

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 2022

**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 36, 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 2022 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 notes, comprising significant accounting policies and other explanatory information. 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, 29th November 2022

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 2022**

		Unaudited For the six months ended 30th September	
	Note	2022 HK\$'000	2021 HK\$'000
Revenue	5, 6	1,389,448	2,771,855
Cost of sales		(312,197)	(1,157,962)
Gross profit		1,077,251	1,613,893
Net loss on financial investments	7	(1,644,658)	(901,122)
Other income and gains, net	8	105,378	711,230
Net change in fair values of investment properties		1,078,752	785,350
Other operating expenses		(1,210,371)	(1,076,387)
Operating (loss)/profit	9	(593,648)	1,132,964
Finance income		200,207	241,940
Finance expenses		(139,529)	(141,061)
Other finance charges and net exchange difference on financing activities		227,452	(7,425)
Finance income, net	10	288,130	93,454
Share of results of			
- Joint ventures		428,826	371,368
- Associates		62,448	475,462
Profit before income tax		185,756	2,073,248
Income tax expense	11	(121,976)	(219,174)
Profit for the period		63,780	1,854,074
(Loss)/profit for the period attributable to:			
- Owners of the Company		(51,680)	1,474,281
- Holders of perpetual capital securities		98,097	97,146
- Non-controlling interests		17,363	282,647
		63,780	1,854,074

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 2022**

	Unaudited For the six months ended 30th September	
	2022 HK\$'000	2021 HK\$'000
Profit for the period	63,780	1,854,074
Other comprehensive (loss)/income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Share of other comprehensive (loss)/income of joint ventures and associates	(253,337)	40,590
Release of exchange reserve upon disposal of a joint venture	-	(25)
Cash flow hedges:		
Fair value change	(73,258)	(25,478)
Cost of hedging	72,050	24,991
Hedging loss reclassified to profit or loss	(2,197)	(510)
Exchange translation differences	(2,936,319)	261,789
Other comprehensive (loss)/income for the period	(3,193,061)	301,357
Total comprehensive (loss)/income for the period	(3,129,281)	2,155,431
Total comprehensive (loss)/income for the period attributable to:		
- Owners of the Company	(3,091,769)	1,753,005
- Holders of perpetual capital securities	98,097	97,146
- Non-controlling interests	(135,609)	305,280
	(3,129,281)	2,155,431

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

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30TH SEPTEMBER 2022

	Note	Unaudited As at 30th September 2022 HK\$'000	Audited As at 31st March 2022 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	1,920,789	2,100,220
Investment properties	14	85,906,584	87,544,260
Right-of-use assets		899,249	970,565
Joint ventures	15	4,051,569	3,661,352
Associates	16	3,215,489	3,469,300
Financial assets at fair value through profit or loss		20,451,934	20,883,035
Loans and other receivables	17	6,396,093	6,317,073
Amounts due from investee companies		41,342	43,156
Deferred income tax assets		338,991	301,843
		<u>123,222,040</u>	<u>125,290,804</u>
Current assets			
Properties for sale		13,887,083	13,690,651
Trade and other receivables, deposits and prepayments	18	4,382,044	7,781,731
Financial assets at fair value through profit or loss		8,346,756	11,505,253
Prepaid tax		197,743	216,177
Cash and bank balances		13,130,112	15,163,839
		<u>39,943,738</u>	<u>48,357,651</u>
Total assets		<u><u>163,165,778</u></u>	<u><u>173,648,455</u></u>
EQUITY			
Equity attributable to the owner's of the Company			
Share capital	19	62,743,532	62,743,532
Reserves		45,960,998	50,241,757
		<u>108,704,530</u>	<u>112,985,289</u>
Perpetual capital securities	19	3,886,798	3,886,765
		<u>112,591,328</u>	<u>116,872,054</u>
Non-controlling interests		1,148,176	2,091,079
Total equity		<u><u>113,739,504</u></u>	<u><u>118,963,133</u></u>

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

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 30TH SEPTEMBER 2022

	Note	Unaudited As at 30th September 2022 HK\$'000	Audited As at 31st March 2022 HK\$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		3,425,793	3,701,141
Bank and other borrowings	20	29,165,888	31,304,836
Lease liabilities		111,819	129,334
Other long-term liabilities		47,353	32,845
		<u>32,750,853</u>	<u>35,168,156</u>
Current liabilities			
Trade and other payables, deposits and accruals	21	7,242,270	7,339,401
Contract liabilities		5,498,016	5,211,070
Financial liabilities at fair value through profit or loss		156,429	58,322
Lease liabilities		17,414	12,053
Bank and other borrowings	20	3,403,232	6,551,450
Tax payable		358,060	344,870
		<u>16,675,421</u>	<u>19,517,166</u>
Total liabilities		<u>49,426,274</u>	<u>54,685,322</u>
Total equity and liabilities		<u>163,165,778</u>	<u>173,648,455</u>

On behalf of the Board

Cheung Vincent Sai Sing
Director

Cheung Vanessa Tih Lin
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 2022

