]	(2,962)	(9,109)
Amortisation of film rights [#]	29,689	6,357
Amortisation of film and TV program products [#]	128,011	69,019
Amortisation of music catalogs [#]	31,671	26,957
Amortisation of other intangible assets [*]	1,334	981
Impairment of debtors [*]	11,744	693
Impairment of advances and other receivables [*]	24,965	22,209
Write-back of impairment of advances and other receivables [@]	-	(567)
Impairment of amounts due from joint ventures [*]	1,468	1,763
Gain on disposal of subsidiaries [@]	(11)	(4,720)
Gain on disposal of an associate [@]	-	(19,705)
Gain on disposal of joint ventures [@]	-	(8,158)
Fair value losses/(gains) on cross currency swaps	33,553 [*]	(45,082) [@]
Fair value losses on foreign currency forward contract [*]	5,852	-
Fair value (gains)/losses on financial assets at fair value through profit or loss, net	(208,722) [@]	26,809 [*]
(Gains)/losses on disposal of financial assets at fair value through profit or loss	(461) [@]	8,388 [*]
Derecognition loss on rental receivable [*]	16,855	-
Impairment of inventories [#]	6,730	2,480
Impairment of goodwill [*]	1,319	-
Foreign exchange differences, net [@]	(47,155)	(8,125)
Service fee for operation of a club in hotel operation in Vietnam [*]	36,989	39,461

These items are included in "cost of sales" on the face of the consolidated income statement.

@ These items are included in "other revenue and gains" on the face of the consolidated income statement.

* These items are included in "other operating expenses" on the face of the consolidated income statement.

^ Depreciation charge of approximately HK\$855,565,000 (2019: HK\$364,364,000) are included in "other operating expenses" on the face of the consolidated income statement.

6. FINANCE COSTS

	2020 HK\$'000	2019 HK\$'000
Interest on bank borrowings	585,235	498,150
Interest on guaranteed notes	316,197	313,815
Interest on other borrowings	5,689	5,766
Interest on loans from a joint venture	-	7,125
Interest on lease liabilities	56,415	-
Bank financing charges	57,525	68,458
Interest expenses arising from revenue contracts	7,854	36,355
	<u>1,028,915</u>	<u>929,669</u>
Less: Amount capitalised in construction in progress	(32,072)	(133,544)
Amount capitalised in properties under development	(124,748)	(177,470)
Amount capitalised in investment properties under construction	(173,852)	(144,448)
	<u>698,243</u>	<u>474,207</u>

7. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the places in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2020 HK\$'000	2019 HK\$'000
Current tax		
- Hong Kong		
Charge for the year	36,142	93,309
Overprovision in prior years	(16,156)	(47,401)
	<u>19,986</u>	<u>45,908</u>
- Mainland China		
Corporate income tax		
Charge for the year	143,304	78,900
(Overprovision)/underprovision in prior years	(60)	380
Land appreciation tax		
Charge for the year	85,788	118,898
Underprovision in prior years	-	20,301
	<u>229,032</u>	<u>218,479</u>
- Elsewhere		
Charge for the year	21,878	18,531
Underprovision in prior years	4,363	377
	<u>26,241</u>	<u>18,908</u>
	<u>275,259</u>	<u>283,295</u>
Deferred tax	(365,284)	(123,998)
Tax (credit)/charge for the year	<u>(90,025)</u>	<u>159,297</u>

8. DIVIDEND

	2020 HK\$'000	2019 HK\$'000
Final dividend paid in respect of the year ended 31 July 2019 (2019: final dividend paid in respect of the year ended 31 July 2018) – HK10.80 cents (2019: HK10.80 cents) per ordinary share	<u>65,498</u>	<u>65,456</u>
Proposed final dividend – Nil (2019: HK10.80 cents) per ordinary share	<u>-</u>	<u>65,498</u>

No final dividend was declared for the year ended 31 July 2020.

9. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

	2020 HK\$'000	2019 HK\$'000
(Loss)/earnings		
(Loss)/earnings for the purpose of basic (loss)/earnings per share	(2,934,813)	4,842,944
Effect of dilutive potential ordinary shares arising from adjustment to the share of profit of subsidiaries based on dilution of its earnings per share	<u>-</u>	<u>(124)</u>
(Loss)/earnings for the purpose of diluted (loss)/earnings per share	<u>(2,934,813)</u>	<u>4,842,820</u>
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	608,280	606,256
Effect of dilutive potential ordinary shares arising from share options (Note)	<u>-</u>	<u>2,264</u>
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	<u>608,280</u>	<u>608,520</u>

Note: No adjustment has been made to the basic loss per share amount presented for the year ended 31 July 2020 in respect of a dilution as the impact of the share options of the Company and Lai Fung Holdings Limited had an anti-dilutive effect on the basic loss per share amount presented.

10. DEBTORS

The Group (other than eSun Holdings Limited ("eSun") and its subsidiaries ("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 debtors related to a large number of diversified customers and there is no significant concentration of credit risk.

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 debtors are widely dispersed in different sectors and industries. The eSun Group's debtors are non-interest-bearing.

Other than rental deposits received, the Group did 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:

	2020	2019
	HK\$'000	HK\$'000
Debtors:		
Not yet due or less than 30 days past due	245,100	239,202
31 - 60 days past due	19,054	28,133
61 - 90 days past due	7,754	7,390
Over 90 days past due	33,160	25,743
	<u>305,068</u>	<u>300,468</u>

11. 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:

	2020	2019
	HK\$'000	HK\$'000
Creditors:		
Not yet due or less than 30 days past due	359,582	995,612
31 - 60 days past due	33,263	7,644
61 - 90 days past due	1,411	6,376
Over 90 days past due	19,510	10,261
	413,766	1,019,893
Other payables and accruals	2,700,824	1,975,368
Put option liabilities	277,086	279,720
	3,391,676	3,274,981
Less: Portion classified as current	(3,391,676)	(3,187,571)
Non-current portion	<u> -</u>	<u> 87,410</u>

12. DEPOSITS RECEIVED, DEFERRED INCOME AND CONTRACT LIABILITIES

An analysis of the deposits received, deferred income and contract liabilities is as follows:

	2020	2019
	HK\$'000	HK\$'000
Deposits received and deferred income	773,316	774,409
Contract liabilities	507,370	1,141,572
	1,280,686	1,915,981
Less: Portion classified as current	(1,092,209)	(1,674,695)
Non-current portion	<u> 188,477</u>	<u> 241,286</u>

13. COMPARATIVE FIGURES

As further explained in note 3, due to the reorganisation of reportable segments during the year, certain comparative amounts have been restated to conform with the current year's presentation.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 July 2020 (2019: HK10.80 cents per share).

No interim dividend was declared during the year (2019: Nil).

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company ("**AGM**") will be held on Friday, 18 December 2020. Notice of the AGM together with proxy form and the Company's Annual Report for the year ended 31 July 2020 will be published on the respective websites of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") and the Company and despatched to shareholders of the Company ("**Shareholders**") in mid-November 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The novel coronavirus (COVID-19) pandemic has presented the world economy with challenges that are historically unprecedented and disruptions to how society has been operating for decades. Stimulus packages at record levels were being structured and implemented by governments with objectives to protect jobs, boost consumption and bring back confidence into businesses. Yet with resurgence of the virus seen in numerous countries, the path to full recovery for the global economy might not be as trivial and smooth.

