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This announcement and the offering circular referred to herein have been published for information purposes only as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and do not constitute an offer to sell nor a solicitation of an offer to buy any securities. Neither this announcement nor anything referred to herein (including the listing document) forms the basis for any contract or commitment whatsoever. *For the avoidance of doubt, the publication of this announcement and the listing document referred to herein shall not be deemed to be an offer of securities made pursuant to a prospectus issued by or on behalf of the Issuer (as defined below) for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong nor shall it constitute an advertisement, invitation or document containing an invitation to the public to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite securities for the purposes of the Securities and Futures Ordinance (Cap. 571) of Hong Kong.*

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities.

*This announcement is not for distribution, directly or indirectly, in or into the United States. This announcement does not constitute or form part of any offer to purchase, a solicitation of an offer to purchase, an offer to sell or an invitation or solicitation of an offer to sell, issue or subscribe for, securities in or into the United States or in any other jurisdiction. The Bonds (as defined below) have not been, or will not be, registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any state securities laws or other jurisdiction of the United States and the Bonds may not be offered or sold in or into the United States absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements under the U.S. Securities Act and any applicable state or local securities laws of the United States.*

***Notice to Hong Kong investors**: The Issuer and the Guarantor (as defined below) confirm that the Bonds are intended for purchase by Professional Investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on The Stock Exchange of Hong Kong Limited on that basis. Accordingly, the Issuer and the Guarantor confirm that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.*

PUBLICATION OF THE OFFERING CIRCULAR ON THE STOCK EXCHANGE OF HONG KONG LIMITED

NAN FUNG TREASURY LIMITED

(incorporated with limited liability in the British Virgin Islands)

(as "**Issuer**")

U.S.$500,000,000 5.75 per cent. Guaranteed Sustainability Bonds due 2036
(the "Bonds") (Stock Code: 40336)

unconditionally and irrevocably guaranteed by

NAN FUNG INTERNATIONAL HOLDINGS LIMITED
南豐國際控股有限公司

(incorporated with limited liability in the British Virgin Islands)
(as "**Guarantor**")

Issue Price: 99.154 per cent.

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

HSBC **Goldman Sachs (Asia) L.L.C.** **J.P. Morgan** **UBS**

Sustainability Structuring Bank

HSBC

This announcement is issued pursuant to Rule 37.39A of the Listing Rules.

Reference is made to the notice of listing of the Bonds on The Stock Exchange of Hong Kong Limited dated 21 May 2026 published by the Issuer.

The final offering circular dated 14 May 2026 prepared in connection with the issue of the Bonds is appended herewith.

Hong Kong, 22 May 2026

As at the date of this announcement, the directors of the Issuer are TANG Chun Wai Nelson, BERRY Connie Charlotte, and HUI Him Yeung Billy.

As at the date of this announcement, the directors of the Guarantor are LEUNG Kam Chung, CHEUNG Vincent Sai Sing, SETO Frank Kai Shui, CHEUNG Vanessa Tih Lin, CHEUNG Pui Kuen, GAO Meng, TANG Chun Wai Nelson and LEUNG Wei Ping Ronald.

Appendix – Offering Circular dated 14 May 2026

IMPORTANT NOTICE

NOT FOR DISTRIBUTION INTO OR WITHIN THE UNITED STATES

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the offering circular (the "**Offering Circular**") attached to this e-mail. You are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information as a result of such access. You acknowledge that the access to the Offering Circular is intended for use by you only and you agree you will not forward or otherwise provide access to any other person.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT.

THE OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY ADDRESS IN THE UNITED STATES. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of Your Representation: You have accessed the attached document on the basis that you have confirmed to Nan Fung Treasury Limited (the "**Issuer**"), Nan Fung International Holdings Limited 南豐國際控股有限公司 (the "**Guarantor**") and The Hongkong and Shanghai Banking Corporation Limited, Goldman Sachs (Asia) L.L.C., J.P. Morgan Securities (Asia Pacific) Limited and UBS AG Hong Kong Branch (the "**Joint Lead Managers**") that: (1) you and any customers you represent are not in the United States, (2) the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States, and (3) you consent to delivery of this document by electronic transmission. To the extent you purchase the securities described in the attached document, you will be doing so in an offshore transaction as defined in regulations under the Securities Act in compliance with Regulation S thereunder.

The Offering Circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently neither the Issuer, the Guarantor, the Joint Lead Managers nor any of their affiliates, directors, officers, employees, representatives, agents and each person who controls any of them accepts any liability or responsibility whatsoever in respect of any such alteration or change to the Offering Circular distributed to you in electronic format or any difference between the Offering Circular distributed to you in electronic format and the hard copy version.

Restrictions: Nothing in this electronic transmission constitutes, and may not be used in connection with, an offer or an invitation by or on behalf of any of the Issuer, the Guarantor or the Joint Lead Managers to subscribe or purchase any of the securities described therein, in any place where offers or solicitations are not permitted by law and access has been limited so that it shall not constitute in the United States or elsewhere directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and any Joint Lead Manager or any affiliate of a Joint Lead Manager is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Joint Lead Manager or such affiliate on behalf of the Issuer and the Guarantor in such jurisdiction. Any securities to be issued in respect thereof will not be registered under the Securities Act and may not be offered or sold in the United States unless registered under the Securities Act or pursuant to an exemption from such registration. Access has been limited so that it shall not constitute a general solicitation in the United States or elsewhere. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

You are reminded that you have accessed the Offering Circular on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law.

If you receive the Offering Circular by e-mail, you should not reply by e-mail to the Offering Circular, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

NAN FUNG TREASURY LIMITED

(incorporated with limited liability in the British Virgin Islands)

U.S.$500,000,000 5.75 per cent. Guaranteed Sustainability Bonds due 2036

Issue Price: 99.154 per cent.

unconditionally and irrevocably guaranteed by

NAN FUNG INTERNATIONAL HOLDINGS LIMITED
南豐國際控股有限公司

(incorporated with limited liability in the British Virgin Islands)

The 5.75 per cent. guaranteed sustainability bonds due 2036 in the aggregate principal amount of U.S.$500,000,000 (the "**Bonds**") will be issued by Nan Fung Treasury Limited (the "**Issuer**") and will be unconditionally and irrevocably guaranteed (the "**Guarantee of the Bonds**") by Nan Fung International Holdings Limited 南豐國際控股有限公司(the "**Guarantor**" or the "**Company**"), a company incorporated with limited liability in the British Virgin Islands.

