

NAN FUNG INTERNATIONAL HOLDINGS LIMITED
(Incorporated in the British Virgin Islands with limited liability)

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED

30TH SEPTEMBER 2024

**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF NAN FUNG INTERNATIONAL HOLDINGS
LIMITED**

(incorporated in the British Virgin Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 2 to 39, which comprises the condensed consolidated balance sheet of Nan Fung International Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30th September 2024 and the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 3rd December 2024

NAN FUNG INTERNATIONAL HOLDINGS LIMITED
(Incorporated in the British Virgin Islands with limited liability)

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2024**

		Unaudited For the six months ended 30th September	
	Note	2024 HK\$'000	2023 HK\$'000
Revenue	5, 6	1,820,183	1,748,047
Cost of sales		(657,424)	(603,194)
Gross profit		1,162,759	1,144,853
Net gain/(loss) on financial investments	7	1,750,277	(1,257,165)
Other income and (losses)/gains, net	8	(68,052)	188,318
Net change in fair values of investment properties		(504,921)	(3,093,875)
Other operating expenses		(1,077,031)	(1,094,963)
Operating profit/(loss)	9	1,263,032	(4,112,832)
Finance income		402,804	432,403
Finance expenses		(534,481)	(125,331)
Other finance charges and net exchange difference on financing activities		(59,915)	38,994
Finance (expenses)/income, net	10	(191,592)	346,066
Share of results of			
- Joint ventures		13,152	(69,885)
- Associates		(296,616)	(205,470)
Profit/(loss) before income tax		787,976	(4,042,121)
Income tax (expense)/credit	11	(104,988)	118,017
Profit/(loss) for the period		682,988	(3,924,104)
Profit/(loss) for the period attributable to:			
- Owners of the Company		680,718	(3,973,731)
- Holders of perpetual capital securities		97,587	97,900
- Non-controlling interests		(95,317)	(48,273)
		682,988	(3,924,104)

NAN FUNG INTERNATIONAL HOLDINGS LIMITED
(Incorporated in the British Virgin Islands with limited liability)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2024**

	Unaudited For the six months ended 30th September	
	2024 HK\$'000	2023 HK\$'000
Profit/(loss) for the period	682,988	(3,924,104)
Other comprehensive income/(loss)		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Share of other comprehensive loss of joint ventures and associates	(52,399)	(107,119)
Release of exchange reserve upon disposal of interest in/liquidation of subsidiaries	(92,631)	(43,030)
Cash flow hedges:		
Fair value change	24,950	-
Cost of hedging	(551)	(977)
Hedging (loss)/gain reclassified to profit or loss	(23,281)	29,944
Exchange translation differences	456,116	(1,411,104)
Other comprehensive income/(loss) for the period	312,204	(1,532,286)
Total comprehensive income/(loss) for the period	995,192	(5,456,390)
Total comprehensive income/(loss) for the period attributable to:		
- Owners of the Company	973,511	(5,417,188)
- Holders of perpetual capital securities	97,587	97,900
- Non-controlling interests	(75,906)	(137,102)
	995,192	(5,456,390)

NAN FUNG INTERNATIONAL HOLDINGS LIMITED
(Incorporated in the British Virgin Islands with limited liability)

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30TH SEPTEMBER 2024

		Unaudited As at 30th September 2024 HK\$'000	Audited As at 31st March 2024 HK\$'000
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment	12	1,873,543	2,860,022
Investment properties	13	81,770,574	81,785,011
Right-of-use assets		434,158	820,685
Joint ventures	14	4,252,499	4,150,109
Associates	15	2,719,951	2,794,559
Financial assets at fair value through profit or loss		16,877,316	16,893,959
Loans and other receivables	16	4,111,415	4,040,687
Amounts due from investee companies		39,266	39,680
Deferred income tax assets		993,178	953,764
Other non-current asset		-	43,525
		<u>113,071,900</u>	<u>114,382,001</u>
Current assets			
Properties for sale		9,583,694	9,625,659
Trade and other receivables, deposits and prepayments	17	3,553,764	3,610,546
Financial assets at fair value through profit or loss		13,267,245	11,804,567
Prepaid tax		147,238	142,875
Cash and bank balances		13,189,692	13,411,158
		<u>39,741,633</u>	<u>38,594,805</u>
Total assets		<u>152,813,533</u>	<u>152,976,806</u>
EQUITY			
Equity attributable to the owner's of the Company			
Share capital	18	62,743,532	62,743,532
Reserves		44,480,157	43,506,646
		<u>107,223,689</u>	<u>106,250,178</u>
Perpetual capital securities	18	3,886,686	3,886,762
		<u>111,110,375</u>	<u>110,136,940</u>
Non-controlling interests		337,472	476,336
Total equity		<u>111,447,847</u>	<u>110,613,276</u>

NAN FUNG INTERNATIONAL HOLDINGS LIMITED
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CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 30TH SEPTEMBER 2024

	Note	Unaudited As at 30th September 2024 HK\$'000	Audited As at 31st March 2024 HK\$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		3,655,482	3,529,886
Bank and other borrowings	19	25,388,008	25,899,306
Lease liabilities		85,658	90,032
Other long-term liabilities		18,560	21,779
		<u>29,147,708</u>	<u>29,541,003</u>
Current liabilities			
Trade and other payables, deposits and accruals	20	9,564,209	8,709,544
Contract liabilities		28,134	23,373
Financial liabilities at fair value through profit or loss		396,923	266,589
Lease liabilities		11,971	11,953
Bank and other borrowings	19	2,043,890	3,299,462
Tax payable		172,851	511,606
		<u>12,217,978</u>	<u>12,822,527</u>
Total liabilities		<u>41,365,686</u>	<u>42,363,530</u>
Total equity and liabilities		<u>152,813,533</u>	<u>152,976,806</u>

On behalf of the Board

Cheung Vincent Sai Sing
Director

Cheung Pui Kuen
Director

NAN FUNG INTERNATIONAL HOLDINGS LIMITED
(Incorporated in the British Virgin Islands with limited liability)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2024

	Unaudited							
	Attributable to equity holders of the Company							
	Share capital HK\$'000	Retained earnings HK\$'000	Merger reserve HK\$'000	Other reserves HK\$'000 (note (a))	Total HK\$'000	Perpetual capital securities HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1st April 2024	62,743,532	79,098,383	(33,060,444)	(2,531,293)	106,250,178	3,886,762	476,336	110,613,276
Comprehensive income/(loss)								
Profit/(loss) for the period	-	680,718	-	-	680,718	97,587	(95,317)	682,988
Other comprehensive income	-	-	-	292,793	292,793	-	19,411	312,204
Total comprehensive income/(loss)	-	680,718	-	292,793	973,511	97,587	(75,906)	995,192
Capital injection of non-controlling interests	-	-	-	-	-	-	11,634	11,634
Dividend paid to non-controlling interset	-	-	-	-	-	-	(74,592)	(74,592)
Distribution paid to holders of perpetual capital securities	-	-	-	-	-	(97,663)	-	(97,663)
	-	-	-	-	-	(97,663)	(62,958)	(160,621)
At 30th September 2024	62,743,532	79,779,101	(33,060,444)	(2,238,500)	107,223,689	3,886,686	337,472	111,447,847

NAN FUNG INTERNATIONAL HOLDINGS LIMITED
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2024

