

**NAN FUNG TREASURY LIMITED**

(Incorporated in the British Virgin Islands with limited liability)

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31ST MARCH 2025**

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBER OF NAN FUNG TREASURY LIMITED**  
(Incorporated in the British Virgin Islands with limited liability)

**Opinion**

*What we have audited*

The financial statements of Nan Fung Treasury Limited (the “Company”), which are set out on pages 5 to 25, comprise:

- the statement of financial position as at 31st March 2025;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

*Our opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31st March 2025, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence*

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBER OF NAN FUNG TREASURY LIMITED (CONTINUED)**  
(Incorporated in the British Virgin Islands with limited liability)

**Key Audit Matters (Continued)**

Key audit matter identified in our audit is the recoverability of the amount due from a fellow subsidiary company:

<b>Key Audit Matters</b>	<b>How our audit addressed the key audit matter</b>
<p><b>Amount due from a fellow subsidiary company</b></p> <p><i>Refer to note 9 to the financial statements</i></p> <p>As at 31st March 2025, the Company had an amount due from a fellow subsidiary company of HK\$9,907,343,824.</p> <p>Our audit focused on the amount due from a fellow subsidiary company due to its size and the relative significance of our audit effort on such balance and also the inherent estimation uncertainty in respective recoverability assessment.</p>	<p>We have performed the following procedures in relation to amount due from a fellow subsidiary company:</p> <ul style="list-style-type: none"> <li>• we understood management's processes of the recoverability assessment and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgements involved in determining assumptions to be applied;</li> <li>• we obtained direct confirmation from the fellow subsidiary company to confirm the outstanding balance as at year end;</li> <li>• we checked the principal amount to the agreements signed with the fellow subsidiary company;</li> <li>• we assessed the reasonableness of the methodology and related parameters of expected credit loss assessment, including probability of default, loss given at default, risk exposure, and whether there was a significant increase in credit risk; and</li> <li>• we assessed the forward-looking information used by management, including macroeconomic variables, assumptions and weightings of multiple macroeconomic scenarios.</li> </ul> <p>Based on the audit procedures performed, we found the amount due from a fellow subsidiary company is supportable by available evidence.</p>

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBER OF NAN FUNG TREASURY LIMITED (CONTINUED)**  
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**Other Information**

The directors are responsible for the other information. The other information comprises the information included in the report of the director and Appendix "Detailed Statement of Comprehensive Income for the year ended 31st March 2025", but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Directors for the Financial Statements**

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBER OF NAN FUNG TREASURY LIMITED (CONTINUED)**  
(Incorporated in the British Virgin Islands with limited liability)

**Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 8th July 2025

**NAN FUNG TREASURY LIMITED**

(Incorporated in the British Virgin Islands with limited liability)

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31ST MARCH 2025**

	Note	2025 HK\$	2024 HK\$
Interest income		551,873,397	653,436,859
Interest expenses		(477,509,870)	(558,208,365)
Net interest income	5	74,363,527	95,228,494
Other gains/(losses), net	6	38,262,217	(154,714,384)
Operating expenses	7	(5,461,689)	(6,182,168)
Profit/(loss) before income tax		107,164,055	(65,668,058)
Income tax (expense)/credit	8	(16,463,810)	12,654,183
Profit/(loss) and total comprehensive income/(loss) for the year		<u>90,700,245</u>	<u>(53,013,875)</u>

**NAN FUNG TREASURY LIMITED**

(Incorporated in the British Virgin Islands with limited liability)

**STATEMENT OF FINANCIAL POSITION****AS AT 31ST MARCH 2025**

	Note	2025 HK\$	2024 HK\$
<b>ASSETS</b>			
<b>Non-current asset</b>			
Amount due from a fellow subsidiary company	9	9,907,343,824	10,858,286,184
		-----	-----
<b>Current assets</b>			
Amount due from a fellow subsidiary company	9	83,235,701	1,572,788,070
Derivative financial instruments	10	4,291,564	-
Tax recoverable		3,747,154	13,969,610
Other receivable		11,750,333	12,831,870
Cash and bank balances	11	307,027,290	190,961,571
		-----	-----
		410,052,042	1,790,551,121
		-----	-----
<b>Total assets</b>		10,317,395,866	12,648,837,305
		=====	=====

**NAN FUNG TREASURY LIMITED**

(Incorporated in the British Virgin Islands with limited liability)

