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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 2023

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 2023 together with the comparative figures for the previous year as follows:

Consolidated Income Statement

For the year ended 31 July 2023

	Notes	2023 HK\$'000	2022 HK\$'000
TURNOVER	3	1,800,510	2,515,771
Cost of sales		(898,518)	(1,218,917)
Gross profit		901,992	1,296,854
Other income and gains	3	96,335	142,073
Selling and marketing expenses		(112,161)	(137,261)
Administrative expenses		(307,919)	(239,099)
Other operating expenses, net		(343,926)	(725,598)
Fair value gains/(losses) on investment properties		(68,808)	340,974
PROFIT FROM OPERATING ACTIVITIES	4	165,513	677,943
Finance costs	5	(596,219)	(399,768)
Share of losses of joint ventures		(214)	(246)
Share of profit/(loss) of an associate		(8)	75
PROFIT/(LOSS) BEFORE TAX		(430,928)	278,004
Tax	6	(258,425)	(561,888)
LOSS FOR THE YEAR		<u>(689,353)</u>	<u>(283,884)</u>
ATTRIBUTABLE TO:			
Owners of the Company		(584,702)	(134,523)
Non-controlling interests		(104,651)	(149,361)
		<u>(689,353)</u>	<u>(283,884)</u>
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY:	8		
Basic and diluted		<u>(HK\$1.766)</u>	<u>(HK\$0.406)</u>

Consolidated Statement of Comprehensive Income

For the year ended 31 July 2023

	2023 HK\$'000	2022 HK\$'000
LOSS FOR THE YEAR	(689,353)	(283,884)
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	(1,253,968)	(735,672)
Reclassification of reserve upon deregistration of a subsidiary	(10,274)	—
Reclassification of reserve upon return of capital from subsidiaries	(285)	29,965
	(1,264,527)	(705,707)
Share of other comprehensive expenses of an associate	(9)	(4)
OTHER COMPREHENSIVE EXPENSES FOR THE YEAR, NET OF TAX	(1,264,536)	(705,711)
TOTAL COMPREHENSIVE EXPENSES FOR THE YEAR	<u>(1,953,889)</u>	<u>(989,595)</u>
ATTRIBUTABLE TO:		
Owners of the Company	(1,828,551)	(825,886)
Non-controlling interests	(125,338)	(163,709)
	<u>(1,953,889)</u>	<u>(989,595)</u>

Consolidated Statement of Financial Position

As at 31 July 2023

	Notes	2023 HK\$'000	2022 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		2,302,822	2,735,738
Right-of-use assets		487,714	530,343
Investment properties		19,720,100	20,589,800
Investments in joint ventures		18,478	18,692
Investment in an associate		99	116
Debtors, deposits and prepayments	9	477,974	493,643
		<u>23,007,187</u>	<u>24,368,332</u>
CURRENT ASSETS			
Properties under development		1,063,709	953,515
Completed properties for sale		2,926,175	3,656,243
Inventories		3,905	5,207
Derivative financial instruments		—	4,551
Debtors, deposits and prepayments	9	481,967	513,245
Prepaid tax		162,357	140,268
Pledged and restricted time deposits and bank balances		822,900	2,031,534
Cash and cash equivalents		1,648,823	2,111,091
		<u>7,109,836</u>	<u>9,415,654</u>
Assets classified as held for sale		735	783
		<u>7,110,571</u>	<u>9,416,437</u>
CURRENT LIABILITIES			
Creditors, accruals and other payables	10	1,730,450	1,979,103
Contract liabilities and deposits received	11	874,884	651,860
Interest-bearing bank loans		1,116,841	1,065,531
Lease liabilities		2,822	4,348
Guaranteed notes		—	2,744,923
Tax payable		458,984	455,175
Other borrowings		34,412	41,578
		<u>4,218,393</u>	<u>6,942,518</u>
NET CURRENT ASSETS			
		<u>2,892,178</u>	<u>2,473,919</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>25,899,365</u>	<u>26,842,251</u>

Consolidated Statement of Financial Position (continued)*As at 31 July 2023*

	Notes	2023 HK\$'000	2022 HK\$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>25,899,365</u>	<u>26,842,251</u>
NON-CURRENT LIABILITIES			
Lease liabilities		278	2,578
Other payables	10	900,726	959,672
Long-term deposits received	11	129,385	138,542
Interest-bearing bank loans		8,805,753	7,501,104
Advances from a former substantial shareholder		50,953	54,288
Loans from a fellow subsidiary		610,245	532,315
Deferred tax liabilities		2,892,835	3,190,673
Total non-current liabilities		<u>13,390,175</u>	<u>12,379,172</u>
		<u>12,509,190</u>	<u>14,463,079</u>
EQUITY			
Equity attributable to owners of the Company			
Issued capital		1,655,167	1,655,167
Reserves		11,122,731	12,951,282
		12,777,898	14,606,449
Non-controlling interests		(268,708)	(143,370)
		<u>12,509,190</u>	<u>14,463,079</u>

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.

