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LAI FUNG HOLDINGS

Lai Fung Holdings Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1125)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 JULY 2022

RESULTS

The board of directors (the “**Board**”) of Lai Fung Holdings Limited (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 July 2022 together with the comparative figures for the previous year as follows:

Consolidated Income Statement For the year ended 31 July 2022

	Notes	2022 HK\$'000	2021 HK\$'000
TURNOVER	3	2,515,771	3,196,582
Cost of sales		<u>(1,218,917)</u>	<u>(2,477,462)</u>
Gross profit		1,296,854	719,120
Other income and gains	3	142,073	106,640
Selling and marketing expenses		(137,261)	(137,511)
Administrative expenses		(239,099)	(247,668)
Other operating expenses, net		(725,598)	(525,579)
Fair value gains on investment properties		<u>340,974</u>	<u>250,774</u>
PROFIT FROM OPERATING ACTIVITIES	4	677,943	165,776
Finance costs	5	(399,768)	(401,427)
Share of losses of joint ventures		(246)	(265)
Share of gains/(losses) of associates		<u>75</u>	<u>(235)</u>
PROFIT/(LOSS) BEFORE TAX		278,004	(236,151)
Tax	6	<u>(561,888)</u>	<u>(439,414)</u>
LOSS FOR THE YEAR		<u><u>(283,884)</u></u>	<u><u>(675,565)</u></u>
ATTRIBUTABLE TO:			
Owners of the Company		(134,523)	(538,967)
Non-controlling interests		<u>(149,361)</u>	<u>(136,598)</u>
		<u><u>(283,884)</u></u>	<u><u>(675,565)</u></u>
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY:	8		
Basic and diluted		<u><u>(HK\$0.406)</u></u>	<u><u>(HK\$1.628)</u></u>

Consolidated Statement of Comprehensive Income
For the year ended 31 July 2022

	2022	2021
	HK\$'000	HK\$'000
LOSS FOR THE YEAR	(283,884)	(675,565)
OTHER COMPREHENSIVE INCOME/(EXPENSES) THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT IN SUBSEQUENT PERIODS, NET OF TAX		
Exchange differences:		
Exchange differences arising on translation to the presentation currency	(735,672)	1,706,225
Reclassification of reserve upon deregistration of subsidiaries	—	1,239
Reclassification of reserve upon return of capital from a subsidiary	29,965	—
	(705,707)	1,707,464
Share of other comprehensive income/(expenses) of an associate	(4)	20
	(705,711)	1,707,484
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE YEAR	(989,595)	1,031,919
ATTRIBUTABLE TO:		
Owners of the Company	(825,886)	1,122,003
Non-controlling interests	(163,709)	(90,084)
	(989,595)	1,031,919

Consolidated Statement of Financial Position*As at 31 July 2022*

	Notes	2022 HK\$'000	2021 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		2,735,738	3,416,099
Right-of-use assets		530,343	562,463
Investment properties		20,589,800	19,982,100
Investments in joint ventures		18,692	16,438
Investments in associates		116	45
Debtors, deposits and prepayments	9	493,643	526,687
		<hr/>	<hr/>
Total non-current assets		24,368,332	24,503,832
CURRENT ASSETS			
Properties under development		953,515	749,677
Completed properties for sale		3,656,243	4,507,445
Inventories		5,207	6,253
Derivative financial instruments		4,551	—
Debtors, deposits and prepayments	9	513,245	616,961
Prepaid tax		140,268	53,100
Pledged and restricted time deposits and bank balances		2,031,534	1,879,366
Cash and cash equivalents		2,111,091	2,819,615
		<hr/>	<hr/>
Assets classified as held for sale		9,415,654	10,632,417
		783	2,617
		<hr/>	<hr/>
Total current assets		9,416,437	10,635,034
CURRENT LIABILITIES			
Creditors, accruals and other payables	10	1,979,103	2,289,675
Contract liabilities and deposits received	11	651,860	1,038,062
Interest-bearing bank loans		1,065,531	429,229
Lease liabilities		4,348	3,468
Guaranteed notes		2,744,923	—
Tax payable		455,175	384,168
Other borrowings		41,578	41,159
		<hr/>	<hr/>
Total current liabilities		6,942,518	4,185,761
NET CURRENT ASSETS			
		2,473,919	6,449,273
TOTAL ASSETS LESS CURRENT LIABILITIES			
		26,842,251	30,953,105

Consolidated Statement of Financial Position (continued)*As at 31 July 2022*

	Notes	2022 HK\$'000	2021 HK\$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		26,842,251	30,953,105
NON-CURRENT LIABILITIES			
Lease liabilities		2,578	5,799
Other payables	10	959,672	993,150
Long-term deposits received	11	138,542	139,631
Interest-bearing bank loans		7,501,104	7,903,894
Advances from a former substantial shareholder		54,288	56,181
Loans from a fellow subsidiary		532,315	445,835
Guaranteed notes		—	2,711,994
Derivative financial instruments		—	8,965
Deferred tax liabilities		3,190,673	3,236,058
Total non-current liabilities		12,379,172	15,501,507
		14,463,079	15,451,598
EQUITY			
Equity attributable to owners of the Company			
Issued capital		1,655,167	1,655,167
Reserves		12,951,282	13,776,092
		14,606,449	15,431,259
Non-controlling interests		(143,370)	20,339
		14,463,079	15,451,598

Notes to Consolidated Financial Statements

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and derivative financial instruments, which have been measured at fair value. Non-current asset classified as held for sale is stated at the lower of its carrying amount and fair value less costs to sell. These financial statements are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand except when otherwise indicated.

As at 31 July 2022, the Group had interest-bearing bank loans of HK\$1,065.5 million repayable within one year and guaranteed notes of HK\$2,744.9 million which are maturing on 18 January 2023.

