

NAN FUNG TREASURY LIMITED

(Incorporated in the British Virgin Islands with limited liability)

CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED

30TH SEPTEMBER 2023

**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 2023 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, 5th December 2023

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 2023**

	Note	Unaudited For the six months ended 30th September	
		2023 HK\$	2022 HK\$
Interest income		329,913,648	414,566,019
Interest expenses		(282,480,752)	(364,535,789)
Net interest income	5	47,432,896	50,030,230
Other (losses)/gains, net	6	(126,242,104)	47,143,701
Other operating expenses	7	(1,674,780)	(4,392,823)
(Loss)/profit before income tax		(80,483,988)	92,781,108
Income tax credit/(expense)	8	13,107,839	(13,467,356)
(Loss)/profit and total comprehensive (loss)/income for the period		(67,376,149)	79,313,752

NAN FUNG TREASURY LIMITED

(Incorporated in the British Virgin Islands with limited liability)

**CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30TH SEPTEMBER 2023**

		Unaudited as at 30th September 2023 HK\$	Audited as at 31st March 2023 HK\$
	Note		
ASSETS			
Non-current asset			
Amount due from a fellow subsidiary company	9	11,045,505,019	12,748,366,172
		-----	-----
Current assets			
Amount due from fellow subsidiary companies	9	1,663,868,349	107,693,320
Derivative financial instruments	10	40,368,489	170,655,609
Other receivable and prepayment		7,450,740	9,054,212
Cash at bank	11	24,363,998	216,110,629
		-----	-----
		1,736,051,576	503,513,770
		-----	-----
Total assets		12,781,556,595	13,251,879,942
		=====	=====

NAN FUNG TREASURY LIMITED

(Incorporated in the British Virgin Islands with limited liability)

CONDENSED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30TH SEPTEMBER 2023

	Note	Unaudited as at 30th September 2023 HK\$	Audited as at 31st March 2023 HK\$
EQUITY			
Share capital	12	7,800	7,800
Retained earnings		55,632,680	253,008,829
Total equity		<u>55,640,480</u>	<u>253,016,629</u>
LIABILITIES			
Non-current liabilities			
Medium term notes	13	11,099,669,210	12,831,574,568
Deferred income tax liabilities		-	17,402,635
		<u>11,099,669,210</u>	<u>12,848,977,203</u>
Current liabilities			
Accruals		156,441	204,541
Interest payable	14	52,780,891	53,642,128
Amounts due to fellow subsidiary companies	15	5,779,317	28,208,776
Derivative financial instruments	10	75,262,539	65,185,096
Tax payable		6,940,365	2,645,569
Medium term notes	13	1,485,327,352	-
		<u>1,626,246,905</u>	<u>149,886,110</u>
Total liabilities		<u>12,725,916,115</u>	<u>12,998,863,313</u>
Total equity and liabilities		<u>12,781,556,595</u>	<u>13,251,879,942</u>

On behalf of the Board

Berry Connie Charlotte
DirectorTang Chun Wai Nelson
Director

NAN FUNG TREASURY LIMITED

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**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2023**

		Unaudited	
	Share capital HK\$	Retained earnings HK\$	Total HK\$
At 1st April 2022	7,800	321,022,839	321,030,639
Comprehensive income			
Profit for the period	-	79,313,752	79,313,752
At 30th September 2022	<u>7,800</u>	<u>400,336,591</u>	<u>400,344,391</u>
At 1st April 2023	7,800	253,008,829	253,016,629
Comprehensive income			
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>

NAN FUNG TREASURY LIMITED

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**CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2023**