	Unaudited					Perpetual capital securities HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	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			
At 1st April 2022	62,743,532	83,282,320	(33,060,444)	19,881	112,985,289	3,886,765	2,091,079	118,963,133
Comprehensive (loss)/income								
(Loss)/profit for the period	-	(51,680)	-	-	(51,680)	98,097	17,363	63,780
Other comprehensive loss	-	-	-	(3,040,089)	(3,040,089)	-	(152,972)	(3,193,061)
Total comprehensive (loss)/income	-	(51,680)	-	(3,040,089)	(3,091,769)	98,097	(135,609)	(3,129,281)
Dividend paid to owners of the Company (note 12)	-	(1,188,990)	-	-	(1,188,990)	-	-	(1,188,990)
Dividend paid to non-controlling interest	-	-	-	-	-	-	(804,585)	(804,585)
Capital injection of non-controlling interests	-	-	-	-	-	-	3,811	3,811
Acquisition of non-controlling interests	-	-	-	-	-	-	(6,520)	(6,520)
Distribution paid to holders of perpetual capital securities	-	-	-	-	-	(98,064)	-	(98,064)
	-	(1,188,990)	-	-	(1,188,990)	(98,064)	(807,294)	(2,094,348)
At 30th September 2022	62,743,532	82,041,650	(33,060,444)	(3,020,208)	108,704,530	3,886,798	1,148,176	113,739,504

NAN FUNG INTERNATIONAL HOLDINGS LIMITED
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2022

	Unaudited							
	Attributable to equity holders of the Company					Perpetual capital securities HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Retained earnings HK\$'000	Merger reserve HK\$'000	Other reserves HK\$'000 (note (a))	Total HK\$'000			
At 1st April 2021	62,743,532	83,532,709	(33,072,358)	(878,888)	112,324,995	3,886,689	1,479,648	117,691,332
Comprehensive income								
Profit for the period	-	1,474,281	-	-	1,474,281	97,146	282,647	1,854,074
Other comprehensive income	-	-	-	278,724	278,724	-	22,633	301,357
Total comprehensive income	-	1,474,281	-	278,724	1,753,005	97,146	305,280	2,155,431
Dividend paid to owners of the Company (note 12)	-	(878,409)	-	-	(878,409)	-	-	(878,409)
Dividend paid to non-controlling interest	-	-	-	-	-	-	(1,110)	(1,110)
Capital injection of non-controlling interests	-	-	-	-	-	-	7,779	7,779
Transfer of statutory reserve of an associate	-	(5,726)	-	5,726	-	-	-	-
Release of merger reserve upon liquidation of a subsidiary	-	(11,914)	11,914	-	-	-	-	-
Distribution paid to holders of perpetual capital securities	-	-	-	-	-	(97,132)	-	(97,132)
	-	(896,049)	11,914	5,726	(878,409)	(97,132)	6,669	(968,872)
At 30th September 2021	62,743,532	84,110,941	(33,060,444)	(594,438)	113,199,591	3,886,703	1,791,597	118,877,891

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 2022

		Unaudited For the six months ended 30th September	
	Note	2022 HK\$'000	2021 HK\$'000
Cash flows from operating activities			
Net cash generated from operations	22(a)	2,784,453	5,179,615
Profits tax paid		(39,487)	(17,384)
Net cash from operating activities		2,744,966	5,162,231
Cash flows from investing activities			
Interest received		194,757	281,267
Purchase of property, plant and equipment		(20,664)	(8,386)
Proceeds from disposal of property, plant and equipment		1,510	382
Additions to investment properties		(736,511)	(2,162,101)
Acquisition of an investment property		-	(1,636,053)
Decrease in amounts due from investee companies		1,814	1,410
Increase in amounts due from non-controlling interest	22(c)	(8)	(339,985)
Dividends received from joint ventures		9,250	61,000
Dividends received from an associate		3,000	4,000
Decrease/(increase) in investment in and amounts due from joint ventures		166,569	(129,080)
Decrease in investment in and amounts due from associates		51,081	28,944
Increase in amounts due to joint ventures		69,500	221,894
Increase in amounts due to associates		911	340,000
Net proceeds from disposal of interests in a joint venture	22(b)	-	133,672
Decrease in loans and other receivables		1,853,112	1,502,684
Decrease in amounts due from fellow subsidiary companies		2,218	1,874
Decrease in amounts due from related companies		1,630	2,038
Decrease in amount due from immediate holding company		92,021	266,032
Decrease/(increase) in amounts due from ultimate holding company		51	(195)
Increase in short term bank deposits with original maturities more than three months		(419,390)	(117,661)
Net cash from/(used in) investing activities		1,270,851	(1,548,264)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2022

		Unaudited For the six months ended 30th September	
	Note	2022 HK\$'000	2021 HK\$'000
Cash flows from financing activities			
Interest paid		(639,358)	(644,548)
(Decrease)/increase in amounts due to related companies and individuals		(27,261)	21,833
Increase in amounts due to a fellow subsidiary company		41,000	-
Decrease in amounts due to immediate holding company		(23)	(16)
Increase/(decrease) in amounts due to ultimate holding company		1,126	(357,215)
Capital injection from non-controlling interests		3,811	7,779
Decrease in amounts due to non-controlling interests		(27,932)	(142,321)
Principal elements of lease payments		(15,045)	(11,944)
Drawdown of bank and other borrowings		2,666,764	4,286,458
Repayment of bank and other borrowings		(3,726,305)	(3,295,430)
Dividend paid to non-controlling interest		(4,585)	(1,110)
Dividend paid to owners of the Company		(1,188,990)	(878,409)
Repayment of medium term note		(3,271,785)	-
Distribution paid to holders of perpetual capital securities		(98,064)	(97,132)
Acquisition of non-controlling interest		(6,520)	-
Net cash used in financing activities		(6,293,167)	(1,112,055)
Net (decrease)/increase in cash and cash equivalents		(2,277,350)	2,501,912
Cash and cash equivalents at the beginning of period		14,121,133	13,621,593
Currency translation differences		(175,767)	(1,340)
Cash and cash equivalents at the end of period		11,668,016	16,122,165
Analysis of the balance of the cash and cash equivalents:			
Bank balances and cash		3,706,536	9,713,270
Short-term bank deposits		9,423,576	8,570,273
		13,130,112	18,283,543
Less: bank deposits with original maturities more than three months		(1,462,096)	(2,161,378)
Cash and cash equivalents at the end of period		11,668,016	16,122,165

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 29th November 2022.

