

NAN FUNG TREASURY 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 LIMITED**
(incorporated in the British Virgin Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 2 to 16, which comprises the condensed statement of financial position of Nan Fung Treasury Limited (the “Company”) as at 30th September 2024 and the condensed statement of comprehensive income, the condensed statement of changes in equity and the 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 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 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 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\$	2023 HK\$
Interest income		290,065,440	329,913,648
Interest expenses		(246,725,862)	(282,480,752)
Net interest income	5	43,339,578	47,432,896
Other losses, net	6	(25,832,621)	(126,242,104)
Other operating expenses	7	(2,327,956)	(1,674,780)
Profit/(loss) before income tax		15,179,001	(80,483,988)
Income tax (expense)/credit	8	(8,359,215)	13,107,839
Profit/(loss) and total comprehensive income/(loss) for the period		6,819,786	(67,376,149)

NAN FUNG TREASURY 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	10,292,884,770	10,858,286,184
		-----	-----
Current assets			
Amount due from a fellow subsidiary company	9	91,934,928	1,572,788,070
Tax recoverable		11,851,749	13,969,610
Other receivable and prepayment		9,970,987	12,831,870
Cash at bank		229,455,677	190,961,571
		-----	-----
		343,213,341	1,790,551,121
		-----	-----
Total assets		10,636,098,111	12,648,837,305
		=====	=====

NAN FUNG TREASURY 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	11	7,800	7,800
Retained earnings		17,814,740	10,994,954
Total equity		<u>17,822,540</u>	<u>11,002,754</u>
LIABILITIES			
Non-current liabilities			
Medium term notes	12	10,353,626,700	10,918,124,273
		<u>10,353,626,700</u>	<u>10,918,124,273</u>
Current liabilities			
Accruals		167,731	111,904
Interest payable	13	79,819,166	108,041,602
Amounts due to fellow subsidiary companies	14	33,460,093	27,307,159
Derivative financial instruments	10	151,201,881	98,582,814
Medium term notes	12	-	1,485,666,799
		<u>264,648,871</u>	<u>1,719,710,278</u>
Total liabilities		<u>10,618,275,571</u>	<u>12,637,834,551</u>
Total equity and liabilities		<u>10,636,098,111</u>	<u>12,648,837,305</u>

On behalf of the Board

Hui Him Yeung Billy
DirectorBerry Connie Charlotte
Director

NAN FUNG TREASURY LIMITED

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

		Unaudited	
	Share capital HK\$	Retained earnings HK\$	Total HK\$
At 1st April 2023	7,800	253,008,829	253,016,629
Comprehensive loss			
Loss for the period	-	(67,376,149)	(67,376,149)
Transaction with equity owners	-	(130,000,000)	(130,000,000)
Dividend paid			
At 30th September 2023	<u>7,800</u>	<u>55,632,680</u>	<u>55,640,480</u>
At 1st April 2024	7,800	10,994,954	11,002,754
Comprehensive income			
Profit for the period	-	6,819,786	6,819,786
At 30th September 2024	<u>7,800</u>	<u>17,814,740</u>	<u>17,822,540</u>

NAN FUNG TREASURY LIMITED

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

	Unaudited	
	For the six months ended	
	30th September	
	2024	2023
Note	HK\$	HK\$
Cash flows from operating activities		
Profit/(loss) before income tax	15,179,001	(80,483,988)
Interest income	(290,065,440)	(329,913,648)
Interest expenses	246,725,862	282,480,752
Net exchange loss	36,482,073	11,823,792
Unrealised loss on derivatives financial instruments, net	38,876,893	140,364,563
Changes in working capital:		
Increase/(decrease) in accruals	55,827	(48,100)
Decrease in other receivable and prepayment	2,860,883	1,603,472
Decrease in amounts due to fellow subsidiary companies	(9,349,183)	(22,429,459)
Decrease/(increase) in amount due from fellow subsidiary companies	1,958,936,927	(23,876,724)
Net cash generated/(used in) from operations	1,999,702,843	(20,479,340)
Interest received	302,219,178	327,288,915
Interest paid	(266,148,362)	(273,785,771)
Net cash from operating activities	2,035,773,659	33,023,804
Cash flows from financing activities		
Repayment of medium term notes	(1,486,865,319)	-
Repurchase of medium term notes	12 (504,172,880)	(224,770,435)
Tax paid	(6,241,354)	-
Net cash used in financing activities	(1,997,279,553)	(224,770,435)
Net increase/(decrease) in cash and cash equivalents	38,494,106	(191,746,631)
Cash and cash equivalents at the beginning of the period	190,961,571	216,110,629
Cash and cash equivalents at the end of the period	229,455,677	24,363,998

NAN FUNG TREASURY LIMITED

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NOTES TO THE INTERIM FINANCIAL INFORMATION

1 General information

Nan Fung Treasury 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 medium term notes.

