

NAN FUNG TREASURY (III) LIMITED
(Incorporated in the British Virgin Islands with limited liability)

CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED

30TH SEPTEMBER 2024

**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF NAN FUNG TREASURY (III) LIMITED**
(incorporated in the British Virgin Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 2 to 14, which comprise the interim condensed statement of financial position of Nan Fung Treasury (III) Limited (the “Company”) as at 30th September 2024 and the interim condensed statement of comprehensive income, the interim condensed statement of changes in equity and the interim condensed statement of cash flows for the six-month period then ended, and selected explanatory notes. The directors 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 statements 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 Company is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 3rd December 2024

NAN FUNG TREASURY (III) LIMITED

(Incorporated in the British Virgin Islands with limited liability)

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

	Note	Unaudited	
		For the six months ended 30th September 2024 HK\$	For the six months ended 30th September 2023 HK\$
Interest income		101,018,653	101,018,653
Interest expenses		(97,586,802)	(97,900,250)
Net interest income	5	3,431,851	3,118,403
Other gains, net	6	5,163,014	1,328,182
Change in fair value on perpetual capital securities		(56,682,584)	427,354,255
Other operating expenses	7	(2,277,553)	(720,694)
(Loss)/profit before income tax		(50,365,272)	431,080,146
Income tax	8	(222,690)	(381,076)
(Loss)/profit for the period		(50,587,962)	430,699,070
Other comprehensive loss			
<i>Items that may not be reclassified subsequently to profit or loss</i>			
Change in fair value on perpetual capital securities attributable to the change in the credit risk		(279,997,702)	(34,152,527)
Other comprehensive loss for the period		(279,997,702)	(34,152,527)
Total comprehensive (loss)/income for the period		(330,585,664)	396,546,543

NAN FUNG TREASURY (III) LIMITED

(Incorporated in the British Virgin Islands with limited liability)

**CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30TH SEPTEMBER 2024**

		Unaudited As at 30th September 2024 HK\$	Audited As at 31st March 2024 HK\$
	Note		
ASSETS			
Non-current asset			
Amount due from a fellow subsidiary company	9	3,837,815,085	3,837,815,085
Deferred income tax asset		4,225,946	4,448,636
		3,842,041,031	3,842,263,721
Current assets			
Amounts due from a fellow subsidiary company	9	33,672,884	33,120,870
Amount due from immediate holding company		7,773	7,826
Cash at bank		413,093	349,060
		34,093,750	33,477,756
Total assets		3,876,134,781	3,875,741,477

NAN FUNG TREASURY (III) LIMITED

(Incorporated in the British Virgin Islands with limited liability)

CONDENSED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30TH SEPTEMBER 2024

	Note	Unaudited As at 30th September 2024 HK\$	Audited As at 31st March 2024 HK\$
EQUITY			
Share capital	10	7,793	7,793
Other reserve		(603,848,862)	(323,851,160)
Retained profit		1,447,776,071	1,498,364,033
Shareholder's equity		<u>843,935,002</u>	<u>1,174,520,666</u>
LIABILITIES			
Non-current liability			
Perpetual capital securities	11	<u>3,013,805,624</u>	<u>2,677,125,338</u>
Current liabilities			
Accrual		116,979	90,970
Interest payable	12	11,335,990	11,413,281
Amounts due to fellow subsidiary companies	13	<u>6,941,186</u>	<u>12,591,222</u>
		<u>18,394,155</u>	<u>24,095,473</u>
Total liabilities		<u>3,032,199,779</u>	<u>2,701,220,811</u>
Total equity and liabilities		<u>3,876,134,781</u>	<u>3,875,741,477</u>

On behalf of the Board

Hui Him Yeung Billy
DirectorBerry Connie Charlotte
Director

NAN FUNG TREASURY (III) LIMITED

(Incorporated in the British Virgin Islands with limited liability)

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

	Unaudited			
	Share capital HK\$	Other reserve HK\$	Retained profit HK\$	Total HK\$
At 1st April 2023	7,793	(371,314,314)	1,208,023,838	836,717,317
Comprehensive income				
Profit for the period	-	-	430,699,070	430,699,070
Other comprehensive loss				
Change in fair value on perpetual capital securities attributable to the change in the credit risk	-	(34,152,527)	-	(34,152,527)
At 30th September 2023	<u>7,793</u>	<u>(405,466,841)</u>	<u>1,638,722,908</u>	<u>1,233,263,860</u>
At 1st April 2024	7,793	(323,851,160)	1,498,364,033	1,174,520,666
Comprehensive income				
Loss for the period	-	-	(50,587,962)	(50,587,962)
Other comprehensive loss				
Change in fair value on perpetual capital securities attributable to the change in the credit risk	-	(279,997,702)	-	(279,997,702)
At 30th September 2024	<u>7,793</u>	<u>(603,848,862)</u>	<u>1,447,776,071</u>	<u>843,935,002</u>