Interest on the Bonds is payable semi-annually in arrear on 21 May and 21 November in each year, commencing on 21 November 2026. The Bonds mature on 21 May 2036. The Bonds may be redeemed at the option of the Issuer in whole, or in part, on 21 November 2035 or on any Business Day (as defined in Condition 4 of the Terms and Conditions of the Bonds) thereafter (each, a "**Call Date**") on the Issuer's giving not less than 30 nor more than 60 days' notice to the Registrar, the Fiscal Agent and (in accordance with Condition 15 of the Terms and Conditions of the Bonds) the Holders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Bonds on the relevant Call Date at their principal amount plus interest accrued to but excluding such date). See "*Terms and Conditions of the Bonds — Redemption and Purchase*".

Following the occurrence of a Change of Control (as defined in the Terms and Conditions of the Bonds), the holder of the Bonds will have the right at such holder's option, to require the Issuer to redeem all, but not some only, of that holder's Bonds on the Change of Control Redemption Date (as defined in the Terms and Conditions of the Bonds) at their principal amount together with accrued interest.

The Bonds constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4 of the Terms and Conditions of the Bonds) unsecured obligations of the Issuer and (subject as stated above) rank and will at all times rank *pari passu* without any preference among themselves and with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

The Guarantee of the Bonds constitutes a direct, unconditional, unsubordinated and (subject to the provisions of Condition 4 of the Terms and Conditions of the Bonds) unsecured obligations of the Guarantor and (subject as stated above) ranks and will at all times rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

Payments on the Bonds will be made without withholding or deduction for taxes of the British Virgin Islands or any political subdivision thereof or any authority therein or thereof having power to tax (each, a "**Relevant Jurisdiction**") to the extent described in "*Terms and Conditions of the Bonds— Taxation*".

Investing in the Bonds involves certain risks. Prospective investors should have regard to the factors described under the section headed "*Risk Factors*" in this Offering Circular.

The Bonds and the Guarantee of the Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Bonds are being offered in offshore transactions outside the United States in reliance on Regulation S under the Securities Act. For a description of these and certain further restrictions on offers and sales of the Bonds and the Guarantee of the Bonds and the distribution of this Offering Circular, see "*Subscription and Sale*".

Application will be made to The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**" or "**SEHK**") for the listing of, and permission to deal in, the Bonds by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) ("**Professional Investors**") only on the Hong Kong Stock Exchange. This Offering Circular is for distribution to Professional Investors only.

The SEHK has not reviewed the contents of this Offering Circular, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Offering Circular to Professional Investors only have been reproduced in this Offering Circular. Listing of the Bonds on the SEHK is not to be taken as an indication of the commercial merits or credit quality of the Bonds or the Issuer, the Guarantor or the Group or quality of disclosure in this Offering Circular. Hong Kong Exchanges and Clearing Limited and the SEHK take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer, the Guarantor and the Group. Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Notice to Hong Kong investors: Each of the Issuer and the Guarantor confirms that the Bonds are intended for purchase by Professional Investors only and the Bonds will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, each of the Issuer and the Guarantor confirms that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Bonds will be represented by beneficial interests in the global certificate (the "**Global Certificate**") in registered form which will be registered in the name of a nominee of, and shall be deposited on or about the Issue Date with, a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**"). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described herein, certificates for the Bonds will not be issued in exchange for interests in the Global Certificate.

The Bonds are expected to be rated Baa3 by Moody's Investors Services ("**Moody's**"). A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. The Guarantor is rated Baa3 by Moody's.

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

HSBC **Goldman Sachs (Asia) L.L.C.** **J.P. Morgan** **UBS**

Sustainability Structuring Bank

HSBC

This Offering Circular is dated 14 May 2026.

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer, the Guarantor and the Group. Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading. Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

Each of the Issuer and the Guarantor, having made all reasonable enquiries, confirms that to the best of their knowledge and belief (i) this Offering Circular contains all material information with respect to the Issuer, the Guarantor and the Guarantor's subsidiaries taken as a whole (the Guarantor and its subsidiaries collectively, the "**Group**"), and to the Bonds, (ii) all statements of fact relating to the Issuer, the Guarantor, the Group and to the Bonds and the Guarantee of the Bonds contained in this Offering Circular are in every material particular true and accurate and not misleading in any material respect, and that there are no other facts in relation to the Issuer, the Guarantor, the Group and to the Bonds and the Guarantee of the Bonds the omission of which would in the context of the issue of the Bonds make any statement in this Offering Circular misleading in any material respect, (iii) the statements of intention, opinion, belief or expectation with regard to the Issuer, the Guarantor and the Group contained in this Offering Circular are honestly made or held and have been reached after considering all relevant circumstances and have been based on reasonable assumptions, and (iv) all reasonable enquiries have been made by the Issuer and the Guarantor to ascertain such facts and to verify the accuracy of all such statements. This Offering Circular has been prepared by the Issuer and the Guarantor solely for use in connection with the proposed offering of the Bonds and giving of the Guarantee of the Bonds described in this Offering Circular. The distribution of this Offering Circular, the offering of the Bonds and the giving of the Guarantee of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor, The Hongkong and Shanghai Banking Corporation Limited, Goldman Sachs (Asia) L.L.C., J.P. Morgan Securities (Asia Pacific) Limited and UBS AG Hong Kong Branch (the "**Joint Lead Managers**") to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds and giving of the Guarantee of the Bonds or the distribution of this document in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds and the Guarantor giving the Guarantee of the Bonds, and the circulation of documents relating thereto, in certain jurisdictions and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Bonds and distribution of this Offering Circular, see "*Subscription and Sale*".

No person has been authorised to give any information or to make any representation other than those contained in this Offering Circular or any other document entered into in relation to the offer and sale of the Bonds and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor or the Joint Lead Managers. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Guarantor, the Group or any of them since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof.

None of the Joint Lead Managers or the Agents (as defined herein) has separately verified the information contained in this Offering Circular. None of the Joint Lead Managers or the Agents, or any director, officer, employee, agent or affiliate of any such person, makes any representation, warranty or undertaking, express or implied, or accepts any responsibility or liability, with respect to the accuracy or completeness of any of the information contained in this Offering Circular or any information supplied in connection with the Bonds and the Guarantee of the Bonds. Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers or the agents or any of their respective affiliates in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of the Issuer, the Guarantor, the Group and the merit and risks involved in investing in the Bonds. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Bonds.