	Unaudited							
	Attributable to equity holders of the Company					Perpetual capital securities	Non- controlling interests	Total equity
	Share capital HK\$'000	Retained earnings HK\$'000	Merger reserve HK\$'000	Other reserves HK\$'000 (note (a))	Total HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April 2023	62,743,532	82,943,119	(33,060,444)	(1,537,088)	111,089,119	3,886,797	627,271	115,603,187
Comprehensive (loss)/income								
(Loss)/profit for the period	-	(3,973,731)	-	-	(3,973,731)	97,900	(48,273)	(3,924,104)
Other comprehensive loss	-	-	-	(1,443,457)	(1,443,457)	-	(88,829)	(1,532,286)
Total comprehensive (loss)/income	-	(3,973,731)	-	(1,443,457)	(5,417,188)	97,900	(137,102)	(5,456,390)
Capital injection of non-controlling interests	-	-	-	-	-	-	192,240	192,240
Acquisition of non-controlling interests	-	-	-	-	-	-	(83)	(83)
Settlement of non-controlling interests	-	-	-	-	-	-	(2,987)	(2,987)
Disposal of interest in subsidiary (note 22(b))	-	-	-	-	-	-	(268,305)	(268,305)
Distribution paid to holders of perpetual capital securities	-	-	-	-	-	(97,929)	-	(97,929)
	-	-	-	-	-	(97,929)	(79,135)	(177,064)
At 30th September 2023	62,743,532	78,969,388	(33,060,444)	(2,980,545)	105,671,931	3,886,768	411,034	109,969,733

Note (a): Other reserves mainly comprise exchange reserve, investment revaluation reserve and hedging reserve.

NAN FUNG INTERNATIONAL HOLDINGS LIMITED
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2024

		Unaudited For the six months ended 30th September	
	Note	2024 HK\$'000	2023 HK\$'000
Cash flows from operating activities			
Net cash generated from operations	21(a)	938,106	8,213,939
Profits tax paid		(430,035)	(36,997)
Net cash from operating activities		508,071	112,203
Cash flows from investing activities			
Interest received		405,023	429,925
Purchase of property, plant and equipment		(158,550)	(8,190)
Proceeds from disposal of property, plant and equipment		1,420	1,041
Additions to investment properties		(214,915)	(1,618,730)
Acquisition of investment properties		(108,984)	-
Decrease in amounts due from investee companies		414	885
Decrease in amounts due to investee companies		(40)	(6,163)
Decrease in amounts due from non-controlling interest		-	935,307
Dividends received from joint ventures		26,500	11,000
Dividends received from an associate		3,000	2,500
(Increase)/decrease in investment in and amounts due from joint ventures		(8,093)	62,870
Decrease in investment in and amounts due from associates		16,354	31,279
Increase in amounts due to joint ventures		450,525	90,800
Increase in amounts due to associates		-	51,000
Net proceeds from disposal of interests in subsidiaries	21(b)	950,384	324,380
Decrease in loans and other receivables		21,807	244,125
Decrease in amounts due from fellow subsidiary companies		2,174	2,317
Decrease in amounts due from related companies		1,759	1,281
Increase in amounts due from ultimate holding company		(18)	(202)
(Increase)/decrease in short term bank deposits with original maturities more than three months		(388,569)	229,887
Net cash from investing activities		1,000,191	785,312

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2024

		Unaudited For the six months ended 30th September	
	Note	2024 HK\$'000	2023 HK\$'000
Cash flows from financing activities			
Interest paid		(599,268)	(631,273)
Increase/(decrease) in amounts due to related companies and individuals		81,404	(23,468)
Increase in amount due to a fellow subsidiary company		35,287	-
(Decrease)/increase in amounts due to immediate holding company		(18)	26,706
Increase/(decrease) in amounts due to ultimate holding company		121,046	(998,091)
Capital injection from non-controlling interests		11,634	192,240
Increase/(decrease) in amounts due to non-controlling interests		2,674	(26,284)
Principal elements of lease payments		(7,389)	(11,798)
Drawdown of bank and other borrowings		3,766,498	8,138,476
Repayment of bank and other borrowings		(3,394,987)	(10,705,809)
Dividend paid to non-controlling interest		(74,592)	-
Repayment of medium term note		(1,991,038)	(222,610)
Distribution paid to holders of perpetual capital securities		(97,663)	(97,929)
Acquisition of non-controlling interest		-	(83)
Settlement of non-controlling interest		-	(2,987)
Net cash used in financing activities		(2,146,412)	(4,382,413)
Net decrease in cash and cash equivalents		(638,150)	(3,484,898)
Cash and cash equivalents at the beginning of period		13,397,392	13,609,993
Currency translation differences		28,115	(129,780)
Cash and cash equivalents at the end of period		12,787,357	9,995,315
Analysis of the balance of the cash and cash equivalents:			
Bank balances and cash		9,626,165	4,945,076
Short-term bank deposits		3,563,527	5,885,188
		13,189,692	10,830,264
Less: bank deposits with original maturities more than three months		(402,335)	(834,949)
Cash and cash equivalents at the end of period		12,787,357	9,995,315

NAN FUNG INTERNATIONAL HOLDINGS LIMITED
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NOTES TO THE INTERIM FINANCIAL INFORMATION

1 General information

Nan Fung International Holdings Limited (the “Company”) is a limited liability company incorporated in the British Virgin Islands on 8th August 2011 and is wholly and beneficially owned by Dr. Chen Din Hwa (“Dr. Chen”). In June 2012, Dr. Chen had deceased.

The Company and its subsidiaries are collectively referred to as the “Group”. The ultimate holding company of the Company is Chen’s Group International Limited (“CGIL”). CGIL is wholly owned by Dr. Chen’s estates.

The address of the Company’s registered office is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

The Company’s principal activity is investment holding. The principal activities of the Group are property investment and development, hotel operation, investment holding and trading, building management, provision of construction contracting services and provision of properties related services.

The condensed consolidated interim financial information is presented in thousands of Hong Kong dollar (“HK\$’000”) unless otherwise stated. The condensed consolidated interim financial information was approved for issue by the Board of Directors on 3rd December 2024.

2 Basis of preparation and summary of material accounting policies

This condensed consolidated interim financial information for the six months ended 30th September 2024 has been prepared in accordance with the International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standard Board.

The condensed consolidated interim financial information should be read in conjunction with the Group’s consolidated financial statements for the year ended 31st March 2024, which were prepared in accordance with International Financial Reporting Standards (“IFRS”). The accounting policies and disclosures applied are consistent with those of the Group’s consolidated financial statements for the year ended 31st March 2024.

(i) New standards and amendments to standards adopted by the Group

The Group has adopted the following new standards and amendments to standards which are mandatory for the financial year beginning 1st April 2024 and are relevant to its operation.

IAS 1 (Amendments)	Classification of Liabilities as Current or Non-current
IAS 1 (Amendments)	Non-current Liabilities with Covenants
IAS 7 and IFRS 7 (Amendments)	Supplier Finance Arrangements
IFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback
IFRS S1	General Requirements for Disclosure of Sustainability-related Financial Information
IFRS S2	Climate-related Disclosures

The Group has assessed the impact of the adoption of these new standards and amendments to standards and considered there is no significant impact on the Group’s results, financial position or the Group’s accounting policies and presentation of the interim financial information.

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NOTES TO THE INTERIM FINANCIAL INFORMATION

2 Basis of preparation and summary of material accounting policies (Continued)

- (ii) New standards and amendments to standards which are not yet effective for this financial period and have not been early adopted by the Group

The Group has not early adopted the following new standards and amendments to standards that have been issued but are not yet effective for the period and are relevant to its operation:

		Effective for accounting periods beginning on or after
IAS 21 and IFRS 1 (Amendments)	Lack of Exchangeability	1st January 2025
IFRS 9 and IFRS 7 (Amendments)	Amendments to the Classification and Measurement of Financial Instruments	1st January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1st January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1st January 2027
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group will adopt the above new standards and amendments to standards and is in the process of assessing the impact on the consolidated financial statements.