Throughout the financial year ended 31 July 2020, the Group continued to operate with caution and dedicated management efforts to minimize the impacts and disruptions to the extent possible. The Group managed to launch and complete, during the year under review, a voluntary general cash offer ("**LF Offers**") made by its wholly-owned subsidiary, Holy Unicorn Limited ("**Offeror**"), to acquire all issued shares of Lai Fung Holdings Limited ("**Lai Fung**" and together with its subsidiaries, "**Lai Fung Group**") (other than those already owned or agreed to be acquired by the Company, the Offeror or the other wholly-owned subsidiaries of the Company) and to cancel all the outstanding share options of Lai Fung, which had resulted in a more optimized holding structure for its underlying businesses. Upon close of the LF Offers, the property businesses of the Group are carried out both directly by the Group and indirectly through the Lai Fung Group, and eSun Holding Limited ("**eSun**" and together with its subsidiaries, "**eSun Group**") has been transformed into a pure-play cinema and media and entertainment Group. As at the date of this results announcement, Lai Fung, being the Group's flagship PRC property arm, is a 54.56%-owned subsidiary of the Group.

Hong Kong and Overseas Property Market

During the year ended 31 July 2020, the Group's Hong Kong investment properties performed relatively steady, contributing approximately HK\$557.9 million in turnover, compared to HK\$562.2 million for last year. Despite the challenging market conditions brought to the Hong Kong economy, and particularly tourism and hotel industries due to the social unrest in the second half of 2019 and outbreak of COVID-19 since January 2020, which had led to a significant decline in number of visitors to Hong Kong, Ocean Park Marriott Hotel ("**Ocean Park Marriott Hotel**") still managed to deliver an average occupancy rate of approximately 50.1% during the year under review. On 16 September 2019, the Group managed to secure a HK\$3,600 million 4-year secured term loan facility with 18 leading banks to finance Ocean Park Marriott Hotel. The facility was the first green loan solely used to finance a hotel property in Hong Kong and received a total commitment of HK\$12,200 million, representing approximately 339% of the total facility amount.

The Group continued to monitor the market conditions in London for the potential redevelopment of the three properties on Leadenhall Street in London, comprising 100, 106 and 107 Leadenhall Street (together, "**Leadenhall Properties**"). During the year under review, 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 in December 2019. 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.

Construction works for the site located at Nos. 12-30 Hang On Street, Kwun Tong, Hong Kong and 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 gross floor area ("**GFA**") of approximately 64,000 square feet and 42,200 square feet, respectively, to the development portfolio of the Group.

The sale and handover of 599 units in Alto Residences have been completed, achieving an average selling price of approximately HK\$17,900 per square foot and handover of sold units have been substantially completed. The Group has released in total 86 car-parking spaces of Alto Residences for sale since March 2019. Up to 11 October 2020, 68 car-parking spaces have been sold and the total sales proceeds amounted to approximately HK\$178.9 million.

The sale and handover of all 209 residential units and 7 commercial units of 93 Pau Chung Street have been completed. Car-parking spaces of 93 Pau Chung Street were launched for sale in July 2019. Up to 11 October 2020, 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 results announcement, 4 commercial units of Novi remain unsold.

Construction of Monti, the Sai Wan Ho Street project with the Urban Renewal Authority in Shau Kei Wan, Hong Kong providing 144 residential units with a total saleable area of 45,822 square feet 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. Up to 11 October 2020, the Group has sold 110 units in Monti with saleable area of approximately 34,497 square feet at an average selling price of approximately HK\$20,911 per square foot. Handover of the sold residential units has been substantially completed.

The Group will continue its prudent and flexible approach and continue to participate in government tenders to grow the pipeline.

Mainland China Property Market

In addition to COVID-19, the heightening tensions between China and the United States during the year had added further uncertainties to the outlook of the Chinese economy. However, after a record contraction of 6.8% in the first quarter of 2020, official data released in July 2020 by China's National Bureau of Statistics indicated that China's economy had grown by 3.2% in the second quarter, which implied that China had successfully avoided a technical recession. There are reasons to believe that China could be amongst the first countries in the world to be on a path towards a post-pandemic recovery. We remain cautiously optimistic about the long term prospects of the cities in which the Group has exposure in, especially the Greater Bay Area in southern China, and continue to regard Hong Kong, where our headquarters is situated, as one of the major beneficiary cities. Through our regional focus and rental-led strategy, we strive to place the Group in the best position possible to weather any storms ahead.

Property investment segment continued to be the major contributor to Lai Fung Group's results. Lai Fung Group's rental portfolio, comprising a total of 4.5 million square feet of rental GFA as of 31 July 2020 in Shanghai, Guangzhou, Zhongshan and Hengqin, being Tier 1 cities in China and cities within the Greater Bay Area, contributed approximately 63% of total turnover of Lai Fung Group for the year under review.

Top tier cities and the Greater Bay Area will remain as the primary drivers for Lai Fung Group's rental GFA 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 8.8 million square feet.

The two themed indoor experience centres in Phase I ("**Novotown Phase I**") of Novotown, namely "Lionsgate Entertainment World[®]" and "National Geographic Ultimate Explorer Hengqin", commenced operations on 31 July 2019 and 9 September 2019, respectively. The hotel in Novotown Phase I, known as "Hyatt Regency Hengqin" soft opened on 31 December 2019. Leasing of the commercial area of Novotown Phase I is underway with approximately 69% of the leasable area having been leased and key tenants include Pokiddo Trampoline Park covering an area of over 37,000 square feet, Adidas Outlet, Starbucks, McDonald's and Paulaner Wirtshaus Hengqin. Novotown Phase I reopened on 24 June 2020 after 5 months of closure as part of preventive and protective measures in Mainland China against the spread of the COVID-19 since 24 January 2020. The Group remains confident that the resumption of operations will make Novotown a new contributor to the Group's results in the long run. The introduction of Zhuhai Da Hengqin Real Estate Co., Ltd. (珠海大橫琴置業有限公司) in January 2020 strengthened the cash position for the operation of Novotown Phase I.

Construction of Novotown Phase II is in progress. Innovation Leadership Academy Hengqin, being one of the key elements in Novotown Phase II is expected to open in February 2021 and admit students from Grades 1 to 9 in its first year. Lai Fung Group is in the process of finalising the development plan for Real Madrid World and Ducati Experience Centre, as well as other facilities in Novotown Phase II.

Shanghai Wuli Bridge Project, the high-end luxury residential project located by the Huangpu River in Huangpu District was launched for sale in September 2020 and has received enthusiastic response from the market. Up to 30 September 2020, 17 out of 28 residential units and 17 car-parking spaces have been sold for a total contracted sales amount of approximately RMB536.4 million. In addition, 7 residential units with 1 car-parking space each have been subscribed, contributing subscribed property sales of approximately RMB219.8 million in total, which are expected to be turned into contracted property sales in coming months, making total contracted sales from this development amounting to approximately RMB756.2 million. Development of Phase III and Phase IV of Zhongshan Palm Spring is on track and expected to be completed in the fourth quarter of 2020 and the third quarter of 2021, respectively. Construction work of Novotown Phase I has been completed and sale of cultural studios and cultural workshops is well received by the market. With the pre-sale permit being granted by Hengqin New District government, the office tower of Novotown Phase I has been re-designated as for sale property during the year under review. The residential units in Shanghai Wuli Bridge Project, serviced apartment units and remaining 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 the 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, its existing presence in the relevant cities in Mainland China, and allocation of risks etc.