To the fullest extent permitted by law, none of the Joint Lead Managers nor the Agents, nor any director, officer, employee, agent or affiliate of any such person, accepts any responsibility for the contents of this Offering Circular or for any other statement made or purported to be made by a Joint Lead Manager or an Agent, or any director, officer, employee, agent or affiliate of any such person or on its behalf, in connection with the Issuer, the Guarantor, the Group, the issue and offering of the Bonds or the giving of the Guarantee of the Bonds. Each of the Joint Lead Managers, the Agents and directors, officers, employees, agents and affiliates of such persons accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers or the Agents undertakes to review the financial condition or affairs of the Issuer, the Guarantor or the Group during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Bonds of any information coming to the attention of the Joint Lead Managers or the Agents. Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Bonds shall, in any circumstances, create any implication that the information contained in this Offering Circular is true subsequent to the date hereof or that there has been no adverse change in the affairs of the Issuer, the Guarantor or the Group since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof.

None of the Joint Lead Managers nor any of their respective affiliates accepts any responsibility for any environmental or sustainability assessment of the Bonds or makes any representation or warranty or gives any assurance as to whether such Bonds will meet any investor expectations or requirements regarding such "green, social, sustainability" or similar labels. None of the Joint Lead Managers nor any of their respective affiliates have undertaken, nor are they responsible for, any assessment of the eligible new and existing green and/or social assets (as referred to in the "*Use of Proceeds*" section of this Offering Circular), any verification of whether such assets meet any eligibility criteria set out in the Framework nor are they responsible for the use of proceeds for the Bonds nor the impact or monitoring of such use of proceeds or the allocation of the proceeds to particular eligible new and existing green and/or social assets. Any framework (including the Framework), certification or second party opinion and/or public reporting will not be incorporated by reference in and shall not form part of this Offering Circular and none of the Joint Lead Managers or the Agents or any director, officer, employee, representative, agent, adviser or affiliate of any such person or any person who controls any of them makes any representation as to the suitability or contents thereof.

This Offering Circular may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation. This Offering Circular does not constitute an offer or an invitation to subscribe for or to purchase any Bonds, is not intended to provide the basis of any credit or other evaluation, and should not be considered as a recommendation by the Issuer, the Guarantor, the Joint Lead Managers, the Agents or any of them that any recipient of this Offering Circular should subscribe for or purchase any Bonds. Each recipient of this Offering Circular shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer, the Guarantor and the Group with its own tax, legal and business advisers as it deems necessary.

In this Offering Circular, where information has been presented in thousands or millions of units, or as percentages, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding. References to information in billions of units are to the equivalent of a thousand million units.

This Offering Circular contains certain information regarding the Group's Adjusted EBITDA. "**Adjusted EBITDA**" is defined as profit before income tax but excludes (i) net change in fair values of investment properties; (ii) depreciation and amortisation of property, plant and equipment, right-of-use assets and land use rights; (iii) finance income, net; (iv) "Other income and gains/(losses), net"; and (v) unrealised gains/(losses) included in "Net (losses)/income on financial investments". Adjusted EBITDA is not a standard measure under IFRS. Adjusted EBITDA is a widely used financial indicator of a company's ability to service and incur debt. Adjusted EBITDA should not be considered in isolation or construed as an alternative to cash flows, profit for the year or any other measure of financial performance or as an indicator of the Group's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating Adjusted EBITDA, investors should consider, among other things, the components of Adjusted EBITDA such as turnover and operating expenses and the amount by which Adjusted EBITDA exceeds capital expenditures and other charges. The Group has included Adjusted EBITDA because it believes it is a useful supplement to cash flow data as a measure of the Group's performance and its ability to generate cash flow from operations to cover debt service and taxes. Adjusted EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare the Group's Adjusted EBITDA to EBITDA presented by other companies because not all companies use the same definition.

This Offering Circular is provided solely for the purpose of enabling the recipient to consider purchasing the Bonds. The investors or prospective investors should read this Offering Circular carefully before making a decision regarding whether or not to purchase the Bonds. This Offering Circular cannot be used for any other purpose and any information in this Offering Circular cannot be disclosed to any other person. This Offering Circular is personal to each prospective investor and does not constitute an offer to any other person or to the public generally to purchase or otherwise acquire the Bonds.

This Offering Circular summarises certain material documents and other information, and the Issuer, the Guarantor, the Joint Lead Managers refer the recipient of this Offering Circular to them for a more complete understanding of what is contained in this Offering Circular. In making an investment decision, the prospective investor must rely on its own judgment and examination of the Issuer, the Guarantor and the Group and the Terms and Conditions of the Bonds, including the merits and risks involved. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Bonds. None of the Issuer, the Guarantor, the Joint Lead Managers nor the Agents are making any representations regarding the legality of an investment in the Bonds under any law or regulation. The recipient of this Offering Circular should not consider any information in this Offering Circular to be legal, business or tax advice. Any investor or prospective investor should consult his/her/its own attorney, business adviser and tax adviser for legal, business and tax advice regarding an investment in the Bonds.

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the SFC Code – Important Notice to Prospective Investors

Prospective investors should be aware that certain intermediaries in the context of this offering of the Bonds, including certain Joint Lead Managers, are "capital market intermediaries" ("**CMIs**") subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "**SFC Code**"). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as "overall coordinators" ("**OCs**") for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, the Guarantor, a CMI or its group companies would be considered under the SFC Code as having an association ("**Association**") with the Issuer, the Guarantor, the CMI or the relevant group company. Prospective investors associated with the Issuer, the Guarantor or any CMI (including its group companies) should specifically disclose this when placing an order for the Bonds and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should ensure, and by placing an order, prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any Joint Lead Manager, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Joint Lead Manager or its group company has more than 50 per cent. interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". If a prospective investor is otherwise affiliated with any Joint Lead Manager, such that its order may be considered to be a "proprietary order" (pursuant to the SFC Code), such prospective investor should indicate to the relevant Joint Lead Manager when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to this offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the Joint Lead Managers and/or any other third parties as may be required by the SFC Code, including to the Issuer, the Guarantor, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

IN CONNECTION WITH THE ISSUE OF THE BONDS, ANY OF THE JOINT LEAD MANAGERS ACTING AS THE STABILISATION MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) MAY OVER-ALLOT BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE BONDS AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE BONDS. ANY STABILISATION ACTION OR OVERALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISATION MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

Warning

The contents of this Offering Circular have not been reviewed by any regulatory authority in the British Virgin Islands, Hong Kong or elsewhere. Investors are advised to exercise caution in relation to the offer. If any investor is in any doubt about any of the contents of this document, that investor should obtain independent professional advice.