Considering the highly challenging real estate market in mainland China, the directors carefully monitored the future liquidity and performance of the Group. As at the end of the reporting period, the directors have reviewed the Group’s cash flow projections prepared by management, which cover a twelve-month period from 31 July 2023. In view that (i) as at 31 July 2023 and in subsequent period, the Group had sufficient undrawn facilities; and (ii) 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 2023. 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 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018-2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The adoption of the above 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, 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:

	2023	2022
	HK\$'000	HK\$'000
Turnover	1,800,510	2,515,771
Other income and gains	96,335	142,073
	<hr/>	<hr/>
Total turnover, other income and gains	<u>1,896,845</u>	<u>2,657,844</u>
	 2023	 2022
	HK\$'000	HK\$'000
Turnover, other income and gains from contracts with customers		
Sale of properties	887,025	1,624,672
Hotel and serviced apartment operation	250,234	177,621
Building management operation	124,500	128,704
Theme park operation	18,877	16,049
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	1,280,636	1,947,046
Turnover, other income and gains from other sources		
Rental income from investment properties	519,874	568,725
Interest income from bank deposits	45,865	69,027
Interest income from finance lease contract	19,533	21,995
Government grant*	1,851	24,638
Others	29,086	26,413
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	616,209	710,798
Total turnover, other income and gains	<u>1,896,845</u>	<u>2,657,844</u>
Timing of recognition of turnover, other income and gains from contracts with customers		
At a point in time	887,025	1,624,672
Over time	393,611	322,374
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Total	<u>1,280,636</u>	<u>1,947,046</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	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Segment revenue/results:										
Segment revenue										
Sales to external customers	887,025	1,624,672	644,374	697,429	250,234	177,621	18,877	16,049	1,800,510	2,515,771
Other revenue	23,392	25,038	16,639	12,118	356	503	657	1,154	41,044	38,813
Total	<u>910,417</u>	<u>1,649,710</u>	<u>661,013</u>	<u>709,547</u>	<u>250,590</u>	<u>178,124</u>	<u>19,534</u>	<u>17,203</u>	<u>1,841,554</u>	<u>2,554,584</u>
Segment results	<u>403,930</u>	<u>761,136</u>	<u>120,641</u>	<u>608,224</u>	<u>2,112</u>	<u>(58,862)</u>	<u>(295,760)</u>	<u>(590,959)</u>	<u>230,923</u>	<u>719,539</u>
Interest income from bank deposits									45,865	69,027
Unallocated gains									9,426	34,233
Unallocated expenses, net									(120,701)	(144,856)
Profit from operating activities									165,513	677,943
Finance costs									(596,219)	(399,768)
Share of losses of joint ventures	(27)	46	(187)	(292)	—	—	—	—	(214)	(246)
Share of profit/(loss) of an associate	—	—	(8)	75	—	—	—	—	(8)	75
Profit/(loss) before tax									(430,928)	278,004
Tax									(258,425)	(561,888)
Loss for the year									<u>(689,353)</u>	<u>(283,884)</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	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Segment assets/liabilities:										
Segment assets	4,599,637	5,242,478	19,970,488	20,877,601	1,792,433	2,004,067	849,329	1,106,057	27,211,887	29,230,203
Investments in joint ventures	76	102	18,402	18,590	—	—	—	—	18,478	18,692
Investment in an associate	—	—	99	116	—	—	—	—	99	116
Unallocated assets									2,886,559	4,534,975
Assets classified as held for sale	735	783	—	—	—	—	—	—	735	783
Total assets									<u>30,117,758</u>	<u>33,784,769</u>
Segment liabilities	1,115,626	1,206,861	1,037,645	896,777	104,543	173,721	95,128	81,106	2,352,942	2,358,465
Unallocated liabilities									<u>15,255,626</u>	<u>16,963,225</u>
Total liabilities									<u>17,608,568</u>	<u>19,321,690</u>

During the years ended 31 July 2023 and 2022, no revenue from a single customer accounted for over 10% of the Group's total turnover.

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

	Property development		Property investment		Hotel and serviced apartment operation		Theme park operation		Consolidated	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Other segment information:										
Depreciation	951	1,254	8,403	10,339	80,557	87,032	68,123	139,024	158,034	237,649
Corporate and other unallocated depreciation									5,527	5,663
									<u>163,561</u>	<u>243,312</u>
Capital expenditure	289	183	415,862	835,967	—	—	28,919	86,530	445,070	922,680
Corporate and other unallocated capital expenditure									268	353
									<u>445,338</u>	<u>923,033</u>
Fair value gains/(losses) on investment properties	—	—	(68,808)	340,974	—	—	—	—	(68,808)	340,974
Gain on disposal of assets classified as held for sale	—	994	—	—	—	—	—	—	—	994
Write-down of completed properties for sale to net realisable value	4,849	—	—	—	—	—	—	—	4,849	—
Write-down of properties under development to net realisable value	—	2,187	—	—	—	—	—	—	—	2,187
Derecognition loss on rental receivable	—	—	7,159	32,265	—	—	—	—	7,159	32,265
Remeasurement of finance lease receivables	—	34,193	—	—	—	—	—	—	—	34,193
Foreseeable loss on finance lease contract	—	1,558	—	—	—	—	—	—	—	1,558
Impairment of property, plant and equipment	—	—	—	—	—	—	173,642	366,312	173,642	366,312
Loss on disposal of items of property, plant and equipment	5	1	183	28	—	—	—	53	188	82
Corporate and other unallocated loss on disposal of items of property, plant and equipment									49	17

