# Corporate Information

## PLACE OF INCORPORATION
Hong Kong

## BOARD OF DIRECTORS
### *Executive Directors*
Lam Kin Ngok, Peter, *GBS (Chairman)*
Chew Fook Aun *(Deputy Chairman)*
Lau Shu Yan, Julius *(Chief Executive Officer)*
Lam Hau Yin, Lester

### *Non-executive Directors*
Lam Kin Ming
U Po Chu

### *Independent Non-executive Directors*
Ip Shu Kwan, Stephen, *GBS, JP*
Lam Bing Kwan
Leung Shu Yin, William
Leung Wang Ching, Clarence, *JP*

## AUDIT COMMITTEE
Leung Shu Yin, William *(Chairman)*
Lam Bing Kwan
Lam Kin Ming
*(ceased with effect from 25 October 2018)*
Leung Wang Ching, Clarence, *JP*
*(appointed with effect from 25 October 2018)*

## REMUNERATION COMMITTEE
Leung Shu Yin, William *(Chairman)*
Chew Fook Aun
Lam Bing Kwan

## COMPANY SECRETARY
Chow Kwok Wor

## REGISTERED OFFICE / PRINCIPAL OFFICE
11th Floor
Lai Sun Commercial Centre
680 Cheung Sha Wan Road
Kowloon, Hong Kong

Tel: (852) 2741 0391
Fax: (852) 2785 2775

## AUTHORISED REPRESENTATIVES
Chew Fook Aun
Chow Kwok Wor

## SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

## INDEPENDENT AUDITOR
Ernst & Young
Certified Public Accountants

## PRINCIPAL BANKERS
Agricultural Bank of China Limited
Bank of China Limited
The Bank of East Asia, Limited
China Construction Bank (Asia) Corporation Limited
DBS Bank Ltd.
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China Limited
Oversea-Chinese Banking Corporation Limited
Shanghai Pudong Development Bank Co., Ltd.
Standard Chartered Bank (Hong Kong) Limited
United Overseas Bank Limited

## SHARES INFORMATION
### *Place of Listing*
The Main Board of The Stock Exchange of Hong Kong Limited

### *Stock Code / Board Lot*
488 / 300 Shares

### *American Depositary Receipt*
| | |
|---|---|
| CUSIP Number: | 50731V102 |
| Trading Symbol: | LSNVY |
| ADR to Ordinary Share Ratio: | 1:8 |
| Depositary Bank: | The Bank of New York Mellon |

## WEBSITE
www.laisun.com

## INVESTOR RELATIONS
Tel: (852) 2853 6116
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E-mail: ir@laisun.com

The board of directors (the "**Board**") of Lai Sun Development Company Limited (the "**Company**") is pleased to present the unaudited consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 31 January 2019 together with the comparative figures of the last corresponding period as follows:

# Condensed Consolidated Income Statement

For the six months ended 31 January 2019

| | Notes | **Six months ended 31 January 2019 (Unaudited) HK$'000** | Six months ended 31 January 2018 (Unaudited) HK$'000 | Year ended 31 July 2018 (Audited) HK$'000 |
|---|---|---|---|---|
| TURNOVER | 3 | **3,760,743** | 863,780 | 1,693,010 |
| Cost of sales | | **(2,375,975)** | (366,937) | (722,711) |
| Gross profit | | **1,384,768** | 496,843 | 970,299 |
| Other revenue | | **117,696** | 73,273 | 168,665 |
| Selling and marketing expenses | | **(114,826)** | (10,901) | (16,974) |
| Administrative expenses | | **(483,764)** | (155,237) | (369,391) |
| Other operating expenses | | **(547,727)** | (148,823) | (313,245) |
| Fair value gains on investment properties, net | | **304,219** | 575,044 | 2,410,357 |
| Reversal of provision for tax indemnity | | **—** | — | 305 |
| PROFIT FROM OPERATING ACTIVITIES | 4 | **660,366** | 830,199 | 2,850,016 |
| Finance costs | 5 | **(240,063)** | (138,522) | (229,482) |
| Share of profits and losses of associates | | **(4,368)** | (11,832) | 85,979 |
| Share of profits and losses of joint ventures | | **744,642** | 612,585 | 1,714,360 |
| Loss on remeasurement of existing interest in an associate upon business combination | 16 | **(2,930,325)** | — | — |
| Gain on bargain purchase on acquisition of subsidiaries | 16 | **6,666,994** | — | — |
| PROFIT BEFORE TAX | | **4,897,246** | 1,292,430 | 4,420,873 |
| Tax | 6 | **(95,449)** | (41,176) | (49,984) |
| PROFIT FOR THE PERIOD/YEAR | | **4,801,797** | 1,251,254 | 4,370,889 |
| Attributable to: | | | | |
| Owners of the Company | | **5,076,304** | 1,223,639 | 4,335,202 |
| Non-controlling interests | | **(274,507)** | 27,615 | 35,687 |
| | | **4,801,797** | 1,251,254 | 4,370,889 |
| EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY | 7 | | | |
| Basic | | **HK$8.376** | HK$2.022 | HK$7.159 |
| Diluted | | **HK$8.344** | HK$2.013 | HK$7.128 |

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 January 2019

| | **Six months ended 31 January 2019 (Unaudited) HK$'000** | Six months ended 31 January 2018 (Unaudited) HK$'000 | Year ended 31 July 2018 (Audited) HK$'000 |
|---|---|---|---|
| PROFIT FOR THE PERIOD/YEAR | **4,801,797** | 1,251,254 | 4,370,889 |
| OTHER COMPREHENSIVE INCOME | | | |
| *Other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods:* | | | |
| Changes in fair values of available-for-sale financial assets | **—** | 167,315 | 328,541 |
| Exchange realignments | **397,511** | 114,518 | (12,975) |
| Share of other comprehensive income/(expense) of associates | **29** | 267,994 | (48,010) |
| Share of other comprehensive income/(expense) of joint ventures | **10,329** | 962 | (1,282) |
| Cash flow hedges: | | | |
| Effective portion of changes in fair value of hedging instruments arising during the period | **—** | (5,728) | — |
| Reclassification adjustments for exchange loss included in the condensed consolidated income statement | **—** | (3,535) | — |
| | **407,869** | 541,526 | 266,274 |
| *Other comprehensive expense that will not be reclassified to profit or loss in subsequent periods:* | | | |
| Changes in fair values of equity investments at fair value through other comprehensive income | **(31,095)** | — | — |
| Release of reserves upon remeasurement of existing interest in an associate upon business combination | **215,211** | — | — |
| Release of reserve upon remeasurement of existing interest in a joint venture upon business combination | **—** | — | 374 |
| Release of reserves upon deregistration and disposal of subsidiaries | **(10,621)** | — | — |
| | **204,590** | — | 374 |
| OTHER COMPREHENSIVE INCOME FOR THE PERIOD/YEAR | **581,364** | 541,526 | 266,648 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR | **5,383,161** | 1,792,780 | 4,637,537 |
| Attributable to: | | | |
| Owners of the Company | **5,421,531** | 1,765,183 | 4,602,109 |
| Non-controlling interests | **(38,370)** | 27,597 | 35,428 |
| | **5,383,161** | 1,792,780 | 4,637,537 |

# Condensed Consolidated Statement of Financial Position

As at 31 January 2019

| | Notes | **31 January 2019 (Unaudited) HK$'000** | 31 July 2018 (Audited) HK$'000 |
|---|---|---|---|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | **9,974,951** | 5,276,957 |
| Prepaid land lease payments | | **1,652,206** | 18,846 |
| Investment properties | | **38,637,921** | 18,356,990 |
| Properties under development for sale | | **2,628,785** | 932,978 |
| Film rights | | **9,475** | — |
| Film products | | **100,376** | — |
| Music catalogs | | **61,472** | — |
| Goodwill | | **234,202** | 235,778 |
| Other intangible assets | | **118,110** | 120,306 |
| Interests in associates | | **192,491** | 3,596,585 |
| Interests in joint ventures | | **8,127,536** | 7,272,859 |
| Available-for-sale financial assets | | **—** | 2,162,254 |
| Financial assets at fair value through profit or loss | | **62,798** | — |
| Equity investments at fair value through other comprehensive income | | **2,594,260** | — |
| Derivative financial instruments | | **3,205** | 6,171 |
| Deposits paid and other receivables | | **280,595** | 341,204 |
| Deferred tax assets | | **43,824** | 34,534 |
| Loans to related companies | | **—** | 650,000 |
| Pledged bank balances and time deposits | | **86,714** | 82,909 |
| Total non-current assets | | **64,808,921** | 39,088,371 |
| CURRENT ASSETS | | | |
| Properties under development for sale | | **2,822,285** | 1,049,331 |
| Completed properties for sale | | **2,766,309** | 252,121 |
| Films under production | | **493,075** | — |
| Inventories | | **56,278** | 31,973 |
| Financial assets at fair value through profit or loss | | **123,050** | — |
| Debtors, deposits paid and other receivables | 8 | **1,833,746** | 547,678 |
| Prepaid tax | | **38,584** | — |
| Pledged and restricted bank balances and time deposits | | **1,394,889** | 298,509 |
| Cash and cash equivalents | | **4,210,656** | 3,958,416 |
| | | **13,738,872** | 6,138,028 |
| Asset classified as held for sale | | **1,478,044** | 1,476,533 |
| Total current assets | | **15,216,916** | 7,614,561 |

# Condensed Consolidated Statement of Financial Position

*(Continued)*

As at 31 January 2019

| | Notes | 31 January 2019 (Unaudited) HK$'000 | 31 July 2018 (Audited) HK$'000 |
|---|---|---|---|
| CURRENT LIABILITIES | | | |
| Creditors, deposits received, contract liabilities and accruals | 9 | **5,049,426** | 2,146,488 |
| Tax payable | | **258,176** | 124,383 |
| Bank borrowings | | **5,110,224** | 1,186,279 |
| Loans from a joint venture | | **277,648** | — |
| Other borrowings | | **41,525** | — |
| Total current liabilities | | **10,736,999** | 3,457,150 |
| NET CURRENT ASSETS | | **4,479,917** | 4,157,411 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | **69,288,838** | 43,245,782 |
| NON-CURRENT LIABILITIES | | | |
| Bank borrowings | | **7,997,823** | 7,698,454 |
| Other borrowings | | **261,617** | — |
| Guaranteed notes | | **5,733,626** | 3,118,594 |
| Derivative financial instruments | | **2,982** | — |
| Deferred tax liabilities | | **5,691,208** | 176,044 |
| Long term deposits received, contract liabilities and other payables | 9 | **332,824** | 634,009 |
| Total non-current liabilities | | **20,020,080** | 11,627,101 |
| | | **49,268,758** | 31,618,681 |
| EQUITY | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | | **4,076,816** | 4,076,816 |
| Reserves | | **32,431,529** | 27,081,877 |
| | | **36,508,345** | 31,158,693 |
| Non-controlling interests | | **12,760,413** | 459,988 |
| | | **49,268,758** | 31,618,681 |

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 January 2019

| | Attributable to owners of the Company | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Share capital** HK$'000 | **Investment revaluation/ Fair value reserve@** HK$'000 | **Share option reserve@** HK$'000 | **Capital reduction reserve@** HK$'000 | **General reserve@** HK$'000 | **Other reserve@** HK$'000 | **Statutory reserve@** HK$'000 | **Exchange fluctuation reserve@** HK$'000 | **Retained profits@** HK$'000 | **Sub-total** HK$'000 | **Non-controlling interests** HK$'000 | **Total** HK$'000 |
| At 1 August 2018 (Audited) | 4,076,816 | 1,765,632 | 64,490 | 4,692 | 646,700 | 203,296 | 54,581 | (437,161) | 24,779,647 | 31,158,693 | 459,988 | 31,618,681 |
| Profit for the period | — | — | — | — | — | — | — | — | 5,076,304 | 5,076,304 | (274,507) | 4,801,797 |
| Other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods: | | | | | | | | | | | | |
| Exchange realignments | — | — | — | — | — | — | — | 161,915 | — | 161,915 | 235,596 | 397,511 |
| Share of other comprehensive income/(expense) of associates | — | — | — | — | — | — | — | (3) | — | (3) | 32 | 29 |
| Share of other comprehensive income of joint ventures | — | — | — | — | — | — | — | 3,863 | — | 3,863 | 6,466 | 10,329 |
| Other comprehensive (expense)/income that will not be reclassified to profit or loss in subsequent periods: | | | | | | | | | | | | |
| Changes in fair values of equity investments at fair value through other comprehensive income | — | (31,748) | — | — | — | — | — | — | — | (31,748) | 653 | (31,095) |
| Release of reserves upon remeasurement of existing interest in an associate upon business combination | — | 383 | — | — | — | — | — | 214,828 | — | 215,211 | — | 215,211 |
| Release of reserves upon deregistration and disposal of subsidiaries | — | — | — | — | — | — | — | (4,011) | — | (4,011) | (6,610) | (10,621) |
| Total comprehensive income/(expense) for the period | — | (31,365) | — | — | — | — | — | 376,592 | 5,076,304 | 5,421,531 | (38,370) | 5,383,161 |
| Final 2018 dividend declared* | — | — | — | — | — | — | — | — | (65,456) | (65,456) | — | (65,456) |
| Dividends paid/payable to non-controlling shareholders of subsidiaries | — | — | — | — | — | — | — | — | — | — | (33,712) | (33,712) |
| Repayment to non-controlling shareholders of subsidiaries | — | — | — | — | — | — | — | — | — | — | (5) | (5) |
| Capital contributions from non-controlling shareholders of subsidiary | — | — | — | — | — | — | — | — | — | — | 858 | 858 |
| Release of reserve upon cancellation and lapse of share options issued by a subsidiary | — | — | — | — | — | — | — | — | 15,054 | 15,054 | (15,054) | — |
| Equity-settled share option arrangements | — | — | — | — | — | — | — | — | — | — | 2,322 | 2,322 |
| Transfer to statutory reserve | — | — | — | — | — | — | 6,975 | — | (6,975) | — | — | — |
| Release of reserves upon deregistration of a joint venture | — | — | — | — | — | — | (69,114) | — | 69,114 | — | — | — |
| Acquisition of subsidiaries (note 16) | — | — | — | — | — | — | — | — | — | — | 12,400,728 | 12,400,728 |
| Acquisition of additional interests in a subsidiary | — | — | — | — | — | (21,477) | — | — | — | (21,477) | (16,342) | (37,819) |
| Release of reserves upon remeasurement of existing interest in an associate upon business combination | — | — | (5,730) | — | — | (207,233) | (54,581) | — | 267,544 | — | — | — |
| **At 31 January 2019 (Unaudited)** | **4,076,816** | **1,734,267** | **58,760** | **4,692** | **646,700** | **(25,414)** | **(62,139)** | **(60,569)** | **30,135,232** | **36,508,345** | **12,760,413** | **49,268,758** |

@ *These reserve accounts comprise the consolidated reserves of HK$32,431,529,000 (31 July 2018: HK$27,081,877,000) in the condensed consolidated statement of financial position.*

* *On 21 December 2018, the Company's shareholders approved at the annual general meeting a final dividend of HK$0.108 per share payable in cash with a scrip dividend alternative for the year ended 31 July 2018 (the "**2018 Final Dividend**"). The 2018 Final Dividend was settled subsequently in February 2019.*

*Further details are set out in the Company's circular dated 10 January 2019.*

# Condensed Consolidated Statement of Changes in Equity

*(Continued)*

For the six months ended 31 January 2019

| | Attributable to owners of the Company | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital^ HK$'000 | Investment revaluation reserve HK$'000 | Share option reserve HK$'000 | Hedging reserve HK$'000 | Capital reduction reserve HK$'000 | General reserve HK$'000 | Other reserve HK$'000 | Statutory reserve HK$'000 | Exchange fluctuation reserve HK$'000 | Retained profits HK$'000 | Sub-total HK$'000 | Non-controlling interests HK$'000 | Total HK$'000 |
| At 1 August 2017 (Audited) | 4,063,736 | 1,442,513 | 64,693 | 1,852 | 4,692 | 646,700 | 215,998 | 46,240 | (382,327) | 20,495,693 | 26,599,790 | 504,749 | 27,104,539 |
| Profit for the period | — | — | — | — | — | — | — | — | — | 1,223,639 | 1,223,639 | 27,615 | 1,251,254 |
| Other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods: | | | | | | | | | | | | | |
| Changes in fair values of available-for-sale financial assets | — | 167,315 | — | — | — | — | — | — | — | — | 167,315 | — | 167,315 |
| Exchange realignments | — | — | — | — | — | — | — | — | 114,518 | — | 114,518 | — | 114,518 |
| Share of other comprehensive income/(expense) of associates | — | 11,333 | — | 4,859 | — | — | — | — | 251,820 | — | 268,012 | (18) | 267,994 |
| Share of other comprehensive income of a joint venture | — | — | — | — | — | — | — | — | 962 | — | 962 | — | 962 |
| Net loss on cash flow hedges | — | — | — | (9,263) | — | — | — | — | — | — | (9,263) | — | (9,263) |
| Total comprehensive income/(expense) for the period | — | 178,648 | — | (4,404) | — | — | — | — | 367,300 | 1,223,639 | 1,765,183 | 27,597 | 1,792,780 |
| Final 2017 dividend declared* | — | — | — | — | — | — | — | — | — | (60,509) | (60,509) | — | (60,509) |
| Share of reserve movements of an associate | — | — | (88) | — | — | — | (13,176) | 8,971 | — | (8,763) | (13,056) | — | (13,056) |
| Shares issued in lieu of cash dividend* | 12,683 | — | — | — | — | — | — | — | — | — | 12,683 | — | 12,683 |
| Dividend paid to a non-controlling shareholder of a subsidiary | — | — | — | — | — | — | — | — | — | — | — | (14,524) | (14,524) |
| Share options exercised# | 397 | — | (115) | — | — | — | — | — | — | — | 282 | — | 282 |
| At 31 January 2018 (Unaudited) | 4,076,816 | 1,621,161 | 64,490 | (2,552) | 4,692 | 646,700 | 202,822 | 55,211 | (15,027) | 21,650,060 | 28,304,373 | 517,822 | 28,822,195 |

^ *With effect from 15 August 2017, every fifty issued shares are consolidated into one share in the share capital of the Company as approved by the shareholders of the Company in the General Meeting (the "**Share Consolidation**"). Further details of the Share Consolidation are set out in the Company's announcements dated 27 April 2017 and 18 July 2017, and the Company's circular dated 26 July 2017.*

* *On 15 December 2017, the Company's shareholders approved at the annual general meeting a final dividend of HK$0.10 per share payable in cash with a scrip dividend alternative (the "**2017 Scrip Dividend Scheme**") for the year ended 31 July 2017 (the "**2017 Final Dividend**"). During the six months ended 31 January 2018, 990,515 new shares were issued by the Company at a deemed price of HK$12.804 per share, credited as fully paid, to shareholders of the Company who had elected to receive scrip shares in lieu of cash under the 2017 Scrip Dividend Scheme to settle HK$12,683,000 of the 2017 Final Dividend. The remaining of the 2017 Final Dividend of HK$47,826,000 was satisfied by cash.*

*Further details of the 2017 Scrip Dividend Scheme are set out in the Company's circular dated 3 January 2018.*

# *During the period ended 31 January 2018, 60,000 ordinary shares were issued in respect of share options exercised under the Company's share option scheme at an exercise price of HK$4.7 per share and total cash consideration of HK$282,000 was received. The share option reserve of HK$115,000 was released to the share capital.*

# Condensed Consolidated Statement of Cash Flows

For the six months ended 31 January 2019

| | **Six months ended 31 January 2019 (Unaudited) HK$'000** | Six months ended 31 January 2018 (Unaudited) HK$'000 | Year ended 31 July 2018 (Audited) HK$'000 |
|---|---|---|---|
| NET CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES | **(903,357)** | 321,931 | 729,030 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchases of items of property, plant and equipment | **(986,910)** | (688,202) | (1,193,903) |
| Additions to investment properties | **(900,254)** | (1,392) | (43,671) |
| Deposits paid for additions to investment properties | **(17,204)** | (5,648) | (11,502) |
| Proceeds from disposal of an unlisted available-for-sale financial asset | **—** | — | 18,504 |
| Proceeds from disposal of items of investment properties | **—** | — | 561,648 |
| Acquisition of unlisted available-for-sale financial assets | **—** | (30,311) | (254,348) |
| Acquisition of equity investments at fair value through other comprehensive income | **(249,875)** | — | — |
| Acquisition of subsidiaries (note 16) | **1,400,920** | — | 132,650 |
| Proceeds from disposal of an associate | **23,800** | — | — |
| Advances to associates | **(651)** | — | (136) |
| Advances to joint ventures | **(1,300)** | (84,651) | (89,451) |
| Repayment from joint ventures | **213,812** | — | — |
| Dividends received from unlisted available-for-sale financial assets | **—** | 23,240 | 27,400 |
| Dividends received from equity investments at fair value through other comprehensive income | **16,100** | — | — |
| Dividend received from a joint venture | **1,540,176** | — | 150,000 |
| Loan to related companies | **—** | — | (650,000) |
| Increase in pledged bank balances and time deposits | **(26,423)** | (18,779) | (98,103) |
| Settlement of tax indemnity | **—** | — | (92,695) |
| Others | **(59,318)** | (7,100) | (32,765) |
| NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES | **952,873** | (812,843) | (1,576,372) |

# Condensed Consolidated Statement of Cash Flows *(Continued)*

For the six months ended 31 January 2019

| | **Six months ended 31 January 2019 (Unaudited) HK$'000** | Six months ended 31 January 2018 (Unaudited) HK$'000 | Year ended 31 July 2018 (Audited) HK$'000 |
|---|---|---|---|
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| New bank borrowings raised | **3,900,058** | 689,000 | 3,729,800 |
| Guaranteed notes issued | **—** | 3,124,800 | 3,124,800 |
| Repayment of bank borrowings | **(3,672,371)** | (1,156,606) | (1,809,155) |
| Repayment of guaranteed notes | **—** | (2,734,550) | (2,734,550) |
| Guaranteed note issue expenses | **—** | (24,861) | (24,861) |
| Bank financing charges | **(10,509)** | (7,294) | (15,824) |
| Loans from a joint venture | **462,834** | — | — |
| Repayment of loans from a joint venture | **(825,225)** | — | — |
| Increase in other borrowings | **41,560** | — | — |
| Increase in put option liabilities | **280,532** | — | — |
| Acquisition of additional interest in a subsidiary | **(37,819)** | — | — |
| Dividend paid | **—** | (47,826) | (47,826) |
| Dividend paid to non-controlling shareholders of subsidiaries | **(1,405)** | (14,524) | (71,854) |
| Capital contribution from a non-controlling shareholder of a subsidiary | **858** | — | — |
| Others | **—** | 282 | (8,294) |
| NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES | **138,513** | (171,579) | 2,142,236 |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | **188,029** | (662,491) | 1,294,894 |
| Cash and cash equivalents at beginning of period/year | **3,958,416** | 2,664,066 | 2,664,066 |
| Effect of foreign exchange rate changes, net | **64,211** | 23,834 | (544) |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR | **4,210,656** | 2,025,409 | 3,958,416 |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | | |
| Non-pledged cash and bank balances | **3,206,873** | 981,815 | 3,807,347 |
| Non-pledged time deposits | **1,003,783** | 1,043,594 | 151,069 |
| | **4,210,656** | 2,025,409 | 3,958,416 |

# Notes to Condensed Consolidated Interim Financial Statements

31 January 2019

## 1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 January 2019 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 (the "**Stock Exchange**") and with Hong Kong Accounting Standard ("**HKAS**") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants. In addition, to provide further information, management has included the consolidated income statement and the consolidated statement of comprehensive income for the year ended 31 July 2018 and the related notes as extracted from the previous annual financial statements.

The financial information relating to the year ended 31 July 2018 that is included in the unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 January 2019 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 July 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to the Hong Kong Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

The condensed consolidated interim financial statements have not been audited by the Company's auditor but have been reviewed by the Company's audit committee.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and basis of presentation used in the preparation of these interim financial statements are the same as those used in the Group's audited consolidated financial statements for the year ended 31 July 2018, except for (i) the adoption of the new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**"), which are effective for the Group's financial year beginning on 1 August 2018, and (ii) the adoption of accounting policies of certain assets, revenue and expenses of eSun Holdings Limited ("**eSun**") which was acquired during the current period as set out in note 16 to the condensed consolidated interim financial statements.

### 2.1 New and revised HKFRSs

The Group has adopted the following new and revised HKFRSs for the first time for the current period's unaudited financial statements:

| | |
|---|---|
| Amendments to HKFRS 2 | *Classification and Measurement of Share-based Payment Transactions* |
| Amendments to HKFRS 4 | *Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts* |
| HKFRS 9 | *Financial Instruments* |
| HKFRS 15 | *Revenue from Contracts with Customers* |
| Amendments to HKFRS 15 | *Clarifications to HKFRS 15 Revenue from Contracts with Customers* |
| Amendments to HKAS 40 | *Transfers of Investment Property* |
| HK(IFRIC)-Int 22 | *Foreign Currency Transactions and Advance Consideration* |
| *Annual Improvements 2014-2016 Cycle* | Amendments to HKFRS 1 and HKAS 28 |

Except for HKFRS 9 and HKFRS 15, the application of these new and revised HKFRSs has had no significant impact on the financial performance or financial position of the Group.

## 2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

### 2.1 New and revised HKFRSs *(Continued)*

HKFRS 9 *Financial Instruments*

HKFRS 9 replaces HKAS 39 *Financial Instruments: Recognition and Measurement*, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment, and hedge accounting. The Group has recognised the transition adjustments against the applicable opening balances in equity at 1 August 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 39.

The impacts from adopting HKFRS 9 related to the classification and measurement and the impairment requirements are summarised as follows:

*Classification and measurement*

Under HKFRS 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under HKFRS 9, financial assets are subsequently measured at amortised cost, fair value through profit or loss ("**FVPL**"), or fair value through other comprehensive income ("**FVOCI**"). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent "solely payments of principal and interest" on the principal amount outstanding (the "**SPPI criterion**").

The new classification and measurement of financial assets are as follows:

— Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion.

— Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments, which the Group invests in for strategic purpose and intends to hold for the foreseeable future and which the Group has irrevocably elected to so classify upon initial recognition or transition.

— Financial assets at FVPL comprise derivative financial instruments and all other equity instruments which the Group had not irrevocably elected, at initial recognition or transition, to classify as FVOCI. This category also includes debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets.

The assessment of the Group's business model was made as of the date of initial application, i.e. 1 August 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The accounting for the Group's financial liabilities remains largely the same as it was under HKAS 39.

The above changes in classification and measurement mainly affect the classification and measurement of the Group's available-for-sale financial assets and certain loan receivables.