The Group's acquisition ("**Novotown Phase I Acquisition**") of the 20% equity interest in Novotown Phase I from eSun Group, which was completed in September 2019, enabled the Group to leverage their extensive resources and experience in property investment and development as well as consolidate its exposure in the Hengqin project and thereby strengthen its presence in the Greater Bay Area. As at the date of this results announcement, Novotown Phase I is 80% owned by Lai Fung Group and 20% owned by the Group.

Media and Entertainment/Film Production and Distribution/Cinema Operation

The year ended 31 July 2020 has been one of the toughest years in the history of the Hong Kong entertainment industry marked by the social unrest in the city emerging in mid-2019 and the outbreak of COVID-19 since early 2020.

eSun Group's cinema operation was disrupted as certain cinemas had to shut down temporarily amid the prolonged social unrest in Hong Kong. The outbreak of COVID-19 since early 2020 is compounding the challenges as admissions had been affected by the delay in releases of certain high profile movies during the year under review. Hong Kong's cinemas were requested to close between 28 March 2020 and 8 May 2020 during the second wave of COVID-19 and then closed for a second time from 15 July 2020 to 27 August 2020 when the third wave emerged. Cinemas in Mainland China had been closed for over 5 months before their re-opening in late July 2020. Subject to certain social distancing and disease control measures, all cinemas of eSun Group have resumed businesses as at the date of this results announcement, with limited seating capacities. While the box office performance for the year under review has been inevitably impacted, eSun Group remains cautiously optimistic about the fundamental demand for entertainment. Renovation of STAR Cinema was completed in the second quarter of 2020 and the new features included Buttkicker[®] vibration system, 4K projection system and Bowers & Wilkins Hi-Fi grade speakers and genuine leather seats. The new cinema at Cyberport opened in June 2020 and the new cinema in Kai Tak is expected to commence business in 2022. 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.

Film production and movie launches were generally delayed and several concerts of eSun Group have been postponed due to the health concerns. In light of the unstable business environment in the near term, eSun Group will focus on producing high quality projects with proven track record as well as commercial viability and tightening the cost control procedures.

eSun Group continues to invest in original production of quality films with Chinese themes. The most recent release "*I'm Living It*", a feature film produced by Cheang Pou Soi with Miriam Yeung and Aaron Kwok, has achieved satisfactory box office and earned good public reviews amid this pandemic environment. The film has received 10 nominations in the 39th Hong Kong Film Awards and congratulations to Cheung Tat Ming who just won the Best Supporting Actor in the 39th Hong Kong Film Awards for his performance in this movie. The current production pipeline of eSun Group includes "*The Calling of a Bus Driver*", a romance comedy film with Ivana Wong and director Patrick Kong, and "*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. A 52 episode romance drama series "*New Horizon*" starring Zheng Kai and Chen Chiao-en, is in the post production stage. Projects under development include "*Modern Dynasty*", a 30 episode modern day drama series tailor-made for Alibaba's Youku platforms. eSun Group is in discussion with various Chinese portals and video web sites for new project development in TV drama production.

The exclusive distribution licence of eSun Group's music products with Tencent Music Entertainment (Shenzhen) Co., Ltd and Warner Music continues to provide stable income contribution to eSun Group. eSun Group is actively looking for new talent in Greater China and further co-operation with Asian artistes with an aim to build up a strong artiste roster. eSun Group will continue to work with prominent local and Asian artistes for concert promotion and upcoming events including concerts of Tsai Chin, Yoga Lin and Leon Lai are expected to be held next year in the event of a recovery from the pandemic situation.

It is believed that eSun Group's integrated media platform comprising movies, TV programs, music, new media, artiste management and live entertainment put us in a strong position to capture the opportunities of the 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

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

As at 31 July 2020, the Group's consolidated cash and bank deposits amounted to HK\$6,095.4 million (HK\$1,750.0 million excluding eSun Group and Lai Fung Group) with undrawn facilities of HK\$4,680.5 million (HK\$1,624.3 million excluding eSun Group and Lai Fung Group). The net debt to equity ratio as at 31 July 2020 increased to 46% (2019: 39%). The Group's gearing excluding the net debt of eSun Group and Lai Fung Group was approximately 29%. 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 27%. Subsequent to the year end, the Group managed to sign a 5-year secured term loan and revolving credit facility on 5 October 2020 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.

OVERVIEW OF FINAL RESULTS

For the year ended 31 July 2020, the Group recorded turnover of HK\$5,213.5 million (2019: HK\$6,493.9 million) and a gross profit of HK\$1,628.6 million (2019: HK\$2,305.4 million). The decrease is primarily due to (i) lower turnover from sale of properties during the year under review as compared to last year and (ii) decrease in revenue from media and entertainment businesses and cinema operations of eSun Group amid the prolonged social unrest in Hong Kong in the second half of 2019 and the outbreak of COVID-19 since January 2020. Set out below is the turnover by segment:

	For the year ended 31 July		Difference (HK\$ million)	% change
	2020 (HK\$ million)	2019 (HK\$ million)		
Property investment	1,299.4	1,356.8	-57.4	-4.2%
Property development and sales	1,690.2	2,279.8	-589.6	-25.9%
Restaurant operation	421.8	514.8	-93.0	-18.1%
Hotel operation	673.3	686.1	-12.8	-1.9%
Media and entertainment	326.6	591.8	-265.2	-44.8%
Film and TV program	370.2	326.0	+44.2	+13.6%
Cinema operation	229.3	521.1	-291.8	-56.0%
Theme park operation	19.2	0.3	+18.9	+6300.0%
Others	183.5	217.2	-33.7	-15.5%
Total	5,213.5	6,493.9	-1,280.4	-19.7%

For the year ended 31 July 2020, net loss attributable to owners of the Company was approximately HK\$2,934.8 million (2019: net profit of HK\$4,842.9 million). The significant decrease is primarily due to (i) the absence of the net gain on bargain purchase on acquisition of subsidiaries during the year under review; (ii) the decrease in fair values of the investment properties owned by the Group and held through joint ventures of the Group, which result in the recognition of significant fair value losses arising from revaluation of the Group's investment properties and share of losses from joint ventures of the Group for the year under review; (iii) increased other operating expenses as a result of impairment of certain right-of-use asset and impairment of certain property, plant and equipment of the Group during the year under review; and (iv) write-down of completed properties for sale of Lai Fung Group to net realisable value. Net loss per share was HK\$4.825 (2019: net profit per share of HK\$7.988).

Excluding the effect of property revaluations and non-recurring transactions during the year under review, net loss attributable to owners of the Company was approximately HK\$1,012.0 million (2019: net profit of HK\$452.7 million). Net loss per share excluding the effect of property revaluations and non-recurring transactions during the year under review was HK\$1.664 (2019: net profit per share of HK\$0.747).