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

The Company has established a Medium Term Note Programme with aggregate nominal amount of US\$3 billion (“MTN”). The MTN is guaranteed by Nan Fung International Holdings Limited, the intermediate holding company. Details of the drawdown are set out in note 12 to the interim financial information.

The condensed interim financial information (“interim financial information”) has been approved for issue by the Board of Directors on 3rd December 2024.

2 Basis of preparation and summary of material accounting policies

The 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 standard and amendments to standards adopted by the Company

The Company has adopted the following 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 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 standard 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 derivative price risk, 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 do 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 LIMITED
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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 represent the Company's financial instruments measured at fair value:

	Valuation Hierarchy			
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
At 30th September 2024				
(unaudited)				
Derivative financial instruments				
- Liabilities	-	(151,201,881)	-	(151,201,881)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31st March 2024				
(audited)				
Derivative financial instruments				
- Liabilities	-	(98,582,814)	-	(98,582,814)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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NOTES TO THE INTERIM FINANCIAL INFORMATION

3 Financial risk management (Continued)

(b) Fair value estimation (Continued)

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.

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.

Derivative financial instruments are valued based on dealer quotations or alternative pricing sources supported by observable inputs.

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.

5 Net interest income

	Unaudited For the six months ended 30th September	
	2024 HK\$	2023 HK\$
Interest income from amount due from a fellow subsidiary company (note 15)	290,065,440	329,913,648
Interest expenses on medium term notes	(246,725,862)	(282,480,752)
	<u>43,339,578</u>	<u>47,432,896</u>

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NOTES TO THE INTERIM FINANCIAL INFORMATION

6 Other losses, net

	Unaudited For the six months ended 30th September	
	2024 HK\$	2023 HK\$
Realised gain on derivative financial instruments, net	18,753,852	15,993,084
Unrealised loss on derivative financial instruments	(38,876,893)	(140,364,563)
Net loss on derivative financial instruments	(20,123,041)	(124,371,479)
Gain on repurchase of medium term notes (note 12)	30,772,493	9,953,167
Net exchange loss	(36,482,073)	(11,823,792)
	<u>(25,832,621)</u>	<u>(126,242,104)</u>

7 Other operating expenses

	Unaudited For the six months ended 30th September	
	2024 HK\$	2023 HK\$
Auditor's remuneration	31,577	31,577
Bank charges	3,046	3,301
Legal and professional fees	71,050	98,668
Administrative costs recharged by a fellow subsidiary company (note 15 (ii))	2,124,730	1,541,234
Sundry expenses	97,553	-
	<u>2,327,956</u>	<u>1,674,780</u>

8 Income tax (expense)/credit

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

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NOTES TO THE INTERIM FINANCIAL INFORMATION

8 Income tax (expense)/credit (Continued)

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

	Unaudited For the six months ended 30th September	
	2024 HK\$	2023 HK\$
Current income tax		
- Hong Kong profit tax	(8,359,215)	(4,294,796)
Deferred income tax	-	17,402,635
	<u>(8,359,215)</u>	<u>13,107,839</u>

9 Amount due from a fellow subsidiary company

The balances are denominated in Hong Kong dollars and United States dollars.

The fair value of the amount due from a fellow subsidiary company was approximate to the corresponding carrying amount.

As at 30th September 2024, except for amount from a fellow subsidiary company of HK\$10,292,884,770 (31st March 2024: HK\$12,325,712,559) with interest bearing at rates ranging from 4.65% to 5.35% per annum (31st March 2024: from 4.65% to 5.35% per annum) and the maturity dates are as follows, all remaining balance are unsecured, interest free and repayable on demand.

		Unaudited As at 30th September 2024 HK\$	Audited As at 31st March 2024 HK\$
Principal amounts	Maturity date		
US\$187,500,575 (note 1)	21st May 2024	-	1,467,426,375
HK\$497,915,000	13th September 2027	497,915,000	497,915,000
US\$364,141,122/ US\$367,545,306 (note 2)	27th September 2027	2,830,559,978	2,876,501,452
US\$439,191,003/ US\$462,382,321 (note 3)	5th September 2028	3,413,941,462	3,618,719,644
US\$456,754,682/ US\$493,870,000 (note 4)	20th August 2030	3,550,468,330	3,865,150,088
		<u>10,292,884,770</u>	<u>12,325,712,559</u>

NAN FUNG TREASURY LIMITED
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NOTES TO THE INTERIM FINANCIAL INFORMATION

9 Amount due from a fellow subsidiary company (Continued)

Note:

1. During the period ended 30th September 2024, the balance was fully repaid on maturity.
2. During the period ended 30th September 2024, the fellow subsidiary company repaid loan of US\$3,404,184 (equivalent to HK\$26,533,029) to the Company.
3. During the period ended 30th September 2024, the fellow subsidiary company repaid loan of US\$23,191,318 (equivalent to HK\$180,504,992) to the Company.
4. During the period ended 30th September 2024, the fellow subsidiary company repaid loan of US\$37,115,318 (equivalent to HK\$289,113,170) to the Company.

