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POKFULAM DEVELOPMENT COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 225)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 MARCH 2022

The board of directors of Pokfulam Development Company Limited (the “**Company**”, the “**Directors**” and the “**Board**”, respectively) is pleased to announce the unaudited interim financial results of the Company and its subsidiaries for the six months ended 31 March 2022. This announcement, containing the full text of the 2021/2022 interim report (“**2021/2022 Interim Report**”) of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on the Stock Exchange in relation to the information to accompany the preliminary announcement of interim results. The printed version of the 2021/2022 Interim Report will be delivered to the shareholders of the Company, and available for viewing on the websites of the Stock Exchange at www.hkexnews.hk and of the Company at www.pokfulam.com.hk on or before 8 June 2022.

By Order of the Board

Pokfulam Development Company Limited

Wong Tat Chang, Abraham

Chairman, Managing Director and Executive Director

Hong Kong, 24 May 2022

As at the date of this announcement, the Board comprises Mr. Wong Tat Chang, Abraham (Chairman and Managing Director), Mr. Wong Tat Kee, David and Mr. Wong Tat Sum, Samuel as Executive Directors, and Mr. Li Kwok Sing, Aubrey, Mr. Sit Hoi Wah, Kenneth and Mr. Seto Gin Chung, John as Independent Non-Executive Directors.

CONTENTS

CORPORATE INFORMATION	2
CHAIRMAN'S STATEMENT	3
GENERAL INFORMATION	7
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	12
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	14
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	16
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	18
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS	19



CORPORATE INFORMATION

DIRECTORS

Executive Directors

Wong Tat Chang, Abraham
(Chairman and Managing Director)
Wong Tat Kee, David
Wong Tat Sum, Samuel

Independent Non-executive Directors

Li Kwok Sing, Aubrey
Sit Hoi Wah, Kenneth
Seto Gin Chung, John

BOARD COMMITTEES

Audit Committee

Li Kwok Sing, Aubrey *(Chairman)*
Sit Hoi Wah, Kenneth
Seto Gin Chung, John

Remuneration Committee

Sit Hoi Wah, Kenneth *(Chairman)*
Wong Tat Chang, Abraham
Li Kwok Sing, Aubrey

Nomination Committee

Wong Tat Chang, Abraham *(Chairman)*
Li Kwok Sing, Aubrey
Sit Hoi Wah, Kenneth

AUTHORISED REPRESENTATIVES

Wong Tat Chang, Abraham
Hui Sui Yuen

COMPANY SECRETARY

Hui Sui Yuen

REGISTERED OFFICE

23rd Floor, Beverly House
93-107 Lockhart Road
Wanchai
Hong Kong

PRINCIPAL BANKERS

The Bank of East Asia, Limited
The Hongkong and Shanghai Banking
Corporation Limited
Bank of China (Hong Kong) Limited
OCBC Wing Hang Bank Limited
Bank of Communications Co., Ltd.

SOLICITORS

Howse Williams
Tony Kan & Co.
Huen & Partners Solicitors
Zhong Lun Law Firm

INDEPENDENT AUDITOR

BDO Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Standard Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

WEBSITE

<https://www.pokfulam.com.hk>

SHARE INFORMATION

Place of Listing

Main Board of
The Stock Exchange of Hong Kong Limited

Stock Code

225

Board Lot

2,000 shares

CHAIRMAN'S STATEMENT

INTERIM RESULTS

The unaudited consolidated net profit of Pokfulam Development Company Limited (the "Company") and its subsidiaries (collectively, the "Group") after taxation and non-controlling interests for the six months ended 31 March 2022 (the "Period") was approximately HK\$12.6 million (2021: HK\$6.5 million). Such results took into account the following major non-operating items:

- A revaluation deficit of approximately HK\$17.5 million (2021: HK\$7.0 million) on investment properties;
- Net revaluation loss of approximately HK\$5.9 million (2021: gain of HK\$8.0 million) on securities investments and equity instruments;
- Gain on release of investment revaluation reserve upon disposal of debt securities investments of approximately HK\$0.2 million (2021: Nil).
- Share of losses of joint ventures of approximately HK\$1.9 million (2021: HK\$18.6 million);
- Exchange gain on amount due from a joint venture of approximately HK\$0.8 million (2021: HK\$1.7 million); and
- Net provision for impairment losses in respect of expected credit losses on financial assets of approximately HK\$0.6 million (2021: HK\$9.0 million);

If the above items and their net taxation expense of approximately HK\$1.8 million (2021: HK\$3.7 million) were excluded, the unaudited consolidated operating net profit after taxation and non-controlling interests of the Group for the Period would have been approximately HK\$39.3 million (2021: HK\$35.1 million).

INTERIM DIVIDEND

The board of directors of the Company (the "Directors" and the "Board", respectively) has resolved to declare an interim dividend of HK4 cents per ordinary share of the Company (the "Share") in respect of the first six months of the financial year ending 30 September 2022 (the "Interim Dividend") (2021: HK4 cents per Share) payable on Monday, 4 July 2022 to the Company's shareholders (the "Shareholders") whose names will appear on the register of members of the Company (the "Register of Members") on Thursday, 23 June 2022.

CHAIRMAN'S STATEMENT

BUSINESS REVIEW

A. Hong Kong

Rental business –

Rental income from investment properties in Hong Kong, from which the major portion of the Group's operating profit was derived, was 18.8% higher than that of the same period last year. Rental income from the Group's residential properties showed an increase of 25.5%. The increase was due mainly to the rental revenue generated from No. 4 Headland Road, after the completion of its renovation in the 4th quarter of 2020. On the other hand, rental income from the Group's commercial and industrial properties increased by 5%. The increase was attributable to the inclusion of rental income from the industrial property in Mongkok acquired by the Group during the period under review.

Acquisition of the property comprising the 1st to 9th Floors and Flat Roof of China Paint Building ("CP"), Mongkok –

CP is an 9-storey industrial building. Acquisition of the nine floors and flat roof of this building was completed on 28 February 2022. The acquired property has a total covered gross floor area of approximately 59,900 sq. ft. With the exception of the 1/F, the rest eight floors and flat roof of this building have been leased back to the vendor. This investment is for long term purpose.

Elephant Holdings Limited ("EHL") –

EHL offers solutions to Government and private end-users on digital displays and signage, public address systems, CCTV security systems, audio-visual systems and also high-end high fidelity audio systems.

The sales revenue of EHL was 17.3% below that of the same period last year. The decrease was mainly attributable to the slow-down of economic activities caused by the COVID-19 pandemic. EHL contributed approximately 26.5% of the Group's total revenue for the period under review.