	For the year ended 31 July	
	2020	2019
Profit/(loss) attributable to owners of the Company	HK\$ million	HK\$ million
Reported	(2,934.8)	4,842.9
Less: Adjustments in respect of revaluation of investment properties held by		
- the Company and subsidiaries	1,425.1	(552.8)
- associates and joint ventures	570.0	(129.5)
Deferred tax on investment properties	(72.3)	28.6
Non-controlling interests' share of revaluation movements less deferred tax	-	0.2
Net profit/(loss) after tax excluding revaluation gains of investment properties	(1,012.0)	4,189.4
Less: Adjustments in respect of non-recurring transactions		
- loss on remeasurement of existing interest in an associate upon business combination	-	2,930.3
- gain on bargain purchase upon acquisition of subsidiaries	-	(6,667.0)
Net profit/(loss) after tax excluding revaluation gains of investment properties and excluding non-recurring transactions	(1,012.0)	452.7

Equity attributable to owners of the Company as at 31 July 2020 amounted to HK\$34,970.2 million, as compared to HK\$35,827.7 million as at 31 July 2019. Net asset value per share attributable to owners of the Company decreased slightly to HK\$57.218 per share as at 31 July 2020 from HK\$59.076 per share as at 31 July 2019.

PROPERTY PORTFOLIO COMPOSITION

The Group maintained a property portfolio with attributable GFA of approximately 9.7 million square feet as at 31 July 2020. All major properties of the Group in Mainland China are held through Lai Fung Group, except Novotown Phase I which is 80% owned by Lai Fung Group and 20% owned by the Group, and all major properties in Hong Kong and overseas are held by the Group excluding eSun Group and Lai Fung Group. Approximate attributable GFA (in '000 square feet) of the Group's major properties and number of car-parking spaces as at 31 July 2020 are set out as follows:

	Commercial/ Retail	Office	Hotel/ Serviced Apartments	Residential	Industrial	Total (excluding car-parking spaces & ancillary facilities)	No. of car-parking spaces
GFA of major properties and number of car-parking spaces of Lai Fung Group (on attributable basis¹)							
Completed Properties Held for Rental ²	1,329	582	-	-	-	1,911	1,241
Completed Hotel Properties and Serviced Apartments ²	-	-	533	-	-	533	-
Properties under Development ³	1,934	587	-	1,074	-	3,595	1,809
Completed Properties Held for Sale	18	260	164	243	-	685	1,179
Subtotal	3,281	1,429	697	1,317	-	6,724	4,229
GFA of major properties and number of car-parking spaces of the Group excluding Lai Fung Group (on attributable basis¹)							
Completed Properties Held for Rental ²	733	1,030	-	-	64	1,827	1,434
Completed Hotel Properties and Serviced Apartments ²	-	-	722	-	-	722	92
Properties under Development ³	8	-	-	106	-	114	10
Completed Properties Held for Sale	33	119	75	108	-	335	66
Subtotal	774	1,149	797	214	64	2,998	1,602
Total GFA attributable to the Group	4,055	2,578	1,494	1,531	64	9,722	5,831

Notes:

1. As at 31 July 2020, Lai Fung is a 54.56%-owned subsidiary of Company.
2. Completed and rental generating properties.
3. All properties under construction.

PROPERTY INVESTMENT

Rental Income

During the year under review, the Group's rental operations recorded a turnover of HK\$1,299.4 million (2019: HK\$1,356.8 million), comprising turnover of HK\$557.9 million, HK\$108.0 million and HK\$633.5 million from rental properties in Hong Kong, London and Mainland China, respectively. Breakdown of rental turnover by major investment properties of the Group is as follows:

	For the year ended 31 July		% Change	Year end occupancy (%)
	2020 HK\$ million	2019 HK\$ million		
Hong Kong				
Cheung Sha Wan Plaza	329.7	329.0	+0.2%	94.4%
Causeway Bay Plaza 2	179.0	180.7	-0.9%	88.6%
Lai Sun Commercial Centre	44.6	47.0	-5.1%	94.7%
Others	4.6	5.5	-16.4%	
Subtotal:	557.9	562.2	-0.8%	
London, United Kingdom				
107 Leadenhall Street	45.2	49.5	-8.7%	100%
100 Leadenhall Street	56.5	57.7	-2.1%	100%
106 Leadenhall Street	6.3	6.4	-1.6%	100%
Subtotal:	108.0	113.6	-4.9%	
Mainland China				
<i>Shanghai</i>				
Shanghai Hong Kong Plaza	291.4	330.5	-11.8%	Retail: 84.4% Office: 80.3%
Shanghai May Flower Plaza	39.1	33.3	+17.4%	Retail: 99.4%
Shanghai Regents Park	22.0	22.1	-0.5%	93.7%
<i>Guangzhou</i>				
Guangzhou May Flower Plaza	111.4	122.9	-9.4%	95.8%
Guangzhou West Point	23.8	26.7	-10.9%	96.5%
Guangzhou Lai Fung Tower	123.2	126.8	-2.8%	Retail: 95.3% Office: 98.3% ¹
<i>Zhongshan</i>				
Zhongshan Palm Spring	5.6	4.3	+30.2%	Retail: 73.2% ¹
<i>Hengqin</i>				
Novotown Phase I	3.9	-	N/A	Retail: 69.3% ²
Others	13.1	14.4	-9.0%	
Subtotal:	633.5	681.0	-7.0%	
Total:	1,299.4	1,356.8	-4.2%	
Rental proceeds from joint venture projects				
Hong Kong				
CCB Tower ³ (50% basis)	137.2	139.5	-1.6%	93.1%
Alto Residences ⁴ (50% basis)	15.7	3.7	+324.3%	35.1%
8 Observatory Road ⁵ (50% basis)	-	27.6	N/A	
Total:	152.9	170.8	-10.5%	

Notes:

1. Excluding self-use area.
2. Including the cultural attraction spaces occupied by Lionsgate Entertainment World® and National Geographic Ultimate Explorer Hengqin.
3. CCB Tower is a joint venture project with China Construction Bank Corporation ("CCB") in which each of the Group and CCB has an effective 50% interest. For the year ended 31 July 2020, the joint venture recorded rental proceeds of approximately HK\$274.3 million (2019: HK\$279.0 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 year ended 31 July 2020, the joint venture recorded rental proceeds of approximately HK\$31.4 million (2019: HK\$7.4 million).
5. Disposal of 8 Observatory Road was completed on 11 March 2019.