## 2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

### 2.1 New and revised HKFRSs *(Continued)*

HKFRS 9 *Financial Instruments (Continued)*

*Classification and measurement (Continued)*

The following table summarises the impact on changes in the classification and measurement of financial assets on 1 August 2018, the date of initial application of HKFRS 9:

| | **Debtors, deposits paid and other receivables** HK$'000 | **Available-for-sale financial assets** HK$'000 | **Equity investments at FVOCI** HK$'000 | **Financial assets at FVPL** HK$'000 |
|---|---|---|---|---|
| At 31 July 2018, as previously reported | 888,882 | 2,162,254 | — | — |
| Reclassification from available-for-sale financial assets to equity investments at FVOCI (note (a)) | — | (2,162,254) | 2,162,254 | — |
| Reclassification from debtors, deposits paid and other receivables to financial assets at FVPL (note (b)) | (130,225) | — | — | 130,225 |
| At 1 August 2018, as adjusted | 758,657 | — | 2,162,254 | 130,225 |

Note (a):

The Group elected to present in other comprehensive income for the fair value changes of all its equity investments previously classified as available-for-sale financial assets. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, the carrying amount of HK$2,162,254,000 was reclassified from available-for-sale financial assets to equity investments at FVOCI. As a result of the change in classification of the Group's equity investments, the investment revaluation reserve of HK$1,765,632,000 related to those investments that were previously presented under accumulated other comprehensive income, was reclassified to fair value reserve of financial assets at FVOCI.

Note (b):

The Group has reclassified certain loan receivables previously classified as loans and receivables measured at amortised cost of HK$5,802,000 and HK$124,423,000 under current assets (as included in debtors, deposits paid and other receivables) and non-current assets (as included in deposits paid and other receivables), respectively, as financial assets at FVPL.

*Impairment of financial assets*

The adoption of HKFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing HKAS 39's incurred loss approach with a forward-looking expected credit loss ("**ECL**") approach.

HKFRS 9 requires the Group to record an allowance for ECLs for all debt instruments not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The adoption of the ECL requirements of HKFRS 9 does not have a significant financial effect on the condensed consolidated financial statements

## 2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

### 2.1 New and revised HKFRSs *(Continued)*

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 and its amendments supersede HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related interpretations and apply, with limited exceptions, to all revenue arising from contracts with customers. HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group has adopted HKFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1 August 2018.

The cumulative effect of the initial application of HKFRS 15 was recognised as an adjustment to the opening balance of retained profits as at 1 August 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 11, HKAS 18 and related interpretations.

*Presentation of contract liabilities*

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Consideration received from customers in advance of HK$1,175,171,000 and HK$423,528,000 under current liabilities (as included in creditors, deposits received, contract liabilities and accruals) and non-current liabilities (as included in long term deposits received, contract liabilities and other payables), respectively, as at 1 August 2018, are now recognised as contract liabilities to reflect the terminology of HKFRS 15.

*Financing component for sale of completed properties*

HKFRS 15 requires property developers to account for the financing component in a contract separately from revenue if the financing effects are significant, subject to a practical expedient where the period between the payment and delivery of properties will be less than one year.

Currently, in respect of certain transactions for sale of properties, (i) the Group offers property buyers additional discount if they opt to pay the purchase price in full within 120-180 days of signing the provisional agreement of sale and purchase; and (ii) it is expected that the length of time between the payment and delivery of properties of the Group's projects will exceed one year. Accordingly, the financing component arose from those transactions is considered to be significant. The amount of the financing component is estimated at the contract inception and the payment plan is confirmed by the property buyer by using a discount rate that would be reflected in a separate financing transaction between the Group and the customer reflecting the credit characteristics of the Group as well as any collateral or security provided. Interest expense is recognised only to the extent that a contract liability (receipts in advance) is recognised in accounting for the contract with the customer.

Upon adoption of HKFRS 15, properties under development for sale increased by HK$59,473,000 and HK$8,697,000 under current assets and non-current assets, respectively, with a corresponding increase in contract liabilities as at 1 August 2018.

## 2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

### 2.1 New and revised HKFRSs *(Continued)*

HKFRS 15 *Revenue from Contracts with Customers (Continued)*

The following table gives a summary of the opening balance adjustments recognised for each line item in the condensed consolidated statement of financial position upon the adoption of HKFRS 15 under the transition method.

| | **At 31 July 2018** HK$'000 (As previously reported) | **Impact on initial application of HKFRS 15** HK$'000 | **At 1 August 2018** HK$'000 (As adjusted) |
|---|---|---|---|
| **Non-current assets** | | | |
| Properties under development for sale | 932,978 | 8,697 | 941,675 |
| **Current assets** | | | |
| Properties under development for sale | 1,049,331 | 59,473 | 1,108,804 |
| **Current liabilities** | | | |
| Contract liabilities (included in creditors, deposits received, contract liabilities and accruals) | 2,146,488 | 59,473 | 2,205,961 |
| **Non-current liabilities** | | | |
| Contract liabilities (included in long term deposits received, contract liabilities and other payables) | 634,009 | 8,697 | 642,706 |

Set out below are the amounts by which each financial statement line item was affected as at 31 January 2019 and for the six months ended 31 January 2019 as a result of the adoption of HKFRS 15. The adoption of HKFRS 15 has had no impact on other comprehensive income or on the Group's operating, investing and financing cash flows. The first column shows the amounts recorded under HKFRS 15 and the second column shows what the amounts would have been had HKFRS 15 not been adopted:

Condensed consolidated income statement for the six months ended 31 January 2019 (extract):

| | **Amounts prepared under** | | |
|---|---|---|---|
| | **HKFRS 15** HK$'000 | **Previous HKFRS** HK$'000 | **Increase** HK$'000 |
| Revenue | 3,760,743 | 3,679,589 | 81,154 |
| Cost of sales | (2,375,975) | (2,294,821) | 81,154 |
| Gross profit | 1,384,768 | 1,384,768 | — |

## 2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

### 2.1 New and revised HKFRSs *(Continued)*

HKFRS 15 *Revenue from Contracts with Customers (Continued)*

Condensed consolidated statement of financial position as at 31 January 2019 (extract):

| | Amounts prepared under | | |
|---|---|---|---|
| | **HKFRS 15** | **Previous HKFRS** | **Increase** |
| | HK$'000 | HK$'000 | HK$'000 |
| **Current assets** | | | |
| Properties under development for sale | 2,822,285 | 2,806,574 | 15,711 |
| **Current liabilities** | | | |
| Contract liabilities (included in creditors, deposits received, contract liabilities and accruals) | 5,049,426 | 5,033,715 | 15,711 |

In addition, consideration received from customers in advance of HK$1,137,139,000 and HK$9,987,000 under current liabilities (as included in creditors, deposits received, contract liabilities and accruals) and non-current liabilities (as included in long term deposits received, contract liabilities and other payables), respectively, as at 31 January 2019, are now recognised as contract liabilities to reflect the terminology of HKFRS 15.

### 2.2 Summary of significant accounting policies

The accounting policies of certain assets, revenue and expenses of eSun, which the Group has newly adopted during the six months ended 31 January 2019, are as follows:

Intangible assets

(i) Artiste management and service agreements

Artiste management and service agreements are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over the estimated useful life of 3 years.

(ii) Online movie platform

Online movie platform is stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over the estimated useful life of 3 years.

Music catalogs

Music catalogs represent song catalogs, music video recording rights and publishing rights of songs acquired from outsiders. They are stated at cost less accumulated amortisation and impairment losses.

The costs of music catalogs less accumulated impairment loss are amortised based on the proportion of actual revenue earned during the year to total estimated projected revenue subject to a maximum of 15 years. Additional amortisation/impairment loss is made if future estimated projected revenues are adversely different from the previous estimation. Estimated projected revenues are reviewed at the end of each reporting period.

Film rights, film products and films under production

Film rights are rights acquired or licensed from outsiders for exhibition and other exploitation of the films.

Film rights are stated at cost less accumulated amortisation and any impairment losses. Film rights, less accumulated impairment loss, are amortised based on the proportion of actual revenues earned during the year to total estimated projected revenues. Additional amortisation/impairment loss is made if future estimated projected revenues are adversely different from the previous estimation. Estimated projected revenues and related cash flows are reviewed at least at the end of each reporting period.

## 2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

### 2.2 Summary of significant accounting policies *(Continued)*

#### Film rights, film products and films under production *(Continued)*

Film products are stated at cost less accumulated amortisation and any impairment losses. Film products, less estimated residual value and accumulated impairment losses, are amortised based on the proportion of actual revenues earned during the year to total estimated projected revenues. Cost of film products, accounted for on a project-by-project basis, includes production costs, costs of services, direct labour costs, facilities and raw materials consumed in the creation of a film.

Films under production include production costs, costs of services, direct labour costs, facilities and raw materials consumed in the creation of a film. Upon completion and release, these films under production are reclassified as film products. Films under production are accounted for on a project-by-project basis and are stated at cost less any impairment losses.

An impairment loss is made if there has been a change in the estimates used to determine the recoverable amount and the carrying amount exceeds the recoverable amount.

#### Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) turnover from entertainment events organised by the Group, when the events are completed;

(b) net income from entertainment events organised by other co-investors, when the events are completed and in proportion as agreed with co-investors;

(c) income from films licensed to movie theatres, when the films are exhibited;

(d) licence income from films licensed for a fixed fee or non-refundable guarantee under a non-cancellable contract, where an assignment is granted to the licensee which permits the licensee to exploit those film rights freely and where the Group has no remaining obligations to perform and when the film materials have been delivered to licensees. Revenue recognised is limited to the amount of consideration received and subject to due allowance for contingencies;

(e) licence income from films licensed, other than for a fixed fee or non-refundable guarantee under a non-cancellable contract, to licensees, over the licence period and when the films are available for showing or telecast;

(f) sale of products and albums, at a point in time when control of the asset is transferred to the customer, generally on delivery of the products and albums;

(g) distribution commission income, when the album or film materials have been delivered to the wholesalers, distributors and licensees;

(h) album licence income and music publishing income, on an accrual basis in accordance with the terms of the relevant agreements;

(i) income from gross box-office takings for film exhibition is recognised upon the sale of tickets and when the film is released; and

(j) advertising income, artiste management fee income, producer fee income and consultancy service income on entertainment events, in the period in which the relevant services are rendered.

## 2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

### 2.2 Summary of significant accounting policies *(Continued)*

Income tax

Dividend income derived from the Company's subsidiaries in Mainland China is subject to a withholding tax under the prevailing tax rules and regulations of the People's Republic of China (the "**PRC**").

*Mainland China Land Appreciation Tax ("**LAT**")*

LAT is levied at prevailing progressive rates on the appreciation of land value, being the proceeds of the sale of properties less deductible costs.

## 3. TURNOVER AND SEGMENT INFORMATION

| | **Six months ended 31 January 2019 (Unaudited) HK$'000** | Six months ended 31 January 2018 (Unaudited) HK$'000 | Year ended 31 July 2018 (Audited) HK$'000 |
|---|---|---|---|
| **Turnover from contracts with customers:** | | | |
| Sale of properties | **1,751,268** | — | 430 |
| Building management fee income | **96,746** | 46,949 | 95,758 |
| Income from hotel operation | **280,620** | 231,933 | 423,958 |
| Income from restaurant operation | **269,828** | 268,469 | 514,019 |
| Box-office takings, concessionary income and related income from cinemas | **214,277** | — | — |
| Distribution commission income and licence fee income from film products and film rights | **238,212** | — | — |
| Sale of game products | **103,132** | — | — |
| Entertainment event income | **77,354** | — | — |
| Album sales, licence income and distribution commission income from music publishing and licensing | **42,808** | — | — |
| Artiste management fee income | **9,768** | — | — |
| Advertising income | **2,045** | — | — |
| Others | **97,498** | 13,896 | 50,090 |
| | **3,183,556** | 561,247 | 1,084,255 |
| **Turnover from other sources:** | | | |
| Rental income | **577,187** | 302,533 | 608,755 |
| Total turnover | **3,760,743** | 863,780 | 1,693,010 |
| **Timing of recognition of turnover from contracts with customers** | | | |
| At a point in time | **2,952,194** | 461,700 | 891,669 |
| Over time | **231,362** | 99,547 | 192,586 |
| | **3,183,556** | 561,247 | 1,084,255 |

### 3. TURNOVER AND SEGMENT INFORMATION *(CONTINUED)*

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

(a) the property development and sales segment engages in property development and sale of properties;

(b) the property investment segment engages in the leasing of investment properties;

(c) the hotel operation segment engages in the operation of and provision of consultancy services to hotels and serviced apartments;

(d) the restaurant operation segment engages in the operation of and provision of consultancy services to restaurants;

(e) the media and entertainment segment engages in the investment in, and the production of entertainment events and provision of related advertising services, the provision of artiste management services, album sales and distribution, licence of music and trading of gaming products;

(f) the film production and distribution segment engages in the investment in, production of, sale and distribution of television programmes, films and provision of related advertising services as well as the distribution of video format products derived from these films and films licensed-in by the Group;

(g) the cinema operation segment engages in the operation of cinemas in Hong Kong and Mainland China; and

(h) the "others" segment mainly comprises the provision of property management services, leasing agency services, building services and luxury yachting business.

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

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

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

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

## 3. TURNOVER AND SEGMENT INFORMATION *(CONTINUED)*

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

| | Six months ended 31 January (Unaudited) | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Property development and sales | | Property investment | | Hotel operation | | Restaurant operation | | Media and entertainment | | Film production and distribution | | Cinema operation | | Others | | Eliminations | | Consolidated | |
| | **2019 HK$'000** | 2018 HK$'000 | **2019 HK$'000** | 2018 HK$'000 | **2019 HK$'000** | 2018 HK$'000 | **2019 HK$'000** | 2018 HK$'000 | **2019 HK$'000** | 2018 HK$'000 | **2019 HK$'000** | 2018 HK$'000 | **2019 HK$'000** | 2018 HK$'000 | **2019 HK$'000** | 2018 HK$'000 | **2019 HK$'000** | 2018 HK$'000 | **2019 HK$'000** | 2018 HK$'000 |
| Segment revenue: | | | | | | | | | | | | | | | | | | | | |
| Sales to external customers | **1,751,268** | — | **673,933** | 349,482 | **280,620** | 231,933 | **269,828** | 268,469 | **233,062** | — | **240,257** | — | **214,277** | — | **97,498** | 13,896 | **—** | — | **3,760,743** | 863,780 |
| Intersegment sales | **—** | — | **20,329** | 10,120 | **1,018** | — | **130** | — | **28** | — | **7,161** | — | **845** | — | **15,996** | 13,556 | **(45,507)** | (23,676) | **—** | — |
| Other revenue | **4,854** | 2,041 | **23,713** | 548 | **1,274** | 564 | **227** | 168 | **3,349** | — | **4,069** | — | **10,673** | — | **40,104** | 17,971 | **—** | — | **88,263** | 21,292 |
| Total | **1,756,122** | 2,041 | **717,975** | 360,150 | **282,912** | 232,497 | **270,185** | 268,637 | **236,439** | — | **251,487** | — | **225,795** | — | **153,598** | 45,423 | **(45,507)** | (23,676) | **3,849,006** | 885,072 |
| Segment results | **367,943** | (6,711) | **432,134** | 273,059 | **(136,051)** | 37,814 | **(2,102)** | (5,705) | **14,420** | — | **(36,610)** | — | **(48,246)** | — | **(21,823)** | 12,948 | **—** | — | **569,665** | 311,405 |
| Unallocated other revenue | | | | | | | | | | | | | | | | | | | **29,433** | 51,981 |
| Fair value gains on investment properties, net | **—** | — | **304,219** | 575,044 | **—** | — | **—** | — | **—** | — | **—** | — | **—** | — | **—** | — | **—** | — | **304,219** | 575,044 |
| Unallocated expenses | | | | | | | | | | | | | | | | | | | **(242,951)** | (108,231) |
| Profit from operating activities | | | | | | | | | | | | | | | | | | | **660,366** | 830,199 |
| Finance costs | | | | | | | | | | | | | | | | | | | **(240,063)** | (138,522) |
| Share of profits and losses of associates | **45** | 28 | **23** | — | **(180)** | (251) | **(6)** | (1,288) | **(34)** | — | **113** | — | **463** | — | **261** | — | **—** | — | **685** | (1,511) |
| Share of profits and losses of associates — unallocated | | | | | | | | | | | | | | | | | | | **(5,053)** | (10,321) |
| Share of profits and losses of joint ventures | **551,477** | (2,314) | **194,675** | 623,873 | **—** | — | **—** | (577) | **(766)** | — | **(744)** | — | **—** | — | **—** | (8,397) | **—** | — | **744,642** | 612,585 |
| Loss on remeasurement of existing interest in an associate upon business combination — unallocated | | | | | | | | | | | | | | | | | | | **(2,930,325)** | — |
| Gain on bargain purchase on acquisition of subsidiaries — unallocated | | | | | | | | | | | | | | | | | | | **6,666,994** | — |
| Profit before tax | | | | | | | | | | | | | | | | | | | **4,897,246** | 1,292,430 |
| Tax | | | | | | | | | | | | | | | | | | | **(95,449)** | (41,176) |
| Profit for the period | | | | | | | | | | | | | | | | | | | **4,801,797** | 1,251,254 |

## 3. TURNOVER AND SEGMENT INFORMATION *(CONTINUED)*

The following table presents the total assets and liabilities for the Group's reportable segments:

| | Property development and sales | | Property investment | | Hotel operation | | Restaurant operation | | Media and entertainment | | Film production and distribution | | Cinema operation | | Others | | Consolidated | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **31 January 2019 HK$'000 (Unaudited)** | 31 July 2018 HK$'000 (Audited) | **31 January 2019 HK$'000 (Unaudited)** | 31 July 2018 HK$'000 (Audited) | **31 January 2019 HK$'000 (Unaudited)** | 31 July 2018 HK$'000 (Audited) | **31 January 2019 HK$'000 (Unaudited)** | 31 July 2018 HK$'000 (Audited) | **31 January 2019 HK$'000 (Unaudited)** | 31 July 2018 HK$'000 (Audited) | **31 January 2019 HK$'000 (Unaudited)** | 31 July 2018 HK$'000 (Audited) | **31 January 2019 HK$'000 (Unaudited)** | 31 July 2018 HK$'000 (Audited) | **31 January 2019 HK$'000 (Unaudited)** | 31 July 2018 HK$'000 (Audited) | **31 January 2019 HK$'000 (Unaudited)** | 31 July 2018 HK$'000 (Audited) |
| Segment assets | **8,765,509** | 2,640,197 | **40,758,877** | 18,599,262 | **9,451,034** | 5,444,389 | **531,389** | 531,037 | **399,827** | — | **985,452** | — | **763,666** | — | **4,803,997** | 1,683,631 | **66,459,751** | 28,898,516 |
| Interests in associates | **1,748** | 1,701 | **6,018** | — | **174,198** | 163,301 | **(10,555)** | (10,394) | **—** | — | **3,970** | — | **—** | — | **822** | 233 | **176,201** | 154,841 |
| Interests in associates — unallocated | | | | | | | | | | | | | | | | | **16,290** | 3,441,744 |
| Interests in joint ventures | **1,842,500** | 1,194,367 | **6,269,140** | 6,075,975 | **—** | — | **—** | 2,517 | **13,230** | — | **2,666** | — | **—** | — | **—** | — | **8,127,536** | 7,272,859 |
| Unallocated assets | | | | | | | | | | | | | | | | | **3,768,015** | 5,458,439 |
| Asset classified as held for sale | | | | | | | | | | | | | | | | | **1,478,044** | 1,476,533 |
| Total assets | | | | | | | | | | | | | | | | | **80,025,837** | 46,702,932 |
| Segment liabilities | **1,448,056** | 1,684,053 | **1,864,120** | 390,603 | **516,856** | 237,631 | **44,737** | 41,259 | **119,282** | — | **432,751** | — | **180,055** | — | **340,001** | 330,037 | **4,945,858** | 2,683,583 |
| Bank borrowings | | | | | | | | | | | | | | | | | **13,108,047** | 8,884,733 |
| Guaranteed notes | | | | | | | | | | | | | | | | | **5,733,626** | 3,118,594 |
| Other borrowings | | | | | | | | | | | | | | | | | **303,142** | — |
| Loans from a joint venture | | | | | | | | | | | | | | | | | **277,648** | — |
| Other unallocated liabilities | | | | | | | | | | | | | | | | | **6,388,758** | 397,341 |
| Total liabilities | | | | | | | | | | | | | | | | | **30,757,079** | 15,084,251 |

## 4. PROFIT FROM OPERATING ACTIVITIES

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

| | **Six months ended 31 January 2019 (Unaudited) HK$'000** | Six months ended 31 January 2018 (Unaudited) HK$'000 | Year ended 31 July 2018 (Audited) HK$'000 |
|---|---|---|---|
| Depreciation@ | **192,012** | 42,145 | 84,182 |
| Interest income from bank deposits | **(23,265)** | (31,633) | (39,008) |
| Other interest income | **(14,057)** | (6,404) | (20,705) |
| Dividend income from unlisted available-for-sale financial assets | **—** | (10,700) | (27,400) |
| Dividend income from equity investments at FVOCI | **(16,100)** | — | — |
| Foreign exchange (gains)/losses, net | **(15,858)*** | (9,105)* | 5,927^ |
| Amortisation of film rights# | **1,730** | — | — |
| Amortisation of film products# | **197,283** | — | — |
| Amortisation of music catalogs# | **13,362** | — | — |
| Amortisation of other intangible assets# | **539** | — | — |
| Impairment of property, plant and equipment^ | **9,505** | — | 9,583 |
| Impairment of advances and other receivables^ | **3,350** | — | — |
| Impairment amounts due from joint ventures^ | **311** | — | — |
| Gain on disposal of an associate^ | **(19,705)** | — | — |
| Fair value losses/(gains) on cross currency swaps | **8,479^** | — | (6,171)* |

@ Depreciation charge of approximately HK$174,866,000 (Six months ended 31 January 2018: HK$39,648,000) for property, plant and equipment is included in "other operating expenses" on the face of the unaudited condensed consolidated income statement.

* These items are included in "other revenue" on the face of the unaudited condensed consolidated income statement.

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

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

(b) Other than those mentioned in note 4(a) above, "other operating expenses" also included service fee for operation of a club in the Group's hotel operation in Vietnam of approximately HK$18,854,000 (Six months ended 31 January 2018: HK$36,664,000).

## 5. FINANCE COSTS

| | **Six months ended 31 January 2019 (Unaudited) HK$'000** | Six months ended 31 January 2018 (Unaudited) HK$'000 | Year ended 31 July 2018 (Audited) HK$'000 |
|---|---|---|---|
| Interest on bank borrowings | **275,930** | 75,483 | 175,378 |
| Interest on other borrowings | **2,895** | — | — |
| Interest on guaranteed notes | **157,540** | 127,168 | 196,075 |
| Interest on loans from a joint venture | **7,112** | — | — |
| Interest expense arising from revenue contracts | **28,695** | — | — |
| Bank financing charges | **38,095** | 21,599 | 38,314 |
| | **510,267** | 224,250 | 409,767 |
| Less: Capitalised in construction in progress | **(98,027)** | (60,306) | (139,355) |
| Capitalised in properties under development for sale | **(102,489)** | (25,422) | (40,930) |
| Capitalised in investment properties under construction | **(69,688)** | — | — |
| | **240,063** | 138,522 | 229,482 |

## 6. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (Six months ended 31 January 2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

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

| | **Six months ended 31 January 2019 (Unaudited) HK$'000** | Six months ended 31 January 2018 (Unaudited) HK$'000 | Year ended 31 July 2018 (Audited) HK$'000 |
|---|---|---|---|
| Current tax | | | |
| Hong Kong | **70,715** | 20,398 | 41,517 |
| Mainland China | **97,410** | — | — |
| Overseas | **8,899** | 16,101 | 27,195 |
| | **177,024** | 36,499 | 68,712 |
| Deferred tax | **(79,243)** | 4,609 | (25,046) |
| Prior periods'/years' (overprovision)/underprovision | | | |
| Hong Kong | **(52)** | 75 | 5,749 |
| Mainland China | **(3)** | — | — |
| Overseas | **(2,277)** | (7) | 569 |
| | **(2,332)** | 68 | 6,318 |
| Tax charge for the period/year | **95,449** | 41,176 | 49,984 |

## 7. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

| | **Six months ended 31 January 2019 (Unaudited) HK$'000** | Six months ended 31 January 2018 (Unaudited) HK$'000 | Year ended 31 July 2018 (Audited) HK$'000 |
|---|---|---|---|
| Earnings | | | |
| Earnings for the purpose of basic earnings per share | **5,076,304** | 1,223,639 | 4,335,202 |
| Effect of dilutive potential ordinary shares arising from adjustment to the share of an associate based on dilution of its earnings per share | **—** | (202) | (752) |
| Earnings for the purpose of diluted earnings per share | **5,076,304** | 1,223,437 | 4,334,450 |
| | **'000** | '000 | '000 |
| Number of shares | | | |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | **606,077** | 605,075 | 605,572 |
| Effect of dilutive potential ordinary shares arising from share options | **2,265** | 2,593 | 2,525 |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share | **608,342** | 607,668 | 608,097 |

## 8. DEBTORS, DEPOSITS PAID AND OTHER RECEIVABLES

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 restaurant charges are mainly settled by customers on a cash basis except for those corporate clients who maintain credit accounts with the respective subsidiaries, the settlement of which is in accordance with the respective agreements.

The trading terms of eSun (other than Lai Fung Holdings Limited ("**Lai Fung**")), with its customers are mainly on credit. Invoices are normally payable within 30 to 90 days of issuance, except for certain well-established customers, where the terms are extended to 120 days. Each customer has a maximum credit limit. eSun seeks to maintain strict control over its outstanding receivables and has a credit control policy to minimise its credit risk. Overdue balances are regularly reviewed by senior management. Since eSun trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within eSun as the customer bases of eSun's trade receivables are widely dispersed in different sectors and industries.

## 8. DEBTORS, DEPOSITS PAID AND OTHER RECEIVABLES *(CONTINUED)*

An ageing analysis of the trade debtors, based on payment due date is as follows:

| | **31 January 2019 (Unaudited) HK$'000** | 1 August 2018 (Unaudited) HK$'000 (As adjusted) | 31 July 2018 (Audited) HK$'000 |
|---|---|---|---|
| Trade debtors: | | | |
| Not yet due or less than 30 days past due | **189,434** | 41,528 | 41,528 |
| 31 - 60 days past due | **17,409** | 1,991 | 1,991 |
| 61 - 90 days past due | **9,017** | 773 | 773 |
| Over 90 days past due | **24,576** | 8,455 | 8,455 |
| | **240,436** | 52,747 | 52,747 |
| Other receivables | **576,648** | 350,064 | 355,866 |
| Deposits paid and prepayments | **1,016,662** | 139,065 | 139,065 |
| | **1,833,746** | 541,876 | 547,678 |

## 9. CREDITORS, DEPOSITS RECEIVED, CONTRACT LIABILITIES AND ACCRUALS

An ageing analysis of the trade creditors, based on payment due date is as follows:

| | **31 January 2019 (Unaudited) HK$'000** | 1 August 2018 (Unaudited) HK$'000 (as adjusted) | 31 July 2018 (Audited) HK$'000 |
|---|---|---|---|
| Trade creditors: | | | |
| Not yet due or less than 30 days past due | **277,568** | 23,759 | 23,759 |
| 31 - 60 days past due | **10,631** | 4,368 | 4,368 |
| 61 - 90 days past due | **5,453** | 366 | 366 |
| Over 90 days past due | **14,411** | 2,914 | 2,914 |
| | **308,063** | 31,407 | 31,407 |
| Other payables and accruals | **2,510,305** | 684,629 | 684,629 |
| Deposits received and other provisions | **1,055,297** | 465,762 | 2,064,461 |
| Contract liabilities | **1,162,837** | 1,666,869 | — |
| Dividend payable | **65,456** | — | — |
| Put option liabilities (note 10) | **280,292** | — | — |
| | **5,382,250** | 2,848,667 | 2,780,497 |
| Amount classified as current | **(5,049,426)** | (2,205,961) | (2,146,488) |
| Non-current portion | **332,824** | 642,706 | 634,009 |

## 10. PUT OPTION LIABILITIES

On 31 December 2018, Rosy Commerce Holdings Limited ("**Rosy Commerce**", a company indirectly owned by Lai Fung and eSun as to 80% and 20%, respectively) and China Cinda (HK) Asset Management Co., Limited ("**Cinda**"), an independent third party, entered into two investment agreements (the "**Agreements**"). Pursuant to the Agreements, Cinda agrees to invest, by way of share subscription and/or share sale, in two wholly-owned subsidiaries of Rosy Commerce, namely Harmonic Run Limited ("**HRL**") and Glorious Stand Limited ("**GSL**") at a total consideration (the "**Consideration**") of approximately US$35,752,000 (the "**Transaction**"). The Transaction was completed on 25 January 2019 and constituted a deemed disposal of 30% equity interests in HRL and GSL to Cinda by Rosy Commerce.

