

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 2021

**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 38, 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 2021 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 a summary of significant accounting policies and other 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, 2nd December 2021

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 2021**

		Unaudited For the six months ended 30th September	
	Note	2021 HK\$'000	2020 HK\$'000
Revenue	5, 6	2,771,855	1,209,393
Cost of sales		(1,157,962)	(295,827)
Gross profit		1,613,893	913,566
Net (losses)/income on financial investments	7	(901,122)	3,940,941
Other income and gains, net	8	711,230	76,625
Net change in fair values of investment properties		785,350	(338,707)
Other operating expenses		(1,076,387)	(827,799)
Operating profit	9	1,132,964	3,764,626
Finance income		241,940	280,449
Finance expenses		(141,061)	(129,061)
Other finance charges and net exchange difference on financing activities		(7,425)	(87,627)
Finance income, net	10	93,454	63,761
Share of results of			
- Joint ventures		371,368	421,176
- Associates		475,462	(208,648)
Profit before income tax		2,073,248	4,040,915
Income tax expense	11	(219,174)	(30,782)
Profit for the period		1,854,074	4,010,133
Profit/(loss) for the period attributable to:			
- Owners of the Company		1,474,281	3,908,405
- Holders of perpetual capital securities		97,146	117,875
- Non-controlling interests		282,647	(16,147)
		1,854,074	4,010,133

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 2021**

	Unaudited For the six months ended 30th September	
	2021 HK\$'000	2020 HK\$'000
Profit for the period	1,854,074	4,010,133
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Share of other comprehensive income/(loss) of joint ventures and associates	40,590	(39,255)
Release of exchange reserve upon disposal of subsidiaries	-	9,994
Release of exchange reserve upon disposal of a joint venture	(25)	-
Cash flow hedges:		
Fair value change	(25,478)	-
Cost of hedging	24,991	-
Hedging gain reclassified to profit or loss	(510)	-
Exchange translation differences	261,789	901,603
Other comprehensive income for the period	301,357	872,342
Total comprehensive income for the period	2,155,431	4,882,475
Total comprehensive income for the period attributable to:		
- Owners of the Company	1,753,005	4,728,023
- Holders of perpetual capital securities	97,146	117,875
- Non-controlling interests	305,280	36,577
	2,155,431	4,882,475

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

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30TH SEPTEMBER 2021

		Unaudited As at 30th September 2021 HK\$'000	Audited As at 31st March 2021 HK\$'000
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment	13	2,141,929	2,201,213
Investment properties	14	82,594,094	77,370,386
Right-of-use assets		864,283	876,166
Joint ventures	15	3,534,121	3,227,608
Associates	16	3,404,740	2,950,226
Financial assets at fair value through profit or loss		21,560,761	22,546,159
Loans and other receivables	17	6,554,508	8,476,318
Amounts due from investee companies		43,629	45,039
Deferred income tax assets		272,091	239,200
Other non-current asset		-	18,904
		<u>120,970,156</u>	<u>117,951,219</u>
Current assets			
Properties for sale		12,574,913	12,821,615
Trade and other receivables, deposits and prepayments	18	7,588,532	6,533,761
Financial assets at fair value through profit or loss		9,857,643	11,500,215
Prepaid tax		33,633	59,149
Cash and bank balances		18,283,543	15,665,310
		<u>48,338,264</u>	<u>46,580,050</u>
Total assets		<u>169,308,420</u>	<u>164,531,269</u>
EQUITY			
Equity attributable to the owner's of the Company			
Share capital	19	62,743,532	62,743,532
Reserves		50,456,059	49,581,463
		<u>113,199,591</u>	<u>112,324,995</u>
Perpetual capital securities	19	3,886,703	3,886,689
		<u>117,086,294</u>	<u>116,211,684</u>
Non-controlling interests		1,791,597	1,479,648
Total equity		<u>118,877,891</u>	<u>117,691,332</u>

NAN FUNG INTERNATIONAL HOLDINGS LIMITED
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CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 30TH SEPTEMBER 2021

	Note	Unaudited As at 30th September 2021 HK\$'000	Audited As at 31st March 2021 HK\$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		3,574,725	3,316,599
Bank and other borrowings	20	28,164,796	29,923,257
Lease liabilities		125,084	125,938
Other long-term liabilities		34,818	71,404
		<u>31,899,423</u>	<u>33,437,198</u>
Current liabilities			
Trade and other payables, deposits and accruals	21	9,083,985	9,103,005
Contract liabilities		2,910,813	512,052
Financial liabilities at fair value through profit or loss		371,720	410,181
Lease liabilities		14,134	14,443
Bank and other borrowings	20	5,299,801	2,514,889
Tax payable		850,653	848,169
		<u>18,531,106</u>	<u>13,402,739</u>
Total liabilities		<u>50,430,529</u>	<u>46,839,937</u>
Total equity and liabilities		<u>169,308,420</u>	<u>164,531,269</u>

On behalf of the Board

Leung Kam Chung
Director

Cheung Vincent Sai Sing
Director

NAN FUNG INTERNATIONAL HOLDINGS LIMITED
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2021

	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	84,111,041	(33,060,444)	(594,438)	113,199,591	3,886,703	1,791,597	118,877,891