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

	For the year ended 31 July 2020			For the year ended 31 July 2019		
	Attributable interest to the Group	Turnover (HK\$ million)	Total GFA (square feet)	Attributable interest to the Group	Turnover (HK\$ million)	Total GFA (square feet)
Hong Kong						
Cheung Sha Wan Plaza	100%			100%		
Commercial		168.7	233,807		171.9	233,807
Office		144.1	409,896		137.4	409,896
Car-parking spaces		16.9	N/A		19.7	N/A
Subtotal:		329.7	643,703		329.0	643,703
Causeway Bay Plaza 2	100%			100%		
Commercial		122.3	109,770		118.7	109,770
Office		53.4	96,268		57.2	96,268
Car-parking spaces		3.3	N/A		4.8	N/A
Subtotal:		179.0	206,038		180.7	206,038
Lai Sun Commercial Centre	100%			100%		
Commercial		22.3	95,063		12.8	95,063
Office		4.6	74,181		14.8	74,181
Car-parking spaces		17.7	N/A		19.4	N/A
Subtotal:		44.6	169,244		47.0	169,244
Others		4.6	63,592 ¹		5.5	63,592 ¹
Subtotal:		557.9	1,082,577¹		562.2	1,082,577¹
London, United Kingdom						
107 Leadenhall Street	100%			100%		
Commercial		4.1	48,182		4.2	48,182
Office		41.1	98,424		45.3	98,424
Subtotal:		45.2	146,606		49.5	146,606
100 Leadenhall Street	100%			100%		
Office		56.5	177,700		57.7	177,700
106 Leadenhall Street	100%			100%		
Commercial		1.2	3,540		1.2	3,540
Office		5.1	16,384		5.2	16,384
Subtotal:		6.3	19,924		6.4	19,924
Subtotal:		108.0	344,230		113.6	344,230
Mainland China						
Shanghai						
Shanghai Hong Kong Plaza	54.56%			37.72%		
Retail		177.7	468,434		208.3	468,434
Office		108.2	362,096		116.1	362,096
Car-parking spaces		5.5	N/A		6.1	N/A
Subtotal:		291.4	830,530		330.5	830,530
Shanghai May Flower Plaza	54.56%			37.72%		
Retail		35.4	320,314		29.5	320,314
Car-parking spaces		3.7	N/A		3.8	N/A
Subtotal:		39.1	320,314		33.3	320,314
Shanghai Regents Park	51.83%			35.83%		
Retail		19.8	82,062		19.2	82,062
Car-parking spaces		2.2	N/A		2.9	N/A
Subtotal:		22.0	82,062		22.1	82,062
Guangzhou						
Guangzhou May Flower Plaza	54.56%			37.72%		
Retail		95.7	357,424		106.9	357,424
Office		13.0	79,431		13.1	79,431
Car-parking spaces		2.7	N/A		2.9	N/A
Subtotal:		111.4	436,855		122.9	436,855
Guangzhou West Point	54.56%			37.72%		
Retail		23.8	171,968		26.7	171,968
Guangzhou Lai Fung Tower	54.56%			37.72%		
Retail		12.3	112,292		16.4	112,292
Office		105.0	625,821		104.7	625,821
Car-parking spaces		5.9	N/A		5.7	N/A
Subtotal:		123.2	738,113		126.8	738,113

	For the year ended 31 July 2020			For the year ended 31 July 2019		
	Attributable interest to the Group	Turnover (HK\$ million)	Total GFA (square feet)	Attributable interest to the Group	Turnover (HK\$ million)	Total GFA (square feet)
Zhongshan						
Zhongshan Palm Spring	54.56%			37.72%		
Retail		5.6	147,408		4.3	147,408
Hengqin						
Novotown Phase I	63.65% ²			45.10%		
Retail ³		3.9	682,073 ³		-	-
Others		13.1	N/A		14.4	N/A
Subtotal:		633.5	3,409,323		681.0	2,727,250
Total:		1,299.4	4,836,130¹		1,356.8	4,154,057¹
Joint Venture Projects						
Hong Kong						
CCB Tower ⁴ (50% basis)	50%			50%		
Office		136.7	114,603 ⁵		138.9	114,603 ⁵
Car-parking spaces		0.5	N/A		0.6	N/A
Subtotal:		137.2	114,603⁵		139.5	114,603⁵
Alto Residences ⁶ (50% basis)	50%			50%		
Commercial		3.3	47,067 ⁷		1.7	47,067 ⁷
Residential units ⁸		11.8	19,587 ⁹		1.7	7,557
Car-parking spaces		0.6	N/A		0.3	N/A
Subtotal:		15.7	66,654		3.7	54,624
8 Observatory Road ¹⁰ (50% basis)	-			50%		
Commercial		-	-		21.9	45,312
Office		-	-		4.5	37,273
Car-parking spaces		-	-		1.2	N/A
Subtotal:		-	-		27.6	82,585
Total:		152.9	181,257		170.8	251,812

Notes:

1. Excluding 10% interest in AIA Central.
2. Including the Company's 20% direct interest in Novotown Phase I and 43.65% attributable interest through Lai Fung. As at 31 July 2020, Novotown Phase I is 80% owned by Lai Fung and Lai Fung is a 54.56%-owned subsidiary of the Company.
3. Excluding the cultural attraction spaces occupied by Lionsgate Entertainment World[®] and National Geographic Ultimate Explorer Hengqin.
4. CCB Tower is a joint venture project with CCB in which each of the Group and CCB has an effective 50% interest. For the year ended 31 July 2020, the joint venture recorded rental proceeds of approximately HK\$274.3 million (2019: HK\$279.0 million).
5. GFA attributable to the Group. The total GFA is 229,206 square feet.
6. Alto Residences is a joint venture project with Empire Group in which each of the Group and Empire Group has an effective 50% interest. For the year ended 31 July 2020, the joint venture recorded rental proceeds of approximately HK\$31.4 million (2019: HK\$7.4 million).
7. GFA attributable to the Group. Total GFA is 94,133 square feet.
8. Referring to those sold residential units offering early occupation benefit which allows the purchasers to move in earlier before completion of the sale.
9. Saleable area attributable to the Group. The total saleable area is 39,174 square feet.
10. Disposal of 8 Observatory Road was completed on 11 March 2019.

The average Sterling exchange rate for the year under review depreciated by approximately 2.4% compared with last year. Excluding the effect of currency translation, the Sterling denominated turnover from London properties decreased slightly by 2.5% during the year under review. Breakdown of rental turnover of London portfolio for the year ended 31 July 2020 is as follows:

	2020 HK\$'000	2019 HK\$'000	% Change	2020 GBP'000	2019 GBP'000	% Change
107 Leadenhall Street	45,208	49,427	-8.5%	4,594	4,903	-6.3%
100 Leadenhall Street	56,518	57,738	-2.1%	5,744	5,728	0.3%
106 Leadenhall Street	6,316	6,396	-1.3%	642	635	1.1%
Total:	108,042	113,561	-4.9%	10,980	11,266	-2.5%

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).

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 building is currently fully leased out.

100 Leadenhall Street, London EC3, United Kingdom

Following the acquisition of 107 Leadenhall Street in April 2014, the Group announced the acquisition of 100 Leadenhall Street in November 2014 which was completed 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 results announcement, include The Apple Store, Tiffany, Genesis Motor, Tasaki, etc.

Lai Fung Group owns 100% of this property.

Shanghai May Flower Plaza

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

Lai Fung Group owns 100% in the retail podium which has approximately 320,300 square feet of GFA 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.

Guangzhou May Flower Plaza

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

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

Lai Fung Group owns 100% of this property.

Guangzhou West Point

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

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. Upon completion of the asset swap transaction with Guangzhou Light Industry Real Estate Development Company in August 2017, the total GFA of this property owned by Lai Fung Group increased to approximately 738,100 square feet excluding car-parking spaces.

Zhongshan Palm Spring Rainbow Mall

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

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 Mainland 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. As at the date of this results announcement, Novotown Phase I is 80% owned by Lai Fung Group and 20% owned by the Group.

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. Leasing of the commercial area of Novotown Phase I is underway with approximately 69% of the leasable area let. The project reopened on 24 June 2020 after 5 months of closure as part of preventive and protective measures against the spread of the COVID-19 since 24 January 2020. Lai Fung Group remains confident that the resumption of operations will make Novotown a new contributor to Lai Fung Group's results in the long run.