Property-related Fund Investment –

To diversify and expand its range of investments in the real estate sector, the Group has subscribed for participation in a third party property investment fund "TKO Fund" with a capital commitment of HK\$39.0 million in October 2018. The objective of the TKO Fund is to co-invest with an institutional investor in three properties in Tseung Kwan O with a total gross floor area of retail spaces of approximately 300,000 sq. ft. and car parking spaces. Subject to the prevailing market conditions, the fund's holding period of the investment in the properties will be approximately five years from its acquisition at the end of March 2019. As of 31 March 2022, the Group has already contributed HK\$34.9 million capital to the TKO Fund. On the same date, our investment in the TKO Fund was valued at HK\$45.2 million.

CHAIRMAN'S STATEMENT

Other securities Investment –

The Group maintains a portfolio of stocks and other investment products that generate a high yield. The Group adopts the following criteria when determining whether to take up an investment and trading opportunity: 1. Potential for return on investment in terms of capital appreciation and dividend payment for the target holding period; 2. Risks exposure in comparison with the Group's risk tolerance level at the prevailing time; and 3. Diversification of the existing investment portfolio.

Other Fund Investments –

Adams Street Private Income Fund LP

The Group has subscribed to invest in a private equity fund, namely the Adams Street Private Income Fund LP (the "Adams Fund"). The investment objective of the Adams Fund is to generate current income and attractive risk-adjusted returns with strong downside protection. The Adams Fund invests primarily in directly originated, 1st lien senior secured debt instruments of private equity-backed middle-market companies. As of 31 March 2022, the Group has contributed USD7.5 million to the Adams Fund. Our investment in the Adams Fund as at 31 March 2022 was valued at USD6.1 million. The Group has fully contributed its commitment to the Adams Fund.

Hundreds SH Fund LP

The Hundreds SH Fund LP (the "Hundreds Fund") is a limited partnership incorporated in the Cayman Islands. It is principally engaged in fund management. The investment objective of Hundreds Fund is to achieve long-term capital gains through investments in private or public companies that focus on either technology or online business in the People's Republic of China (the "PRC"). The main investment strategy of the Hundreds Fund is to gain an exposure to the companies by primarily investing in the Tencent Plus Partners II Fund (the "TPP II"). TPP II invests principally in late stage growth companies engaged in consumer internet verticals related to Tencent's business, technology, media and telecom and business-to-business e-commerce sectors. The Group has subscribed to invest in Hundreds Fund in the amount of USD2.0 million. As of 31 March 2022, the Group has contributed USD0.6 million to the Hundreds Fund, and our investment in the Hundreds Fund as at 31 March 2022 was valued at USD0.4 million.

B. Property Projects in Mainland China

Silver Gain Plaza in Guangzhou (in which the Group has a one-third interest) –

The three shareholders of Silver Gain Development Limited (銀利發展有限公司) (the "Joint Venture Company") have agreed to realise the accumulated profit generated from this Project by disposing of their shares of equity interests in the Joint Venture Company (the "Disposal"), and the Disposal has to go through an open tendering process through the United Assets and Equity Exchange in Shanghai. The tendering lapsed in late 2021 as no offer was received up to the end of the tender period. A re-tendering is scheduled to be take place at around mid-2022 and the tender period will last for one month. At the same time, the three shareholders will continue to seek the best offer from the market. The Group will seriously consider disposing its share of the entire equity interest in this Project when a reasonable offer is received.

Residential units in Vivaldi Court of Manhattan Garden, Chao Yang District, Beijing –

For the period under review, the occupancy rate and monthly rental income of this project have increased in comparison to the same period last year.

CHAIRMAN'S STATEMENT

PROSPECTS

Over the past few months, Hong Kong has experienced some of the world's most stringent lockdown and quarantine measures amidst the fifth wave of the COVID-19 pandemic; prolonged suspensions of schools and lengthy quarantine requirements for returning residents have compelled many expatriate families and high-income professionals, both key segments of our clientele, to either relocate elsewhere or refrain from moving to Hong Kong entirely. Thankfully, our concerted efforts to maintain high occupancy and to enhance the appeal of the Group's properties have yielded positive outcomes. The Group has to date been able to generate healthy, sustainable cash flows and is still poised to continue upgrading its property holdings as well as its rental service offerings.

We opine that the macroeconomic conditions of Hong Kong will remain uncertain in the short- to medium-terms and will depend greatly on the following factors: 1. Ease of cross-border traffic between mainland China and Hong Kong, and the adoption of less stringent quarantine requirements for visitors and residents entering Hong Kong; 2. The trends of inflation, and the extent and frequency of interest rate adjustments to be decided by the US Federal Reserve and subsequently, by the Monetary Authority of Hong Kong; 3. The economic and political effects on Hong Kong induced by the imposition of various sanctions by the US Government on China; and 4. The global economic implications of the ongoing Russia-Ukraine conflict.

In view of this, the Group will continue to adopt flexible approaches to sustain healthy occupancy rates for its property holdings and will only proceed with development plans after undertaking rigorous risk assessment. Meanwhile, we will also continue to seek attractive investment opportunities in the financial sphere – e.g. listed securities and private funds—with the aims to : 1. Diversify the Group's holdings in different asset classes; 2. Preserve capital; and 3. Generate above-market returns.

All in all, we are cautiously optimistic that the Group's income will remain stable in the second half of financial year 2022.

Wong Tat Chang, Abraham

Chairman, Managing Director and Executive Director

Hong Kong, 24 May 2022

GENERAL INFORMATION

FINANCIAL REVIEW

Liquidity and financial resources

Shareholders' funds as at 31 March 2022 were HK\$5,503.7 million (30 September 2021: HK\$5,523.9 million).

As at 31 March 2022, the Group's total bank balances and cash amounted to HK\$64.8 million (30 September 2021: HK\$68.4 million), of which over 71% (30 September 2021: 69%) was denominated in Hong Kong dollar ("HK\$"), 1% (30 September 2021: 5%) was denominated in United States dollar ("US\$") and 28% (30 September 2021: 26%) was denominated in Renminbi. As at 31 March 2022, a portion of the Group's securities investments with the value of HK\$58.8 million (30 September 2021: HK\$98.9 million) was denominated in US\$. The foreign exchange exposure of the Group was not significant given that its large asset base and operational cash flow were denominated primarily in HK\$ and the HK\$ is pegged to US\$.

As at 31 March 2022, the Group's total borrowings, which were denominated in HK\$, were HK\$348.4 million (30 September 2021: HK\$65.0 million).

The maturity profile of the Group's total borrowings, which is based on the scheduled repayment dates set out in the respective loan agreements, is set out as follows:

	31.3.2022	30.9.2021
	<i>HK\$ Million</i>	<i>HK\$ Million</i>
Repayable:		
Within one year	240.5	65.0
After one year but within two years	6.8	–
After two years but within five years	21.3	–
After five years	79.8	–
	<hr/>	<hr/>
	348.4	65.0
	<hr/>	<hr/>

The Group's bank loans of HK\$193.8 million are 1-month revolving loans and classified under current liabilities.