The directors have reviewed the Group’s cash flow projections prepared by management, which cover a twelve-month period from 31 July 2022. Careful consideration have been given to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. In view that (i) as at 31 July 2022, the Group had undrawn facilities of HK\$1,984.5 million; (ii) the Group has established a medium term notes programme under which notes for an amount up to US\$2 billion can be issued; (iii) up to the date of approval of these financial statements, certain banks have obtained their internal credit approvals relating to a potential syndicated loan to be granted to the Group in Mainland China; and (iv) the recurring cash flows from the Group’s operating activities, the directors are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 July 2022. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 9,
HKAS 39, HKFRS 7,
HKFRS 4 and HKFRS 16
Amendment to HKFRS 16

Interest Rate Benchmark Reform — phase 2
Covid-19-Related Rent Concessions beyond 30 June
2021

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

3. TURNOVER, OTHER INCOME AND GAINS AND OPERATING SEGMENT INFORMATION

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

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

	2022 HK\$'000	2021 HK\$'000
Turnover	2,515,771	3,196,582
Other income and gains	<u>142,073</u>	<u>106,640</u>
Total turnover, other income and gains	<u><u>2,657,844</u></u>	<u><u>3,303,222</u></u>
	2022 HK\$'000	2021 HK\$'000
Turnover, other income and gains from contracts with customers		
Sale of properties	1,624,672	1,811,355
Hotel and serviced apartment operation	177,621	207,910
Building management operation	128,704	119,828
Theme park operation	<u>16,049</u>	<u>30,769</u>
	<u>1,947,046</u>	<u>2,169,862</u>
Turnover, other income and gains from other sources		
Rental income from investment properties	568,725	562,574
Income from properties under finance lease	—	464,146
Interest income from bank deposits	69,027	48,362
Interest income from finance lease contract	21,995	—
Government grant*	24,638	24,383
Others	<u>26,413</u>	<u>33,895</u>
	<u>710,798</u>	<u>1,133,360</u>
Total turnover, other income and gains	<u><u>2,657,844</u></u>	<u><u>3,303,222</u></u>
Timing of recognition of turnover, other income and gains from contracts with customers		
At a point in time	1,624,672	1,811,355
Over time	<u>322,374</u>	<u>358,507</u>
Total	<u><u>1,947,046</u></u>	<u><u>2,169,862</u></u>

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

3. TURNOVER, OTHER INCOME AND GAINS AND OPERATING SEGMENT INFORMATION (CONTINUED)

	Property development		Property investment		Hotel and serviced apartment operation		Theme park operation		Consolidated	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Segment revenue/results:										
Segment revenue										
Sales to external customers	1,624,672	2,275,501	697,429	682,402	177,621	207,910	16,049	30,769	2,515,771	3,196,582
Other revenue	25,038	1,753	12,118	21,119	503	286	1,154	1,446	38,813	24,604
Total	<u>1,649,710</u>	<u>2,277,254</u>	<u>709,547</u>	<u>703,521</u>	<u>178,124</u>	<u>208,196</u>	<u>17,203</u>	<u>32,215</u>	<u>2,554,584</u>	<u>3,221,186</u>
Segment results	<u>761,136</u>	<u>94,700</u>	<u>608,224</u>	<u>538,630</u>	<u>(58,862)</u>	<u>(36,609)</u>	<u>(590,959)</u>	<u>(433,918)</u>	<u>719,539</u>	<u>162,803</u>
Interest income from bank deposits									69,027	48,362
Unallocated gains									34,233	33,674
Unallocated expenses, net									(144,856)	(79,063)
Profit from operating activities									677,943	165,776
Finance costs									(399,768)	(401,427)
Share of losses of joint ventures	46	(1,047)	(292)	782	—	—	—	—	(246)	(265)
Share of gains/(losses) of associates	—	—	75	(235)	—	—	—	—	75	(235)
Profit/(loss) before tax									278,004	(236,151)
Tax									(561,888)	(439,414)
Loss for the year									<u>(283,884)</u>	<u>(675,565)</u>

3. TURNOVER, OTHER INCOME AND GAINS AND OPERATING SEGMENT INFORMATION (CONTINUED)

	Property development		Property investment		Hotel and serviced apartment operation		Theme park operation		Consolidated	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Segment assets/liabilities:										
Segment assets	5,242,478	5,954,564	20,877,601	20,240,298	2,004,067	2,229,339	1,106,057	1,599,193	29,230,203	30,023,394
Investments in joint ventures	102	56	18,590	16,382	—	—	—	—	18,692	16,438
Investments in associates	—	—	116	45	—	—	—	—	116	45
Unallocated assets									4,534,975	5,096,372
Assets classified as held for sale	783	2,617	—	—	—	—	—	—	783	2,617
Total assets									<u>33,784,769</u>	<u>35,138,866</u>
Segment liabilities	1,206,861	1,915,930	896,777	651,300	173,721	324,491	81,106	132,658	2,358,465	3,024,379
Unallocated liabilities									<u>16,963,225</u>	<u>16,662,889</u>
Total liabilities									<u>19,321,690</u>	<u>19,687,268</u>

During the year ended 31 July 2022, no revenue from a single customer accounted for over 10% of the Group's total turnover. During the year ended 31 July 2021, revenue of HK\$464,146,000 from property development segment was derived from a single customer.

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

3. TURNOVER, OTHER INCOME AND GAINS AND OPERATING SEGMENT INFORMATION (CONTINUED)

	Property development		Property investment		Hotel and serviced apartment operation		Theme park operation		Consolidated	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Other segment information:										
Depreciation	1,254	1,340	10,339	15,665	87,032	80,180	139,024	164,823	237,649	262,008
Corporate and other unallocated depreciation									5,663	5,742
									<u>243,312</u>	<u>267,750</u>
Capital expenditure	183	364	835,967	565,197	—	9,643	86,530	113,425	922,680	688,629
Corporate and other unallocated capital expenditure									353	1,752
									<u>923,033</u>	<u>690,381</u>
Fair value gains on investment properties	—	—	340,974	250,774	—	—	—	—	340,974	250,774
Gain on disposal of assets classified as held for sale	994	4,417	—	—	—	—	—	—	994	4,417
Write-down of properties under development to net realisable value	2,187	68,612	—	—	—	—	—	—	2,187	68,612
Derecognition loss on rental receivable	—	—	32,265	3,378	—	—	—	—	32,265	3,378
Remeasurement of finance lease receivables	34,193	—	—	—	—	—	—	—	34,193	—
Foreseeable loss on finance lease contract	1,558	15,694	—	—	—	—	—	—	1,558	15,694
Impairment of property, plant and equipment	—	—	—	—	—	—	366,312	189,355	366,312	189,355
Loss on disposal of items of property, plant and equipment	1	157	28	4,826	—	—	53	—	82	4,983
Corporate and other unallocated loss on disposal of items of property, plant and equipment									17	—