3 Financial risk management

(a) Financial risk factors

The Group's activities expose it to various types of financial risk which include equity price risk, credit risk, interest rate risk, foreign exchange risk and liquidity risk. The Group's overall risk management programme seeks to minimise the potential adverse effects it may have on the Group's financial performance.

The condensed consolidated interim financial information does not include all financial risk management information and should be read in conjunction with the Group's consolidated financial statements for the year ended 31st March 2024. There have been no changes in the Group's financial risk management programme and policies since last year end.

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NOTES TO THE INTERIM FINANCIAL INFORMATION

3 Financial risk management (Continued)

(b) Fair value estimation

Financial instruments carried at fair value

The financial instruments are measured in the condensed consolidated balance sheet at fair value in accordance with IFRS 13. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table represents the Group's financial instruments measured at fair value:

	Valuation Hierarchy			
	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 30th September 2024				
<u>Assets</u>				
Amounts due from joint ventures at fair value through profit or loss	-	-	166,397	166,397
Loans receivable at fair value through profit or loss	-	-	441,782	441,782
Financial assets at fair value through profit or loss				
- listed	14,135,294	-	-	14,135,294
- unlisted	-	829,059	15,180,208	16,009,267
Total	14,135,294	829,059	15,788,387	30,752,740
<u>Liabilities</u>				
Amounts due to non-controlling interests at fair value through profit or loss	-	(959,882)	-	(959,882)
Financial liabilities at fair value through profit or loss				
- unlisted	-	(396,923)	-	(396,923)
Total	-	(1,356,805)	-	(1,356,805)

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NOTES TO THE INTERIM FINANCIAL INFORMATION

3 Financial risk management (Continued)

(b) Fair value estimation (Continued)

Financial instruments carried at fair value (Continued)

	Valuation Hierarchy			
	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31st March 2024				
<u>Assets</u>				
Amounts due from joint ventures at fair value through profit or loss	-	-	181,354	181,354
Loans receivable at fair value through profit or loss	-	-	469,816	469,816
Financial assets at fair value through profit or loss				
- listed	12,780,386	-	-	12,780,386
- unlisted	-	589,945	15,328,195	15,918,140
Total	12,780,386	589,945	15,979,365	29,349,696
<u>Liabilities</u>				
Amounts due to non-controlling interests at fair value through profit or loss	-	(862,636)	-	(862,636)
Financial liabilities at fair value through profit or loss				
- unlisted	-	(266,589)	-	(266,589)
Total	-	(1,129,225)	-	(1,129,225)

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Unlisted investments are stated at fair values which are estimated using other prices observed in recent transactions or valuation techniques when the market price is not readily available. If all significant inputs required to estimate the fair value of an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

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NOTES TO THE INTERIM FINANCIAL INFORMATION

3 Financial risk management (Continued)

(b) Fair value estimation (Continued)

Financial instruments carried at fair value (Continued)

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
- Regression model by benchmarking the movement of market index to the unlisted funds portfolio are used for the valuation of unlisted fund.
- Other techniques, such as multiple approach, discounted cash flow analysis and option pricing models, are used to determine fair value for the remaining financial instruments.

At 30th September 2024, financial assets at fair value through profit or loss of HK\$15,180,208,000 (31st March 2024: HK\$15,328,195,000) are measured with valuation techniques using significant unobservable inputs (level 3). It mainly included private equity funds, unquoted direct investments, fixed income fund, venture capital funds and others level 3 investments.

Fair values of the unlisted funds are mainly determined based on the net asset values of the unlisted funds from fund statements, representing the fair values of the funds reported by respective fund administrators. If the fund statements as at reporting date are not available, the Group will estimate the fair value change of the unlisted funds from the date of latest fund statements to the reporting date through a regression model by benchmarking with the movement of market index for investments in similar industries. The higher the net assets value of underlying investments and the market index, the higher the fair values of the unlisted fund.

Fair values of unquoted direct investment are determined by the Group using various valuation techniques. Such valuation techniques may consider market multiple of comparable type of investments, original transaction price and take into account relevant developments since the acquisition of the investments and other factor pertinent to the valuation of the investments such as preferential rights of the shares held, market volatility and initial public offering probability, with reference to recent third party transactions of comparable type of instruments and reliable indicative offers from potential buyers. The higher the market multiples and comparable transaction prices, the higher the fair values of unquoted direct investment.

The determination of fair value is subject to the valuation policies and procedures formulated by the Group's Investment Department and the oversight of senior management committees. These policies and procedures facilitate the exercise of judgement in determining the risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors used in the valuation process. Judgement may also be applied in adjusting prices of less readily observable external parameters. The management considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally accepted within the industry.

There is no transfer between level 1, level 2 and 3 during the period.

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NOTES TO THE INTERIM FINANCIAL INFORMATION

3 Financial risk management (Continued)

(b) Fair value estimation (Continued)

Financial instruments carried at fair value (Continued)

The following represents the changes in level 3 instruments for the six months ended 30th September 2024:

	Amounts due from joint ventures at fair value through profit or loss HK\$'000	Loans receivable at fair value through profit or loss HK\$'000	Financial assets at fair value through profit or loss HK\$'000
At 1st April 2024	181,354	469,816	15,328,195
Additions	-	7,005	887,398
Repayment	(14,957)	(30,374)	-
Disposal	-	-	(289,089)
Return of capital	-	-	(439,370)
Total realised gain recognised in income statement	-	582	50,948
Total unrealised loss recognised in income statement	-	(5,247)	(259,160)
Exchange translation differences	-	-	(98,714)
At 30th September 2024	166,397	441,782	15,180,208
At 1st April 2023	312,736	595,749	16,098,496
Additions	889	-	519,659
Repayment	(89,215)	(94,566)	-
Disposal	-	-	(48,995)
Return of capital	-	-	(563,784)
Total realised gain recognised in income statement	-	1	48,887
Total unrealised gain/(loss) recognised in income statement	-	20,983	(699,799)
Exchange translation differences	-	-	(41,433)
At 30th September 2023	224,410	522,167	15,313,031

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4 Critical accounting estimates and judgements

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31st March 2024.

5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors who make strategic decisions.

Management has determined the operating segments based on these reports and analysed from a business perspective, including subsidiaries, joint ventures and associates:

- Hong Kong properties (including construction services)
- Mainland China and overseas properties
- Financial investment (including investments exempt for equity accounting)
- Corporate, treasury and others

Segment assets consist primarily of property, plant and equipment, investment properties, right-of-use assets, joint ventures, associates, financial assets at fair value through profit or loss, loans and other receivables, amounts due from investee companies, properties for sale, trade and other receivables, deposits and prepayments and cash and bank balances. Other assets comprise mainly prepaid tax and deferred income tax assets.

Segment liabilities comprise operating liabilities. Other liabilities include amount due to immediate holding company and ultimate holding company, tax payable, bank and other borrowings and deferred income tax liabilities.

Segment results represent profit before income tax and exclude item which is not specifically attributable to individual reportable segments, such as finance income, finance expenses, other finance charges and net exchange difference on financing activities.

The chief operating decision maker consider dividend income and interest income from debt and convertible securities included in "Net loss on financial investments" as "Revenue" under financial investment segment for making strategic decision. Therefore, dividend income of HK\$407,363,000 (for the six months ended 30th September 2023: HK\$606,284,000) and interest income from debt and convertible securities of HK\$45,603,000 (for the six months ended 30th September 2023: HK\$31,455,000) are grouped under "Revenue" under financial investment segment for segment results presentation.