PRESENTATION OF FINANCIAL INFORMATION

This Offering Circular contains consolidated financial information of the Guarantor as at and for the years ended 31 March 2025, 2024 and 2023, which has been extracted from the Guarantor's audited consolidated financial statements as at and for the year ended 31 March 2025 ("the **2025 Audited Financial Statements**") and the Guarantor's audited consolidated financial statements as at and for the year ended 31 March 2024 ("the **2024 Audited Financial Statements**") (collectively, the "**Audited Financial Statements**"). Such Audited Financial Statements were prepared in accordance with IFRS and have been audited by PricewaterhouseCoopers, the Guarantor's independent auditor.

This Offering Circular also contains consolidated financial information as at and for the six months ended 30 September 2025 and 2024, which has been extracted from the Guarantor's unaudited condensed consolidated interim financial information as at and for the six months ended 30 September 2025 (the "**Interim Financial Information**"). Such unaudited consolidated financial statements of the Guarantor were prepared in accordance with IFRS and have been reviewed by PricewaterhouseCoopers in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("**ISRE 2410**") issued by the International Auditing and Assurance Standards Board ("**IAASB**").

Certain monetary amounts included in this Offering Circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be arithmetic aggregation of the individual items and actual numbers may differ from those contained herein due to rounding.

CERTAIN TERMS AND CONVENTIONS

This Offering Circular has been prepared using a number of conventions, which investors should consider when reading the information contained herein. Unless indicated otherwise, in this Offering Circular all references to (i) the "**Issuer**" are to Nan Fung Treasury Limited, (ii) the "**Guarantor**", the "**Company**" or "**Nan Fung**" are to Nan Fung International Holdings Limited 南豐國際控股有限公司 and (iii) the "**Group**" or "**Nan Fung Group**" are to the Guarantor and its subsidiaries, taken as a whole.

Unless otherwise specified or the context otherwise requires, references to "**Hong Kong**" are to the Hong Kong Special Administrative Region of the People's Republic of China, to the "**PRC**" or "**China**" are to the People's Republic of China, for the purpose of this Offering Circular only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan, to the "**U.S.**" or "**United States**" are to the United States of America, to "**Hong Kong dollars**," "**HK dollars**" and "**HK$**" are to the lawful currency of Hong Kong, to "**CNY**", "**Renminbi**" or "**RMB**" are to the lawful currency of the PRC, to "**US$**", "**U.S.$**" or "**U.S. dollars**" are to the lawful currency of the United States of America and to "**IFRS**" are to International Financial Reporting Standards or IFRS Accounting Standards issued by the International Accounting Standards Board ("**IASB**").

Any discrepancies in the tables included herein between the listed amounts and the totals thereof are due to rounding.

FORWARD LOOKING STATEMENTS

Certain statements under "*Risk Factors*", "*Description of the Group*" and elsewhere in this Offering Circular constitute "forward-looking statements". The words including "believe", "expect", "plan", "anticipate", "schedule", "estimate" and similar words or expressions identify forward-looking statements. In addition, all statements other than statements of historical facts included in this Offering Circular, including, but without limitation, those regarding the financial position, business strategy, prospects, capital expenditure and investment plans of the Group and the plans and objectives of the Group's management for its future operations (including development plans and objectives relating to the Group's operations), are forward looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results or performance of the Group to differ materially from those expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. Each of the Issuer and the Guarantor expressly disclaims any obligation or undertaking to release any updates or revisions to any forward-looking statements contained herein to reflect any change in the Issuer's, the Guarantor's or the Group's expectations with regard thereto or any change of events, conditions or circumstances, on which any such statements were based. This Offering Circular discloses, under "*Risk Factors*" and elsewhere, important factors that could cause actual results to differ materially from the Issuer's or the Guarantor's expectations. All subsequent written and forward-looking statements attributable to the Issuer or the Guarantor or persons acting on behalf of the Issuer or the Guarantor are expressly qualified in their entirety by such cautionary statements.

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SUMMARY

The summary below is only intended to provide a very limited overview of information described in more detail elsewhere in this Offering Circular. As it is a summary, it does not contain all of the information that may be important to investors. Terms defined elsewhere in this Offering Circular shall have the same meanings when used in this summary. Prospective investors should therefore read this entire Offering Circular, including the section entitled "Risk Factors" and the financial statements and related notes thereto, before making an investment decision.

DESCRIPTION OF THE ISSUER

Nan Fung Treasury Limited is a business company incorporated with limited liability under the BVI Business Companies Act, 2004, as amended, of the British Virgin Islands (BVI Company Number: 1725454). It was incorporated in the British Virgin Islands on 24 July 2012. Its registered office is at Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands. The Issuer is an indirect wholly-owned subsidiary of Nan Fung.

DESCRIPTION OF THE GROUP

Overview

Pursuant to the Reorganisation (as described below), Nan Fung was incorporated in the British Virgin Islands on 8 August 2011 (BVI Company Number 1665059). It is the holding company for a Hong Kong-based property-focused conglomerate, which the Group believes is one of the largest privately owned conglomerates in Hong Kong based on assets.

The Group has interests in, and engages in, property development, property investment, construction, property management, mortgage financing and financial investment. The Group's core business is property development and investment. It has been developing properties in Hong Kong since 1965. It is a fully integrated property developer in Hong Kong, with operations covering all principal stages of property development, including acquisition, design, engineering and marketing. Hong Kong continues to be the core market on which the Group focuses and across which it currently owns a portfolio of residential, commercial and industrial properties. As at 30 September 2025, the Group's track record of property projects in Hong Kong amounted to over 67 million square feet ("**sq.ft.**") of gross floor area ("**GFA**"). The Group's investment property portfolio was valued at HK$80,236 million as at 30 September 2025 (see the *Interim Financial Information* set out herein for further details).

In recent years the Group has leveraged off its experience and success in the Hong Kong market to expand into the PRC and overseas property market.

For information regarding the ownership of Nan Fung as at the date of this Offering Circular, see "*Shareholders, Directors' Interests and Related Party Transactions*". The principal business activities of the Group are as follows:

- **Property development and investment:** The Group has developed and invested in 178 properties in Hong Kong since 1965 and these developments have been largely self-funded. The Group maintains a strategic land bank in Hong Kong and has a well-established presence in Hong Kong. In recent years, the Group has also entered the PRC property market, maintaining personnel and operations in first-tier cities in the PRC. The Group primarily undertakes its property development and investment business in the PRC either directly through its own operations, or through joint ventures with other parties. In Hong Kong, the Group is primarily engaged in the development and sale of residential and commercial properties. In addition, the Group owns and manages an investment and rental property portfolio comprising offices, shopping malls, residential apartments, apartments with customised services, hotels, industrial buildings and warehouses, most of which are located in Hong Kong. The Group has also invested in residential and commercial property development projects in Macau, Singapore, Malaysia, the United Kingdom and the United States.