On 25 January 2019, Rosy Commerce and Cinda further entered into two shareholders' agreements, pursuant to the buy-back clause contained therein, upon the occurrence of certain triggering events during the six-year investment period, Rosy Commerce has a contractual obligation to buy-back the 30% equity interests in each of HRL and GSL from Cinda at an aggregate amount equals to the Consideration. Accordingly, financial liabilities of approximately US$35,752,000 (equivalent to approximately HK$280,292,000) are recorded as put option liabilities under "creditors, deposits received, contract liabilities and accruals" of the unaudited condensed consolidated statement of financial position as at the end of the reporting period.

Further details of the Transaction are set out in a joint announcement of the Company, Lai Sun Garment (International) Limited ("**LSG**"), eSun and Lai Fung dated 2 January 2019.

## 11. SHARE OPTION SCHEMES

### The Company

The Company adopted a new share option scheme on 11 December 2015 and terminated the share option scheme previously adopted on 22 December 2006. Subsisting options granted prior to the termination will continue to be valid and exercisable in accordance with the terms of the previous scheme.

The table below discloses movement of the Company's share options held by the Group's directors, employees and other eligible participants:

| | **Number of underlying shares comprised in share options** |
|---|---|
| Outstanding as at 1 August 2018 and 31 January 2019 | 14,359,534 |

### eSun

eSun adopted a new share option scheme on 11 December 2015 and terminated the share option scheme previously adopted on 23 December 2005. Subsisting options granted prior to the termination will continue to be valid and exercisable in accordance with the terms of the previous scheme.

The table below discloses movement of eSun's share options held by eSun's directors, employees and other eligible participants:

| | **Number of underlying eSun's shares comprised in eSun's share options** |
|---|---|
| Outstanding as at 1 August 2018 | 32,850,665 |
| Cancelled during the period | (13,145,696) |
| Lapsed during the period | (19,704,969) |
| Outstanding as at 31 January 2019 | — |

The share options relating to 12,745,696 underlying shares in eSun granted under the share option scheme adopted in 2005 and a share option relating to 400,000 underlying shares in eSun granted under the share option scheme adopted in 2015 were cancelled on 8 August 2018 upon such share options being tendered for acceptances of the offer by Transtrend Holdings Limited ("**Transtrend**"), a wholly-owned subsidiary of the Company, to cancel all share options of eSun. Pursuant to the terms of the share option scheme adopted in 2005, the share options relating to a total of 19,704,969 underlying shares in eSun have lapsed on 22 August 2018 upon the close of the offer by Transtrend for the shares in eSun.

## 11. SHARE OPTION SCHEMES *(CONTINUED)*

### Lai Fung

On 18 December 2012, Lai Fung adopted a new share option scheme and terminated the share option scheme previously adopted on 21 August 2003 (as amended on 8 August 2018). Subsisting options granted prior to the termination will continue to be valid and exercisable in accordance with the terms of the previous scheme.

The table below discloses movement of Lai Fung's share options held by Lai Fung's directors, employees and other eligible participants:

| | Number of underlying Lai Fung's shares comprised in Lai Fung's share options |
|---|---|
| Outstanding as at 1 August 2018 | 10,234,117 |
| Granted during the period | 580,000 |
| Outstanding as at 31 January 2019 | 10,814,117 |

The exercise price of Lai Fung's share options granted during the period was HK$10.18 per Lai Fung's share. The closing price of Lai Fung's shares immediately before 22 January 2019, the date of grant, was HK$10.12 per Lai Fung's share.

The fair value of the share options granted by Lai Fung during the period was approximately HK$2,322,000 which was recognised as a share option expense of approximately HK$2,322,000 and HK$743,000 (before and after capitalisation to properties under development/investment properties under construction/construction in progress, respectively) for the six months ended 31 January 2019.

The fair value of equity-settled share options granted by Lai Fung during the period was estimated as at the date of grant using the binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

| **Date of grant** | **22 January 2019** |
|---|---|
| Dividend yield (%) | **2.0202** |
| Expected volatility (%) | **46.8070** |
| Historical volatility (%) | **46.8070** |
| Risk-free interest rate (%) | **2.0202** |
| Option life (years) | **10** |
| Closing share price of the date of grant (HK$ per Lai Fung's share) | **10.18** |
| Forfeiture rate (%) | **2.5329** |

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. The value of the share options is subject to a number of assumptions and with regard to the limitation of the binomial option pricing model. Therefore, the value may be subjective and would change should any of the assumptions change.

## 12. CAPITAL COMMITMENTS

The Group had the following commitments not provided for in the condensed consolidated interim financial statements at the end of the reporting period:

| | **31 January 2019 (Unaudited) HK$'000** | 31 July 2018 (Audited) HK$'000 |
|---|---|---|
| Contracted, but not provided for | | |
| Purchase of items of property, plant and equipment | **16,661** | 34,571 |
| Development and operation of a hotel project | **—** | 79,942 |
| Additions to investment properties | **16,652** | 16,868 |
| Construction, development and resettlement costs | **1,647,138** | — |
| | **1,680,451** | 131,381 |

## 13. CONTINGENT LIABILITIES

Saved as disclosed elsewhere in the condensed consolidated interim financial statements, the Group also had the following contingent liabilities not provided for in the condensed consolidated interim financial statements at the end of the reporting period:

| | **31 January 2019 (Unaudited) HK$'000** | 31 July 2018 (Audited) HK$'000 |
|---|---|---|
| Guarantee given to a bank in connection with facility granted to and utilised by a joint venture | **650,000** | 650,000 |
| Guarantees given to banks in respect of mortgage loan facilities granted to certain end-buyers of property units developed by the Group | **561,709** | — |
| | **1,211,709** | 650,000 |

## 14. RELATED PARTY TRANSACTIONS

In addition to the related party transactions and balances detailed elsewhere in the condensed consolidated interim financial statements, the Group entered into the following material transactions with related parties during the period:

### (a) Transactions with related parties

| | | **Six months ended 31 January 2019 (Unaudited) HK$'000** | Six months ended 31 January 2018 (Unaudited) HK$'000 | Year ended 31 July 2018 (Audited) HK$'000 |
|---|---|---|---|---|
| Rental income and building management fee received or receivable from eSun and its subsidiaries (collectively the "**eSun Group**"), a then associate | (Note) | **—** | 6,646 | 13,231 |
| Rental expenses and building management fees paid or payable to: | | | | |
| — LSG | (Note) | **170** | — | — |
| — an associate of LSG | (Note) | **1,230** | 1,157 | 2,298 |
| — the eSun Group | (Note) | **—** | 33 | 67 |
| Interest income received or receivable from advance to: | | | | |
| — the eSun Group | (Note) | **—** | — | 1,946 |
| — joint ventures | (Note) | **5,579** | — | 4,733 |
| Interest expenses paid or payable from advance from: | | | | |
| — joint ventures | (Note) | **7,112** | — | — |
| Production fee paid or payable to: | | | | |
| — joint ventures | (Note) | **1,200** | — | — |
| Management and other service fees paid or payable to: | | | | |
| — a subsidiary of a substantial shareholder of Lai Fung | (Note) | **5,015** | — | — |
| Sharing of corporate salaries on a cost basis allocated to: | | | | |
| — LSG | | **5,870** | 4,795 | 8,663 |
| — the eSun Group | | **—** | 28,199 | 50,691 |
| Sharing of administrative expenses on a cost basis allocated to: | | | | |
| — LSG | | **2,657** | 1,052 | 1,478 |
| — the eSun Group | | **—** | 3,622 | 6,212 |
| Sharing of corporate salaries on a cost basis allocated from: | | | | |
| — LSG | | **3,914** | 3,063 | 5,730 |
| — the eSun Group | | **—** | 3,489 | 6,376 |
| Sharing of administrative expenses on a cost basis allocated from: | | | | |
| — LSG | | **—** | — | 3 |
| — the eSun Group | | **—** | 891 | 1,964 |

*Note:* *These transactions were entered into based on terms stated in the respective agreements or contracts and were charged on bases mutually agreed by the respective parties.*

## 14. RELATED PARTY TRANSACTIONS *(CONTINUED)*

### (b) Compensation of key management personnel of the Group

| | **Six months ended 31 January 2019 (Unaudited) HK$'000** | Six months ended 31 January 2018 (Unaudited) HK$'000 | Year ended 31 July 2018 (Audited) HK$'000 |
|---|---|---|---|
| Short term employee benefits | **35,802** | 17,918 | 32,344 |
| Post-employment benefits | **167** | 137 | 277 |
| Total compensation paid to key management personnel | **35,969** | 18,055 | 32,621 |

## 15. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

### Financial instruments for which fair value is disclosed

Except for the guaranteed notes with a fair value in aggregate of approximately HK$5,540,485,000 (31 July 2018: HK$2,991,788,000), of which the fair value was determined by reference to the closing prices of the guaranteed notes published by a leading global financial market data provider as at the end of the reporting period, the directors consider the carrying amounts of all other financial assets and financial liabilities measured at amortised cost approximate to their fair values as at the end of the reporting period.

### Financial instruments measured at fair value

| | **Level 1 (Unaudited) HK$'000** | **Level 2 (Unaudited) HK$'000** | **Level 3 (Unaudited) HK$'000** | **Total (Unaudited) HK$'000** |
|---|---|---|---|---|
| **As at 31 January 2019** | | | | |
| **Financial assets** | | | | |
| Equity investments at FVOCI | **69,444** | **703,105** | **1,821,711** | **2,594,260** |
| Financial assets at FVPL | **45,265** | **—** | **140,583** | **185,848** |
| Derivative financial instruments | **—** | **—** | **3,205** | **3,205** |
| | **114,709** | **703,105** | **1,965,499** | **2,783,313** |
| **Financial liabilities** | | | | |
| Derivative financial instruments | **—** | **—** | **2,982** | **2,982** |

| | Level 1 (Audited) HK$'000 | Level 2 (Audited) HK$'000 | Level 3 (Audited) HK$'000 | Total (Audited) HK$'000 |
|---|---|---|---|---|
| As at 31 July 2018 | | | | |
| **Financial assets** | | | | |
| Available-for-sale financial assets, at fair value | — | 352,511 | 1,783,659 | 2,136,170 |
| Derivative financial instruments | — | — | 6,171 | 6,171 |
| | — | 352,511 | 1,789,830 | 2,142,341 |

## 15. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(CONTINUED)*

### Financial instruments measured at fair value *(Continued)*

During the six months ended 31 January 2019, there were no transfer of fair value measurement between Level 1 and Level 2 (Six months ended 31 January 2018: Nil).

During the six months ended 31 January 2019, fair value measurement of certain item of equity investments at FVOCI has been transferred out of Level 3 to Level 1 because there is a quoted market price in active market. (Six months ended 31 January 2018: Nil).

The movements in fair value measurements in Level 3 during the period are as follows:

(i) Equity investments at FVOCI/available-for-sale financial assets

| | **Six months ended 31 January 2019 (Unaudited) HK$'000** | Six months ended 31 January 2018 (Unaudited) HK$'000 | Year ended 31 July 2018 (Audited) HK$'000 |
|---|---|---|---|
| At beginning of period/year | **1,809,743*** | 1,394,371 | 1,394,371 |
| Total gains recognised in other comprehensive income | **34,202** | 122,541 | 264,998 |
| Additions | **97,102** | — | 124,290 |
| Transfer to Level 1 | **(119,336)** | — | — |
| At end of period/year | **1,821,711** | 1,516,912 | 1,783,659 |

* The balance as at 1 August 2018 included reclassification from available-for-sale financial assets measured at cost of HK$26,084,000 upon adoption of HKFRS 9.

(ii) Financial assets at FVPL

| | **Six months ended 31 January 2019 (Unaudited) HK$'000** |
|---|---|
| At beginning of period (As adjusted) | **130,225** |
| Additions | **10,358** |
| At end of period | **140,583** |

(iii) Derivative financial instruments

| | **Six months ended 31 January 2019 (Unaudited) HK$'000** | Six months ended 31 January 2018 (Unaudited) HK$'000 | Year ended 31 July 2018 (Audited) HK$'000 |
|---|---|---|---|
| Net carrying amount of assets at beginning of period/year | **6,171** | — | — |
| Acquisition of subsidiaries (note 16) | **2,531** | — | — |
| Net fair value (losses)/gains charged to profit or loss | **(8,479)** | — | 6,171 |
| Net fair value losses charged to hedging reserve | **—** | (5,728) | — |
| Net carrying amount of assets/(liabilities) at end of period/year | **223** | (5,728) | 6,171 |

## 15. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(CONTINUED)*

### Valuation techniques

#### Fair value measurement using significant unobservable inputs (Level 2)

The fair values of certain equity investments at FVOCI are based on the fair values of the underlying investment portfolio provided by the fund managers.

#### Fair value measurement using significant unobservable inputs (Level 3)

Each year, the Group's management appoints external valuers to be responsible for the external valuations of the Group's significant financial instruments (the "**Financial Instrument Valuers**"). Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has discussions with the Financial Instrument Valuers on the valuation assumptions and valuation results twice a year when the valuation is performed for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The methods and assumptions used to estimate the fair values of the principal financial instruments are stated as follows:

Fair value of the equity interest in an investee company, classified as equity investments at FVOCI (31 July 2018: available-for-sale financial assets), has been estimated using the fair value of investment properties held by an investee company, which is determined by the market approach and income approach. Market approach provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. By analysing such sales, which qualify as "arms-length" transactions, between willing buyers and sellers, adjustments are made for size, location, time, amenities and other relevant factors when comparing such sales prices to assess the value of the subject asset. This approach is commonly used to value assets where reliable sales evidence of assets of a similar nature is available. Income approach is an approach to valuation that provides an indication of value by converting future cash flows to a single current capital value. Current capital value is projected based on discounted cash flow method. It is a process of valuing an investment property or asset by undertaking an estimation of future cash flows and taking into account the time value of money.

#### Information about fair value measurement using significant unobservable inputs (Level 3)

**31 January 2019**

| | **Valuation technique** | **Significant unobservable inputs** | **Value of unobservable inputs** | **Notes** |
|---|---|---|---|---|
| Equity investments at FVOCI | Income approach | Average monthly market rent per square foot | HK$157 | 1 |
| | | Capitalisation rate | 2.85% | 2 |

31 July 2018

| | Valuation technique | Significant unobservable inputs | Value of unobservable inputs | Notes |
|---|---|---|---|---|
| Available-for-sale financial assets | Income approach | Average monthly market rent per square foot | HK$158 | 1 |
| | | Capitalisation rate | 2.85% | 2 |

*Notes:*

1. *The higher the market rent, the higher the fair value*
2. *The higher the capitalisation rate, the lower the fair value*

## 16. ACQUISITION OF SUBSIDIARIES

### (a) Acquisition of eSun

Further to the joint announcement of the Company, LSG, eSun, Lai Fung and the Offeror as defined below dated 27 May 2018 and the Company's circular dated 23 July 2018 in respect of, among others, (1) the then conditional voluntary general cash offer by Transtrend (the "**Offeror**"), a wholly-owned subsidiary of the Company, to acquire all of the issued shares of eSun (other than those already owned or agreed to be acquired by the Company, the Offeror or their respective subsidiaries) (the "**eSun Share Offer**") and to cancel all the outstanding share options of eSun (the "**eSun Option Offer**", and together with the eSun Share Offer, the "**eSun Offers**") and (2) the then possible unconditional mandatory general cash offer by the Offeror to acquire all of the issued shares of Lai Fung (other than those already owned or agreed to be acquired by the Company, the Offeror, eSun or their respective subsidiaries) and to cancel all the outstanding share options of Lai Fung, the Group acquired additional 40.44% interest in eSun for approximately HK$735 million. eSun became a subsidiary of the Group since 8 August 2018 (the "**Completion Date**") and upon completion of the eSun Offers, the Group held 77.38% equity interest in eSun. As further explained in (b) below, 2.76% of the shares in eSun acquired were classified as financial assets at FVPL. For details of the acquisition, please refer to the joint announcement of the Company, eSun, Lai Fung and the Offeror dated 8 August 2018, the joint announcement of the Company, Lai Fung and the Offeror dated 15 August 2018, the joint announcement of the Company, eSun and the Offeror dated 22 August 2018 and the joint announcement of the Company, Lai Fung and the Offeror dated 13 September 2018.

Prior to the eSun Offers, the Group held 36.94% equity interest in eSun (the "**Existing Shareholding**"). The fair value of the Existing Shareholding as at the Completion Date of approximately HK$705 million was calculated with reference to the quoted share price of eSun of HK$1.28 per share as at the Completion Date. The aggregate carrying amount of the Group's interests in eSun and related reserves (including investment revaluation reserve and exchange fluctuation reserve) retained by the Group for the Existing Shareholding immediately before the Completion Date was approximately HK$3,635 million.

Difference between the fair value of the Existing Shareholding and the aggregate carrying amount of the Group's interests in eSun and related reserves retained by the Group for the Existing Shareholding as at the Completion Date of approximately HK$2,930 million has been recognised in the condensed consolidated income statement of the Company as a loss on disposal of the Existing Shareholding.

The fair value of the Existing Shareholding at the Completion Date formed part of the acquisition cost and was included in the calculation of gain on bargain purchase in relation to the acquisition of 74.62% equity interest in eSun (the "**Acquisition**") after taking into account the Disposal as set out in (b) below, in accordance with HKFRS 3 *Business Combinations*.

The Group has elected to measure the non-controlling interests in eSun at the non-controlling interests' proportionate share of eSun's net identifiable assets and liabilities.

Upon completion of the eSun Offers, the Company has recognised an overall net gain on bargain purchase of approximately HK$3,737 million.

## 16. ACQUISITION OF SUBSIDIARIES *(CONTINUED)*

### (a) Acquisition of eSun *(Continued)*

The fair values of the identifiable assets and liabilities of eSun as at the Completion Date were as follows:

| | HK$'000 |
|---|---|
| Property, plant and equipment | 5,188,660 |
| Investment properties | 18,601,100 |
| Properties under development for sale | 4,667,700 |
| Film rights | 11,205 |
| Film products | 80,217 |
| Music catalogs | 74,833 |
| Other intangible assets | 586 |
| Interests in associates | 16,278 |
| Interests in joint ventures | 1,877,476 |
| Equity investments at fair value through other comprehensive income | 213,226 |
| Derivative financial instruments | 2,531 |
| Debtors, deposits paid and other receivables | 743,241 |
| Deferred tax assets | 4,189 |
| Pledged and restricted bank balances and time deposits | 1,073,762 |
| Completed properties for sale | 1,758,600 |
| Films under production | 469,585 |
| Inventories | 21,874 |
| Prepaid tax | 37,856 |
| Cash and cash equivalents | 2,136,039 |
| Creditors, deposits received, contract liabilities and accruals | (2,762,937) |
| Tax payable | (123,973) |
| Bank borrowings | (3,920,953) |
| Loans from a joint venture | (644,698) |
| Loans from a related company | (650,000) |
| Other borrowings | (257,841) |
| Guaranteed notes | (2,602,991) |
| Deferred tax liabilities | (5,507,393) |
| Non-controlling interests of eSun | (9,643,570) |
| | 10,864,602 |
| Non-controlling interests | (2,757,158) |
| Total identifiable net assets at fair value | 8,107,444 |
| Gain on bargain purchase of the Acquisition | (6,666,994) |
| Total consideration | 1,440,450 |
| Satisfied by: | |
| Consideration of the eSun Offers | 735,119 |
| Fair value of the Existing Shareholding | 705,331 |
| | 1,440,450 |
| **Net impact on the condensed consolidated income statement** | |
| Loss on disposal of the Existing Shareholding | 2,930,325 |
| Gain on bargain purchase of the Acquisition | (6,666,994) |
| Gain on bargain purchase, net | (3,736,669) |

## 16. ACQUISITION OF SUBSIDIARIES *(CONTINUED)*

### (a) Acquisition of eSun *(Continued)*

The Group incurred total transaction costs of approximately HK$45 million for the Acquisition, of which approximately HK$31 million was incurred in the prior year. These transaction costs have been expensed and are included in administrative expenses in the condensed consolidated income statement.

The fair values of identifiable net assets acquired of the above business combination as at the Completion Date are provisional amounts and are subject to the finalisation of the fair value estimation within 12 months from the Completion Date.

Since the Acquisition, eSun contributed approximately HK$1,260 million to the Group's revenue and loss of approximately HK$416 million to the Group's consolidated profit for the six months ended 31 January 2019.

Had the Acquisition taken place at the beginning of the six months ended 31 January 2019, the revenue and the profit for the six months ended 31 January 2019 of the Group would have been approximately HK$3,761 million and approximately HK$4,802 million, respectively.

An analysis of the cash flows for the current period in respect of the Acquisition is as follows:

| | HK$'000 |
|---|---|
| Cash consideration paid | (735,119) |
| Cash and bank balances acquired | 2,136,039 |
| Net inflow of cash and cash equivalents included in cash flows from investing activities | 1,400,920 |
| Transaction costs of the Acquisition included in cash flows from operating activities | (13,726) |
| | 1,387,194 |

### (b) Disposal of shares in eSun

In order to restore the minimum percentage of shares in eSun held by the public as required under Rule 8.08(1)(a) of the Listing Rules, the Offeror entered into a legally binding and unconditional agreement on 25 January 2019 to sell an aggregate of 41,150,000 shares in eSun ("**Disposal Shares**"), representing approximately 2.76% of the then total issued share capital of eSun, to an independent third party (the "**Disposal**"). Such Disposal Shares of an amount of approximately HK$45 million was recognised as financial assets at FVPL in the condensed consolidated statement of financial position as at 31 January 2019.

Subsequent to the end of the reporting period, on 11 February 2019, the Disposal has completed. Following the completion of the Disposal, the minimum public float of 25% of the then total issued share capital of eSun as required under Rule 8.08(1)(a) of the Listing Rules has been restored and the Group held 74.62% equity interest in eSun since then.

# Interim Ordinary Dividend

The Board of the Company has resolved not to declare the payment of an interim ordinary dividend for the financial year ending 31 July 2019. No interim ordinary dividend was declared in respect of the last corresponding period.

# Management Discussion and Analysis

## BUSINESS REVIEW AND OUTLOOK

Upon close of the voluntary general cash offer ("**eSun Offer**") made by the Company in May 2018 to acquire all of the issued shares of eSun Holdings Limited ("**eSun**") that were not already owned by the Company in August 2018, eSun became a subsidiary of the Group and its financial results has been consolidated into the accounts of the Company starting from this set of interim results. The subsequent restoration of public float of eSun in February 2019 reduced the Company's shareholding in eSun marginally to 74.62%. The mandatory general offer to Lai Fung Holdings Limited ("**Lai Fung**") triggered by the eSun Offer closed on 13 September 2018. As at the date of this Report, Lai Fung is a 50.55%-owned subsidiary of the eSun.

eSun acts as an investment holding company and the principal activities of its subsidiaries include the development, operation of and investment in media and entertainment, music production and distribution, the investment in and production and distribution of television programmes, films and video format products, cinema operation, property development for sale and property investment for rental purposes as well as the development, operation of and investment in cultural, leisure, entertainment and related facilities.

The completion of the eSun Offer has strengthen the wider Lai Sun Group. It highlights Lai Sun Group's capabilities as a property-led conglomerate and in particular the Group's positioning in the Greater Bay Area. Set out below is the Group's rental portfolio and landbank (in '000 square feet) by geography and our exposure in the Greater Bay Area.

| | Total gross floor area "GFA" held by the Group[1] | | Attributable GFA to the Group | |
|---|---|---|---|---|
| | For-rental properties | Properties under development | For-rental properties | Properties under development |
| **Mainland China** | | | | |
| Shanghai | 1,728[2] | 772[2] | 652 | 291 |
| Guangzhou | 1,314[2] | 581[2] | 496 | 219 |
| Zhongshan | 246[2] | 2,099[2] | 93 | 793 |
| Hengqin | — | 5,689[3] | — | 2,339 |
| **Subtotal of properties in Mainland China:** | **3,288** | **9,141** | **1,241** | **3,642** |
| Hong Kong | 1,741[4] | 103[4] | 1,741 | 103 |
| **Subtotal of properties in the Great Bay Area (including Hong Kong, Guangzhou, Zhongshan, Hengqin):** | **3,301** | **8,472** | **2,330** | **3,454** |
| **Overseas** | | | | |
| London, United Kingdom | 344[4] | — | 344 | — |
| Vietnam | 98 | — | 98 | — |
| **Subtotal of overseas properties:** | **442** | **—** | **442** | **—** |
| **Total:** | **5,471** | **9,244** | **3,424** | **3,745** |

*Notes:*

1. *All properties of the Group in Mainland China are held through Lai Fung and its subsidiaries ("**Lai Fung Group**"), except Phase I of the Novotown project in Hengqin ("**Novotown**") which is 80% owned by Lai Fung Group and 20% owned by eSun and its subsidiaries ("**eSun Group**") and all major properties in Hong Kong and overseas are held by the Group excluding eSun Group.*
2. *Attributable GFA to Lai Fung Group.*
3. *Including total GFA of Phase I of Novotown, which is 80% owned by Lai Fung and 20% owned by eSun and total GFA of Phase II of Novotown which is 100% owned by Lai Fung.*
4. *Attributable GFA to the Group.*

## BUSINESS REVIEW AND OUTLOOK *(CONTINUED)*

### Hong Kong and Overseas Property Market

Global economies around the world continue to progress along a precarious path against a backdrop of familiar uncertainties during the period under review. The capital market has demonstrated steadiness backed by cautious optimism despite a delicate economic outlook, most notably the protracted situation of Brexit and the intermittent trade disputes between the USA and China. Some of these events are likely to linger in the near future and continue to cast a shadow on the outlook.