The Group's bank term loans of HK\$46.7 million (that are repayable within one year after the end of the reporting period and contain a repayment on demand clause) are classified under current liabilities. The Group's bank term loan of HK\$107.9 million (that is repayable more than one year and contains a repayment on demand clause) is classified under current liabilities.

The bank borrowings carry interest at the Hong Kong Interbank Offer Rate (HIBOR)/the bank's cost of fund plus a margin.

As at 31 March 2022, the Group had unutilised banking facilities of approximately HK\$1,214.2 million, which will provide adequate funding for the Group's operational and capital expenditure requirements.

GENERAL INFORMATION

Gearing and charge on assets

As at 31 March 2022, the debt to equity ratio, based on the Group's total borrowings of HK\$348.4 million and the consolidated equity attributable to owners of the Company of approximately HK\$5,503.7 million, was 6.3%, as compared with 1.2% as at 30 September 2021.

As at 31 March 2022, (i) investment properties of the Group with a total carrying amount of approximately HK\$5,184.6 million (as at 30 September 2021: approximately HK\$4,863.0 million); and (ii) ownership interests in leasehold land held for own use and building of the Group with a total carrying amount of approximately HK\$2.0 million (as at 30 September 2021: approximately HK\$2.1 million) were pledged to banks to secure the general banking facilities granted to the Group.

Commitments

Particulars of the Group's commitments are set out in note 17 to the condensed consolidated interim financial statements of the Company for the Period (the "Condensed Consolidated Interim Financial Statements").

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2022, the Group had 120 employees (as at 30 September 2021: 117). The staff remuneration, including Directors' emoluments and other employee expenses for the Period amounted to approximately HK\$15.0 million (2021: HK\$14.9 million). There has been no change in the employment and remuneration policies of the Group and the Group does not have any share option scheme for the employees.

The Group recognises the importance of maintaining a stable staff force for its continued success. Under the Group's existing policies, the employee pay rates are maintained at competitive levels whilst promotion and salary increments are assessed on a performance-related basis. Discretionary bonuses are granted to the employees based on their merit and in accordance with the industry practice. Other benefits including free hospitalisation insurance plan, subsidised medical care and training programmes are offered to the eligible employees.

TREASURY POLICIES

During the Period, there were no significant changes in the Group's treasury policies.

CONNECTED TRANSACTION

There were no discloseable non-exempted one-off connected transactions or non-exempted continuing connected transactions under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange" and the "Listing Rules", respectively) during the Period and up to the date of this report. None of the "Related Party Transactions" as disclosed in note 20 to the Condensed Consolidated Interim Financial Statements constituted discloseable non-exempted one-off connected transaction or non-exempted continuing connected transaction under the Listing Rules and the Company had complied with the relevant requirements of Chapters 14 and 14A of the Listing Rules during the Period.

GENERAL INFORMATION

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate governance

Throughout the Period, the Company has complied with all the code provisions of the Corporate Governance Code (as in force as at 31 December 2021) as set out in Appendix 14 to the Listing Rules, save for the following:

Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Although Mr. Wong Tat Chang, Abraham holds both the positions of chairman of the Board (the “Chairman”) and Managing Director, the Board considers that vesting the roles of both Chairman and Managing Director in the same person provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies. The Board also considers that the current Board composition, where half of the Board are represented by independent non-executive Directors (the “INEDs”), and corporate governance structure ensure effective oversight of management.

The Board will continue to review the effectiveness of the Group’s corporate governance structure and consider whether any changes, including the separation of the roles of Chairman and Managing Director, are necessary.

The INEDs are not appointed for a specific term as stipulated in code provision A.4.1 of the Code, but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the articles of association of the Company.

Model code for securities transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the “Model Code”) as the code for dealing in the securities of the Company by the Directors. Following specific enquiries made with all Directors by the Company, all of them confirmed that they had complied with the required standards set out in the Model Code throughout the Period.

Purchase, sale or redemption of the Company’s listed securities

During the Period, the Company did not redeem any of its listed securities, nor did the Company or any of its subsidiaries purchase or sell any of such securities.

Directors’ and chief executive’s interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations

As at 31 March 2022, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong (the “SFO”), which were required to be: (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, recorded in the register referred to therein; or (c) pursuant to the Model Code, notified to the Company and the Stock Exchange, were as follows:

GENERAL INFORMATION

(a) Long position interests in the Shares

Name of Directors/chief executive	Number of Shares/underlying Shares interested			Total	Approximate percentage of the issued Shares
	Personal interests	Family interests	Other interests		
		<i>(Note 1)</i>	<i>(Note 2)</i>		<i>(Note 3)</i>
Wong Tat Chang, Abraham	450,800	–	80,633,866	81,084,666	73.6%
Wong Tat Kee, David	–	–	80,633,866	80,633,866	73.2%
Wong Tat Sum, Samuel	556,000	28,800	80,633,866	81,218,666	73.7%

(b) Long position in the shares of interests in EHL, a subsidiary of the Company

Name of Directors/chief executive	Number of ordinary shares held		Approximate percentage of interest in the issued shares of EHL
	Personal interests	Total	
Wong Tat Chang, Abraham	10	10	0.1%

Notes:

- (1) Mr. Wong Tat Sum, Samuel, an Executive Director, is deemed to be interested in 28,800 Shares, being the interest held beneficially by his wife.
- (2) Shares included in other interests are beneficially owned by the discretionary trusts, of which Messrs. Wong Tat Chang, Abraham, Wong Tat Kee, David and Wong Tat Sum, Samuel are beneficiaries and the number of Shares in each of the above trust companies are duplicated for each of these three Executive Directors.
- (3) The percentage represents the total number of Shares interested divided by the number of issued Shares of 110,179,385 as at 31 March 2022.

Save as disclosed above, as at 31 March 2022, none of the Directors nor the chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be: (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, recorded in the register referred to therein; or (c) pursuant to the Model Code, notified to the Company and the Stock Exchange.

Substantial Shareholders' interests and short positions in the Shares and underlying Shares

As at 31 March 2022, other than the interests which would be required to be disclosed under the provision of Divisions 2 and 3 of Part XV of the SFO in respect of the Directors or the chief executive, the Company had not been notified by any entity or person, not being a Director or the chief executive of the Company, of having 5% or more of the interests or short positions in the Shares and underlying Shares as required to be recorded in the register pursuant to section 336 of the SFO.