2 Basis of preparation and summary of significant accounting policies

This condensed consolidated interim financial information for the six months ended 30th September 2022 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 2022, 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 2022.

(i) Amendments to standards adopted by the Group

The Group has adopted the following amendments to standards which are mandatory for the financial year beginning 1st April 2022 and are relevant to its operation.

IAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before Intended Use
IAS 37 (Amendments)	Onerous Contracts—Cost of Fulfilling a Contract
IFRS 3 (Amendments)	Reference to the Conceptual Framework
Annual Improvements to IFRS (Amendments)	Annual Improvements 2018-2020 Cycle

The Group has assessed the impact of the adoption of these 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 significant accounting policies (Continued)

- (ii) New standard 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 standard 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 1 (Amendments)	Classification of Liabilities as Current or Non-current	1st January 2023
IAS 1 and IFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1st January 2023
IAS 8 (Amendments)	Definition of Accounting Estimates	1st January 2023
IAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities Arising from a Single Transaction	1st January 2023
IFRS 17 and IFRS 17 (Amendments)	Insurance Contracts	1st January 2023
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 standard 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 2022. 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 2022				
Amounts due from joint ventures at fair value through profit or loss	-	-	369,938	369,938
Loans receivable at fair value through profit or loss	-	-	716,302	716,302
Financial assets at fair value through profit or loss				
- listed	10,716,440	-	-	10,716,440
- unlisted	-	596,039	17,486,211	18,082,250
Total	10,716,440	596,039	18,572,451	29,884,930
Amounts due to non-controlling interests at fair value through profit or loss	-	(319,621)	-	(319,621)
Financial liabilities at fair value through profit or loss				
- listed	(38,781)	-	-	(38,781)
- unlisted	-	(117,648)	-	(117,648)
Total	(38,781)	(437,269)	-	(476,050)

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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 2022				
Amounts due from joint ventures at fair value through profit or loss	-	-	487,773	487,773
Loans receivable at fair value through profit or loss	-	-	912,695	912,695
Financial assets at fair value through profit or loss				
- listed	13,839,786	-	-	13,839,786
- unlisted	-	441,634	18,106,868	18,548,502
Total	13,839,786	441,634	19,507,336	33,788,756
Amounts due to non-controlling interests at fair value through profit or loss	-	(299,526)	-	(299,526)
Financial liabilities at fair value through profit or loss				
- unlisted	-	(58,322)	-	(58,322)
Total	-	(357,848)	-	(357,848)

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.

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.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

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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)

At 30th September 2022, financial assets at fair value through profit or loss of HK\$17,486,211,000 (31st March 2022: HK\$18,106,868,000) 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 unlisted funds are mainly determined based on the net asset value, representing the fair value of the fund reported by respective fund administrators and relevant factors if deemed necessary.

Fair values of unquoted direct investment are determined by the Group using valuation techniques. Such valuation techniques may consider original transaction price and take into account relevant developments since the acquisition of the investments and other factors pertinent to the valuation of the investments, with reference to recent third party transactions of comparable type of instruments and reliable indicative offers from potential buyers.

The determination of fair value is subject to the valuation policies and procedures formulated by the Group's Investment Team 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.

The following represents the changes in level 3 instruments for the six months ended 30th September 2022:

	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 2022	487,773	912,695	18,106,868
Additions	-	-	656,599
Repayment	(117,835)	(221,367)	-
Disposal	-	-	(54,838)
Return of capital	-	-	(370,011)
Total unrealised gains or losses recognised in income statement	-	24,974	(901,809)
Exchange translation differences	-	-	49,402
At 30th September 2022	369,938	716,302	17,486,211

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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)

	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 2021	591,761	1,328,086	18,910,291
Additions	26,484	57,662	1,116,822
Repayment	(39,483)	(309,620)	-
Disposal	-	-	(779,313)
Return of capital	-	-	(467,853)
Total unrealised gains or losses recognised in income statement	-	51,662	(1,086,012)
Exchange translation differences	-	-	20,701
At 30th September 2021	578,762	1,127,790	17,714,636

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 2022.

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
- Corporate, treasury and others

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5 Segment reporting (Continued)

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\$684,681,000 (for the six months ended 30th September 2021: HK\$1,877,981,000) and interest income from debt and convertible securities of HK\$8,226,000 (for the six months ended 30th September 2021: HK\$30,621,000) 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.