4. PROFIT FROM OPERATING ACTIVITIES

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

	2022	2021
	HK\$'000	HK\$'000
Cost of completed properties sold	736,337	1,986,728
Outgoings in respect of rental income, hotel and serviced apartment operation, theme park operation and building management operation	482,580	490,734
Depreciation of property, plant and equipment [#]	221,772	245,141
Depreciation of right-of-use assets [#]	21,540	22,609
Amortisation of prepaid land lease payments	10,199	12,314
Capitalised in properties under development	(10,199)	(12,314)
	—	—
Foreign exchange differences, net ^{**}	78,089	(19,662)
Gain on disposal of assets classified as held for sale ^{**}	(994)	(4,417)
Loss on disposal of items of property, plant and equipment ^{**}	99	4,983
Impairment of property, plant and equipment ^{**}	366,312	189,355
Write-down of properties under development to net realisable value ^{**}	2,187	68,612
Contingent rents ^{##}	(7,630)	(12,552)
Derecognition loss on rental receivable ^{**}	32,265	3,378
Remeasurement of finance lease receivables ^{**}	34,193	—
Foreseeable loss on finance lease contract ^{**}	1,558	15,694
Fair value losses/(gains) on cross currency swaps ^{**}	(13,516)	15,786
Fair value gains on foreign currency forward contract ^{**}	—	(395)

[#] The depreciation charge for hotels and serviced apartments and related leasehold improvements is HK\$87,032,000 (2021: HK\$80,180,000). The depreciation charge for theme parks is HK\$135,825,000 (2021: HK\$161,863,000). These items are included in "Other operating expenses, net" on the face of the consolidated income statement.

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

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

5. FINANCE COSTS

	2022 HK\$'000	2021 HK\$'000
Interest on:		
Bank loans	398,390	371,969
Guaranteed notes	147,043	147,043
Amortisation of transaction fees for:		
Bank loans	27,296	25,980
Guaranteed notes	5,279	4,977
Bank financing charges and direct costs	20,048	11,199
Interest on lease liabilities	651	241
Interest on put option liabilities	4,975	4,424
	<u>603,682</u>	<u>565,833</u>
Less: Capitalised in properties under development	(60,758)	(73,525)
Capitalised in investment properties under construction	(127,660)	(78,964)
Capitalised in construction in progress	(15,496)	(11,917)
	<u>(203,914)</u>	<u>(164,406)</u>
Total finance costs	<u><u>399,768</u></u>	<u><u>401,427</u></u>

6. TAX

The statutory rate of Hong Kong profits tax is 16.5% (2021: 16.5%). No provision for Hong Kong profits tax had been made as the Group had no estimated assessable profits arising in Hong Kong during the year (2021: Nil). Taxes on profits assessable elsewhere had been calculated at the tax rates prevailing in the jurisdictions in which the Group operates.

	2022 HK\$'000	2021 HK\$'000
Current — Mainland China		
Corporate income tax		
Charge for the year	155,129	162,872
Overprovision in prior years	—	(1,189)
	<u>155,129</u>	<u>161,683</u>
Land appreciation tax		
Charge for the year	330,104	191,688
Underprovision in prior years	—	4,755
	<u>330,104</u>	<u>196,443</u>
Deferred	<u>76,655</u>	<u>81,288</u>
Total tax charge for the year	<u><u>561,888</u></u>	<u><u>439,414</u></u>

7. DIVIDEND

No final dividend was declared for the years ended 31 July 2022 and 31 July 2021.

8. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic loss per share amount was based on the loss for the year attributable to owners of the Company of HK\$134,523,000 (2021: HK\$538,967,000), and the weighted average number of ordinary shares of 331,033,443 (2021: 331,033,443) in issue during the year.

As anti-dilutive effect is resulted following the losses sustained by the Group, no adjustment has been made to the calculation of the dilutive loss per share.

9. DEBTORS, DEPOSITS AND PREPAYMENTS

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

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

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

	2022 HK\$'000	2021 HK\$'000
Trade receivables, net:		
Within one month	119,699	123,371
One to three months	22,070	5,494
Over three months	20,335	9,952
	<u>162,104</u>	<u>138,817</u>
Finance lease receivables, not yet due	497,168	528,484
Other receivables, deposits and prepayments	347,616	476,347
	<u>1,006,888</u>	<u>1,143,648</u>
Amounts classified as current assets	<u>(513,245)</u>	<u>(616,961)</u>
Non-current portion	<u><u>493,643</u></u>	<u><u>526,687</u></u>

10. CREDITORS, ACCRUALS AND OTHER PAYABLES

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

	2022 HK\$'000	2021 HK\$'000
Trade payables:		
Within one month	368,995	394,265
One to three months	8,999	21,889
Over three months	<u>109,830</u>	<u>3,797</u>
	487,824	419,951
Accruals and other payables	1,210,629	1,591,898
Put option liabilities	<u>1,240,322</u>	<u>1,270,976</u>
	2,938,775	3,282,825
Amounts classified as current liabilities	<u>(1,979,103)</u>	<u>(2,289,675)</u>
Non-current portion	<u><u>959,672</u></u>	<u><u>993,150</u></u>

11. CONTRACT LIABILITIES AND DEPOSITS RECEIVED

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

	2022 HK\$'000	2021 HK\$'000
Contract liabilities	541,567	933,082
Deposits received	<u>248,835</u>	<u>244,611</u>
	790,402	1,177,693
Amounts classified as current liabilities	<u>(651,860)</u>	<u>(1,038,062)</u>
Non-current portion	<u><u>138,542</u></u>	<u><u>139,631</u></u>

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 July 2022 (2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

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

China targeted slower economic growth of around 5.5% this year at the fifth session of the 13th National People's Congress held in March 2022 and has set stability as its top priority for economic achievement for the year, amid rising domestic constraints and uncertain global recovery. We believe that the Chinese government will forge ahead and deliver stable economic performance through a combination of more neutral fiscal policy and moderately supportive monetary policy. We remain optimistic about the long-term prospects and sustainability of the business environment in China in light of the dual circulation development model emphasising the rebalancing of domestic and overseas demand and are confident about future prospects of the cities in which the Group has exposure in, especially the Greater Bay Area in southern China, and continue to regard Hong Kong, where our headquarters is situated, as one of the major beneficiary cities.

