

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2023

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 2023 together with the comparative figures of the last corresponding period as follows:

Condensed Consolidated Income Statement For the six months ended 31 January 2023

		For the six months ended 31 January	
		2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
	Notes		
TURNOVER	3	1,002,365	1,281,083
Cost of sales		(527,521)	(661,169)
Gross profit		474,844	619,914
Other income and gains		58,234	78,102
Selling and marketing expenses		(53,652)	(69,571)
Administrative expenses		(161,297)	(121,467)
Other operating expenses, net		(56,911)	(150,383)
Fair value losses on investment properties		(71,316)	(6,911)
PROFIT FROM OPERATING ACTIVITIES	4	189,902	349,684
Finance costs	5	(274,452)	(214,424)
Share of profits/(losses) of joint ventures		188	(246)
Share of profits/(losses) of an associate		(6)	82
PROFIT/(LOSS) BEFORE TAX		(84,368)	135,096
Tax	6	(138,210)	(254,873)
LOSS FOR THE PERIOD		(222,578)	(119,777)
ATTRIBUTABLE TO:			
Owners of the Company		(176,944)	(74,853)
Non-controlling interests		(45,634)	(44,924)
		(222,578)	(119,777)

Condensed Consolidated Income Statement (continued)
For the six months ended 31 January 2023

		For the six months ended	
		31 January	2022
		2023	2022
		(Unaudited)	(Unaudited)
	Note		
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY:	7		
Basic and diluted		<u>(HK\$0.535)</u>	<u>(HK\$0.226)</u>

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 31 January 2023

	For the six months ended 31	
	January	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
LOSS FOR THE PERIOD	(222,578)	(119,777)
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	(123,966)	375,528
Reclassification of reserve upon deregistration of a subsidiary	(10,274)	—
Reclassification of reserve upon return of capital from a subsidiary	(13,511)	29,965
	(147,751)	405,493
Share of other comprehensive income/(expenses) of an associate	(1)	2
	(147,752)	405,495
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE PERIOD	<u>(370,330)</u>	<u>285,718</u>
ATTRIBUTABLE TO:		
Owners of the Company	(322,340)	322,402
Non-controlling interests	(47,990)	(36,684)
	<u>(370,330)</u>	<u>285,718</u>

Condensed Consolidated Statement of Financial Position
As at 31 January 2023

	Notes	31 January 2023 (Unaudited) HK\$'000	31 July 2022 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		2,688,659	2,735,738
Right-of-use assets		518,964	530,343
Investment properties		20,960,700	20,589,800
Investments in joint ventures		18,881	18,692
Investment in an associate		109	116
Debtors, deposits and prepayments	8	497,182	493,643
Total non-current assets		24,684,495	24,368,332
CURRENT ASSETS			
Properties under development		1,070,203	953,515
Completed properties for sale		3,385,391	3,656,243
Inventories		4,711	5,207
Derivative financial instruments		—	4,551
Debtors, deposits and prepayments	8	522,203	513,245
Prepaid tax		102,030	140,268
Pledged and restricted time deposits and bank balances		716,193	2,031,534
Cash and cash equivalents		1,599,442	2,111,091
Assets classified as held for sale		7,400,173	9,415,654
		781	783
Total current assets		7,400,954	9,416,437
CURRENT LIABILITIES			
Creditors, accruals and other payables	9	2,159,534	1,979,103
Contract liabilities and deposits received		293,297	651,860
Interest-bearing bank loans		1,013,817	1,065,531
Lease liabilities		4,113	4,348
Guaranteed notes		—	2,744,923
Tax payable		518,436	455,175
Other borrowings		41,511	41,578
Total current liabilities		4,030,708	6,942,518
NET CURRENT ASSETS		3,370,246	2,473,919
TOTAL ASSETS LESS CURRENT LIABILITIES		28,054,741	26,842,251

Condensed Consolidated Statement of Financial Position (continued)

As at 31 January 2023

	Note	31 January 2023 (Unaudited) HK\$'000	31 July 2022 (Audited) HK\$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		28,054,741	26,842,251
NON-CURRENT LIABILITIES			
Lease liabilities		685	2,578
Other payables	9	957,335	959,672
Long-term deposits received		144,538	138,542
Interest-bearing bank loans		9,121,249	7,501,104
Advances from a former substantial shareholder		54,155	54,288
Loans from a fellow subsidiary		583,355	532,315
Deferred tax liabilities		3,100,675	3,190,673
Total non-current liabilities		13,961,992	12,379,172
		14,092,749	14,463,079
EQUITY			
Equity attributable to owners of the Company			
Issued capital		1,655,167	1,655,167
Reserves		12,628,942	12,951,282
		14,284,109	14,606,449
Non-controlling interests		(191,360)	(143,370)
		14,092,749	14,463,079

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 2023 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 2022. These unaudited condensed consolidated results should be read in conjunction with the Company’s annual report for the year ended 31 July 2022.