The property sector in Hong Kong as a whole continued to show resilience and robustness despite an increasingly uncertain global economic outlook. During the period under review, the retail segment has showed a strong recovery as demonstrated by improving visitor numbers and retail sales, partly driven by the new high speed rail link and the opening of the Hong Kong-Zhuhai-Macao Bridge. However, retail rent growth has been mixed due to re-alignment of tenant mix which resulted in rent reduction in certain tourist hotspots. The office leasing market remained tight despite new supply from completion of new office buildings and resulted in modest rent increases overall. Central business district continued to be underpinned by PRC and financial corporations and other commercial areas continued to benefit from the decentralisation and consolidation of space. The residential market softened towards the end of 2018 due to the uncertain outlook of the economy but limited supply supported the softening. Despite the government's best effort to increase land supply such as Lantau Tomorrow Vision the near term supply is expected to fall short of demand, labour supply shortages in the construction industry continues to drive wage inflation and pose a challenge on the cost management side.

The management believes it is paramount to prepare the Group for the challenges and opportunities ahead. The Group's Hong Kong properties performed steadily at nearly full occupancy levels. The Hong Kong Ocean Park Marriott Hotel ("**Ocean Hotel**") operated by Marriott Group providing a total of 471 rooms grand opened on 19 February 2019 and added approximately 365,974 square feet of attributable rental space to the rental portfolio of the Group. With the planning consent approved by the City of London's Planning and Transportation Committee, the Group keeps monitoring the market conditions in London closely for the potential redevelopment of the three properties on Leadenhall Street in London, comprising 100, 106 and 107 Leadenhall Street ("**Leadenhall Properties**"). All leases of Leadenhall Properties have been aligned to expire in 2023.

The Group continued to participate in government tenders to grow the pipeline. In March 2019, the Group successfully tendered for and secured a site located at Lot No. 5382 in Demarcation District No.116, Tai Kei Leng, Yuen Long, New Territories for HK$209.8 million. This site is designated for private residential purposes and expected to add a maximum GFA of approximately 42,200 square feet to the development portfolio of the Group.

The construction works of Alto Residences, the joint venture project in Tseung Kwan O and 93 Pau Chung Street have been completed with the Certificate of Compliance issued by the Lands Department in September and November 2018, respectively. Up to 24 March 2019, the Group has sold 556 units in Alto Residences with saleable area of approximately 320,600 square feet and the average selling price was approximately HK$16,400 per square foot. Handover of the sold residential units of Alto Residences has been substantially completed. The Group released 43 car-parking spaces of Alto Residences for sale in March 2019. Up to 24 March 2019, 41 car-parking spaces have been sold and the total sales proceeds amounted to approximately HK$110.0 million. The sale of all 209 residential units of 93 Pau Chung Street has been completed, achieving an average selling price of approximately HK$16,400 per square foot. Handover of the sold residential units of 93 Pau Chung Street has been substantially completed. The Group released the commercial units of 93 Pau Chung Street for sale in July 2018. Up to 24 March 2019, 5 out of 7 commercial units with saleable area of approximately 14,000 square feet have been sold and the average selling price was approximately HK$23,000 per square foot.

# Management Discussion and Analysis *(Continued)*

## BUSINESS REVIEW AND OUTLOOK *(CONTINUED)*

### Hong Kong and Overseas Property Market *(Continued)*

The Ki Lung Street project in Sham Shui Po, Kowloon, named "Novi" is well received. The pre-sale of all 138 residential units of Novi with saleable area of approximately 28,800 square feet has been completed, achieving an average selling price of approximately HK$18,900 per square foot. Construction of Novi is expected to be completed in the third quarter of 2019. The Sai Wan Ho Street project with the Urban Renewal Authority in Shau Kei Wan, Hong Kong, named "Monti" providing 144 residential units with a total saleable area of 45,822 square feet was launched for pre-sale in August 2018. Up to 24 March 2019, the Group has pre-sold 41 units in Monti with saleable area of approximately 12,900 square feet at an average selling price of approximately HK$20,100 per square foot. Construction of Monti is expected to be completed in the third quarter of 2019.

The Group is encouraged by the property sales during the period under review and will continue to participate in government tenders to grow the pipeline.

### Mainland China Property Market

Notwithstanding the seemingly turbulent environment, the Chinese Government continued to forge ahead and delivered stable economic growth through a combination of proactive fiscal policy and prudent monetary policy. The determination of maintaining a stable economy is observed in the latest round of meetings in Beijing declaring a GDP growth of 6-6.5% at the time of this Report. The effects of the trade disputes with the USA can be felt in certain parts of the Chinese economy such as exports. The weaknesses in parts of the economy are going to continue as a result of lackluster global economic performance and trade disputes with the USA. However, we believe this may present an opportunity for domestic consumption plays. We believe the property sector being one of the main pillars could benefit from more favourable policies as a result. We have observed the same in various parts of China where the government has eased its control on the construction and the sale of property projects. The Chinese Government's approach to the economy is certainly good news to the sector in the long run and supportive fiscal policy would be beneficial to investors and developers alike. Under the current leadership of the Chinese Government, we can expect continued stability and continuity going forward.

Being the flagship Mainland China property arm of the Group, Lai Fung Group's regional focus and rental-led strategy has demonstrated resilience in recent years. The rental portfolio of approximately 3.3 million square feet, primarily in Shanghai and Guangzhou, delivered steady performance in rental income at close to full occupancies for the key assets.

Lai Fung Group has a number of projects in various stages of development in Shanghai, Guangzhou, Zhongshan and Hengqin. The rental portfolio is expected to increase from approximately 3.3 million square feet to approximately 9.7 million square feet through developing the existing projects on hand over the next few years. Construction works of the combined redevelopment of Shanghai Northgate Plaza I, Northgate Plaza II and the Hui Gong Building is expected to complete in the second quarter of 2022 and will add a total GFA of approximately 693,600 square feet excluding car-parking spaces to the rental portfolio of Lai Fung Group. The redevelopment plan includes an office tower, a shopping arcade and underground car-parking spaces. Construction work of Guangzhou Haizhu Plaza is expected to commence in the second quarter of 2019 and the completion is expected to be in the first half of 2023, providing a total rental GFA of approximately 580,500 square feet.

The construction works of Phase I of Novotown is expected to be completed in the first half of 2019 with the opening in phases in the second half of 2019. On 31 December 2018, Lai Fung Group entered into investment agreements with China Cinda (HK) Asset Management Co., Limited ("**Cinda**") and Cinda has invested 30% equity interests in two subsidiaries of Lai Fung, the core businesses of which are the internal buildout, fitting, preparation and operation of themed indoor experience centres in Phase I of the Novotown project under the intellectual property licenses granted by "National Geographic" and "Lionsgate".

## BUSINESS REVIEW AND OUTLOOK *(CONTINUED)*

### Mainland China Property Market *(Continued)*

Lai Fung Group succeeded in bidding for the land use rights of the land offered for sale by The Land and Resources Bureau of Zhuhai ("**Zhuhai Land Bureau**") through the listing-for-sale process in December 2018 and the land is situated adjacent to Phase I of Novotown project with a total site area of approximately 143,800 square meters and a maximum plot ratio of 2 times and has been designated for the development of the Phase II of the Novotown project. Apart from Real Madrid Club de Fútbol ("**Real Madrid Club**"), Harrow International (China) Management Services Limited and ILA Holdings Limited that have been secured as key partners for Novotown Phase II, Lai Fung Group entered into a license agreement on 27 December 2018 with Ducati Motor Holding S.p.A ("**Ducati**") in relation to the development and operation of a motorcycle themed experience centre ("**Ducati Experience Centre**") in Novotown Phase II. The Ducati Experience Centre expects to cover an area of no less than 4,500 square meters and will offer experiential attractions including immersive racing experiences, exclusive Ducati exhibits and retail concessions. Real Madrid World, ILA Hengqin and Ducati Experience Centre are expected to be the key elements in Novotown Phase II and details of the development plan will be formulated and upon finalisation of the master layout plan with the Chinese Government. Lai Fung Group is in the process of finalising the master layout plan for the Novotown Phase II with the Chinese Government.

The remaining residential units in Zhongshan Palm Spring and the cultural studios of Hengqin Novotown Phase I, as well as residential units in Shanghai Wuli Bridge project to be completed during the financial year ending 31 July 2019 are expected to contribute to the income of Lai Fung Group in the coming financial years. Lai Fung Group will continue its prudent and flexible approach in growing its landbank.

### Media and Entertainment/Film Production and Distribution/Cinema Operation

The Mainland China entertainment market continues to grow at a remarkable pace. eSun Group continues to expand its media and entertainment businesses in Mainland China, optimising income from its film, TV, live entertainment, artiste management, music and cinema in this fast growing market. eSun Group is well positioned to capitalise on this trend with its solid foundation in the industry.

- Film — continued drive to increase original production of films which appeal to Chinese language audiences. "*Bodies At Rest*", an action crime film by director Renny Harlin casting Nick Cheung and Richie Jen, "*Fagara in Mara*", a romance film produced by Ann Hui featuring Sammi Cheng, and "*I'm Living It*", a feature film produced by Cheang Pou Soi with Aaron Kwok and Miriam Yeung, are in post-production stage. Projects under production include an action film "*Knockout*" by director Roy Chow featuring Han Geng and a romance comedy film "*The Calling of a Bus Driver*" by director Patrick Kong with Ivana Wong.

- TV — expanded activities in production and investments in quality TV drama series in line with the continued strong demand for good programmes from TV stations and online video websites in Mainland China. A 52 episode romance drama series "*New Horizon*", starring Zheng Kai and Chen Chiao-en, is in the post-production stage and eSun Group is in discussion with various Chinese and overseas portals and video web sites for new project development.

- Live Entertainment — successfully produced and promoted a number of concerts in Hong Kong and Mainland China performed by prominent local, Asian and international artistes. The recent "*Along With Ekin Live Concert 2019*" has earned good reputation and public praises. eSun Group will continue to work with prominent local and Asian artistes for concert promotion. Upcoming events include concerts of Sammi Cheng and Yoga Lin.

- Music — as international music labels are coming to a mutually acceptable licensing model with major Chinese music portals, the long awaited pay model for digital music is taking shape. The exclusive distribution license of music products with Tencent Music Entertainment (Shenzhen) Co., Ltd and Warner Music continues to provide stable income contribution to eSun Group.

## BUSINESS REVIEW AND OUTLOOK *(CONTINUED)*

### Media and Entertainment/Film Production and Distribution/Cinema Operation *(Continued)*

- Artiste Management — actively looking for new talent in Greater China and further co-operation with Asian artistes with an aim to build up a strong artiste roster. eSun Group believes a strong talent roster will complement its media and entertainment businesses and will continue its effort in talent development.

- Cinema — acquisition of an additional 10% interest in Intercontinental Group Holdings Limited ("**IGHL**") in November 2018 facilitated better implementation of the operating strategies of eSun into IGHL and bolstered eSun Group's further development in sale and distribution of films and cinema business in Hong Kong and Mainland China. The MCL Cheung Sha Wan Cinema, newly opened in January 2019 is the first MCL cinema in West Kowloon district in Hong Kong. With industrial style design, the cinema has 4 houses with more than 400 seats of stadium seating, giving the audience a comfortable sightline and all cinema houses are equipped with 4K projection system, Dolby 7.1 surround sound system and Bowers & Wilkins Hi-Fi grade speakers to provide a great cinematic viewing experience for the audience. eSun Group is excited by the outlook for cinemas in Hong Kong and Mainland China and will continue to seek out opportunities to expand its footprint.

Targeting the enormous yet growing China market, eSun Group endeavors to strengthen its integrated media platform with an aim to provide valuable and competitive products and to enhance its market position, and eSun Group will continue to explore strategic alliances as well as investment opportunities to enrich its portfolio and broaden its income stream.

The supplemental deed executed by Lai Fung on 8 March 2019 aims to contribute to a more pragmatic and flexible approach for investment decisions to be made by the Lai Sun Group and will be subject to independent shareholders' approval of each of Lai Fung, eSun, the Company and Lai Sun Garment (International) Limited and the shareholders' meetings have been scheduled on 30 April 2019.

The Group's consolidated cash position of HK$5,692.3 million (HK$1,422.4 million excluding eSun Group) and undrawn facilities of HK$6,380.6 million (HK$2,717.7 million excluding eSun Group) with a net debt to equity ratio of 37.6% as at 31 January 2019 provides the Group with full confidence and the means to review opportunities more actively. The Group's gearing excluding the net debt of eSun Group was approximately 25.4%. The Group's gearing excluding the net debt of eSun Group and the net debt of the London portfolio all of which have a positive carry net of financing costs is 22.9%. 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 2019, the Group recorded turnover of HK$3,760.7 million (2018: HK$863.8 million) and a gross profit of HK$1,384.8 million (2018: HK$496.8 million). The significant increase is primarily due to (i) consolidation of eSun's financial results into the accounts of the Company upon the close of the eSun Offer in August 2018; and (ii) recognition of property sales during the period under review from completed residential projects in Hong Kong. Set out below is the turnover by segment:

| | **Six months ended 31 January** | | | |
|---|---|---|---|---|
| | **2019 (HK$ million)** | 2018 (HK$ million) | Difference (HK$ million) | % change |
| Property investment | **673.9** | 349.5 | 324.4 | 92.8% |
| Property development and sales | **1,751.3** | — | 1,751.3 | N/A |
| Restaurant operation | **269.8** | 268.5 | 1.3 | 0.5% |
| Hotel operation | **280.6** | 231.9 | 48.7 | 21.0% |
| Media and entertainment | **233.1** | — | 233.1 | N/A |
| Film production and distribution | **240.3** | — | 240.3 | N/A |
| Cinema operation | **214.3** | — | 214.3 | N/A |
| Others | **97.4** | 13.9 | 83.5 | 600.7% |
| **Total** | **3,760.7** | 863.8 | 2,896.9 | 335.4% |

For the six months ended 31 January 2019, net profit attributable to owners of the Company was approximately HK$5,076.3 million (2018: HK$1,223.6 million). The significant increase is primarily due to substantial net gain from bargain purchase in acquisition of subsidiaries recognised during the period under review, which arose from the Company's acquisition of additional equity interest in eSun upon close of eSun Offer and eSun becoming a subsidiary of the Company during the period under review. Basic earnings per share was HK$8.376 (2018: HK$2.022). The net profit attributable to owners of the Company for year ended 31 July 2018 was approximately HK$4,335.2 million.

Excluding the effect of property revaluations, net profit attributable to owners of the Company was approximately HK$4,398.4 million (2018: HK$30.0 million). Net profit per share excluding the effect of property revaluations was HK$7.257 (2018: HK$0.050). Excluding the effect of property revaluations, net profit attributable to owners of the Company for the year ended 31 July 2018 was approximately HK$188.8 million.

Excluding the effect of property revaluations and non-recurring transactions during the period under review, net profit attributable to owners of the Company was approximately HK$661.7 million (2018: HK$30.0 million). Net profit per share excluding the effect of property revaluations and non-recurring transactions during the period under review was HK$1.092 (2018: HK$0.050). Excluding the effect of property revaluations and non-recurring transactions, net profit attributable to owners of the Company for the year ended 31 July 2018 was approximately HK$188.5 million.

## OVERVIEW OF INTERIM RESULTS *(CONTINUED)*

| Profit attributable to owners of the Company | Six months ended 31 January 2019 HK$ million | 2018 HK$ million | Year ended 31 July 2018 HK$ million |
|---|---|---|---|
| Reported | **5,076.3** | 1,223.6 | 4,335.2 |
| Less: Adjustments in respect of revaluation gains of investment properties held by | | | |
| — the Company and subsidiaries | **(498.5)** | (575.0) | (2,410.4) |
| — associates and joint ventures | **(150.1)** | (618.6) | (1,736.0) |
| — deferred tax on investment properties | **(29.4)** | — | — |
| — non-controlling interests' share of revaluation movements less deferred tax | **0.1** | — | — |
| **Net profit after tax excluding revaluation gains of investment properties** | **4,398.4** | 30.0 | 188.8 |
| Less: Adjustments in respect of non-recurring transactions | | | |
| — loss on remeasurement of existing interest in an associate upon business combination | **2,930.3** | — | — |
| — gain on bargain purchase on acquisition of subsidiaries | **(6,667.0)** | — | — |
| — reversal of provision of tax indemnity | **—** | — | (0.3) |
| **Net profit after tax excluding revaluation gains of investment properties and excluding non-recurring transactions** | **661.7** | 30.0 | 188.5 |

Equity attributable to owners of the Company as at 31 January 2019 amounted to HK$36,508.3 million, up from HK$31,158.7 million as at 31 July 2018. Net asset value per share attributable to owners of the Company increased by 17.2% to HK$60.237 per share as at 31 January 2019 from HK$51.410 per share as at 31 July 2018.

## PROPERTY PORTFOLIO COMPOSITION

The Group maintained a property portfolio with attributable GFA of approximately 7.5 million square feet as at 31 January 2019. All major properties of the Group in Mainland China are held through Lai Fung Group, except Phase I of Novotown which is 80% owned by Lai Fung Group and 20% owned by eSun Group and all properties in Hong Kong and overseas are held by the Group excluding eSun Group. Approximate attributable GFA (in '000 square feet) of the Group's major properties and number of car-parking spaces is as follows:

| | Commercial/ Retail | Office | Hotel/ Serviced Apartments | Residential | Industrial | Total (excluding car-parking spaces & ancillary facilities) | No. of car-parking spaces |
|---|---|---|---|---|---|---|---|
| **GFA of major properties and number of car-parking spaces of Lai Fung Group (on attributable basis[1])** | | | | | | | |
| Completed Properties Held for Rental[2] | 620 | 396 | — | — | — | 1,016 | 301 |
| Completed Hotel Properties and Serviced Apartments[2] | — | — | 226 | — | — | 226 | — |
| Properties under Development[3] | 1,588 | 585 | 310 | 772 | — | 3,255 | 2,200 |
| Completed Properties Held for Sale | 13 | — | — | 229 | — | 242 | 800 |
| **Subtotal** | **2,221** | **981** | **536** | **1,001** | **—** | **4,739** | **3,301** |
| **GFA of major properties and number of car-parking spaces of eSun Group (excluding Lai Fung Group) (on attributable basis[1])** | | | | | | | |
| Properties under Development[3] | 146 | 88 | 153 | — | — | 387 | 312 |
| Completed Properties Held for Sale | — | — | — | 30 | — | 30 | — |
| **Subtotal** | **146** | **88** | **153** | **30** | **—** | **417** | **312** |
| **GFA of major properties and number of car-parking spaces of the Group excluding eSun Group (on attributable basis)** | | | | | | | |
| Completed Properties Held for Rental[2] | 588 | 1,068 | — | — | 64 | 1,720 | 1,100 |
| Completed Hotel Properties and Serviced Apartments[2] | — | — | 464 | — | — | 464 | 16 |
| Properties under Development[3] | 5 | — | — | 98 | — | 103 | 8 |
| Completed Properties Held for Sale | 31 | — | — | 64 | — | 95 | 97 |
| **Subtotal** | **624** | **1,068** | **464** | **162** | **64** | **2,382** | **1,221** |
| **Total GFA attributable to the Group** | **2,991** | **2,137** | **1,153** | **1,193** | **64** | **7,538** | **4,834** |

1. *As at 31 January 2019, Lai Fung is a 50.60%-owned subsidiary of eSun and eSun is a 74.62%-owned subsidiary of the Company.*
2. *Completed and rental generating properties.*
3. *All properties under construction.*

## PROPERTY INVESTMENT

### Rental Income

During the period under review, the Group's rental operations recorded a turnover of HK$673.9 million (2018: HK$349.5 million) comprising turnover of HK$274.8 million, HK$58.0 million and HK$341.1 million from rental properties in Hong Kong, London and Mainland China, respectively. Breakdown of rental turnover by major investment properties of the Group is as follows:

| | **Six months ended 31 January** | | % | Period end |
|---|---|---|---|---|
| | **2019** | 2018 | Change | occupancy |
| | **HK$ million** | HK$ million | | (%) |
| **Hong Kong** | | | | |
| Cheung Sha Wan Plaza (including car-parking spaces) | **160.0** | 153.7 | 4.1% | 94.7% |
| Causeway Bay Plaza 2 (including car-parking spaces) | **88.1** | 89.0 | -1.0% | 92.8% |
| Lai Sun Commercial Centre (including car-parking spaces) | **24.0** | 25.4 | -5.5% | 93.3% |
| Others | **2.7** | 6.3 | -57.1% | |
| Subtotal: | **274.8** | 274.4 | 0.1% | |
| **London, United Kingdom** | | | | |
| 36 Queen Street | — | 12.6 | N/A | N/A |
| 107 Leadenhall Street | **25.5** | 27.4 | -6.9% | 100.0% |
| 100 Leadenhall Street | **29.2** | 32.4 | -9.9% | 100.0% |
| 106 Leadenhall Street | **3.3** | 2.7 | 22.2% | 100.0% |
| Subtotal: | **58.0** | 75.1 | -22.8% | |
| **Mainland China** | | | | |
| *Shanghai* | | | | |
| Shanghai Hong Kong Plaza | **167.9** | — | N/A | Retail: 97.8%<br>Office: 94.6%<br>Serviced Apartments: 76.2% |
| Shanghai May Flower Plaza | **15.4** | — | N/A | Retail: 82.1%<br>Hotel: 64.8% |
| Shanghai Regents Park | **10.6** | — | N/A | 81.0% |
| *Guangzhou* | | | | |
| Guangzhou May Flower Plaza | **65.1** | — | N/A | 98.9% |
| Guangzhou West Point | **13.2** | — | N/A | 99.9% |
| Guangzhou Lai Fung Tower | **62.9** | — | N/A | Retail: 100.0%<br>Office: 100.0%[3] |
| *Zhongshan* | | | | |
| Zhongshan Palm Spring | **3.2** | — | N/A | Retail: 71.2%[3]<br>Serviced Apartments: 45.3% |
| Others | **2.8** | — | N/A | |
| Subtotal: | **341.1** | — | N/A | |
| **Total:** | **673.9** | 349.5 | 92.8% | |

## PROPERTY INVESTMENT *(CONTINUED)*

### Rental Income *(Continued)*

| | Six months ended 31 January **2019** HK$ million | 2018 HK$ million | % Change | Period end occupancy (%) |
|---|---|---|---|---|
| **Rental proceeds from joint venture projects** | | | | |
| **Hong Kong** | | | | |
| CCB Tower[1] (50% basis) | **69.6** | 66.1 | 5.3% | 100.0% |
| 8 Observatory Road[2] (50% basis) | **27.6** | 28.4 | -2.8% | 100.0% |
| **Total:** | **97.2** | 94.5 | 2.9% | |

*Notes:*

1. *CCB Tower is a joint venture project with China Construction Bank Corporation ("**CCB**") in which each of the Group and CCB has an effective 50% interest. For the six months ended 31 January 2019, the rental proceeds recorded by the joint venture is HK$139.3 million (2018: HK$132.2 million).*
2. *8 Observatory Road is a joint venture project with Henderson Land Development Company Limited ("**Henderson Land**") in which each of the Group and Henderson Land has an effective 50% interest. For the six months ended 31 January 2019, the rental proceeds recorded by the joint venture is HK$55.2 million (2018: HK$56.8 million). Disposal of 8 Observatory Road was completed on 11 March 2019.*
3. *Excluding self-use area.*

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

| | **Six months ended 31 January 2019** | | | Six months ended 31 January 2018 | | |
|---|---|---|---|---|---|---|
| | **Attributable interest to the Group** | **Turnover (HK$ million)** | **Total GFA (square feet)** | Attributable interest to the Group | Turnover (HK$ million) | Total GFA (square feet) |
| **Hong Kong** | | | | | | |
| Cheung Sha Wan Plaza | **100%** | | | 100% | | |
| Commercial | | **84.0** | **233,807** | | 80.4 | 233,807 |
| Office | | **65.9** | **409,896** | | 63.7 | 409,896 |
| Car-parking spaces | | **10.1** | **N/A** | | 9.6 | N/A |
| **Subtotal:** | | **160.0** | **643,703** | | 153.7 | 643,703 |
| Causeway Bay Plaza 2 | **100%** | | | 100% | | |
| Commercial | | **57.8** | **109,770** | | 60.1 | 109,770 |
| Office | | **27.8** | **96,268** | | 26.4 | 96,268 |
| Car-parking spaces | | **2.5** | **N/A** | | 2.5 | N/A |
| **Subtotal:** | | **88.1** | **206,038** | | 89.0 | 206,038 |
| Lai Sun Commercial Centre | **100%** | | | 100% | | |
| Commercial | | **11.9** | **95,063** | | 11.9 | 95,063 |
| Office | | **2.4** | **74,181** | | 4.2 | 74,181 |
| Car-parking spaces | | **9.7** | **N/A** | | 9.3 | N/A |
| **Subtotal:** | | **24.0** | **169,244** | | 25.4 | 169,244 |
| Others | | **2.7** | **63,592** *Note 1* | | 6.3 | 63,592 *Note 1* |
| **Subtotal:** | | **274.8** | **1,082,577** *Note 1* | | 274.4 | 1,082,577 *Note 1* |

## PROPERTY INVESTMENT *(CONTINUED)*

### Rental Income *(Continued)*

| | **Six months ended 31 January 2019** | | | Six months ended 31 January 2018 | | |
|---|---|---|---|---|---|---|
| | **Attributable interest to the Group** | **Turnover (HK$ million)** | **Total GFA (square feet)** | Attributable interest to the Group | Turnover (HK$ million) | Total GFA (square feet) |
| **London, United Kingdom** | | | | | | |
| 36 Queen Street | ***Note 2*** | | | 100% | | |
| Office | | **—** | **—** | | 12.6 | 60,816 |
| 107 Leadenhall Street | **100%** | | | 100% | | |
| Commercial | | **2.2** | **48,182** | | 2.5 | 48,182 |
| Office | | **23.3** | **98,424** | | 24.9 | 98,424 |
| **Subtotal:** | | **25.5** | **146,606** | | 27.4 | 146,606 |
| 100 Leadenhall Street | **100%** | | | 100% | | |
| Office | | **29.2** | **177,700** | | 32.4 | 177,700 |
| 106 Leadenhall Street | **100%** | | | 100% | | |
| Commercial | | **0.6** | **3,540** | | 0.6 | 3,540 |
| Office | | **2.7** | **16,384** | | 2.1 | 16,384 |
| **Subtotal:** | | **3.3** | **19,924** | | 2.7 | 19,924 |
| **Subtotal:** | | **58.0** | **344,230** | | 75.1 | 405,046 |
| **Mainland China** | | | | | | |
| **Shanghai** | | | | | | |
| Shanghai Hong Kong Plaza | **37.76%** | | | *Note 3* | | |
| Retail | | **106.9** | **468,434** | | — | — |
| Office | | **57.9** | **362,096** | | — | — |
| Car-parking spaces | | **3.1** | **N/A** | | — | — |
| **Subtotal:** | | **167.9** | **830,530** | | — | — |
| Shanghai May Flower Plaza | **37.76%** | | | *Note 3* | | |
| Retail | | **13.5** | **320,314** | | — | — |
| Car-parking spaces | | **1.9** | **N/A** | | — | — |
| **Subtotal:** | | **15.4** | **320,314** | | — | — |
| Shanghai Regents Park | **35.87%** | | | *Note 3* | | |
| Retail | | **8.9** | **82,062** | | — | — |
| Car-parking spaces | | **1.7** | **N/A** | | — | — |
| **Subtotal:** | | **10.6** | **82,062** | | — | — |

