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LAI FUNG HOLDINGS

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

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 JANUARY 2022

RESULTS

The board of directors (the “**Board**”) of Lai Fung Holdings Limited (the “**Company**”) announces the unaudited consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 31 January 2022 together with the comparative figures of the last corresponding period as follows:

Condensed Consolidated Income Statement

For the six months ended 31 January 2022

	Notes	For the six months ended	
		31 January 2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
TURNOVER	3	1,281,083	1,554,721
Cost of sales		<u>(661,169)</u>	<u>(1,264,139)</u>
Gross profit		619,914	290,582
Other income and gains		78,102	54,964
Selling and marketing expenses		(69,571)	(61,664)
Administrative expenses		(121,467)	(149,483)
Other operating expenses, net		(150,383)	(281,166)
Fair value gains/(losses) on investment properties		<u>(6,911)</u>	<u>87,405</u>
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	4	349,684	(59,362)
Finance costs	5	(214,424)	(186,318)
Share of losses of joint ventures		(246)	(501)
Share of profits/(losses) of associates		<u>82</u>	<u>(210)</u>
PROFIT/(LOSS) BEFORE TAX		135,096	(246,391)
Tax	6	<u>(254,873)</u>	<u>(247,704)</u>
LOSS FOR THE PERIOD		<u><u>(119,777)</u></u>	<u><u>(494,095)</u></u>
ATTRIBUTABLE TO:			
Owners of the Company		(74,853)	(446,124)
Non-controlling interests		<u>(44,924)</u>	<u>(47,971)</u>
		<u><u>(119,777)</u></u>	<u><u>(494,095)</u></u>

Condensed Consolidated Income Statement (continued)

For the six months ended 31 January 2022

		For the six months ended	
		31 January	
		2022	2021
		(Unaudited)	(Unaudited)
	Note		
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY:			
	7		
Basic and diluted		<u>(HK\$0.226)</u>	<u>(HK\$1.348)</u>

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 January 2022

	For the six months ended	
	31 January	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
LOSS FOR THE PERIOD	(119,777)	(494,095)
OTHER COMPREHENSIVE INCOME 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	375,528	1,705,911
Reclassification of reserve upon deregistration of subsidiaries	—	1,239
Reclassification of reserve upon return of capital from a subsidiary	29,965	—
	405,493	1,707,150
Share of other comprehensive income of an associate	2	18
	405,495	1,707,168
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>285,718</u>	<u>1,213,073</u>
ATTRIBUTABLE TO:		
Owners of the Company	322,402	1,213,031
Non-controlling interests	(36,684)	42
	<u>285,718</u>	<u>1,213,073</u>

Condensed Consolidated Statement of Financial Position

As at 31 January 2022

	Notes	31 January 2022 (Unaudited) HK\$'000	31 July 2021 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		3,436,433	3,416,099
Right-of-use assets		561,286	562,463
Investment properties		20,821,400	19,982,100
Investments in joint ventures		18,692	16,438
Investments in associates		129	45
Debtors, deposits and prepayments	8	541,606	526,687
Total non-current assets		<u>25,379,546</u>	<u>24,503,832</u>
CURRENT ASSETS			
Properties under development		872,458	749,677
Completed properties for sale		4,234,387	4,507,445
Inventories		6,046	6,253
Debtors, deposits and prepayments	8	690,167	616,961
Prepaid tax		36,585	53,100
Pledged and restricted time deposits and bank balances		2,135,867	1,879,366
Cash and cash equivalents		2,499,329	2,819,615
Assets classified as held for sale		10,474,839	10,632,417
		824	2,617
Total current assets		<u>10,475,663</u>	<u>10,635,034</u>
CURRENT LIABILITIES			
Creditors, accruals and other payables	9	2,004,229	2,289,675
Contract liabilities and deposits received		1,223,825	1,038,062
Interest-bearing bank loans		1,037,273	429,229
Lease liabilities		2,984	3,468
Guaranteed notes		2,722,667	—
Derivative financial instruments		6,988	—
Tax payable		507,939	384,168
Other borrowings		41,281	41,159
Total current liabilities		<u>7,547,186</u>	<u>4,185,761</u>
NET CURRENT ASSETS		<u>2,928,477</u>	<u>6,449,273</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>28,308,023</u>	<u>30,953,105</u>

Condensed Consolidated Statement of Financial Position (continued)

As at 31 January 2022

	Note	31 January 2022 (Unaudited) HK\$'000	31 July 2021 (Audited) HK\$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		28,308,023	30,953,105
NON-CURRENT LIABILITIES			
Lease liabilities		6,677	5,799
Other payables	9	1,010,410	993,150
Long-term deposits received		153,388	139,631
Interest-bearing bank loans		7,512,344	7,903,894
Advances from a former substantial shareholder		57,158	56,181
Loans from a fellow subsidiary		515,575	445,835
Guaranteed notes		—	2,711,994
Derivative financial instruments		—	8,965
Deferred tax liabilities		3,314,079	3,236,058
Total non-current liabilities		12,569,631	15,501,507
		15,738,392	15,451,598
EQUITY			
Equity attributable to owners of the Company			
Issued capital		1,655,167	1,655,167
Reserves		14,099,570	13,776,092
		15,754,737	15,431,259
Non-controlling interests		(16,345)	20,339
		15,738,392	15,451,598

Notes to Condensed Consolidated Financial Statements

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 January 2022 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

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

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and basis of preparation adopted in the preparation of the unaudited condensed consolidated interim financial statements for the period under review are consistent with those used in the Group’s audited consolidated financial statements for the year ended 31 July 2021. These unaudited condensed consolidated results should be read in conjunction with the Company’s annual report for the year ended 31 July 2021.