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, 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	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Turnover from contracts with customers		
Sale of properties	570,476	798,043
Hotel and serviced apartment operation	109,365	111,079
Building management operation	61,684	63,757
Theme park operation	8,781	10,251
	750,306	983,130
Turnover from other sources		
Rental income from investment properties	252,059	297,953
Total turnover	1,002,365	1,281,083
Timing of recognition of turnover from contracts with customers		
At a point in time	570,476	798,043
Over time	179,830	185,087
Total	750,306	983,130

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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	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	570,476	798,043	313,743	361,710	109,365	111,079	8,781	10,251	1,002,365	1,281,083
Other revenue	12,199	12,218	11,580	5,515	187	27	319	475	24,285	18,235
Total	<u>582,675</u>	<u>810,261</u>	<u>325,323</u>	<u>367,225</u>	<u>109,552</u>	<u>111,106</u>	<u>9,100</u>	<u>10,726</u>	<u>1,026,650</u>	<u>1,299,318</u>
Segment results	<u>239,328</u>	<u>362,131</u>	<u>30,590</u>	<u>143,925</u>	<u>(16,583)</u>	<u>(23,016)</u>	<u>(62,344)</u>	<u>(117,092)</u>	<u>190,991</u>	<u>365,948</u>
Interest income from bank deposits									30,196	35,100
Unallocated gains									3,753	24,767
Unallocated expenses, net									<u>(35,038)</u>	<u>(76,131)</u>
Profit from operating activities									189,902	349,684
Finance costs									(274,452)	(214,424)
Share of profits/(losses) of joint ventures	(1)	(2)	189	(244)	—	—	—	—	188	(246)
Share of profits/(losses) of an associate	—	—	(6)	82	—	—	—	—	(6)	82
Profit/(loss) before tax									(84,368)	135,096
Tax									<u>(138,210)</u>	<u>(254,873)</u>
Loss for the period									<u>(222,578)</u>	<u>(119,777)</u>
Other segment information:										
Fair value losses on investment properties	—	—	71,316	6,911	—	—	—	—	71,316	6,911
Gain on disposal of assets classified as held for sale	—	1,000	—	—	—	—	—	—	—	1,000
Derecognition loss on rental receivable	—	—	3,686	—	—	—	—	—	3,686	—
Loss on disposal of items of property, plant and equipment	<u>1</u>	<u>1</u>	<u>29</u>	<u>17</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>53</u>	<u>30</u>	<u>71</u>

3. TURNOVER AND OPERATING SEGMENT INFORMATION (CONTINUED)

	Property development		Property investment		Hotel and serviced apartment operation		Theme park operation		Consolidated	
	31 January 2023 (Unaudited) HK\$'000	31 July 2022 (Audited) HK\$'000	31 January 2023 (Unaudited) HK\$'000	31 July 2022 (Audited) HK\$'000	31 January 2023 (Unaudited) HK\$'000	31 July 2022 (Audited) HK\$'000	31 January 2023 (Unaudited) HK\$'000	31 July 2022 (Audited) HK\$'000	31 January 2023 (Unaudited) HK\$'000	31 July 2022 (Audited) HK\$'000
Segment assets/liabilities:										
Segment assets	5,066,246	5,242,478	21,243,647	20,877,601	1,957,200	2,004,067	1,095,246	1,106,057	29,362,339	29,230,203
Investments in joint ventures	103	102	18,778	18,590	—	—	—	—	18,881	18,692
Investment in an associate	—	—	109	116	—	—	—	—	109	116
Unallocated assets									2,703,339	4,534,975
Assets classified as held for sale	781	783	—	—	—	—	—	—	781	783
Total assets									<u>32,085,449</u>	<u>33,784,769</u>
Segment liabilities	783,117	1,206,861	1,164,147	896,777	172,316	173,721	63,434	81,106	2,183,014	2,358,465
Unallocated liabilities									<u>15,809,686</u>	<u>16,963,225</u>
Total liabilities									<u>17,992,700</u>	<u>19,321,690</u>

4. PROFIT FROM OPERATING ACTIVITIES

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

	For the six months ended	
	31 January	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment [#]	73,783	114,462
Depreciation of right-of-use assets [#]	10,365	11,062
Fair value losses/(gains) on cross currency swaps ^{##}	5,951	(1,977)
Foreign exchange differences, net ^{##}	(26,219)	36,861
Gain on disposal of assets classified as held for sale ^{##}	—	(1,000)
Loss on disposal of items of property, plant and equipment ^{##}	30	71
Derecognition loss on rental receivable ^{##}	3,686	—