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

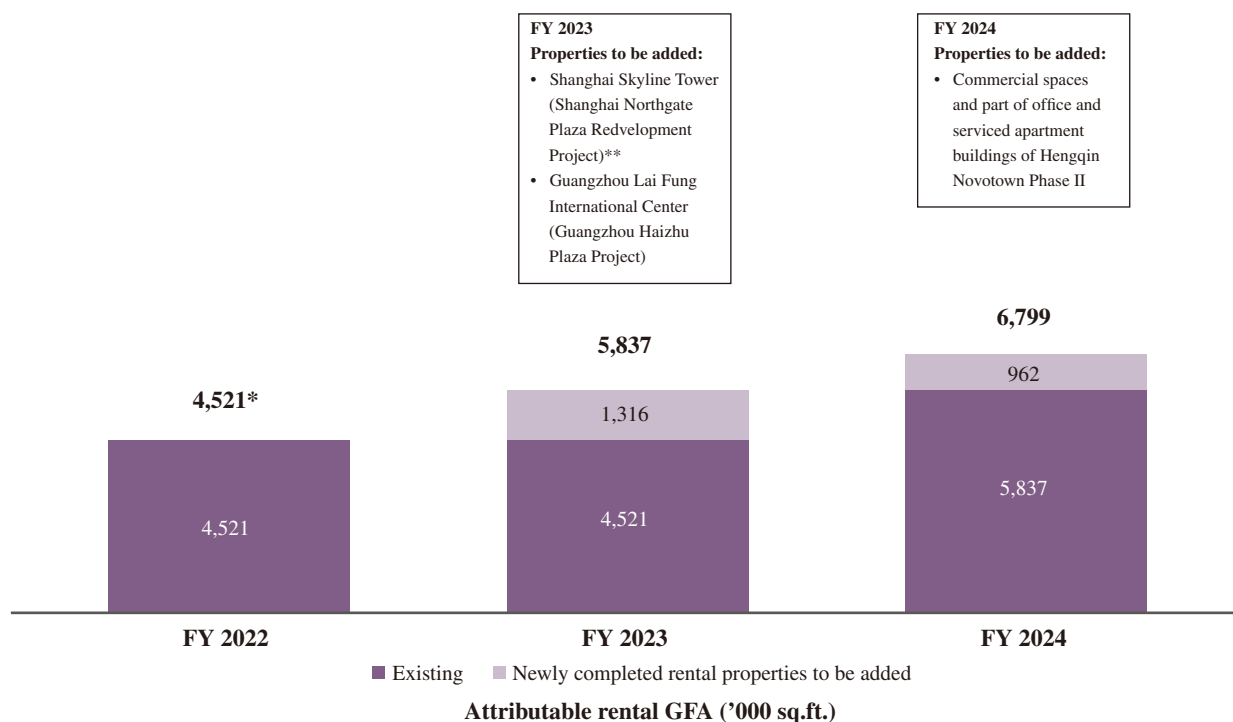
Construction of Novotown Phase II is in progress. This mixed-used development project is expected to be completed in phases by 2024, providing commercial and experiential entertainment facilities, office and serviced apartment spaces of 355,500 square feet, 1,585,000 square feet and 578,400 square feet, respectively. Parts of the office units and serviced apartment units have been designated as for-sale properties. During the year ended 31 July 2022, Novotown Phase II was awarded as a winner under the Retail & Leisure International (“**RLI**”) Best Placemaking Scheme category at the Global RLI Awards for 2021 and the 5 Star — Best Mixed-use Architecture for Guangdong Province, China at Asia Pacific Property Awards 2021-2022. Novotown Phase II is also the sole winner of “Annual Model Project of Cultural Tourism Real Estate” at the 17th China Commercial Real Estate Festival. The Group remains confident that the deepening of cooperation between Hengqin and Macau, and the continuous development of the Guangdong-Macau In-Depth Cooperation Zone in Hengqin will encourage more businesses and population to reside in Hengqin which will further enhance the tourism market, making Novotown a new contributor to the Group’s results in the long run.

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

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

Set out below is the expected growth of the rental portfolio of the Group and the pipeline of development projects of the Group as at 31 July 2022:

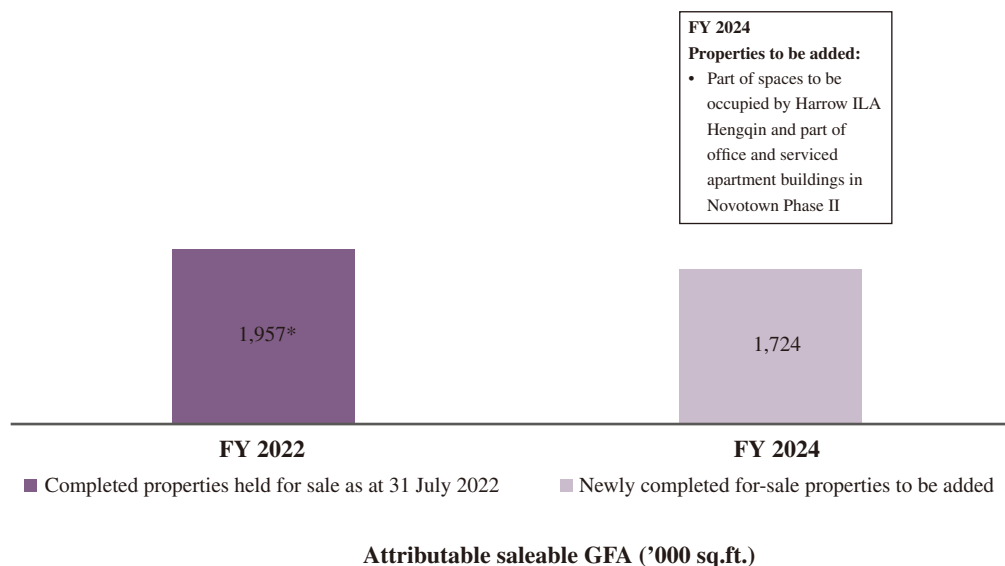
Rental Portfolio



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

** Construction of Shanghai Skyline Tower was completed in September 2022

For-sale Projects



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

In December 2021, Lai Fung MTN Limited, a wholly-owned subsidiary of the Company, established a US\$2,000 million Medium Term Note Programme (“**MTN Programme**”). Notes to be issued under the MTN Programme are unconditionally and irrevocably guaranteed by the Company. The MTN Programme enables the Group to raise money directly from the capital markets and notes may be issued in US dollars or in other currencies, in various amounts and for various tenors.

The public float of the Company remains below the minimum public float requirement under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**” and “**Stock Exchange**”, respectively) due to the increase in the Company’s shareholding of Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk, they became substantial shareholders and core connected persons of the Company as defined under the Listing Rules. Trading in shares of the Company on the Stock Exchange has been suspended since 1 June 2022 and will remain suspended until the minimum public float is restored. The Company is taking appropriate steps to resolve the issues causing its trading suspension and further announcement(s) will be made by the Company as and when appropriate.