In addition, the Group has adopted a number of new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”, which also include HKASs and Interpretations) which are applicable to the Group for the first time for the current period’s unaudited condensed consolidated interim financial statements. The adoption of these new and revised HKFRSs has had no material impact on the reported results or financial position of the Group.

3. TURNOVER 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 is as follows:

	For the six months ended	
	31 January	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Turnover from contracts with customers		
Sale of properties	798,043	816,617
Hotel and serviced apartment operation	111,079	103,215
Building management operation	63,757	58,758
Theme park operation	10,251	14,197
	<u>983,130</u>	<u>992,787</u>
Turnover from other sources		
Rental income from investment properties	297,953	282,702
Income from properties under finance lease	—	279,232
	<u>297,953</u>	<u>561,934</u>
Total turnover	<u>1,281,083</u>	<u>1,554,721</u>
Timing of recognition of turnover from contracts with customers		
At a point in time	798,043	816,617
Over time	185,087	176,170
Total	<u>983,130</u>	<u>992,787</u>

3. TURNOVER AND OPERATING SEGMENT INFORMATION (CONTINUED)

	For the six months ended 31 January (Unaudited)									
	Property development		Property investment		Hotel and serviced apartment operation		Theme park operation		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue/ results:										
Segment revenue										
Sales to external customers	798,043	1,095,849	361,710	341,460	111,079	103,215	10,251	14,197	1,281,083	1,554,721
Other revenue	12,218	931	5,515	6,163	27	208	475	2,277	18,235	9,579
Total	<u>810,261</u>	<u>1,096,780</u>	<u>367,225</u>	<u>347,623</u>	<u>111,106</u>	<u>103,423</u>	<u>10,726</u>	<u>16,474</u>	<u>1,299,318</u>	<u>1,564,300</u>
Segment results	<u>362,131</u>	<u>(147,627)</u>	<u>143,925</u>	<u>226,490</u>	<u>(23,016)</u>	<u>(28,506)</u>	<u>(117,092)</u>	<u>(117,672)</u>	<u>365,948</u>	<u>(67,315)</u>
Interest income from bank deposits									35,100	16,463
Unallocated gains									24,767	28,922
Unallocated expenses, net									(76,131)	(37,432)
Profit/(loss) from operating activities									349,684	(59,362)
Finance costs									(214,424)	(186,318)
Share of losses of joint ventures	(2)	(501)	(244)	—	—	—	—	—	(246)	(501)
Share of profits/(losses) of associates	—	—	82	(210)	—	—	—	—	82	(210)
Profit/(loss) before tax									135,096	(246,391)
Tax									(254,873)	(247,704)
Loss for the period									<u>(119,777)</u>	<u>(494,095)</u>
Other segment information:										
Fair value gains/(losses) on investment properties	—	—	(6,911)	87,405	—	—	—	—	(6,911)	87,405
Gain on disposal of assets classified as held for sale	1,000	4,341	—	—	—	—	—	—	1,000	4,341
Write-down of properties under development to net realisable value	—	135,838	—	—	—	—	—	—	—	135,838
Foreseeable loss on finance lease contract	—	26,183	—	—	—	—	—	—	—	26,183
Loss on disposal of items of property, plant and equipment	1	153	17	4,565	—	—	53	27	71	4,745
Corporate and other unallocated loss on disposal of items of property, plant and equipment									—	5

3. TURNOVER AND OPERATING SEGMENT INFORMATION (CONTINUED)

	Property development		Property investment		Hotel and serviced apartment operation		Theme park operation		Consolidated	
	31 January 2022 (Unaudited) HK\$'000	31 July 2021 (Audited) HK\$'000	31 January 2022 (Unaudited) HK\$'000	31 July 2021 (Audited) HK\$'000	31 January 2022 (Unaudited) HK\$'000	31 July 2021 (Audited) HK\$'000	31 January 2022 (Unaudited) HK\$'000	31 July 2021 (Audited) HK\$'000	31 January 2022 (Unaudited) HK\$'000	31 July 2021 (Audited) HK\$'000
Segment assets/liabilities:										
Segment assets	5,835,718	5,954,564	21,095,800	20,240,298	2,210,594	2,229,339	1,615,999	1,599,193	30,758,111	30,023,394
Investments in joint ventures	54	56	18,638	16,382	—	—	—	—	18,692	16,438
Investments in associates	—	—	129	45	—	—	—	—	129	45
Unallocated assets									5,077,453	5,096,372
Assets classified as held for sale	824	2,617	—	—	—	—	—	—	824	2,617
Total assets									<u>35,855,209</u>	<u>35,138,866</u>
Segment liabilities	1,933,177	1,915,930	616,192	651,300	278,146	324,491	96,722	132,658	2,924,237	3,024,379
Unallocated liabilities									<u>17,192,580</u>	<u>16,662,889</u>
Total liabilities									<u>20,116,817</u>	<u>19,687,268</u>

4. PROFIT/LOSS FROM OPERATING ACTIVITIES

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

	For the six months ended	
	31 January	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation of property, plant and equipments [#]	114,462	133,891
Depreciation of right-of-use assets [#]	11,062	11,304
Fair value losses/(gains) on cross currency swaps ^{##}	(1,977)	15,666
Fair value losses on foreign currency forward contract ^{##}	—	121
Foreign exchange differences, net ^{##}	36,861	(26,460)
Gain on disposal of assets classified as held for sale ^{##}	(1,000)	(4,341)
Loss on disposal of items of property, plant and equipment ^{##}	71	4,750
Write down of properties under development to net realisable value ^{##}	—	135,838
Foreseeable loss on finance lease contract ^{##}	—	26,183
	—————	—————