[#] The depreciation charge for hotels and serviced apartments and related leasehold improvements is HK\$42,335,000 (six months ended 31 January 2022: HK\$46,364,000). The depreciation charge for theme parks is HK\$32,716,000 (six months ended 31 January 2022: HK\$69,263,000). 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	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on:		
Bank loans	245,026	195,970
Guaranteed notes	68,320	74,126
Amortisation of transaction fees for:		
Bank loans	17,383	13,696
Guaranteed notes	2,577	2,623
Bank financing charges and direct costs	13,425	10,433
Interest on lease liabilities	164	92
Interest on put option liabilities	2,323	2,525
	<u>349,218</u>	<u>299,465</u>
Less: Capitalised in properties under development	(26,037)	(28,880)
Capitalised in investment properties under construction	(36,934)	(48,678)
Capitalised in construction in progress	(11,795)	(7,483)
	<u>(74,766)</u>	<u>(85,041)</u>
Total finance costs	<u><u>274,452</u></u>	<u><u>214,424</u></u>

6. TAX

The statutory rate of Hong Kong profits tax is 16.5% (six months ended 31 January 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 period (six months ended 31 January 2022: 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	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current — Mainland China		
Corporate income tax	63,036	82,589
Land appreciation tax	101,376	148,827
Deferred	(26,202)	23,457
	<u>138,210</u>	<u>254,873</u>
Total tax charge for the period	<u><u>138,210</u></u>	<u><u>254,873</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\$176,944,000 (six months ended 31 January 2022: HK\$74,853,000), and the weighted average number of ordinary shares of 331,033,443 (six months ended 31 January 2022: 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 2023 (Unaudited) HK\$'000	31 July 2022 (Audited) HK\$'000
Trade receivables, net:		
Within one month	117,958	119,699
One to three months	17,814	22,070
Over three months	21,017	20,335
	156,789	162,104
Finance lease receivables, not yet due	502,342	497,168
Other receivables, deposits and prepayments	360,254	347,616
	1,019,385	1,006,888
Amounts classified as current assets	(522,203)	(513,245)
Non-current portion	497,182	493,643

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 2023 (Unaudited) HK\$'000	31 July 2022 (Audited) HK\$'000
Trade payables:		
Within one month	168,861	368,995
One to three months	58,561	8,999
Over three months	<u>53,415</u>	<u>109,830</u>
	280,837	487,824
Accruals and other payables	1,598,501	1,210,629
Put option liabilities	<u>1,237,531</u>	<u>1,240,322</u>
	3,116,869	2,938,775
Amounts classified as current liabilities	<u>(2,159,534)</u>	<u>(1,979,103)</u>
Non-current portion	<u><u>957,335</u></u>	<u><u>959,672</u></u>

INTERIM DIVIDEND

The Board has resolved not to pay an interim dividend for the six months ended 31 January 2023 (six months ended 31 January 2022: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The global economy experienced a gradual recovery in 2022, however, the momentum for growth, especially in most major economies, is expected to weaken in 2023 as rising interest rates and Russia's war in Ukraine continue to weigh on economic activities. While central banks across the world have been raising interest rates aggressively to tame inflation, the recession risk across the globe remains in the midst of, amongst other factors, persistently high inflation, rising borrowing costs, ongoing geopolitical instabilities and conflicts, energy price volatility, as well as lingering supply-chain disruptions.

China targeted moderate economic growth of around 5% in 2023 at the first session of the 14th National People's Congress held in March 2023 and has set stability as its top priority for economic achievement for the year, amid rising domestic constraints and uncertain global recovery. We believe that the Chinese government will forge ahead and deliver better-quality economic growth long-term through continuing efforts to improve competitiveness and innovation. We remain optimistic about the long-term prospects and sustainability of the business environment in China and are confident about future prospects of the cities in which the Group has exposure, 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 relatively steady performance in rental income for the period under review. 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 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. Shanghai Skyline Tower, located in Jing'an District of Shanghai near the Shanghai Railway Terminal, has obtained the Leadership in Energy and Environmental Design ("LEED") Pre-certified Gold Rating and is in the progress of preparing for application for LEED Gold Certification. Guangzhou Lai Fung International Center, located in Yuexiu District of Guangzhou along the Pearl River, has obtained the 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 25% leasable area of Shanghai Skyline Tower and 33% leasable area of Guangzhou Lai Fung International Center have been secured. Upon completion of construction works of Phase II ("**Novotown Phase II**") of the Novotown project in Hengqin ("**Novotown**"), the Group will have a rental portfolio of approximately 6.8 million square feet.