- **Property-related services:** The Group is engaged in service businesses relating to its property businesses, including construction, property management and mortgage financing services in Hong Kong.

- **Financial investment and Life Science Investments:** The Group also has a significant financial investment portfolio that provides a substantial liquidity buffer and stable recurring income for the Group. The management of the Group's financial investment portfolio and life science investments is undertaken by Nan Fung Trinity (HK) Limited (a subsidiary of the Group, see "*Description of the Group — Financial Investment*" below) and Nan Fung Life Sciences respectively. With the underlying assets and portfolio being a part of the Group's assets, it provides a substantial liquidity buffer and stable recurring income to the Group.

  For the six months ended 30 September 2025, Nan Fung reported consolidated revenue and profit attributable to the owners of the Guarantor of approximately HK$2,212 million and HK$2,320 million, respectively. For the six months ended 30 September 2024, Nan Fung reported consolidated revenue and profit attributable to the owners of the Guarantor of approximately HK$1,820 million and HK$681 million, respectively. As at 30 September 2025 and 31 March 2025, Nan Fung reported consolidated total assets of HK$152,381 million and HK$147,707 million, respectively (see the *Interim Financial Information* set out herein for further details).

Strategy

The Group's overall strategic aim is to be a preeminent real estate developer that provides premium property services and products, with a focus on excellence in quality and design, compliance with statutory and functional requirements and customer satisfaction, whilst delivering projects development and management services in a reliable, efficient and environmentally responsible project manner. The Group's core values are: Quality, Value, Innovation and Services. The Group seeks to achieve this objective through the following strategies:

- Focus on the premium property development segment in Hong Kong and strategic geographic portfolio diversification;
- Disciplined and prudent approach in growth and management of land bank;
- Enhance the Group's brand recognition by leveraging value-added products and services;
- Focus on maintaining stable cash flows to offset cyclicality of property development business; and
- Maintain financial prudence through active management of a liquid financial investment portfolio.

Competitive Strengths

The Group believes it has the following competitive strengths:

- Proven track record of successfully identifying, acquiring quality land bank and developing prime sites;
- Ability to compete effectively;
- Integrated business model;

- Stable and recurring income base from its financial investment portfolio, property rentals and property management;
- Substantial liquidity buffer;
- Strategic partnerships with property market players;
- Strong corporate governance and internal controls;
- Experienced and stable management team;
- Strong customer focus and reputable brand name; and
- Conservative capital structure and diversified sources of funding.

Recent Developments

The Group has continued to develop and invest in Hong Kong, the PRC and overseas. In Hong Kong, the Group obtained the tender for MTR Corporation's Tung Chung East Station Package One residential project in 2024, which is expected to provide a residential development of approximately 600 units upon completion. In the United Kingdom, the Group is progressing the redevelopment of 99 City Road in London. Further information on these matters is set out under "*Description of the Group - Property Development and Investment*" section.

THE OFFERING

The following is a summary of the terms of the offering and is qualified in its entirety by the remainder of this Offering Circular. Words and expressions defined in "Terms and Conditions of the Bonds" below shall have the same meanings in this summary. For a more complete description of the Terms and Conditions of the Bonds, please see "Terms and Conditions of the Bonds".

Issuer	Nan Fung Treasury Limited.
Guarantor	Nan Fung International Holdings Limited 南豐國際控股有限公司.
Bonds Offered	U.S.$500,000,000 5.75 per cent. Guaranteed Sustainability Bonds due 2036.
Guarantee of the Bonds	The Guarantor will, in the Deed of Guarantee, unconditionally and irrevocably guarantee the due and punctual payment in full of all sums payable by the Issuer in respect of the Bonds and all other moneys payable by the Issuer under or pursuant to the Deed of Covenant.
Issue Price	99.154 per cent.
Issue Date	21 May 2026.
Maturity Date	21 May 2036.
Interest	The Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 5.75 per cent. per annum, payable semi-annually in arrear on 21 May and 21 November in each year, commencing on 21 November 2026.
Status of the Bonds and Guarantee of the Bonds.	The Bonds constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4 of the Terms and Conditions of the Bonds) unsecured obligations of the Issuer and (subject as stated above) rank and will at all times rank *pari passu* without any preference among themselves and with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights. The Guarantee of the Bonds constitutes a direct, unconditional, unsubordinated and (subject to the provisions of Condition 4 of the Terms and Conditions of the Bonds) unsecured obligations of the Guarantor and (subject as stated above) ranks and will at all times rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.
Negative Pledge	The Bonds will contain a negative pledge provision as further described in Condition 4 of the Terms and Conditions of the Bonds.

Cross Acceleration	The Bonds will contain a cross acceleration provision as further described in Condition 9(a)(iii) of the Terms and Conditions of the Bonds.
Events of Default	The Bonds will contain certain events of default provisions as further described in Condition 9 of the Terms and Conditions of the Bonds.
Final Redemption	Unless previously redeemed or purchased and cancelled as specified in the Terms and Conditions of the Bonds, the Bonds will be redeemed by the Issuer at their principal amount on 21 May 2036.
Redemption for Tax Reasons	The Issuer may redeem all the Bonds, but not some only at their principal amount, together with interest accrued to but excluding the date of redemption, in the event of certain changes in the British Virgin Islands taxation, as further described in Condition 6(b) of the Terms and Conditions of the Bonds.
Redemption at the option of the Issuer	The Bonds may be redeemed at the option of the Issuer in whole, or in part, on 21 November 2035 or on any Business Day (as defined in Condition 4 of the Terms and Conditions of the Bonds) thereafter at their principal amount plus interest accrued to but excluding the date of the redemption, as further described in Condition 6(c) of the Terms and Conditions of the Bonds.
Redemption for Change of Control	The holder of the Bonds will have the right at such holder's option, to require the Issuer to redeem all, but not some only, of that holder's Bonds at their principal amount together with accrued interest, upon the occurrence of a Change of Control, as further described in Condition 6(d) of the Terms and Conditions of the Bonds.
Use of Proceeds	See "*Use of Proceeds*".
Taxation	All payments of principal, premium (if any) and interest in respect of the Bonds by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of the Relevant Jurisdiction, unless such withholding or deduction of such Taxes is required by law. In such event, the Issuer or, as the case may be, the Guarantor, will pay such additional amounts as may be necessary in order that the net amounts received by the Holders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Bonds in the absence of such withholding or deduction; except that no such additional amounts shall be payable in relation to any payment in respect