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2021

	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 2020	62,743,532	74,147,482	(33,072,358)	(2,937,648)	100,881,008	3,968,568	322,619	105,172,195
Comprehensive income								
Profit/(loss) for the period	-	3,908,405	-	-	3,908,405	117,875	(16,147)	4,010,133
Other comprehensive income	-	-	-	819,618	819,618	-	52,724	872,342
Total comprehensive income	-	3,908,405	-	819,618	4,728,023	117,875	36,577	4,882,475
Dividend paid to owners of the Company (note 12)	-	(1,084,020)	-	-	(1,084,020)	-	-	(1,084,020)
Disposal of interests in subsidiaries (note 22(b))	-	-	-	-	-	-	128,732	128,732
Capital injection of non-controlling interests	-	-	-	-	-	-	7,066	7,066
Issuance of perpetual capital securities	-	-	-	-	-	3,875,350	-	3,875,350
Transaction costs in relation to issuance of perpetual capital securities	-	(41,135)	-	-	(41,135)	-	-	(41,135)
Acquisition of non-controlling interest	-	-	-	(348)	(348)	-	-	(348)
Distribution paid to holders of perpetual capital securities	-	-	-	-	-	(106,615)	-	(106,615)
	-	(1,125,155)	-	(348)	(1,125,503)	3,768,735	135,798	2,779,030
At 30th September 2020	62,743,532	76,930,732	(33,072,358)	(2,118,378)	104,483,528	7,855,178	494,994	112,833,700

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 2021

		Unaudited For the six months ended 30th September	
	Note	2021 HK\$'000	2020 HK\$'000
Cash flows from operating activities			
Net cash generated from operations	22(a)	5,179,615	89,294
Profits tax paid		(17,384)	(144,850)
Net cash from/(used in) operating activities		5,162,231	(55,556)
Cash flows from investing activities			
Interest received		281,267	304,148
Purchase of property, plant and equipment		(8,386)	(44,376)
Proceeds from disposal of property, plant and equipment		382	-
Additions to investment properties		(2,162,101)	(1,177,489)
Acquisition of an Investment property		(1,636,053)	-
Proceeds from sale of investment properties		-	286,115
Decrease in amounts due from investee companies		1,410	1,077
Increase in amount due from non-controlling interest		(339,985)	-
Dividends received from joint ventures		61,000	9,000
Dividends received from an associate		4,000	4,000
Decrease in investment in and amounts due from joint ventures		(129,080)	(31,729)
Decrease in investment in and amounts due from associates		28,944	56,853
Decrease in amounts due to joint ventures		221,894	1,087,649
Increase in amounts due to associates		340,000	34,000
Net proceeds from disposal of interests in subsidiaries	22(b)	-	238,504
Net proceeds from disposal of interests in a joint venture	22(c)	133,672	-
Decrease in loans and other receivables		1,502,684	367,880
Decrease in amounts due from fellow subsidiary companies		1,874	1,453
Decrease/(increase) in amounts due from related companies		2,038	(3,368)
Decrease in amount due from immediate holding company		266,032	508,840
Increase in amount due from ultimate holding company		(195)	(12)
Increase in short term bank deposits with original maturities more than three months		(117,661)	(2,023,565)
Net cash used in investing activities		(1,548,264)	(381,020)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2021

		Unaudited For the six months ended 30th September	
	Note	2021 HK\$'000	2020 HK\$'000
Cash flows from financing activities			
Interest paid		(644,548)	(572,186)
Increase/(decrease) in amounts due to related companies and individuals		21,833	(16,904)
Decrease in amount due to immediate holding company		(16)	(12)
Decrease in amount due to ultimate holding company		(357,215)	(29,420)
Capital injection from non-controlling interests		7,779	7,066
Decrease in amounts due to non-controlling interests		(142,321)	(468,100)
Principal elements of lease payments		(11,944)	(8,376)
Drawdown of bank and other borrowings		4,286,458	5,250,561
Repayment of bank and other borrowings		(3,295,430)	(9,594,497)
Dividend paid to non-controlling interest		(1,110)	-
Dividend paid to owners of the Company		(878,409)	(1,084,020)
Issuance of medium term note		-	3,822,296
Repayment of medium term note		-	(50,592)
Issuance of perpetual capital securities, net of expenses		-	3,834,215
Distribution paid to holders of perpetual capital securities		(97,132)	(106,615)
Net cash (used in)/from financing activities		(1,112,055)	983,416
Net increase in cash and cash equivalents		2,501,912	546,840
Cash and cash equivalents at the beginning of period		13,621,593	14,575,042
Currency translation differences		(1,340)	(20,363)
Cash and cash equivalents at the end of period		16,122,165	15,101,519
Analysis of the balance of the cash and cash equivalents:			
Bank balances and cash		9,713,270	6,288,772
Short-term bank deposits		8,570,273	11,907,293
		18,283,543	18,196,065
Less: bank deposits with original maturities more than three months		(2,161,378)	(3,094,546)
Cash and cash equivalents at the end of period		16,122,165	15,101,519

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 2nd December 2021.

2 Basis of preparation and summary of significant accounting policies

This condensed consolidated interim financial information for the six months ended 30th September 2021 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 2021, 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 2021.

(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 2021 and are relevant to its operation.