[#] *The depreciation charge for hotels and serviced apartments and related leasehold improvements is HK\$46,364,000 (six months ended 31 January 2021: HK\$52,805,000). The depreciation charge for theme parks is HK\$69,263,000 (six months ended 31 January 2021: HK\$80,049,000). These items are included in "Other operating expenses, net" on the face of the condensed consolidated income statement.*

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

5. FINANCE COSTS

	For the six months ended	
	31 January	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on:		
Bank loans	195,970	178,526
Guaranteed notes	74,126	74,126
Amortisation of transaction fees for:		
Bank loans	13,696	12,870
Guaranteed notes	2,623	2,470
Bank financing charges and direct costs	10,433	2,898
Interest on lease liabilities	92	137
Interest on put option liabilities	2,525	1,974
	<u>299,465</u>	<u>273,001</u>
Less: Capitalised in properties under development	(28,880)	(28,245)
Capitalised in investment properties under construction	(48,678)	(54,901)
Capitalised in construction in progress	(7,483)	(3,537)
	<u>(85,041)</u>	<u>(86,683)</u>
Total finance costs	<u><u>214,424</u></u>	<u><u>186,318</u></u>

6. TAX

The statutory rate of Hong Kong profits tax is 16.5% (six months ended 31 January 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 period (six months ended 31 January 2021: Nil). Taxes on profits assessable elsewhere had been calculated at the tax rates prevailing in the jurisdictions in which the Group operates.

	For the six months ended	
	31 January	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current — Mainland China		
Corporate income tax	82,589	104,916
Land appreciation tax	148,827	55,304
Deferred	23,457	87,484
	<u>254,873</u>	<u>247,704</u>
Total tax charge for the period	<u><u>254,873</u></u>	<u><u>247,704</u></u>

7. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share amount was based on the loss for the period attributable to owners of the Company of HK\$74,853,000 (six months ended 31 January 2021: HK\$446,124,000), and the weighted average number of ordinary shares of 331,033,443 (six months ended 31 January 2021: 331,033,443) in issue during the period.

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.

8. 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 relate 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.

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

	31 January 2022 (Unaudited) HK\$'000	31 July 2021 (Audited) HK\$'000
Trade receivables, net		
Within one month	129,301	123,371
One to three months	5,266	5,494
Over three months	7,469	9,952
	142,036	138,817
Finance lease receivables, not yet due	547,006	528,484
Other receivables, deposits and prepayments	542,731	476,347
	1,231,773	1,143,648
Amounts classified as current assets	(690,167)	(616,961)
Non-current portion	541,606	526,687

9. CREDITORS, ACCRUALS AND OTHER PAYABLES

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

	31 January 2022 (Unaudited) HK\$'000	31 July 2021 (Audited) HK\$'000
Trade payables		
Within one month	292,459	394,265
One to three months	134,135	21,889
Over three months	641	3,797
	427,235	419,951
Accruals and other payables	1,298,346	1,591,898
Put option liabilities	1,289,058	1,270,976
	3,014,639	3,282,825
Amounts classified as current liabilities	(2,004,229)	(2,289,675)
Non-current portion	1,010,410	993,150

INTERIM DIVIDEND

The Board has resolved not to pay an interim dividend for the six months ended 31 January 2022 (six months ended 31 January 2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Two years after the outbreak of the COVID-19 pandemic, the global economy has been experiencing a gradual recovery. However, the momentum for growth, especially in most major economies has slowed considerably since the end of 2021 and the outlook remains uncertain in the midst of, amongst other factors, new waves of Omicron variant infections, ongoing geopolitical conflicts especially between Russia and Ukraine, rising global inflation, lingering supply-chain disruptions, as well as persistent labour market challenges.

China has 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 amid the rising domestic constraints and uncertain global recovery. Notwithstanding the soften economic conditions due to policy tightening across real estate, technology and education sectors, recurrent COVID-19 outbreaks and lockdown measures, as well as slower export growth, the Chinese government has set stability as its top priority for economic achievement for the year. We believe that the Chinese government will continue to 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 on the rebalancing of domestic and overseas demand and are fully 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 period under review. Top tier cities and the Greater Bay Area will remain as the primary drivers for the Group's rental growth in coming years. Upon completion of construction works of the existing projects on hand, which include the combined redevelopment of Shanghai Northgate Plaza I, Northgate Plaza II and the Hui Gong Building ("**Shanghai Northgate Plaza Redevelopment Project**"), 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. The Shanghai Northgate Plaza Redevelopment Project has been officially named as "Skyline Tower" and pre-leasing is in progress. The Group also launched the pre-leasing of Guangzhou Haizhu Plaza Project, officially named as "Lai Fung International Center", the construction of which is expected to be completed by end of 2022.

Leasing of the commercial area of Phase I of Novotown ("**Novotown Phase I**") is underway with approximately 73% of the leasable area having been leased and key tenants include two themed indoor experience centres, namely "Lionsgate Entertainment World[®]" and "National Geographic Ultimate Explorer Hengqin", Pokiddo Trampoline Park, Adidas Outlet, Paulaner Wirtshaus Hengqin, Oyster King, Starbucks, McDonald's and an indoor gun shooting range.