The segment results for the six months ended 30th September 2022 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	605,413	1,112,876	925,836	526,708	125,293	29,600	1,656,542	1,669,184
Mainland China and overseas properties	784,640	409,648	109,499	(97,898)	65,809	32,848	959,948	344,598
Financial investment	692,302	(2,317,888)	-	16	-	-	692,302	(2,317,872)
Corporate, treasury and others	-	201,716	-	-	-	-	-	201,716
	<u>2,082,355</u>	<u>(593,648)</u>	<u>1,035,335</u>	<u>428,826</u>	<u>191,102</u>	<u>62,448</u>	<u>3,308,792</u>	<u>(102,374)</u>
Segment results								(102,374)
Finance income, net								288,130
Profit before income tax								185,756
Income tax expense								(121,976)
Profit for the period								<u>63,780</u>

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5 Segment reporting (Continued)

The segment results for the six months ended 30th September 2021 are as follows:

	<u>The Company and its subsidiaries</u>		<u>Joint ventures</u>		<u>Associates</u>		<u>Total</u>	
	Revenue	Results	Share of	Share of	Share of	Share of	Segment	Segment
	HK\$'000	HK\$'000	revenue	results	revenue	results	revenue	results
			HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong properties	2,056,852	940,415	482,640	273,277	865,559	415,587	3,405,051	1,629,279
Mainland China and overseas properties	726,742	1,300,262	92,812	97,967	125,839	59,875	945,393	1,458,104
Financial investment	1,896,863	(1,169,877)	-	124	-	-	1,896,863	(1,169,753)
Corporate, treasury and others	-	62,164	-	-	-	-	-	62,164
	<u>4,680,457</u>	<u>1,132,964</u>	<u>575,452</u>	<u>371,368</u>	<u>991,398</u>	<u>475,462</u>	<u>6,247,307</u>	<u>1,979,794</u>
Segment results								1,979,794
Finance income, net								93,454
Profit before income tax								2,073,248
Income tax expense								(219,174)
Profit for the period								<u>1,854,074</u>

The segment assets and liabilities at 30th September 2022 are as follows:

	<u>The Company and its subsidiaries</u>	<u>Joint ventures</u>	<u>Associates</u>	<u>Total assets</u>	<u>Total liabilities</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong properties	69,863,803	4,111,778	4,744,442	78,720,023	(9,210,961)
Mainland China and overseas properties	40,821,676	793,763	2,349,996	43,965,435	(2,402,685)
Financial investment	31,660,812	2,743	-	31,663,555	(788,392)
Corporate and treasury	8,280,031	-	-	8,280,031	(653,372)
	<u>150,626,322</u>	<u>4,908,284</u>	<u>7,094,438</u>	<u>162,629,044</u>	<u>(13,055,410)</u>
Deferred income tax assets				338,991	-
Prepaid tax				197,743	-
Bank and other borrowings				-	(32,569,120)
Amounts due to immediate holding company				-	(7,939)
Amounts due to ultimate holding company				-	(9,952)
Deferred income tax liabilities				-	(3,425,793)
Tax payable				-	(358,060)
Consolidated total assets/(liabilities)				<u>163,165,778</u>	<u>(49,426,274)</u>

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5 Segment reporting (Continued)

The segment assets and liabilities at 31st March 2022 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	70,652,402	3,866,759	4,707,544	79,226,705	(8,964,541)
Mainland China and overseas properties	44,858,224	851,225	2,632,040	48,341,489	(2,528,506)
Financial investment	35,062,737	2,719	-	35,065,456	(617,684)
Corporate and treasury	10,496,785	-	-	10,496,785	(655,506)
	<u>161,070,148</u>	<u>4,720,703</u>	<u>7,339,584</u>	<u>173,130,435</u>	<u>(12,766,237)</u>
Deferred income tax assets				301,843	-
Prepaid tax				216,177	-
Bank and other borrowings				-	(37,856,286)
Amounts due to immediate holding company				-	(7,962)
Amounts due to ultimate holding company				-	(8,826)
Deferred income tax liabilities				-	(3,701,141)
Tax payable				-	(344,870)
Consolidated total assets/(liabilities)				<u>173,648,455</u>	<u>(54,685,322)</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	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong properties	36,458	59,562	801,035	2,085,455
Mainland China and overseas properties	41,212	40,917	429,596	2,117,218
Financial investment	5,444	5,108	8,286	5,760
Corporate and treasury	7,553	6,861	6,806	1,112
	<u>90,667</u>	<u>112,448</u>	<u>1,245,723</u>	<u>4,209,545</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	
	2022	2021
	HK\$'000	HK\$'000
Hong Kong	1,297,715	3,953,715
Mainland China	519,934	567,479
Overseas	264,706	159,263
	<u>2,082,355</u>	<u>4,680,457</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 2022 HK\$'000	As at 31st March 2022 HK\$'000
Hong Kong	55,032,680	52,857,773
Mainland China	26,395,888	29,282,449
Overseas	14,565,112	15,605,475
	<u>95,993,680</u>	<u>97,745,697</u>

6 Revenue

	For the six months ended 30th September	
	2022	2021
	HK\$'000	HK\$'000
Recognised at a point in time		
- sale of properties	49,884	1,565,223
- hotel revenue – food and beverage sales	45,126	50,008
Recognised over time		
- construction revenue	32,691	16,758
- hotel revenue – room rental	120,348	61,562
- property management fee income	163,257	159,446
From other sources		
- gross rental income	953,757	875,293
- interest income from loans receivable classified as financial assets at fair value through profit or loss	24,385	43,565
	<u>1,389,448</u>	<u>2,771,855</u>

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7 Net loss on financial investments

	For the six months ended 30th September	
	2022	2021
	HK\$'000	HK\$'000
Dividend income (note (a))	684,681	1,877,981
Interest income from debt and convertible securities	8,226	30,621
Net loss on financial assets at fair value through profit or loss (note (b))	(2,566,011)	(2,947,520)
Net gain on derivatives (note (c))	228,446	137,796
	<u>(1,644,658)</u>	<u>(901,122)</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\$153,504,000 (for the six months ended 30th September 2021: HK\$430,812,000) and unrealised loss of HK\$2,719,515,000 (for the six months ended 30th September 2021: HK\$3,378,332,000) on financial assets at fair value through profit or loss.
- (c) The amount comprises realised gain of HK\$2,205,000 (for the six months ended 30th September 2021: HK\$68,955,000) and unrealised gain of HK\$226,241,000 (for the six months ended 30th September 2021: HK\$68,841,000) on derivatives.