	Unaudited	
	For the six months ended	
	30th September	
	2023	2022
Note	HK\$	HK\$
Cash flows from operating activities		
(Loss)/profit before income tax	(80,483,988)	92,781,108
Interest income	(329,913,648)	(414,566,019)
Interest expenses	282,480,752	364,535,789
Net exchange loss/(gain)	11,823,792	(3,959,894)
Unrealised loss/(gain) on derivatives financial instruments, net	140,364,563	(9,138,506)
Changes in working capital:		
Decrease in accruals	(48,100)	(30,957)
Decrease in other receivable and prepayment	1,603,472	8,221,674
Decrease in amounts due to fellow subsidiary companies	(22,429,459)	(69,062,936)
(Increase)/decrease in amount due from fellow subsidiary companies	(23,876,724)	3,216,060,471
Net cash (used in)/from operations	(20,479,340)	3,184,840,730
Interest received	327,288,915	435,703,577
Interest paid	(273,785,771)	(419,436,983)
Net cash from operating activities	33,023,804	3,201,107,324
Cash flows from financing activities		
Repayment of medium term notes	-	(3,154,040,000)
Repurchase of medium term notes	13 (224,770,435)	(117,745,000)
Net cash used in financing activities	(224,770,435)	(3,271,785,000)
Net decrease in cash and cash equivalents	(191,746,631)	(70,677,676)
Cash and cash equivalents at the beginning of the period	216,110,629	358,156,778
Cash and cash equivalents at the end of the period	24,363,998	287,479,102

Significant non-cash transaction:

The dividend paid of HK\$130,000,000 for the period ended 30th September 2023 was settled through amounts due from fellow subsidiary company.

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 13 to the interim financial information.

The condensed interim financial information (“interim financial information”) has been approved for issue by the Board of Directors on 5th December 2023.

2 Basis of preparation and summary of significant accounting policies

The condensed interim financial information for the six months ended 30th September 2023 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 2023, 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 2023.

(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 2023 and are relevant to its operation.

IAS 1 and IFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies
IAS 8 (Amendments)	Definition of Accounting Estimates
IAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities Arising from a Single Transaction
IAS 12 (Amendments)	International Tax Reform – Pillar Two Model Rules
IFRS 17 and IFRS 17 (Amendments)	Insurance contracts
IFRS 17	Initial Application of IFRS 17 and IFRS 9 – Comparative Information

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.

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NOTES TO THE INTERIM FINANCIAL INFORMATION**2 Basis of preparation and summary of significant accounting policies (Continued)**

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

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

		Effective for accounting periods beginning on or after
IAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1st January 2024
IAS 1 (Amendments)	Non-current Liabilities with Covenants	1st January 2024
IAS 7 and IFRS 7	Supplier Finance Arrangements	1st January 2024
IAS 16 (Amendments)	Lease Liability in a Sale and Leaseback	1st January 2024
IFRS S1	General Requirements for Disclosure of Sustainability – related Financial Information	1st January 2024
IFRS S2	Climate – related Disclosures	1st January 2024
IAS 21 (Amendments)	Lack of Exchangeability	1st January 2025
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 2023.

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

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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 2023				
(unaudited)				
Derivative financial instruments				
- Assets	-	40,368,489	-	40,368,489
Derivative financial instruments				
- Liabilities	-	(75,262,539)	-	(75,262,539)
At 31st March 2023				
(audited)				
Derivative financial instruments				
- Assets	-	170,655,609	-	170,655,609
Derivative financial instruments				
- Liabilities	-	(65,185,096)	-	(65,185,096)

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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 2023.

5 Net interest income

	Unaudited For the six months ended 30th September	
	2023 HK\$	2022 HK\$
Interest income from amount due from a fellow subsidiary company (note 16)	329,913,648	414,566,019
Interest expenses on medium term notes	(282,480,752)	(364,535,789)
	<u>47,432,896</u>	<u>50,030,230</u>

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NOTES TO THE INTERIM FINANCIAL INFORMATION

6 Other (losses)/gains, net

	Unaudited For the six months ended 30th September	
	2023 HK\$	2022 HK\$
Realised gain on derivative financial instruments	15,993,084	16,878,070
Realised gain on disposal of derivative financial instruments	-	10,691,306
Unrealised (loss)/gain on derivative financial instruments, net	(140,364,563)	9,138,506
Gain on repurchase of medium term notes (note 13)	9,953,167	6,475,925
Net (loss)/gain on derivative financial instruments	(114,418,312)	43,183,807
Net exchange (loss)/gain	(11,823,792)	3,959,894
	<u>(126,242,104)</u>	<u>47,143,701</u>