PROPERTY DEVELOPMENT

For the year ended 31 July 2020, recognised turnover from sales of properties was HK\$1,690.2 million (2019: HK\$2,279.8 million). Breakdown of turnover for the year ended 31 July 2020 from sales of properties is as follows:

Hong Kong				
	No. of Units	Approximate Saleable Area (Square feet)	Average Selling Price¹ (HK\$/square foot)	Turnover (HK\$ million)
Monti Residential units	97	30,179	20,784	630.0
Novi Residential units	138	28,819	18,895	573.0
93 Pau Chung Street Commercial unites	2	1,915	27,393	52.4
Car-parking spaces	11	N/A	N/A	10.2
Subtotal				1,265.6
Mainland China				
	No. of Units	Approximate GFA (Square feet)	Average Selling Price² (HK\$/square foot)	Turnover³ (HK\$ million)
Zhongshan Palm Spring Residential high-rise units	23	32,060	1,713	52.3
Residential house units	16	33,813	2,709	87.2
Hengqin Novotown Phase I Cultural studios	11	34,379	4,131	135.3
Cultural workshop units	69	45,969	3,291	138.8
Shanghai Regents Park Car-parking spaces	9	N/A	N/A	5.7
Guangzhou King's Park Car-parking spaces	4	N/A	N/A	2.6
Guangzhou Eastern Place Car-parking spaces	2	N/A	N/A	1.9
Guangzhou West Point Car-parking spaces	2	N/A	N/A	1.2
Others				(0.4)
Subtotal				424.6
Total				1,690.2
Recognised sales from joint venture project				
Hong Kong				
	No. of Units	Approximate Saleable Area (Square feet)	Average Selling Price¹ (HK\$/square foot)	Turnover (HK\$ million)
Alto Residences (50% basis) Residential units	6	6,491	24,634	159.9
Car-parking spaces	8	N/A	N/A	19.2
Total				179.1

Notes:

1. Excluding the financing component for sale of completed properties in accordance with Hong Kong Financial Reporting Standard 15 "Revenue from Contracts with Customers".
2. Before PRC business tax and value-added tax inclusive.
3. After PRC business tax and value-added tax exclusive.

Review of major projects for sale and under development

Hong Kong Properties

339 Tai Hang Road, Hong Kong

The Group wholly owns the development project located at 339 Tai Hang Road, Hong Kong. The development project is a luxury residential property with a total GFA of approximately 30,400 square feet (excluding car-parking spaces). Up to the date of this results announcement, 8 out of 9 units of this project have been sold.

Ocean One, 6 Shung Shun Street, Yau Tong

The Group wholly owns this development project, namely “Ocean One” located at No. 6 Shung Shun Street, Yau Tong, Kowloon. This property is a residential-cum-commercial property with a total GFA of about 122,000 square feet (excluding car-parking spaces) or 124 residential units and 2 commercial units. All units have been sold other than 2 shops and 7 car-parking spaces.

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 11 October 2020, the Group has sold 599 units in Alto Residences with saleable area of approximately 393,485 square feet at an average selling price of approximately HK\$17,900 per square foot. Handover of the sold residential units has been substantially completed. The Group released in total 86 car-parking spaces of Alto Residences for sale since March 2019. Up to 11 October 2020, 68 car-parking spaces have been sold and the total sales proceeds amounted to approximately HK\$178.9 million.

93 Pau Chung Street

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

This project was named “93 Pau Chung Street” and launched for pre-sale in September 2016. The sale and handover of all 209 residential units and 7 commercial units have been completed, achieving an average selling price of approximately HK\$16,400 per square foot and HK\$23,500 per square foot, respectively. Up to 11 October 2020, 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. It was planned to be developed primarily into a commercial/residential development for sale with a total GFA of 42,851 square feet. The construction works 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 results announcements, 4 commercial units of Novi remain unsold.

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 site covers an area of 7,642 square feet. Upon completion, it is planned to provide about 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 11 October 2020, the Group has sold 110 units in Monti with saleable area of approximately 34,497 square feet at an average selling price of approximately HK\$20,911 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 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 Nos. 12-30 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.

Mainland China Properties

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

Shanghai Northgate Plaza redevelopment project

Shanghai Northgate Plaza I is located on Tian Mu Road West in the Jing'an District of Shanghai near the Shanghai Railway Terminal and comprises office units, a retail podium and car-parking spaces. Shanghai Northgate Plaza II is a vacant site adjacent to Northgate Plaza I. In September 2016, Lai Fung Group completed the acquisition of the 6th to 11th floors of Hui Gong Building which is physically connected to Northgate Plaza I, together with the right to use 20 car-parking spaces in the basement. Lai Fung Group plans to redevelop 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 and is expected to add a total GFA of approximately 693,600 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.

Shanghai Wuli Bridge Project

In July 2014, Lai Fung Group succeeded in the auction for the land use rights of a piece of land 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 high-end luxury residential project with attributable GFA of approximately 77,900 square feet was launched for sale in September 2020 and has received enthusiastic response from the market. Up to 30 September 2020, 17 out of 28 residential units and 17 car-parking spaces have been sold for a total contracted sales amount of approximately RMB536.4 million. In addition, 7 residential units with 1 car-parking space each have been subscribed, contributing subscribed property sales of approximately RMB219.8 million in total, which are expected to be turned into contracted property sales in coming months, making total contracted sales from this development amounting to approximately RMB756.2 million.

Shanghai May Flower Plaza

Shanghai May Flower Plaza is a completed mixed-use project located at the junction of Da Tong Road and Zhi Jiang Xi Road in Su Jia Xiang in the Jing'an District in Shanghai and situated near the Zhongshan Road North Metro Station. As of 31 July 2020, 458 car-parking spaces of this development remained unsold.

Shanghai Regents Park

Shanghai Regents Park is a large-scale residential/commercial composite development located in the Zhongshan Park Commercial Area at the Changning District, Shanghai. It is situated within walking distance of the Zhongshan Park Metro Station. As at 31 July 2020, a total of 244 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 July 2020, 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 year under review, 32,060 square feet of high-rise residential units and 33,813 square feet of house units were recognised at average selling prices of HK\$1,713 and HK\$2,709 per square foot, respectively, which contributed a total of HK\$139.5 million to the sales turnover.

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, property and equipment" to "Assets classified as held for sale" in the consolidated statement of financial position of the Group. The sale of these serviced apartment units will be recorded as disposal of assets classified as held for sale and the sales proceeds net of cost will be included in other operating income in the consolidated income statement of the Group.

As at 31 July 2020, completed units held for sale in this development, including high-rise residential units, house units and serviced apartment units, amounted to approximately 219,000 square feet and 1,215 car-parking spaces remained unsold. The remaining GFA under development was approximately 2,218,500 square feet. Set out below is the current expectation on the development of the remaining phases:

Phase	Description	Approximate GFA* (square feet)	Expected completion
III	High-rise residential units including commercial units	642,400	Q4 2020
IV	High-rise residential units including commercial units	1,576,100	Q3 2021

* Excluding car-parking spaces and ancillary facilities

Hengqin Novotown

Phase I

Construction work of Novotown Phase I has been completed during the year under review. Sales of the cultural studios and cultural workshop units of Hengqin Novotown Phase I were strong. During the year under review, sales of 34,379 square feet of cultural studios and 45,969 square feet of cultural workshop units were recognised at an average selling price of HK\$4,131 and HK\$3,291 per square foot, respectively, which contributed a total of HK\$274.1 million to the Group's turnover. Completed cultural studios and cultural workshop units held for sale in this development as at 31 July 2020 amounted to approximately 186,326 square feet and 376,631 square feet, respectively. With the pre-sale permit being granted by Hengqin New District government, the office tower of Novotown Phase I has been re-designated as for-sale property during the year under review.