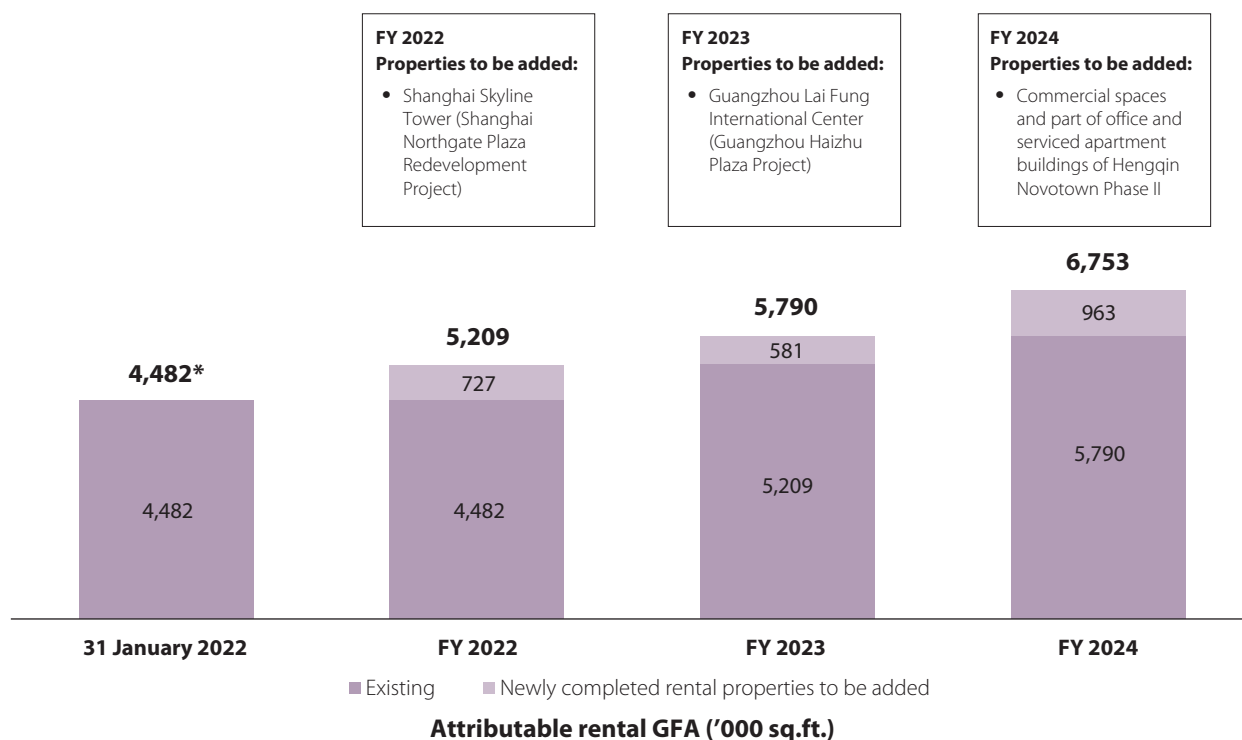
Construction of Novotown Phase II is in progress. This mixed-used development project is expected to be completed in phases by 2024, providing commercial and experiential entertainment facilities, office and serviced apartment spaces of 357,100 square feet, 1,585,000 square feet and 578,400 square feet, respectively. Part of the office and serviced apartment spaces have been designated as for-sale properties. During the period under review, 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 was awarded the 5 Star — Best Mixed-use Architecture for Guangdong Province, China at Asia Pacific Property Awards 2021-2022. 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. Up to the date of this results announcement, two residential units and 14 car parking spaces remain unsold, of which the contracted sales for one residential unit and one car parking space as at 31 January 2022 amounted to approximately HK\$35.0 million. Construction of remaining phases of Zhongshan Palm Spring has been completed and handover of pre-sold units is in progress. The residential units and the unsold serviced apartment unit in Zhongshan Palm Spring, the cultural studios, cultural workshops and office of Hengqin Novotown Phase I, as well as the remaining residential unit in Shanghai Wuli Bridge Project 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 January 2022:

Rental Portfolio



FY 2022
Properties to be added:

- Shanghai Skyline Tower (Shanghai Northgate Plaza Redevelopment Project)

FY 2023
Properties to be added:

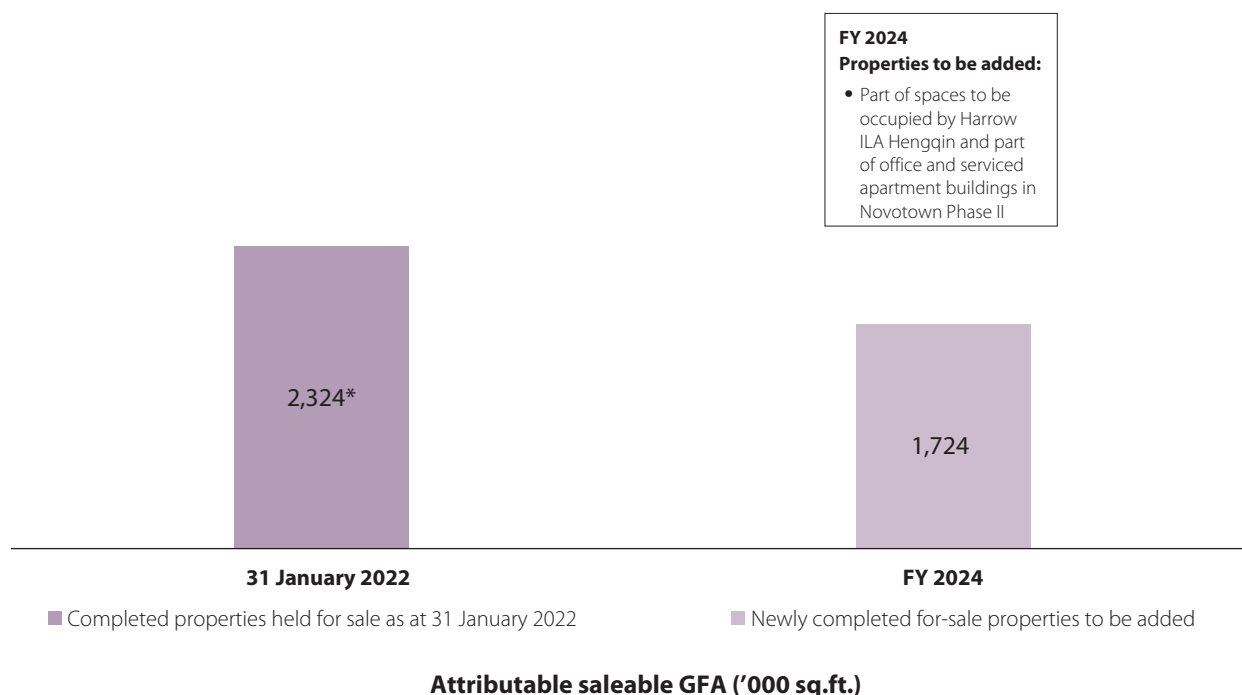
- Guangzhou Lai Fung International Center (Guangzhou Haizhu Plaza Project)