IAS 39, IFRS 4, IFRS 7, IFRS 9 and Interest Rate Benchmark Reform – Phase 2
IFRS 16 (Amendments)

In addition, the Group has early adopted the following amendment to the accounting standard for the accounting period commencing 1st April 2021:

IFRS 16 (Amendments) Covid-19-Related Rent Concessions beyond 30 June 2021
(early adopted)

The Group has assessed the impact of the adoption of these new amendments to standards, there is neither significant impact on the Group’s results and financial position nor any substantial changes in 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 16 (Amendments)	Property, Plant and Equipment before Intended Use	1st January 2022
IAS 37 (Amendments)	Onerous Contracts—Cost of Fulfilling a Contract	1st January 2022
IFRS 3 (Amendments)	Reference to the Conceptual Framework	1st January 2022
Annual Improvements to IFRS (Amendments)	Annual Improvements 2018-2020 Cycle	1st January 2022
IAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1st January 2023
IAS 1 (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	Insurance contracts	1st January 2023
IFRS 10 and IAS 28	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 2021. 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 2021				
Amounts due from joint ventures at fair value through profit or loss	-	-	578,762	578,762
Loans receivable at fair value through profit or loss	-	-	1,127,790	1,127,790
Financial assets at fair value through profit or loss				
- listed	13,250,046	-	-	13,250,046
- unlisted	-	453,722	17,714,636	18,168,358
Total	13,250,046	453,722	19,421,188	33,124,956
Financial liabilities at fair value through profit or loss				
- listed	(2,575)	-	-	(2,575)
- unlisted	-	(369,145)	-	(369,145)
Total	(2,575)	(369,145)	-	(371,720)

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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 2021				
Amounts due from joint ventures at fair value through profit or loss	-	-	591,761	591,761
Loans receivable at fair value through profit or loss	-	-	1,328,086	1,328,086
Financial assets at fair value through profit or loss				
- listed	14,627,790	-	-	14,627,790
- unlisted	-	508,293	18,910,291	19,418,584
Total	14,627,790	508,293	20,830,138	35,966,221
Financial liabilities at fair value through profit or loss	(338)	-	-	(338)
- unlisted	-	(409,843)	-	(409,843)
Total	(338)	(409,843)	-	(410,181)

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 2021, financial assets at fair value through profit or loss of HK\$17,714,636,000 (31st March 2021: HK\$18,910,291,000) 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 factor 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 2021:

	Amounts due from joint ventures at fair value through profit or loss HK\$'000	Financial assets at fair value through profit or loss HK\$'000	Loans receivable at fair value through profit or loss HK\$'000
At 1st April 2021	591,761	18,910,291	1,328,086
Additions	26,484	1,116,822	57,662
Repayment	(39,483)	-	(309,620)
Disposal	-	(779,313)	-
Return of capital	-	(467,853)	-
Total unrealised gains or losses recognised in income statement	-	(1,086,012)	51,662
Exchange translation differences	-	20,701	-
At 30th September 2021	578,762	17,714,636	1,127,790

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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	Financial assets at fair value through profit or loss HK\$'000	Loans receivable at fair value through profit or loss HK\$'000
At 1st April 2020	745,691	12,781,987	1,831,741
Additions	45,808	1,124,767	85,280
Repayment	(112,174)	-	(465,767)
Disposal	-	(655,301)	-
Return of capital	-	(526,148)	-
Total unrealised gains or losses recognised in income statement	-	1,181,572	4,546
Exchange translation differences	-	(7,490)	-
At 30th September 2020	679,325	13,899,387	1,455,800

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 2021.

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 and treasury

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NOTES TO THE INTERIM FINANCIAL INFORMATION

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, intermediate 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 income on financial investments” as “Revenue” under financial investment segment for making strategic decision. Therefore, dividend income of HK\$1,877,981,000 (for the six months ended 30th September 2020: HK\$378,843,000) and interest income from debt and convertible securities of HK\$30,621,000 (for the six months ended 30th September 2020: HK\$52,937,000) 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 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 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	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>

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5 Segment reporting (Continued)

The segment results for the six months ended 30th September 2020 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	574,123	(357,140)	1,278,704	475,922	91,821	(225,553)	1,944,648	(106,771)
Mainland China and overseas properties	635,412	395,303	99,204	(54,586)	74,335	18,485	808,951	359,202
Financial investment	431,638	3,849,703	-	(160)	2,171	(1,580)	433,809	3,847,963
Corporate, treasury and others	-	(123,240)	-	-	-	-	-	(123,240)
	<u>1,641,173</u>	<u>3,764,626</u>	<u>1,377,908</u>	<u>421,176</u>	<u>168,327</u>	<u>(208,648)</u>	<u>3,187,408</u>	<u>3,977,154</u>
Segment results								3,977,154
Finance income, net								63,761
Profit before income tax								4,040,915
Income tax expense								(30,782)
Profit for the period								<u>4,010,133</u>

The segment assets and liabilities at 30th September 2021 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	68,809,674	3,909,141	4,730,792	77,449,607	(8,859,462)
Mainland China and overseas properties	41,450,675	758,839	2,556,484	44,765,998	(2,384,758)
Financial investment	33,734,745	2,795	-	33,737,540	(436,640)
Corporate and treasury	13,049,551	-	-	13,049,551	(843,622)
	<u>157,044,645</u>	<u>4,670,775</u>	<u>7,287,276</u>	<u>169,002,696</u>	<u>(12,524,482)</u>
Deferred income tax assets				272,091	-
Prepaid tax				33,633	-
Bank and other borrowings				-	(33,464,597)
Amount due to immediate holding company				-	(7,962)
Amount due to ultimate holding company				-	(8,110)
Deferred income tax liabilities				-	(3,574,725)
Tax payable				-	(850,653)
Consolidated total assets/(liabilities)				<u>169,308,420</u>	<u>(50,430,529)</u>