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

Phase II

In June 2017, Lai Fung Group entered into a licence agreement with Real Madrid Club de Fútbol in relation to the development and operation of a location based entertainment centre, namely Real Madrid World in Novotown. The 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.

In November 2017, Lai Fung Group entered into a cooperation agreement with Harrow International (China) Management Services Limited and ILA Holdings Limited to introduce Harrow International China Group, the world's leading learning institution, to set up Innovation Leadership Academy Hengqin in Hengqin. The curriculum at Innovation Leadership Academy Hengqin is structured to bring together the very best of British and Chinese educational philosophies and will offer pre-kindergarten to grade 12 education with a maximum capacity of approximately 1,500 students, as well as facilities for boarding students.

Lai Fung Group entered into a license agreement in December 2018 with Ducati Motor Holding S.p.A in relation to 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.

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 and the land 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 and has been designated for the development of Novotown Phase II. Real Madrid World, Innovation Leadership Academy Hengqin and Ducati Experience Centre are expected to be the key elements in Novotown Phase II. Innovation Leadership Academy Hengqin is expected to open in February 2021, initially for Grades 1 to 9. Lai Fung Group is in the process of finalising the development plan for Real Madrid World and Ducati Experience Centre, as well as other facilities in Novotown Phase II.

Lai Fung Group will continue to explore and evaluate potential strategic alliances and financing alternatives to accelerate the growth of Novotown.

RESTAURANT OPERATION

For the year ended 31 July 2020, restaurant operation segment contributed HK\$421.8 million to the Group's turnover (2019: HK\$514.8 million). Up to the date of this results announcement, restaurant operation includes the Group's interests in 23 restaurants in Hong Kong and Mainland China and 1 restaurant in Macau under management. Details of each existing restaurant of the Group are as follows:

Cuisine	Restaurant	Location	Attributable interest to the Group	Award
Owned restaurants				
Western/ International Cuisine	8 ¹ / ₂ Otto e Mezzo BOMBANA Hong Kong	Hong Kong	37%	Three Michelin stars (2012-2020)
	8 ¹ / ₂ Otto e Mezzo BOMBANA Shanghai	Shanghai	13%	Two Michelin stars (2017-2020)
	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 (2017-2020)
	Beefbar	Hong Kong	62%	One Michelin star (2017-2020)
	Takumi by Daisuke Mori	Hong Kong	63%	One Michelin star (2018-2020)
	Prohibition ^(Note)	Hong Kong	100%	
	Zest by Konishi	Hong Kong	67%	One Michelin star (2020)
Asian Cuisine	China Tang Landmark	Hong Kong	50%	The Plate Michelin (2019-2020)
	China Tang Harbour City	Hong Kong	60%	The Plate Michelin (2019-2020)
	Howard's Gourmet	Hong Kong	50%	
	Beijing Howard's Gourmet	Beijing	67%	
	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 ^(Note)	Hong Kong	100%	
	KiKi Noodle Bar IFC	Hong Kong	67%	
	KiKi Noodle Bar K11 MUSEA	Hong Kong	67%	
	KiKi Noodle Bar Shanghai Hong Kong Plaza	Shanghai	67%	
	KiKi Noodle Bar Shanghai One ITC	Shanghai	67%	
Japanese Cuisine	Sushi Masataka	Hong Kong	63%	The Plate Michelin (2019-2020)
Managed restaurant				
Western Cuisine	8 ¹ / ₂ Otto e Mezzo BOMBANA, Macau	Macau	N/A	One Michelin star (2016-2020)

Note:

Performance of these two restaurants in Ocean Park Marriott Hotel has been included in the hotel operation segment for segment reporting purpose.

HOTEL AND SERVICED APARTMENT OPERATION

The hotel and serviced apartment operation segment of the Group includes the Group's operation of the Ocean Park Marriott Hotel in Hong Kong and the Caravelle Hotel in Ho Chi Minh City, Vietnam, as well as Lai Fung Group's hotel and serviced apartment operation in Shanghai, Mainland China. 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 material updates on this project as and when available. During the year under review, 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 in December 2019. 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.

For the year ended 31 July 2020, the hotel and serviced apartment operation contributed HK\$673.3 million to the Group's turnover (2019: HK\$686.1 million). Breakdown of turnover for the year ended 31 July 2020 from hotel and serviced apartment operations is as follows:

	Location	Attributable interest to the Group	No. of Rooms ^{Note}	Total GFA (square feet)	Turnover (HK\$ million)	Year end occupancy rate (%)
Hotel and serviced apartment						
Ocean Park Marriott Hotel	Hong Kong	100%	471	365,974	247.2	41.6
Ascott Huaihai Road Shanghai	Shanghai	54.56%	309	356,638	84.1	90.3
STARR Hotel Shanghai	Shanghai	54.56%	239	143,846	23.6	58.0
Hyatt Regency Hengqin	Hengqin	63.65%	493	594,756	8.2	15.5
Caravelle Hotel	Ho Chi Minh City	26.01%	335	378,225	308.4	6.7
Subtotal			1,847	1,839,439	671.5	
Hotel management fee					1.8	
Total					673.3	

Note: On 100% basis

Ocean Park Marriott Hotel officially commenced its operations on 19 February 2019, adding a total of 471 rooms and approximately 365,974 square feet of attributable rental space to the rental portfolio of the Group. Despite the impact on the hotel industry in Hong Kong due to the social unrest and the outbreak of COVID-19, the Group remains cautiously optimistic about the prospects of the Ocean Park Marriott Hotel project given the popularity of Ocean Park.

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

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

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.

CINEMA OPERATION

The cinema operation is managed by eSun Group. For the year ended 31 July 2020, this segment recorded a turnover of HK\$229.3 million (2019: HK\$521.1 million) and segment results of a loss of HK\$515.2 million (2019: HK\$110.7 million). The substantial increase in segmental losses of the cinema operation of eSun Group is primarily due to (i) decrease in box office performance during the year under review; and (ii) impairment of right-of-use assets and property, plant and equipment of certain cinemas, the performance of which was not as expected during the year under review. As at the date of this results announcement, eSun Group operates eleven cinemas in Hong Kong and three cinemas in Mainland China. Details on the number of screens and seats of each existing cinema of eSun Group are as follows:

Cinema	Attributable interest to eSun Group (%)	No. of screens (Note)	No. of Seats (Note)
Mainland China			
Suzhou Grand Cinema City	100	10	1,440
Guangzhou May Flower Cinema City	100	7	606
Zhongshan May Flower Cinema City	100	5	905
Subtotal		22	2,951
Hong Kong			
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
Subtotal		55	8,027
Total		77	10,978

Note: On 100% basis.

MEDIA AND ENTERTAINMENT

The media and entertainment businesses are operated by eSun Group. For the year ended 31 July 2020, this segment recorded a turnover of HK\$326.6 million (2019: 591.8 million).