GENERAL INFORMATION

Changes of Directors' or chief executive's information under Rule 13.51B(1) of the Listing Rules

Mr. Seto Gin Chung, John resigned as an INED of Hop Hing Group Holdings Limited ("Hop Hing") with effect from 15 February 2022. Hop Hing has been privatised and ceased to be a public listed company with effect from 27 January 2022. Other than that, there was no change of Directors' or chief executive's information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

For determining the Shareholders' entitlement to the Interim Dividend, the Register of Members will be closed from Tuesday, 21 June 2022 to Thursday, 23 June 2022, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the interim dividend, non-registered Shareholders must lodge all properly completed and stamped transfer documents accompanied by the relevant share certificates with the Company's share registrar, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 20 June 2022.

REVIEW OF INTERIM RESULTS AND INTERIM REPORT

The audit committee of the Board (the "Audit Committee") comprises all INEDs. The Audit Committee has reviewed the results of the Group for the Period (including the Condensed Consolidated Interim Financial Statements) and this interim report.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**
FOR THE SIX MONTHS ENDED 31 MARCH 2022

	NOTES	Six months ended	
		31.3.2022	31.3.2021
		HK\$'000 (unaudited)	HK\$'000 (unaudited)
Revenue	4	82,768	76,613
Other income and gains	5	10,502	12,367
Costs:			
Property and related costs			
– property investment		(7,880)	(6,188)
– property management		(2,948)	(2,193)
Trading of goods costs		(17,939)	(18,694)
Staff costs		(14,971)	(14,918)
Other expenses		(5,036)	(14,267)
		(48,774)	(56,260)
Profit before changes in fair value of financial assets at fair value through profit or loss and investment properties		44,496	32,720
(Decrease)/increase in fair value of financial assets at fair value through profit or loss		(5,862)	7,980
Decrease in fair value of investment properties	11	(17,472)	(7,037)
Finance costs on bank borrowings	6	21,162	33,663
Share of loss of joint ventures		(1,292)	(532)
		(1,874)	(18,576)
Profit before income tax	7	17,996	14,555
Income tax expense	8	(6,093)	(8,017)
Profit for the period		11,903	6,538

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**
FOR THE SIX MONTHS ENDED 31 MARCH 2022

		Six months ended	
		31.3.2022	31.3.2021
NOTE		<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)
Other comprehensive income			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
	Change in fair value on equity instrument designated at fair value through other comprehensive income, net of tax	(533)	(1,000)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
	Change in fair value on debt instruments at fair value through other comprehensive income, net of tax	(473)	(230)
	Release on disposal of debt instruments at fair value through other comprehensive income	(228)	(12)
	Exchange (loss)/gain arising on translation of foreign operations	(887)	3,172
	Exchange gain arising from long term advances to a joint venture	6,690	3,615
	Other comprehensive income for the period, net of tax	4,569	5,545
	Total comprehensive income for the period	16,472	12,083
Profit/(loss) for the period attributable to:			
	Owners of the Company	12,639	6,548
	Non-controlling interests	(736)	(10)
		11,903	6,538
Total comprehensive income for the period attributable to:			
	Owners of the Company	17,208	12,093
	Non-controlling interests	(736)	(10)
		16,472	12,083
		<i>HK\$</i>	<i>HK\$</i>
Earnings per share - basic	10	0.11	0.06

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2022

		31.3.2022	30.9.2021
	NOTES	HK\$'000 (unaudited)	HK\$'000 (audited)
Non-current Assets			
Investment properties	11	5,526,158	5,235,958
Property, plant and equipment	11	8,572	8,908
Intangible assets		1,588	1,718
Interests in joint ventures		30,939	27,523
Amount due from a joint venture		153,095	148,878
Deposits and prepayments		1,798	2,257
Debt instruments at fair value through other comprehensive income	12	7,898	8,180
Financial assets at fair value through profit or loss	13	96,125	100,803
Equity instrument designated at fair value through other comprehensive income	12	15,467	16,000
		5,841,640	5,550,225
Current Assets			
Inventories		17,544	15,866
Financial assets at fair value through profit or loss	13	26,071	25,178
Debt instruments at fair value through other comprehensive income	12	–	27,436
Trade and other receivables	14	10,570	8,662
Deposits and prepayments		7,775	8,708
Bank balances and cash		64,763	68,383
		126,723	154,233
Current Liabilities			
Trade and other payables	15	30,683	36,136
Rental and management fee deposits		27,166	26,286
Amount due to the non-controlling interest		650	650
Provision for taxation		5,797	1,515
Bank borrowings, secured	16	348,385	65,000
		412,681	129,587
Net Current (Liabilities)/Assets		(285,958)	24,646
Total Assets less Current Liabilities		5,555,682	5,574,871

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2022

	31.3.2022	30.9.2021
	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (audited)
Capital and Reserves		
Share capital	146,134	146,134
Reserves	5,357,545	5,377,798
Equity attributable to owners of the Company	5,503,679	5,523,932
Non-controlling interests	(1,728)	(992)
Total Equity	5,501,951	5,522,940
Non-current Liability		
Deferred taxation	53,731	51,931
	5,555,682	5,574,871

The Condensed Consolidated Interim Financial Statements on pages 12 to 36 were approved and authorised for issue by the Board on 24 May 2022 and are signed on its behalf by:

Wong Tat Chang, Abraham
CHAIRMAN, MANAGING DIRECTOR
AND EXECUTIVE DIRECTOR

Wong Tat Sum, Samuel
EXECUTIVE DIRECTOR

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 MARCH 2022

	Attributable to owners of the Company							Total
	Share capital	Translation reserve*	Investment revaluation reserve	Investment revaluation reserve	Retained profits*	Sub-total	Non-controlling interests	
			(recycling)*	(non-recycling)*				
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At at 1 October 2020 (audited)	146,134	7,695	1,275	10,000	5,259,969	5,425,073	28	5,425,101
Profit/(loss) for the period	-	-	-	-	6,548	6,548	(10)	6,538
Other comprehensive income for the period:								
Changes in fair value on:								
- Debt instruments at fair value through other comprehensive income ("FVOCI")	-	-	(230)	-	-	(230)	-	(230)
- Equity instrument designated at FVOCI	-	-	-	(1,000)	-	(1,000)	-	(1,000)
Release on disposal of debt instrument at FVOCI	-	-	(12)	-	-	(12)	-	(12)
Exchange gain arising on translation of financial statements of foreign operations	-	3,172	-	-	-	3,172	-	3,172
Exchange gain arising from long term advances to a joint venture	-	3,615	-	-	-	3,615	-	3,615
Total comprehensive income for the period	-	6,787	(242)	(1,000)	6,548	12,093	(10)	12,083
Dividend paid	-	-	-	-	(37,461)	(37,461)	-	(37,461)
As at 31 March 2021 (unaudited)	146,134	14,482	1,033	9,000	5,229,056	5,399,705	18	5,399,723