## PROPERTY INVESTMENT *(CONTINUED)*

### Rental Income *(Continued)*

| | **Six months ended 31 January 2019** | | | Six months ended 31 January 2018 | | |
|---|---|---|---|---|---|---|
| | **Attributable interest to the Group** | **Turnover (HK$ million)** | **Total GFA (square feet)** | Attributable interest to the Group | Turnover (HK$ million) | Total GFA (square feet) |
| **Guangzhou** | | | | | | |
| Guangzhou May Flower Plaza | **37.76%** | | | *Note 3* | | |
| Retail | | **57.2** | **357,424** | | — | — |
| Office | | **6.6** | **79,431** | | — | — |
| Car-parking spaces | | **1.3** | **N/A** | | — | — |
| **Subtotal:** | | **65.1** | **436,855** | | — | — |
| Guangzhou West Point | **37.76%** | | | *Note 3* | | |
| Retail | | **13.2** | **171,968** | | — | — |
| Guangzhou Lai Fung Tower | **37.76%** | | | *Note 3* | | |
| Retail | | **8.1** | **99,054** | | — | — |
| Office | | **52.1** | **606,495** | | — | — |
| Car-parking spaces | | **2.7** | **N/A** | | — | — |
| **Subtotal:** | | **62.9** | **705,549** | | — | — |
| **Zhongshan** | | | | | | |
| Zhongshan Palm Spring | **37.76%** | | | *Note 3* | | |
| Retail | | **3.2** | **147,408** | | — | — |
| Others | **37.76%** | **2.8** | **N/A** | *Note 3* | — | — |
| **Subtotal:** | | **341.1** | **2,694,686** | | — | — |
| **Total:** | | **673.9** | **4,121,493** | | 349.5 | 1,487,623 |
| **Joint Venture Projects** | | | | | | |
| **Hong Kong** | | | | | | |
| CCB Tower Note 6 (50% basis) | **50%** | | | 50% | | |
| Office | | **69.3** | **114,603** Note 4 | | 65.8 | 114,603 Note 4 |
| Car-parking spaces | | **0.3** | **N/A** | | 0.3 | N/A |
| **Subtotal:** | | **69.6** | **114,603** Note 4 | | 66.1 | 114,603 Note 4 |
| 8 Observatory Road Note 7 | | | | | | |
| (50% basis) | **50%** | | | 50% | | |
| Commercial | | **21.9** | **45,312** Note 5 | | 23.0 | 45,312 Note 5 |
| Office | | **4.5** | **37,273** Note 5 | | 4.2 | 37,273 Note 5 |
| Car-parking spaces | | **1.2** | **N/A** | | 1.2 | N/A |
| **Subtotal:** | | **27.6** | **82,585** Note 5 | | 28.4 | 82,585 Note 5 |
| **Total:** | | **97.2** | **197,188** | | 94.5 | 197,188 |

*Notes:*

1. *Excluding 10% interest in AIA Central.*
2. *36 Queen Street has been disposed and disposal was completed in July 2018.*
3. *eSun was an associate of the Company during the six months ended 31 January 2018 and upon close of the eSun Offer in August 2018, eSun became a subsidiary of the Company with its financial results being consolidated into the results of the Company.*
4. *Referring to GFA attributable to the Group. The total GFA of CCB Tower is 229,206 square feet.*
5. *Referring to GFA attributable to the Group. The total GFA of 8 Observatory Road is 165,170 square feet.*
6. *CCB Tower is a joint venture project with CCB in which each of the Group and CCB has an effective 50% interest. For the six months ended 31 January 2019, the rental proceeds recorded by the joint venture is HK$139.3 million (2018: HK$132.2 million).*
7. *8 Observatory Road is a joint venture project with Henderson Land in which each of the Group and Henderson Land has an effective 50% interest. For the six months ended 31 January 2019, the rental proceeds recorded by the joint venture is HK$55.2 million (2018: HK$56.8 million). Disposal of 8 Observatory Road was completed on 11 March 2019.*

## PROPERTY INVESTMENT *(CONTINUED)*

### Rental Income *(Continued)*

The average Sterling exchange rate for the period under review depreciated by approximately 3.3% compared with the same period last year. Excluding the effect of currency translation, the Sterling denominated turnover from London properties decreased by 20.0% during the period under review. The disposal of 36 Queen Street was completed in July 2018. Breakdown of rental turnover of London portfolio for the six months ended 31 January 2019 is as follows:

| | **2019 HK$'000** | 2018 HK$'000 | % Change | **2019 GBP'000** | 2018 GBP'000 | % Change |
|---|---|---|---|---|---|---|
| 36 Queen Street | **—** | 12,612 | N/A | **—** | 1,206 | N/A |
| 107 Leadenhall Street | **25,505** | 27,370 | -6.8% | **2,520** | 2,617 | -3.7% |
| 100 Leadenhall Street | **29,222** | 32,344 | -9.7% | **2,888** | 3,092 | -6.6% |
| 106 Leadenhall Street | **3,347** | 2,734 | 22.4% | **331** | 261 | 26.8% |
| **Total:** | **58,074** | 75,060 | -22.6% | **5,739** | 7,176 | -20.0% |

### Review of major investment properties

#### *Hong Kong Properties*

*Cheung Sha Wan Plaza*
The asset comprises of a 8-storey and a 7-storey office towers erected on top of a retail podium which was completed in 1989. It is located on top of the Lai Chi Kok MTR station with a total GFA of 643,703 square feet (excluding car-parking spaces). The arcade is positioned to serve the local communities nearby with major banks and recognised restaurants chains as the key tenants.

*Causeway Bay Plaza 2*
The asset comprises of a 28-storey commercial/office building with car-parking facilities at basement levels which was completed in 1992. It is located at the heart of Causeway Bay with a total GFA of 206,038 square feet (excluding car-parking spaces). Key tenants include a HSBC branch and commercial offices and major restaurants.

*Lai Sun Commercial Centre*
The asset comprises a 13-storey commercial/carpark complex completed in 1987. It is located near the Lai Chi Kok MTR station with a total GFA of 169,244 square feet (excluding car-parking spaces).

## PROPERTY INVESTMENT *(CONTINUED)*

### Review of major investment properties *(Continued)*

#### *Hong Kong Properties (Continued)*

*CCB Tower*
The Group has a 50:50 interest with CCB in the joint redevelopment project of the former Ritz-Carlton Hotel in Central. This 27-storey office tower is a landmark property in Central featuring underground access to the Central MTR station. The property has a total GFA of 229,206 square feet (excluding car-parking spaces). CCB Tower was completed in 2012 and added 114,603 square feet of attributable GFA to the rental portfolio of the Group. CCB Tower is now fully leased out with 20 floors of the office floors and 2 banking hall floors leased to CCB for its Hong Kong operations.

*AIA Central*
The Group has 10% interest in AIA Central which is situated in the central business district of Hong Kong and commands spectacular views over Victoria Harbour, to Kowloon Peninsula to the north, and across Charter Garden and The Peak to the south. This 38-storey office tower provides prime office space with a total GFA of approximately 428,962 square feet (excluding car-parking spaces).

#### *Overseas Properties*

*107 Leadenhall Street, London EC3, United Kingdom*
In April 2014, the Group acquired a property located at the core of the insurance district in the City of London, surrounded by 30 St Mary Axe (commonly known as the Gherkin), Lloyd's of London and the Willis Building at 51 Lime Street. It is a freehold commercial property housing commercial, offices and retail space. The building comprises 146,606 square feet gross internal area of office accommodation extending over basement, ground, mezzanine and seven upper floors. The building is currently fully leased out.

*100 Leadenhall Street, London EC3, United Kingdom*
Following the acquisition of 107 Leadenhall Street in April 2014, the Group announced the acquisition of 100 Leadenhall Street in November 2014 which was completed in January 2015. This property comprises a basement, a lower ground floor, ground floor and nine upper floors and provides 177,700 square feet gross internal area of offices and ancillary accommodation. The property is currently fully let to Chubb Market Company Limited.

*106 Leadenhall Street, London EC3, United Kingdom*
In December 2015, the Group acquired the property located adjacent to 100 and 107 Leadenhall Street, namely 106 Leadenhall Street, which is a multi-tenanted asset with approximately 19,924 square feet gross internal area of commercial and offices including ancillary space. The property is currently fully leased out.

The City of London's Planning and Transportation Committee has approved a resolution to grant Planning Consent to the Group to redevelop the Leadenhall Properties. The Leadenhall Properties currently have a combined GFA of approximately 344,230 square feet. The Planning Consent would allow the Group to redevelop the Leadenhall Properties into a 56 storey tower with i) approximately 1,068,510 square feet gross internal area of office space as well as new retail space of approximately 8,730 square feet; ii) a free, public viewing gallery of approximately 19,967 square feet at levels 55 and 56 of the building which offers 360 degree views across London; and iii) new pedestrian routes between Leadenhall Street, Bury Street and St Mary Axe, and new public spaces around the base of the building. Including ancillary facilities of approximately 178,435 square feet, the total gross internal area of the proposed tower is expected to be approximately 1,275,642 square feet upon completion. All leases of the Leadenhall Properties have been aligned to expire in 2023. The Group will continue to monitor the market conditions in London closely.

## PROPERTY INVESTMENT *(CONTINUED)*

### Review of major investment properties *(Continued)*

#### *Mainland China Properties*

All major rental properties of the Group in Mainland China are held through Lai Fung Group.

*Shanghai Hong Kong Plaza*
Shanghai Hong Kong Plaza is a twin-tower property located on both the North and South sides of the street at a prime location on Huaihaizhong Road in Huangpu District, Shanghai. The twin-towers are connected by a footbridge.

The property's total GFA is approximately 1.19 million square feet excluding 350 car-parking spaces. The property comprises an office tower, shopping arcades and a serviced apartment tower with total GFA of approximately 362,100 square feet, 468,400 square feet and 355,300 square feet, respectively. The property is directly above the Huangpi South Road Metro Station and is within walking distance of Xintiandi, a well-known landmark in Shanghai. The shopping arcades are now one of the most visible high-end retail venues for global luxury brands in the area. Anchor tenants include The Apple Store, Tiffany, Genesis Motor, Coach, Tasaki and internationally renowned luxury brands and a wide array of dining options.

The serviced apartments are managed by the Ascott Group and the Group has successfully leveraged the Ascott Group's extensive experience and expertise in operating serviced apartments to position the serviced apartments as a high-end product.

Lai Fung Group owns 100% of this property.

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

Lai Fung Group owns 100% in the retail podium which has approximately 320,300 square feet of GFA including the basement commercial area. The asset is positioned as a community retail facility. The lease of Lotte Mart, the anchor tenant in the retail podium was terminated early in July 2018. Lai Fung Group has signed up Hema Fresh ("盒馬鮮生"), the prototype supermarket invested by Alibaba Group, to take up part of that site and is discussing with several prospective tenants to fill the vacancy.

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

## PROPERTY INVESTMENT *(CONTINUED)*

### Review of major investment properties *(Continued)*

#### *Mainland China Properties (Continued)*

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

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

Lai Fung Group owns 100% of this property.

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

*Guangzhou Lai Fung Tower*
Guangzhou Lai Fung Tower is the office block of Phase V of Guangzhou Eastern Place, which is a multi-phase project located on Dongfeng East Road, Yuexiu District, Guangzhou. This 38-storey office building was completed in June 2016. The total GFA of this property owned by Lai Fung Group was approximately 705,500 square feet excluding car-parking spaces and the commercial area and the office building excluding self-use area have been fully leased.

*Zhongshan Pazlm Spring Rainbow Mall*
Zhongshan Palm Spring Rainbow Mall is the commercial element of the wholly owned residential project, Zhongshan Palm Spring. Zhongshan Palm Spring is located in Caihong Planning Area, Western District of Zhongshan. It has a total GFA of approximately 181,100 square feet.

## PROPERTY DEVELOPMENT

For the six months ended 31 January 2019, recognised turnover from sales of properties was HK$1,751.3 million (2018: Nil). Apart from the consolidation of financial results of eSun Group upon the close of eSun Offer in August 2018, the significant increase was mainly contributed by the sale of residential units in 93 Pau Chung Street in Hong Kong during the period under review. Breakdown of turnover for the six months ended 31 January 2019 from sales of properties is as follows:

**Hong Kong**

| | No. of Units | Approximate Saleable Area (Square feet) | Average Selling Price (HK$/square foot) | Turnover (HK$ million) |
|---|---|---|---|---|
| 93 Pau Chung Street | | | | |
| Residential Units | 209 | 77,012 | 16,418 Note 1 | 1,345.5 |
| Shops | 4 | 12,337 | 21,083 | 260.1 |
| **Subtotal** | | | | **1,605.6** |

**Mainland China**

| | No. of Units | Approximate GFA (Square feet) | Average Selling Price (HK$/square foot) | Turnover (HK$ million) |
|---|---|---|---|---|
| Zhongshan Palm Spring | | | | |
| Residential High-rise Units | 32 | 37,653 | 1,520 Note 2 | 54.6 Note 3 |
| Shanghai Regents Park | | | | |
| Car-parking Spaces | 128 | N/A | N/A | 83.3 Note 3 |
| Guangzhou Eastern Place | | | | |
| Car-parking Spaces | 3 | N/A | N/A | 3.4 Note 3 |
| Guangzhou King's Park | | | | |
| Car-parking Spaces | 1 | N/A | N/A | 0.7 Note 3 |
| Zhongshan Palm Spring | | | | |
| Car-parking Spaces | 20 | N/A | N/A | 3.7 Note 3 |
| **Subtotal** | | | | **145.7** |
| **Total** | | | | **1,751.3** |

**Recognised sales from joint venture project**
**Hong Kong**

| | No. of Units | Approximate Saleable Area (Square feet) | Average Selling Price (HK$/square foot) | Turnover (HK$ million) |
|---|---|---|---|---|
| Alto Residences | | | | |
| Residential Units (50.0% basis) | 271 | 152,345 | 15,708 Note 1 | 2,393.1 |
| **Subtotal** | | | | **2,393.1** |

## PROPERTY DEVELOPMENT *(CONTINUED)*

**Mainland China**

| | No. of Units | Approximate GFA (Square feet) | Average Selling Price (HK$/square foot) | Turnover (HK$ million) |
|---|---|---|---|---|
| Guangzhou Dolce Vita | | | | |
| Retail Units (47.5% basis) | 1 | 8,932 | 3,361 Note 2 | 28.3 Note 3 |
| Car-parking spaces | 6 | N/A | N/A | 1.9 Note 3 |
| **Subtotal** | | | | **30.2** |
| **Total** | | | | **2,423.3** |

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

## Review of major projects for sale and under development

### *Hong Kong*

*339 Tai Hang Road, Hong Kong*
The Group wholly owns the development project located at 339 Tai Hang Road, Hong Kong. The development project is a luxury residential property with a total GFA of approximately 30,400 square feet (excluding car-parking spaces). The total development cost (including land cost and lease modification premium) is approximately HK$670 million. Up to the date of this Report, 8 out of 9 units of this project have been sold.

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

*Alto Residences*
In November 2012, the Group successfully tendered for and secured a site located at Area 68A2, Tseung Kwan O, New Territories, through a 50% joint venture vehicle. The lot has an area of 229,338 square feet with a total GFA of 573,268 square feet split into 458,874 square feet for residential use and 114,394 square feet for commercial use. Construction has been completed with the Occupation Permit issued by the Buildings Department in May 2018. The Certificate of Compliance was issued by the Lands Department in September 2018.

This project providing 605 flats, including 23 detached houses was named "Alto Residences" and was launched for pre-sale in October 2016. Up to 24 March 2019, the Group has sold 556 units in Alto Residences with saleable area of approximately 320,600 square feet at an average selling price of approximately HK$16,400 per square foot. Handover of the sold residential units has been substantially completed. The Group released 43 car-parking spaces of Alto Residences for sale in March 2019. Up to 24 March 2019, 41 car-parking spaces have been sold and the total sales proceeds amounted to approximately HK$110.0 million.

# Management Discussion and Analysis *(Continued)*

## PROPERTY DEVELOPMENT *(CONTINUED)*

### Review of major projects for sale and under development *(Continued)*

*Hong Kong (Continued)*

*93 Pau Chung Street*

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

This project was named "93 Pau Chung Street" and launched for pre-sale in September 2016. The sale of 209 residential units has been completed, achieving an average selling price of approximately HK$16,400 per square foot. Handover of the sold residential units has been substantially completed. The Group released the commercial units of 93 Pau Chung Street for sale in July 2018. Up to 24 March 2019, 5 out of 7 commercial units with saleable area of approximately 14,000 square feet have been sold and the average selling price was approximately HK$23,000 per square foot.

*Novi*

On 16 May 2016, the Group has completed the purchase of the remaining unit for the proposed development on Ki Lung Street in Sham Shui Po, Kowloon. The site comprises numbers 48-56 on Ki Lung Street and has a combined site area of 5,054 square feet. It is planned to be developed primarily into a commercial/residential development for sale with a total GFA of 42,851 square feet. The total development cost is expected to be approximately HK$0.4 billion and construction is expected to be completed in the third quarter of 2019.

This project was named "Novi" and launched for pre-sale in July 2017, offering 138 flats in total, including studios, one and two-bedroom units. All 138 units with total saleable area of approximately 28,800 square feet have been pre-sold, achieving an average selling price of HK$18,900 per square foot.

*Monti*

The Group was successful in September 2015 in its bid for the development rights to the Sai Wan Ho Street project from the Urban Renewal Authority in Shau Kei Wan, Hong Kong. The project site covers an area of 7,642 square feet. Upon completion, it is planned to provide about 144 residential units with a total residential GFA of 59,799 square feet. The total development cost is estimated to be approximately HK$0.9 billion and construction is expected to be completed in the third quarter of 2019.

This project was named "Monti" and launched for pre-sale in August 2018. Up to 24 March 2019, the Group has pre-sold 41 units in Monti with saleable area of approximately 12,900 square feet at an average selling price of approximately HK$20,100 per square foot.

## PROPERTY DEVELOPMENT *(CONTINUED)*

### Review of major projects for sale and under development *(Continued)*

#### *Mainland China*

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

*Shanghai Northgate Plaza redevelopment project*
Shanghai Northgate Plaza I is located on Tian Mu Road West in the Jing'an District of Shanghai near the Shanghai Railway Terminal and comprises office units, a retail podium and car-parking spaces. Shanghai Northgate Plaza II is a vacant site adjacent to Northgate Plaza I. In September 2016, Lai Fung Group completed the acquisition of the 6th to 11th floors of Hui Gong Building which is physically connected to Northgate Plaza I, together with the right to use 20 car-parking spaces in the basement. Lai Fung Group plans to redevelop Shanghai Northgate Plaza I, Northgate Plaza II and the Hui Gong Building together under a comprehensive redevelopment plan which includes an office tower, a shopping arcade and underground car-parking spaces and is expected to add a total GFA of approximately 693,600 square feet excluding car-parking spaces to the rental portfolio of Lai Fung Group. Demolition of Northgate Plaza I and Hui Gong Building was completed in May 2017 and foundation works commenced in September 2017. This project is expected to complete in the second quarter of 2022.

*Shanghai Wuli Bridge Project*
In July 2014, Lai Fung Group succeeded in the auction for the land use rights of a piece of land located by Huangpu River in Huangpu District in Shanghai with a site area of approximately 74,100 square feet. The proposed development has attributable GFA of approximately 77,900 square feet and is intended to be developed into a high end luxury residential project. Construction works commenced in August 2017. This project is expected to complete in the second quarter of 2019.

*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 2019, 458 car-parking spaces of this development remained unsold.

*Shanghai Regents Park*
Shanghai Regents Park is a large-scale residential/commercial composite development located in the Zhongshan Park Commercial Area at the Changning District, Shanghai. It is situated within walking distance of the Zhongshan Park Metro Station. As at 31 January 2019, a total of 278 car-parking spaces of this development remained unsold.

*Guangzhou King's Park*
This is a high-end residential development located on Donghua Dong Road in Yuexiu District. The attributable GFA is approximately 98,300 square feet excluding 57 car-parking spaces and ancillary facilities. During the period under review, the sales of 1 car-parking space contributed HK$0.7 million to the turnover. As at 31 January 2019, 13 unsold car-parking spaces of this development remained unsold.

*Guangzhou Haizhu Plaza*
Guangzhou Haizhu Plaza is located on Chang Di Main Road in Yuexiu District, Guangzhou along the Pearl River. Lai Fung Group owns the entire project. The proposed development has a total project GFA of approximately 580,500 square feet and is intended to be developed for rental purposes. The construction is expected to commence in the second quarter of 2019 and the completion is expected to be in the first half of 2023.

## PROPERTY DEVELOPMENT *(CONTINUED)*

### Review of major projects for sale and under development *(Continued)*

#### *Mainland China (Continued)*

*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 will comprise of high-rise residential towers, townhouses, serviced apartments and commercial blocks totaling 4.466 million square feet.

During the period under review, 37,653 square feet of high-rise residential units were recognised at average selling prices of HK$1,520 per square foot, which contributed a total of HK$54.6 million to the sales turnover. As at 31 January 2019, completed units held for sale in this development amounted to 448,800 square feet.

The remaining GFA under development was approximately 2,099,200 square feet. Set out below is the current expectation on the development of the remaining phases:

| Phase | Description | Approximate GFA* (square feet) | Expected completion |
|---|---|---|---|
| III | **High-rise residential units including commercial units** | 523,100 | Q3 2020 |
| IV | **High-rise residential units including commercial units** | 1,576,100 | Q3 2021 |

** Excluding car-parking spaces and ancillary facilities*

Lai Fung Group is closely monitoring the market conditions and will adapt the pace of development accordingly.

#### *Hengqin Novotown*

*Phase I*
On 25 September 2013, Lai Fung and eSun jointly announced they had successfully won the bid of the land use rights of the land for Phase I of the Novotown project in Hengqin which is 80% owned by Lai Fung and 20% owned by eSun. The Phase I of Novotown has a total GFA of 4.0 million square feet including car-parking spaces and ancillary facilities. The total development cost is estimated to be approximately RMB5,447 million (equivalent to approximately HK$6,368 million). Construction work is expected to be completed in the first half of 2019 with the opening in phases in the second half of 2019.

The expected GFA breakdown by usage is set out below:

| Usage | GFA (square feet) |
|---|---|
| Cultural themed hotel | 596,727 |
| Cultural workshop | 429,641 |
| Cultural commercial area | 523,843 |
| Performance halls | 160,937 |
| Cultural attractions | 293,292 |
| Office | 542,447 |
| Cultural studios (for sale) | 244,936 |
| Car-parking spaces | 507,215 |
| Ancillary facilities and others | 736,217 |
| **Total:** | **4,035,255** |

## PROPERTY DEVELOPMENT *(CONTINUED)*

### Review of major projects for sale and under development *(Continued)*

#### *Hengqin Novotown (Continued)*

*Phase I (Continued)*

Hyatt group was engaged as the manager for the cultural themed hotel in March 2015. On 30 October 2015, a licensing agreement was entered into with Lionsgate LBE, Inc. for the development and operation of the Lionsgate Entertainment WorldTM in one of the two performance halls in the Phase I of Novotown. Village Roadshow Theme Parks, the world renowned theme park operator with attractions across Australia and America, was appointed in July 2016 to consult during the construction phase, oversee its preopening and to operate the Lionsgate Entertainment WorldTM for a minimum of ten years. The Lionsgate Entertainment WorldTM is expected to feature 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.

Lai Fung Group also entered into licensing agreements on 30 October 2015 with a master license holder of National Geographic Society to develop a family edutainment center called National Geographic Ultimate Explorer, the size of which is expected to be approximately 50,200 square feet, 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.

In June 2017, Lai Fung Group entered into a cooperation agreement with Trans-Island Limousine Service Limited, a wholly-owned subsidiary of Kwoon Chung Bus Holdings Limited for the development of a cross-border bus service between Hong Kong and Hengqin. The sole and exclusive bus terminus in Hengqin will be located at the Novotown.

In January 2017, Lai Fung Group entered into a shareholders agreement with Sanitas Management Company Limited, which owns the Taipei Beitou Health Management Hospital in Taiwan to form a joint venture company codeveloping a healthcare and beauty center in the Phase I of Novotown. This healthcare tourism destination is expected to have an area of approximate 80,000 square feet, providing visitors with comprehensive medical check-ups, beauty consultation and wellness services.

Sales of the cultural studios of Hengqin Novotown Phase I were strong. As at 31 January 2019, contracted but not yet recognised sales for cultural studios amounted to HK$233.7 million, at an average selling price of HK$4,929 per square foot. Completed cultural studios held for sale in this development as at 31 January 2019 amounted to approximately 197,000 square feet.

## PROPERTY DEVELOPMENT *(CONTINUED)*

### Review of major projects for sale and under development *(Continued)*

#### *Hengqin Novotown (Continued)*

*Phase II*

In June 2017, Lai Fung Group entered into a licence agreement with Real Madrid Club in relation to the development and operation of a location based entertainment centre, namely Real Madrid World in Novotown. The Real Madrid World is expected to consist of three floors with over 20 attractions spanning across a total area of approximately 12,000 square meters, and will be made up of several signature experiences including the Flying Theatre and the Stuntpit, an array of interactive training games, a walkthrough of Real Madrid history, plus dining and retail outlets.

In November 2017, Lai Fung Group entered into a cooperation agreement with Harrow International (China) Management Services Limited and ILA Holdings Limited to introduce Harrow International China Group, the world's leading learning institution, to set up ILA Hengqin in Hengqin. The curriculum at ILA Hengqin is structured to bring together the very best of British and Chinese educational philosophies and when it first opens in September 2020, the ILA Hengqin will initially offer grade 7-12 education for approximately 900 students as well as facilities for boarding students.

Lai Fung Group entered into a license agreement in December 2018 with Ducati in relation to the development and operation of the Ducati Experience Centre in Novotown. The Ducati Experience Centre expects to cover an area of no less than 4,500 square meters and will offer experiential attractions including immersive racing experiences, exclusive Ducati exhibits and retail concessions.

Lai Fung Group succeeded in bidding for the land use rights of the land offered for sale by Zhuhai Land Bureau through the listing-for-sale process in December 2018 and the land is situated adjacent to Phase I of the Novotown project with a total site area of approximately 143,800 square meters and a maximum plot ratio of 2 times and has been designated for the development of phase II of the Novotown project. Real Madrid World, ILA Hengqin and Ducati Experience Centre are expected to be the key elements in Novotown Phase II and details of the development plan will be formulated upon finalisation of the master layout plan with the Chinese Government. Lai Fung Group is in the process of finalising the master layout plan for the Novotown Phase II with the Chinese Government.