FY 2024
Properties to be added:

- Commercial spaces and part of office and serviced apartment buildings of Hengqin Novotown Phase II

* 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

As disclosed in the announcement made by the Company on 5 January 2022, the public float of the Company remains below 25% of the total issued shares of the Company. The Company has been actively monitoring and conducting discussions on the public float issue and the challenges involved and will continue to explore all reasonable options to address the insufficiency of public float which it believes to be in the interests of the Company and its shareholders as a whole. Further announcement(s) will be made if there is any update on the progress of the restoration of the public float of the Company.

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.

As at 31 January 2022, the Group has approximately HK\$4,635.2 million of cash on hand (HK\$4,699.0 million as at 31 July 2021) and undrawn facilities of HK\$2,520.6 million (HK\$3,026.3 million as at 31 July 2021) with a net debt to equity ratio of 46% as at 31 January 2022 (45% as at 31 July 2021). The Group will continue its prudent and flexible approach in growing the landbank and managing its financial position.

OVERVIEW OF INTERIM RESULTS

For the six months ended 31 January 2022, the Group recorded a turnover of HK\$1,281.1 million (2021: HK\$1,554.7 million), representing a decrease of approximately 17.6% over the same period last year. The decrease was primarily due to lower turnover from property sales during the period under review. The average Renminbi (“RMB”) exchange rate for the period under review appreciated by approximately 4.6% over the same period last year. Excluding the effect of currency translation, the decrease in RMB denominated turnover was 21.2%. The gross profit increased by 113.3% to HK\$619.9 million from that of HK\$290.6 million for the same period last year.

Set out below is the turnover by segment:

	Six months ended 31 January			Six months ended 31 January		
	2022 ¹ (HK\$ million)	2021 ¹ (HK\$ million)	% change	2022 (RMB million)	2021 (RMB million)	% change
Rental income ²	472.8	444.7	6.3%	389.7	383.4	1.6%
Sale of properties ³	798.0	1,095.8	-27.2%	657.7	944.8	-30.4%
Theme park operation	10.3	14.2	-27.5%	8.5	12.2	-30.3%
Total	1,281.1	1,554.7	-17.6%	1,055.9	1,340.4	-21.2%

- The exchange rates adopted for the six months ended 31 January 2022 and 2021 are 0.8242 and 0.8622, respectively*
- Including rental turnover of major properties of the Group, turnover from hotel and serviced apartment operation and property management income*
- Including property sales revenue and income from properties under finance lease*

Net loss attributable to owners of the Company was approximately HK\$74.9 million, as compared to net loss attributable to owners of the Company of HK\$446.1 million for the last corresponding period under review. The significant decrease was primarily due to (i) improved profitability of property sales during the period under review; (ii) the absence of the write-down of properties under development to net realisable value during the period as compared to the same period last year; and (iii) decrease in valuations of investment properties owned by the Group.

Net loss per share was HK\$0.226 (2021: HK\$1.348 per share).

Excluding the net effect of property revaluations, net loss attributable to owners of the Company was approximately HK\$72.6 million for the period under review (2021: HK\$510.3 million). Net loss per share excluding the effect of property revaluations was approximately HK\$0.2191 (2021: HK\$1.5414).

Loss attributable to owners of the Company (HK\$ million)	Six months ended 31 January	
	2022	2021
Reported	(74.9)	(446.1)
Adjustments in respect of investment properties		
Revaluation of investment properties	6.9	(87.4)
Deferred tax on investment properties	(1.7)	21.9
Non-controlling interests' share of revaluation movements less deferred tax	(2.9)	1.3
Net loss after tax excluding revaluation losses/gains of investment properties	(72.6)	(510.3)

Net assets attributable to owners of the Company as at 31 January 2022 amounted to HK\$15,754.7 million (31 July 2021: HK\$15,431.3 million). Net asset value per share attributable to owners of the Company increased to HK\$47.59 per share as at 31 January 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 January 2022:

	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	2,437 ²	1,067	—	—	3,504 ²	2,274
Completed Hotel Properties and Serviced Apartments	—	—	978	—	978	—
Properties under Development ³	721	2,696	578	—	3,995	2,211
Completed Properties Held for Sale	164 ⁴	421	296	1,476	2,357	3,496
Total GFA of major properties of the Group	3,322	4,184	1,852	1,476	10,834	7,981

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 194,325 square feet and 40,309 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 six months ended 31 January 2022, the Group's rental operations recorded a turnover of HK\$472.8 million (2021: HK\$444.7 million). The average RMB exchange rate for the period under review appreciated by approximately 4.6% compared with the same period last year. Excluding the effect of currency translation, the RMB denominated revenue from lease of properties increased slightly by 1.6% to RMB389.7 million.