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8 Other income and gains, net

	For the six months ended 30th September	
	2022	2021
	HK\$'000	HK\$'000
Unrealised gain on loans receivable at fair value through profit or loss (note 17(c))	24,974	51,662
Unrealised gain on amount due to non-controlling interest at fair value through profit or loss (note 21(d))	44,338	-
Net gain on disposal of interests in a joint venture (note 22(b))	-	122,633
Net gain on disposal of property, plant and equipment	536	239
Net write-back of loss allowances of financial assets (note (a))	4,935	373,837
Net exchange (loss)/gain	(72,532)	23,081
Others	103,127	139,778
	<u>105,378</u>	<u>711,230</u>

Note:

- (a) The amount comprises net write-back of loss allowances of trade receivables of HK\$11,319,000 (for the six months ended 30th September 2021: net provision for loss allowances of trade receivables of HK\$15,220,000) and net provision for loss allowances of other receivables of HK\$6,384,000 (for the six months ended 30th September 2021: HK\$nil). For the period ended 30th September 2021, the amount includes write-back for loss allowance of loan receivables of HK\$389,057,000.

9 Operating (loss)/profit

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

	For the six months ended 30th September	
	2022	2021
	HK\$'000	HK\$'000
Cost of properties sold	24,945	892,261
Hotel direct costs	65,338	60,609
Outgoings in respect of rental income	190,441	184,316
Depreciation of		
- property, plant and equipment (note 13)	65,381	88,957
- right-of-use assets	25,286	23,491
Staff costs (net of amount capitalised in properties under construction of HK\$70,744,000 (for the six months ended 30th September 2021: HK\$70,048,000))	523,906	618,437
Marketing and selling expenses	63,985	62,850
Short-term and low-value leases expenses	9,634	7,881
	<u>523,906</u>	<u>618,437</u>

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10 Finance income, net

	For the six months ended 30th September	
	2022	2021
	HK\$'000	HK\$'000
Interest income on		
- amounts due from		
- joint ventures	16,047	15,463
- associates	43,356	41,973
- an investee company	333	144
- bank deposits	83,518	68,749
- loans and other receivables	53,653	114,780
- others	3,300	831
	<u>200,207</u>	<u>241,940</u>
Interest expenses on		
- bank borrowings	(269,250)	(243,877)
- guaranteed notes	(340,667)	(343,414)
- amounts due to non-controlling interest	(21,087)	(21,433)
- lease liabilities	(2,328)	(2,485)
- others	(375)	(365)
	<u>(633,707)</u>	<u>(611,574)</u>
Total finance costs incurred		
Less: amount capitalised to investment properties and properties for sale under development	494,178	470,513
	<u>(139,529)</u>	<u>(141,061)</u>
Total finance costs expensed during the period		
Interest income, net	60,678	100,879
Other finance charges	(11,224)	(17,511)
Net exchange gain on financing activities	238,676	10,086
	<u>288,130</u>	<u>93,454</u>

11 Income tax expense

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 2021: 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 2021: 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 (Continued)

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

	For the six months ended 30th September	
	2022	2021
	HK\$'000	HK\$'000
Current income tax		
Hong Kong profits tax	31,845	(4,856)
Mainland China income tax	11	20
Overseas profits tax	14,851	28,751
Withholding tax	21,299	21,765
Deferred income tax	53,970	173,494
	<u>121,976</u>	<u>219,174</u>

The Group's share of tax charge of joint ventures and associates for the six months ended 30th September 2022 totalling HK\$112,793,000 (for the six months ended 30th September 2021: HK\$126,127,000) is included in the condensed consolidated income statement as share of results of joint ventures and associates.

12 Dividend

	For the six months ended 30th September	
	2022	2021
	HK\$'000	HK\$'000
Dividend paid of HK\$0.019 (2021: HK\$0.014) per share	<u>1,188,990</u>	<u>878,409</u>

13 Property, plant and equipment

	2022	2021
	HK\$'000	HK\$'000
Net book amount:		
At 1st April	2,100,220	2,201,213
Additions	20,664	8,386
Disposals	(974)	(143)
Charge for the period	(65,381)	(88,957)
Exchange differences	(133,740)	21,430
At 30th September	<u>1,920,789</u>	<u>2,141,929</u>

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14 Investment properties

	2022 HK\$'000	2021 HK\$'000
At 1st April	87,544,260	77,370,386
Additions	1,180,977	4,188,423
Net change in fair values	1,078,752	785,350
Exchange differences	(3,897,405)	249,935
	<u>85,906,584</u>	<u>82,594,094</u>
At 30th September	<u>85,906,584</u>	<u>82,594,094</u>

The analysis of valuation of the above investment properties at 30th September 2022 and 31st March 2022 are as follows:

	As at 30th September 2022 HK\$'000	As at 31st March 2022 HK\$'000
At external professional valuation	<u>85,906,584</u>	<u>87,544,260</u>

15 Joint ventures

	As at 30th September 2022 HK\$'000	As at 31st March 2022 HK\$'000
Share of net assets	<u>4,051,569</u>	<u>3,661,352</u>
Amounts due to joint ventures (note and note 21)	<u>(448,091)</u>	<u>(446,466)</u>

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

As at 30th September 2022 and 31st March 2022, 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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16 Associates