Capital expenditure comprises additions to non-current assets other than the financial instruments and deferred income tax assets.

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5 Segment reporting (Continued)

The segment results for the six months ended 30th September 2024 are as follows:

	<u>The Company and its subsidiaries</u>		<u>Joint ventures</u>		<u>Associates</u>		<u>Total</u>	
	Revenue	Results	Share of revenue	Share of results	Share of revenue	Share of results	Segment revenue	Segment results
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong properties	996,943	(145,301)	19,848	(6,331)	154,389	(296,239)	1,171,180	(447,871)
Mainland China								
properties	530,806	(177,816)	-	-	76,631	(377)	607,437	(178,193)
Overseas properties	292,435	217,696	167,986	19,483	-	-	460,421	237,179
Financial investment	452,966	1,591,788	-	-	-	-	452,966	1,591,788
Corporate, treasury and others	-	(223,335)	-	-	-	-	-	(223,335)
	<u>2,273,150</u>	<u>1,263,032</u>	<u>187,834</u>	<u>13,152</u>	<u>231,020</u>	<u>(296,616)</u>	<u>2,692,004</u>	<u>979,568</u>
Segment results								979,568
Finance expenses, net								(191,592)
Profit before income tax								787,976
Income tax expenses								(104,988)
Profit for the period								<u>682,988</u>

The segment results for the six months ended 30th September 2023 are as follows:

	<u>The Company and its subsidiaries</u>		<u>Joint ventures</u>		<u>Associates</u>		<u>Total</u>	
	Revenue	Results	Share of revenue	Share of results	Share of revenue	Share of results	Segment revenue	Segment results
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong properties	897,457	(1,987,753)	307,281	133,812	155,845	(257,785)	1,360,583	(2,111,726)
Mainland China								
properties	565,300	189,384	-	-	82,217	52,315	647,517	241,699
Overseas properties	285,290	(734,484)	92,740	(203,697)	-	-	378,030	(938,181)
Financial investment	637,739	(1,366,275)	-	-	-	-	637,739	(1,366,275)
Corporate, treasury and others	-	(213,704)	-	-	-	-	-	(213,704)
	<u>2,385,786</u>	<u>(4,112,832)</u>	<u>400,021</u>	<u>(69,885)</u>	<u>238,062</u>	<u>(205,470)</u>	<u>3,023,869</u>	<u>(4,388,187)</u>
Segment results								(4,388,187)
Finance income, net								346,066
Loss before income tax								(4,042,121)
Income tax credit								118,017
Loss for the period								<u>(3,924,104)</u>

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5 Segment reporting (Continued)

The segment assets and liabilities at 30th September 2024 are as follows:

	The Company and its subsidiaries HK\$'000	Joint ventures HK\$'000	Associates HK\$'000	Total assets HK\$'000	Total liabilities HK\$'000
Hong Kong properties	61,198,361	4,856,234	3,303,936	69,358,531	(5,497,547)
Mainland China properties	23,513,720	-	2,330,899	25,844,619	(1,796,992)
Overseas properties	14,994,706	554,052	137	15,548,895	(388,315)
Financial investment	36,517,582	-	-	36,517,582	(1,661,865)
Corporate, treasury and others	4,403,490	-	-	4,403,490	(520,071)
	<u>140,627,859</u>	<u>5,410,286</u>	<u>5,634,972</u>	<u>151,673,117</u>	<u>(9,864,790)</u>
Deferred income tax assets				993,178	-
Prepaid tax				147,238	-
Bank and other borrowings				-	(27,431,898)
Amount due to immediate holding company				-	(91,239)
Amount due to ultimate holding company				-	(149,426)
Deferred income tax liabilities				-	(3,655,482)
Tax payable				-	(172,851)
Consolidated total assets/(liabilities)				<u>152,813,533</u>	<u>(41,365,686)</u>

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5 Segment reporting (Continued)

The segment assets and liabilities at 31st March 2024 are as follows:

	The Company and its subsidiaries HK\$'000	Joint ventures HK\$'000	Associates HK\$'000	Total assets HK\$'000	Total liabilities HK\$'000
Hong Kong properties	62,406,177	4,384,773	3,585,511	70,376,461	(4,608,075)
Mainland China properties	23,976,007	-	2,417,618	26,393,625	(1,812,481)
Overseas properties	14,252,920	524,233	130	14,777,283	(420,517)
Financial investment	34,244,121	-	-	34,244,121	(1,391,182)
Corporate, treasury and others	6,088,677	-	-	6,088,677	(771,378)
	<u>140,967,902</u>	<u>4,909,006</u>	<u>6,003,259</u>	<u>151,880,167</u>	<u>(9,003,633)</u>
Deferred income tax assets				953,764	-
Prepaid tax				142,875	-
Bank and other borrowings				-	(29,198,768)
Amount due to immediate holding company				-	(91,257)
Amount due to ultimate holding company				-	(28,380)
Deferred income tax liabilities				-	(3,529,886)
Tax payable				-	(511,606)
Consolidated total assets/(liabilities)				<u>152,976,806</u>	<u>(42,363,530)</u>

The Group's depreciation and amortisation, additions to non-current assets other than the financial instruments and deferred income tax assets are as follows:

	<u>Depreciation and amortisation</u>		<u>Additions to non-current assets</u>	
	For the six months ended 30th September		For the six months ended 30th September	
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong properties	46,456	35,418	55,677	1,808,797
Mainland China properties	20,713	37,982	120,270	215,510
Overseas properties	298	942	187,652	154,881
Financial investment	5,926	6,643	-	2,199
Corporate and treasury	6,354	4,564	144,204	2,406
	<u>79,747</u>	<u>85,549</u>	<u>507,803</u>	<u>2,183,793</u>

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5 Segment reporting (Continued)

The following is an analysis of the Group's revenue by geographical areas in which the customer/operations are located, irrespective of the origin of the goods/services:

	For the six months ended 30th September	
	2024	2023
	HK\$'000	HK\$'000
Hong Kong	1,449,909	1,535,196
Mainland China	530,806	565,300
Overseas	292,435	285,290
	<u>2,273,150</u>	<u>2,385,786</u>

The following is an analysis of the Group's non-current assets other than financial instruments and deferred income tax assets by areas in which the business operations/assets are located.

	As at 30th September 2024	As at 31st March 2024
	HK\$'000	HK\$'000
Hong Kong	52,520,806	53,221,153
Mainland China	24,010,750	25,560,875
Overseas	14,413,766	13,671,883
	<u>90,945,322</u>	<u>92,453,911</u>

6 Revenue

	For the six months ended 30th September	
	2024	2023
	HK\$'000	HK\$'000
Recognised at a point in time		
- sale of properties	167,865	320,360
- hotel revenue – food and beverage sales	56,991	70,144
Recognised over time		
- construction revenue	135,359	55,249
- hotel revenue – room rental	113,972	134,855
- property management fee income	212,765	170,428
From other sources		
- gross rental income	1,113,698	975,779
- interest income from loans receivable classified as financial assets at fair value through profit or loss	19,533	21,232
	<u>1,820,183</u>	<u>1,748,047</u>

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7 Net gain/(loss) on financial investments

	For the six months ended 30th September	
	2024	2023
	HK\$'000	HK\$'000
Dividend income (note (a))	407,363	606,284
Interest income from debt and convertible securities	45,603	31,455
Net gain/(loss) on financial assets at fair value through profit or loss (note (b))	1,447,394	(1,646,738)
Net loss on derivatives (note (c))	(150,083)	(248,166)
	<u>1,750,277</u>	<u>(1,257,165)</u>

Notes:

- (a) Amounts mainly include cash distribution and share distribution in kind (of the underlying investment held by the fund) from fund investments during the period.
- (b) The amount comprises realised gain of HK\$711,774,000 (for the six months ended 30th September 2023: HK\$222,172,000) and unrealised gain of HK\$735,620,000 (for the six months ended 30th September 2023: unrealised loss of HK\$1,868,910,000) on financial assets at fair value through profit or loss.
- (c) The amount comprises realised gain of HK\$103,706,000 (for the six months ended 30th September 2023: HK\$59,560,000) and unrealised loss of HK\$253,789,000 (for the six months ended 30th September 2023: HK\$307,726,000) on derivatives.