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

	Six months ended 31 January 2022 [#]			Six months ended 31 January 2021			Period end occupancy (%)		2021
	HK\$ million	HK\$ million	% Change	RMB million	RMB million	% Change	2022		
Shanghai									
Shanghai Hong Kong Plaza	211.6	194.8	+8.6%	174.4	168.0	+3.8%	Retail: 95.3% Office: 91.2% Serviced Apartments: 70.4%	Retail: 91.8% Office: 83.4% Serviced Apartments: 83.6%	
Shanghai May Flower Plaza	35.5	31.9	+11.3%	29.3	27.5	+6.5%	Retail: 98.7% Hotel: 52.7%	Retail: 99.2% Hotel: 46.5%	
Shanghai Regents Park	10.1	11.6	-12.9%	8.3	10.0	-17.0%	79.1%		100.0%
Guangzhou									
Guangzhou May Flower Plaza	64.3	59.0	+9.0%	53.0	50.9	+4.1%	98.6%		98.8%
Guangzhou West Point	14.9	13.4	+11.2%	12.3	11.6	+6.0%	92.0%		96.0%
Guangzhou Lai Fung Tower	70.4	73.8	-4.6%	58.0	63.6	-8.8%	Retail: 100.0% Office: 97.9%*	Retail: 95.9% Office: 98.3%*	
Zhongshan									
Zhongshan Palm Spring	5.3	3.3	+60.6%	4.4	2.8	+57.1%	Retail: 67.5%*	Retail: 74.5%*	
Hengqin									
Hengqin Novotown Phase I	48.4	46.9	+3.2%	39.9	40.4	-1.2%	Retail: 72.8%** Hotel: 19.1%	Retail: 66.2%** Hotel: 26.7%	
Others	12.3	10.0	+23.0%	10.1	8.6	+17.4%	N/A		N/A
Total	472.8	444.7	+6.3%	389.7	383.4	+1.6%			

[#] The exchange rates adopted for the six months ended 31 January 2022 and 2021 are 0.8242 and 0.8622, 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:

	Six months ended 31 January 2022			Six months ended 31 January 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		100.7	468,434		91.7	468,434
Office		52.7	362,096		50.2	362,096
Serviced Apartments (room revenue and F&B)		53.9	358,009		49.1	356,638
Car Parking Spaces		4.3	N/A		3.8	N/A
		211.6	1,188,539		194.8	1,187,168
Shanghai May Flower Plaza	100%			100%		
Retail		20.8	320,314		18.6	320,314
Hotel (room revenue and F&B)		12.2	143,846		11.4	143,846
Car Parking Spaces		2.5	N/A		1.9	N/A
		35.5	464,160		31.9	464,160
Shanghai Regents Park	95%			95%		
Retail		8.9	77,959		10.5	77,959
Car Parking Spaces		1.2	N/A		1.1	N/A
		10.1	77,959		11.6	77,959
Guangzhou						
Guangzhou May Flower Plaza	100%			100%		
Retail		55.6	357,424		50.5	357,424
Office		7.3	79,431		6.9	79,431
Car Parking Spaces		1.4	N/A		1.6	N/A
		64.3	436,855		59.0	436,855
Guangzhou West Point	100%			100%		
Retail		14.9	171,968		13.4	171,968
Guangzhou Lai Fung Tower	100%			100%		
Retail		9.0	112,292		9.0	112,292
Office		58.0	625,821		61.5	625,821
Car Parking Spaces		3.4	N/A		3.3	N/A
		70.4	738,113		73.8	738,113
Zhongshan						
Zhongshan Palm Spring	100%			100%		
Retail*		5.3	148,106		3.3	149,433
Hengqin						
Novotown Phase I	80%**			80%**		
Retail***		3.3	545,658		4.3	545,658
Hotel (room revenue and F&B)		45.1	475,810		42.6	475,810
		48.4	1,021,468		46.9	1,021,468
Others		12.3	N/A		10.0	N/A
Total		472.8	4,247,168		444.7	4,247,124

* Excluding self-use area

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

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

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 172,000 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 office block of Phase V of Guangzhou Eastern Place, which is a multi-phase project located on Dongfeng East Road, Yuexiu District, Guangzhou. This 38-storey office building was completed in June 2016. This property has a total GFA of approximately 738,100 square feet excluding car parking spaces.

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 tourism and entertainment project located in the heart of Hengqin, one of the major cities in the Guangdong province within the Greater Bay Area, with close proximity to Macau and 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, 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® 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 73% of the leasable area let. Except for the two themed indoor experience centres, key tenants include Pokiddo Trampoline Park, Adidas Outlet, Paulaner Wirtshaus Hengqin, Oyster King, Starbucks, McDonald's and an indoor gun shooting range.

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 period under review and the average room tariff was approximately HK\$1,134.

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 62.7% was achieved during the period under review and the average room tariff was approximately HK\$428.

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 594,800 square feet and approximately 475,800 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 33.0% was achieved during the period under review and the average room tariff was approximately HK\$830.