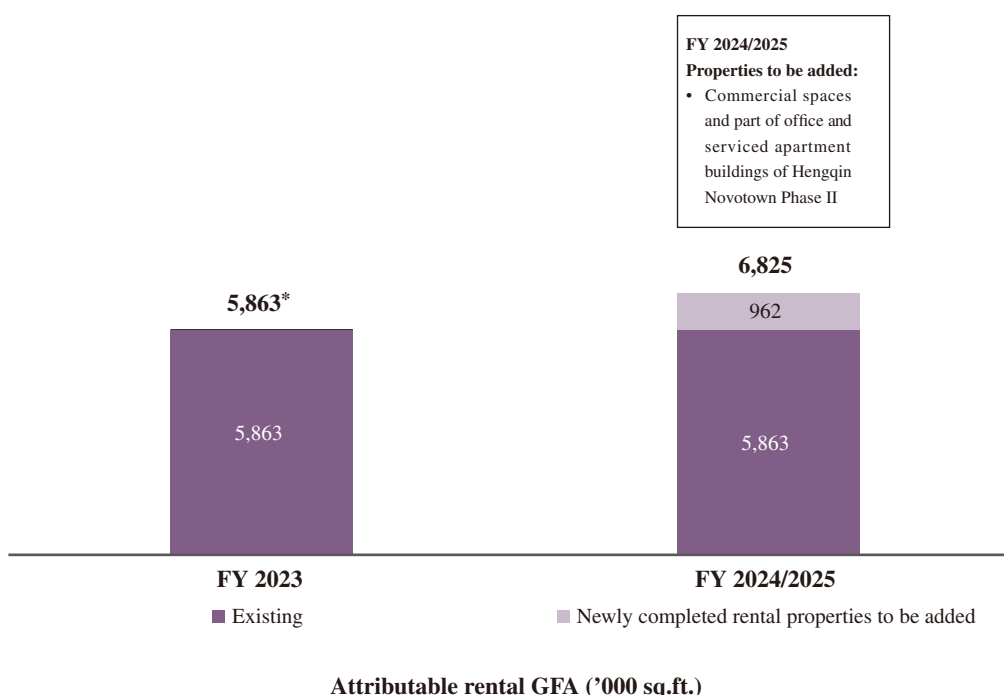
Construction of Novotown Phase II is in progress. This mixed-used development project is expected to be completed in phases by 2024, providing commercial and experiential entertainment facilities, office and serviced apartment spaces of 355,500 square feet, 1,585,000 square feet and 578,400 square feet, respectively. Parts of the office units and serviced apartment units have been designated as for-sale properties. Leasing of the commercial area of Phase I of Novotown (“**Novotown Phase I**”) is underway with approximately 77.7% 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, BaoLian Retail Commerce, Adidas Outlet, Pokiddo Trampoline Park, Starbucks, McDonald’s, Paulaner Wirtshaus Hengqin, Oyster King and Vanguard Life Superstore. 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 become an important center 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 January 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 office and the serviced apartment units of Hengqin Novotown Phase II are expected to contribute to the income of the Group in coming financial years.

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

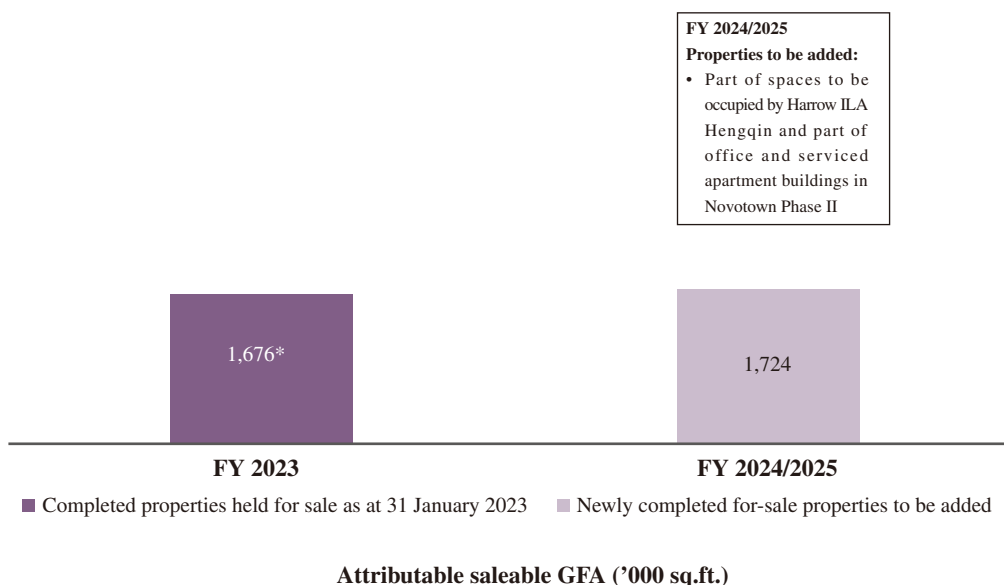
Set out below is the expected growth of the rental portfolio of the Group and the pipeline of development projects of the Group as at 31 January 2023:

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 and the market informed on the progress made in carrying out the proposed public float restoration plans.