7 Other operating expenses

	Unaudited For the six months ended 30th September	
	2023 HK\$	2022 HK\$
Auditor's remuneration	31,577	30,958
Bank charges	3,301	3,566
Legal and professional fees	98,668	1,692,902
Administrative costs recharged by a fellow subsidiary company (note 16 (ii))	1,541,234	2,665,397
	<u>1,674,780</u>	<u>4,392,823</u>

8 Income tax credit/(expense)

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the period. (2022: same)

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NOTES TO THE INTERIM FINANCIAL INFORMATION

8 Income tax credit/(expense) (Continued)

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

	Unaudited For the six months ended 30th September	
	2023 HK\$	2022 HK\$
Current income tax		
- Hong Kong profit tax	(4,294,796)	(15,130,587)
Deferred income tax	17,402,635	1,663,231
	<u>13,107,839</u>	<u>(13,467,356)</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 2023, except for amount from a fellow subsidiary company of HK\$12,513,578,271 (31st March 2023: HK\$12,748,366,172) with interest bearing at rates ranging from 4.65% to 5.35% per annum (31st March 2023: from 4.10% 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 2023 HK\$	Audited As at 31st March 2023 HK\$
Principal amounts	Maturity date		
US\$187,500,575/ US\$191,055,575 (note 1)	21st May 2024	1,468,073,252	1,499,728,947
HK\$497,915,000	13th September 2027	497,915,000	497,915,000
US\$380,676,576/ US\$384,820,800 (note 2)	27th September 2027	2,980,583,387	3,020,727,834
US\$472,579,115/ US\$490,880,295 (note 3)	5th September 2028	3,700,152,693	3,853,263,052
US\$493,870,000	20th August 2030	3,866,853,939	3,876,731,339
		<u>12,513,578,271</u>	<u>12,748,366,172</u>

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NOTES TO THE INTERIM FINANCIAL INFORMATION

9 Amount due from a fellow subsidiary company (Continued)

Note:

1. During the period 30th September 2023, the fellow subsidiary company repaid loan of US\$3,555,000 (equivalent to HK\$27,818,231) to the Company.
2. During the period 30th September 2023, the fellow subsidiary company repaid loan of US\$4,144,224 (equivalent to HK\$32,496,518) to the Company.
3. During the period 30th September 2023, the fellow subsidiary company repaid loan of US\$18,301,180 (equivalent to HK\$143,318,448) to the Company.

10 Derivative financial instruments

	Unaudited		Audited	
	As at 30th September 2023		As at 31st March 2023	
	Notional amount HK\$	Fair value HK\$	Notional amount HK\$	Fair value HK\$
Current assets:				
- Cross currency swap contracts (note (a))	8,602,500,000	40,368,489	10,196,750,000	170,655,609
Current liabilities:				
- Cross currency swap contracts	11,669,250,000	(75,262,539)	3,875,000,000	(65,185,096)

Notes:

- (a) The Company entered into cross currency rate swap transactions ("CCS Transaction") contract with banks. Of which, CCS Transaction contract with notional amounts of HK\$3,875,000,000 (31st March 2023: HK\$3,875,000,000) was entered on behalf of Nan Fung Treasury (II) Limited ("NFT (II)"), a fellow subsidiary company, and its cumulative fair value gain is HK\$17,471,958 (31st March 2023: gain of HK\$65,185,096). (Note 16)
- (b) The derivative financial instruments are denominated in United States dollars.

11 Cash at bank

The carrying amount of the Company's cash at bank balance is denominated in the following currencies:

	Unaudited As at 30th September 2023 HK\$	Audited As at 31st March 2023 HK\$
Hong Kong dollars	811,963	133,771,395
United States dollars	23,546,135	82,332,950
Renminbi	5,900	6,284
	<u>24,363,998</u>	<u>216,110,629</u>

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NOTES TO THE INTERIM FINANCIAL INFORMATION

12 Share capital

	Number of shares	Share capital HK\$
Ordinary shares at US\$1 each issued:		
At 31st March (audited) and 30th September 2023 (unaudited)	1,000	7,800