PROPERTY DEVELOPMENT

Recognised Sales

For the six months ended 31 January 2022, the Group's property development operations recorded a turnover of HK\$798.0 million (2021: HK\$1,095.8 million) from sale of properties, representing a 27.2% decrease compared to the same period last year. Total recognised sales was primarily driven by the sales performance of residential units of Zhongshan Palm Spring during the period under review.

Breakdown of turnover for the six months ended 31 January 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	2	5,248	12,068	58.1	47.9
Hengqin Novotown Phase I Cultural Studios	6	21,954	5,546	116.0	95.6
Cultural Workshop Unit	1	962	4,250	3.7	3.0
Zhongshan Palm Spring Residential High-rise Units	281	334,283	1,846	566.7	467.1
Residential House Units	6	12,496	3,602	42.9	35.4
Subtotal	296	374,943	2,270	787.4	649.0
Shanghai Wuli Bridge Project Car Parking Spaces	2			1.3	1.1
Shanghai Regents Park Car Parking Spaces	7			4.8	4.0
Guangzhou Eastern Place Car Parking Spaces	2			2.1	1.7
Guangzhou King's Park Car Parking Spaces	2			1.4	1.1
Guangzhou West Point Car Parking Space	1			0.6	0.5
Zhongshan Palm Spring Car Parking Spaces	2			0.4	0.3
Subtotal	16			10.6	8.7
Total				798.0	657.7

[#] Value-added tax inclusive

^{##} Value-added tax exclusive

^{*} The exchange rate adopted for the six months ended 31 January 2022 is 0.8242

Contracted Sales

As at 31 January 2022, the Group's property development operations has contracted but not yet recognised sales of HK\$1,398.2 million, primarily driven by the sale performance of residential units and serviced apartment unit in Zhongshan Palm Spring, 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 January 2022 amounted to RMB1,152.5 million (31 July 2021: RMB1,415.7 million).

Breakdown of contracted but not yet recognised sales as at 31 January 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	389	458,006	1,962	898.6	740.6
Residential House Units	9	18,786	3,652	68.6	56.5
Serviced Apartment Unit*	1	1,068	1,592	1.7	1.4
Shanghai Wuli Bridge Project					
Residential Unit	1	2,265	15,143	34.3	28.3
Hengqin Novotown Phase I					
Cultural Studios	12	40,913	4,991	204.2	168.3
Cultural Workshop Unit	1	962	4,054	3.9	3.2
Hengqin Novotown Phase II					
Harrow ILA Hengqin Buildings**	N/A	149,078	1,239	184.7	152.3
Subtotal	413	671,078	2,080	1,396.0	1,150.6
Shanghai Wuli Bridge Project					
Car Parking Space	1			0.7	0.6
Shanghai Regents Park					
Car Parking Space	1			0.7	0.6
Guangzhou King's Park					
Car Parking Space	1			0.8	0.7
Subtotal	3			2.2	1.9
Total				1,398.2	1,152.5

[#] Value-added tax inclusive

^{##} The exchange rate adopted for the six months ended 31 January 2022 is 0.8242

* Will be recorded as disposal of assets classified as held for sale and the sales proceeds net of cost will be included in other operating income in the consolidated income statement of the Group 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 under a comprehensive redevelopment plan which includes an office tower, a shopping mall and an underground car parking structure is in progress and is expected to add a total GFA of approximately 727,200 square feet excluding car parking spaces to the rental portfolio of the Group. Construction work is expected to be completed in the second quarter of 2022 and pre-leasing is in progress.

Shanghai Wuli Bridge Project

Shanghai Wuli Bridge Project is a high-end luxury residential project located by Huangpu River in Huangpu District in Shanghai with a site area of approximately 74,100 square feet. Construction work has been completed in August 2019. This project providing 28 residential units with an attributable GFA of approximately 77,900 square feet and 43 car parking spaces was launched for sale in September 2020 and has received an enthusiastic response from the market. During the period under review, sales of two residential units with a total GFA of 5,248 square feet were recognised at an average selling price of HK\$12,068 per square foot, which contributed a total of HK\$58.1 million to the Group's turnover and the sale of two car parking spaces contributed HK\$1.3 million to the Group's turnover. As at 31 January 2022, contracted but not yet recognised sales for one residential unit and one car parking space amounted to HK\$35.0 million. The total carrying amount of the two unsold residential units and 14 unsold car parking spaces of this development was approximately HK\$90.2 million as at 31 January 2022.

Shanghai May Flower Plaza

Shanghai May Flower Plaza is a completed mixed-use project located at the junction of Da Tong Road and Zhi Jiang Xi Road in Su Jia Xiang in the Jing'an District in Shanghai and situated near the Zhongshan Road North Metro Station. As of 31 January 2022, 458 car parking spaces of this development remained unsold with a carrying amount of approximately HK\$109.8 million.

Shanghai Regents Park

Shanghai Regents Park is a large-scale residential/commercial composite development located in the Zhongshan Park Commercial Area at the Changning District, Shanghai. It is situated within walking distance of the Zhongshan Park Metro Station. As at 31 January 2022, a total of 223 car parking spaces of this development remained unsold with a carrying amount of approximately HK\$58.0 million.

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 period under review, the sales of two car parking spaces contributed HK\$1.4 million to the turnover. As at 31 January 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\$3.4 million.

Guangzhou Lai Fung International Center (Guangzhou Haizhu Plaza Project)

Guangzhou Lai Fung International Center, formally known as Guangzhou Haizhu Plaza Project, is located on Chang Di Main Road in Yuexiu District, Guangzhou along the Pearl River. The Group owns the entire project. The proposed development has a total project GFA of approximately 580,800 square feet and is intended to be developed for rental purposes. The construction commenced in the first half of 2019 and the completion is expected to be in the second half of 2022. The pre-leasing work is in progress.