## RESTAURANT OPERATION

For the six months ended 31 January 2019, restaurant operations contributed HK$269.8 million to the Group's turnover (2018: HK$268.5 million). Up to the date of this Report, restaurant operations include the Group's interests in 17 restaurants in Hong Kong and Mainland China and 2 restaurants in Macau and Las Vegas under management. Details of each existing restaurant of the Group are as follows:

| Cuisine | Restaurant | Location | Attributable interest to the Group | Award |
|---|---|---|---|---|
| ***Owned restaurants*** | | | | |
| Western Cuisine | 8½ Otto e Mezzo BOMBANA Hong Kong | Hong Kong | 37% | Three Michelin stars (2012-2019) |
| | 8½ Otto e Mezzo BOMBANA Shanghai | Shanghai | 13% | Two Michelin stars (2017-2019) |
| | Opera BOMBANA | Beijing | 20% | |
| | CIAK — In The Kitchen | Hong Kong | 62% | One Michelin star (2015-2019) |
| | CIAK — All Day Italian | Hong Kong | 67% | Michelin Bib Gourmand (2017-2019) |
| | Beefbar | Hong Kong | 62% | One Michelin star (2017-2018) |
| | Grubers | Hong Kong | 69% | |
| Asian Cuisine | China Tang Landmark | Hong Kong | 50% | The Plate Michelin (2019) |
| | China Tang Harbour City | Hong Kong | 60% | The Plate Michelin (2019) |
| | Howard's Gourmet | Hong Kong | 50% | |
| | Beijing Howard's Gourmet | Beijing | 67% | |
| | Chiu Tang Central | Hong Kong | 67% | |
| | Old Bazaar Kitchen | Hong Kong | 63% | |
| | Sun's Bazaar | Hong Kong | 67% | |
| Japanese Cuisine | Kaiseki Den by Saotome | Hong Kong | 59% | One Michelin star (2010-2019) |
| | Takumi by Daisuke Mori | Hong Kong | 63% | One Michelin star (2018-2019) |
| | Sushi Masataka | Hong Kong | 63% | The Plate Michelin (2019) |
| ***Managed restaurants*** | | | | |
| Western Cuisine | 8½ Otto e Mezzo BOMBANA, Macau | Macau | N/A | One Michelin star (2016-2019) |
| Asian Cuisine | China Tang Las Vegas | Las Vegas | N/A | |

## HOTEL AND SERVICED APARTMENT OPERATIONS

The hotel and serviced apartment operations of the Group include the Group's operation of the Caravelle Hotel in Ho Chi Minh City, Vietnam and the Ocean Hotel in Hong Kong, which soft opened in October 2018, as well as Lai Fung Group's hotel and serviced apartment operations in Shanghai and Zhongshan in Mainland China. For the six months ended 31 January 2019, the hotel and serviced apartment operations contributed HK$280.6 million to the Group's turnover (2018: HK$231.9 million).

Caravelle Hotel is a leading international 5-star hotel in the centre of the business, shopping and entertainment district in Ho Chi Minh City, Vietnam. It is an elegant 24-storey tower with a mixture of French colonial and traditional Vietnamese style and has 335 superbly appointed rooms, suites, exclusive Signature Floors, Signature Lounge and a specially equipped room for the disabled. Total GFA attributable to the Group is 98,376 square feet.

## HOTEL AND SERVICED APARTMENT OPERATIONS *(CONTINUED)*

The Ocean Hotel operated by Marriott Group providing a total of 471 rooms grand opened on 19 February 2019 and added approximately 365,974 square feet of attributable rental space to the rental portfolio of the Group. The Group is optimistic about the prospects of the Ocean Hotel project given the strong popularity of Ocean Park, which is underpinned by robust growth in visitor numbers to Hong Kong coinciding with its expansion.

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

The 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. An average occupancy rate of 73.2% was achieved during the period under review and the average room tariff was approximately HK$515.

The STARR Resort Residence Zhongshan comprises two 16-storey blocks located in the Palm Lifestyle complex in Zhongshan Western District at Cui Sha Road. It is 30 minutes away from Zhongshan ferry pier and an ideal place for weekend breaks with a wide range of family oriented facilities such as an outdoor Swimming Pool, Gym, Yoga Room, Reading Room, Wine Club, Card Game/Mahjong Room, Tennis Court, etc. There are 90 fully furnished serviced apartment units with kitchenette, unit type one- and two-bedroom suite and the total GFA is approximately 98,600 square feet. The resort also has an F&B outlet of 80 seats, suitable for private party and BBQ, etc. An average occupancy rate of 52.4% was achieved during the period under review and the average room tariff was approximately HK$375.

Lai Fung Group also owns 100% interest in the Ascott Huaihai Road in Shanghai Hong Kong Plaza which is managed by the Ascott Group and it is one of a premier collection of the Ascott Limited's serviced residences in over 70 cities in Asia Pacific, Europe and the Gulf region. The residence with total GFA of approximately 357,000 square feet has 308 contemporary apartments of various sizes: studios (640-750 square feet), one-bedroom apartments (915-1,180 square feet), two-bedroom apartments (1,720 square feet), three-bedroom apartments (2,370 square feet) and two luxurious penthouses on the highest two floors (4,520 square feet). An average occupancy rate of 86.7% was achieved during the period under review and the average room tariff was approximately HK$1,183.

## MEDIA AND ENTERTAINMENT

The media and entertainment businesses are operated by eSun Group. For the six months ended 31 January 2019, this segment recorded a turnover of HK$233.1 million.

### Live Entertainment

eSun Group remains highly active on the live entertainment front. During the period under review, eSun Group organised and invested in 46 shows by popular local, Asian and internationally renowned artistes, including Andy Lau, Sammi Cheng, Ivana Wong, JJ Lin, MayDay and EXO.

## MEDIA AND ENTERTAINMENT *(CONTINUED)*

### Music Production, Distribution and Publishing

For the six months ended 31 January 2019, eSun Group released 36 albums, including titles by Sammi Cheng, Grasshopper, Remus Choy and Andy Leung. eSun Group is expected to continue to increase its music licensing revenue from the exploitation of the music library through new media distribution.

### Artiste Management

eSun Group has a strong artiste management team and a sizeable number of talents and will continue to expand its profile and in tandem with our growing television drama production and film production business.

## FILM AND TV PROGRAMME PRODUCTION AND DISTRIBUTION

For the six months ended 31 January 2019, this segment recorded a turnover of HK$240.3 million and segment results of a loss of HK$36.6 million.

During the period under review, eSun Group released 2 films, namely *Kung Fu Monster and Dead Pigs* and distributed 22 films and 290 videos with high profile titles including *Doraemon The Movie : Nobita's Treasure Island, A Simple Favour, Green Book, Bumblebee, Avengers: Infinity War, Incredibles 2, Jurassic World: Fallen Kingdom, Ant-Man and the Wasp*.

## CINEMA OPERATION

The cinema operation is managed by eSun Group. For the six months ended 31 January 2019, this segment recorded a turnover of HK$214.3 million. As at the date of the Report, eSun Group operates ten cinemas in Hong Kong and three cinemas in Mainland China. The cinema operation provides a complementary distribution channel for eSun Group's film production and distribution businesses. The MCL Cheung Sha Wan Cinema, newly opened in January 2019 is the first MCL cinema in West Kowloon district. With industrial style design, the cinema has 4 houses with more than 400 seats of stadium seating, giving audience a comfortable sightline and all cinema houses are equipped with 4K projection system, Dolby 7.1 surround sound system and Bowers & Wilkins Hi-Fi grade speakers to provide a great cinematic viewing experience for the audience.

## CINEMA OPERATION *(CONTINUED)*

Details on the number of screens and seats of each existing cinema at eSun Group are as follows:

| Cinema | Attributable interest to eSun Group (%) | No. of screens (Note 1) | No. of seats (Note 1) |
|---|---|---|---|
| **Mainland China** | | | |
| Suzhou Grand Cinema City | 100 | 10 | 1,440 |
| Guangzhou May Flower Cinema City | 100 | 7 | 606 |
| Zhongshan May Flower Cinema City | 100 | 5 | 905 |
| **Subtotal** | | **22** | **2,951** |
| **Hong Kong** | | | |
| Movie Town (including MX4D theatre) | 100 | 7 | 1,702 |
| Festival Grand Cinema | 95 | 8 | 1,196 |
| MCL Metro City Cinema (Note 2) | 95 | 6 | 694 |
| MCL Telford Cinema (including MX4D theatre) | 95 | 6 | 789 |
| STAR Cinema | 95 | 6 | 622 |
| Grand Kornhill Cinema (including MX4D theatre) | 95 | 5 | 706 |
| MCL Cheung Sha Wan Cinema | 95 | 4 | 418 |
| MCL South Horizons Cinema | 95 | 3 | 555 |
| MCL Green Code Cinema | 95 | 3 | 285 |
| Grand Windsor Cinema | 95 | 3 | 246 |
| **Subtotal** | | **51** | **7,213** |
| **Total** | | **73** | **10,164** |

*Notes:*

1. *On 100% basis.*
2. *Renovation in phases is in progress and with effect from 1 November 2018, rental spaces of one cinema house had been handed back to the landlord.*

## INTERESTS IN JOINT VENTURES

During the period ended 31 January 2019, contribution from joint ventures amounted to HK$744.6 million (2018: HK$612.6 million), representing an increase of 21.5%. This is primarily due to recognition of sales of residential units of Alto Residences during the period under review.

| | Six months ended 31 January | |
|---|---|---|
| | **2019** | 2018 |
| | **(HK$ million)** | (HK$ million) |
| Revaluation gains | **150.1** | 562.6 |
| Operating profits | **594.5** | 50.0 |
| Contribution from joint ventures | **744.6** | 612.6 |

## LIQUIDITY AND FINANCIAL RESOURCES

As at 31 January 2019, cash and bank balances and undrawn facilities held by the Group amounted to HK$5,692.3 million and HK$6,380.6 million, respectively. Cash and bank balances held by the Group of which around 43.8% was denominated in Hong Kong dollar and United States dollar currencies, and around 49.1% was denominated in Renminbi. Cash and bank balances and undrawn facilities held by the Group excluding eSun and its subsidiaries ("**eSun Group**") as at 31 January 2019 were HK$1,422.4 million and HK$2,717.7 million, respectively. The Group's sources of funding comprise mainly internal funds generated from the Group's business operations, loan facilities provided by banks and guaranteed notes issued to investors.

As at 31 January 2019, the Group had bank borrowings of approximately HK$13,108.0 million, guaranteed notes of approximately HK$5,733.6 million, other borrowings of approximately HK$303.1 million and loans from a joint venture of approximately HK$277.6 million. As at 31 January 2019, the maturity profile of the bank borrowings of HK$13,108.0 million was spread over a period of less than 5 years with HK$5,110.3 million repayable within 1 year, HK$1,423.0 million repayable in the second year and HK$5,477.0 million repayable in the third to fifth years, and HK$1,097.7 million repayable beyond the fifth year.

The Group issued guaranteed notes in an aggregate principal amount of US$750 million. The guaranteed notes have terms of five years and bear a fixed interest rate of 4.6% and 5.65% per annum with interest payable semi-annually in arrears. The guaranteed notes are listed on the Stock Exchange and were issued for refinancing the previous notes and for general corporate purposes. The Group entered into cross currency swap agreements with financial institutions for the purpose of hedging the foreign currency risk.

Approximately 69% and 29% of the Group's total borrowings carried interest on a floating rate basis and fixed rate basis, respectively, and the remaining 2% of Group's borrowings were interest free.

## LIQUIDITY AND FINANCIAL RESOURCES *(CONTINUED)*

The gearing ratio, expressed as a percentage of the total outstanding net debt (being the total borrowings less cash and bank balances) to consolidated net assets attributable to owners of the Company, was approximately 37.6%. The Group's gearing excluding the net debt of the eSun Group was approximately 25.4%. The Group's gearing excluding the net debt of the eSun Group and the net debt of London portfolio, of which had a positive carry net of financing costs, was approximately 22.9%.

As at 31 January 2019, certain investment properties with carrying amounts of approximately HK$30,792.6 million, certain prepaid land lease payments with carrying amounts of approximately HK$1,633.9 million, certain property, plant and equipment with carrying amounts of approximately HK$3,322.5 million, certain property under development for sale of approximately HK$2,324.2 million, certain serviced apartments of approximately HK$1,246.6 million, certain construction in progress of approximately HK$1,176.1 million, and certain bank balances and time deposits with banks of approximately HK$1,296.3 million were pledged to banks to secure banking facilities granted to the Group. In addition, certain shares in subsidiaries held by the Group were also pledged to banks to secure banking facilities granted to the Group. Certain shares in joint ventures held by the Group were pledged to banks to secure banking facilities granted to joint ventures of the Group. The Group's secured bank borrowings were also secured by floating charges over certain assets held by the Group.

The Group's major assets and liabilities and transactions were denominated in Hong Kong dollars, United States dollars, Pounds Sterling and Renminbi. Considering that Hong Kong dollars are pegged against United States dollars, the Group believes that the corresponding exposure to exchange rate risk arising from United States dollars is nominal. The Group has investments in United Kingdom with the assets and liabilities denominated in Pounds Sterling. These investments were primarily financed by bank borrowings denominated in Pounds Sterling in order to minimise the net foreign exchange exposure. Lai Fung has a net exchange exposure to Renminbi as Lai Fung's assets are principally located in Mainland China and the revenues are predominantly in Renminbi. Other than the abovementioned, the remaining monetary assets and liabilities of the Group were denominated in Malaysian Ringgit and Vietnamese Dong which were also insignificant as compared with the Group's total assets and liabilities. The Group manages its foreign currency risk by closely reviewing the movement of the foreign currency rate and considers hedging significant foreign currency exposure should the additional need arise.

## CONTINGENT LIABILITIES

Details of contingent liabilities of the Group are set out in note 13 to the condensed consolidated interim financial statements.

# Particulars of Major Properties

## COMPLETED PROPERTIES HELD FOR RENTAL

| Property Name | Location | Attributable Interest to the Group | Tenure | Approximate Attributable GFA (square feet) Commercial/ Retail | Office | Industrial | Total (excluding car-parking spaces & ancillary facilities) | No. of car-parking spaces attributable to the Group |
|---|---|---|---|---|---|---|---|---|
| **Hong Kong** | | | | | | | | |
| Cheung Sha Wan Plaza | 833 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon, Hong Kong (New Kowloon Inland Lot No. 5955) | 100% | The property is held for a term expiring on 30 June 2047 | 233,807 | 409,896 | — | 643,703 | 355 |
| Causeway Bay Plaza 2 | 463-483 Lockhart Road, Causeway Bay, Hong Kong (Section J and the Remaining Portions of Sections D,E,G,H,K,L,M and O, Subsection 4 of Section H and the Remaining Portion of Inland Lot No. 2833) | 100% | The property is held for a term of 99 years commencing on 15 April 1929 and renewable for a further term of 99 years | 109,770 | 96,268 | — | 206,038 | 57 |
| Lai Sun Commercial Centre | 680 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon, Hong Kong (New Kowloon Inland Lot No. 5984) | 100% | The property is held for a term of which expired on 27 June 1997 and has been extended upon expiry until 30 June 2047 | 95,063 | 74,181 | — | 169,244 | 538 |
| CCB Tower | 3 Connaught Road Central, Hong Kong (Inland Lot No. 8736) | 50% | The property is held for a term commencing from 28 June 1989 and expiring on 30 June 2047 | — | 114,603 | — | 114,603 | 19 |
| 8 Observatory Road | 2,4,6,8,10 and 12 Observatory Road, Tsim Sha Tsui, Kowloon, Hong Kong (Inland Lot No. 11231) | 50% | The property is held for a term of 50 years commencing on 10 January 2014 | 45,312 | 37,273 | — | 82,585 | 30 |
| Alto Residences | 29 Tong Yin Street, Tseung Kwan O, New Territories, Hong Kong | 50% | The property is held for a term of 50 years commencing from 17 December 2012 | 52,486 | — | — | 52,486 | 73 |
| Wyler Centre, Phase II (20/F and 27/F and car-parking spaces nos. 17, 18 and 59 on 2/F) | 192-200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong | 100% | The property is held for a term of which expired on 27 June 1997 and has been extended upon expiry until 30 June 2047 | — | — | 47,932 | 47,932 | 3 |
| AIA Central | 1 Connaught Road Central, Hong Kong (Marine Lot No. 275, Section A and the Remaining Portion of Marine Lot No. 278) | 10% | The property is held for a term of 999 years commencing from 9 September 1895 (for Marine Lot No. 275) and 999 years commencing from 12 October 1896 (for Marine Lot no. 278) | — | 42,896 | — | 42,896 | 6 |
| Metropolitan Factory and Warehouse Building (Units A and B on 10/F and car-parking space nos. 1,2, 13 and 14 on G/F) | 30-32 Chai Wan Kok Street, Tsuen Wan, New Territories, Hong Kong | 100% | The property is held for a term of which expired on 27 June 1997 and has been extended upon expiry until 30 June 2047 | — | — | 11,370 | 11,370 | 4 |
| Luen Fa Loong Factory Building (4/F) | 19 Cheung Lee Street, Chai Wan, Hong Kong | 100% | The property is held for a term of 75 years commencing on 4 November 1963 renewable for a further term of 75 years | — | — | 4,290 | 4,290 | — |
| **Subtotal of major completed properties held for rental in Hong Kong:** | | | | **536,438** | **775,117** | **63,592** | **1,375,147** | **1,085** |

# Particulars of Major Properties *(Continued)*

## COMPLETED PROPERTIES HELD FOR RENTAL *(CONTINUED)*

| Property Name | Location | Group Interest | Tenure | Approximate Attributable GFA (square feet) Commercial/ Retail | Office | Industrial | Total (excluding car-parking spaces & ancillary facilities) | No. of car-parking spaces attributable to the Group |
|---|---|---|---|---|---|---|---|---|
| **United Kingdom** | | | | | | | | |
| 107 Leadenhall Street London [Note 1] | 107 Leadenhall Street, London EC3, United Kingdom | 100% | The property is held freehold | 48,182 | 98,424 | — | 146,606 | — |
| 100 Leadenhall Street London [Note 1] | 100 Leadenhall Street, London EC3, United Kingdom | 100% | The property is held freehold | — | 177,700 | — | 177,700 | 15 |
| 106 Leadenhall Street London [Note1] | 106 Leadenhall Street, London EC3, United Kingdom | 100% | The property is held freehold | 3,540 | 16,384 | — | 19,924 | — |
| **Subtotal of major completed properties held for rental in United Kingdom:** | | | | **51,722** | **292,508** | **—** | **344,230** | **15** |
| **Mainland China** | | | | | | | | |
| **Shanghai** | | | | | | | | |
| Shanghai Hong Kong Plaza | 282 & 283 Huaihaizhong Road, Huangpu District | 37.76% | The property is held for a term of 50 years commencing on 16 September 1992 | 176,870 | 136,720 | — | 313,590 | 132 |
| May Flower Plaza | Sujiaxiang, Jing'an District | 37.76% | The property is held for a term of 40 years for commercial use commencing on 5 February 2007 | 120,943 | — | — | 120,943 | — |
| Regents Park | 88 Huichuan Road, Changning District | 35.87% | The property is held for a term of 70 years commencing on 4 May 1996 | 29,435 | — | — | 29,435 | — |
| **Subtotal of major completed properties held for rental in Shanghai:** | | | | **327,248** | **136,720** | **—** | **463,968** | **132** |
| **Guangzhou** | | | | | | | | |
| May Flower Plaza | 68 Zhongshanwu Road, Yuexiu District | 37.76% | The property is held for a term of 40 years for commercial use and 50 years for other uses commencing on 14 October 1997 | 134,955 | 29,991 | — | 164,946 | 51 |
| West Point | Zhongshan Qi Road, Liwan District | 37.76% | The property is held for a term of 40 years for commercial use and 50 years for other uses commencing on 11 January 2006 | 64,931 | — | — | 64,931 | — |
| Lai Fung Tower | 787 Dongfeng East Road, Yuexiu District | 37.76% | The property is held for a term of 40 years for commercial uses and 50 years for other uses commencing on 21 October 1997 | 37,400 | 228,998 | — | 266,398 | 118 |
| **Subtotal of major completed properties held for rental in Guangzhou:** | | | | **237,286** | **258,989** | **—** | **496,275** | **169** |
| **Zhongshan** | | | | | | | | |
| Palm Spring | Caihong Planning Area, Western District | 37.76% | The property is held for a term expiring on 30 March 2075 for commercial/residential uses | 55,658 | — | — | 55,658 | — |
| **Subtotal of major completed properties held for rental in Zhongshan:** | | | | **55,658** | **—** | **—** | **55,658** | **—** |
| **Subtotal of major completed properties held for rental in Mainland China:** | | | | **620,192** | **395,709** | **—** | **1,015,901** | **301** |
| **Total of major completed properties held for rental:** | | | | **1,208,352** | **1,463,334** | **63,592** | **2,735,278** | **1,401** |

*Note 1: Gross internal area*

# Particulars of Major Properties *(Continued)*

## COMPLETED HOTEL PROPERTIES AND SERVICED APARTMENTS

| Hotel Name | Location | Attributable Interest to the Group | Tenure | No. of rooms | Approximate Attributable GFA (square feet) | No. of car-parking spaces attributable to the Group |
|---|---|---|---|---|---|---|
| **Hong Kong** | | | | | | |
| Hong Kong Ocean Park Marriott Hotel, Hong Kong | 180 Wong Chuk Hang Road, Ocean Park, Hong Kong | 100% | The property is held for a term of 75 years commencing from 22 December 1972 | 471 | 365,974 | 16 |
| **Vietnam** | | | | | | |
| Caravelle Hotel | 19 Lam Son Square, District 1, Ho Chi Minh City, Vietnam | 26.01% | The property is held under a land use right due to expire on 8 October 2040 | 335 | 98,376 | — |
| **Mainland China**<br>**Shanghai** | | | | | | |
| Ascott Huaihai Road Shanghai | 282 Huaihaizhong Road, Huangpu District | 37.76% | The property is held for a term of 50 years commencing on 16 September 1992 | 300 | 134,141 | — |
| STARR Hotel Shanghai | Sujiaxiang, Jing'an District | 37.76% | The property is held for a term of 50 years for commercial use commencing on 5 February 2007 | 239 | 54,313 | — |
| | **Subtotal of major completed hotel properties and serviced apartments in Shanghai:** | | | **539** | **188,454** | **—** |
| **Zhongshan** | | | | | | |
| STARR Resort Residence Zhongshan | Caihong Planning Area, Western District | 37.76% | The property is held for a term expiring on 23 October 2073 | 90 | 37,212 | — |
| | **Subtotal of major completed hotel properties and serviced apartments in Zhongshan:** | | | **90** | **37,212** | **—** |
| | **Subtotal of major completed hotel properties and serviced apartments in Mainland China:** | | | **629** | **225,666** | **—** |
| | **Total of major completed hotel properties and serviced apartments:** | | | **1,435** | **690,016** | **16** |

# Particulars of Major Properties *(Continued)*

## PROPERTIES UNDER DEVELOPMENT

| | | | | | | Approximate Attributable GFA (square feet) | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Property Name | Location | Attributable Interest to the Group | Stage of Construction | Expected completion date | Approximate site area (square feet) (Note 1) | Commercial/ Retail | Office | Serviced Apartments | Residential | Total (excluding car-parking spaces & ancillary facilities) | No. of car-parking spaces attributable to the Group |
| **Hong Kong** | | | | | | | | | | | |
| Monti | 9-11 and 15 Sai Wan Ho Street, Shau Kei Wan, Hong Kong | 100.00% | Superstructure works in progress | Q3 2019 | 7,642 | – | – | – | 59,799 | 59,799 | 8 |
| Novi | 48-56 Ki Lung Street, Kowloon, Hong Kong | 100.00% | Superstructure works in progress | Q3 2019 | 5,054 | 5,196 | – | – | 37,655 | 42,851 | – |
| **Subtotal of properties under development in Hong Kong:** | | | | | | **5,196** | **–** | **–** | **97,454** | **102,650** | **8** |
| **Mainland China** | | | | | | | | | | | |
| **Guangzhou** | | | | | | | | | | | |
| Haizhu Plaza | Chang Di Main Road, Yuexiu District | 37.76% | Development under planning | H1 2023 | 90,708 | 39,191 | 179,977 | – | – | 219,168 | 115 |
| **Subtotal of major properties under development in Guangzhou:** | | | | | | **39,191** | **179,977** | **–** | **–** | **219,168** | **115** |
| **Zhongshan** | | | | | | | | | | | |
| Palm Spring | Caihong Planning Area, Western District | 37.76% | Construction work in progress | Phase III: Q3 2020<br>Phase IV: Q3 2021 | 2,547,298 (Note 2) | 49,648 | – | – | 742,947 | 792,595 | 665 |
| **Subtotal of major properties under development in Zhongshan:** | | | | | | **49,648** | **–** | **–** | **742,947** | **792,595** | **665** |
| **Shanghai** | | | | | | | | | | | |
| Northgate Plaza redevelopment project | Tian Mu Road West, Jing'an District | 37.76% | Construction work in progress | Q2 2022 | 107,223 | 35,558 | 226,330 | – | – | 261,888 | 209 |
| Wuli Bridge project | Wuliqiao Road, 104 Jie Fang, Huangpu District | 37.76% | Construction work in progress | Q2 2019 | 74,112 | – | – | – | 29,429 | 29,429 | 37 |
| **Subtotal of major properties under development in Shanghai:** | | | | | | **35,558** | **226,330** | **–** | **29,429** | **291,317** | **246** |
| **Hengqin** | | | | | | | | | | | |
| Novotown Phase I | East side of Yiwener Road, south side of Caihong Road, west side of Tianyu Road and north side of Hengqin Road, Hengqin New Area, Zhuhai City | 45.13% | Construction work in progress | H1 2019 | 1,401,184 (Note 2) | 441,405 | 266,244 | 463,202 | – | 1,170,851 | 943 |
| Novotown Phase II | East side of Yiwener Road, south side of Xiangjiang Road, west side of Yiwenyi Road and north side of Zhishui Road, Hengqin New Area, Zhuhai City | 37.76% | Development under planning | 2023 | 1,547,523 | 1,168,616 | – | – | – | 1,168,616 | 543 |
| **Subtotal of major properties under development in Hengqin:** | | | | | | **1,610,021** | **266,244** | **463,202** | **–** | **2,339,467** | **1,486** |
| **Subtotal of major properties under development in Mainland China:** | | | | | | **1,734,418** | **672,551** | **463,202** | **772,376** | **3,642,547** | **2,512** |
| **Total of major properties under development:** | | | | | | **1,739,614** | **672,551** | **463,202** | **869,830** | **3,745,197** | **2,520** |

*Note 1: On project basis.*
*Note 2: Including portions of the projects that have been completed for sale/lease.*

# Particulars of Major Properties *(Continued)*

## COMPLETED PROPERTIES HELD FOR SALE

| Property Name | Location | Attributable Interest to the Group | Approximate Attributable GFA (square feet) Commercial/ Retail | Residential | Total (excluding car-parking spaces & ancillary facilities) | No. of car-parking spaces attributable to the Group |
|---|---|---|---|---|---|---|
| **Hong Kong** | | | | | | |
| Ocean One | 6 Shung Shun Street, Yau Tong, Kowloon, Hong Kong | 100% | 27,306 | — | 27,306 | 7 |
| 339 Tai Hang Road | 335-339 Tai Hang Road, Hong Kong | 100% | — | 6,458 | 6,458 | 3 |
| Alto Residences | 29 Tong Yin Street, Tseung Kwan O, New Territories, Hong Kong | 50% | — | 57,795 | 57,795 | 67 |
| 93 Pau Chung Street | 20-32 San Shan Road and 93 Pau Chung Street, Ma Tau Kok, Kowloon, Hong Kong | 100% | 3,758 | — | 3,758 | 20 |
| | | **Subtotal of completed properties held for sale in Hong Kong:** | **31,064** | **64,253** | **95,317** | **97** |
| **Mainland China Zhongshan** | | | | | | |
| Palm Spring | Caihong Planning Area, Western District | 37.76% | 12,724 | 169,455 | 182,179 | 460 |
| | | **Subtotal of major completed properties held for sale in Zhongshan:** | **12,724** | **169,455** | **182,179** | **460** |
| **Hengqin** | | | | | | |
| Novotown Phase I | East side of Yiwener Road, south side of Caihong Road, west side of Tianyu Road and north side of Hengqin Road, Hengqin New Area, Zhuhai City | 45.13% | — | 89,104 | 89,104 | — |
| | | **Subtotal of major completed properties held for sale in Hengqin:** | **—** | **89,104** | **89,104** | **—** |
| **Shanghai** | | | | | | |
| May Flower Plaza | Sujiaxiang, Jing'an District | 37.76% | — | — | — | 173 |
| Regents Park, Phase II | 88 Huichuan Road, Changning District | 35.87% | — | — | — | 100 |
| | | **Subtotal of major completed properties held for sale in Shanghai:** | **—** | **—** | **—** | **273** |
| **Guangzhou** | | | | | | |
| Eastern Place Phase V | 787 Dongfeng East Road, Yuexiu District | 37.76% | — | — | — | 7 |
| Dolce Vita | Jinshazhou, Heng Sha, Baiyun District | 17.93% | — | — | — | 7 |
| King's Park | Donghua Dong Road, Yuexiu District | 37.76% | — | — | — | 5 |
| West Point | Zhongshan Qi Road, Liwan District | 37.76% | — | — | — | 48 |
| | | **Subtotal of major completed properties held for sale in Guangzhou:** | **—** | **—** | **—** | **67** |
| | | **Subtotal of major completed properties held for sale in Mainland China:** | **12,724** | **258,559** | **271,283** | **800** |
| | | **Total of major completed properties held for sale:** | **43,788** | **322,812** | **366,600** | **897** |

# Corporate Governance and Other Information

## CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Corporate Governance Code ("**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities ("**Listing Rules**") on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") throughout the six months ended 31 January 2019 save for the deviation from code provisions A.4.1, A.5.1 and E.1.2.