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NOTES TO THE INTERIM FINANCIAL INFORMATION

5 Segment reporting (Continued)

The segment assets and liabilities at 31st March 2021 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	66,596,407	3,573,985	4,293,151	74,463,543	(6,083,437)
Mainland China and overseas properties	39,674,386	664,730	2,510,987	42,850,103	(2,335,715)
Financial investment	36,822,582	2,667	-	36,825,249	(439,453)
Corporate and treasury	10,094,025	-	-	10,094,025	(1,005,115)
	<u>153,187,400</u>	<u>4,241,382</u>	<u>6,804,138</u>	<u>164,232,920</u>	<u>(9,863,720)</u>
Deferred income tax assets				239,200	-
Prepaid tax				59,149	-
Bank and other borrowings				-	(32,438,146)
Amount due to immediate holding company				-	(7,978)
Amount due to ultimate holding company				-	(365,325)
Deferred income tax liabilities				-	(3,316,599)
Tax payable				-	(848,169)
Consolidated total assets/(liabilities)				<u>164,531,269</u>	<u>(46,839,937)</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	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong properties	59,562	39,524	2,085,455	1,827,490
Mainland China and overseas properties	40,917	38,875	2,117,218	287,467
Financial investment	5,108	5,326	5,760	2,976
Corporate and treasury	6,861	6,647	1,112	2,644
	<u>112,448</u>	<u>90,372</u>	<u>4,209,545</u>	<u>2,120,577</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	
	2021	2020
	HK\$'000	HK\$'000
Hong Kong	3,953,715	1,005,760
Mainland China	567,479	514,026
Overseas	159,263	121,387
	<u>4,680,457</u>	<u>1,641,173</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 2021 HK\$'000	As at 31st March 2021 HK\$'000
Hong Kong	51,534,002	48,656,770
Mainland China	29,117,254	28,084,928
Overseas	11,887,911	9,902,805
	<u>92,539,167</u>	<u>86,644,503</u>

6 Revenue

	For the six months ended 30th September	
	2021	2020
	HK\$'000	HK\$'000
Recognised at a point in time		
- sale of properties	1,565,223	125,753
- hotel revenue – food and beverage sales	50,008	37,664
Recognised over time		
- construction revenue	16,758	734
- hotel revenue – room rental	61,562	42,676
- property management fee income	159,446	147,085
From other sources		
- gross rental income	875,293	820,697
- interest income from loans receivable classified as financial assets at fair value through profit or loss	43,565	34,784
	<u>2,771,855</u>	<u>1,209,393</u>

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7 Net (losses)/income on financial investments

	For the six months ended 30th September	
	2021	2020
	HK\$'000	HK\$'000
Dividend income (note (a))	1,877,981	378,843
Interest income from debt and convertible securities	30,621	52,937
Net (loss)/gain on financial assets at fair value through profit or loss (note (b))	(2,947,520)	3,538,274
Net gain/(loss) on derivatives (note (c))	137,796	(29,113)
	<u>(901,122)</u>	<u>3,940,941</u>

Notes:

- (a) Amounts mainly included cash distribution and share distribution in kind (of the underlying investment held by the fund) from fund investments during the period.
- (b) The amount comprised realised gain of HK\$430,812,000 (for the six months ended 30th September 2020: HK\$514,458,000) and unrealised loss of HK\$3,378,332,000 (for the six months ended 30th September 2020: unrealised gain of HK\$3,023,816,000) on financial assets at fair value through profit or loss.
- (c) The amount comprised realised gain of HK\$68,955,000 (for the six months ended 30th September 2020: HK\$109,219,000) and unrealised gain of HK\$68,841,000 (for the six months ended 30th September 2020: unrealised loss of HK\$138,332,000) on derivatives.
- (d) Comparative figures have been reclassified to conform with current year's presentation: a reclassification of dividend income and interest income from debt and convertible securities of HK\$378,843,000 and HK\$52,937,000 respectively from "Revenue" and net gain on financial assets at fair value through profit or loss and net loss on derivatives of HK\$3,538,274,000 and HK\$29,113,000 respectively from "Other income and gains, net" to "Net income on financial investments" to reflect the current assessment on the performance of the respective investments from the management of the Group.

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NOTES TO THE INTERIM FINANCIAL INFORMATION

8 Other income and gains, net

	For the six months ended 30th September	
	2021 HK\$'000	2020 HK\$'000
Unrealised gain on loans receivable at fair value through profit or loss (note 17(c))	51,662	4,546
Net gain on disposal of interests in subsidiaries (note 22(b))	-	2,874
Net gain on disposal of interests in a joint venture (note 22(c))	122,633	-
Net gain on disposal of property, plant and equipment	239	-
Net write-back of/(provision for) loss allowances of financial assets (note (a))	373,837	(74,215)
Net exchange gain	23,081	78,460
Others	139,778	64,960
	<u>711,230</u>	<u>76,625</u>

Note:

- (a) The amount comprised net provision for loss allowances of trade receivables of HK\$15,220,000 (for the six months ended 30th September 2020: HK\$73,741,000) and write-back for loss allowance of loan receivables of HK\$389,057,000 (for the six months ended 30th September 2020: HK\$nil). For the period ended 30th September 2020, the amount included net provision for loss allowances of other receivables of HK\$474,000.