	As at 30th September 2022 HK\$'000	As at 31st March 2022 HK\$'000
Share of net assets	3,215,489	3,469,300
Amounts due to associates (note and note 21)	(406,806)	(405,932)

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

17 Loans and other receivables

	As at 30th September 2022 HK\$'000	As at 31st March 2022 HK\$'000
Loans receivable at amortised cost		
- secured loans (note (a))	718,724	2,383,104
- unsecured loans (note (b))	118,646	118,308
Loans receivable at fair value through profit or loss (note (c))	716,302	912,695
Amounts due from joint ventures		
- at amortised cost (note (d))	486,777	571,578
- at fair value through profit or loss (note (e))	369,938	487,773
Amounts due from associates at amortised cost (note (f))	3,878,949	3,870,284
Amount due from non-controlling interests at amortised cost (note (g))	913,985	892,811
	7,203,321	9,236,553
Less: current portion of		
- loans receivable		
- at amortised cost (note 18)	(288,900)	(2,378,412)
- at fair value through profit or loss (note 18)	(99,278)	(83,085)
- amounts due from joint ventures (note (d) and note 18)	(55,701)	(80,099)
- amounts due from associates (note (f) and note 18)	(363,349)	(377,884)
	6,396,093	6,317,073

Notes:

- (a) As at 30th September 2022, the balance includes an amount of HK\$575,000,000 (31st March 2022: HK\$1,875,000,000) which carries interest at prevailing market rate, of which HK\$150,000,000 and HK\$425,000,000 are repayable in August 2023 and February 2024 respectively. The balance also includes an amount of HK\$138,000,000 (31st March 2022: HK\$138,000,000) net of provision of HK\$568,500,000 (31st March 2022: HK\$568,500,000), which is overdue as at 30th September 2022. The balances are mainly denominated in HK dollar.

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17 Loans and other receivables (Continued)

Notes: (Continued)

(a) (Continued)

As at 31st March 2022, the balance includes an amount of RMB296 million (equivalent to HK\$365 million) representing the outstanding balance from a mainland China property developer for a residential and commercial property development project in Foshan. The balance was fully settled during the period ended 30th September 2022.

(b) As at 30th September 2022, the balance includes an amount of HK\$117,746,000 (31st March 2022: HK\$117,410,000) which carries interest at 12% (31st March 2022: 12%) per annum, is repayable in July 2029 and denominated in US dollar; and an amount of HK\$900,000 (31st March 2022: HK\$898,000) which is overdue as at 30th September 2022 and denominated in HK dollar.

(c) As at 30th September 2022, loans receivable at fair value through profit or loss are interest free for the first two or three years and subsequently bear interest at variable interest rate. 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\$24,385,000 (for the six months ended 30th September 2021: HK\$43,565,000) and unrealised gain on loans receivable of HK\$24,974,000 (for the six months ended 30th September 2021: HK\$51,662,000) are recognised in the condensed consolidated income statement.

(d) As at 30th September 2022, except for an amount of HK\$65,968,000 (31st March 2022: HK\$81,366,000) which is interest free, an amount of HK\$420,809,000 (31st March 2022: HK\$490,212,000) carries interest at 4.25% (31st March 2022: 4.25%) per annum. The balances are unsecured, repayable on demand and denominated in HK dollar.

(e) 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\$187,717,000 (31st March 2022: HK\$262,512,000) which carries interest at prevailing market rates and an amount of HK\$182,221,000 (31st March 2022: HK\$225,261,000) which carries interest at fixed rate ranging from 2.9% to 2.95% (31st March 2022: 2.9% to 2.95%) per annum.

(f) As at 30th September 2022, except for an amount of HK\$363,349,000 (31st March 2021: HK\$377,884,000) which is interest free, HK\$3,515,600,000 (31st March 2021: HK\$3,492,400,000) bears interest fixed rate of 2.47% (31st March 2022: 2.94%) per annum. The balances are unsecured, repayable on demand and denominated in HK dollar.

(g) As at 30th September 2022, the balance represents the present value of the consideration receivable for partial disposal of property development project in mainland China which is repayable at the later of (i) 30th June 2023 or (ii) within five business days after the completion date of the underlying property development project. During the period ended 30th September 2022, HK\$21,173,000 (for the six months ended 30th September 2021: HK\$20,499,000) is recognised as finance income. The balance is denominated in HK dollar.

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18 Trade and other receivables, deposits and prepayments

	As at 30th September 2022 HK\$'000	As at 31st March 2022 HK\$'000
Trade receivables	385,374	376,590
Less: Provision for loss allowance of trade receivables	(43,756)	(67,184)
Trade receivables, net of provision	341,618	309,406
Other receivables and deposits	854,348	1,021,598
Interest receivable	77,464	72,014
Stakeholders' accounts	1,118,410	1,395,928
Prepayments	492,583	493,043
Contract cost assets	186,249	173,171
Contract assets	35,381	32,398
Loans receivable at amortised cost (note 17)	288,900	2,378,412
Loans receivable at fair value through profit or loss (note 17)	99,278	83,085
Amounts due from fellow subsidiary companies (note)	3,929	7,829
Amounts due from joint ventures (note 17)	55,701	80,099
Amounts due from associates (note 17)	363,349	377,884
Amounts due from investee companies (note)	936	955
Amounts due from non-controlling interests (note)	236,632	1,036,624
Amounts due from related companies (note)	4,053	4,000
Amount due from immediate holding company (note)	215,585	307,606
Amounts due from ultimate holding company (note)	7,628	7,679
	<u>4,382,044</u>	<u>7,781,731</u>