Zhongshan Palm Spring

The project is located in Caihong Planning Area, Western District of Zhongshan. The overall development has a total planned GFA of approximately 6.075 million square feet. The project comprises high-rise residential towers, townhouses and commercial blocks totaling 4.466 million square feet. Construction of Phases III and IV of Zhongshan Palm Spring has been completed and handover of pre-sold units is in progress.

During the period under review, 334,283 square feet of high-rise residential units and 12,496 square feet of house units were recognised at average selling prices of HK\$1,846 and HK\$3,602 per square foot, respectively, which contributed a total of HK\$609.6 million to the sales turnover. As at 31 January 2022, contracted but not yet recognised sales for high-rise residential units and house units amounted to HK\$898.6 million and HK\$68.6 million, at an average selling price of HK\$1,962 per square foot and HK\$3,652 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 period 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 income in the consolidated income statement of the Group. As at 31 January 2022, contracted but not yet recognised sales for one serviced apartment unit amounted to HK\$1.7 million, at an average selling price of HK\$1,592 per square foot.

As at 31 January 2022, completed units held for sale in this development, including residential units, serviced apartment units and commercial units, amounted to approximately 1,483,068 square feet with a total carrying amount of approximately HK\$1,136.6 million. The carrying amount of the 2,680 unsold car parking spaces of this development as at 31 January 2022 was approximately HK\$253.5 million.

Hengqin Novotown

Phase I

Sales of the cultural studios and cultural workshop units of Hengqin Novotown Phase I are in progress. During the period under review, sales of 21,954 square feet of cultural studios and 962 square feet of cultural workshop units were recognised at an average selling price of HK\$5,546 per square foot and HK\$4,250 per square foot, respectively, which contributed a total of HK\$119.7 million to the Group's turnover. As at 31 January 2022, contracted but not yet recognised sales for cultural studios and cultural workshop units amounted to HK\$204.2 million and HK\$3.9 million, at an average selling price of HK\$4,991 per square foot and HK\$4,054 per square foot, respectively. As at 31 January 2022, completed properties held for sale in Novotown Phase I, including cultural studios, cultural workshop units and office units, amounted to approximately 1,044,200 square feet with a total carrying amount of approximately HK\$2,533.8 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 works are on track and the completion is expected to be in phases by 2024. This mixed-used development project is expected to provide commercial and experiential entertainment facilities, office space and serviced apartment space of 357,100 square feet, 1,585,000 square feet and 578,400 square feet, respectively. Part of the office and serviced apartment spaces 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 is expected to contain over 20 attractions upon completion and will be made up of several signature experiences including an array of 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 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.

CAPITAL STRUCTURE, LIQUIDITY AND DEBT MATURITY PROFILE

As at 31 January 2022, cash and bank balances held by the Group amounted to HK\$4,635.2 million and undrawn facilities of the Group was HK\$2,520.6 million.

As at 31 January 2022, the Group had total borrowings amounting to HK\$11,886.3 million (as at 31 July 2021: HK\$11,588.3 million), representing an increase of HK\$298.0 million from 31 July 2021. The consolidated net assets attributable to the owners of the Company amounted to HK\$15,754.7 million (as at 31 July 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 46% (as at 31 July 2021: 45%). The maturity profile of the Group's borrowings of HK\$11,886.3 million is well spread with HK\$3,801.2 million repayable within one year, HK\$2,293.7 million repayable in the second year, HK\$4,099.1 million repayable in the third to fifth years and HK\$1,692.3 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\$9,163.6 million were 53% denominated in Renminbi ("RMB"), 43% in Hong Kong dollars ("HKD") and 4% in United States dollars ("USD").

The Group's guaranteed notes of HK\$2,722.7 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\$4,635.2 million were 95% denominated in RMB, 4% in HKD and 1% in USD. The Group's presentation currency is denominated in HKD. 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\$15,404.7 million, properties under development with a total carrying amount of approximately HK\$660.0 million, serviced apartments and related leasehold improvements with a total carrying amount of approximately HK\$417.3 million, completed properties for sale with a total carrying amount of approximately HK\$688.1 million, construction in progress with a total carrying amount of approximately HK\$368.4 million and time deposits and bank balances of approximately HK\$74.9 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.

CONTINGENT LIABILITIES

There has been no material change in contingent liabilities of the Group since 31 July 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 January 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out from time to time in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in the six months' period ended 31 January 2022.

DIRECTORS, EMPLOYEES AND REMUNERATION POLICIES

As at 31 January 2022, the Group employed a total of around 1,900 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 would like to thank Mr. Tham Seng Yum, Ronald who left the Board during the period under review 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.

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 period 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

The Company is keen on promoting investor relations and enhancing communication with the Shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public who may contact the Investor Relations Department by phone on (852) 2853 6116, by fax at (852) 2853 6651 or by e-mail at ir@laifung.com.

REVIEW OF INTERIM RESULTS

The audit committee of the Company (“**Audit Committee**”) currently comprises four independent non-executive directors, namely Messrs. Law Kin Ho, Lam Bing Kwan, Ku Moon Lun and Mak Wing Sum, Alvin. The Audit Committee has reviewed the unaudited interim results (including the unaudited condensed consolidated financial statements) of the Company for the six months ended 31 January 2022.

By Order of the Board
Chew Fook Aun
Chairman

Hong Kong, 22 March 2022

As at the date of this announcement, the Board of the Company 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.