4. PROFIT FROM OPERATING ACTIVITIES

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

	2023 HK\$'000	2022 HK\$'000
Cost of completed properties sold	394,913	736,337
Outgoings in respect of rental income, hotel and serviced apartment operation, theme park operation and building management operation	503,605	482,580
Depreciation of property, plant and equipment [#]	142,928	221,772
Depreciation of right-of-use assets [#]	20,633	21,540
Amortisation of prepaid land lease payments Capitalised in properties under development	9,454 (9,454)	10,199 (10,199)
	—	—
Foreign exchange differences, net ^{**}	5,846	78,089
Gain on disposal of assets classified as held for sale ^{**}	—	(994)
Loss on disposal of items of property, plant and equipment ^{**}	237	99
Impairment of property, plant and equipment ^{**}	173,642	366,312
Write-down of completed properties for sale to net realisable value ^{**}	4,849	—
Write-down of properties under development to net realisable value ^{**}	—	2,187
Contingent rents ^{##}	(4,986)	(7,630)
Derecognition loss on rental receivable ^{**}	7,159	32,265
Remeasurement of finance lease receivables ^{**}	—	34,193
Foreseeable loss on finance lease contract ^{**}	—	1,558
Fair value losses/(gains) on cross currency swaps ^{**}	5,951	(13,516)

[#] The depreciation charge for hotels and serviced apartments and related leasehold improvements is HK\$80,557,000 (2022: HK\$87,032,000). The depreciation charge for theme parks is HK\$65,300,000 (2022: HK\$135,825,000). 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

	2023 HK\$'000	2022 HK\$'000
Interest on:		
Bank loans	571,273	398,390
Guaranteed notes	68,320	147,043
Amortisation of transaction fees for:		
Bank loans	28,653	27,296
Guaranteed notes	2,577	5,279
Bank financing charges and direct costs	62,079	20,048
Interest on lease liabilities	271	651
Interest on put option liabilities	4,612	4,975
	<u>737,785</u>	<u>603,682</u>
Less: Capitalised in properties under development	(62,743)	(60,758)
Capitalised in investment properties under construction	(48,988)	(127,660)
Capitalised in construction in progress	(29,835)	(15,496)
	<u>(141,566)</u>	<u>(203,914)</u>
Total finance costs	<u><u>596,219</u></u>	<u><u>399,768</u></u>

6. TAX

The statutory rate of Hong Kong profits tax is 16.5% (2022: 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 (2022: Nil). Taxes on profits assessable elsewhere had been calculated at the tax rates prevailing in the jurisdictions in which the Group operates.

	2023 HK\$'000	2022 HK\$'000
Current — Mainland China		
Corporate income tax	98,858	155,129
Land appreciation tax	211,693	330,104
Deferred	<u>(52,126)</u>	<u>76,655</u>
Total tax charge for the year	<u><u>258,425</u></u>	<u><u>561,888</u></u>

7. DIVIDEND

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

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\$584,702,000 (2022: HK\$134,523,000), and the weighted average number of ordinary shares of 331,033,443 (2022: 331,033,443) in issue during the year.

As the exercise prices of the share options are higher than the average market price of the shares during the year, the Group had no potentially dilutive ordinary shares in issue during the years ended 31 July 2023 and 31 July 2022.

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:

	2023 HK\$'000	2022 HK\$'000
Trade receivables, net:		
Within one month	105,627	119,699
One to three months	8,620	22,070
Over three months	19,069	20,335
	<u>133,316</u>	162,104
Finance lease receivables, not yet due	482,099	497,168
Other receivables, deposits and prepayments	344,526	347,616
	959,941	1,006,888
Amounts classified as current assets	<u>(481,967)</u>	<u>(513,245)</u>
Non-current portion	<u>477,974</u>	<u>493,643</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:

	2023 HK\$'000	2022 HK\$'000
Trade payables:		
Within one month	163,841	368,995
One to three months	9,089	8,999
Over three months	<u>100,888</u>	<u>109,830</u>
	273,818	487,824
Accruals and other payables	1,243,278	1,210,629
Put option liabilities	<u>1,114,080</u>	<u>1,240,322</u>
	2,631,176	2,938,775
Amounts classified as current liabilities	<u>(1,730,450)</u>	<u>(1,979,103)</u>
Non-current portion	<u><u>900,726</u></u>	<u><u>959,672</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:

	2023 HK\$'000	2022 HK\$'000
Contract liabilities	755,595	541,567
Deposits received	<u>248,674</u>	<u>248,835</u>
	1,004,269	790,402
Amounts classified as current liabilities	<u>(874,884)</u>	<u>(651,860)</u>
Non-current portion	<u><u>129,385</u></u>	<u><u>138,542</u></u>

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 July 2023 (2022: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