9 Operating profit

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

	For the six months ended 30th September	
	2021 HK\$'000	2020 HK\$'000
Cost of properties sold	892,261	87,090
Cost/(write-back) of construction works	17,489	(3,538)
Hotel direct costs (note)	60,609	44,909
Outgoings in respect of rental income	184,316	164,416
Depreciation and amortisation of		
- property, plant and equipment (note 13)	88,957	67,495
- right-of-use assets - leasehold land and land use right	15,950	15,423
- right-of-use assets - buildings	7,541	7,454
Staff costs (net of amount capitalised in properties under construction of HK\$70,048,000 (for the six months ended 30th September 2020: HK\$52,629,000)) (note)	618,437	449,697
Marketing and selling expenses	62,850	60,527
Short-term and low-value leases expenses	7,881	7,695
	<u>618,437</u>	<u>449,697</u>

Note: For the period ended 30th September 2020, the Group received subsidies of HK\$25,034,000 from Employment Support Scheme launched by the Hong Kong Government, of which HK\$4,071,000 and HK\$20,963,000 are netted off in hotel direct cost and staff cost respectively.

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NOTES TO THE INTERIM FINANCIAL INFORMATION

10 Finance income, net

	For the six months ended 30th September	
	2021	2020
	HK\$'000	HK\$'000
Interest income on		
- amount due from		
- joint ventures	15,463	20,322
- associates	41,973	50,436
- investee company	144	462
- bank deposits	68,749	97,130
- loans and other receivables	114,780	107,502
- others	831	4,597
	<u>241,940</u>	<u>280,449</u>
Interest expenses on		
- bank borrowings	(243,877)	(238,328)
- guaranteed notes	(343,414)	(289,376)
- amount due to non-controlling interest	(21,433)	(35,420)
- lease liabilities	(2,485)	(2,777)
- others	(365)	(24)
	<u>(611,574)</u>	<u>(565,925)</u>
Total finance costs incurred		
Less: amount capitalised to investment properties and properties for sale under development	470,513	436,864
	<u>(141,061)</u>	<u>(129,061)</u>
Total finance costs expensed during the period		
Interest income, net	100,879	151,388
Other finance charges	(17,511)	(28,854)
Net exchange gain/(loss) on financing activities	10,086	(58,773)
	<u>93,454</u>	<u>63,761</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 2020: 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 2020: 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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NOTES TO THE INTERIM FINANCIAL INFORMATION

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	
	2021	2020
	HK\$'000	HK\$'000
Current income tax		
Hong Kong profits tax	(4,856)	(20,428)
Mainland China income tax	20	190
Overseas profits tax	28,751	17,134
Withholding tax	21,765	13,676
Deferred income tax	173,494	20,210
	<u>219,174</u>	<u>30,782</u>

The Group's share of tax charge of joint ventures and associates for the six months ended 30th September 2021 totalling HK\$126,127,000 (for the six months ended 30th September 2020: HK\$97,830,000) 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	
	2021	2020
	HK\$'000	HK\$'000
Dividend paid of HK\$0.14 (2020: HK\$0.17) per share	<u>887,409</u>	<u>1,084,020</u>

13 Property, plant and equipment

	2021	2020
	HK\$'000	HK\$'000
Net book amount:		
At 1st April	2,201,213	2,193,780
Additions	8,386	44,373
Disposals	(143)	-
Charge for the period	(88,957)	(67,495)
Exchange differences	21,430	46,051
At 30th September	<u>2,141,929</u>	<u>2,216,709</u>

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14 Investment properties

	2021 HK\$'000	2020 HK\$'000
At 1st April	77,370,386	74,476,965
Additions	4,188,423	2,049,064
Net change in fair values	785,350	(338,707)
Exchange differences	249,935	1,168,151
At 30th September	<u>82,594,094</u>	<u>77,355,473</u>

The analysis of valuation of the above investment properties at 30th September 2021 and 31st March 2021 are as follows:

	As at 30th September 2021 HK\$'000	As at 31st March 2021 HK\$'000
At external professional valuation	<u>82,594,094</u>	<u>77,370,386</u>

15 Joint ventures

	As at 30th September 2021 HK\$'000	As at 31st March 2021 HK\$'000
Share of net assets	<u>3,534,121</u>	<u>3,227,608</u>
Amounts due to joint ventures (note and note 21)	<u>(436,966)</u>	<u>(215,072)</u>

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

As at 30th September 2021 and 31st March 2021, 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 2021 HK\$'000	As at 31st March 2021 HK\$'000
Share of net assets	3,404,740	2,950,226
Amounts due to associates (note and note 21)	(389,932)	(49,932)

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

17 Loans and other receivables

	As at 30th September 2021 HK\$'000	As at 31st March 2021 HK\$'000
Loans receivable at amortised cost		
- secured loans (note (a))	2,311,220	3,166,439
- unsecured loans (note (b))	92,323	113,715
Loans receivable at fair value through profit or loss (note (c))	1,127,790	1,328,086
Amounts due from joint ventures		
- at amortised cost (note (d))	557,892	422,013
- at fair value through profit or loss (note (e))	578,762	591,761
Amounts due from associates at amortised cost (note (f))	3,882,536	3,853,912
Amount due from non-controlling interests at amortised cost (note (g))	874,577	854,077
	9,425,100	10,330,003
Less: current portion of		
- loans receivable		
- at amortised cost (note 18)	(2,307,780)	(1,287,942)
- at fair value through profit or loss (note 18)	(89,963)	(60,541)
- amounts due from joint ventures (note (d) and note 18)	(67,913)	(114,890)
- amounts due from associates (note 18)	(404,936)	(390,312)
	6,554,508	8,476,318

Notes:

- (a) The balance includes a loan facility of RMB2,500 million (equivalent to HK\$2,751 million) granted to a mainland China property developer ("Borrower") for a residential and commercial property development project in Foshan.