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 MARCH 2022

	Attributable to owners of the Company							
	Share capital	Translation reserve*	Investment revaluation reserve (recycling)*	Investment revaluation reserve (non-recycling)*	Retained profits*	Sub-total	Non-controlling interests	Total
At at 1 October 2021 (audited)	146,134	13,903	673	8,000	5,355,222	5,523,932	(992)	5,522,940
Profit/(loss) for the period	-	-	-	-	12,639	12,639	(736)	11,903
Other comprehensive income for the period:								
Changes in fair value on:								
- Debt instruments at FVOCI	-	-	(473)	-	-	(473)	-	(473)
- Equity instrument designated at FVOCI	-	-	-	(533)	-	(533)	-	(533)
Release on disposal of debt instrument at FVOCI	-	-	(228)	-	-	(228)	-	(228)
Exchange loss arising on translation of financial statements of foreign operations	-	(887)	-	-	-	(887)	-	(887)
Exchange gain arising from long term advances to a joint venture	-	6,690	-	-	-	6,690	-	6,690
Total comprehensive income for the period	-	5,803	(701)	(533)	12,639	17,208	(736)	16,472
Dividend paid	-	-	-	-	(37,461)	(37,461)	-	(37,461)
As at 31 March 2022 (unaudited)	146,134	19,706	(28)	7,467	5,330,400	5,503,679	(1,728)	5,501,951

* These reserve accounts comprise the consolidated reserves of approximately HK\$5,357,545,000 in the condensed consolidated statement of financial position as at 31 March 2022 (30 September 2021: HK\$5,377,798,000).

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 MARCH 2022

	Six months ended	
	31.3.2022	31.3.2021
	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Net cash generated from operating activities	31,591	9,245
Investing activities		
Advance to a joint venture	–	(34,159)
Dividend received from equity instrument designated at FVOCI	3,113	4,151
Proceed on disposal of debt instrument at FVOCI	27,290	1,574
Investment in financial asset at fair value through profit or loss (“FVTPL”)	(2,077)	(22,923)
Addition of investment properties	(307,672)	(10,409)
Decrease in pledged bank deposits	–	34,882
Other investing cash flows	(222)	(4,029)
Net cash used in investing activities	(279,568)	(30,913)
Financing activities		
New bank borrowings	428,961	45,000
Repayment of bank borrowings	(145,576)	(35,000)
Dividend paid	(37,461)	(37,461)
Interest paid	(1,292)	(532)
Net cash generated from/(used in) financing activities	244,632	(27,993)
Net decrease in cash and cash equivalents	(3,345)	(49,661)
Cash and cash equivalents at the beginning of the period	68,383	123,289
Effect of foreign exchange rate changes	(275)	497
Cash and cash equivalents at the end of the period, represented by bank balances and cash	64,763	74,125

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2022

1. GENERAL

Pokfulam Development Company Limited (the “Company”) is a public limited liability company incorporated in Hong Kong and its issued shares (the “Shares”) are listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company and its subsidiaries are together referred to as the Group.

The principal activities of the Company are property investment and investment holding. The principal activities of the Group are property investment and management, trading of visual and sound equipment, and home appliances, and securities investment.

The address of the registered office and the principal place of business of the Company is 23rd Floor, Beverly House, 93-107 Lockhart Road, Wanchai, Hong Kong.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated interim financial statements of the Group for the six months ended 31 March 2022 (the “Period”) (the “Condensed Consolidated Interim Financial Statements”) have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange.

The Condensed Consolidated Interim Financial Statements are presented in Hong Kong Dollars (“HK\$”), unless otherwise stated. The Condensed Consolidated Interim Financial Statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the Group’s audited annual consolidated financial statements for the year ended 30 September 2021 (the “Year 2021” and the “2021 Audited Financial Statements”, respectively). The Condensed Consolidated Interim Financial Statements do not include all the information and disclosures required for a complete set of financial statements prepared in accordance to Hong Kong Financial Reporting Standards (“HKFRSs”), and should be read in conjunction with the Group’s audited annual financial statements for the Year 2021.

The financial information relating to the Year 2021 that is included in the Condensed Consolidated Interim Financial Statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance, Chapter 622 of the laws of Hong Kong (the “Companies Ordinance”) is as follows:

The Company has delivered the 2021 Audited Financial Statements to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2022

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

The Company's independent auditor (the "Independent Auditor") has reported on the 2021 Audited Financial Statements. The Independent Auditor's report was unqualified, did not include a reference to any matters to which the Independent Auditor drew attention by way of emphasis without qualifying its report, and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

The Condensed Consolidated Interim Financial Statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, as appropriate. Historical cost is generally based on the fair value of consideration for goods and services.

The Condensed Consolidated Interim Financial Statements have been prepared with the same accounting policies adopted in the 2021 Audited Financial Statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 October 2021.

The Group had net current liabilities of approximately HK\$285,958,000 as at 31 March 2022. Included in the Group's current liabilities as at 31 March 2022, the Group had bank interest-bearing borrowings of HK\$348,385,000 subject to demand clause as set out in note 16 to the Condensed Consolidated Interim Financial Statements.

The Condensed Consolidated Interim Financial Statements have been prepared on a going concern basis on the assumption that the Group will be able to operate as a going concern for the foreseeable future taking into account of the unutilised banking facilities of approximately HK\$1,214,239,000 (note 16) as at 31 March 2022. As at 31 March 2022, the directors of the Company believe that the Group has adequate resources to continue operation for the foreseeable future of not less than twelve months from the end of the reporting period, and they do not believe that the loans will be called in their entirety within 12 months, and they consider that the loans will be repaid in accordance with the maturity dates as set out in the banking facility letters. This evaluation was made considering: the financial position of the Group at the date of approval of the Condensed Consolidated Interim Financial Statements; the Group's compliance with the loan covenants; the lack of events of default; and the fact that the Group has made all previously scheduled repayments on time. Therefore, they are of the opinion that it is appropriate to adopt the going concern basis in preparing the Condensed Consolidated Interim Financial Statements.

During the Period, the Group has adopted all the new and amended HKFRSs which are first effective for the reporting period and relevant to the Group. The impact of Amendments to HKFRS 16 "Covid-19-Related Rent Concessions beyond 30 June 2021" has been summarised in note 3. The other new or amended HKFRSs that are effective from 1 October 2021 did not have material effect on the Group's accounting policies.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2022

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

The preparation of the Condensed Consolidated Interim Financial Statements in conformity with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. 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 2021 Audited Financial Statements.

The Group is in the process of making assessment of the potential impact of adopting new/revised HKFRSs that have been issued but are not yet effective and have not been early adopted by the Group. The Directors have so far concluded that the application of these new pronouncements will have no material impact on the Group's financial statements.

3. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of amendments to HKFRS 16 "Covid-19-Related Rent Concessions beyond 30 June 2021" on these Condensed Consolidated Interim Financial Statements and discloses the new accounting policies that have been applied from 1 October 2021, where they are different to those applied in prior periods.

Amendments to HKFRS 16 "Covid-19-Related Rent Concessions beyond 30 June 2021"

In April 2021, the HKICPA amended HKFRS 16 Leases, extending the practical expedient in order to permit lessees to apply it to rent concessions for which reductions in lease payments affect payments originally due on or before 30 June 2022. The amendments are applicable for annual reporting periods beginning on or after 1 April 2021, with early application permitted, including in financial statements not authorised for issue at 9 April 2021.

The transitional requirements of the extension to the practical expedient require retrospective application, with the cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the entity first applies the amendment.

The adoption of the amendments to HKFRS 16 does not have a material impact to the Group's results and financial position.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2022

4. SEGMENT INFORMATION

The Group's operating segments based on the information reported to the chief operating decision maker (the "CODM") (i.e. the managing director of the Company) for the purposes of resource allocation and performance assessment are as follows:

Property investment and management	–	letting and management of commercial, industrial and residential properties
Trading of goods	–	trading of visual and sound equipment, and home appliances
Securities investment	–	investment in securities

The following is an analysis of the Group's revenue and results by reportable and operating segments:

For the six months ended 31 March 2022

	Property investment and management	Trading of goods	Securities investment	Segment total	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE						
External	58,788	21,964	2,016	82,768	–	82,768
Inter-segment	914	90	–	1,004	(1,004)	–
	59,702	22,054	2,016	83,772	(1,004)	82,768
Segment profit/(loss) (Notes (i) and (ii))	24,320	(1,217)	(3,430)	19,673	–	19,673
Unallocated other income and gains						11,699
Corporate expenses						(10,210)
Finance costs on bank borrowings						(1,292)
Share of loss of joint ventures						(1,874)
Profit before income tax						17,996

Notes: i. Segment profit of property investment and management business included a decrease in fair value of investment properties of approximately HK\$17,472,000.

ii. Segment loss of securities investment business included an decrease in fair value of financial assets at FVTPL of approximately HK\$5,862,000.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2022

4. SEGMENT INFORMATION (CONTINUED)

For the six months ended 31 March 2021

	Property investment and management	Trading of goods	Securities investment	Segment total	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE						
External	49,478	26,545	590	76,613	–	76,613
Inter-segment	1,428	1,660	–	3,088	(3,088)	–
	50,906	28,205	590	79,701	(3,088)	76,613
Segment profit (Notes(i) and (ii))	26,933	3,105	8,107	38,145	–	38,145
Unallocated other income and gains						12,367
Corporate expenses						(16,849)
Finance costs on bank borrowings						(532)
Share of loss of joint ventures						(18,576)
Profit before income tax						14,555

Notes: i. Segment profit of property investment and management business included a decrease in fair value of investment properties of approximately HK\$7,037,000.

ii. Segment profit of securities investment business included an increase in fair value of financial assets at FVTPL of approximately HK\$7,980,000.

Inter-segment revenue is charged at mutually agreed terms.

Segment profit/(loss) represents the profit made/(loss incurred) by each segment without allocation of certain other income and gains (mainly including interest income, dividend income from equity instrument designated at FVOCI and exchange gain), corporate expenses, finance costs and share of loss of joint ventures. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

No segment assets and liabilities are presented as the information is not reported to the CODM in the resource allocation and assessment of performance.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2022

4. SEGMENT INFORMATION (CONTINUED)

An analysis of revenue is as follows:

	Six months ended	
	31.3.2022	31.3.2021
	HK\$'000	HK\$'000
Revenue from contracts with customers:		
– Sales of goods	21,964	26,545
– Building management services	5,381	4,269
	27,345	30,814
Revenue from other sources:		
– Rental income	53,407	45,209
– Dividend income	2,016	590
	55,423	45,799
Total revenue	82,768	76,613

The following table provides information about timing of revenue recognition:

	Property investment and management		Trading of goods		Securities investment		Total	
	Six months ended		Six months ended		Six months ended		Six months ended	
	31.3.2022	31.3.2021	31.3.2022	31.3.2021	31.3.2022	31.3.2021	31.3.2022	31.3.2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At a point in time	–	–	21,964	26,545	–	–	21,964	26,545
Over time	5,381	4,269	–	–	–	–	5,381	4,269
	5,381	4,269	21,964	26,545	–	–	27,345	30,814
Revenue from other sources	53,407	45,209	–	–	2,016	590	55,423	45,799
	58,788	49,478	21,964	26,545	2,016	590	82,768	76,613

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2022

5. OTHER INCOME AND GAINS

	Six months ended	
	31.3.2022	31.3.2021
	HK\$'000	HK\$'000
Dividend income from equity instrument designated at FVOCI	3,113	4,151
Imputed interest income on amount due from a joint venture	4,510	3,216
Interest income		
– Bank deposits	124	217
– Debt instruments at FVOCI	696	794
Sundry income	588	1,515
Exchange gain	1,243	2,462
Gain on release of investment revaluation reserve upon disposal of debt instrument at FVOCI	228	12
	10,502	12,367

6. FINANCE COSTS ON BANK BORROWINGS

The amounts represent interests on bank loans.

7. PROFIT BEFORE INCOME TAX

	Six months ended	
	31.3.2022	31.3.2021
	HK\$'000	HK\$'000
Profit before income tax has been arrived at after charging/(crediting):		
Depreciation:		
– owned property, plant and equipment	552	459
– right-of-use-assets including within property, plant and equipment	4	4
Amortisation of intangible assets	130	–
Loss on disposal of property, plant and equipment	2	51
(Reversal of)/provision for impairment on trade and other receivables	(488)	790
Provision for impairment on deposits	6	31
Provision for impairment on amounts due from joint ventures	1,047	8,127
Provision for/(reversal of) inventories written down	340	(216)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2022

8. INCOME TAX EXPENSE

	Six months ended	
	31.3.2022	31.3.2021
	HK\$'000	HK\$'000
Current tax		
– Hong Kong Profits Tax	4,213	3,177
– The People's Republic of China (the "PRC") Enterprise Income Tax (the "EIT")	80	1
Deferred tax	1,800	4,839
	6,093	8,017

Hong Kong profits tax is calculated at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong, except that the first HK\$2,000,000 of qualified group entity's assessable profit is calculated at 8.25%, which is in accordance with the two-tiered profits tax rates regime.

The Company's subsidiaries in the PRC are subject to the PRC EIT. The applicable PRC EIT rate for the PRC subsidiaries is 25% (2021: 25%) for the six months ended 31 March 2022.