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

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19 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 2022 and 30th September 2022	1,000,000,000	1,000,000,000
Issued and fully paid:		
Ordinary shares of 1 Hong Kong dollar each		
At 31st March 2022 and 30th September 2022	62,743,532	62,743,532

Perpetual capital securities

	As at 30th September 2022 HK\$'000	As at 31st March 2022 HK\$'000
US\$500 million issued in 2021	3,886,798	3,886,765

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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20 Bank and other borrowings

	As at 30th September 2022 HK\$'000	As at 31st March 2022 HK\$'000
Long-term bank borrowings (note (a))		
- secured	10,680,042	11,395,019
- unsecured	7,102,220	9,556,029
Other long-term borrowings (note (a))		
- secured	162,073	161,611
Long-term medium term notes (note (b))		
- listed	12,346,972	14,765,117
- unlisted	1,008,853	1,808,265
Less: current portion of long-term bank borrowings	(1,624,290)	(2,725,649)
Less: current portion of long-term medium term notes	(509,982)	(3,655,556)
	<u>29,165,888</u>	<u>31,304,836</u>
Current portion of long-term bank borrowings (note (a))		
- secured	1,624,290	2,109,223
- unsecured	-	616,426
Other short-term bank borrowings (note (a))		
- secured	170,732	170,245
- unsecured	1,098,228	-
Current portion of long-term medium term notes (note (b))		
- listed	-	2,346,060
- unlisted	509,982	1,309,496
	<u>3,403,232</u>	<u>6,551,450</u>
Total bank and other borrowings	<u>32,569,120</u>	<u>37,856,286</u>

As at 30th September 2022 and 31st March 2022, the Group's bank and other borrowings are repayable as follows:

	As at 30th September 2022 HK\$'000	As at 31st March 2022 HK\$'000
Within one year	3,403,232	6,551,450
Between one and two years	3,020,771	8,889,336
Between two and three years	6,593,500	3,354,506
Between three and four years	5,828,390	4,207,454
Between four and five years	1,984,316	2,538,167
Over five years	11,738,911	12,315,373
	<u>32,569,120</u>	<u>37,856,286</u>

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20 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 25).

The effective interest rate based on the prevailing market rates on the bank borrowings as at 30th September 2022 is 2.66% (31st March 2022: 2.60%) per annum.

- (b) Nan Fung Treasury Limited, a subsidiary of the Group has established a Medium Term Note Programme (“MTN”) with aggregate principal amount of US\$3 billion. As at 30th September 2022, the Group has drawdown of HK\$1,010 million which is unlisted and US\$1,588 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
10th October 2012	HK\$300 million	10th October 2022	4.125%	Quarterly
8th November 2012	HK\$110 million	8th November 2022	3.95%	Quarterly
30th January 2013	HK\$100 million	30th January 2023	3.85%	Quarterly
29th May 2014	US\$193.5 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\$395 million (note 2)	3rd October 2027	3.875%	Semi-annually
5th September 2018	US\$500 million	5th September 2028	5.00%	Semi-annually
27th August 2020	US\$500 million	27th August 2030	3.625%	Semi-annually

The MTN is guaranteed unconditionally and irrevocably by the Company. As at 30th September 2022, the fair values of the MTN are HK\$12,018,296,000 (31st March 2022: HK\$16,369,712,000). Of which, HK\$11,057,008,000 (31st March 2022: HK\$14,569,002,000) is within level 1 of fair value hierarchy and the remaining is within level 2 of fair value hierarchy. Total remaining capacity of the MTN amounted to US\$1,282,859,000 (31st March 2022: US\$865,285,000).

During period ended 30th September 2022, nominal value of the medium term notes of HK\$800 million and US\$300 million were fully repaid on maturity.

Notes:

- (1) On 20th July 2020, the Group repurchased US\$6.5 million MTN from third party and subsequently cancelled it on 12th August 2020, resulting in a decrease in drawdown balance from US\$200 million to US\$193.5 million during the year ended 31st March 2021.
- (2) On 10th August 2022 and 6th September 2022, the Group repurchased US\$10 million and US\$5 million MTN from third party and subsequently cancelled it on 26th August 2022 and 22nd September 2022 respectively, resulting in a decrease in drawdown balance from US\$410 million to US\$395 million during the period ended 30th September 2022.
- (c) As at 30th September 2022, the Group had HK\$16,977,812,000 (31st March 2022: HK\$13,770,669,000) undrawn banking facilities.

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21 Trade and other payables, deposits and accruals

	As at 30th September 2022 HK\$'000	As at 31st March 2022 HK\$'000
Trade and other payables and accruals	1,868,837	1,978,682
Accruals for construction work	532,660	541,445
Rental and other deposits received	581,751	576,956
Deferred income	8,316	28,490
Amounts due to joint ventures (note 15)	448,091	446,466
Amounts due to associates (note 16)	406,806	405,932
Amounts due to investee companies (note (a))	9,158	9,158
Amounts due to related companies and individuals (note (b))	493,280	499,454
Amount due to a fellow subsidiary company (note (a))	41,000	-
Amounts due to immediate holding company (note (a))	7,939	7,962
Amounts due to ultimate holding company (note (a))	9,952	8,826
Amounts due to non-controlling interests at amortised cost (note (c))	2,514,859	2,536,504
Amounts due to non-controlling interests at fair value through profit or loss (note (d))	319,621	299,526
	<u>7,242,270</u>	<u>7,339,401</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 2022, amounts due to related companies and individuals of HK\$4,893,000 (31st March 2022: HK\$4,869,000) bear interest at 1% (31st March 2022: 1%) per annum and remaining balances are interest free. The balances are unsecured and repayable on demand.
- (c) As at 30th September 2022, amounts due to non-controlling interests of HK\$839,153,000 (31st March 2022: HK\$839,153,000) bear interest at 5.0% (31st March 2022: 5.0%). 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. It is measured at fair value through profit or loss and redeemable at the net assets of a subsidiary of the Group at any time by the holder.