During the period under review, 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 January 2023, the Group has approximately HK\$2,315.6 million of cash on hand (31 July 2022: HK\$4,142.6 million) and undrawn facilities of HK\$2,372.7 million (31 July 2022: HK\$1,984.5 million) with a net debt to equity ratio of 59% as at 31 January 2023 (31 July 2022: 53%). 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 2023, the Group recorded a turnover of HK\$1,002.4 million (2022: HK\$1,281.1 million), representing a decrease of approximately 21.8% over the same period last year. The average Renminbi (“RMB”) exchange rate depreciated by approximately 8.0% over the same period last year. Excluding the effect of currency translation, the decrease in RMB denominated turnover was approximately 14.9%. The decrease was primarily due to lower turnover from property sales during the period under review as compared to the same period last year. The gross profit decreased by 23.4% to HK\$474.8 million from that of HK\$619.9 million last period under review.

Set out below is the turnover by segment:

	For the six months ended 31 January			For the six months ended 31 January		
	2023 ¹ (HK\$ million)	2022 ¹ (HK\$ million)	% change	2023 (RMB million)	2022 (RMB million)	% change
Rental income ²	423.1	472.8	-10.5%	379.1	389.7	-2.7%
Sale of properties	570.5	798.0	-28.5%	511.2	657.7	-22.3%
Theme park operation	8.8	10.3	-14.6%	7.9	8.5	-7.1%
Total	1,002.4	1,281.1	-21.8%	898.2	1,055.9	-14.9%

1. The exchange rates adopted for the six months ended 31 January 2023 and 2022 are 0.8960 and 0.8242, 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\$176.9 million, as compared to net loss attributable to owners of the Company of HK\$74.9 million for the last corresponding period under review. The increased loss was primarily due to (i) lower property sales revenue; (ii) increased finance cost; and (iii) decrease in valuations of investment properties owned by the Group.

Net loss per share was HK\$0.535 (2022: HK\$0.226 per share).

Excluding the net effect of property revaluations, net loss attributable to owners of the Company was approximately HK\$125.2 million for the period under review (2022: HK\$72.6 million). Net loss per share excluding the effect of property revaluations was approximately HK\$0.3781 (2022: HK\$0.2191).

Loss attributable to owners of the Company (HK\$ million)	For the six months ended 31 January	
	2023	2022
Reported	(176.9)	(74.9)
Adjustments in respect of investment properties		
Revaluation losses of investment properties	71.3	6.9
Deferred tax on revaluation of investment properties	(17.8)	(1.7)
Non-controlling interests' share of revaluation movements less deferred tax	(1.8)	(2.9)
Net loss after tax excluding revaluation losses of investment properties	(125.2)	(72.6)

Net assets attributable to owners of the Company as at 31 January 2023 amounted to HK\$14,284.1 million (31 July 2022: HK\$14,606.4 million). Net asset value per share attributable to owners of the Company decreased slightly to HK\$43.15 per share as at 31 January 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 January 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	2,665 ²	2,208	—	—	4,873 ²	2,984
Completed Hotel Properties and Serviced Apartments	—	—	990	—	990	—
Subtotal	2,665	2,208	990	—	5,863	2,984
Properties under Development ³	523	1,585	578	—	2,686	1,352
Completed Properties Held for Sale	163 ⁴	421	275	850	1,709	3,478
Total GFA of major properties of the Group	3,351	4,214	1,843	850	10,258	7,814

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. The moderating economy and challenging business environment also had a dampening effect on office leasing activities, leading to suppressed rental rates and increased vacancy. The revival remained sluggish in the initial phase of border reopening and COVID-19 infections peaked in the major cities in Mainland China between mid-December 2022 and January 2023, following the relaxation of restrictions since early December 2022.

For the six months ended 31 January 2023, the Group's rental operations recorded a turnover of HK\$423.1 million (2022: HK\$472.8 million). The average RMB exchange rate for the period under review depreciated by approximately 8.0% compared to the same period last year. Excluding the effect of currency translation, the RMB denominated revenue from lease of properties decreased slightly by 2.7% to RMB379.1 million.