13 Medium term notes

	Unaudited As at 30th September 2023 HK\$	Audited As at 31st March 2023 HK\$
Medium term notes	12,584,996,562	12,831,574,568
Less: current portion of medium term notes	(1,485,327,352)	-
	<u>11,099,669,210</u>	<u>12,831,574,568</u>
	Unaudited As at 30th September 2023 HK\$	Audited As at 31st March 2023 HK\$
Medium term notes		
- listed	12,085,915,029	12,332,599,845
- unlisted	499,081,533	498,974,723
	<u>12,584,996,562</u>	<u>12,831,574,568</u>

NAN FUNG TREASURY LIMITED

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NOTES TO THE INTERIM FINANCIAL INFORMATION**13 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 2023, the Company has drawdown of HK\$500,000,000 (31st March 2023: HK\$500,000,000) which is unlisted and US\$1,556,744,000 (31st March 2023: US\$1,585,444,000) which is listed on Singapore Exchange Securities Limited ("SGX"). The details of the drawdown are as follows:

Issue dates	Principal loan drawdown amounts	Maturity date	Fixed interest yield per annum	Interests in arrear	Unaudited As at 30th September 2023 HK\$	Audited As at 31st March 2023 HK\$
29th May 2014	US\$189.9 million (note 1)	29th May 2024	4.875%	semi-annually	1,485,327,352	1,516,403,565
13th September 2017	HK\$500 million	13th September 2027	3.65%	quarterly	499,081,533	498,974,722
3rd October 2017	US\$385.8 million (note 2)	3rd October 2027	3.875%	semi-annually	3,000,527,049	3,056,674,003
5th September 2018	US\$481.1 million (note 3)	5th September 2028	5%	semi-annually	3,724,126,918	3,876,140,163
27th August 2020	US\$500 million	27th August 2030	3.625%	semi-annually	3,875,933,710	3,883,382,115
					<u>12,584,996,562</u>	<u>12,831,574,568</u>

The MTN is guaranteed unconditionally and irrevocably by Nan Fung International Holdings Limited, the Company's intermediate holding company. As at 30th September 2023, the fair values of the MTN are HK\$11,293,565,000 (31st March 2023: HK\$12,116,981,000). Of which, HK\$10,843,235,000 (31st March 2023: HK\$11,647,626,000) is within level 1 of fair value hierarchy and the remaining 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\$1,379,396,000 (31st March 2023: US\$1,350,859,000).

Note:

1. During the period ended 30th September 2023, the company repurchased US\$3.6 million MTN from third party and subsequently cancelled, resulting in a decrease in drawdown balance from US\$193.5 million to US\$189.9 million.
2. During the period ended 30th September 2023, the company repurchased US\$6.5 million MTN from third party and subsequently cancelled, resulting in a decrease in drawdown balance from US\$392.3 million to US\$385.8 million.
3. During the period ended 30th September 2023, the company repurchased US\$18.6 million MTN from third party and subsequently cancelled, resulting in a decrease in drawdown balance from US\$499.7 million to US\$481.1 million.

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NOTES TO THE INTERIM FINANCIAL INFORMATION

14 Interest payable

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

15 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.

16 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	
	2023 HK\$	2022 HK\$
Interest income from a fellow subsidiary company (note (i))	329,913,648	414,566,019
Administrative costs recharged by a fellow subsidiary company (note (ii))	(1,541,234)	(2,655,397)
Realised and unrealised gain/(loss) on derivative financial instruments recharged to a fellow subsidiary company (note (iii))	41,386,547	(16,554,930)
	<u>41,386,547</u>	<u>(16,554,930)</u>

Notes:

- (i) Interest receivable from a fellow subsidiary company as at 30th September 2023 was HK\$109,334,080 (31st March 2023: HK\$107,693,320). 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 NFT (II), a fellow subsidiary company, to have assistance in entering into CCS Transaction with notional amounts of HK\$3,875,000,000 (31st March 2023: HK\$3,875,000,000) with the bank on behalf of NFT (II). The fair value of the CCS Transaction as at 30th September 2023 was HK\$17,471,958 (31st March 2023: HK\$65,185,096). The gain or loss in respect of the CCS Transactions is recharged to NFT (II).