Live Entertainment

During the year under review, eSun Group organised and invested in 39 (2019: 118) shows by popular local, Asian and internationally renowned artistes, including EXO, Ivana Wong, Miriam Yeung and Jan Lamb.

Music Production, Distribution and Publishing

During the year under review, eSun Group released 15 (2019: 49) albums, including titles by Sammi Cheng, Tang Siu Hau, Jay Fung, Chan Kin On 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 PROGRAMME PRODUCTION AND DISTRIBUTION

The film and TV programme production and distribution businesses are operated by eSun Group. For the year ended 31 July 2020, this segment recorded a turnover of HK\$370.2 million (2019: HK\$326.0 million) and segment results improved slightly to a loss of HK\$80.0 million (2019: a loss of HK\$119.6 million).

During the year under review, a total of 5 films produced/invested by eSun Group were theatrically released, namely “*Bodies at Rest*”, “*Fagara*”, “*The Climbers*”, “*A Witness Out of the Blue and Knockout*”. eSun Group also distributed 25 (2019: 33) films and 468 (2019: 482) videos with high profile titles including “*1917*”, “*Doraemon: Nobita’s Chronicle of the Moon Exploration*”, “*Enter The Fat Dragon*”, “*DoLittle*”, “*Frozen 2*”, “*Sonic The Hedgehog*” and “*Star Wars: Episode IX – The Rise of Skywalker*”.

INTERESTS IN JOINT VENTURES

During the year ended 31 July 2020, losses from joint ventures amounted to HK\$423.0 million, as compared to profits of HK\$649.3 million for last year. 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 year under review.

	For the year ended 31 July	
	2020 (HK\$ million)	2019 (HK\$ million)
Revaluation gains/(losses)	(570.0)	129.5
Operating profits	147.0	519.8
Share of profits/(losses) from joint ventures	(423.0)	649.3

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 July 2020, cash and bank balances and undrawn facilities held by the Group amounted to HK\$6,095.4 million and HK\$4,680.5 million, respectively. Cash and bank balances held by the Group of which about 51% was denominated in Hong Kong dollars and United States dollars, and about 40% was denominated in Renminbi. Cash and bank balances and undrawn facilities held by the Group excluding eSun Group and Lai Fung Group as at 31 July 2020 were HK\$1,750.0 million and HK\$1,624.3 million, respectively.

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

As at 31 July 2020, the Group had bank borrowings of approximately HK\$16,135.7 million, guaranteed notes of approximately HK\$5,717.9 million and other borrowings of approximately HK\$308.3 million. As at 31 July 2020, the maturity profile of the bank borrowings of HK\$16,135.7 million is spread with HK\$8,034.0 million repayable within 1 year, HK\$417.5 million repayable in the second year and HK\$6,667.2 million repayable in the third to fifth years, and HK\$1,017.0 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 70% and 28% of the Group's total borrowings carried interest on a floating rate basis and fixed rate basis, respectively, and the remaining 2% of the Group's borrowings were interest-free.

The gearing ratio, expressed as a percentage of the total outstanding net debt (being the total borrowings less cash and bank balances) to consolidated net assets attributable to owners of the Company, was approximately 46%. Excluding the net debt of eSun Group and Lai Fung Group, the Group's gearing ratio was approximately 29%. 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 27%.

As at 31 July 2020, certain investment properties with carrying amounts of approximately HK\$28,912.9 million, certain property, plant and equipment with carrying amounts of approximately HK\$3,232.4 million, certain right-of-use assets of HK\$2,971.4 million, certain completed properties of approximately HK\$1,019.2 million, certain property under development of approximately HK\$2,236.0 million, certain serviced apartments and related leasehold improvements of approximately HK\$378.4 million, certain construction in progress of approximately HK\$50.5 million, and certain bank balances and time deposits with banks of approximately HK\$1,321.1 million were pledged to banks to secure banking facilities granted to the Group. In addition, certain shares in subsidiaries held by the Group were also pledged to banks to secure banking facilities granted to the Group. Shares in a joint venture held by the Group were pledged to a bank to secure banking facility granted to a joint venture of the Group. The Group's secured bank borrowings were also secured by floating charges over certain assets held by the Group.

The Group's major assets and liabilities and transactions were denominated in Hong Kong dollars, United States dollars, Pounds 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 Pounds Sterling. These investments were primarily financed by bank borrowings denominated in Pounds Sterling in order to minimise the net foreign exchange exposure. Lai Fung Group has a net exchange exposure to Renminbi as Lai Fung Group's 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 July 2020, 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

The Company is committed to achieving and maintaining high standards of corporate governance and has established policies and procedures for compliance with the principles and code provisions set out 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 from time to time.

The Company has complied with all the code provisions set out in the CG Code throughout the year ended 31 July 2020 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 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 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 20 December 2019. 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.

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 throughout the year ended 31 July 2020.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 July 2020, the Group employed a total of approximately 4,600 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 year under review, in addition to site visits conducted prior to the outbreak of COVID-19, the Company has met with a number of research analysts and investors and attended non-deal roadshows as follows:

Month	Event	Organiser	Location
September 2019	HSBC 3rd Annual Asia Credit Conference	HSBC	Hong Kong
October 2019	J.P. Morgan Asia Credit Conference	J.P. Morgan	Hong Kong
November 2019	Post results non-deal roadshow	DBS	Hong Kong
November 2019	Post results non-deal roadshow	DBS	Singapore
November 2019	Post results non-deal roadshow	DBS	New York / Philadelphia / Los Angeles / San Francisco
November 2019	Post results non-deal roadshow	DBS	London
January 2020	Daiwa Hong Kong Expert Series – Hengqin & its position in the Greater Bay Area	Daiwa	Hong Kong
June 2020	HSBC 4th Annual Asia Credit Conference	HSBC	Hong Kong

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.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company ("**Audit Committee**") currently comprises three INEDs, namely Mr. Leung Shu Yin, William (Chairman of the Audit Committee), Mr. Lam Bing Kwan and Mr. Leung Wang Ching, Clarence. The Audit Committee has reviewed the annual results (including the consolidated financial statements) of the Company for the year ended 31 July 2020.

REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 July 2020 as set out in the preliminary announcement have been agreed by the Company's auditor, Ernst & Young, Certified Public Accountants to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditor on the preliminary announcement.

OTHER INFORMATION

The Annual Report of the Company for the year ended 31 July 2020 containing all the information required by the Listing Rules will be published on the websites of the Stock Exchange at www.hkex.com.hk and the Company at www.laisun.com and despatched to shareholders in mid-November 2020.

On behalf of the Board
Lam Kin Ngok, Peter
Chairman

Hong Kong, 23 October 2020

As at the date of this announcement, the Board comprises the following members:

Executive Directors: Dr. Lam Kin Ngok, Peter (Chairman) and Messrs. Chew Fook Aun (Deputy Chairman), Lau Shu Yan, Julius (Chief Executive Officer), Lam Hau Yin, Lester (also alternate to Madam U Po Chu) and Tham Seng Yum, Ronald;

Non-Executive Directors: Dr. Lam Kin Ming and Madam U Po Chu; and

Independent Non-Executive Directors: Messrs. Lam Bing Kwan, Leung Shu Yin, William, Ip Shu Kwan, Stephen and Leung Wang Ching, Clarence.