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

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

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

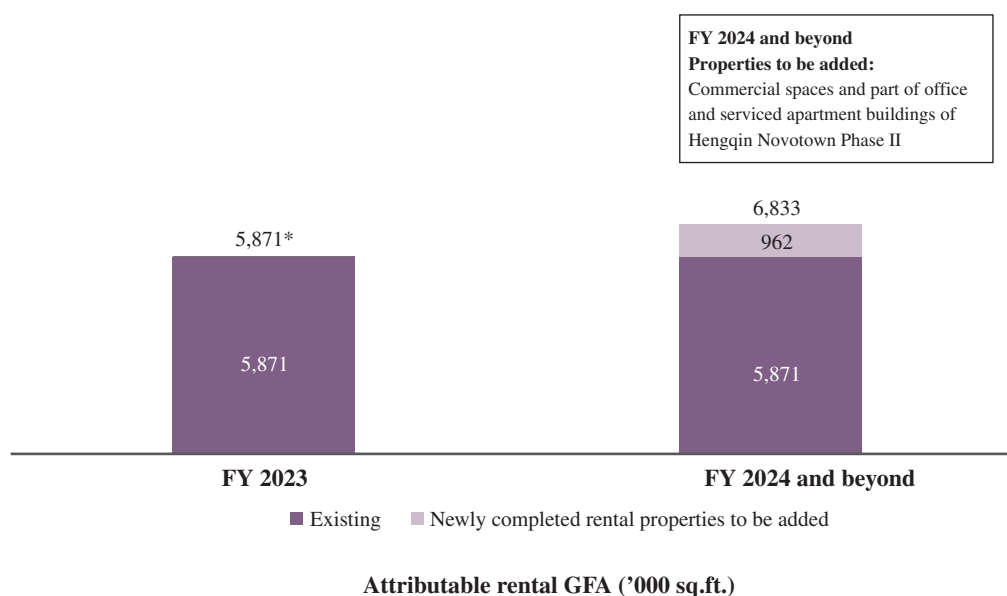
Construction of Phase II (“**Novotown Phase II**”) of the Novotown project in Hengqin (“**Novotown**”) is in progress. This mixed-used development project is expected to provide commercial and experiential entertainment facilities, office and serviced apartment spaces of 355,500 square feet, 1,585,000 square feet and 578,400 square feet, respectively. As at the date of this results announcement, leasing of the commercial area of Phase I of Novotown (“**Novotown Phase I**”) is underway with approximately 83% of the leasable area being leased and key tenants include two themed indoor experience centers, namely “Lionsgate Entertainment World®” and “National Geographic Ultimate Explorer Hengqin”, Zhuhai Duty Free, Pokiddo Trampoline Park, Kunpeng Go-Kart Sports Centre, Snow Alarm, Da Yin Restaurant, Oyster King, Zhen Qi Ji, Ai Shang Niu Ding Ji, Vanguard Life Superstore and ULSC Hengqin. 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 position Hengqin as a prominent piece within the Guangdong-Hong Kong-Macau Greater Bay Area development. The integration between Macau and Hengqin will encourage more businesses and population to reside in Hengqin which will further enhance the tourism market, making Novotown a new contributor to 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 has received an enthusiastic response from the market. As at 31 July 2023, all residential units have been sold and 13 car parking spaces remain unsold. The sale of remaining phases of Zhongshan Palm Spring is in progress. The residential units in Zhongshan Palm Spring, the cultural studios, cultural workshops and office of Hengqin Novotown Phase I, as well as elements of Hengqin Novotown Phase II are expected to contribute to the income of 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 top tier cities and the Greater Bay Area and allocation of risks etc.

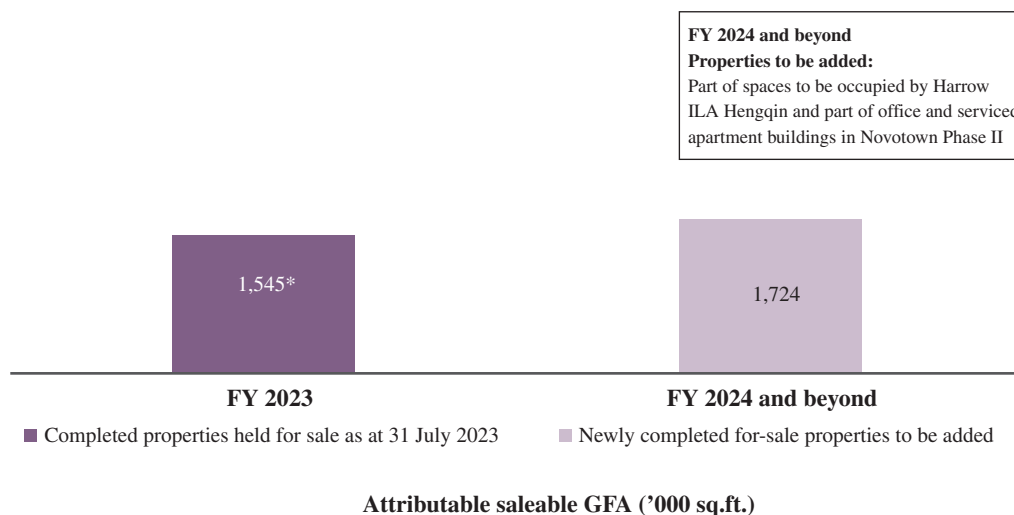
Set out below is the expected growth of the rental portfolio of the Group and the pipeline of development projects of the Group as at 31 July 2023:

Rental Portfolio



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

For-sale Projects



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

Trading in the shares of the Company (“**Shares**”) on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) was resumed on 11 November 2022. The Board has been discussing with core connected persons of the Company to consider disposing of some of their respective holdings in the Shares (the “**Potential Sell-down**”) to restore the public float of the Company. As at the date of this results announcement, discussions on the Potential Sell-down are still ongoing and no legally binding agreements have been entered into. Public float of the Company remains below the minimum requirement under the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”). Announcement(s) will be made by the Company on a quarterly basis until the public float of the Company is restored in accordance with the Listing Rules, so as to keep shareholders of the Company (“**Shareholders**”) and the market informed on the progress made in carrying out the proposed public float restoration plans.