10 Derivative financial instruments

	Unaudited		Audited	
	As at 30th September 2024		As at 31st March 2024	
	Notional amount	Fair value	Notional amount	Fair value
	HK\$	HK\$	HK\$	HK\$
Current liabilities:				
- Cross currency swap				
Contracts (note (a))	14,846,750,000	(151,201,881)	16,396,750,000	(98,582,814)

Notes:

- (a) The Company entered into cross currency rate swap transactions ("CCS Transaction") contract with banks.
- (b) The derivative financial instruments are denominated in United States dollars.

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NOTES TO THE INTERIM FINANCIAL INFORMATION

11 Share capital

	Number of shares	Share capital HK\$
Ordinary shares at US\$1 each issued:		
At 31st March (audited) and 30th September 2024 (unaudited)	1,000	7,800

12 Medium term notes

	Unaudited As at 30th September 2024 HK\$	Audited As at 31st March 2024 HK\$
Medium term notes	10,353,626,700	12,403,791,072
Less: current portion of medium term notes	-	(1,485,666,799)
	<u>10,353,626,700</u>	<u>10,918,124,273</u>
	Unaudited As at 30th September 2024 HK\$	Audited As at 31st March 2024 HK\$
Medium term notes		
- listed	9,854,325,526	11,904,600,729
- unlisted	499,301,174	499,190,343
	<u>10,353,626,700</u>	<u>12,403,791,072</u>

NAN FUNG TREASURY LIMITED

(Incorporated in the British Virgin Islands with limited liability)

NOTES TO THE INTERIM FINANCIAL INFORMATION**12 Medium term notes (Continued)**

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

Issue dates	Principal loan drawdown amounts	Maturity date	Interest yield per annum	Interests in arrear	Unaudited	Audited
					As at 30th September 2024	As at 31st March 2024
					HK\$	HK\$
29th May 2014	US\$189.87 million (note 1)	29th May 2024	4.875%	semi-annually	-	1,485,666,799
13th September 2017	HK\$500 million	13th September 2027	3.65%	Quarterly	499,301,174	499,190,342
3rd October 2017	US\$369.04 million (note 2)	3rd October 2027	3.875%	semi-annually	2,853,147,068	2,897,334,703
5th September 2018	US\$447.08 million (note 3)	5th September 2028	5.00%	semi-annually	3,440,322,130	3,644,882,181
27th August 2020	US\$462.42 million (note 4)	27th August 2030	3.625%	semi-annually	3,560,856,328	3,876,717,047
					<u>10,353,626,700</u>	<u>12,403,791,072</u>

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

Notes:

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

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NOTES TO THE INTERIM FINANCIAL INFORMATION

13 Interest payable

The balance represents interest payable on medium term notes and is denominated in Hong Kong dollars and United States dollars.

14 Amounts due to fellow subsidiary companies

The amounts due to fellow subsidiary companies are unsecured, interest free, repayable on demand. The balances are denominated in Hong Kong dollars and United States dollars.

15 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 Company's business during the period were as follows:

	Unaudited For the six months ended 30th September	
	2024 HK\$	2023 HK\$
Interest income from a fellow subsidiary company (note (i))	290,065,440	329,913,648
Administrative costs recharged by a fellow subsidiary company (note (ii))	(2,124,730)	(1,541,234)
Net realised and unrealised gain on derivative financial instruments charged to a fellow subsidiary company (note (iii))	-	41,386,547
	<u> </u>	<u> </u>

Notes:

- (i) Interest receivable from a fellow subsidiary company as at 30th September 2024 was HK\$ 91,934,928 (31st March 2024: HK\$105,361,695). The terms of advance to the fellow subsidiary company are set out in note 9 to the financial statements.
- (ii) 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.
- (iii) The Company entered into an arrangement with Nan Fung Treasury (II) Limited ("NFT (II)"), a fellow subsidiary company, to have assistance in entering into CCS Transaction contracts with notional amounts of HK\$3,875,000,000 with the bank on behalf of NFT (II). The fair value of swaps as at 30th September 2023 was HK\$17,471,958 and recharged to NFT (II). This arrangement was subsequently terminated on 6th December 2023.