On 18th August 2020, the Group signed a settlement agreement (the "Settlement Agreement") with the Borrower which outlined a repayment plan and schedule with last repayment on 31st December 2021. According to the Settlement Agreement, the loan was secured by pledges of shares of mainland China companies which held a piece of land and property projects in mainland China.

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NOTES TO THE INTERIM FINANCIAL INFORMATION

17 Loans and other receivables (Continued)

Notes: (Continued)

(a) (Continued)

As at 31st March 2021, total net loan receivable balance was RMB364 million (equivalent to HK\$431 million) after provision of RMB516 million (equivalent to HK\$610 million).

During the period ended 30th September 2021, total amount of RMB395 million (equivalent to HK\$473 million) was received and interest income and receivable of RMB26 million (equivalent to HK\$31 million) were recognised based on effective interest rate method. As such, provision of RMB215 million (equivalent to HK\$258 million) was written back during the period, resulted a total net receivable balance of RMB210 million (equivalent to HK\$252 million) after provision of RMB301 million (equivalent to HK\$362 million) as at 30th September 2021.

Subsequent to period end, RMB205 million (equivalent to HK\$247 million) was received from the Borrower.

As at 30th September 2021, the remaining balance mainly includes an amount of HK\$1,875,000,000 (31st March 2021: HK\$1,875,000,000) which carries interest at prevailing market rate and is repayable in August 2022. The balance also includes an amount of HK\$179,500,000 (31st March 2021: HK\$179,500,000) after provision of HK\$527,000,000 (31st March 2021: HK\$527,000,000), which is overdue as at 30th September 2021. As at 31st March 2021, HK\$676,451,000 after provision of HK\$101,079,000 which bore interest at 12.5%, was repaid during the period ended 30th September 2021 and write-back of loss allowances of HK\$101,003,000 was recognised in the condensed consolidated income statement.

- (b) As at 30th September 2021, the balance includes an amount of HK\$91,430,000 (31st March 2021: HK\$92,526,000) which carries interest at 12% (31st March 2021: 12%) per annum and is repayable in July 2029; and an amount of HK\$893,000 (31st March 2021: HK\$892,000) which is interest free and is due during the period ended 30th September 2021. As at 31st March 2021, HK\$20,297,000 after provision of HK\$30,243,000 which bore interest at prevailing market rate, was repaid during the period ended 30th September 2021 and write-back of loss allowances of HK\$30,243,000 was recognised in the condensed consolidated income statement.
- (c) As at 30th September 2021, 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 fair value is calculated based on cash flows discounted using prevailing market rates and the repayment date estimated by the Group. Interest income from the loans receivable at fair value through profit or loss of HK\$43,565,000 (for the six months ended 30th September 2020: HK\$34,784,000) and unrealised gain on loans receivable of HK\$51,662,000 (for the six months ended 30th September 2020: HK\$4,546,000) are recognised in the condensed consolidated income statement.
- (d) As at 30th September 2021, except for HK\$69,180,000 (31st March 2021: HK\$114,957,000) which is interest free, an amount of HK\$488,712,000 (31st March 2021: HK\$307,056,000) carries interest at 4.25% (31st March 2021: 4.25%) per annum. The balances are unsecured, repayable on demand and dominated in HK dollar.

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NOTES TO THE INTERIM FINANCIAL INFORMATION

17 Loans and other receivables (Continued)

Notes: (Continued)

- (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 date estimated by the Group.

The balance includes an amount of HK\$324,857,000 (31st March 2021: HK\$322,401,000) which carries interest at prevailing market rates and an amount of HK\$253,905,000 (31st March 2021: HK\$269,360,000) which carries interest at fixed rate ranged from 2.9% to 2.95% (31st March 2021: 2.9% to 2.95%) per annum.

- (f) As at 30th September 2021, except for HK\$404,936,000 (31st March 2021: HK\$390,312,000) which is interest free, HK\$3,477,600,000 (31st March 2021: HK\$3,463,600,000) bears interest fixed rate of 2.94% (31st March 2021: 2.94%) per annum. The balances are unsecured and repayable on demand.
- (g) As at 30th September 2021, the balance represents the present value of the consideration receivable for partial disposal of property development project in mainland China which repayable at the later of (i) 30th June 2023 and (ii) within five business days after the completion date of the underlying property development project. During the period ended 30th September 2021, HK\$20,499,000 (for the six months ended 30th September 2020: 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 2021 HK\$'000	As at 31st March 2021 HK\$'000
Trade receivables	299,274	312,360
Less: Provision for loss allowance of trade receivables	(30,134)	(29,179)
Trade receivables, net of provision	269,140	283,181
Other receivables and deposits	1,557,212	2,196,631
Interest receivable	53,755	93,082
Stakeholders' accounts	1,175,568	600,806
Prepayments	178,498	185,105
Contract cost assets	77,912	5,513
Contract assets	23,093	3,655
Loans receivable at amortised cost (note 17)	2,307,780	1,287,942
Loans receivable at fair value through profit or loss (note 17)	89,963	60,541
Amounts due from fellow subsidiary companies (note)	3,658	7,638
Amounts due from joint ventures (note 17)	67,913	114,890
Amounts due from associates (note 17)	404,936	390,312
Amounts due from investee companies (note)	933	504
Amounts due from non-controlling interests (note)	956,624	616,639
Amounts due from related companies (note)	4,001	3,939
Amount due from immediate holding company (note)	409,658	675,690
Amount due from ultimate holding company (note)	7,888	7,693
	<u>7,588,532</u>	<u>6,533,761</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 2021 and 30th September 2021	1,000,000	1,000,000
Issued and fully paid:		
Ordinary shares of 1 Hong Kong dollar each		
At 31st March 2021 and 30th September 2021	62,743,532	62,743,532