During the year ended 31 July 2023, Lai Fung Bonds (2018) Limited, a wholly-owned subsidiary of the Company, has fully redeemed its outstanding US\$350 million guaranteed notes issued in 2018 upon maturity in January 2023. As at 31 July 2023, the Group has approximately HK\$2,471.7 million of cash on hand (2022: HK\$4,142.6 million) and undrawn facilities of HK\$2,013.9 million (2022: HK\$1,984.5 million) with a net debt to equity ratio of 64% as at 31 July 2023 (2022: 53%). 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 2023, the Group recorded a turnover of HK\$1,800.5 million (2022: HK\$2,515.8 million), representing a decrease of approximately 28.4% over last financial year. The average Renminbi (“RMB”) exchange rate depreciated by approximately 7.3% over last financial year. Excluding the effect of currency translation, the decrease in RMB denominated turnover was approximately 22.8%. The decrease was primarily due to lower turnover from property sales during the year under review as compared to last year. The gross profit decreased by 30.4% to HK\$902.0 million from that of HK\$1,296.9 million last financial year.

Set out below is the turnover by segment:

	For the year ended 31 July			For the year ended 31 July		
	2023 ¹	2022 ¹	% change	2023	2022	% change
	(HK\$ million)	(HK\$ million)		(RMB million)	(RMB million)	
Rental income ²	894.6	875.1	+2.2%	800.8	726.0	+10.3%
Sale of properties	887.0	1,624.7	-45.4%	794.0	1,348.0	-41.1%
Theme park operation	18.9	16.0	+18.1%	16.8	13.3	+26.3%
Total	1,800.5	2,515.8	-28.4%	1,611.6	2,087.3	-22.8%

1. The exchange rates adopted for the years ended 31 July 2023 and 2022 are 0.8951 and 0.8297, respectively
2. Including rental turnover of major properties of the Group, turnover from hotel and serviced apartment operation and property management income

Net loss attributable to owners of the Company was approximately HK\$584.7 million, as compared to net loss attributable to owners of the Company of HK\$134.5 million for the last financial year. The increased loss, partially offset by lower other operating expenses and tax expense, was primarily due to (i) lower property sales revenue; (ii) increased finance costs; and (iii) decrease in valuations of investment properties owned by the Group.

Net loss per share was HK\$1.766 (2022: HK\$0.406 per share).

Excluding the net effect of property revaluations, net loss attributable to owners of the Company was approximately HK\$534.0 million for the year under review (2022: HK\$391.6 million). Net loss per share excluding the effect of property revaluations was approximately HK\$1.613 (2022: HK\$1.183).

Excluding the net effect of property revaluations and other non-recurring items, net loss attributable to owners of the Company was approximately HK\$391.0 million for the year under review (2022: HK\$151.6 million). Net loss per share excluding the effect of property revaluations and other non-recurring items, was approximately HK\$1.181 (2022: HK\$0.458).

Loss attributable to owners of the Company (HK\$ million)	For the year ended 31 July	
	2023	2022
Reported	(584.7)	(134.5)
Adjustments in respect of investment properties		
Revaluation losses/(gains) of investment properties	68.8	(341.0)
Deferred tax on revaluation of investment properties	(17.2)	85.2
Non-controlling interests' share of revaluation movements less deferred tax	(0.9)	(1.3)
Net loss after tax excluding revaluation losses/gains of investment properties	(534.0)	(391.6)
Adjustments in respect of other non-recurring items		
Impairment of property, plant and equipment	173.6	366.3
Deferred tax on impairment of property, plant and equipment	5.1	(66.3)
Non- controlling interests' share of impairment of property, plant and equipment	(35.7)	(60.0)
Net loss after tax excluding revaluation losses/gains of investment properties and impairment of property, plant and equipment	(391.0)	(151.6)

Net assets attributable to owners of the Company as at 31 July 2023 amounted to HK\$12,777.9 million (31 July 2022: HK\$14,606.4 million). Net asset value per share attributable to owners of the Company decreased to HK\$38.60 per share as at 31 July 2023 from HK\$44.12 per share as at 31 July 2022.

PROPERTY PORTFOLIO COMPOSITION

Approximate attributable GFA (in '000 square feet) and number of car parking spaces as at 31 July 2023:

	Commercial/ Retail	Office	Hotel and Serviced Apartment	Residential	Total (excluding car parking spaces & ancillary facilities)	No. of Car Parking Spaces
Completed Properties						
Held for Rental ¹	2,673 ²	2,208	—	—	4,881 ²	2,984
Completed Hotel Properties and Serviced Apartments	—	—	990	—	990	—
Subtotal	2,673	2,208	990	—	5,871	2,984
Properties under Development ³	523	1,585	578	—	2,686	1,352
Completed Properties Held for Sale	164 ⁴	421	247	746	1,578	3,463
Total GFA of major properties of the Group	3,360	4,214	1,815	746	10,135	7,799

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

The retail sales and consumer sentiment towards discretionary spending have been undermined by pandemic control measures in Mainland China until early December 2022. Since the relaxation of COVID-19 restrictions in early December 2022, there has been a noticeable recovery in the hotel business in Mainland China compared to the same period last year. Furthermore, the completion of two new grade A office towers in Shanghai and Guangzhou, namely Shanghai Skyline Tower and Guangzhou Lai Fung International Center in September and November 2022, respectively, has significantly expanded the Group's rental portfolio. The addition of approximately 1.3 million square feet of rental GFA (excluding car parking spaces) through these new properties has contributed to the Group's rental operations during the year.