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

	For the six months ended 31 January			For the six months ended 31 January			Period end occupancy (%)		2022	
	2023 [#] (HK\$ million)	2022 [#] (HK\$ million)	% Change	2023 (RMB million)	2022 (RMB million)	% Change	2023	2022		
Shanghai										
Shanghai Hong Kong Plaza	180.8	211.6	-14.6%	162.0	174.4	-7.1%	Retail: Office: Serviced Apartments:	90.3% 87.1% 62.8%	Retail: Office: Serviced Apartments:	95.3% 91.2% 70.4%
Shanghai May Flower Plaza	30.2	35.5	-14.9%	27.1	29.3	-7.5%	Retail: Hotel:	97.0% 52.5%	Retail: Hotel:	98.7% 52.7%
Shanghai Regents Park	9.8	10.1	-3.0%	8.8	8.3	+6.0%		100.0%		79.1%
Shanghai Skyline Tower	0.1	N/A	N/A	0.1	N/A	N/A		22.8%		N/A ^{***}
Guangzhou										
Guangzhou May Flower Plaza	47.2	64.3	-26.6%	42.3	53.0	-20.2%		91.0%		98.6%
Guangzhou West Point	11.2	14.9	-24.8%	10.0	12.3	-18.7%		83.5%		92.0%
Guangzhou Lai Fung Tower	67.3	70.4	-4.4%	60.3	58.0	+3.9%	Retail: Office:	100.0% 90.9%*	Retail: Office:	100.0% 97.9%*
Guangzhou Lai Fung International Center	1.4	N/A	N/A	1.3	N/A	N/A		31.6%		N/A ^{***}
Zhongshan										
Zhongshan Palm Spring Rainbow Mall	3.4	3.9	-12.8%	3.0	3.2	-6.2%	Retail:	66.2%*	Retail:	67.5%*
Hengqin										
Hengqin Novotown Phase I	57.5	48.4	+18.8%	51.5	39.9	+29.1%	Retail: Hotel:	77.7%** 77.7%	Retail: Hotel:	72.8%** 19.1%
Others	14.2	13.7	+3.6%	12.7	11.3	+12.4%		N/A		N/A
Total	423.1	472.8	-10.5%	379.1	389.7	-2.7%				

[#] The exchange rates adopted for the six months ended 31 January 2023 and 2022 are 0.8960 and 0.8242 respectively

^{*} Excluding self-use area

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

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

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

	For the six months ended 31 January 2023			For the six months ended 31 January 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		80.3	468,434		100.7	468,434
Office		52.7	362,096		52.7	362,096
Serviced Apartments (room revenue and F&B)		44.8	358,009		53.9	358,009
Car Parking Spaces		3.0	N/A		4.3	N/A
		180.8	1,188,539		211.6	1,188,539
Shanghai May Flower Plaza	100%			100%		
Retail		18.8	320,314		20.8	320,314
Hotel (room revenue and F&B)		9.3	143,846		12.2	143,846
Car Parking Spaces		2.1	N/A		2.5	N/A
		30.2	464,160		35.5	464,160
Shanghai Regents Park	95%			95%		
Retail		8.7	77,959		8.9	77,959
Car Parking Spaces		1.1	N/A		1.2	N/A
		9.8	77,959		10.1	77,959
Shanghai Skyline Tower****	100%			100%		
Retail and Office		0.1	727,065		N/A	N/A
Guangzhou						
Guangzhou May Flower Plaza	100%			100%		
Retail		40.4	357,424		55.6	357,424
Office		5.7	79,431		7.3	79,431
Car Parking Spaces		1.1	N/A		1.4	N/A
		47.2	436,855		64.3	436,855
Guangzhou West Point	100%			100%		
Retail		11.2	182,344		14.9	182,344
Guangzhou Lai Fung Tower	100%			100%		
Retail		8.1	112,292		9.0	112,292
Office		56.0	625,821		58.0	625,821
Car Parking Spaces		3.2	N/A		3.4	N/A
		67.3	738,113		70.4	738,113
Guangzhou Lai Fung International Center****	100%			100%		
Retail and Office		1.4	614,621		N/A	N/A
Zhongshan						
Zhongshan Palm Spring Rainbow Mall	100%			100%		
Retail*		3.4	148,106		3.9	148,106
Hengqin						
Novotown Phase I	80%**			80%**		
Commercial***		2.3	796,573		3.3	780,292
Hotel (room revenue and F&B)		55.2	488,432		45.1	475,810
		57.5	1,285,005		48.4	1,256,102
Others		14.2	N/A		13.7	N/A
Total		423.1	5,862,767		472.8	4,492,178

* 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 January 2023. Revenue from Lionsgate Entertainment World® and National Geographic Ultimate Explorer Hengqin are recognised under turnover from theme park operation of the Group

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

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 obtained the LEED Pre-certified Gold Rating and is in the progress of preparing for application for LEED Gold Certification. The construction was completed in September 2022 and leasing is underway. As at the date of this results announcement, approximately 25% of commercial and office areas have been secured.

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

The Group owns 100% of this property.

Guangzhou Lai Fung Tower

Guangzhou Lai Fung Tower is the 38-storey office block of Phase V of Guangzhou Eastern Place, which is a multi-phase project located on Dongfeng East Road, Yuexiu District, Guangzhou. This office building was completed in June 2016. This property 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, formally 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 33% of commercial and office areas have been leased.