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NOTES TO THE INTERIM FINANCIAL INFORMATION

22 Notes to condensed consolidated statement of cash flows

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

		For the six months ended 30th September	
	Note	2022 HK\$'000	2021 HK\$'000
Profit before income tax		185,756	2,073,248
Depreciation of property, plant and equipment		65,381	88,957
Amortisation of right-of-use assets		25,286	23,491
Net change in fair values of investment properties		(1,078,752)	(785,350)
Net gain on disposal of property, plant and equipment		(536)	(239)
Net gain on disposal of interests in a joint venture	22(b)	-	(122,633)
Unrealised loss on financial assets at fair value through profit or loss and derivatives		2,493,274	3,309,491
Unrealised gain on loans receivable at fair value through profit or loss		(24,974)	(51,662)
Net write-back of loss allowances of financial assets		(4,935)	(373,837)
Finance income, net		(288,130)	(93,454)
Share of results of joint ventures		(428,826)	(371,368)
Share of results of associates		(62,448)	(475,462)
Net cash generated from operating profit before working capital changes		881,096	3,221,182
Decrease/(increase) in:			
Properties for sale		(146,721)	345,849
Trade and other receivables, deposits and prepayments		401,909	(22,177)
Financial assets at fair value through profit or loss		1,319,601	(629,018)
Increase/(decrease) in:			
Trade and other payables, deposits and accruals		(56,485)	(96,521)
Contract liabilities		286,946	2,398,761
Financial liabilities at fair value through profit or loss		98,107	(38,461)
Net cash generated from operations		2,784,453	5,179,615

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NOTES TO THE INTERIM FINANCIAL INFORMATION

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

(b) Disposal of interests in a joint venture

On 8th July 2021, the group entered into a sales and purchase agreement with the joint venture partner, IPG 23-30 Borden Upper Tier Member, LLC, for the disposal of 80% interest in IPG 23-30 Borden JV Member LLC, which held 50% interest in a property project in New York, at an aggregate consideration of US\$17 million (equivalent to HK\$133,672,000). The transaction was completed on 19th July 2021 with net gain on disposal of US\$16 million (equivalent to HK\$122,633,000) recognised. Details of the disposal are as follows:

	HK\$'000
Net assets disposed of:	
Interest in joint ventures	
- Cost	88,923
- Share of net assets	(77,859)
	<u>11,064</u>
Net gain on disposal of a joint venture:	
Total consideration	133,672
Net asset disposed of	(11,064)
Release of exchange reserves	25
	<u>122,633</u>
Net proceeds from disposal of interests in a joint venture:	
Consideration received	133,672
	<u>133,672</u>

(c) Significant non-cash transactions

During the period ended 30th September 2022, dividends paid to non-controlling interest amounting to HK\$800,000,000 were settled through amounts due from non-controlling interest.

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23 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 2022 HK\$'000	As at 31st March 2022 HK\$'000
Contracted but not provided for		
Investment properties (note (i))	1,118,438	988,078
Other investments (note (ii))	5,308,479	5,038,775
	<u>6,426,917</u>	<u>6,026,853</u>
Capital contribution to		
Joint ventures (note (iii))	31,163	12,862
	<u>6,458,080</u>	<u>6,039,715</u>

- (i) As at 30th September 2022 and 31st March 2022, the Group has capital commitments for investment properties under development and completed investment properties.
- (ii) As at 30th September 2022 and 31st March 2022, 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 2022, the Group has an outstanding commitment to contribute capital of US\$2,483,000 (31st March 2022: US\$796,000) and HK\$11,685,000 (31st March 2022: HK\$6,667,000) to joint ventures for jointly developing manufacturing and office properties and parking lot located in New York and Hong Kong.

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

	As at 30th September 2022 HK\$'000	As at 31st March 2022 HK\$'000
Third parties		
- not later than one year	4,496	1,926
- later than one year and not later than five years	139	-
	<u>4,635</u>	<u>1,926</u>

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24 Future operating lease receivables

At 30th September 2022 and 31st March 2022, 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 2022 HK\$'000	As at 31st March 2022 HK\$'000
Within one year	1,765,617	1,689,645
Between one and two years	1,461,682	1,323,266
Between two and three years	1,084,007	1,038,329
Between three to four years	726,685	805,454
Between four to five years	541,897	585,562
Later than five years	1,624,877	1,675,886
	<u>7,204,765</u>	<u>7,118,142</u>

25 Pledge of assets

At 30th September 2022 and 31st March 2022, the Group had pledged certain assets to secure borrowings of the Group. Their carrying values were as follows:

	As at 30th September 2022 HK\$'000	As at 31st March 2022 HK\$'000
Property, plant and equipment	1,176,372	1,450,693
Investment properties	50,112,239	50,707,627
Right-of-use assets	401,586	349,817
Financial assets at fair value through profit or loss	6,388,722	9,086,005
	<u>58,078,919</u>	<u>61,594,142</u>

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26 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	
	2022	2021
	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>13,979</u>	<u>13,844</u>
Key management compensation	<u>64,147</u>	<u>102,439</u>

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