**STATEMENT OF FINANCIAL POSITION****AS AT 31ST MARCH 2025**

	Note	2025 HK\$	2024 HK\$
<b>EQUITY</b>			
Share capital	12	7,800	7,800
Retained earnings		101,695,199	10,994,954
<b>Total equity</b>		<u>101,702,999</u>	<u>11,002,754</u>
<b>LIABILITIES</b>			
<b>Non-current liability</b>			
Medium term notes	13	<u>9,980,014,674</u>	<u>10,918,124,273</u>
<b>Current liabilities</b>			
Accruals		199,893	111,904
Amounts due to fellow subsidiary companies	9	24,206,762	27,307,159
Interest payable	14	76,947,335	108,041,602
Medium term notes	13	-	1,485,666,799
Derivative financial instruments	10	134,324,203	98,582,814
		<u>235,678,193</u>	<u>1,719,710,278</u>
<b>Total liabilities</b>		<u>10,215,692,867</u>	<u>12,637,834,551</u>
<b>Total equity and liabilities</b>		<u>10,317,395,866</u>	<u>12,648,837,305</u>

On behalf of the Board

Tang Chun Wai Nelson  
DirectorBerry Connie Charlotte  
Director



**NAN FUNG TREASURY LIMITED**

(Incorporated in the British Virgin Islands with limited liability)

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31ST MARCH 2025**

	Share capital HK\$	Retained earnings HK\$	Total HK\$
<b>At 1st April 2023</b>	7,800	253,008,829	253,016,629
<b>Comprehensive loss</b>			
Loss for the year	-	(53,013,875)	(53,013,875)
<b>Transactions with equity owners</b>			
Dividend paid	-	(189,000,000)	(189,000,000)
<b>At 31st March 2024 and at 1st April 2024</b>	7,800	10,994,954	11,002,754
<b>Comprehensive income</b>			
Profit for the year	-	90,700,245	90,700,245
<b>At 31st March 2025</b>	7,800	101,695,199	101,702,999

**NAN FUNG TREASURY LIMITED**

(Incorporated in the British Virgin Islands with limited liability)

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31ST MARCH 2025**

	Note	2025 HK\$	2024 HK\$
<b>Cash flows from operating activities</b>			
Profit/(loss) before income tax		107,164,055	(65,668,058)
Interest income		(551,873,397)	(653,436,859)
Interest expenses		477,509,870	558,208,365
Net exchange loss		32,586,253	13,258,286
Unrealised loss on derivatives financial instruments		17,707,651	202,608,068
Operating profit before working capital changes		83,094,432	54,969,802
Decrease/(increase) in other receivables		1,081,537	(3,777,658)
Decrease in amount due from a fellow subsidiary company		2,308,520,241	386,044,918
Increase/(decrease) in accruals		87,989	(92,637)
Increase/(decrease) in amounts due to fellow subsidiary companies		16,873,805	(200,897,299)
Repayment of medium term notes	13	(2,389,472,718)	(409,990,211)
Net cash generated from/(used in) operation		20,185,286	(173,743,085)
Interest received		583,883,581	654,706,359
Interest paid		(481,761,794)	(484,748,701)
Tax paid		(6,241,354)	(21,363,631)
Net cash generated from/(used in) operating activities		116,065,719	(25,149,058)
<b>Net increase/(decrease) in cash and bank balances</b>		116,065,719	(25,149,058)
Cash and bank balances at the beginning of the year		190,961,571	216,110,629
<b>Cash and bank balances at the end of the year</b>		307,027,290	190,961,571

**Significant non-cash transaction:**

The dividend paid of HK\$189,000,000 for the year ended 31st March 2024 was settled through amounts due to fellow subsidiary companies.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**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.

These financial statements have been approved for issue by the board of directors on 8th July 2025.

**2 Summary of material accounting policies**

The material accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

**(a) Basis of preparation**

These financial statements have been prepared in accordance with IFRS Accounting Standards. The financial statements have been prepared under the historical cost convention as modified by the revaluation of derivative financial instruments, which is carried at fair value.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

**(b) 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	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 standards 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 financial statements.

**NAN FUNG TREASURY LIMITED**

(Incorporated in the British Virgin Islands with limited liability)

**NOTES TO THE FINANCIAL STATEMENTS****2 Summary of material accounting policies (Continued)****(c) New standards and amendments to standards which are not yet effective for this financial year and have not been early adopted by the Company**

New standards and amendments to standards which are not yet effective for this financial year and have not been early adopted by the Company.