As at 31 July 2022, the Group has approximately HK\$4,142.6 million of cash on hand (2021: HK\$4,699.0 million) and undrawn facilities of HK\$1,984.5 million (2021: HK\$3,026.3 million) with a net debt to equity ratio of 53% as at 31 July 2022 (2021: 45%). 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 2022, the Group recorded a turnover of HK\$2,515.8 million (2021: HK\$3,196.6 million), representing a decrease of approximately 21.3% over the last financial year. The decrease was primarily due to lower turnover from property sales during the year under review as compared to last year. The average Renminbi (“RMB”) exchange rate for the year under review appreciated by approximately 2.1% over last financial year. Excluding the effect of currency translation, the decrease in RMB denominated turnover was 22.9%. The gross profit increased by 80.3% to HK\$1,296.9 million from that of HK\$719.1 million last year, which is primarily attributed to improved profitability of property sales during the year under review.

Set out below is the turnover by segment:

	For the year ended 31 July			For the year ended 31 July		
	2022 ¹	2021 ¹	% change	2022	2021	% change
	(HK\$ million)	(HK\$ million)		(RMB million)	(RMB million)	
Rental income ²	875.1	890.3	-1.7%	726.0	754.4	-3.8%
Sale of properties ³	1,624.7	2,275.5	-28.6%	1,348.0	1,928.0	-30.1%
Theme park operation	16.0	30.8	-48.1%	13.3	26.1	-49.0%
Total	2,515.8	3,196.6	-21.3%	2,087.3	2,708.5	-22.9%

1. The exchange rates adopted for the years ended 31 July 2022 and 2021 are 0.8297 and 0.8473, respectively
2. Including rental turnover of major properties of the Group, turnover from hotel and serviced apartment operation and property management income
3. Including property sales revenue and income from properties under finance lease

Net loss attributable to owners of the Company was approximately HK\$134.5 million, as compared to net loss attributable to owners of the Company of HK\$539.0 million for last financial year. The significant decrease was primarily a mix of (i) improved profitability of property sales; (ii) increase in fair value gains on investment properties owned by the Group during the year ended 31 July 2022 as compared to last financial year; and (iii) increase in impairment losses of property, plant and equipment for the year ended 31 July 2022.

Net loss per share was HK\$0.406 (2021: HK\$1.628 per share).

Excluding the net effect of property revaluations, net loss attributable to owners of the Company was approximately HK\$391.6 million for the year under review (2021: HK\$727.5 million). Net loss per share excluding the effect of property revaluations was approximately HK\$1.183 (2021: HK\$2.198).

Excluding the net effect of property revaluations and other non-recurring items, net loss attributable to owners of the Company was approximately HK\$151.6 million for the year under review (2021: HK\$604.4 million). Net loss per share excluding the effect of property revaluations and other non-recurring items, was approximately HK\$0.458 (2021: HK\$1.826).

Loss attributable to owners of the Company (HK\$ million)	For the year ended 31 July	
	2022	2021
Reported	(134.5)	(539.0)
Adjustments in respect of investment properties		
Revaluation gains of investment properties	(341.0)	(250.8)
Deferred tax on revaluation of investment properties	85.2	62.7
Non-controlling interests' share of revaluation movements less deferred tax	(1.3)	(0.4)
Net loss after tax excluding revaluation gains of investment properties	(391.6)	(727.5)
Adjustments in respect of other non-recurring items		
Impairment of property, plant and equipment	366.3	189.4
Deferred tax on impairment of property, plant and equipment	(66.3)	(35.5)
Non-controlling interests' share of impairment of property, plant and equipment less deferred tax	(60.0)	(30.8)
Net loss after tax excluding revaluation gains of investment properties and impairment of property, plant and equipment	(151.6)	(604.4)

Net assets attributable to owners of the Company as at 31 July 2022 amounted to HK\$14,606.4 million (31 July 2021: HK\$15,431.3 million). Net asset value per share attributable to owners of the Company decreased slightly to HK\$44.12 per share as at 31 July 2022 from HK\$46.62 per share as at 31 July 2021.

PROPERTY PORTFOLIO COMPOSITION

Approximate attributable GFA (in '000 square feet) and number of car parking spaces as at 31 July 2022:

	Commercial/ Retail	Office	Hotels and Serviced Apartment	Residential	Total (excluding car parking spaces & ancillary facilities)	No. of Car Parking Spaces
Completed Properties						
Held for Rental ¹	2,463 ²	1,068	—	—	3,531 ²	2,274
Completed Hotel Properties and Serviced Apartments	—	—	990	—	990	—
Subtotal	2,463	1,068	990	—	4,521	2,274
Properties under Development ³	721	2,703	578	—	4,002	2,212
Completed Properties Held for Sale	164 ⁴	421	281	1,124	1,990	3,490
Total GFA of major properties of the Group	3,348	4,192	1,849	1,124	10,513	7,976

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

PROPERTY INVESTMENT

Revenue from Rental Operation

For the year ended 31 July 2022, the Group's rental operations recorded a turnover of HK\$875.1 million (2021: HK\$890.3 million). The average RMB exchange rate for the year under review appreciated by approximately 2.1% compared to last financial year. Excluding the effect of currency translation, the RMB denominated revenue from lease of properties decreased slightly by 3.8% to RMB726.0 million.

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

	For the year ended 31 July			For the year ended 31 July			Year end occupancy (%)	
	2022 [#]	2021 [#]	% Change	2022	2021	% Change	2022	2021
	(HK\$ million)	(HK\$ million)		(RMB million)	(RMB million)			
Shanghai								
Shanghai Hong Kong Plaza	397.6	398.7	-0.3%	329.9	337.8	-2.3%	Retail: 87.2% Office: 85.9% Serviced Apartments: 65.2%	Retail: 90.3% Office: 83.8% Serviced Apartments: 90.2%
Shanghai May Flower Plaza	67.7	67.0	+1.0%	56.2	56.8	-1.1%	Retail: 97.3% Hotel: 36.6%	Retail: 99.5% Hotel: 80.6%
Shanghai Regents Park	19.8	24.8	-20.2%	16.4	21.0	-21.9%	81.0%	100.0%
Guangzhou								
Guangzhou May Flower Plaza	123.4	122.3	+0.9%	102.4	103.6	-1.2%	91.9%	97.9%
Guangzhou West Point	27.2	26.5	+2.6%	22.6	22.5	+0.4%	90.0%	90.1%
Guangzhou Lai Fung Tower	142.9	136.0	+5.1%	118.6	115.2	+3.0%	Retail: 100.0% Office: 93.6%*	Retail: 100.0% Office: 96.5%*
Zhongshan								
Zhongshan Palm Spring Rainbow Mall	7.1	6.8	+4.4%	5.9	5.8	+1.7%	Retail: 65.9%*	Retail: 80.0%*
Hengqin								
Hengqin Novotown Phase I	61.2	86.1	-28.9%	50.7	73.0	-30.5%	Commercial: 77.0%** Hotel: 28.1%	Commercial: 71.0%** Hotel: 40.6%
Others	28.2	22.1	+27.6%	23.3	18.7	+24.6%	N/A	N/A
Total	875.1	890.3	-1.7%	726.0	754.4	-3.8%		