NAN FUNG TREASURY (III) LIMITED

(Incorporated in the British Virgin Islands with limited liability)

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2024**

	Unaudited	
	For the six months ended 30th September 2024 HK\$	For the six months ended 30th September 2023 HK\$
Cash flows from operating activities		
(Loss)/profit before income tax	(50,365,272)	431,080,146
Interest income	(101,018,653)	(101,018,653)
Interest expenses	97,586,802	97,900,250
Change in fair value on perpetual capital securities	56,682,584	(427,354,255)
Net exchange gains	(5,163,014)	(1,328,182)
	(2,277,553)	(720,694)
Changes in working capital:		
Increase in accrual	26,009	25,500
Decrease in amounts due to fellow subsidiary companies	(486,969)	(1,291,300)
Net cash used in operating activities	(2,738,513)	(1,986,494)
Interest received	100,466,639	99,914,624
Interest paid	(97,664,093)	(97,929,417)
Net cash from/(used in) operating activities	64,033	(1,287)
Net increase/(decrease) in cash and cash equivalents	64,033	(1,287)
Cash and cash equivalents at the beginning of the period	349,060	349,814
Cash and cash equivalents at the end of the period	413,093	348,527

NAN FUNG TREASURY (III) LIMITED
(Incorporated in the British Virgin Islands with limited liability)

NOTES TO THE INTERIM FINANCIAL INFORMATION

1 General information

Nan Fung Treasury (III) Limited (the “Company”) is a limited liability company incorporated in the British Virgin Islands. The address of the Company’s registered office is Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands. The principal activity of the Company is the provision of treasury services to group companies through the issuance of guaranteed senior perpetual capital securities.

The immediate holding company is NF Treasury Holdings Limited and the ultimate holding company is Chen’s Group International Limited, which is incorporated in the British Virgin Islands.

On 10th September 2020, the Company issued US\$500 million 5% guaranteed senior perpetual capital securities (“perpetual capital securities”). The perpetual capital securities were issued for general corporate funding purposes and were guaranteed by Nan Fung International Holdings Limited (“NFIHL”), the intermediate holding company. Details of which are set out in note 11 to the interim financial information.

The condensed interim financial information have been approved for issue by the Board of Directors on 3rd December 2024.

2 Basis of preparation and summary of material accounting policies

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

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

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

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

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

The Company has assessed the impact of the adoption of these new standard and amendments to standards, there is neither significant impact on the Company’s results and financial position nor any substantial changes in the Company’s accounting policies and presentation of the interim financial information.

NAN FUNG TREASURY (III) LIMITED
(Incorporated in the British Virgin Islands with limited liability)

NOTES TO THE INTERIM FINANCIAL INFORMATION

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

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

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

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

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

3 Financial risk management

(a) Financial risk factors

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

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's financial statements for the year ended 31st March 2024.

There have been no change in the risk management programme or in any risk management policies since year end.

NAN FUNG TREASURY (III) LIMITED
(Incorporated in the British Virgin Islands with limited liability)

NOTES TO THE INTERIM FINANCIAL INFORMATION

3 Financial risk management (Continued)

(b) Fair value estimation

The financial instruments are measured in the condensed statement of financial position 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 Company's financial instruments measured at fair value:

	Valuation Hierarchy			
	Level 1	Level 2	Level 3	Total
	HK\$	HK\$	HK\$	HK\$
As at 30th September 2024				
Perpetual capital securities	3,013,805,624	-	-	3,013,805,624
As at 31st March 2024				
Perpetual capital securities	2,677,125,338	-	-	2,677,125,338

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 liabilities held by the Company is the current ask price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. 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.

There is no significant reclassification of financial assets during the period.

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 expense. Actual results may differ from these estimates.

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

NAN FUNG TREASURY (III) LIMITED
(Incorporated in the British Virgin Islands with limited liability)

NOTES TO THE INTERIM FINANCIAL INFORMATION

5 Net interest income

	Unaudited	
	For the six months ended 30th September 2024	For the six months ended 30th September 2023
	HK\$	HK\$
Interest income from a fellow subsidiary company	101,018,653	101,018,653
Interest expenses on perpetual capital securities	(97,586,802)	(97,900,250)
	<u>3,431,851</u>	<u>3,118,403</u>

6 Other gains, net

	Unaudited	
	For the six months ended 30th September 2024	For the six months ended 30th September 2023
	HK\$	HK\$
Net exchange gains	<u>5,163,014</u>	<u>1,328,182</u>