For the year ended 31 July 2023, the Group's rental operations recorded a turnover of HK\$894.6 million (2022: HK\$875.1 million), representing an increase of approximately 2.2% over last financial year. The average RMB exchange rate for the year under review depreciated by approximately 7.3% compared to last year. Excluding the effect of currency translation, the RMB denominated revenue from lease of properties significantly increased by 10.3% to RMB800.8 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 (%)	
	2023 [#]	2022 [#]	% Change	2023	2022	% Change	2023	2022
	(HK\$ million)	(HK\$ million)		(RMB million)	(RMB million)			
Shanghai								
Shanghai Hong Kong Plaza	370.1	397.6	-6.9%	331.3	329.9	+0.4%	Retail: 91.5% Office: 90.8% Serviced Apartment: 88.1%	Retail: 87.2% Office: 85.9% Serviced Apartment: 65.2%
Shanghai May Flower Plaza	66.7	67.7	-1.5%	59.7	56.2	+6.2%	Retail: 98.9% Hotel: 91.3%	Retail: 97.3% Hotel: 36.6%
Shanghai Regents Park	20.6	19.8	+4.0%	18.5	16.4	+12.8%	100.0%	81.0%
Shanghai Skyline Tower	12.0	N/A	N/A	10.7	N/A	N/A	Retail: 70.1% Office: 31.9%	N/A [*] N/A [*]
Guangzhou								
Guangzhou May Flower Plaza	96.1	123.4	-22.1%	86.0	102.4	-16.0%	94.5%	91.9%
Guangzhou West Point	21.3	27.2	-21.7%	19.1	22.6	-15.5%	95.0%	90.0%
Guangzhou Lai Fung Tower	130.9	142.9	-8.4%	117.2	118.6	-1.2%	Retail: 100.0% Office: 85.0%**	Retail: 100.0% Office: 93.6%**
Guangzhou Lai Fung International Center	10.6	N/A	N/A	9.5	N/A	N/A	Retail: 6.0% Office: 42.0%	N/A [*] N/A [*]
Zhongshan								
Zhongshan Palm Spring Rainbow Mall	6.4	7.1	-9.9%	5.7	5.9	-3.4%	Retail: 66.5%**	Retail: 65.9%**
Hengqin								
Hengqin Novotown Phase I	130.8	61.2	+113.7%	117.1	50.7	+131.0%	Retail: 81.0%*** Hotel: 86.0%	Retail: 77.0%*** Hotel: 28.1%
Others	29.1	28.2	+3.2%	26.0	23.3	+11.6%	N/A	N/A
Total	894.6	875.1	+2.2%	800.8	726.0	+10.3%		

[#] The exchange rates adopted for the years ended 31 July 2023 and 2022 are 0.8951 and 0.8297, respectively
^{*} Shanghai Skyline Tower and Guangzhou Lai Fung International Center were completed in September and November 2022, 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 2023			For the year ended 31 July 2022		
	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		165.4	468,434		190.8	468,434
Office		100.9	362,098		104.8	362,096
Serviced Apartment (room revenue and F&B)		97.8	358,009		95.9	358,009
Car Parking Spaces		6.0	N/A		6.1	N/A
		370.1	1,188,541		397.6	1,188,539
Shanghai May Flower Plaza	100%			100%		
Retail		37.8	320,314		40.5	320,314
Hotel (room revenue and F&B)		24.3	143,846		22.7	143,846
Car Parking Spaces		4.6	N/A		4.5	N/A
		66.7	464,160		67.7	464,160
Shanghai Regents Park	95%			95%		
Retail		18.5	77,959		17.6	77,959
Car Parking Spaces		2.1	N/A		2.2	N/A
		20.6	77,959		19.8	77,959
Shanghai Skyline Tower*	100%			100%		
Retail		1.5	92,226		N/A	N/A
Office		10.3	634,839		N/A	N/A
Car Parking Spaces		0.2	N/A		N/A	N/A
		12.0	727,065		N/A	N/A
Guangzhou						
Guangzhou May Flower Plaza	100%			100%		
Retail		81.2	357,424		106.4	357,424
Office		12.3	79,431		14.3	79,431
Car Parking Spaces		2.6	N/A		2.7	N/A
		96.1	436,855		123.4	436,855
Guangzhou West Point	100%			100%		
Retail		21.3	182,344		27.2	182,344
Guangzhou Lai Fung Tower	100%			100%		
Retail		17.2	112,292		18.3	112,292
Office		107.0	625,821		117.8	625,821
Car Parking Spaces		6.7	N/A		6.8	N/A
		130.9	738,113		142.9	738,113
Guangzhou Lai Fung International Center*	100%			100%		
Retail		0.1	109,320		N/A	N/A
Office		10.2	505,301		N/A	N/A
Car Parking Spaces		0.3	N/A		N/A	N/A
		10.6	614,621		N/A	N/A
Zhongshan						
Zhongshan Palm Spring Rainbow Mall	100%			100%		
Retail**		6.4	148,106		7.1	148,106
Hengqin						
Novotown Phase I	80%***			80%***		
Commercial****		2.7	804,873		2.2	796,573
Hotel (room revenue and F&B)		128.1	488,432		59.0	488,432
		130.8	1,293,305		61.2	1,285,005
Others		29.1	N/A		28.2	N/A
Total		894.6	5,871,069		875.1	4,521,081

* Shanghai Skyline Tower and Guangzhou Lai Fung International Center were completed in September and November 2022, respectively

** 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 2023. 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).

Shanghai Skyline Tower

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

The Group owns 100% of this property.