[#] The exchange rates adopted for the years ended 31 July 2022 and 2021 are 0.8297 and 0.8473 respectively

* Excluding self-use area

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

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

	For the year ended 31 July 2022			For the year ended 31 July 2021		
	Group interest	Turnover (HK\$ million)	Attributable GFA (square feet)	Group interest	Turnover (HK\$ million)	Attributable GFA (square feet)
Shanghai						
Shanghai Hong Kong Plaza	100%			100%		
Retail		190.8	468,434		187.8	468,434
Office		104.8	362,096		99.0	362,096
Serviced Apartments (room revenue and F&B)		95.9	358,009		104.5	358,009
Car Parking Spaces		6.1	N/A		7.4	N/A
		<u>397.6</u>	<u>1,188,539</u>		<u>398.7</u>	<u>1,188,539</u>
Shanghai May Flower Plaza	100%			100%		
Retail		40.5	320,314		38.2	320,314
Hotel (room revenue and F&B)		22.7	143,846		24.3	143,846
Car Parking Spaces		4.5	N/A		4.5	N/A
		<u>67.7</u>	<u>464,160</u>		<u>67.0</u>	<u>464,160</u>
Shanghai Regents Park	95%			95%		
Retail		17.6	77,959		22.1	77,959
Car Parking Spaces		2.2	N/A		2.7	N/A
		<u>19.8</u>	<u>77,959</u>		<u>24.8</u>	<u>77,959</u>
Guangzhou						
Guangzhou May Flower Plaza	100%			100%		
Retail		106.4	357,424		104.4	357,424
Office		14.3	79,431		14.9	79,431
Car Parking Spaces		2.7	N/A		3.0	N/A
		<u>123.4</u>	<u>436,855</u>		<u>122.3</u>	<u>436,855</u>
Guangzhou West Point	100%			100%		
Retail		27.2	182,344		26.5	182,344
Guangzhou Lai Fung Tower	100%			100%		
Retail		18.3	112,292		16.8	112,292
Office		117.8	625,821		112.7	625,821
Car Parking Spaces		6.8	N/A		6.5	N/A
		<u>142.9</u>	<u>738,113</u>		<u>136.0</u>	<u>738,113</u>
Zhongshan						
Zhongshan Palm Spring Rainbow Mall	100%			100%		
Retail*		7.1	148,106		6.8	148,106
Hengqin						
Novotown Phase I	80%**			80%**		
Commercial***		2.2	796,573		6.9	780,292
Hotel (room revenue and F&B)		59.0	488,432		79.2	475,810
		<u>61.2</u>	<u>1,285,005</u>		<u>86.1</u>	<u>1,256,102</u>
Others		<u>28.2</u>	<u>—</u>		<u>22.1</u>	<u>—</u>
Total		<u>875.1</u>	<u>4,521,081</u>		<u>890.3</u>	<u>4,492,178</u>

* Excluding self-use area

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

*** Including the cultural attraction spaces occupied by Lionsgate Entertainment World® and National Geographic Ultimate Explorer Hengqin (self-use area), the attributable GFA of which was approximately 307,807 square feet as at 31 July 2022. Revenue from Lionsgate Entertainment World® and National Geographic Ultimate Explorer Hengqin are recognised under turnover from theme park operation of the Group

Review of Major Rental Properties

Shanghai Hong Kong Plaza

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

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

The Group owns 100% of this property.

Shanghai May Flower Plaza

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

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

Shanghai Regents Park

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

Guangzhou May Flower Plaza

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

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

The Group owns 100% of this property.

Guangzhou West Point

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

The Group owns 100% of this property.

Guangzhou Lai Fung Tower

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

The Group owns 100% of this property.

Zhongshan Palm Spring Rainbow Mall

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

The Group owns 100% of this property.

Hengqin Novotown

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

Phase I

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

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

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

Hotel and Serviced Apartment

Ascott Huaihai Road Shanghai

Ascott Huaihai Road in Shanghai Hong Kong Plaza is managed by the Ascott Group and it is one of a premier collection of the Ascott Limited's serviced residences in over 70 cities in Asia Pacific, Europe and the Gulf region. The residence with a total GFA of approximately 359,700 square feet and approximately 358,000 square feet attributable to the Group has 310 contemporary apartments of various sizes: studios (640-750 sq.ft.), one-bedroom apartments (915-1,180 sq.ft.), two-bedroom apartments (1,720 sq.ft.), three-bedroom apartments (2,370 sq.ft.) and two luxurious penthouses on the highest two floors (4,520 sq.ft.). An average occupancy rate of 72.1% was achieved during the year under review and the average room tariff was approximately HK\$1,125.

STARR Hotel Shanghai

STARR Hotel Shanghai is a 17-storey hotel located in the Mayflower Lifestyle complex in Jing'an District, within walking distance to Lines 1, 3 and 4 of the Shanghai Metro Station with easy access to major motorways. There are 239 fully furnished and equipped hotel units with stylish separate living room, bedroom, fully-equipped kitchenette and luxurious bathroom amenities for short or extended stays to meet the needs of the business travelers from around the world and the total GFA is approximately 143,800 square feet. The GFA attributable to the Group is approximately 143,800 square feet. An average occupancy rate of 59.1% was achieved during the year under review and the average room tariff was approximately HK\$427.

Hyatt Regency Hengqin

Hyatt Regency Hengqin is located in Novotown Phase I in Hengqin, Zhuhai, the heart of the Greater Bay Area and is within easy reach of the bridge linking Zhuhai with Hong Kong and Macau. Hyatt Regency Hengqin with a total GFA of approximately 610,500 square feet and approximately 488,400 square feet attributable to the Group has 493 guest rooms including 55 suites ranging in size from 430 sq.ft. to 2,580 sq.ft., a wide range of dining options, as well as banqueting and conference facilities of over 40,000 square feet. An average occupancy rate of 24.2% was achieved during the year under review and the average room tariff was approximately HK\$765.