	of the Bonds in the limited circumstances as further described therein.
Further Issues	The Issuer may (with the prior written consent of the Guarantor) from time to time, without the consent of the Holders, create and issue further securities having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Bonds.
Fiscal Agent	The Hongkong and Shanghai Banking Corporation Limited.
Principal Paying Agent	The Hongkong and Shanghai Banking Corporation Limited.
Registrar	The Hongkong and Shanghai Banking Corporation Limited.
Form	The Bonds will be represented by beneficial interests in the Global Certificate, which will be registered in the name of a nominee of, and deposited on the Issue Date with, a common depositary for Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on and transfers thereof will be effected only through records maintained by Euroclear and Clearstream. Except as described herein, certificates for Bonds will not be issued in exchange for beneficial interests in the Global Certificate.
Clearance and Settlement	The Bonds are cleared through Euroclear and Clearstream and are settled in U.S. dollars only. The Bonds have been accepted for clearance by Euroclear and Clearstream under the following codes: ISIN: XS3314987184 Common code: 331498718
Issuer Legal Entity Identifier (“LEI”)	254900S3BMA32ATT9Q05
Denomination	The Bonds will be issued in registered form in the denomination of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.
Governing Law	The Bonds and any non-contractual obligations arising out of or in connection with the Bonds are governed by, and will be construed in accordance with, English law.
Ratings	The Bonds are expected to be rated Baa3 by Moody’s. Security ratings are not recommendations to buy, sell or hold the Bonds. Ratings are subject to revision or withdrawal at any time by the rating agencies.
Listing	Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only and such permission is expected to become effective on or about 22 May 2026.
Selling Restrictions	The Bonds will not be registered under the Securities Act or under any state securities laws of the United States and will be

subject to customary restrictions on transfer and resale. See "*Subscription and Sale*" section of this Offering Circular.

SUMMARY FINANCIAL INFORMATION

The following tables set forth a summary of the consolidated financial information of the Guarantor as at and for the periods indicated.

The summary consolidated financial information set forth below is derived from the Interim Financial Information and the Audited Financial Statements. The Interim Financial Information have been reviewed by, in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the IAASB, and the Audited Financial Statements have been audited by, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong.

The summary financial information set out below should be read in conjunction with, and qualified in its entirety by reference to, the relevant consolidated financial information of the Guarantor, including the notes thereto, included elsewhere in this Offering Circular.

The Interim Financial Information and Audited Financial Statements were prepared and presented in accordance with IFRS.

Consolidated Income Statements

	For the six months ended 30 September		For the year ended 31 March		
	2025	2024	2025	2024	2023
	HK$'000			*HK$'000*	
	(Unaudited)			**(Audited)**	
Revenue	2,211,634	1,820,183	4,134,340	3,944,247	10,292,400
Cost of sales	(973,034)	(657,424)	(1,836,693)	(1,488,467)	(5,657,359)
Gross profit	1,238,600	1,162,759	2,297,647	2,455,780	4,635,041
Net gain/(loss) on financial investments	3,584,894	1,750,277	558,560	900,325	(733,659)
Other income and gains/(losses), net	88	(68,052)	139,214	846,810	39,095
Net change in fair values of investment properties	(1,240,626)	(504,921)	(1,375,054)	(5,191,873)	(387,766)
Other operating expenses	(1,050,088)	(1,077,031)	(2,379,474)	(2,619,066)	(2,389,749)
Operating profit/(loss)	2,532,868	1,263,032	(759,107)	(3,608,024)	1,162,962
Finance income	236,004	402,804	726,599	795,045	591,360
Finance expenses	(439,646)	(534,481)	(1,034,662)	(659,955)	(274,047)
Other finance charges and net exchange difference on financing activities	(107,720)	(59,915)	6,361	(53,361)	(23,286)
Finance (expenses)/income, net	(311,362)	(191,592)	(301,702)	81,729	294,097
Share of results of					

	For the six months ended 30 September		For the year ended 31 March		
	2025	**2024**	**2025**	**2024**	**2023**
	HK$'000			*HK$'000*	
	(Unaudited)			**(Audited)**	
- Joint ventures..............	253,224	13,152	(182,125)	40,129	407,974
- Associates....................	(77,185)	(296,616)	(491,782)	(363,407)	(177,206)
Profit/(loss) before income tax	2,397,545	787,976	(1,734,716)	(3,849,573)	1,687,757
Income tax expense/(credit)	16,741	(104,988)	(111,456)	166,410	(479,120)
Profit/(loss) for the year/period....................	2,414,286	682,988	(1,846,172)	(3,683,163)	1,208,637
Profit/(loss) for the year/period attributable to:					
- Owners of the Company	2,320,163	680,718	(1,910,116)	(3,828,641)	1,038,001
- Holders of perpetual capital securities	97,700	97,587	194,811	195,623	195,978
- Non-controlling interests.........................	(3,577)	(95,317)	(130,867)	(50,145)	(25,342)
	2,414,286	682,988	(1,846,172)	(3,683,163)	1,208,637

Consolidated Balance Sheets

	As at 30 September	As at 31 March		
	2025	**2025**	**2024**	**2023**
	HK$'000		*HK$'000*	
	(Unaudited)		**(Audited)**	
ASSETS				
Non-current assets				
Property, plant and equipment	1,802,339	1,834,180	2,860,022	1,910,567
Investment properties..................................	80,235,531	80,440,720	81,785,011	87,114,723
Right-of-use assets......................................	417,071	420,552	820,685	887,480
Joint ventures..	4,576,261	4,172,647	4,150,109	4,052,108
Associates...	2,822,108	2,750,328	2,794,559	2,848,470
Financial assets at fair value through profit or loss	18,592,590	16,504,678	16,893,959	18,803,683
Loans and other receivables.........................	3,522,978	3,757,933	4,040,687	4,724,210
Amounts due from investee companies	36,375	37,357	39,680	40,358