Guangzhou May Flower Plaza

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

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

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.

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

Guangzhou Lai Fung Tower

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

The Group owns 100% of this property.

Guangzhou Lai Fung International Center

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

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 via the Hong Kong-Zhuhai-Macau Bridge. It became a Guangdong-Macau In-Depth Cooperation Zone on 17 September 2021.

Phase I

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

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

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 79.3% was achieved during the year under review and the average room tariff was approximately HK\$1,055.

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 66.3% was achieved during the year under review and the average room tariff was approximately HK\$412.

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 Hong Kong-Zhuhai-Macau Bridge. 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 57.2% was achieved during the year under review and the average room tariff was approximately HK\$812.

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 2023, the Group's property development operations recorded a turnover of HK\$887.0 million (2022: HK\$1,624.7 million) from sale of properties, representing a 45.4% decrease compared to last year. The average RMB exchange rate depreciated by approximately 7.3% compared to last year. Excluding the effect of currency translation, the RMB denominated property sales revenue was RMB794.0 million (2022: RMB1,348.0 million). The recognised sales was primarily driven by the sales performance of residential units of Zhongshan Palm Spring and Shanghai Wuli Bridge Project, cultural studios and cultural workshop units of Hengqin Novotown Phase I.

Breakdown of turnover for the year ended 31 July 2023 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 Unit	1	3,202	14,000	41.1	36.8
Hengqin Novotown Phase I					
Cultural Studios	10	32,605	4,547	137.9	123.4
Cultural Workshop Units	56	42,476	2,375	92.6	82.9
Zhongshan Palm Spring					
Residential High-rise Units	287	343,099	1,838	578.8	518.1
Residential House Units	3	6,208	3,412	20.2	18.1
Subtotal	357	427,590	2,212	870.6	779.3
Shanghai Regents Park					
Car Parking Spaces	20			12.8	11.5
Guangzhou Eastern Place					
Car Parking Space	1			0.7	0.6
Guangzhou King's Park					
Car Parking Spaces	3			1.6	1.4
Guangzhou West Point					
Car Parking Spaces	2			1.0	0.9
Zhongshan Palm Spring					
Car Parking Spaces	2			0.3	0.3
Subtotal	28			16.4	14.7
Total				887.0	794.0

[#] Value-added tax inclusive

^{##} Value-added tax exclusive

^{*} The exchange rate adopted for the year ended 31 July 2023 is 0.8951

Contracted Sales

As at 31 July 2023, the Group's property development operations has contracted but not yet recognised sales of HK\$971.7 million, primarily driven by the sale performance of residential units in Zhongshan Palm Spring and cultural studios and cultural workshop units 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, cultural studios, cultural workshop units and car parking spaces as at 31 July 2023 amounted to RMB869.8 million (31 July 2022: RMB615.0 million).

Breakdown of contracted but not yet recognised sales as at 31 July 2023 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	300	364,690	1,684	614.0	549.6
Hengqin Novotown Phase I					
Cultural Studios	7	27,318	4,715	128.8	115.3
Cultural Workshop Units	37	26,310	2,360	62.1	55.6
Hengqin Novotown Phase II					
Harrow ILA Hengqin Buildings*	N/A	149,078	1,110	165.5	148.1
Subtotal	344	567,396	1,710	970.4	868.6
Shanghai Regents Park					
Car Parking Space	1			0.7	0.6
Guangzhou West Point					
Car Parking Space	1			0.6	0.6
Subtotal	2			1.3	1.2
Total				971.7	869.8

[#] Value-added tax inclusive

^{##} The exchange rate adopted for the year ended 31 July 2023 is 0.8951

* Will be recognised as income from finance lease under turnover

Review of Major Properties Completed for Sale and under Development

Shanghai Wuli Bridge Project

Shanghai Wuli Bridge Project is a high-end luxury residential project located by Huangpu River in Huangpu District in Shanghai. This project providing 28 residential units with an attributable GFA of approximately 77,900 square feet and 43 car parking spaces was launched for sale in September 2020 and has received an enthusiastic response from the market. During the year under review, sales of a residential unit with a total GFA of 3,202 square feet was recognised at an average selling price of HK\$14,000 per square foot, which contributed a total of HK\$41.1 million to the Group's turnover. As at 31 July 2023, all residential units and 30 car parking spaces have been sold. The total carrying amount of remaining 13 unsold car parking spaces of this development was approximately HK\$8.5 million as at 31 July 2023.

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

Shanghai May Flower Plaza

Shanghai May Flower Plaza is a completed mixed-use project located at the junction of Da Tong Road and Zhi Jiang Xi Road in Su Jia Xiang in the Jing'an District in Shanghai and situated near the Zhongshan Road North Metro Station. As at 31 July 2023, 458 car parking spaces of this development remained unsold with a carrying amount of approximately HK\$97.9 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. During the year under review, the sales of 20 car parking spaces contributed HK\$12.8 million to the turnover. As at 31 July 2023, the contracted but not yet recognised sales of one car parking space amounted to approximately HK\$0.7 million and a total of 200 car parking spaces of this development remained unsold with a carrying amount of approximately HK\$46.3 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 three car parking spaces contributed HK\$1.6 million to the turnover. As at 31 July 2023, two unsold car parking spaces have a total carrying amount of approximately HK\$1.0 million.