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

PROPERTY DEVELOPMENT

Recognised Sales

For the year ended 31 July 2022, the Group's property development operations recorded a turnover of HK\$1,624.7 million (2021: HK\$2,275.5 million) from sale of properties, representing a 28.6% decrease compared to last year. Total recognised sales was primarily driven by the sales performance of residential units of Zhongshan Palm Spring and cultural studios and cultural workshop units of Hengqin Novotown Phase I during the year under review.

Breakdown of turnover for the year ended 31 July 2022 from properties sales is as follows:

Recognised Basis	No. of Units	Approximate GFA (square feet)	Average Selling Price# (HK\$/square foot)	Turnover##	
				(HK\$ million*)	(RMB million)
Shanghai Wuli Bridge Project Residential Units	3	7,513	12,911	89.0	73.8
Hengqin Novotown Phase I Cultural Studios	19	66,130	5,246	329.0	273.0
Cultural Workshop Units	2	1,924	3,925	6.9	5.7
Zhongshan Palm Spring Residential High-rise Units	530	626,549	1,861	1,070.5	888.2
Residential House Units	16	33,395	3,621	115.2	95.6
Subtotal	570	735,511	2,363	1,610.6	1,336.3
Shanghai Wuli Bridge Project Car Parking Spaces	3			2.0	1.6
Shanghai Regents Park Car Parking Spaces	10			6.9	5.7
Guangzhou Eastern Place Car Parking Spaces	2			2.0	1.7
Guangzhou King's Park Car Parking Spaces	2			1.4	1.2
Guangzhou West Point Car Parking Spaces	2			1.2	1.0
Zhongshan Palm Spring Car Parking Spaces	3			0.6	0.5
Subtotal	22			14.1	11.7
Total				1,624.7	1,348.0

Value-added tax inclusive

Value-added tax exclusive

* The exchange rate adopted for the year ended 31 July 2022 is 0.8297

Contracted Sales

As at 31 July 2022, the Group's property development operations has contracted but not yet recognised sales of HK\$741.2 million, primarily driven by the sale performance of residential units and serviced apartment unit in Zhongshan Palm Spring and cultural studios and cultural workshop unit in Hengqin Novotown Phase I, as well as the sale of properties in Novotown Phase II being occupied by Harrow Innovation Leadership Academy Hengqin (“**Harrow ILA Hengqin**”). Excluding the effect of currency translation, the RMB denominated contracted but not yet recognised sales of residential units, serviced apartment unit, cultural studios, cultural workshop unit and car parking spaces as at 31 July 2022 amounted to RMB615.0 million (31 July 2021: RMB1,415.7 million).

Breakdown of contracted but not yet recognised sales as at 31 July 2022 is as follows:

Contracted Basis	No. of Units	Approximate GFA (square feet)	Average Selling Price [#] (HK\$/square foot)	Turnover [#] (HK\$ million ^{##})	(RMB million)
Zhongshan Palm Spring					
Residential High-rise Units	190	225,926	2,040	460.8	382.3
Residential House Units	2	4,139	3,664	15.2	12.6
Serviced Apartment Unit*	1	1,068	1,536	1.6	1.3
Hengqin Novotown Phase I					
Cultural Studios	4	16,278	4,903	79.8	66.2
Cultural Workshop Unit	1	962	3,990	3.8	3.2
Hengqin Novotown Phase II					
Harrow ILA Hengqin Buildings**	N/A	149,078	1,197	178.5	148.1
Subtotal	198	397,451	1,861	739.7	613.7
Shanghai Regents Park					
Car Parking Space	1			0.7	0.6
Guangzhou King's Park					
Car Parking Space	1			0.8	0.7
Subtotal	2			1.5	1.3
Total				741.2	615.0

[#] Value-added tax inclusive

^{##} The exchange rate adopted for the year ended 31 July 2022 is 0.8297

^{*} Will be recorded as disposal of assets classified as held for sale and the sales proceeds net of cost will be included in “other operating expenses, net” on the face of the consolidated income statement of the Group when the sale is completed

^{**} Will be recognised as income from finance lease under turnover

Review of Major Properties Completed for Sale and under Development

Shanghai Skyline Tower (Shanghai Northgate Plaza Redevelopment Project)

Shanghai Skyline Tower is a mixed-use redevelopment project of Shanghai Northgate Plaza I, Northgate Plaza II and the Hui Gong Building, located at Tian Mu Road West in the Jing'an District of Shanghai near the Shanghai Railway Terminal. Shanghai Northgate Plaza I was comprised of office units, a retail podium and car parking spaces. Shanghai Northgate Plaza II was a vacant site adjacent to Northgate Plaza I. In September 2016, the Group completed the acquisition of the 6th to 11th floors of Hui Gong Building which is physically connected to Northgate Plaza I, together with the right to use 20 car parking spaces in the basement. Shanghai Skyline Tower, including a 33-storey office tower, a 3-level shopping mall and a car-parking basement, is expected to add a total GFA of approximately 727,200 square feet excluding car parking spaces to the rental portfolio of the Group. The construction of Shanghai Skyline Tower has been completed in late September 2022 and leasing is underway. As at the date of this results announcement, approximately 8% of commercial and office area have been pre-leased with letter of intent signed.

The Group owns 100% of this property.

Shanghai Wuli Bridge Project

Shanghai Wuli Bridge Project is a high-end luxury residential project located by Huangpu River in Huangpu District in Shanghai. This project providing 28 residential units with an attributable GFA of approximately 77,900 square feet and 43 car parking spaces was launched for sale in September 2020 and has received an enthusiastic response from the market. During the year under review, sales of three residential units with a total GFA of 7,513 square feet were recognised at an average selling price of HK\$12,911 per square foot, which contributed a total of HK\$89.0 million to the Group's turnover and the sale of three car parking spaces contributed HK\$2.0 million to the Group's turnover. The total carrying amount of one unsold residential unit and 13 unsold car parking spaces of this development was approximately HK\$53.6 million as at 31 July 2022.

The Group owns 100% interest in this project.

Shanghai May Flower Plaza

Shanghai May Flower Plaza is a completed mixed-use project located at the junction of Da Tong Road and Zhi Jiang Xi Road in Su Jia Xiang in the Jing'an District in Shanghai and situated near the Zhongshan Road North Metro Station. As at 31 July 2022, 458 car parking spaces of this development remained unsold with a carrying amount of approximately HK\$104.3 million.

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

Shanghai Regents Park

Shanghai Regents Park is a large-scale residential/commercial composite development located in the Zhongshan Park Commercial Area at the Changning District, Shanghai. It is situated within walking distance of the Zhongshan Park Metro Station. As at 31 July 2022, a total of 220 car parking spaces of this development remained unsold with a carrying amount of approximately HK\$54.1 million.