Perpetual capital securities

	As at 30th September 2021 HK\$'000	As at 31st March 2021 HK\$'000
USD500 million issued in 2020	3,886,703	3,886,689

On 29th May 2017, a wholly owned subsidiary of the Group (the “Issuer”) issued 5.5% perpetual capital securities with an aggregate principal of USD500 million for cash (the “2017 Issuance”). The perpetual capital securities are guaranteed by the Company (the “Guarantor”).

On 10th September 2020, another wholly owned subsidiary of the Group (the “New Issuer”) issued 5% perpetual capital securities with an aggregate principal of USD500 million for cash. The perpetual capital securities are guaranteed by the Company.

During the year ended 31st March 2021, the Group redeemed the entire 2017 Issuance from perpetual capital securities holders on 30th November 2020.

These securities are perpetual and the coupon payment can be deferred at the discretion of the Issuer and the New Issuer and there is no limit as to the number of times of deferral of coupon payment. When the Guarantor, Issuer and New Issuer elect to declare dividends to their ordinary shareholders, the Issuer and New 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

20 Bank and other borrowings

	As at 30th September 2021 HK\$'000	As at 31st March 2021 HK\$'000
<u>Bank borrowings (note (a))</u>		
Long-term bank borrowings		
- secured	12,385,259	12,673,178
- unsecured	3,099,359	2,709,184
Other long-term borrowings		
- unsecured	160,741	77,753
Less: current portion of long-term bank borrowings	(832,036)	(1,988,857)
	<u>14,813,323</u>	<u>13,471,258</u>
	-----	-----
Current portion of long-term bank borrowings		
- secured	532,597	1,425,457
- unsecured	299,439	563,400
Other short-term bank borrowings		
- secured	1,337,108	526,032
	<u>2,169,144</u>	<u>2,514,889</u>
	-----	-----
	<u>16,982,467</u>	<u>15,986,147</u>
	-----	-----
<u>Guaranteed notes</u>		
Medium term notes (note (b))		
- listed	14,674,496	14,644,985
- unlisted	1,807,634	1,807,014
	<u>16,482,130</u>	<u>16,451,999</u>
	-----	-----
Total bank and other borrowings	<u>33,464,597</u>	<u>32,438,146</u>
	-----	-----
Representing:		
- non-current liabilities	28,164,796	29,923,257
- current liabilities	5,299,801	2,514,889
	<u>33,464,597</u>	<u>32,438,146</u>
Total	-----	-----

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NOTES TO THE INTERIM FINANCIAL INFORMATION

20 Bank and other borrowings (Continued)

As at 30th September 2021 and 31st March 2021, the Group's bank and other borrowings are repayable as follows:

	As at 30th September 2021 HK\$'000	As at 31st March 2021 HK\$'000
Within one year	5,299,801	2,514,889
Between one and two years	9,241,427	10,662,284
Between two and three years	2,935,011	3,591,943
Between three and four years	953,528	2,523,713
Between four and five years	2,564,667	496,860
Over five years	12,470,163	12,648,457
	<u>33,464,597</u>	<u>32,438,146</u>

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 2021 is 2.96% (31st March 2021: 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 2021, the Group has drawdown of totalling HK\$16,629 million, of which US\$1,903 million 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 August 2012	HK\$800 million	29th August 2022	4.425%	Quarterly
20th September 2012	US\$300 million	20th September 2022	4.50%	Semi-annually
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 million (note)	29th May 2024	4.875%	Semi-annually
13th September 2017	HK\$500 million	13th September 2027	3.65%	Quarterly
3rd October 2017	US\$410 million	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 2021, the fair values of the MTN are HK\$17,517,334,000 (31st March 2021: HK\$17,497,213,000). Of which, HK\$15,644,063,000 (31st March 2021: HK\$15,602,707,000) 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\$864,033,000 (31st March 2021: US\$863,737,000).

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20 Bank and other borrowings (Continued)

Notes: (Continued)

(b) (Continued)

Note: 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 million during the year ended 31st March 2021.

(c) As at 30th September 2021, the Group had HK\$29,152,768,000 (31st March 2021: HK\$30,581,428,000) undrawn banking facilities.

21 Trade and other payables, deposits and accruals

	As at 30th September 2021 HK\$'000	As at 31st March 2021 HK\$'000
Trade and other payables and accruals	3,848,446	4,001,623
Accruals for construction work	545,696	530,247
Rental and other deposits received	579,362	584,626
Deferred income	30,319	13,800
Amounts due to joint ventures (note 15)	436,966	215,072
Amounts due to associates (note 16)	389,932	49,932
Amounts due to investee companies (note (a))	9,118	9,118
Amounts due to related companies and individuals (note (b))	509,353	487,520
Amounts due to immediate holding company (note (a))	7,962	7,978
Amount due to ultimate holding company (note (a))	8,110	365,325
Amounts due to non-controlling interests (note (c))	2,718,721	2,837,764
	<u>9,083,985</u>	<u>9,103,005</u>

Notes:

- (a) Amounts due to investee companies, immediate holding company and ultimate holding company are unsecured, interest free and repayable on demand.
- (b) As at 30th September 2021, amounts due to related companies and individuals of HK\$4,820,000 (31st March 2021: HK\$4,820,000) bear interest at 1% (31st March 2021: 1%) per annum and remaining balances are interest free. The balances are unsecured and repayable on demand.
- (c) As at 30th September 2021, amounts due to non-controlling interests of HK\$839,153,000 (31st March 2021: HK\$856,653,000) bear interest at 5.0% (31st March 2021: 5.1%). The remaining balance is interest free. The balances are unsecured and repayable on demand.