	As at 30 September		As at 31 March	
	2025	**2025**	**2024**	**2023**
	HK$'000		*HK$'000*	
	(Unaudited)		**(Audited)**	
Deferred income tax assets	978,190	912,709	953,764	480,124
Other non-current asset................................	-	-	43,525	-
	112,983,443	110,831,104	114,382,001	120,861,723
Current assets				
Properties for sale	9,489,372	9,688,129	9,625,659	9,882,724
Trade and other receivables, deposits and prepayments..	3,492,758	3,856,610	3,610,546	5,768,160
Financial assets at fair value through profit or loss	15,331,346	12,464,464	11,804,567	10,372,119
Prepaid tax...	129,638	144,166	142,875	216,981
Cash and bank balances...............................	10,461,843	10,722,302	13,411,158	14,674,829
	38,904,957	36,875,671	38,594,805	40,914,813
Assets classified as held-for-sale	492,248	-	-	-
	39,397,205	36,875,671	38,594,805	40,914,813
Total assets	152,380,648	147,706,775	152,976,806	161,776,536
EQUITY				
Equity attributable to the Company's equity holders				
Share capital	62,743,532	62,743,532	62,743,532	62,743,532
Reserves..	44,077,215	41,104,381	43,506,646	48,345,587
	106,820,747	103,847,913	106,250,178	111,089,119
Perpetual capital securities...........................	3,886,700	3,886,693	3,886,762	3,886,797
	110,707,447	107,734,606	110,136,940	114,975,916
Non-controlling interests	426,021	322,973	476,336	627,271
Total equity..	111,133,468	108,057,579	110,613,276	115,603,187
LIABILITIES				
Non-current liabilities				
Deferred income tax liabilities.....................	3,320,852	3,378,541	3,529,886	3,622,656
Bank and other borrowings..........................	26,193,145	24,678,084	25,899,306	30,973,189
Lease liabilities..	83,007	77,915	90,032	106,564
Other long-term liabilities............................	22,054	22,728	21,779	34,110
	29,619,058	28,157,268	29,541,003	34,736,519
Current liabilities				
Trade and other payables, deposits and accruals..	9,406,409	8,985,426	8,709,544	8,545,327

	As at 30 September		As at 31 March	
	2025	2025	2024	2023
	HK$'000		*HK$'000*	
	(Unaudited)		**(Audited)**	
Contract liabilities..	18,859	34,416	23,373	39,266
Financial liabilities at fair value through profit or loss..	432,627	286,647	266,589	95,842
Lease liabilities..	11,401	10,829	11,953	15,352
Bank and other borrowings..........................	1,658,373	2,146,583	3,299,462	2,142,175
Tax payable	100,453	28,027	511,606	598,868
	11,628,122	11,491,928	12,822,527	11,436,830
Total liabilities..	41,247,180	39,649,196	42,363,530	46,173,349
Total equity and liabilities	152,380,648	147,706,775	152,976,806	161,776,536

Other Financial Information

	As at and/or for the six months ended 30 September		As at and/or for the year ended 31 March		
	2025	2024	2025	2024	2023
Adjusted EBITDA[(1)]	1,807	1,150	1,999	3,080	4,153
Total Debt[(2)]..........................	27,852	27,432	26,825	29,199	33,115
Total Debt/Adjusted EBITDA	10.5x[(4)]	7.9x[(5)]	13.4x	9.5x	8x
Interest expenses[(3)]................	514	651	1,214	1,362	1,283
Adjusted EBITDA/interest expenses...............................	2.5x[(4)]	2.6x[(5)]	1.6x	2.3x	3.2x

Notes:

(1) "Adjusted EBITDA" is defined as profit before income tax but excludes (i) net change in fair values of investment properties; (ii) depreciation and amortisation of property, plant and equipment, right-of-use assets and land use rights; (iii) finance income, net; (iv) "Other income and gains/(losses), net"; and (v) unrealised gains/(losses) included in "Net (losses)/income on financial investments". Adjusted EBITDA is not a standard measure under IFRS. Adjusted EBITDA is a widely used financial indicator of a company's ability to service and incur debt. Adjusted EBITDA should not be considered in isolation or construed as an alternative to cash flows, profit for the year or any other measure of financial performance or as an indicator of the Group's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating Adjusted EBITDA, investors should consider, among other things, the components of Adjusted EBITDA such as turnover and operating expenses and the amount by which Adjusted EBITDA exceeds capital expenditures and other charges. The Group has included Adjusted EBITDA because it believes it is a useful supplement to cash flow data as a measure of the Group's performance and its ability to generate cash flow from operations to cover debt service and taxes. Adjusted EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare the Group's Adjusted EBITDA to EBITDA presented by other companies because not all companies use the same definition.

(2) Total Debt is defined as the total of non-current bank borrowings, current bank and other borrowings and guaranteed notes, excluding perpetual capital securities.

(3) Interest expenses is defined as total finance costs incurred, including interest capitalised in properties under development and investment properties under development.

(4) Calculated based on Adjusted EBITDA of HK$2,656 million and interest expenses of HK$1,077 million for the twelve months ended 30 September 2025.

(5) Calculated based on Adjusted EBITDA of HK$3,451 million and interest expenses of HK$1,331 million for the twelve months ended 30 September 2024.

RISK FACTORS

Prior to making any investment decision, prospective investors should consider carefully all of the information in this Offering Circular, including the risks and uncertainties described below. The business, financial condition or results of operations of the Group could be materially adversely affected by any of these risks. The Issuer and the Guarantor believe that the following factors may affect their ability to fulfil their obligations under the Bonds issued under the Guarantee. All of these factors are contingencies which may or may not occur and the Issuer and the Guarantor are not in a position to express a view on the likelihood of any such contingency occurring. Factors which the Issuer and the Guarantor believe may be material for the purpose of assessing the market risks associated with the Bonds issued under the Guarantee are also described below.

The Issuer and the Guarantor believe that the factors described below represent the principal risks inherent in investing in the Bonds, but the inability of the Issuer or the Guarantor to pay principal, interest (if any) or other amounts or fulfil other obligations on or in connection with any Bonds and the Guarantee may occur for other reasons and the Issuer and the Guarantor do not represent that the statements below regarding the risks of holding the Bonds are exhaustive.

Risks Relating to the Group

The reporting and disclosure standards applicable to the Guarantor may differ significantly from those applicable to companies with equity securities listed on a stock exchange

Shares in the Guarantor are not listed on any stock exchange and are closely held (see the section "*Shareholders, Directors' Interests and Related Party Transactions*"). As a result, the Guarantor is not bound by any continuing obligations similar to those imposed on companies with equity securities listed on Hong Kong Stock Exchange or on other stock exchanges.