9. DIVIDEND

In February 2022, the final dividend in respect of the Year 2021 of HK34 cents (2021: HK34 cents in respect of the financial year ended 30 September 2020) per ordinary share, totalling HK\$37,461,000 (2021: HK\$37,461,000), was paid to the shareholders of the Company ("Shareholders").

Subsequent to the end of the Period, the board of directors of the Company (the "Directors") has determined that an interim dividend in respect of the financial year ending 30 September 2022 of HK4 cents (2021: HK4 cents) per ordinary share, totalling HK\$4,407,000 (2021: HK\$4,407,000) will be paid to the Shareholders whose names appear on the Register of Members on 23 June 2022.

10. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the period attributable to owners of the Company of approximately HK\$12,639,000 (six months ended 31 March 2021: profit attributable to owners of the Company of approximately HK\$6,548,000) and on 110,179,385 (six months ended 31 March 2021: 110,179,385) shares in issue during the Period.

There were no potential ordinary shares in issue during both six months periods and at the end of both reporting periods.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2022

11. MOVEMENTS IN INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

The Group's investment properties as at 31 March 2022 were carried at fair value as estimated using direct comparison method or income capitalisation method, where appropriate. The decrease in fair value of approximately HK\$17,472,000 (six months ended 31 March 2021: HK\$7,037,000) has been recognised directly in profit or loss for the Period.

During the Period, the Group had incurred additional costs on investment properties as well as property, plant and equipment at a total cost of approximately HK\$307,672,000 and approximately HK\$222,000, respectively (six months ended 31 March 2021: approximately HK\$10,409,000 and approximately HK\$4,029,000, respectively).

The ownership interests in leasehold land held for own use carried at depreciated cost in Hong Kong, regarded as right-of-use assets, have been included in property, plant and equipment.

The Group's leasehold land that was held for rental or capital appreciation purpose would continue to be accounted for under HKAS 40 and would be carried at fair value.

An analysis of the decrease in fair value of investment properties is set out below:

	Six months ended	
	31.3.2022	31.3.2021
	HK\$'000	HK\$'000
Properties located in Hong Kong:		
Residential	(205)	(3,549)
Commercial	(7,227)	(7,460)
Industrial	(10,040)	500
Properties located in the PRC:		
Residential	–	3,472
	(17,472)	(7,037)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2022

12. FINANCIAL ASSETS AT FVOCI

	31.3.2022	30.9.2021
	HK\$'000	HK\$'000
Debt instruments at FVOCI		
– Listed debt securities investment, at fair value and classified as non-current asset	7,898	8,180
– Listed debt securities investment, at fair value and classified as current asset	–	27,436
Equity instrument designated at FVOCI		
– Unlisted equity investment, at fair value and classified as non-current asset	15,467	16,000

The equity investment was irrevocably designated at FVOCI as the Group considers the investment to be long-term strategic capital investment in nature.

Changes in fair value of the above equity instrument are recognised in other comprehensive income and accumulated within the financial assets at FVOCI reserves within equity. The Group transfers amounts from investment revaluation reserve (non-recycling) to retained profits when the relevant instrument is derecognised.

The debt securities investment is listed in Hong Kong and denominated in United States Dollars (“USD”).

13. FINANCIAL ASSETS AT FVTPL

	31.3.2022	30.9.2021
	HK\$'000	HK\$'000
Non-current portion (Note)		
Unlisted equity instruments at fair value		
– in Hong Kong	45,220	37,559
– outside Hong Kong	50,905	63,244
	96,125	100,803
Current portion		
Listed equity securities in Hong Kong at fair value	26,071	25,178

Note:

The Group intends to hold the unlisted equity instruments for long-term strategic capital investment purpose.

There is a contractual obligation for the unlisted investee companies to distribute proceeds from the sales of its investments or residual assets upon termination of the investee companies to its shareholders. As such, these investments are classified as equity instruments in accordance with relevant exemption in HKAS 32. The changes in fair values of the unlisted equity instruments during the Period are recognised in profit or loss and such investments were recorded as financial assets at FVTPL as at 31 March 2022 and 30 September 2021.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2022

14. TRADE AND OTHER RECEIVABLES

For sales of goods, the Group allows a credit period of 30 days to its trade customers. Rentals receivable from tenants are payable on presentation of invoices.

	31.3.2022	30.9.2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	9,419	7,802
Less: Provision for impairment	(2,008)	(3,129)
Trade receivables, net	7,411	4,673
Other receivables	5,251	5,448
Less: Provision for impairment	(2,092)	(1,459)
Other receivables, net	3,159	3,989
Total trade and other receivables	10,570	8,662

The following is an aged analysis of trade receivables, net of provision, presented based on the invoice date at the end of the reporting periods:

	31.3.2022	30.9.2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 30 days	5,408	3,360
31 – 60 days	1,281	1,087
61 – 90 days	703	226
Over 90 days	19	–
	7,411	4,673

Before accepting any new customer, the Group will assess the potential customer's credit quality. Limits attributed to customers are reviewed once a year. The Group's trade receivables that are neither past due nor impaired have the best credit quality by reference to respective settlement history.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2022

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

Movements on the provision for impairment on trade and other receivables are as follows:

	<i>HK\$'000</i>
At 1 October 2020	6,328
Reversal of provision for impairment	(1,740)
At 30 September 2021 and 1 October 2021	<u>4,588</u>
Reversal of provision for impairment	(488)
At 31 March 2022	<u>4,100</u>

15. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting periods, and the total balances of trade and other payables comprise:

	31.3.2022	30.9.2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 30 days	610	1,683
31 – 60 days	136	–
61 – 90 days	90	540
Over 90 days	1,600	1,382
	<u>2,436</u>	<u>3,605</u>
Other payables	14,220	19,581
Renovation fee and retention payable	4,694	3,654
Receipt in advance	2,926	2,501
Contract liabilities	6,407	6,795
	<u>30,683</u>	<u>36,136</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2022

16. BANK BORROWINGS, SECURED

	31.3.2022	30.9.2021
	HK\$'000	HK\$'000
Secured bank loans repayable based on scheduled repayment date set out in the loan agreements		
– Within one year	240,462	65,000
– After one year but not exceeding two years	6,831	–
– After two years but not exceeding five years	21,297	–
– After five years	79,795	–
	348,385	65,000

During the six months ended 31 March 2022, the Group obtained a property mortgage installment loan (“Installment Loan”) of HK\$115,200,000 and monthly revolving loans of approximately HK\$313,761,000. During the six months ended 31 March 2022, the Group repaid the Installment Loan of approximately HK\$576,000 and monthly revolving loans of HK\$145,000,000. In accordance with relevant terms and clauses as stipulated in the banking facilities letters, the Group’s bank borrowings of HK\$348,385,000 (30 September 2021: HK\$65,000,000) contain repayment on demand clauses at the discretion of the relevant banks and the Group, as a borrower, has no right to defer the settlement of the relevant bank borrowings as at 31 March 2022. Accordingly, the bank borrowings are shown under current liabilities as at 31 March 2022.