		Effective for accounting periods beginning on or after
IAS 21 (Amendments)	Lack of Exchangeability	1st January 2025
IFRS 9 & IFRS 7 (Amendments)	Amendments to the Classification and Measurement of Financial Instruments	1st January 2026
IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 (Amendments)	Annual Improvement to IFRS Accounting Standards – Volume 11	1st January 2026
IFRS 9 and IFRS 7 (Amendments)	Contracts Referencing Nature-dependent Electricity	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	1st January 2027

The Company will adopt the above new standards and amendments to standards as and when they become effective. The Company has already commenced the assessment of the impact of these new standards and amendments to standards to the Company, these new standards and amendments to standards would not be expected to have a material impact on the Company.

**(d) Foreign currency translation**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The financial statements are presented in Hong Kong dollar, which is the Company’s functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

## **NAN FUNG TREASURY LIMITED**

(Incorporated in the British Virgin Islands with limited liability)

### **NOTES TO THE FINANCIAL STATEMENTS**

## **2. Summary of material accounting policies (Continued)**

### **(e) Financial assets**

#### **(i) Classification of financial assets**

The Company classifies its financial assets in the following categories: at fair value either through profit or loss or through other comprehensive income ("OCI") or those to be measured at amortised cost.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. The classification of debt financial assets depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Company reclassifies debt investments when and only when its business model for managing those assets changes. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

#### **(ii) Measurement of financial assets**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

#### **(1) Debt instruments**

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in 'other gains/(losses), net', together with foreign exchange gains and losses and impairment losses.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'other gains/(losses), net'. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses and impairment expenses are presented in 'other gains/(losses), net'.
- **FVTPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A fair value gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of comprehensive income within "other gains/(losses), net" in the period in which it arises. Interest income and dividend income are recognised in the profit or loss and presented as part of revenue in the statement of comprehensive income.

## **NAN FUNG TREASURY LIMITED**

(Incorporated in the British Virgin Islands with limited liability)

### **NOTES TO THE FINANCIAL STATEMENTS**

## **2 Summary of material accounting policies (Continued)**

### **(e) Financial assets (Continued)**

#### **(2) Equity instruments**

The Company subsequently measures all equity investments at FVTPL. Dividends from such investments continue to be recognised in the statement of comprehensive income as part of revenue when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in 'other gains/(losses), net' in the statement of comprehensive income as applicable.

#### **(iii) Impairment of financial assets**

The Company assesses on a forward looking basis the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost and at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition.

Impairment on other debt instruments at amortised cost and FVOCI are measured as either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition.

#### **(iv) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

### **(f) Derivative financial instruments**

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. For derivative financial instruments do not qualify for hedge accounting, changes in fair value are recognised immediately in income statement.

### **(g) Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposit held at call with banks and other short term highly liquid investments with original maturities of three months or less.

### **(h) Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

## **NAN FUNG TREASURY LIMITED**

(Incorporated in the British Virgin Islands with limited liability)

### **NOTES TO THE FINANCIAL STATEMENTS**

## **2 Summary of material accounting policies (Continued)**

### **(h) Borrowings (Continued)**

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset.

All other borrowing costs are charged to the statement of comprehensive income in the period in which they are incurred.

### **(i) Other payable**

Other payable is recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### **(j) Current and deferred income tax**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company operates and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### **(k) Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

## **NAN FUNG TREASURY LIMITED**

(Incorporated in the British Virgin Islands with limited liability)

### **NOTES TO THE FINANCIAL STATEMENTS**

## **2 Summary of material accounting policies (Continued)**

### **(I) Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

## **3 Financial risk management**

### **(a) Financial risk factors**

The Company's activities expose it to various types of financial risk which include 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.

#### **(i) Price risk**

The Company is exposed to price risk arising from fair value of certain swaps which is determined based on the in-house indexes of banks. Changes in fair value of these swaps are dealt with in the statement of comprehensive income.

#### **(ii) Credit risk**

At the end of each reporting period, the Company's maximum exposure to credit risk in the event of the counterparties failure to discharge their obligations are in relation to each class of recognised financial assets as stated in the statement of financial position.