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. Leasing of the commercial area of Novotown Phase I is underway with approximately 77.7% of the leasable area. Except for the two themed indoor experience centers, key tenants include Zhuhai Duty Free, BaoLian Retail Commerce, Adidas Outlet, Pokiddo Trampoline Park, Starbucks, McDonald’s, Paulaner Wirtshaus Hengqin, Oyster King and Vanguard Life Superstore.

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

Hotel and Serviced Apartment

Ascott Huaihai Road Shanghai

Ascott Huaihai Road in Shanghai Hong Kong Plaza is managed by the Ascott Group and it is one of a premier collection of the Ascott Limited's serviced residences in over 70 cities in Asia Pacific, Europe and the Gulf region. The residence with a total GFA of approximately 359,700 square feet and approximately 358,000 square feet attributable to the Group has 310 contemporary apartments of various sizes: studios (640-750 sq.ft.), one-bedroom apartments (915-1,180 sq.ft.), two-bedroom apartments (1,720 sq.ft.), three-bedroom apartments (2,370 sq.ft.) and two luxurious penthouses on the highest two floors (4,520 sq.ft.). An average occupancy rate of 73.8% was achieved during the period under review and the average room tariff was approximately HK\$1,013.

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 52.9% was achieved during the period under review and the average room tariff was approximately HK\$386.

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 48.6% was achieved during the period under review and the average room tariff was approximately HK\$824.

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 six months ended 31 January 2023, the Group's property development operations recorded a turnover of HK\$570.5 million (2022: HK\$798.0 million) from sale of properties, representing a 28.5% decrease compared to the same period last year. The average RMB exchange rate for the period under review depreciated by approximately 8.0% compared to the same period last year. Excluding the effect of currency translation, the RMB denominated property sales revenue was RMB511.2 million (2022: RMB657.7 million). The recognised sales during the period under review 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 six months ended 31 January 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	13,986	41.1	36.8
Hengqin Novotown Phase I Cultural Studios	3	9,672	4,630	42.0	37.7
Cultural Workshop Units	9	7,761	2,369	16.9	15.1
Zhongshan Palm Spring Residential High-rise Units	215	257,497	1,879	444.1	397.9
Residential House Units	3	6,208	3,409	20.1	18.1
Subtotal	231	284,340	2,156	564.2	505.6
Shanghai Regents Park Car Parking Spaces	7			4.5	4.0
Guangzhou King's Park Car Parking Spaces	2			0.9	0.8
Guangzhou West Point Car Parking Space	1			0.5	0.4
Zhongshan Palm Spring Car Parking Spaces	2			0.4	0.4
Subtotal	12			6.3	5.6
Total				570.5	511.2

[#] Value-added tax inclusive

^{##} Value-added tax exclusive

^{*} The exchange rate adopted for the six months ended 31 January 2023 is 0.8960

Contracted Sales

As at 31 January 2023, the Group's property development operations has contracted but not yet recognised sales of HK\$312.7 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 January 2023 amounted to RMB280.1 million (31 July 2022: RMB615.0 million).

Breakdown of contracted but not yet recognised sales as at 31 January 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	43	53,704	1,772	95.2	85.3
Hengqin Novotown Phase I Cultural Studios	2	10,044	4,560	45.8	41.0
Cultural Workshop Units	2	1,612	3,102	5.0	4.5
Hengqin Novotown Phase II Harrow ILA Hengqin Buildings*	N/A	149,078	1,109	165.3	148.1
Subtotal	47	214,438	1,451	311.3	278.9
Shanghai Regents Park Car Parking Space	1			0.7	0.6
Guangzhou King's Park Car Parking Space	1			0.7	0.6
Subtotal	2			1.4	1.2
Total				312.7	280.1

[#] Value-added tax inclusive

^{##} The exchange rate adopted for the six months ended 31 January 2023 is 0.8960

* 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 period 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\$13,986 per square foot, which contributed a total of HK\$41.1 million to the Group's turnover. As at 31 January 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\$9.1 million as at 31 January 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 January 2023, 458 car parking spaces of this development remained unsold with a carrying amount of approximately HK\$104.1 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 period under review, the sales of seven car parking spaces contributed HK\$4.5 million to the turnover. As at 31 January 2023, the contracted but not yet recognised sales of one car parking space amounted to approximately HK\$0.7 million and a total of 213 car parking spaces of this development remained unsold with a carrying amount of approximately HK\$52.5 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 period under review, the sales of two car parking spaces contributed HK\$0.9 million to the turnover. As at 31 January 2023, the contracted but not yet recognised sales of one car parking space amounted to approximately HK\$0.7 million and the three unsold car parking spaces have a total carrying amount of approximately HK\$1.8 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 period under review, 257,497 square feet of high-rise residential units and 6,208 square feet of house units were recognised at an average selling price of HK\$1,879 per square foot and HK\$3,409 per square foot, respectively, which contributed a total of HK\$464.2 million to the sales turnover. As at 31 January 2023, contracted but not yet recognised sales for high-rise residential units amounted to HK\$95.2 million, at an average selling price of HK\$1,772 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 January 2023, a serviced apartment unit remained unsold.