8 Other income and (losses)/gains, net

	For the six months ended 30th September	
	2024	2023
	HK\$'000	HK\$'000
Unrealised (loss)/gain on loans receivable at fair value through profit or loss (note 16(b))	(5,247)	20,983
Net gain on disposal of loan receivable at fair value through profit or loss	582	1
Unrealised (loss)/gain on amount due to non-controlling interest at fair value through profit or loss (note 20(d))	(101,076)	19,503
Net (loss)/gain on disposal of interests in/liquidation of subsidiaries	(65,231)	29,378
Net gain on disposal of property, plant and equipment	1,026	1,041
Write-off of property, plant and equipment	(1,331)	(414)
Net (provision)/write-back of loss allowances of financial assets (note)	(1,357)	71
Net exchange gain/(loss)	8,846	(18,331)
Management fee income	11,948	15,722
Ancillary service fee income of leasing	35,281	39,430
Others	48,507	80,934
	<u>(68,052)</u>	<u>188,318</u>

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8 Other income and (losses)/gains, net (Continued)

Note:

The amount comprises net write-back of loss allowances of trade receivables of HK\$2,836,000 (for the six months ended 30th September 2023: HK\$3,263,000) and net provision for loss allowances of other receivables of HK\$4,193,000 (for the six months ended 30th September 2023: HK\$3,192,000).

9 Operating profit/(loss)

Operating profit/(loss) is arrived at after charging:

	For the six months ended 30th September	
	2024	2023
	HK\$'000	HK\$'000
Cost of properties sold	125,793	192,898
Hotel direct costs (note)	81,316	93,012
Outgoings in respect of rental income	319,502	259,005
Depreciation of		
- property, plant and equipment (note 12)	61,187	60,848
- right-of-use assets	18,560	24,701
Staff costs (net of amount capitalised in properties under construction of HK\$10,399,000 (for the six months ended 30th September 2023: HK\$75,469,000))	577,092	544,218
Marketing and selling expenses	58,100	49,035
Short-term and low-value leases expenses	621	3,152
Research and development expenses	-	92,245
	<u> </u>	<u> </u>

Note:

The amount comprised staff cost of HK\$40,634,000 (for the six months ended 30th September 2023: HK\$40,768,000).

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10 Finance (expenses)/income, net

	For the six months ended 30th September	
	2024	2023
	HK\$'000	HK\$'000
Interest income on		
- amounts due from		
- joint ventures	11,747	16,813
- associates	73,904	62,944
- an investee company	943	951
- bank deposits	303,004	297,589
- loans and other receivables	13,093	45,498
- others	113	8,608
	<u>402,804</u>	<u>432,403</u>
Interest expenses on		
- bank borrowings	(396,492)	(398,818)
- guaranteed notes	(225,670)	(260,161)
- amounts due to related companies and individuals	(5,732)	-
- amounts due to non-controlling interest	(21,087)	(21,087)
- lease liabilities	(1,637)	(1,966)
- others	(25)	(202)
	<u>(650,643)</u>	<u>(682,234)</u>
Total finance costs incurred		
Less: amount capitalised to investment properties and properties for sale under development	116,162	556,903
	<u>(534,481)</u>	<u>(125,331)</u>
Total finance costs expensed during the period		
Interest (expenses)/income, net	(131,677)	307,072
Other finance charges	(14,441)	(46,250)
Net exchange (loss)/gain on financing activities	(45,474)	85,244
	<u>(191,592)</u>	<u>346,066</u>

11 Income tax expense/(credit)

Taxes on income in the interim period are accrued using the tax rate that would be applicable to expected total annual earnings. Hong Kong profits tax has been provided at the rate of 16.5% (for the six months ended 30th September 2023: 16.5%) on the estimated assessable profits for the period. Subsidiaries established and operated in the Mainland China are subject to corporate income tax at the rate of 25% (for the six months ended 30th September 2023: 25%). Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates.

Withholding tax is levied on profit distribution or dividend income upon declaration or remittance at the rates of taxation prevailing in the Mainland China and overseas countries.

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11 Income tax expense/(credit) (Continued)

The amount of income tax charged/(credited) to the condensed consolidated income statement represents:

	For the six months ended 30th September	
	2024	2023
	HK\$'000	HK\$'000
Current income tax		
Hong Kong profits tax	34,734	42,223
Mainland China income tax	9,769	31,908
Overseas profits tax	17,739	8,429
Withholding tax	26,566	26,049
Deferred income tax	16,180	(226,626)
	<u>104,988</u>	<u>(118,017)</u>

The Group's share of tax charge of joint ventures and associates for the six months ended 30th September 2024 totalling HK\$4,005,000 (for the six months ended 30th September 2023: HK\$52,764,000) is included in the condensed consolidated income statement as share of results of joint ventures and associates.

12 Property, plant and equipment

	2024	2023
	HK\$'000	HK\$'000
Net book amount:		
At 1st April	2,860,022	1,910,567
Additions	158,550	6,668
Transfer	-	1,060,000
Write-off and disposals	(3,056)	(414)
Disposal of subsidiaries	(1,072,646)	(30)
Charge for the period	(61,187)	(60,848)
Exchange differences	(8,140)	(68,471)
At 30th September	<u>1,873,543</u>	<u>2,847,472</u>

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13 Investment properties

	2024 HK\$'000	2023 HK\$'000
At 1st April	81,785,011	87,114,723
Additions	444,210	2,175,633
Transfer	-	(1,060,000)
Disposal of subsidiaries	(780,842)	(547,239)
Net change in fair values	(504,921)	(3,093,875)
Exchange differences	827,116	(1,618,851)
At 30th September	<u>81,770,574</u>	<u>82,970,391</u>

The analysis of valuation of the above investment properties at 30th September 2024 and 31st March 2024 are as follows:

	As at 30th September 2024 HK\$'000	As at 31st March 2024 HK\$'000
At external professional valuation	81,613,241	81,785,011
At management assumption	157,333	-
	<u>81,770,574</u>	<u>81,785,011</u>

14 Joint ventures

	As at 30th September 2024 HK\$'000	As at 31st March 2024 HK\$'000
Share of net assets	<u>4,252,499</u>	<u>4,150,109</u>

Note: The amounts due to joint ventures are unsecured, interest free and repayable on demand.

Amounts due from joint ventures of HK\$81,107,000 (31st March 2024: HK\$77,968,000) disclosed in note 17 form part of net investments in joint ventures. As at 30th September 2024, amounts due from joint ventures included share of lossess of joint ventures of HK\$105,401,000 (31st March 2024: HK\$nil).