The Company's financial assets which are potentially subject to credit risk consist principally of the amount due from a fellow subsidiary company, other receivable and cash and cash equivalents. The exposures to these credit risks are closely monitored on an ongoing basis by established credit control procedures.

The Directors of the Company consider the probability of default upon initial recognition of asset and whether there has been significant increase in credit risk on an ongoing basis during the year. To assess whether there is a significant increase in credit risk the Company compares risk of a default occurring on the assets as at the end of the reporting period with the risk of default as at the date of initial recognition. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial economic conditions that are expected to cause a significant change to the company's ability to meet its obligations;
- actual or expected significant changes in the operating results of the company; and
- significant changes in the expected performance and behavior of the company, including changes in the payment status of the third party.

With respect to credit risk arising on the amount due from a fellow subsidiary company, managements regularly assess credit risk for these amounts and consider the Company's credit risk arising from intercompany balances to be minimal.

With respect to credit risk arising on cash and bank balances, the Company has limited its credit exposure by restricting their selection of financial institutions and banks with good credit rating

Management considers amount due from a fellow subsidiary company, other receivable and cash and cash equivalents as low credit risk as counterparties have a strong capacity to meet its contractual cash flow obligations in the near future. The Company has assessed that the financial assets are performing without significant increase in credit risk. Hence, ECL is assessed based on 12-month ECL method. The impairment provision recognised for these balances is close to zero.



**NAN FUNG TREASURY LIMITED**

(Incorporated in the British Virgin Islands with limited liability)

**NOTES TO THE FINANCIAL STATEMENTS****3 Financial risk management (Continued)****(a) Financial risk factors (Continued)****(iii) Foreign exchange risk**

The Company does not expose to foreign exchange risk as most of the transactions are denominated in Hong Kong dollars and United States dollars. Cash and cash equivalents, interest payable, accruals, medium term notes and balances with fellow subsidiary companies are mainly denominated in Hong Kong dollars and United States dollars. In view of the fact that Hong Kong dollars is pegged to United States dollars, the foreign currency risk on United States dollars transactions and balances is minimal.

**(iv) Liquidity risk**

The Company's cash management policy is to regularly monitor its current and expected liquidity positions to ensure adequate funds are available for its short term and long term requirements. In order to maintain liquidity, the Company obtains funding from issuance of medium term notes and obtains funding from its group companies.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year HK\$	Between 1 and 2 years HK\$	Between 2 and 5 years HK\$	Over 5 years HK\$
<b>At 31st March 2025</b>				
Interest payable	76,947,335	-	-	-
Amounts due to fellow subsidiary companies	24,206,762	-	-	-
Medium term notes	416,106,973	416,106,973	7,233,019,854	3,625,367,057
	<u>517,261,070</u>	<u>416,106,973</u>	<u>7,233,019,854</u>	<u>3,625,367,057</u>
<b>At 31st March 2024</b>				
Interest payable	108,041,602	-	-	-
Amounts due to fellow subsidiary companies	27,307,159	-	-	-
Medium term notes	1,979,474,940	457,252,263	8,238,276,875	4,125,901,172
	<u>2,114,823,701</u>	<u>457,252,263</u>	<u>8,238,276,875</u>	<u>4,125,901,172</u>

**NAN FUNG TREASURY LIMITED**

(Incorporated in the British Virgin Islands with limited liability)

**NOTES TO THE FINANCIAL STATEMENTS****3 Financial risk management (Continued)****(b) Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company obtains funding from issuance of medium term notes and obtains funding from its group companies.

**(c) Fair value estimation**

The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

The carrying amounts of cash and cash equivalents, other receivable, interest payable, amounts due from/to fellow subsidiary companies and accruals approximate their fair values due to the short-term maturities of these assets and liabilities.

The financial instruments are measured in the 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).

**NOTES TO THE FINANCIAL STATEMENTS**

**3 Financial risk management (Continued)**

**(c) Fair value estimation (Continued)**

The following table represents the Company's financial instruments measured at fair value:

	Valuation Hierarchy			Total
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	HK\$
At 31st March 2025				
Derivative financial instruments				
- Assets	-	4,291,564	-	4,291,564
Derivative financial instruments				
- Liabilities	-	(134,324,203)	-	(134,324,203)
At 31st March 2024				
Derivative financial instruments				
- Assets	-	-	-	-
Derivative financial instruments				
- Liabilities	-	(98,582,814)	-	(98,582,814)

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Unlisted investments are stated at fair values which are estimated using other prices observed in recent transactions or valuation techniques when the market price is not readily available. If all significant inputs required to estimate the fair value of an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

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 year.