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

Zhongshan Palm Spring

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

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

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

As at 31 July 2023, completed units held for sale in this development, including residential units, a serviced apartment unit and commercial units, amounted to approximately 820,000 square feet with a total carrying amount of approximately HK\$584.1 million. The carrying amount of the 2,677 unsold car parking spaces of this development as at 31 July 2023 was approximately HK\$217.8 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 32,605 square feet of cultural studios and 42,476 square feet of cultural workshop units were recognised at an average selling price of HK\$4,547 per square foot and HK\$2,375 per square foot, respectively, which contributed a total of HK\$230.5 million to the Group's turnover. As at 31 July 2023, contracted but not yet recognised sales for cultural studios and cultural workshop units amounted to HK\$128.8 million and HK\$62.1 million, at an average selling price of HK\$4,715 per square foot and HK\$2,360 per square foot, respectively. As at 31 July 2023, completed properties held for sale in Novotown Phase I, including cultural studios, cultural workshop units and office units, amounted to approximately 905,600 square feet with a total carrying amount of approximately HK\$1,927.6 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. This mixed-used development project is expected to provide commercial and experiential entertainment facilities, office space and serviced apartment space of 355,500 square feet, 1,585,000 square feet and 578,400 square feet, respectively. Properties in Novotown Phase II occupied by Harrow ILA Hengqin have been sold to the school operator, which enabled 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 remains confident that the continuous development of the Guangdong-Macau In-Depth Cooperation Zone in Hengqin will position Hengqin as a prominent piece within the Guangdong-Hong Kong-Macau Greater Bay Area development. The integration between Macau and Hengqin will encourage more businesses and population to reside in Hengqin which will further enhance the tourism market, making Novotown a new contributor to 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 2023, cash and bank balances held by the Group amounted to HK\$2,471.7 million and undrawn facilities of the Group was HK\$2,013.9 million.

As at 31 July 2023, the Group had total borrowings amounting to HK\$10,618.2 million (2022: HK\$11,939.7 million), representing a decrease of HK\$1,321.5 million from 31 July 2022. The consolidated net assets attributable to the owners of the Company amounted to HK\$12,777.9 million (2022: HK\$14,606.4 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 64% (2022: 53%). The maturity profile of the Group's borrowings of HK\$10,618.2 million is well spread with HK\$1,151.3 million repayable within one year, HK\$1,367.4 million repayable in the second year, HK\$6,625.6 million repayable in the third to fifth years and HK\$1,473.9 million repayable beyond the fifth year.

Approximately 93% and 7% of the Group's borrowings were interest bearing on a floating rate basis and interest-free, respectively. The Group's borrowings of HK\$10,618.2 million were 40% denominated in Renminbi ("RMB"), 57% in Hong Kong dollars ("HKD") and 3% in United States dollars ("USD").

The Group's cash and bank balances of HK\$2,471.7 million were 85% denominated in RMB, 13% in HKD and 2% 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. 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. 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\$17,301.9 million, properties under development with a total carrying amount of approximately HK\$798.7 million, property, plant and equipment and the related right-of-use assets with a total carrying amount of approximately HK\$2,355.6 million, completed properties for sale with a total carrying amount of approximately HK\$183.0 million and time deposits and bank balances of approximately HK\$307.0 million.

Taking into account the amount of cash being held as at the end of the reporting period, the available banking facilities and the recurring cash flows from the Group's operating activities, the Group believes that it would have sufficient liquidity to finance its existing property development and investment projects.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

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

On 18 January 2023, LF Bonds fully redeemed its outstanding Guaranteed Notes at principal amount upon maturity. Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 July 2023.

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 2023.

DIRECTORS, EMPLOYEES AND REMUNERATION POLICIES

As at 31 July 2023, the Group employed a total of around 1,700 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.

The Group is delighted to welcome Dr. Lam Kin Ngok, Peter and Mr. Cheung Sum, Sam who joined the Board as executive directors of the Company (“**Executive Directors**”) with effect from 2 June 2023 and 1 August 2023, respectively, and Mr. Au Hoi Fung who joined the Board as an independent non-executive director of the Company (“**INED**”) with effect from 1 August 2023.

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

INVESTOR RELATIONS

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

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

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

REVIEW OF ANNUAL RESULTS

The audit committee of the Company (“**Audit Committee**”) currently comprises four INEDs, namely Messrs. Law Kin Ho, Lam Bing Kwan, Ku Moon Lun and Mak Wing Sum, Alvin. The Audit Committee has reviewed the consolidated results (including the consolidated financial statements) of the Company for the year ended 31 July 2023.

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 2023 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, 15 December 2023. Notice of the AGM together with the Company's Annual Report for the year ended 31 July 2023 will be published on the respective websites of Hong Kong Exchanges and Clearing Limited and the Company and despatched to the Shareholders in mid-November 2023.

By Order of the Board
Lam Kin Ngok, Peter
Chairman

Hong Kong, 17 October 2023

As at the date of this announcement, the Board comprises seven Executive Directors, namely Dr. Lam Kin Ngok, Peter (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 and Messrs. Cheng Shin How, Lee Tze Yan, Ernest and Cheung Sum, Sam; and six Independent Non-executive Directors, namely Messrs. Lam Bing Kwan, Ku Moon Lun, Law Kin Ho, Mak Wing Sum, Alvin, Shek Lai Him, Abraham and Au Hoi Fung.