As at 30th September 2024 and 31st March 2024, the Company provided financial guarantee to certain joint ventures (proportionate to the Group's effective interest in the joint ventures) for bank loans related to Hong Kong and overseas property development projects. Those underlying bank loans are secured by other assets of the respective joint ventures, which mainly includes investment properties and cash and bank balances held under the joint ventures.

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15 Associates

	As at 30th September 2024 HK\$'000	As at 31st March 2024 HK\$'000
Share of net assets	2,719,951	2,794,559

Note: The amounts due to associates are unsecured, interest free and repayable on demand.

Amounts due from associates of HK\$415,298,000 (31st March 2024: HK\$395,261,000) disclosed in note 17 form part of net investments in associates. As at 30th September 2024, amounts due from associates included share of losses of associates of HK\$1,018,277,000 (31st March 2024: HK\$704,562,000).

16 Loans and other receivables

	As at 30th September 2024 HK\$'000	As at 31st March 2024 HK\$'000
Loans receivable at amortised cost		
- secured loans	706	637
- unsecured loans (note (a))	128,815	128,128
Loans receivable at fair value through profit or loss (note (b))	441,782	469,816
Amounts due from joint ventures		
- at amortised cost (note (c))	991,390	577,543
- at fair value through profit or loss (note (d))	166,397	181,354
Amounts due from associates at amortised cost (note (e))	2,915,020	3,208,699
Amount due from non-controlling interests at amortised cost (note (f))	42,145	42,145
	<u>4,686,255</u>	<u>4,608,322</u>
Less: current portion of		
- loans receivable		
- at amortised cost (note 17)	(12,216)	(10,734)
- at fair value through profit or loss (note 17)	(24,074)	(41,527)
- amounts due from joint ventures (note (c) and note 17)	(81,107)	(77,968)
- amounts due from associates (note 17)	(415,298)	(395,261)
amounts due from non-controlling interests at amortised cost (note (f) and note 17)	(42,145)	(42,145)
	<u>4,111,415</u>	<u>4,040,687</u>

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16 Loans and other receivables (Continued)

Notes:

- (a) As at 30th September 2024, the balance includes an amount of HK\$116,599,000 (31st March 2024: HK\$117,394,000) which carries interest at 12% (31st March 2024: 12%) per annum, is repayable in July 2029 and denominated in US dollar.
- (b) As at 30th September 2024, loans receivable at fair value through profit or loss are interest free for the initial two or three years and subsequently bear interest at variable interest rate. The maturity of the balance are ranging from 10 to 20 years from drawdown date. The fair value is calculated based on cash flows discounted using prevailing market rates and the repayment dates estimated by the Group. Interest income from the loans receivable at fair value through profit or loss of HK\$19,533,000 (for the six months ended 30th September 2023: HK\$21,232,000) and unrealised loss on loans receivable of HK\$5,247,000 (for the six months ended 30th September 2023: unrealised gain of HK\$20,983,000) are recognised in the condensed consolidated income statement.
- (c) As at 30th September 2024, except for an amount of HK\$81,107,000 (31st March 2024: HK\$104,234,000) which is interest free, an amount of HK\$479,308,000 (31st March 2024: HK\$473,309,000) carries interest at 4.25% (31st March 2024: 4.25%) per annum and an amount of HK\$536,376,000 (31st March 2024: nil) which carries prevailing market rates per annum. The balances are unsecured, repayable on demand and denominated in HK dollar. The balance also includes amounts of share of losses of joint ventures of HK\$105,401,000 (31st March 2024: HK\$nil).
- (d) The fair value of amounts due from joint ventures at fair value through profit or loss is determined based on cash flows discounted using prevailing market rates and the repayment dates estimated by the Group.
- The balance includes an amount of HK\$80,047,000 (31st March 2024: HK\$82,604,000) which carries interest at prevailing market rates and an amount of HK\$86,350,000 (31st March 2024: HK\$98,750,000) which carries interest at fixed rate ranging from 2.9% to 2.95% (31st March 2024: 2.9% to 2.95%) per annum.
- (e) As at 30th September 2024, except for HK\$415,297,000 (31st March 2024: HK\$395,261,000) which is interest free, HK\$3,518,000,000 (31st March 2024: HK\$3,518,000,000) carries interest at fixed rate of 4.19% (31st March 2024: 3.57%) per annum. The balances are unsecured, repayable on demand and denominated in HK dollar. The balance also includes an amount of share of losses of associates of HK\$1,018,277,000 (31st March 2024: HK\$704,562,000).
- (f) As at 30th September 2024, the balance includes an amount of HK\$42,145,000 (31st March 2024: HK\$42,145,000) which is unsecured, interest free and repayable on demand.

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17 Trade and other receivables, deposits and prepayments

	As at 30th September 2024 HK\$'000	As at 31st March 2024 HK\$'000
Trade receivables	564,635	480,620
Less: Provision for loss allowance of trade receivables	(26,335)	(33,793)
Trade receivables, net of provision	538,300	446,827
Other receivables and deposits	1,943,663	2,095,382
Interest receivable	135,121	137,340
Stakeholders' accounts	11,919	45,894
Prepayments	249,056	185,556
Contract cost assets	16,860	18,498
Contract assets	66,323	91,689
Loans receivable at amortised cost (note 16)	12,216	10,734
Loans receivable at fair value through profit or loss (note 16)	24,074	41,527
Amounts due from fellow subsidiary companies (note)	4,366	8,361
Amounts due from joint ventures (note 16)	81,107	77,968
Amounts due from associates (note 16)	415,298	395,261
Amounts due from investee companies (note)	856	985
Amounts due from non-controlling interests (note 16)	42,145	42,145
Amounts due from related companies (note)	4,358	4,295
Amounts due from ultimate holding company (note)	8,102	8,084
	<u>3,553,764</u>	<u>3,610,546</u>

Note: The balances are unsecured, interest free and repayment on demand.

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NOTES TO THE INTERIM FINANCIAL INFORMATION

18 Share capital and perpetual capital securities

Share capital

	Number of shares (Thousands)	Amount HK\$'000
Authorised:		
Ordinary shares of 1 Hong Kong dollar each		
At 31st March 2024 and 30th September 2024	1,000,000,000	1,000,000,000
	<u> </u>	<u> </u>
Issued and fully paid:		
Ordinary shares of 1 Hong Kong dollar each		
At 31st March 2024 and 30th September 2024	62,743,532	62,743,532
	<u> </u>	<u> </u>

Perpetual capital securities

	As at 30th September 2024 HK\$'000	As at 31st March 2024 HK\$'000
US\$500 million issued in 2020	3,886,686	3,886,762
	<u> </u>	<u> </u>

On 10th September 2020, a wholly owned subsidiary of the Group (the “Issuer”) issued 5% perpetual capital securities with an aggregate principal of US\$500 million for cash. The perpetual capital securities are guaranteed by the Company.

These securities are perpetual and the coupon payment can be deferred at the discretion of the Issuer and there is no limit as to the number of times of deferral of coupon payment. When the Company or the Issuer elects to declare dividends to their ordinary shareholders, the Issuer shall make distribution to the holders of perpetual securities at the distribution rates as defined in the subscription agreement.