**4 Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**NAN FUNG TREASURY LIMITED**

(Incorporated in the British Virgin Islands with limited liability)

**NOTES TO THE FINANCIAL STATEMENTS****4 Critical accounting estimates and judgements (Continued)**

Recoverability of amount due from a fellow subsidiary company

Management regularly assesses the loss allowances for amount due from a fellow subsidiary company based on assumptions about risk of default and expected loss rates. Management uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the counterparty's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**5 Net Interest Income**

	2025 HK\$	2024 HK\$
Interest income from amount due from a fellow subsidiary company (note 16)	551,873,397	653,436,859
Interest expenses on medium term notes	(477,509,870)	(558,208,365)
	<u>74,363,527</u>	<u>95,228,494</u>

**6 Other gains/(losses), net**

	2025 HK\$	2024 HK\$
Net realised gain on financial assets/liabilities at fair value through profit or loss	44,149,939	37,683,625
Net unrealised loss on financial assets/liabilities at fair value through profit or loss	(17,707,651)	(202,608,068)
Gain on repurchase of medium term notes (notes 13)	46,708,356	23,468,345
Loss on disposal of derivative financial instruments	(2,302,174)	-
Net gains/(loss) on derivative financial instruments	<u>70,848,470</u>	<u>(141,456,098)</u>
Net exchange loss	(32,586,253)	(13,258,286)
	<u>38,262,217</u>	<u>(154,714,384)</u>

**7 Operating expenses**

	2025 HK\$	2024 HK\$
Administrative expenses recharged by a fellow subsidiary company (note 16)	3,575,178	4,248,645
Auditor's remuneration	47,680	64,392
Legal and professional fee	1,680,816	1,654,632
Others	158,015	214,499
	<u>5,461,689</u>	<u>6,182,168</u>

**NAN FUNG TREASURY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS****8 Income tax expense/(credit)**

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the year ended 31st March 2025 and 31st March 2024.

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

	2025 HK\$	2024 HK\$
Hong Kong profits tax		
- Provision for the year	20,647,546	4,754,452
- Over provision for prior year	(4,183,736)	(6,000)
Deferred income tax (note 15)	-	(17,402,635)
	<u>16,463,810</u>	<u>(12,654,183)</u>

The tax on the Company's profit before income tax differs from the theoretical amount that would arise using the tax rate of Hong Kong, the principal place where the Company operates, is as follows:

	2025 HK\$	2024 HK\$
Profit/(loss) before income tax	107,164,055	(65,668,058)
Calculated at a tax rate of 16.5% (2024: 16.5%)	17,682,069	(10,835,230)
Temporary difference previously not recognized	2,267,459	-
Expenses not deductible for tax purposes	8,404,897	2,059,324
Income not taxable	(7,706,879)	(3,872,277)
Over provision for prior year	(4,183,736)	-
Tax rebate	-	(6,000)
Income tax expense/(credit)	<u>16,463,810</u>	<u>(12,654,183)</u>

**9 Amounts due from/(to) group companies**

	2025 HK\$	2024 HK\$
Amount due from a fellow subsidiary company (note a)	<u>9,990,579,525</u>	<u>12,431,074,254</u>
Amounts due to fellow subsidiary companies (note b)	<u>(24,206,762)</u>	<u>(27,307,159)</u>

- (a) The balances are denominated in Hong Kong 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 31st March 2025, except for the amount due from a fellow subsidiary company of HK\$9,907,343,824 (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, the remaining balances of HK\$83,235,701 (31st March 2024: HK\$105,361,695) are unsecured, interest free and repayable on demand.