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

Guangzhou King's Park

This is a high-end residential development located on Donghua Dong Road in Yuexiu District. The attributable GFA is approximately 98,300 square feet excluding 57 car parking spaces and ancillary facilities. During the year under review, the sales of two car parking spaces contributed HK\$1.4 million to the turnover. As at 31 July 2022, the contracted but not yet recognised sales of one car parking space amounted to approximately HK\$0.8 million and the five unsold car parking spaces have a total carrying amount of approximately HK\$3.3 million.

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

Guangzhou Lai Fung International Center (formerly known as Guangzhou Haizhu Plaza)

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

The Group owns 100% of this property.

Zhongshan Palm Spring

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

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

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

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

The Group owns 100% interest in this project.

Hengqin Novotown

Phase I

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

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

Phase II

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

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

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

The Group remains confident that the deepening of cooperation between Hengqin and Macau, and the continuous development of the Guangdong-Macau In-Depth Cooperation Zone in Hengqin will encourage more businesses and population to reside in Hengqin which will further enhance the tourism market, making Novotown a new contributor to the Group's results in the long run.

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

CAPITAL STRUCTURE, LIQUIDITY AND DEBT MATURITY PROFILE

As at 31 July 2022, cash and bank balances held by the Group amounted to HK\$4,142.6 million and undrawn facilities of the Group was HK\$1,984.5 million.

As at 31 July 2022, the Group had total borrowings amounting to HK\$11,939.7 million (2021: HK\$11,588.3 million), representing an increase of HK\$351.4 million from 31 July 2021. The consolidated net assets attributable to the owners of the Company amounted to HK\$14,606.4 million (2021: HK\$15,431.3 million). The gearing ratio, being net debt (total borrowings less cash and bank balances) to net assets attributable to the owners of the Company was approximately 53% (2021: 45%). The maturity profile of the Group's borrowings of HK\$11,939.7 million is well spread with HK\$3,852.0 million repayable within one year, HK\$2,339.3 million repayable in the second year, HK\$4,168.2 million repayable in the third to fifth years and HK\$1,580.2 million repayable beyond the fifth year.

Approximately 23% and 72% of the Group's borrowings were on a fixed rate basis and floating rate basis, respectively, and the remaining 5% of the Group's borrowings were interest-free. Apart from the guaranteed notes, the Group's other borrowings of HK\$9,194.8 million were 52% denominated in Renminbi ("RMB"), 44% in Hong Kong dollars ("HKD") and 4% in United States dollars ("USD").

The Group's guaranteed notes of HK\$2,744.9 million were denominated in USD. The Group has entered into cross currency swap agreements with financial institutions and the guaranteed notes have been effectively converted into HKD denominated debts.

The Group's cash and bank balances of HK\$4,142.6 million were 91% denominated in RMB, 8% in HKD and 1% in USD. The Group's monetary assets, liabilities and transactions are principally denominated in RMB, USD and HKD. The Group, with HKD as its presentation currency, is exposed to foreign currency risk arising from the exposure of HKD against USD and RMB, respectively. Considering that the USD guaranteed notes have been effectively converted into HKD denominated debts, the Group believes that the corresponding exposure to USD exchange rate fluctuation is nominal. However, the Group has a net exchange exposure to RMB as the Group's assets are principally located in China and the revenues are predominantly in RMB. Apart from the aforesaid cross currency swap, the Group does not have any derivative financial instruments or hedging instruments outstanding.

Certain assets of the Group have been pledged to secure borrowings and bank facilities of the Group, including investment properties with a total carrying amount of approximately HK\$14,782.2 million, properties under development with a total carrying amount of approximately HK\$729.8 million, serviced apartments and related leasehold improvements with a total carrying amount of approximately HK\$397.2 million, completed properties for sale with a total carrying amount of approximately HK\$689.1 million, construction in progress with a total carrying amount of approximately HK\$377.8 million and time deposits and bank balances of approximately HK\$155.5 million.

Taking into account the amount of cash being held as at the end of the reporting period, the available banking facilities, the recurring cash flows from the Group's operating activities and facilities expected to be obtained in the coming months, the Group believes that it would have sufficient liquidity to finance its existing property development and investment projects and to fulfil the repayment obligations of its borrowings as and when they fall due.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year under review, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

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 from time to time in the Corporate Governance Code (“CG Code”) contained in Appendix 14 to the Listing Rules.

The Company has complied with all the code provisions set out in the CG Code for the year ended 31 July 2022.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 July 2022, the Group employed a total of around 1,800 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 proactive investor relations programme. Our Executive Directors and Investor Relations Department communicate with research analysts and institutional investors on an on-going basis and meet with research analysts and the press after our results announcements, attend major investors’ conferences and participate in international non-deal roadshows to communicate the Company’s financial performance and global business strategy.

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

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

The Company is keen on promoting investor relations and enhancing communication with the shareholders of the Company (“**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@laifung.com.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company currently comprises four INEDs, namely Messrs. Law Kin Ho, Lam Bing Kwan, Ku Moon Lun and Mak Wing Sum, Alvin. The committee has reviewed the consolidated results (including the consolidated financial statements) of the Company for the year ended 31 July 2022.

REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY THE 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 2022 as set out in the preliminary announcement have been agreed by the Company’s auditor to the amounts set out in the Group’s consolidated financial statements for the year. The work performed by the Company’s auditor, Ernst & Young 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 Ernst & Young on the preliminary announcement.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company (“**AGM**”) will be held on Friday, 16 December 2022. Notice of the AGM together with the Company’s Annual Report for the year ended 31 July 2022 will be published on the respective websites of the Stock Exchange and the Company and despatched to Shareholders in mid-November 2022.

By Order of the Board
Chew Fook Aun
Chairman

Hong Kong, 18 October 2022

As at the date of this announcement, the Board comprises six Executive Directors, namely Mr. Chew Fook Aun (Chairman), Mr. Lam Kin Hong, Matthew (Executive Deputy Chairman), Mr. Lam Hau Yin, Lester (Chief Executive Officer) (also alternate to Madam U Po Chu), Madam U Po Chu, Mr. Cheng Shin How and Mr. Lee Tze Yan, Ernest; and five Independent Non-executive Directors, namely Messrs. Lam Bing Kwan, Ku Moon Lun, Law Kin Ho, Mak Wing Sum, Alvin and Shek Lai Him, Abraham.