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NOTES TO THE INTERIM FINANCIAL INFORMATION

19 Bank and other borrowings

	As at 30th September 2024 HK\$'000	As at 31st March 2024 HK\$'000
Long-term bank borrowings (note (a))		
- secured	3,887,617	4,399,715
- unsecured	12,519,782	11,833,385
Long-term medium term notes (note (b))		
- listed	9,854,326	11,904,601
- unlisted	499,301	499,190
Less: current portion of long-term bank borrowings	(1,373,018)	(1,251,918)
Less: current portion of long-term medium term notes	-	(1,485,667)
	<u>25,388,008</u>	<u>25,899,306</u>
Current portion of long-term bank borrowings (note (a))		
- secured	608,253	261,527
- unsecured	764,765	990,391
Other short-term bank borrowings (note (a))		
- secured	169,068	170,221
- unsecured	501,804	391,656
Current portion of long-term medium term notes (note (b))		
- listed	-	1,485,667
	<u>2,043,890</u>	<u>3,299,462</u>
Total bank and other borrowings	<u>27,431,898</u>	<u>29,198,768</u>

As at 30th September 2024 and 31st March 2024, the Group's bank and other borrowings are repayable as follows:

	As at 30th September 2024 HK\$'000	As at 31st March 2024 HK\$'000
Within one year	2,043,890	3,299,462
Between one and two years	4,539,620	1,532,695
Between two and three years	3,392,307	5,018,473
Between three and four years	12,032,156	10,391,831
Between four and five years	1,028,822	4,245,621
Over five years	4,395,103	4,710,686
	<u>27,431,898</u>	<u>29,198,768</u>

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NOTES TO THE INTERIM FINANCIAL INFORMATION

19 Bank and other borrowings (Continued)

Notes:

- (a) These bank borrowings are secured by property, plant and equipment, investment properties, right-of-use assets and financial assets at fair value through profit or loss (note 24).

The effective interest rate based on the prevailing market rates on the bank borrowings as at 30th September 2024 is 4.68% (31st March 2024: 4.34%) per annum.

- (b) Nan Fung Treasury Limited, a subsidiary of the Group has established a Medium Term Note Programme (“MTN”). The aggregate principal amount of US\$3 billion. As at 30th September 2024 and 31st March 2024, the Group has drawdown of HK\$500 million (31st March 2024: HK\$500 million) which is unlisted and US\$1,278.54 million (31st March 2024: US\$1,533.05 million) which is listed on Singapore Exchange Securities Trading Limited. The details of the drawdown are as follows:

Issue dates	Principal loan drawdown amounts	Maturity date	Interest yield per annum	Interests in arrear
29th May 2014	US\$189.87 million (note 1)	29th May 2024	4.875%	Semi- annually
13th September 2017	HK\$500 million	13th September 2027	3.65%	Quarterly
3rd October 2017	US\$369.04 million (note 2)	3rd October 2027	3.875%	Semi- annually
5th September 2018	US\$447.08 million (note 3)	5th September 2028	5%	Semi- annually
27th August 2020	US\$462.42 million (note 4)	27th August 2030	3.625%	Semi- annually

The MTN is guaranteed unconditionally and irrevocably by the Company. As at 30th September 2024, the fair values of the MTN are HK\$10,015,094,000 (31st March 2024: HK\$11,617,528,000). Of which, US\$1,226,108,000 equivalent to HK\$9,530,844,000 (31st March 2024: US\$1,424,986,000 equivalent to HK\$11,152,303,000) is within level 1 of fair value hierarchy and the remaining HK\$484,250,000 (31st March 2024: HK\$465,225,000) is within level 2 of fair value hierarchy which is estimated using other comparable prices observed in the market. Total remaining capacity of the MTN amounted to US\$1,657,128,000 (31st March 2024: US\$1,403,056,000).

Notes:

- (1) During the period ended 30th September 2024, nominal value of the medium term notes of US\$189.87 million were fully repaid on maturity.
- (2) During the period ended 30th September 2024, the Group repurchased US\$3.45 million MTN from third party and subsequently cancelled, resulting in a decrease in drawdown balance from US\$372.49 million to US\$369.04 million.
- (3) During the period ended 30th September 2024, the Group repurchased US\$23.61 million MTN from third party and subsequently cancelled, resulting in a decrease in drawdown balance from US\$470.69 million to US\$447.08 million.
- (4) During the period ended 30th September 2024, the Group repurchased US\$37.58 million MTN from third party and subsequently cancelled, resulting in a decrease in drawdown balance from US\$500 million to US\$462.42 million.

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NOTES TO THE INTERIM FINANCIAL INFORMATION

19 Bank and other borrowings (Continued)

Notes: (Continued)

- (c) As at 30th September 2024, the Group had HK\$15,483,435,000 (31st March 2024: HK\$15,593,875,000) undrawn banking facilities.

20 Trade and other payables, deposits and accruals

	As at 30th September 2024 HK\$'000	As at 31st March 2024 HK\$'000
Trade and other payables and accruals	1,280,603	1,178,742
Accruals for construction work	1,663,023	1,837,881
Rental and other deposits received	774,783	679,129
Deferred income	14,385	16,506
Amounts due to joint ventures (note 14)	1,358,585	908,060
Amounts due to associates (note 15)	86	83
Amounts due to investee companies (note (a))	9,118	9,158
Amounts due to related companies and individuals (note (b))	623,854	521,363
Amounts due to a fellow subsidiary company (note (a))	35,287	-
Amounts due to immediate holding company (note (a))	91,239	91,257
Amount due to ultimate holding company (note (a))	149,426	28,380
Amounts due to non-controlling interests at amortised cost (note (c))	2,603,938	2,576,349
Amounts due to non-controlling interests at fair value through profit or loss (note (d))	959,882	862,636
	<u>9,564,209</u>	<u>8,709,544</u>

Notes:

- (a) Amounts due to investee companies, a fellow subsidiary company, immediate holding company and ultimate holding company are unsecured, interest free and repayable on demand.
- (b) As at 30th September 2024, amounts due to related companies and individuals of HK\$577,724,000 (31st March 2024: HK\$4,967,000) bear interest at 1% to 4.5% (31st March 2024: 1%) per annum and remaining balances are interest free. The balances are unsecured and repayable on demand.
- (c) As at 30th September 2024, amounts due to non-controlling interests of HK\$839,153,000 (31st March 2024: HK\$839,153,000) bear interest at 5% (31st March 2024: 5%). The remaining balance is interest free. The balances are unsecured and repayable on demand.
- (d) The amounts due to non-controlling interests at fair value through profit or loss represented redeemable preference shares with a par value of US\$0.01 per share. The amount is redeemable at the net asset value of a subsidiary of the Group at any time by the holder. The fair value is estimated based on the net asset value of the subsidiary.

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NOTES TO THE INTERIM FINANCIAL INFORMATION

21 Notes to condensed consolidated statement of cash flows

(a) Reconciliation of profit/(loss) before income tax to net cash generated from operations:

	For the six months ended 30th September	
	2024 HK\$'000	2023 HK\$'000
Profit/(loss) before income tax	787,976	(4,042,121)
Depreciation of property, plant and equipment	61,187	60,848
Amortisation of right-of-use assets	18,560	24,701
Net change in fair values of investment properties	504,921	3,093,875
Net loss/(gain) on disposal of property, plant and equipment	305	(1,041)
Write-off of property, plant and equipment	1,331	414
Net loss/(gain) on disposal of interests in/liquidation of subsidiaries	65,231	(29,378)
Unrealised (gain)/loss on financial assets at fair value through profit or loss and derivatives	(481,831)	2,176,636
Net loss/(gain) on loans receivable at fair value through profit or loss	4,665	(20,984)
Unrealised loss/(gain) on amount due to non-controlling interest at fair value through profit or loss	101,076	(19,503)
Net provision/(write-back) of loss allowances of financial assets	1,357	(71)
Finance expenses/(income), net	191,592	(346,066)
Share of results of joint ventures	(13,152)	69,885
Share of results of associates	296,616	205,470
Net cash generated from operating profit before working capital changes	1,539,834	9,256,907
Decrease/(increase) in:		
Properties for sale	81,340	117,963
Trade and other receivables, deposits and prepayments	169,061	55,789
Financial assets at fair value through profit or loss	(1,112,196)	(2,534,053)
Increase/(decrease) in:		
Trade and other payables, deposits and accruals	124,972	1,090,580
Contract liabilities	4,761	8,714
Amount due to customers for contract work	-	(5,143)
Financial liabilities at fair value through profit or loss	130,334	223,182
Net cash generated from operations	938,106	8,213,939