**NAN FUNG TREASURY LIMITED**

(Incorporated in the British Virgin Islands with limited liability)

**NOTES TO THE FINANCIAL STATEMENTS****9 Amounts due from/(to) group companies (Continued)**

Principal amounts	Maturity date	2025 HK\$	2024 HK\$
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\$344,209,378/ US\$367,545,306 (note 2)	27th September 2027	2,677,398,227	2,876,501,452
US\$413,503,533/ US\$462,382,321 (note 3)	5th September 2028	3,216,395,876	3,618,719,644
US\$451,974,020/ US\$493,870,000 (note 4)	20th August 2030	3,515,634,721	3,865,150,088
		<u>9,907,343,824</u>	<u>12,325,712,559</u>

Notes:

- During the year ended 31st March 2025, the balance was fully repaid on maturity.
  - The fellow subsidiary company repaid the company a total of US\$23,335,928 (equivalent to HK\$176,909,239) during the year.
  - The fellow subsidiary company repaid the company a total of US\$48,878,788 (equivalent to HK\$385,006,131) during the year.
  - The fellow subsidiary company repaid the company a total of US\$41,895,980 (equivalent to HK\$326,289,578) during the year.
- (b) The amounts due to fellow subsidiary companies are unsecured, interest free and repayable on demand. The balances are denominated in Hong Kong and United States dollars.

**10 Derivative financial instruments**

The financial assets at fair value through profit or loss are denominated in the following currencies:

	2025		2024	
	Notional Amount HK\$	Fair value HK\$	Notional amount HK\$	Fair value HK\$
Current assets:				
- Cross currency swap contract	4,727,500,000	4,291,564	-	-
Current liabilities:				
- Cross currency swap contract	10,119,250,000	(134,324,203)	16,396,750,000	(98,582,814)

The derivative financial instruments are denominated in United States dollars.

**NAN FUNG TREASURY LIMITED**

(Incorporated in the British Virgin Islands with limited liability)

**NOTES TO THE FINANCIAL STATEMENTS****11 Cash and bank balances**

	2025 HK\$	2024 HK\$
Bank balances and cash	307,027,290	190,961,571

Cash and bank balances are denominated in the following currencies:

	2025 HK\$	2024 HK\$
Restricted deposit – Unites States dollar (note)	98,007,840	-
Hong Kong dollar	201,880,008	131,532,045
United States dollar	7,133,550	59,423,541
Renminbi	5,892	5,985
	307,027,290	190,961,571

Note:

The restricted deposit is the margin call deposit for Cross Currency Swaps.

**12 Share capital**

	Number of shares	Amount HK\$
Issued and fully paid:		
At 31st March 2024 and 31st March 2025	1,000	7,800

**13 Medium term notes**

	2025 HK\$	2024 HK\$
Medium term notes (note)	9,980,014,674	12,403,791,072
Less: current portion of medium term notes	-	(1,485,666,799)
	9,980,014,674	10,918,124,273

	2025 HK\$	2024 HK\$
Medium term notes (note)		
- listed	9,480,601,214	11,904,600,729
- unlisted	499,413,460	499,190,343
	9,980,014,674	12,403,791,072

**NAN FUNG TREASURY LIMITED**

(Incorporated in the British Virgin Islands with limited liability)

**NOTES TO THE FINANCIAL STATEMENTS****13 Medium term notes (Continued)**

Note:

The Company has established a Medium Term Note Programme (“MTN”). The aggregate principal of US\$3 billion. As at 31st March 2025 and 2024, the Company has drawdown of HK\$500,000,000 (2024: HK\$500,000,000) which is unlisted and US\$1,227,350,000 (2024: US\$1,533,055,000) which is listed on Singapore Exchange Securities Trading Limited. The details of the drawdowns are as follows:

Issue dates	Principal loan drawdown amounts	Maturity date	Fixed interest yield per annum	Interests in arrear	2025 HK\$	2024 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	499,413,459	499,190,342
3rd October 2017	US\$348.84 million (note 2)	3rd October 2027	3.875%	Semi-annually	2,701,841,987	2,897,334,703
5th September 2018	US\$420.73 million (note 3)	5th September 2028	5%	Semi-annually	3,246,648,269	3,644,882,181
27th August 2020	US\$457.78 million (note 4)	27th August 2030	3.625%	Semi-annually	3,532,110,959	3,876,717,047
					<hr/>	<hr/>
					9,980,014,674	12,403,791,072
					<hr/>	<hr/>

The MTN is guaranteed unconditionally and irrevocably by Nan Fung International Holdings Limited, the Company’s intermediate holding company. As at 31st March 2025, the fair values of the MTN are HK\$9,583,066,000 (31st March 2024: HK\$11,617,528,000). Of which, US\$1,169,947,000 equivalent to HK\$9,100,316,000 (31st March 2024: US\$1,424,986,000 equivalent to HK\$11,152,303,000) is within level 1 of fair value hierarchy and the remaining HK\$482,750,000 (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\$1,708,360,000 (31st March 2024: US\$1,403,056,000).