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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	2021 HK\$'000	2020 HK\$'000
Profit before income tax		2,073,248	4,040,915
Depreciation of property, plant and equipment		88,957	67,495
Amortisation of right-of-use assets		23,491	22,877
Net change in fair values of investment properties		(785,350)	338,707
Net gain on disposal of property, plant and equipment		(239)	-
Net gain on disposal of interests in subsidiaries	22(b)	-	(2,874)
Net gain on disposal of interests in a joint venture	22(c)	(122,633)	-
Unrealised loss/(gain) on financial assets at fair value through profit or loss		3,309,491	(2,885,484)
Unrealised gain on loans receivable at fair value through profit or loss		(51,662)	(4,546)
Net (write-back of)/provision for loss allowances of financial assets		(373,837)	74,215
Finance income, net		(93,454)	(63,761)
Share of results of joint ventures		(371,368)	(421,176)
Share of results of associates		(475,462)	208,648
Net cash generated from operating profit before working capital changes		3,221,182	1,375,016
Decrease/(increase) in:			
Properties for sale		345,849	(671,319)
Trade and other receivables, deposits and prepayments		(22,177)	1,069,153
Financial assets at fair value through profit or loss		(629,018)	(1,782,444)
Increase/(decrease) in:			
Trade and other payables, deposits and accruals		(96,521)	36,982
Contract liabilities		2,398,761	154,578
Financial liabilities at fair value through profit or loss		(38,461)	(92,672)
Net cash generated from operations		5,179,615	89,294

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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 subsidiaries

On 8th May 2020, the Group entered into a sale and purchase agreement with Profound Lead Limited for the sale of 75% of the issued share capital of Absolute Leader Developments Limited, 75% of issued share capital of Golden Estate Investments Limited and their subsidiaries (together the “Disposal Group”) at total consideration of HK\$240,498,000. The Disposal Group held an investment property in Tianjin. The transaction was completed on 3rd June 2020. Details of the disposal are as follows:

	HK\$'000
Net assets disposed of:	
Property, plant and equipment	3
Joint venture	226,696
Trade and other receivables	1,522
Cash and bank balances	1,994
Trade and other payables	(502)
Amount due to non-controlling interest	(129,099)
Amount due to a joint venture	(1,921)
	<u>98,693</u>
Net gain on disposal of subsidiaries:	
Total consideration	240,498
Net asset disposed of	(98,693)
Release of non-controlling interests	(128,732)
Release of exchange reserves	(10,199)
	<u>2,874</u>
Net proceeds from disposal of interests in subsidiaries:	
Consideration received	240,498
Cash and bank balances disposed of	(1,994)
	<u>238,504</u>

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

(c) 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>

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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 2021 HK\$'000	As at 31st March 2021 HK\$'000
Contracted but not provided for		
Investment properties (note (i))	967,092	2,640,941
Other investments (note (ii))	5,417,837	3,045,264
	<u>6,384,929</u>	<u>5,686,205</u>
Capital contribution to		
Joint ventures (note (iii))	56,524	137,354
	<u>6,441,453</u>	<u>5,823,559</u>

- (i) As at 30th September 2021 and 31st March 2021, the Group had capital commitments for investment properties under development and completed investment properties.
- (ii) As at 30th September 2021 and 31st March 2021, the Group had 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 2021, the Group has an outstanding commitment to contribute capital of US\$6,374,000 (31st March 2021: US\$16,615,000) and HK\$6,901,000 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 2021 HK\$'000	As at 31st March 2021 HK\$'000
Third parties		
- not later than one year	3,460	4,055
- later than one year and not later than five years	19	332
	<u>3,479</u>	<u>4,387</u>

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24 Future operating lease receivables

At 30th September 2021 and 31st March 2021, 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 2021 HK\$'000	As at 31st March 2021 HK\$'000
Within one year	1,643,049	1,447,022
Between one and two years	1,284,995	1,039,616
Between two and three years	1,071,068	755,584
Between three to four years	878,651	586,377
Between four to five years	676,746	479,712
Later than five years	1,274,825	1,144,777
	<u>6,829,334</u>	<u>5,453,088</u>

25 Pledge of assets

At 30th September 2021 and 31st March 2021, the Group had pledged certain assets to secure borrowings of the Group. Their carrying values were as follows:

	As at 30th September 2021 HK\$'000	As at 31st March 2021 HK\$'000
Property, plant and equipment	1,337,868	1,347,166
Investment properties	50,592,855	49,327,122
Right-of-use assets	347,947	348,736
Financial assets at fair value through profit or loss	7,928,502	8,298,472
	<u>60,207,172</u>	<u>59,321,496</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	
	2021	2020
	HK\$'000	HK\$'000
Income:		
From related companies which is held by a close family member of directors of the Company		
- rental income (note)	13,844	14,040
	<u> </u>	<u> </u>
Key management compensation	102,439	54,207
	<u> </u>	<u> </u>

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