The bank loans carry interests at Hong Kong Interbank offered Rate (HIBOR)/ the bank’s cost of fund plus certain basis points and are denominated in HK\$, which are the functional currency of the relevant group entities.

The bank loans were secured by the Group’s investment properties amounting to approximately HK\$1,988,100,000 (30 September 2021: HK\$1,133,000,000) as at 31 March 2022.

As at 31 March 2022, the Group has unutilised banking facilities of HK\$1,214,239,000 (30 September 2021: HK\$1,078,000,000).

17. COMMITMENTS

At the end of the reporting periods, the Group had the following commitments:

	31.3.2022	30.9.2021
	HK\$'000	HK\$'000
Contracted, but not provided for:		
Property renovation costs	2,216	7,600
Investment in unlisted equity instruments	14,514	14,772
	16,730	22,372

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2022

18. PLEDGE OF ASSETS

As at 31 March 2022, (i) investment properties of the Group with a total carrying amount of approximately HK\$5,184,600,000 (30 September 2021: approximately HK\$4,863,000,000); and (ii) ownership interests in leasehold land held for own use and building of the Group with a total carrying amount of approximately HK\$2,030,000 (30 September 2021: approximately HK\$2,087,000) were pledged to banks to secure the general banking facilities granted to the Group.

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value	Fair value measurements as at		
	as at 31 March 2022	31 March 2022 categorised into		
	HK\$'000	Level 1 HK\$'000 (Note)	Level 2 HK\$'000	Level 3 HK\$'000
Financial assets measured at FVTPL:				
– Listed equity securities	26,071	26,071	–	–
– Unlisted equity instruments	96,125	–	–	96,125
Equity instrument designated at FVOCI:				
– Unlisted equity investment	15,467	–	–	15,467
Debt instruments at FVOCI:				
– Listed debt securities investment	7,898	7,898	–	–

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2022

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets	Fair value as at 30 September 2021	Fair value measurements as at 30 September 2021 categorised into		
	HK\$'000	Level 1 HK\$'000 (Note)	Level 2 HK\$'000	Level 3 HK\$'000
Financial assets measured at FVTPL:				
– Listed equity securities	25,178	25,178	–	–
– Unlisted equity instruments	100,803	–	–	100,803
Equity instrument designated at FVOCI:				
– Unlisted equity investment	16,000	–	–	16,000
Debt instruments at FVOCI:				
– Listed debt securities investment	35,616	35,616	–	–

Note:

Fair values of these investments have been determined by reference to their quoted bid prices as at the end of the reporting periods.

Reconciliation of Level 3 fair value measurement of financial assets:

	Unlisted equity investment classified as equity instrument designated at FVOCI HK\$'000	Unlisted equity instruments classified as financial assets at FVTPL HK\$'000
At 1 October 2020	18,000	53,712
Addition during the year	–	43,223
Change in fair value, recognised in other comprehensive income	(2,000)	–
Change in fair value, recognised in profit or loss	–	3,868
At 30 September 2021 and at 1 October 2021	16,000	100,803
Addition during the period	–	1,184
Change in fair value, recognised in other comprehensive income	(533)	–
Change in fair value, recognised in profit or loss	–	(5,862)
At 31 March 2022	15,467	96,125

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2022

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

Below is the table setting out quantitative information about fair value measurements using significant unobservable inputs (Level 3).

Description	Fair value as at		Valuation technique(s)	Unobservable input		Range (weighted average)		Relationship of unobservable inputs to fair value
	31.3.2022	30.9.2021		31.3.2022	30.9.2021	31.3.2022	30.9.2021	
	HK\$'000	HK\$'000						
Financial assets measured at FVTPL								
Unlisted equity instrument	45,220	37,559	Adjusted asset-based approach	Discount rate for lack of control	Discount rate for lack of control	29.35%	30%	A slight increase in the discount rate would result in an insignificant decrease in the fair value, and vice versa
Unlisted equity instruments	50,905	63,244	Market approach	Discount rate for lack of marketability	Discount rate for lack of marketability	11.28%	9.6%	A slight increase in the discount rate would result in an insignificant decrease in the fair value, and vice versa
Equity instrument designated at FVOCI								
Unlisted equity investment	15,467	16,000	Market approach	Discount rate for lack of marketability	Discount rate for lack of marketability	13.30%	20.6%	A slight increase in the discount rate would result in an insignificant decrease in the fair value, and vice versa

There were no transfers between levels during the Period.

The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Directors consider that the carrying amounts of financial assets and financial liabilities at amortised cost in the Condensed Consolidated Interim Financial Statements approximate to their fair values.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2022

20. RELATED PARTY TRANSACTIONS

In addition to those disclosed elsewhere in the Condensed Consolidated Interim Financial Statements, the following transactions were carried out by the Group with the related parties during the Period. The terms of the below transactions (a) and (b) were mutually agreed by the Group and the related companies.

(a) Significant related party transactions with Elevant-Garde Limited ("EVG")

	Six months ended 31.3.2021 <i>HK\$'000</i>
Accounting service income received from EVG	12
Licence income received from EVG	144
Repair and maintenance expense paid/payable to EVG	312
Addition of investment properties paid/payable to EVG	<u>63</u>
	Six months ended 31.3.2021 <i>HK\$'000</i>
Deposits paid to EVG included in deposits and prepayments	<u>198</u>

Note: Before the Step Acquisition (as defined in 2020/2021 Annual Report), the Group holds at 49.9% equity interest of Elevant-Garde, a joint venture of the Group Mr. Wong Tat Chang, Abraham, Mr. Wong Tat Kee, David and Mr. Wong Tat Sum, Samuel, who are the executive directors of the Company (the "Executive Directors"), are beneficial owners of Elevant-Garde. After the Step Acquisition, Elevant-Garde become a subsidiary of the Company.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2022

20. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Significant related party transactions with B.L. Wong & Company Limited ("B.L. Wong")

	Six months ended	
	31.3.2022	31.3.2021
	HK\$'000	HK\$'000
Rental income received from B.L. Wong	540	540
Property management fee received from B.L. Wong	117	117

Note: Mr. Wong Tat Chang, Abraham, Mr. Wong Tat Kee, David and Mr. Wong Tat Sum, Samuel, who are the executive directors of the Company, held interests in the Company and B.L. Wong.

(c) Compensation of key management personnel

Total remuneration of the Directors and other members of key management personnel of the Group during the Period were as follows:

	Six months ended	
	31.3.2022	31.3.2021
	HK\$'000	HK\$'000
Short term employee benefits	4,064	3,852
Retirement scheme contributions	40	40
	4,104	3,892