Notes:

- During the year ended 31st March 2025, nominal value of the medium term notes of US\$189,870,000 were fully repaid on maturity.
- During the year ended 31st March 2025, the company repurchased US\$23,650,000 MTN from third party and subsequently cancelled, resulting in a decrease in drawdown balance from US\$372,490,000 to US\$348,840,000.



**NAN FUNG TREASURY LIMITED**

(Incorporated in the British Virgin Islands with limited liability)

**NOTES TO THE FINANCIAL STATEMENTS****13 Medium term notes (Continued)**

3. During the year ended 31st March 2025, the company repurchased US\$49,960,000 MTN from third party and subsequently cancelled, resulting in a decrease in drawdown balance from US\$470,690,000 to US\$420,730,000.
4. During the year ended 31st March 2025, the company repurchased US\$42,220,000 MTN from third party and subsequently cancelled, resulting in a decrease in drawdown balance from US\$500,000,000 to US\$457,780,000.

**14 Interest payable**

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

**15 Deferred income tax**

Deferred income tax is calculated in full on temporary differences under the liability method using a tax rate of 16.5%.

The movement of the deferred income tax assets/(liabilities) are as follows:

	Unrealised gain on derivative financial instruments HK\$
At 1st April 2023	(17,402,635)
Credited to the statement of comprehensive income	17,402,635
At 31st March 2024, 1st April 2024 and 31st March 2025	-

**NAN FUNG TREASURY LIMITED**

(Incorporated in the British Virgin Islands with limited liability)

**NOTES TO THE FINANCIAL STATEMENTS****16 Significant related party transactions**

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

	2025 HK\$	2024 HK\$
Interest income from a fellow subsidiary company (note a)	551,873,397	653,436,859
Administrative expenses recharged by a fellow subsidiary company (note b)	(3,575,178)	(4,248,645)
Net realised and unrealised gains on derivative financial instruments charged to a fellow subsidiary company (note c)	-	57,604,877
	<u>551,873,397</u>	<u>653,436,859</u>

Note:

- (a) Interest receivable from a fellow subsidiary company as at 31st March 2025 was HK\$83,235,701 (2024: HK\$105,361,695). The terms of advance to the fellow subsidiary company is set out in note 9 to the financial statements.
- (b) Administrative costs were recharged by Nan Fung Enterprises (HK) Limited for the year ended 31st March 2025 and 31st March 2024 for the administrative services provided. The amount was determined by and agreed between both parties.
- (c) The Company entered into an arrangement with 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). On 6th December 2023, this arrangement was terminated, and the fair value loss of swaps HK\$1,445,259 was recharged to NFT (II).

**17 Holding companies**

The ultimate holding company is Chen's Group International Limited, a company incorporated in the British Virgin Islands.

The immediate holding company is NF Treasury Holdings Limited, a company incorporated in the British Virgin Islands.

## NAN FUNG TREASURY LIMITED

(Incorporated in the British Virgin Islands with limited liability)

DETAILED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31ST MARCH 2025

(FOR MANAGEMENT INFORMATION PURPOSES ONLY)

	2025 HK\$	2024 HK\$
<b>INCOME/GAINS</b>		
Interest income	551,873,397	653,436,859
Net gain on derivative financial instruments	26,442,288	-
Gain on repurchase of medium term notes	46,708,356	23,468,345
	<u>625,024,041</u>	<u>676,905,204</u>
<b>EXPENSES/LOSSES</b>		
Net exchange loss	(32,586,253)	(13,258,286)
Net loss on derivative financial instruments	-	(164,924,443)
Auditor's remuneration	(47,680)	(64,392)
Interest expenses	(477,509,870)	(558,208,365)
Legal and professional fee	(1,680,816)	(1,654,632)
Sundry expenses	(118,040)	(179,445)
Administration costs recharged by Nan Fung Enterprise (HK) Limited	(3,575,178)	(4,248,645)
Business registration fee	(35,162)	(30,136)
Bank charges	(4,813)	(4,918)
Loss on disposal of derivative financial instruments	(2,302,174)	-
	<u>(517,859,986)</u>	<u>(742,573,262)</u>
<b>PROFIT/(LOSS) BEFORE INCOME TAX</b>	<u>107,164,055</u>	<u>(65,668,058)</u>