*Under code provision A.4.1, non-executive directors should be appointed for a specific term and subject to re-election.*

None of the existing non-executive directors ("**NEDs**", including the independent non-executive Directors ("**INEDs**")) of the Company is appointed for a specific term. However, all directors of the Company ("**Directors**") are subject to the retirement provisions of the Articles of Association of the Company ("**Articles of Association**"), which require that the Directors for the time being shall retire from office by rotation once every three years since their last election by shareholders of the Company ("**Shareholders**") and the retiring Directors are eligible for re-election. In addition, any person appointed by the Board as an additional Director (including a NED) will hold office only until the next annual general meeting of the Company ("**AGM**") and will then be eligible for re-election. Further, in line with the relevant code provision of the CG Code, each of the Directors appointed to fill a casual vacancy would/will be subject to election by the Shareholders at the first general meeting after his/her appointment. In view of these, the Board considers that such requirements are sufficient to meet the underlying objective of the said code provision A.4.1 and, therefore, does not intend to take any remedial steps in this regard.

*Under code provision A.5.1, a nomination committee comprising a majority of the independent non-executive directors should be established and chaired by the chairman of the board or an independent non-executive director.*

The Company has not established a nomination committee whose functions are assumed by the full Board. The Board has reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board annually and the Company has achieved and maintained diversity of the Board including professional qualifications and experience, cultural and educational background, race and ethnicity, gender, age and length of service which meet the Company's business model and specific needs. Potential new Directors will be recruited based on their knowledge, skills, experience and expertise and the requirements of the Company at the relevant time and candidates for the INEDs must meet the independence criterion. The process of identifying and selecting appropriate candidates for consideration and approval by the Board has been, and will continue to be, carried out by the executive Directors ("**EDs**"). In January 2019, the Company adopted the Nomination Policy which set out the criteria, process and procedures by which the Company will select candidates for possible inclusion in the Board. As the above selection and nomination policies and procedures have already been in place and the other duties of the nomination committee as set out in the CG Code have long been performed by the full Board effectively, the Board does not consider it necessary to establish a nomination committee at the current stage.

*Under code provision E.1.2, the chairman of the board should attend the annual general meeting.*

Due to other pre-arranged business commitments which must be attended to by Dr. Lam Kin Ngok, Peter, the Chairman, Dr. Lam was not present at the AGM held on 21 December 2018. However, Mr. Chew Fook Aun, the Deputy Chairman and an ED present at that AGM took the chair of that AGM pursuant to Article 71 of the Articles of Association to ensure an effective communication with the Shareholders thereat.

## CORPORATE GOVERNANCE *(CONTINUED)*

### Board

The Board oversees the overall management of the Company's business and affairs. The Board's primary duty is to ensure the viability of the Company and to ascertain that it is managed in the best interests of its Shareholders as a whole while taking into account the interests of other stakeholders.

The Board has delegated the day-to-day management of the Company's business to the management and the Executive Committee and focuses its attention on matters affecting the Company's long-term objectives and plans for achieving these objectives, the overall business and commercial strategy of the Company and its subsidiaries ("**Group**") as well as overall policies and guidelines.

The Board currently comprises ten members, of whom four are EDs, two are NEDs and four are INEDs. The current composition of the Board is characterised by diversity, whether considered in terms of gender, nationality, professional background and skills.

The Board meets at least four times a year with meeting dates scheduled prior to the beginning of the year. Additional board meetings will be held when warranted. Directors also participate in the consideration and approval of matters of the Company by way of written resolutions circulated to Directors together with supporting explanatory materials as and when required.

All Directors have been provided in a timely manner with the Group's management information updates, giving a balanced and understandable assessment of the Group's performance, position, recent developments and prospects in sufficient detail to keep them abreast of the Group's affairs and facilitate them to discharge their duties under the relevant requirements of the Listing Rules.

### Chairman and Chief Executive Officer

During the six months ended 31 January 2019 and up to the date of this Report, Dr. Lam Kin Ngok, Peter (an ED) was the Chairman of the Company while Mr. Chew Fook Aun (an ED) and Mr. Lau Shu Yan, Julius (an ED) was the Deputy Chairman and Chief Executive Officer of the Company, respectively. The segregation ensures a clear distinction between the Chairman's responsibilities to manage the Board and the Chief Executive Officer's responsibilities to manage the Company's businesses. The division of responsibilities between the Chairman and the Chief Executive Officer is defined.

## SECURITIES TRANSACTIONS BY DIRECTORS AND DESIGNATED EMPLOYEES

The Company has adopted a Code of Practice for Securities Transactions by Directors and Designated Employees ("**Securities Code**") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules. The Company has made specific enquiry of all Directors and they have confirmed in writing their compliance with the required standard set out in the Securities Code during the six months ended 31 January 2019.

## DIRECTORS' INTERESTS

The following Directors and the chief executive of the Company who held office on 31 January 2019 and their respective close associates (as defined in the Listing Rules) were interested or were deemed to be interested in the following interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("**SFO**")) on that date (a) as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they were taken or deemed to have under such provisions of the SFO); or (b) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO ("**Register of Directors and Chief Executive**"); or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Securities Code; or (d) as known by the Directors:

### (1) The Company

**Long positions in the ordinary shares of the Company ("Shares") and the underlying Shares**

| Name of Director | Capacity | Personal interests | Family interests | Corporate interests | Other interests | Total interests | Approximate % of total interests to total issued Shares *(Note 1)* |
|---|---|---|---|---|---|---|---|
| Lam Kin Ngok, Peter | Beneficial owner/ Owner of controlled corporations | 429,232 *(Note 2)* | Nil | 340,023,572 *(Note 2)* | 417,308 *(Note 6)* | 340,870,112 | 56.24% *(Note 2)* |
| Chew Fook Aun | Beneficial owner/ Owner of controlled corporations | Nil | Nil | 400,000 *(Note 4)* | 3,773,081 *(Note 6)* | 4,173,081 | 0.69% |
| Lau Shu Yan, Julius | Beneficial owner | 263,500 *(Note 5)* | Nil | Nil | 2,086,540 *(Note 6)* | 2,350,040 | 0.39% |
| Lam Hau Yin, Lester | Beneficial owner | Nil | Nil | Nil | 4,173,081 *(Note 6)* | 4,173,081 | 0.69% |
| U Po Chu *(Note 3)* | Beneficial owner | 26,919 *(Note 3)* | Nil | Nil | Nil | 26,919 | 0.01% |

## DIRECTORS' INTERESTS *(CONTINUED)*

### (1) The Company *(Continued)*

*Notes:*

(1) *The percentage has been compiled based on the total number of issued Shares for the six months ended 31 January 2019 (i.e. 606,076,614 Shares).*

(2) *Lai Sun Garment (International) Limited ("**LSG**") and two of its wholly-owned subsidiaries, namely Zimba International Limited ("**Zimba International**") and Joy Mind Limited ("**Joy Mind**"), beneficially owned 340,023,572 Shares, representing approximately 56.10% of the issued share capital of the Company. Dr. Lam Kin Ngok, Peter was deemed to be interested in the same 340,023,572 Shares by virtue of, in aggregate, his personal and deemed interests of approximately 41.86% in the issued share capital of LSG. LSG is approximately 12.49% owned by Dr. Lam Kin Ngok, Peter and is approximately 29.37% owned by Wisdoman Limited which in turn is 100% beneficially owned by Dr. Lam Kin Ngok, Peter.*

*LSG and Joy Mind acquired in aggregate 17,319,000 Shares of the Company on the market in May, June and July 2018, thereby increasing their shareholding interests in the Company from 322,704,572 Shares to 340,023,572 Shares.*

*On 15 August 2017, the Company implemented the Share Consolidation on the basis that every fifty (50) issued shares in the share capital of the Company were consolidated into one (1) consolidated share in the share capital of the Company ("**Share Consolidation**").*

*The personal interests of Dr. Lam Kin Ngok, Peter changed from 21,461,617 Shares to 429,232 Shares following the completion of the Share Consolidation.*

*LSG pledged approximately 208,513,987 Shares (10,425,699,353 issued shares of the Company before the Share Consolidation) held by LSG, Zimba International and Joy Mind as security pursuant to its 7.70% secured guaranteed notes due 2018 under a Share Charge dated 24 July 2014. The amount has been repaid in full.*

*LSG placed up to 50,934,000 Shares of the Company under the secondary block trade agreement dated 16 August 2017 which was completed on 21 August 2017.*

*On 21 December 2018, the Shareholders approved a final dividend of HK$0.108 per Share payable in cash with a scrip dividend alternative ("**Scrip Dividend Scheme**") for the year ended 31 July 2018.*

*On 13 February 2019, the Company allotted and issued 387,511 new ordinary shares pursuant to its Scrip Dividend Scheme in relation to the final dividend for the year ended 31 July 2018, increasing the total number of issued shares in the Company from 606,076,614 to 606,464,125.*

(3) *Madam U Po Chu is the widow of the late Mr. Lim Por Yen whose estate includes an interest of 3,957,189 Shares (197,859,550 Shares before the Share Consolidation), representing approximately 0.65% of the issued share capital of the Company.*

*The personal interests of Madam U Po Chu changed from 1,345,974 Shares to 26,919 Shares following the completion of the Share Consolidation.*

(4) *The 20,000,000 Shares owned by The Orchid Growers Association Limited changed to 400,000 Shares following the completion of the Share Consolidation. By virtue of his 100% interest in the issued share capital of The Orchid Growers Association Limited, Mr. Chew Fook Aun was deemed to be interested in these 400,000 Shares.*

(5) *The personal interests of Mr. Lau Shu Yan, Julius changed from 13,175,000 Shares to 263,500 Shares following the completion of the Share Consolidation.*

## DIRECTORS' INTERESTS *(CONTINUED)*

### (1) The Company *(Continued)*

*Notes: (Continued)*

(6) *A share option was granted by the Company to each of Dr. Lam Kin Ngok, Peter, Mr. Chew Fook Aun, Mr. Lau Shu Yan, Julius and Mr. Lam Hau Yin, Lester, the particulars of which are set out below:*

| Registered Name | Date of grant | Number of underlying shares comprised in the option before the Share Consolidation | Number of underlying shares comprised in the option after the Share Consolidation | Option period | Subscription price before the Share Consolidation | Subscription price after the Share Consolidation |
|---|---|---|---|---|---|---|
| *Lam Kin Ngok, Peter* | *18/01/2013* | *20,865,408* | *417,308* | *18/01/2013-17/01/2023* | *HK$0.322 per Share* | *HK$16.100 per Share* |
| *Chew Fook Aun* | *05/06/2012* | *188,654,089* | *3,773,081* | *05/06/2012-04/06/2022* | *HK$0.107 per Share* | *HK$5.350 per Share* |
| *Lau Shu Yan, Julius* | *18/01/2013* | *104,327,044* | *2,086,540* | *18/01/2013-17/01/2023* | *HK$0.322 per Share* | *HK$16.100 per Share* |
| *Lam Hau Yin, Lester* | *18/01/2013* | *208,654,089* | *4,173,081* | *18/01/2013-17/01/2023* | *HK$0.322 per Share* | *HK$16.100 per Share* |

### (2) Associated Corporations

#### (i) Lai Sun Garment (International) Limited ("LSG") — the ultimate holding company of the Company

**Long positions in the ordinary shares of LSG ("LSG Shares") and the underlying LSG shares**

| Name of Director | Capacity | Personal interests | Family interests | Corporate interests | Other interests | Total interests | Approximate % of total interests to total issued LSG Shares *(Note 1)* |
|---|---|---|---|---|---|---|---|
| Lam Kin Ngok, Peter | Beneficial owner/ Owner of controlled corporations | 48,116,366 *(Note 2)* | Nil | 113,127,277 *(Note 2)* | 708,575 *(Note 7)* | 161,952,218 | 42.05% *(Note 2)* |
| Chew Fook Aun | Beneficial owner/ Owner of controlled corporations | Nil | Nil | 202,422 *(Note 3)* | 3,819,204 *(Note 7)* | 4,021,626 | 1.04% |
| Lam Hau Yin, Lester | Beneficial owner | 12,283,938 *(Note 4)* | Nil | Nil | 7,571,626 *(Note 7)* | 19,855,564 | 5.16% |
| Lam Kin Ming | Beneficial owner | 1,007,075 *(Note 5)* | Nil | Nil | Nil | 1,007,075 | 0.26% |
| U Po Chu | Beneficial owner | 825,525 *(Note 6)* | Nil | Nil | Nil | 825,525 | 0.21% |

## DIRECTORS' INTERESTS *(CONTINUED)*

### (2) Associated Corporations *(Continued)*

#### (i) Lai Sun Garment (International) Limited ("LSG") — the ultimate holding company of the Company *(Continued)*

*Notes:*

*(1) The percentage has been compiled based on the total number of issued Shares for the six months ended 31 January 2019 (i.e. 385,137,657 LSG Shares).*

*(2) On 15 August 2017, LSG implemented the Share Consolidation on the basis that every five (5) issued shares in the share capital of LSG were consolidated into one (1) consolidated share in the share capital of LSG ("**LSG Share Consolidation**").*

*On 21 December 2018, the LSG shareholders approved a final dividend of HK$0.074 per share payable in cash with a scrip dividend alternative ("**LSG Scrip Dividend Scheme**") for the year ended 31 July 2018.*

*On 13 February 2019, LSG allotted and issued 1,467,165 new ordinary shares ("**Scrip Shares**") pursuant to the LSG Scrip Dividend Scheme in relation to the final dividend for the year ended 31 July 2018, increasing the total number of issued shares in the Company from 385,137,657 to 386,604,822.*

*The interests of Wisdoman Limited changed from 562,590,430 LSG Shares to 112,518,086 LSG Shares following the completion of the LSG Share Consolidation. On 30 January 2018, Wisdoman Limited elected to receive 609,191 Scrip Shares, increasing its interests in LSG from 112,518,086 LSG Shares to 113,127,277 LSG Shares. Dr. Lam Kin Ngok, Peter was deemed to be interested in 113,127,277 LSG Shares (representing approximately 29.37% of LSG's issued share capital) by virtue of his 100% interests in the issued share capital of Wisdoman Limited as at 31 January 2019.*

*On 13 February 2019, Wisdoman Limited elected to receive 764,373 Scrip Shares in lieu of cash dividend pursuant to the LSG Scrip Dividend Scheme, increasing its interests in LSG from 113,127,277 LSG Shares to 113,891,650 LSG Shares.*

*The personal interests of Dr. Lam Kin Ngok, Peter changed from 239,286,305 LSG Shares to 47,857,260 LSG Shares following the completion of the LSG Share Consolidation. On 30 January 2018, Dr. Lam Kin Ngok, Peter elected to receive 259,106 Scrip Shares, increasing his personal interests in LSG from 47,857,260 LSG Shares to 48,116,366 LSG Shares. On 13 February 2019, Dr. Lam Kin Ngok, Peter has elected to receive 325,110 Scrip Shares in lieu of cash dividend pursuant to the LSG Scrip Dividend Scheme, increasing his personal interests in LSG from 48,116,366 LSG Shares to 48,441,476 LSG Shares.*

*(3) The 1,012,111 LSG Shares held by The Orchid Growers Association Limited, a company wholly-owned by Mr. Chew Fook Aun changed to 202,422 LSG Shares following the completion of the LSG Share Consolidation. Mr. Chew Fook Aun was deemed to be interested in these 202,422 LSG Shares.*

*(4) The personal interests of Mr. Lam Hau Yin, Lester were changed from 61,088,946 LSG Shares to 12,217,789 LSG Shares following the completion of the LSG Share Consolidation. On 30 January 2018, Mr. Lam Hau Yin, Lester elected to receive 66,149 Scrip Shares, increasing his personal interests in LSG from 12,217,789 LSG Shares to 12,283,938 LSG Shares. On 13 February 2019, Mr. Lam Hau Yin, Lester has elected to receive 82,999 Scrip Shares in lieu of cash dividend pursuant to the LSG Scrip Dividend Scheme, increasing his personal interests from 12,283,938 LSG Shares to 12,366,937 LSG Shares..*

*(5) The personal interests of Dr. Lam Kin Ming were changed from 5,008,263 LSG Shares to 1,001,652 LSG Shares following the completion of the LSG Share Consolidation. On 30 January 2018, Dr. Lam Kin Ming elected to receive 5,423 Scrip Shares, increasing his personal interests in LSG from 1,001,652 LSG Shares to 1,007,075 LSG Shares. On 13 February 2019, Dr. Lam Kin Ming has elected to receive 6,804 Scrip Shares in lieu of cash dividend pursuant to the LSG Scrip Dividend Scheme, increasing his personal interests from 1,007,075 LSG Shares to 1,013,879 LSG Shares.*

*(6) The personal interests of Madam U Po Chu were changed from 4,127,625 LSG Shares to 825,525 LSG Shares following the completion of the LSG Share Consolidation.*

## DIRECTORS' INTERESTS *(CONTINUED)*

### (2) Associated Corporations *(Continued)*

#### (i) Lai Sun Garment (International) Limited ("LSG") — the ultimate holding company of the Company *(Continued)*

*Notes: (Continued)*

(7) *Share options were granted by LSG to each of Dr. Lam Kin Ngok, Peter, Mr. Chew Fook Aun and Mr. Lam Hau Yin, Lester, the particulars of which are set out below:*

| Registered Name | Date of grant | Number of underlying LSG Share comprised in the option before the LSG Share Consolidation | Number of underlying LSG Share comprised in the option after the LSG Share Consolidation | Option period | Subscription price before the LSG Share Consolidation | Subscription price after the LSG Share Consolidation |
|---|---|---|---|---|---|---|
| Lam Kin Ngok, Peter | 18/01/2013 | 1,876,211 | 375,242 | 18/01/2013-17/01/2023 | HK$1.21 per LSG Share | HK$6.05 per LSG Share |
| | 19/06/2017 | 1,666,666 | 333,333 | 19/06/2017-18/06/2027 | HK$3.00 per LSG Share | HK$15.00 per LSG Share |
| Chew Fook Aun | 19/06/2017 | 19,096,022 | 3,819,204 | 19/06/2017-18/06/2027 | HK$3.00 per LSG Share | HK$15.00 per LSG Share |
| Lam Hau Yin, Lester | 18/01/2013 | 18,762,111 | 3,752,422 | 18/01/2013-17/01/2023 | HK$1.21 per LSG Share | HK$6.05 per LSG Share |
| | 19/06/2017 | 19,096,022 | 3,819,204 | 19/06/2017-18/06/2027 | HK$3.00 per LSG Share | HK$15.00 per LSG Share |

#### (ii) eSun Holdings Limited ("eSun") — a subsidiary of the Company

**Long positions in the ordinary shares of eSun ("eSun Shares") and the underlying eSun**

| Name of Director | Capacity | Personal interests | Family interests | Corporate interests | Other interests | Total interests | Approximate % of total interests to total issued eSun Shares |
|---|---|---|---|---|---|---|---|
| Lam Kin Ngok, Peter | Beneficial owner/ Owner of controlled corporations | 2,794,443 | Nil | 1,113,260,072 *(Note 1)* | Nil *(Note 2 & 3)* | 1,116,054,515 | 74.81% |
| Lam Hau Yin, Lester | Beneficial owner | 2,794,443 | Nil | Nil | Nil *(Note 2 & 3)* | 2,794,443 | 0.19% |

## DIRECTORS' INTERESTS *(CONTINUED)*

### (2) Associated Corporations *(Continued)*

#### (ii) eSun Holdings Limited ("eSun") — a subsidiary of the Company *(Continued)*

*Notes:*

(1) *LSG was interested in 340,023,572 Shares in the Company, representing approximately 56.10% of the issued share capital of the Company. Transtrend Holdings Limited ("**Transtrend**"), a wholly-owned subsidiary of the Company, was interested in 1,113,260,072 eSun Shares in eSun, representing approximately 74.62% of the issued share capital of eSun. As such, Dr. Lam Kin Ngok, Peter was deemed to be interested in the same 1,113,260,072 eSun Shares by virtue of, in aggregate, his personal (including underlying shares) and deemed interests of approximately 42.05% and 56.24% in the issued share capital of LSG and the Company, respectively.*

*With reference to the Company's announcements dated 27 May 2018, 22 July 2018, 25 July 2018, 8 August 2018 and 22 August 2018 ("**Announcements**") and the composite offer and response document jointly issued by the Company, Transtrend and eSun dated 23 July 2018, the eSun Offers (as defined in the Announcements) had become unconditional in all respects on 8 August 2018.*

*Transtrend received valid acceptances in respect of 603,369,886 eSun Shares in relation to its offer for eSun Shares from 23 July 2018 to 22 August 2018, which increased the total number of eSun Shares in which the Company is deemed to be interested to 1,154,410,072.*

*On 11 February 2019, Transtrend has completed the sale of an aggregate of 41,150,000 eSun Shares, which decreased the total number of eSun Shares in which the Company is deemed to be interested to 1,113,260,072. As such, Dr. Lam Kin Ngok, Peter was deemed to be interested in the same 1,113,260,072 eSun Shares, representing approximately 74.62% of the issued share capital of eSun.*

(2) *A share option was granted by eSun to each of Dr. Lam Kin Ngok, Peter, Mr. Chew Fook Aun and Mr. Lam Hau Yin, Lester, the particulars of which are set out below:*

| ***Registered Name*** | ***Date of grant*** | ***Number of underlying eSun Shares comprised in the option*** | ***Option period*** | ***Subscription price*** |
|---|---|---|---|---|
| *Lam Kin Ngok, Peter* | *18/01/2013* | *1,243,212* | *18/01/2013-17/01/2023* | *HK$1.612 per eSun Shares* |
| *Chew Fook Aun* | *05/06/2012* | *6,216,060* | *05/06/2012-04/06/2022* | *HK$0.92 per eSun Shares* |
| *Lam Hau Yin, Lester* | *18/01/2013* | *12,432,121* | *18/01/2013-17/01/2023* | *HK$1.612 per eSun Shares* |

(3) *The 1,243,212 eSun share options of Dr. Lam Kin Ngok, Peter have been cancelled on 22 August 2018 pursuant to the eSun offers.*

*Mr. Chew Fook Aun tendered acceptances to the eSun offer on 27 July 2018 in respect of these 6,216,060 share options which have been cancelled on 8 August 2018.*

*The 12,432,121 eSun share options of Mr. Lam Hau Yin, Lester have been cancelled on 22 August 2018 pursuant to the eSun offers.*

## DIRECTORS' INTERESTS *(CONTINUED)*

### (2) Associated Corporations *(Continued)*

#### (iii) Lai Fung Holdings Limited ("Lai Fung") — a subsidiary of eSun

**Long positions in the ordinary shares of Lai Fung ("Lai Fung Shares") and the underlying Lai Fung Shares**

| Name of Director | Capacity | Personal interests | Family interests | Corporate interests | Other interests | Total interests | Approximate % of total interests to total issued Lai Fung Shares *(Note 1)* |
|---|---|---|---|---|---|---|---|
| Lam Kin Ngok, Peter | Beneficial owner/ Owner of controlled corporations | Nil | Nil | 165,502,573 *(Note 2)* | 321,918 *(Note 5)* | 165,824,491 | 50.70% |
| Chew Fook Aun | Beneficial owner/ Owner of controlled corporations | Nil | Nil | 600,000 *(Note 3)* | 1,009,591 *(Note 5)* | 1,609,591 | 0.49% |
| Lau Shu Yan, Julius | Beneficial owner | 235 *(Note 4)* | Nil | Nil | 965,754 *(Note 5)* | 965,989 | 0.30% |
| Lam Hau Yin, Lester | Beneficial owner | Nil | Nil | Nil | 3,219,182 *(Note 5)* | 3,219,182 | 0.98% |

*Notes:*

(1) *The percentage has been compiled based on the total number of issued Shares for the six months ended 31 January 2019 (i.e. 327,044,134 Lai Fung Shares).*

(2) *On 15 August 2017, Lai Fung implemented the Share Consolidation on the basis that every fifty (50) issued shares in the share capital of Lai Fung were consolidated into one (1) consolidated share in the share capital of Lai Fung ("**Lai Fung Share Consolidation**").*

*On 21 December 2018, the Lai Fung shareholders approved a final dividend of HK$0.20 per share payable in cash with a scrip dividend alternative ("**Lai Fung Scrip Dividend Scheme**") for the year ended 31 July 2018.*

*On 13 February 2019, Lai Fung allotted and issued 342,831 new ordinary shares pursuant to the Lai Fung Scrip Dividend Scheme in relation to the final dividend for the year ended 31 July 2018, increasing the total number of issued Lai Fung Shares in Lai Fung from 327,044,134 to 327,386,965.*