As at 31 January 2023, completed units held for sale in this development, including residential units, a serviced apartment unit and commercial units, amounted to approximately 905,600 square feet with a total carrying amount of approximately HK\$740.7 million. The carrying amount of the 2,677 unsold car parking spaces of this development as at 31 January 2023 was approximately HK\$245.1 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 period under review, sales of 9,672 square feet of cultural studios and 7,761 square feet of cultural workshop units were recognised at an average selling price of HK\$4,630 per square foot and HK\$2,369 per square foot, respectively, which contributed a total of HK\$58.9 million to the Group’s turnover. As at 31 January 2023, contracted but not yet recognised sales for cultural studios and cultural workshop units amounted to HK\$45.8 million and HK\$5.0 million, at an average selling price of HK\$4,560 per square foot and HK\$3,102 per square foot, respectively. As at 31 January 2023, completed properties held for sale in Novotown Phase I, including cultural studios, cultural workshop units and office units, amounted to approximately 963,300 square feet with a total carrying amount of approximately HK\$2,186.0 million.

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

Phase II

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

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

The Group entered into a licence agreement with Real Madrid Club de Fútbol in June 2017 in relation to the development and operation of the location-based entertainment center, namely Real Madrid World in Novotown. The Group is also in the process of identifying and planning for a motor-themed experience center, as well as other culturally themed tourism facilities in Novotown Phase II.

The Group remains confident that the continuous development of the Guangdong-Macau In-Depth Cooperation Zone in Hengqin will become an important center 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 January 2023, cash and bank balances held by the Group amounted to HK\$2,315.6 million and undrawn facilities of the Group was HK\$2,372.7 million.

As at 31 January 2023, the Group had total borrowings amounting to HK\$10,814.1 million (as at 31 July 2022: HK\$11,939.7 million), representing a decrease of HK\$1,125.6 million from 31 July 2022. The consolidated net assets attributable to the owners of the Company amounted to HK\$14,284.1 million (as at 31 July 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 59% (as at 31 July 2022: 53%). The maturity profile of the Group's borrowings of HK\$10,814.1 million is well spread with HK\$1,055.3 million repayable within one year, HK\$1,340.6 million repayable in the second year, HK\$6,532.2 million repayable in the third to fifth years and HK\$1,886.0 million repayable beyond the fifth year.

Approximately 94% and 6% of the Group's borrowings were interest bearing on a floating rate basis and interest-free, respectively. The Group's borrowings of HK\$10,814.4 million were 43% denominated in Renminbi ("RMB"), 54% in Hong Kong dollars ("HKD") and 3% in United States dollars ("USD").

The Group's cash and bank balances of HK\$2,315.6 million were 82% denominated in RMB, 16% 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\$12,037.5 million, properties under development with a total carrying amount of approximately HK\$806.6 million, property, plant and equipment and the related right-of-use assets with a total carrying amount of approximately HK\$2,526.4 million, completed properties for sale with a total carrying amount of approximately HK\$184.6 million and time deposits and bank balances of approximately HK\$282.8 million.

Taking into account the amount of cash being held as at the end of the reporting period, the available facilities to the Group 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 2022.

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 six months ended 31 January 2023.

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 throughout the six months ended 31 January 2023.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 January 2023, the Group employed a total of around 1,800 employees. The Group recognises the importance of maintaining a stable staff force in its continued success. Under the Group's existing policies, employee pay rates are maintained at competitive levels whilst promotion and salary increments are assessed on a performance-related basis. Discretionary bonuses are granted to employees based on their merit and in accordance with industry practice. Other benefits including share option scheme, mandatory provident fund scheme, free hospitalisation insurance plan, subsidised medical care and sponsorship for external education and training programmes are offered to eligible employees.

INVESTOR RELATIONS

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

Despite the pandemic, the Group maintains proactive interactions with the investment community and provides them with updates on the Group's operations, financial performance and outlook. During the 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 2022	Post results non-deal roadshow	DBS	Hong Kong
October 2022	Post results non-deal roadshow	DBS	United States
November 2022	Post results non-deal roadshow	DBS	United States
December 2022	DBS Vickers Hong Kong Property and Logistics Conference Calls	DBS	Hong Kong/Singapore

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 2023.

By Order of the Board
Chew Fook Aun
Chairman

Hong Kong, 21 March 2023

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.