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 Notes to condensed consolidated statement of cash flows (Continued)

(b) Disposal of interests in subsidiaries (Continued)

On 10th May 2023, the Group entered into a sale and purchase agreement with an independent third party for sale of entire interests in a non-wholly owned subsidiary, Qingdao Sanyang Real Estate Co., Ltd., with 55% interests, which holds investment properties in Mainland China at consideration of RMB304 million. The consideration was fully received and the disposal was completed on 26th June 2023. Details of the disposal are as follows:

	HK\$'000
Net assets disposed of:	
Property, plant and equipment	30
Investment properties	547,239
Trade and other receivables	64,853
Cash and cash equivalents	3,939
Trade and other payables	(1,590)
	614,471
Non-controlling interests	(268,305)
55% of net assets disposed of	<u>346,166</u>
Net loss on disposal of interests in subsidiaries:	
Total consideration	328,319
Net assets disposed of	(346,166)
Release of exchange reserves	11,878
	<u>(5,969)</u>
Net cash inflow on disposal of interests in subsidiaries:	
Consideration received during the year	328,319
Cash and cash equivalents disposed of	(3,939)
	<u>324,380</u>

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NOTES TO THE INTERIM FINANCIAL INFORMATION

21 Notes to condensed consolidated statement of cash flows (Continued)

(b) Disposal of interests in subsidiaries (Continued)

On 13th June 2024, the Group entered into a sale and purchase agreement with a 50% joint venture of the Group for sale of entire interests in a wholly owned subsidiary, Capita Enterprises Limited, and its subsidiary, which holds an investment property in Hong Kong at consideration of HK\$510,145,000, settled through amounts due from joint ventures. The disposal was completed on the same day. Since the consideration was the same as the net assets disposed of as of the completion date, no gain or loss on disposal was recognised. Details of the disposal are as follows:

	HK\$'000
Net assets disposed of:	
Investment properties	510,000
Cash and cash equivalents	226
Trade and other payables	(81)
Net assets disposed of	510,145
Net cash outflow on disposal of interests in subsidiaries:	
Cash and cash equivalents disposed of	(226)
	(226)

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NOTES TO THE INTERIM FINANCIAL INFORMATION

21 Notes to condensed consolidated statement of cash flows (Continued)

(b) Disposal of interests in subsidiaries (Continued)

On 3rd July 2024, the Group entered into a sale and purchase agreement with an independent third party for sale of entire interests in a wholly owned subsidiary, 廣州市展豐房地產開發有限公司, and its subsidiary, which holds an investment property and a hotel property in Mainland China at consideration of RMB1,425 million (equivalent to HK\$1,538 million). The Group had to settle the bank borrowings as at the completion date according to the sale and purchase agreement. The disposal was completed on 25th July 2024. Details of the disposal are as follows:

	HK\$'000
Net assets disposed of:	
Property, plant and equipment	1,072,646
Right-of-use assets	364,787
Investment properties	270,842
Trade and other receivables	21,300
Cash and cash equivalents	51,272
Trade and other payables	(74,611)
Bank borrowings	(402,351)
Deferred income tax liabilities	(9,626)
Net assets disposed of	1,294,259
Net loss on disposal of interests in subsidiaries:	
Total consideration	1,538,100
Bank borrowings borne by the Group	(402,351)
Net assets disposed of	(1,294,259)
Release of exchange reserves	93,279
	(65,231)
Net cash inflow on disposal of interests in subsidiaries:	
Total consideration	1,538,100
Bank borrowings borne by the Group	(402,351)
Consideration receivable	(133,867)
Cash consideration received during the year	1,001,882
Cash and cash equivalents disposed of	(51,272)
	950,610

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NOTES TO THE INTERIM FINANCIAL INFORMATION

22 Commitments

Other than those disclosed elsewhere in the condensed consolidated interim financial information, the Group has significant capital commitments as follows:

	As at 30th September 2024 HK\$'000	As at 31st March 2024 HK\$'000
Contracted but not provided for		
Investment properties (note (i))	1,283,115	884,289
Property, plant and equipment	-	113,657
Other investments (note (ii))	3,189,254	2,734,342
	<u>4,472,369</u>	<u>3,732,288</u>
Capital contribution to		
Joint ventures (note (iii) and note (iv))	192,860	253,873
	<u>4,665,229</u>	<u>3,986,161</u>

- (i) As at 30th September 2024 and 31st March 2024, the Group has capital commitments for investment properties under development and completed investment properties.
- (ii) As at 30th September 2024 and 31st March 2024, the Group has uncalled capital commitments to invest in the funds and direct investments. The commitments are subject to certain conditions described in the contracts.
- (iii) As at 30th September 2024, the Group has an outstanding commitment to contribute capital of HK\$192,860,000 (31st March 2024: HK\$253,873,000) to joint ventures for jointly developing residential, manufacturing and office properties and parking lot located in Hong Kong.
- (iv) As at 30th September 2024, the Group's share of capital commitments of joint venture is HK\$19,974,000 (31st March 2024: HK\$nil).

The aggregate lease payments under short-term leases and low-value leases are as follows:

	As at 30th September 2024 HK\$'000	As at 31st March 2024 HK\$'000
Third parties		
- not later than one year	238	1,709
- later than one year and not later than five years	160	255
	<u>398</u>	<u>1,964</u>

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NOTES TO THE INTERIM FINANCIAL INFORMATION

23 Future operating lease receivables

At 30th September 2024 and 31st March 2024, the Group had future aggregate minimum lease receivables under non-cancellable operating leases in respect of the Group's investment properties and properties for sale as follows:

	As at 30th September 2024 HK\$'000	As at 31st March 2024 HK\$'000
Within one year	2,247,677	1,879,855
Between one and two years	1,505,803	1,433,559
Between two and three years	1,099,463	991,380
Between three to four years	844,958	673,759
Between four to five years	710,804	569,962
Later than five years	962,105	1,012,574
	<u>7,370,810</u>	<u>6,561,089</u>

24 Pledge of assets

At 30th September 2024 and 31st March 2024, the Group had pledged certain assets to secure borrowings of the Group. Their carrying values were as follows:

	As at 30th September 2024 HK\$'000	As at 31st March 2024 HK\$'000
Property, plant and equipment	-	1,082,804
Investment properties	18,649,805	17,620,465
Right-of-use assets	-	372,900
Financial assets at fair value through profit or loss	1,098,658	932,544
	<u>19,748,463</u>	<u>20,008,713</u>

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NOTES TO THE INTERIM FINANCIAL INFORMATION

25 Significant related party transactions

Other than those disclosed elsewhere in the interim financial information, significant related party transactions which were carried out in the normal course of the Group's business during the period were as follows:

	For the six months ended 30th September	
	2024	2023
	HK\$'000	HK\$'000
Income:		
From related companies which are held by a close family member of directors of the Company		
- rental income (note)	<u>13,549</u>	<u>13,994</u>
Key management compensation	<u>75,315</u>	<u>62,572</u>

Note: Rental income from related companies for premises rented to related companies. The terms were determined by and agreed between both parties.