*The 8,274,270,422 Lai Fung Shares held by eSun were changed to 165,485,406 Lai Fung Shares in Lai Fung following the completion of the Lai Fung Share Consolidation. Dr. Lam Kin Ngok, Peter was deemed to be interested in the same 165,485,406 Lai Fung Shares in Lai Fung by virtue of, in aggregate, his personal and deemed shareholding interests of approximately 74.81% in the issued share capital of eSun.*

*Transtrend received valid acceptances in respect of 17,167 Lai Fung Shares ("**Lai Fung Shares**") in relation to its offer for Lai Fung Shares from 15 August 2018 to 13 September 2018, which increased the total number of Lai Fung Shares in which Dr. Lam Kin Ngok, Peter was deemed to be interested to 165,502,573, representing approximately 50.60% of the issued share capital of Lai Fung.*

## DIRECTORS' INTERESTS *(CONTINUED)*

### (2) Associated Corporations *(Continued)*

#### (iii) Lai Fung Holdings Limited ("Lai Fung") — a subsidiary of eSun *(Continued)*

*Notes: (Continued)*

*(3) The deemed interests of Mr. Chew Fook Aun changed from 30,000,000 Lai Fung Shares to 600,000 Lai Fung Shares following the completion of the Lai Fung Share Consolidation. These shares were held by The Orchid Growers Association Limited, a company wholly-owned by Mr. Chew Fook Aun.*

*(4) The personal interests of Mr. Lau Shu Yan, Julius changed from 11,772 Lai Fung Shares to 235 Lai Fung Shares following the completion of the Lai Fung Share Consolidation.*

*(5) A share option was granted by Lai Fung to each of Dr. Lam Kin Ngok, Peter, Mr. Chew Fook Aun, Mr. Lau Shu Yan, Julius and Mr. Lam Hau Yin, Lester, the particulars of which are set out below:*

| Registered Name | Date of grant | Number of underlying shares comprised in the option before the Lai Fung Share Consolidation | Number of underlying shares comprised in the option after the Lai Fung Share Consolidation | Option period | Subscription price before the Lai Fung Share Consolidation | Subscription price after the Lai Fung Share Consolidation |
|---|---|---|---|---|---|---|
| Lam Kin Ngok, Peter | 18/01/2013 | 16,095,912 | 321,918 | 18/01/2013-17/01/2023 | HK$0.228 per Lai Fung Shares | HK$11.400 per Lai Fung Shares |
| Chew Fook Aun | 12/06/2012 | 50,479,564 | 1,009,591 | 12/06/2012-11/06/2020 | HK$0.133 per Lai Fung Shares | HK$6.650 per Lai Fung Shares |
| Lau Shu Yan, Julius | 18/01/2013 | 48,287,738 | 965,754 | 18/01/2013-17/01/2023 | HK$0.228 per Lai Fung Shares | HK$11.400 per Lai Fung Shares |
| Lam Hau Yin, Lester | 18/01/2013 | 160,959,129 | 3,219,182 | 18/01/2013-17/01/2023 | HK$0.228 per Lai Fung Shares | HK$11.400 per Lai Fung Shares |

## DIRECTORS' INTERESTS *(CONTINUED)*

### (2) Associated Corporations *(Continued)*

#### (iv) Media Asia Group Holdings Limited ("MAGHL") — a subsidiary of eSun

**Long positions in the shares of MAGHL ("MAGHL Shares") and underlying MAGHL Shares**

| Name of Director | Capacity | Number of MAGHL Shares held | Number of underlying MAGHL Shares held | Total number of issued MAGHL Shares and underlying MAGHL Shares | Approximate % of total interests to total issued MAGHL Shares |
|---|---|---|---|---|---|
| Lam Kin Ngok, Peter | Owner of controlled corporations | 1,443,156,837 *(Note 1)* | Nil | 1,443,156,837 | 67.56% |

*Note:*

*(1) As at 31 January 2019, these interests in MAGHL represented the shares beneficially owned by Perfect Sky Holdings Limited, a wholly-owned subsidiary of eSun, representing approximately 67.56% of the issued share capital of MAGHL. eSun is owned as to approximately 74.62% by the Company which in turn is owned as to approximately 56.10% by LSG. As LSG is approximately 12.68% owned by Dr. Lam Kin Ngok, Peter and approximately 29.37% owned by Wisdoman Limited which is turn 100% beneficially owned by Dr. Lam Kin Ngok, Peter, he was deemed to be interested in the said 1,443,156,837 MAGHL Shares.*

Save as disclosed above, as at 31 January 2019, none of the Directors and the chief executive of the Company and their respective close associates was interested or was deemed to be interested in the long and short positions in the shares, underlying shares and/or debentures of the Company or any of its associated corporations, which were required to be notified to the Company and the Stock Exchange, or recorded in the Register of Directors and Chief Executive as aforesaid, notified under the Securities Code or otherwise known by the Directors.

## SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS

As at 31 January 2019, so far as was known by or otherwise notified by any Director or the chief executive of the Company, the particulars of the corporations or individuals (are being a Director), who had 5% or more interests in the following long positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO ("**Register of Shareholders**") or were entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company ("**Voting Entitlements**") (i.e. within the meaning of Substantial Shareholders of the Listing Rules) were as follows:

**Long positions in the Shares and the underlying Shares of the Company**

| Name | Capacity | Nature of interests | Number Shares and underlying Shares | Approximate % of Shares in issue |
|---|---|---|---|---|
| Lai Sun Garment (International) Limited | Beneficial owner | Corporate | 340,023,572 *(Note 1)* | 56.10% |
| Lam Kin Ngok, Peter | Beneficial owner/ Owner of controlled corporations | Personal and corporate | 340,870,112 *(Note 1)* | 56.24% |
| Yu Cheuk Yi | Beneficial owner | Personal | 96,944,010 *(Note 2)* | 16.00% |
| Yu Siu Yuk | Beneficial owner | Personal | 96,944,010 *(Note 2)* | 16.00% |

*Notes:*

*(1) Lai Sun Garment (International) Limited ("**LSG**") and two of its wholly-owned subsidiaries, namely Zimba International Limited and Joy Mind Limited, beneficially owned 340,023,572 Shares, representing approximately 56.10% of the issued share capital of the Company. Dr. Lam Kin Ngok, Peter was deemed to be interested in the same 340,023,572 Shares by virtue of, in aggregate, his personal and deemed interests of approximately 42.05% in the issued share capital of LSG.*

*(2) Mr. Yu Cheuk Yi and Ms. Yu Siu Yuk jointly held 96,944,010 Shares (16.00 %) according to shareholding shown in last Individual Substantial Notice (Form 1) filed for an event on 21 November 2018.*

Save as disclosed above, the Directors are not aware of any other corporation or individual (other than a Director or the chief executive of the Company) who, as at 31 January 2019, had the Voting Entitlements or 5% or more interests or short positions in the Shares or underlying Shares of the Company recorded in the Register of Shareholders.

## SHARE OPTION SCHEME

### (1) The Company

At the annual general meeting of the Company held on 11 December 2015, the shareholders of the Company approved the adoption of a new share option scheme ("**New Scheme**"). The share option scheme adopted by the Company on 22 December 2006 ("**Old Scheme**") terminated when the New Scheme became effective on 23 December 2015 ("**Effective Date**"). No more options will be granted under the Old Scheme but the subsisting options granted prior to its termination will continue to be valid and exercisable in accordance with the terms of the Old Scheme.

# Corporate Governance and Other Information *(Continued)*

## SHARE OPTION SCHEME *(CONTINUED)*

### (1) The Company *(Continued)*

The purpose of the New Scheme is to recognize the contribution or future contribution of (i) any employee of any member of the Company together with its subsidiaries ("**Group**") or of any of LSG, eSun, Lai Fung and MAGHL together with its subsidiaries ("**Affiliated Group**") that is affiliated with the Company ("**Relevant Companies**"); (ii) any director, officer or consultant of any member of the Relevant Companies; and (iii) any other group or classes of participants which the Directors, in its absolute discretion, considers to have contributed or will contribute, whether by way of business alliance or other business arrangement, to the development and growth of the Group ("**Eligible Participants**"), for their contribution to the Group by granting Options to them as incentives or rewards and to attract, retain or motivate Eligible Participants in line with the performance goals of the Relevant Companies. Unless otherwise altered or terminated, the New Scheme will be valid and effective for a period of 10 years commencing on the Effective Date.

During the six-month period ended 31 January 2019, there were no options granted, exercised, cancelled or lapsed in accordance with the terms of the schemes. Particulars of the outstanding options at the beginning and at the end of the financial period are as follows:

| | Number of underlying shares comprised in share options | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Name and category of participant | Date of grant of options | Outstanding at 01/08/2018 | Granted during the period | * Exercise price of share options *HK$ per share* | Exercised during the period | Lapsed during the period | *Outstanding at 31/01/2019 | Exercisable period of share options |
| **Directors** | | | | | | | | |
| Lam Kin Ngok, Peter | 18/01/2013 | 417,308 | — | 16.100 | — | — | 417,308 | 18/01/2013 - 17/01/2023 |
| Chew Fook Aun | 05/06/2012 | 3,773,081 | — | 5.350 | — | — | 3,773,081 | 05/06/2012 - 04/06/2022 |
| Lau Shu Yan, Julius | 18/01/2013 | 2,086,540 | — | 16.100 | — | — | 2,086,540 | 18/01/2013 - 17/01/2023 |
| Lam Hau Yin, Lester | 18/01/2013 | 4,173,081 | — | 16.100 | — | — | 4,173,081 | 18/01/2013 - 17/01/2023 |
| Other employees | 18/01/2013 | 3,477,524 | — | 16.100 | — | — | 3,477,524 | 18/01/2013 - 17/01/2023 |
| Other employees | 26/07/2013 | 83,200 | — | 11.250 | — | — | 83,200 | 26/07/2013 - 25/07/2023 |
| Other employees | 21/01/2015 | 228,800 | — | 8.350 | — | — | 228,800 | 21/01/2015 - 20/01/2025 |
| Other employees | 22/01/2016 | 60,000 | — | 4.700 | — | — | 60,000 | 22/01/2016 - 21/01/2026 |
| Other employees | 20/01/2017 | 60,000 | — | 8.150 | — | — | 60,000 | 20/01/2017 - 19/01/2027 |
| Total: | | 14,359,534 | — | — | — | — | 14,359,534 | |

* Note:

On 15 August 2017, the exercise price of and the number of shares entitled to be subscribed for under the outstanding share options granted under the share option schemes have been adjusted following the completion of the Share Consolidation.

## SHARE OPTION SCHEME *(CONTINUED)*

### (2) eSun

On 11 December 2015, eSun adopted a new share option scheme ("**2015 Scheme**") and terminated its share option scheme adopted on 23 December 2005 ("**2005 Scheme**"). Upon the termination of the 2005 Scheme, no further share options was granted thereunder but the subsisting options granted prior to the termination continued to be valid and exercisable. The 2015 Scheme which became effective on 23 December 2015 remains in force for a period of 10 years commencing on its adoption date. The maximum number of eSun's shares ("**eSun Shares**") issuable pursuant to the 2015 Scheme is 124,321,216, being 10% of the total issued Shares on the date of the approval of the 2015 Scheme.

On 27 May 2018, a joint announcement was issued by LSG, the Company, Transtrend ("**Offeror**"), eSun and Lai Fung in respect of, among others, (1) the conditional voluntary general cash offer to be made by The Hongkong and Shanghai Banking Corporation Limited ("**HSBC**") on behalf of the Offeror, a wholly-owned subsidiary of the Company, to acquire all of the issued shares of eSun (other than those already owned or agreed to be acquired by the Company, the Offeror or their respective subsidiaries) ("**eSun Share Offer**") and to cancel all the outstanding share options of eSun ("**eSun Option Offer**", and together with the eSun Share Offer, "**eSun Offers**") and (2) the possible unconditional mandatory general cash offer to be made by HSBC on behalf of the Offeror to acquire all of the issued shares of Lai Fung (other than those already owned or agreed to be acquired by the Company, the Offeror, eSun or their respective subsidiaries) and to cancel all the outstanding share options of Lai Fung.

In the joint announcement issued by the Company, the Offeror and eSun dated 22 August 2018 in relation to the close and the results of the eSun Offers, the eSun Offers closed at 4:00 p.m. on 22 August 2018 and the Offeror had received valid acceptances of eSun Option Offer in respect of 13,145,696 underlying eSun Shares and such share options had been cancelled upon the eSun Option Offer becoming unconditional in all respects on 8 August 2018. In addition, pursuant to the terms of the 2005 Scheme and the 2015 Scheme, all share options of eSun not exercised (i.e. 19,704,969 underlying eSun Shares) before the close of the eSun Share Offer (i.e. 22 August 2018) have lapsed upon the close of the eSun Share Offer. Therefore, as at 31 January 2019 and the date of this Report, all outstanding share options under the 2005 Scheme and the 2015 Scheme had lapsed or cancelled.

## SHARE OPTION SCHEME *(CONTINUED)*

### (2) eSun *(Continued)*

The movements of the share options granted under the 2005 Scheme and the 2015 Scheme during the six months ended 31 January 2019 are as follows:

| Category/ Name of participants | Date of grant (dd/mm/yyyy) (Note 1) | As at 1 August 2018 | Number of underlying eSun Shares comprised in share options: Granted during the period | Number of underlying eSun Shares comprised in share options: Lapsed/ Cancelled during the period | As at 31 January 2019 | Exercise period (dd/mm/yyyy) | Exercise price per eSun Share (HK$) (Note 2) |
|---|---|---|---|---|---|---|---|
| **Directors** | | | | | | | |
| Lam Kin Ngok, Peter (Note 4) | 18/01/2013 | 1,243,212 | — | (1,243,212) | — | 18/01/2013-17/01/2023 | 1.612 |
| Chew Fook Aun (Note 3) | 05/06/2012 | 6,216,060 | — | (6,216,060) | — | 05/06/2012-04/06/2022 | 0.920 |
| Lam Hau Yin, Lester (Note 4) | 18/01/2013 | 12,432,121 | — | (12,432,121) | — | 18/01/2013-17/01/2023 | 1.612 |
| **Employees and other eligible participants** | | | | | | | |
| Employees (in aggregate) | 18/01/2013 | 10,759,272 | — | (10,759,272) | — | 18/01/2013-17/01/2023 | 1.612 |
| | 21/01/2015 | 1,800,000 | — | (1,800,000) | — | 21/01/2015-20/01/2025 | 0.728 |
| | 19/01/2018 | 400,000 | — | (400,000) | — | 19/01/2018-18/01/2028 | 1.36 |
| **Total** | | **32,850,665** | **—** | **(32,850,665)** | **—** | | |

*Notes:*

1. *The above share options were vested on the date of grant.*
2. *The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other specific changes in eSun share capital.*
3. *Mr. Chew Fook Aun tendered acceptances to eSun Option Offer by the Offeror to cancel all the outstanding share options in respect of his option relating to 6,216,060 underlying eSun Shares on 27 July 2018. The eSun Option Offer has become unconditional in all respects and such option has been cancelled on 8 August 2018.*
4. *Pursuant to the terms of the 2005 Scheme, all share options of eSun would lapse upon the close of eSun Share Offer. Therefore, Dr. Lam Kin Ngok, Peter and Mr. Lam Hau Yin, Lester's option relating to 1,243,212 and 12,432,121 underlying eSun Shares, respectively have lapsed on 22 August 2018.*

Save as disclosed above, no share options had been granted, exercised, cancelled, or lapsed in accordance with the terms of the 2005 Scheme and the 2015 Scheme during the six months ended 31 January 2019.

## SHARE OPTION SCHEME *(CONTINUED)*

### (3) Lai Fung

On 18 December 2012, the shareholders of Lai Fung approved the adoption of a new share option scheme ("**2012 Share Option Scheme**") and the termination of the share option scheme adopted by Lai Fung on 21 August 2003 ("**2003 Share Option Scheme**") to the effect that no more share options will be granted under the 2003 Share Option Scheme but the subsisting options granted prior to the termination will continue to be valid and exercisable in accordance with the terms of the 2003 Share Option Scheme.

On 8 August 2018, the shareholders of Lai Fung approved certain amendments to the 2003 Share Option Scheme and the affirmation of the continuing effectiveness of the share options granted pursuant to the 2003 Share Option Scheme.

As at 31 January 2019, share options comprising a total of 10,814,117 underlying shares were outstanding, of which a share option comprising 1,009,591 underlying shares was granted under the 2003 Share Option Scheme (as amended on 8 August 2018) and share options comprising 9,804,526 underlying shares were granted under the 2012 Share Option Scheme.

## SHARE OPTION SCHEME *(CONTINUED)*

### (3) Lai Fung *(Continued)*

The movement of the share options granted under the 2003 Share Option Scheme (as amended on 8 August 2018) and the 2012 Share Option Scheme during the six months ended 31 January 2019 is as follows:

| Name or category of participants | Date of grant (Note 1) | Number of underlying shares comprised in share options: As at 1 August 2018 | Granted during the period | Exercised during the period | Lapsed during the period | As at 31 January 2019 | Exercise period | Exercise price per share (HK$) (Note 2) |
|---|---|---|---|---|---|---|---|---|
| **Directors** | | | | | | | | |
| Lam Kin Ngok, Peter | 18/01/2013 | 321,918 | — | — | — | 321,918 | 18/01/2013-17/01/2023 | 11.40 |
| Chew Fook Aun | 12/06/2012 | 1,009,591 | — | — | — | 1,009,591 | 12/06/2012-11/06/2020 | 6.65 |
| Lau Shu Yan, Julius | 18/01/2013 | 965,754 | — | — | — | 965,754 | 18/01/2013-17/01/2023 | 11.40 |
| Lam Hau Yin, Lester | 18/01/2013 | 3,219,182 | — | — | — | 3,219,182 | 18/01/2013-17/01/2023 | 11.40 |
| **Other Eligible Participants (in aggregate)** | | | | | | | | |
| Batch 1 | 18/01/2013 | 3,867,672 | — | — | — | 3,867,672 | 18/01/2013-17/01/2023 | 11.40 |
| Batch 2 | 26/07/2013 | 220,000 | — | — | — | 220,000 | 26/07/2013-25/07/2023 | 9.50 |
| Batch 3 | 16/01/2015 | 180,000 | — | — | — | 180,000 | 16/01/2015-15/01/2025 | 8.00 |
| Batch 4 | 19/01/2018 | 450,000 | — | — | — | 450,000 | 19/01/2018-18/01/2028 | 13.52 |
| Batch 5 (Note 3) | 22/01/2019 | — | 580,000 | — | — | 580,000 | 22/01/2019-21/01/2029 | 10.18 |
| **Total** | | **10,234,117** | **580,000** | **—** | **—** | **10,814,117** | | |

*Notes:*

1. *The share options vested on the date of grant.*
2. *The exercise price of the share options is subject to adjustment in the case of rights or bonus issues or other similar changes in Lai Fung's share capital.*
3. *The closing price of Lai Fung's shares immediately before the date of grant of the share options was HK$10.12.*
4. *Directors refer to Directors of the Company.*
5. *Other Eligible Participants include directors of Lai Fung.*

Save as disclosed above, no share options were granted, exercised, cancelled, or lapsed in accordance with the terms of the 2003 Share Option Scheme (as amended on 8 August 2018) and the 2012 Share Option Scheme during the period under review.

## SHARE OPTION SCHEME *(CONTINUED)*

### (4) MAGHL

On 18 December 2012, MAGHL, a company listed on GEM of the Stock Exchange and a non-wholly-owned subsidiary of eSun since 9 June 2011, adopted a share option scheme ("**MAGHL Scheme**") which was also approved by the shareholders at a SGM of eSun held on 18 December 2012. The MAGHL Scheme will remain in force for a period of 10 years commencing on its adoption date.

In compliance with Chapter 23 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange ("**GEM Listing Rules**"), MAGHL's shareholders passed a resolution at its annual general meeting held on 11 December 2015 to refresh scheme limit under the MAGHL Scheme, allowing MAGHL to grant options to subscribe for up to a total of 213,605,682 MAGHL's shares ("**Refreshment**"), representing 10% of its total issued shares as at the date of passing the relevant resolution. The Refreshment was also approved by the shareholders at the eSun AGM held on 11 December 2015 pursuant to the requirements of Rule 17.01(4) of the Listing Rules and Rule 23.01(4) of the GEM Listing Rules.

No share options have been granted under the MAGHL Scheme since its adoption on 18 December 2012.

## Purchase, Sale or Redemption of Listed Securities

During the six months ended 31 January 2019, the Company did not redeem any of its shares listed and traded on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such shares.

## UPDATE OF DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in Directors' and Chief Executive Officer's information since the disclosure made in the Company's annual report 2017-2018 are set out as follows:

(1) The Group usually makes annual adjustment to basic salaries and pays discretionary bonuses in January. The basic salaries of Dr. Lam Kin Ngok, Peter and Mr. Chew Fook Aun, Mr. Lau Shu Yan, Julius and Mr. Lam Hau Yin, Lester were adjusted upward with effect from 1 January 2019 (within the range from 3% to 3.5%). Directors' remuneration for the six months ended 31 January 2019 and 2018 are as follows:

| | Fees HK$'000 | Salaries, allowances, and benefits in kind HK$'000 | Pension scheme contributions HK$'000 | Total remuneration HK$'000 |
|---|---|---|---|---|
| **For the six months ended 31 January 2019** | | | | |
| EDs: | | | | |
| Lam Kin Ngok, Peter *(Chairman)* (Note a) | 60 | 16,969 | 9 | 17,038 |
| Chew Fook Aun *(Deputy Chairman)* (Note b) | — | 10,364 | 27 | 10,391 |
| Lau Shu Yan, Julius *(Chief Executive Officer)* | — | 2,735 | 113 | 2,848 |
| Lam Hau Yin, Lester (Note c) | — | 1,967 | 18 | 1,985 |
| | 60 | 32,035 | 167 | 32,262 |
| NEDs: | | | | |
| Lam Kin Ming (Note d) | 125 | 570 | — | 695 |
| U Po Chu (Note e) | 125 | 2,137 | — | 2,262 |
| | 250 | 2,707 | — | 2,957 |
| INEDs: | | | | |
| Ip Shu Kwan, Stephen | 150 | — | — | 150 |
| Lam Bing Kwan (Note f) | 300 | — | — | 300 |
| Leung Shu Yin, William | 150 | — | — | 150 |
| Leung Wang Ching, Clarence (Note g) | 150 | — | — | 150 |
| | 750 | — | — | 750 |
| | 1,060 | 34,742 | 167 | 35,969 |

## UPDATE OF DIRECTORS' INFORMATION *(CONTINUED)*

(1) *(Continued)*

| | Fees HK$'000 | Salaries, allowances, and benefits in kind HK$'000 | Pension scheme contributions HK$'000 | Total remuneration HK$'000 |
|---|---|---|---|---|
| **For the six months ended 31 January 2018** | | | | |
| EDs: | | | | |
| Lam Kin Ngok, Peter *(Chairman)* (Note a) | — | 8,705 | 9 | 8,714 |
| Chew Fook Aun *(Deputy Chairman)* (Note b) | — | 4,986 | 9 | 4,995 |
| Lau Shu Yan, Julius *(Chief Executive Officer)* | — | 2,562 | 110 | 2,672 |
| Lam Hau Yin, Lester (Note c) | — | 965 | 9 | 974 |
| | — | 17,218 | 137 | 17,355 |
| NEDs: | | | | |
| Lam Kin Ming (Note d) | 125 | — | — | 125 |
| U Po Chu (Note e) | 125 | — | — | 125 |
| | 250 | — | — | 250 |
| INEDs: | | | | |
| Ip Shu Kwan, Stephen | 150 | — | — | 150 |
| Lam Bing Kwan (Note f) | 150 | — | — | 150 |
| Leung Shu Yin, William | 150 | — | — | 150 |
| | 450 | — | — | 450 |
| | 700 | 17,218 | 137 | 18,055 |

Notes:

a. The amounts included fees, salaries and pension scheme contributions paid by eSun and its subsidiaries ("**eSun Group**") of HK$8,545,000 (six months ended 31 January 2018: Nil).

b. The amounts included salaries and pension scheme contributions paid by the eSun Group of HK$5,200,000 (six months ended 31 January 2018: Nil).

c. The amounts included salaries and pension scheme contributions paid by the eSun Group of HK$947,000 (six months ended 31 January 2018: Nil).

d. The amounts included salaries paid by the eSun Group of HK$570,000 (six months ended 31 January 2018: Nil).

e. The amounts included salaries paid by the eSun Group of HK$2,137,000 (six months ended 31 January 2018: Nil).

f. The amounts included fees paid by the eSun Group of HK$150,000 (six months ended 31 January 2018: Nil).

g. Mr. Leung Wang Ching, Clarence was appointed as an INED with effect from 1 August 2018.

## UPDATE OF DIRECTORS' INFORMATION *(CONTINUED)*

(2) Dr. Lam Kin Ngok, Peter

(a) was appointed as a member of the board of West Kowloon Cultural District Foundation Limited (a wholly-owned subsidiary of West Kowloon Cultural District Authority) for a term from 30 January 2019 to 15 November 2020;

(b) ceased to act as the chairman of the Hong Kong Tourism Board on 1 April 2019 following the expiry of his terms of appointment; and

(c) was appointed as the chairman of the Hong Kong Trade Development Council for a term of two years from 1 June 2019 to 31 May 2021.

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 January 2019, the Group employed a total of approximately 4,000 employees. The Group recognises the importance of maintaining a stable staff force in its continued success. Under the Group's existing policies, employee pay rates are maintained at competitive levels whilst promotion and salary increments are assessed on a performance-related basis. Discretionary bonuses are granted to employees based on their merit and in accordance with industry practice. Other benefits including share option scheme, mandatory provident fund scheme, free hospitalisation insurance plan, subsidised medical care and sponsorship for external education and training programmes are offered to eligible employees.

## INVESTOR RELATIONS

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

Since 1 August 2018, the Company has met with a number of research analysts and investors and attended non-deal roadshows as follows:

| Month | Event | Organiser | Location |
|---|---|---|---|
| September 2018 | 2018 SCB Annual Investor Reverse Roadshow | Standard Chartered Bank | Hong Kong |
| October 2018 | Post results non-deal roadshow | DBS | Singapore |
| November 2018 | Post results non-deal roadshow | Maybank Kim Eng | Hong Kong |
| November 2018 | Post results non-deal roadshow | DBS | London |
| November 2018 | Post results non-deal roadshow | DBS | New York/San Francisco |

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 during normal business hours, by fax at (852) 2853 6651 or by e-mail at ir@laisun.com.

## REVIEW OF INTERIM REPORT

The audit committee of the Company ("**Audit Committee**") currently comprises three INEDs, namely Mr. Leung Shu Yin, William, Mr. Lam Bing Kwan and Mr. Leung Wang Ching, Clarence. The Audit Committee has reviewed the interim report (including the unaudited condensed consolidated financial statements) of the Company for the six months ended 31 January 2019.

By Order of the Board
**Lam Kin Ngok, Peter**
*Chairman*

Hong Kong, 29 March 2019