7 Other operating expenses

	Unaudited	
	For the six months ended 30th September 2024	For the six months ended 30th September 2023
	HK\$	HK\$
Auditor's remuneration	26,010	25,500
Donation	1,500,000	-
Legal and professional fees	27,276	27,370
Registration fee	3,911	-
Administrative costs recharged by a fellow subsidiary company	719,596	667,233
Bank service charges	760	591
	<u>2,277,553</u>	<u>720,694</u>

NAN FUNG TREASURY (III) LIMITED
(Incorporated in the British Virgin Islands with limited liability)

NOTES TO THE INTERIM FINANCIAL INFORMATION

8 Income tax

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the period. (2023: 16.5%)

The amount of income tax charged to the statement of comprehensive income represents:

	For the six months ended 30th September	
	2024	2023
	HK\$	HK\$
Deferred income tax	222,690	381,076

9 Amount due from a fellow subsidiary company

The balance is denominated in Hong Kong dollars. The balance of HK\$3,837,815,085 (31st March 2024: HK\$3,837,815,085) bears interest at a rate of 5.25% (31st March 2024: 5.25%) per annum and is not expected to be repaid in one year or less. The remaining balance is unsecured, interest free and has no fixed terms of repayment.

10 Share capital

	Number of shares	Share capital HK\$
Ordinary shares at US\$1 each issued:		
At 30th September 2024	1,000	7,793
At 31st March 2024	1,000	7,793

NAN FUNG TREASURY (III) LIMITED
(Incorporated in the British Virgin Islands with limited liability)

NOTES TO THE INTERIM FINANCIAL INFORMATION

11 Perpetual capital securities

			As at 30th September 2024	As at 31st March 2024
	Fixed interest yield per annum	Principal amount (million)	Fair value HK\$	Fair value HK\$
Perpetual capital securities				
- Listed on Singapore Exchange Securities Trading Limited	5%	US\$500	3,013,805,624	2,677,125,338

As described in note 1 to the interim financial statements, the Company issued perpetual capital securities on 10th September 2020. The perpetual capital securities bear interests at 5% which are repayable semi-annually in arrear from 10th March 2021 and the coupon payment can be deferred at the discretion of the Company and there is no limit as to the number of times of deferral of coupon payment. The perpetual capital securities are guaranteed by Nan Fung International Holdings Limited (“Guarantor”) which is an intermediate holding company of the Company. When the Guarantor or the Company elect to declare dividends to their ordinary shareholders, the Company shall make distribution to the holders of perpetual securities at the distribution rates as defined in the offering circular. The perpetual capital securities have no fixed maturity and are redeemable at the Company’s option on or after 10th September 2023 at their principal amounts together with any accrued, unpaid or deferred distributions. It is designated as financial liabilities at fair value through profit or loss.

12 Interest payable

The balance represents interest payable on perpetual capital securities and is denominated in United States dollars.

13 Amounts due to fellow subsidiary companies

The balance is unsecured, interest free, has no fixed terms of repayment and is denominated in Hong Kong dollars and United States dollars.

NAN FUNG TREASURY (III) LIMITED
(Incorporated in the British Virgin Islands with limited liability)

NOTES TO THE INTERIM FINANCIAL INFORMATION

14 Reconciliation of liability arising from financing activities

	Perpetual capital securities HK\$
At 1st April 2023	3,009,300,240
Cash flows	
Non-cash changes:	
Change in fair value on perpetual capital securities	(427,354,255)
Change in fair value on perpetual capital securities attributable to credit risk	34,152,527
At 30th September 2023	<u>2,616,098,512</u>
At 1st April 2024	2,677,125,338
Cash flows	
Non-cash changes:	
Change in fair value on perpetual capital securities	56,682,584
Change in fair value on perpetual capital securities attributable to credit risk	279,997,702
At 30th September 2024	<u>3,013,805,624</u>

NAN FUNG TREASURY (III) LIMITED
(Incorporated in the British Virgin Islands with limited liability)

NOTES TO THE INTERIM FINANCIAL INFORMATION

15 Related party transactions (Continued)

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

	Unaudited	
	For the six months ended	For the six months ended
	30th	30th
	September	September
	2024	2023
	HK\$	HK\$
Interest income from a fellow subsidiary company (note (1))	101,018,653	101,018,653
Administrative costs recharged by a fellow subsidiary company (note (2))	719,596	667,233

Notes:

- (1) Interest receivable from a fellow subsidiary company as at 30th September 2024 was HK\$33,672,884 (30th September 2023: HK\$33,672,884). The terms of advance to the fellow subsidiary company are set out in note 9 to the interim financial statements.
- (2) Administration costs were recharged by Nan Fung Enterprises (HK) Limited, a fellow subsidiary company, for the administrative service provided. The amount was determined by and agreed between both parties.