Further, the Guarantor is not bound by any continuing obligation as regards publication of non-public price sensitive information, major transactions/very substantial transactions or connected transactions, nor is it subject to any code as regards corporate governance. Although the Issuer will be required to comply with the continuing obligations of the Hong Kong Stock Exchange pursuant to the listing of the Bonds on such exchange for so long as any such Bonds are outstanding, the Guarantor cannot provide any assurance that the level of publicly available information in relation to the Guarantor or the Group, or the information disclosed by the Guarantor on an ongoing basis, will be equivalent to that available or disclosed in relation to companies with equity securities listed on the Hong Kong Stock Exchange or on other stock exchanges.

The Group is highly dependent upon the services of key management personnel

The Group is dependent in part upon the collective services of all of the members of its senior management team and other qualified and experienced staff. In particular, the Group's senior management team has extensive experience, knowledge, business relationships and expertise in the property development and investment business and therefore may be difficult to replace. Competition for such employees is intense in the Hong Kong, PRC, the U.S. and the UK markets, and if the Group is unable to attract, retain and motivate its key personnel, its business, results of operations and financial position may be materially and adversely affected. The Group has various committees in place, and so is not reliant on any individual, but any significant change in management may materially and adversely affect the Group. Moreover, as the Group's business continues to grow and as it expands into the PRC, the U.S. and the United Kingdom, it will need to employ, train and retain employees on a much larger geographical scale. If the Group cannot attract and retain suitable human resources, its business and prospects will be negatively affected.

There are significant related-party transactions by members of the Group

A part of the business undertaken by members of the Group is conducted with the Group's related companies and individuals. These transactions include those described under the notes to the Group's financial statements and information appearing elsewhere in this Offering Circular (see in particular note 26 to the Interim Financial Information, note 34 to the 2025 Audited Financial Statements, note 35 to the 2024 Audited Financial Statements and below under "*Shareholders, Directors' Interests and Related Party Transactions*") and include the provision of loans and guarantees, property development and sale, construction, management, and marketing, leasing and administrative services. Certain of these transactions are entered into with members of the Crosby Group. The Group has had a close relationship with the Crosby Group for over ten years and has entered into certain development projects and investments on a joint venture basis.

The Group expects that members of the Group will continue to enter into transactions with each other as well as other related companies and individuals. These transactions may involve conflicts of interest, which, although not contrary to law, may sometimes potentially be detrimental to the Group. In this regard, the Group operates under a set of guidelines with a Conflicts Committee to manage conflicts of interest (see below under "*Management*" and "*Shareholders, Directors' Interests and Related Party Transactions*") and its policy is to enter into contracts with related parties on commercial terms that would apply for arm's length transactions with independent parties. As at 30 September 2025, the amounts due to related companies and individuals totalled HK$657 million and the amount due to immediate holding company totalled HK$151 million (see the *Interim Financial Information* set out herein for further details).

There is no assurance that conflicts of interest will not arise between the Group and its related companies and individuals, in relation to the Group's businesses, including business opportunities that may be attractive to all or some of the various relevant parties. Should any action be taken by related companies and individuals which is not in the best commercial interests of the Group, or should the Group's related companies and individuals seek to enforce repayment of all of the amounts due to them, the Group's business and financial condition could be materially and adversely affected.

The Guarantor may pay dividends or make other distributions, which could reduce its cash and asset balances

The Guarantor is a privately owned company and its ultimate beneficial owner may from time to time request cash dividends or distributions to be paid. Under the laws of the British Virgin Islands and the Guarantor's constitutional documents, the Guarantor may declare and pay dividends or make other distributions if the directors are satisfied, on reasonable grounds, that immediately after such distribution the Guarantor satisfies the applicable solvency tests, even if the Guarantor does not generate profits in the relevant financial periods.

Any dividends or other distributions paid by the Guarantor, particularly in periods when its earnings or cash flows are lower, may reduce its cash and asset balances and limit its financial flexibility, including its ability to fund operations, capital expenditure or meet its obligations under the Bonds and other indebtedness. There is no assurance that the Guarantor will only declare or pay dividends or make other distributions in periods when it records a profit. Such dividends or distributions may adversely affect the liquidity position and overall financial condition of the Guarantor and the Group.

The indirect beneficial interest in the shares of the Guarantor is currently subject to probate in Hong Kong and the British Virgin Islands

On 17 June 2012, the Group's founder, former Chairman and sole shareholder, Dr. Chen Din Hwa passed away following a long illness. Dr. Chen's estate, including his 100 per cent. ownership of the ultimate holding company of the Guarantor, Chen's Group International Limited ("**CGIL**"), is currently subject to probate in Hong Kong and the British Virgin Islands. The Grant of Probate of Will in respect of Hong Kong was issued by the High Court of Hong Kong on 16 April 2013. The Grant of Probate of Will in respect of the British Virgin

Islands was issued by the High Court of Justice of the British Virgin Islands on 28 August 2013. The shares in CGIL were transferred into the names of the executors of Dr. Chen's will, being Ms. Vivien Chen and three solicitors who have advised Dr. Chen and his companies over many years, on 20 November 2013, and the executors of Dr. Chen's will, in their capacity as such, will hold the shares for the benefit of the estate until administration of the estate is completed and a distribution is made to the beneficiaries under the will. One of the executors passed away in February 2018 and the shares in CGIL are now registered under the names of the remaining three executors.

As described below under "*Shareholders, Directors' Interests and Related Party Transactions*", the Board of Directors does not consider that the continuity of day to day management of the Group will be affected by the passing of Dr. Chen, and does not anticipate any change in the composition of the Board arising from distribution of the estate to the beneficiaries under Dr. Chen's will. However, until completion of the administration of the estate, there can be no guarantee as to the ultimate manner of distribution of Dr. Chen's estate nor any guarantee as to whom such distributions will be made. A distribution of Dr. Chen's estate in a manner other than as set out in Dr. Chen's will and/or any material dispute as to the distribution of the estate, may affect the continuity of day to day management and/or the composition of the Board, and may materially and adversely affect the Group's business and financial condition.

There is limited publicly available information about the Issuer and the Guarantor

Each of the Issuer and the Guarantor is a business company incorporated under the laws of the British Virgin Islands and its shares are not traded publicly. Therefore, there may be less publicly available information about each of the Issuer and the Guarantor than if it were a publicly listed company or incorporated in other jurisdictions.

The adoption of new accounting standards could have a significant impact on the Group's businesses, financial condition, results of operations and growth prospects

The IASB has from time to time issued new and revised IFRS. As accounting standards continue to develop, the IASB may in the future issue further updated and revised IFRS. As a result, the Group may be required to adopt new accounting policies which might or could have a significant impact on the Group's financial position and results of operations.

The occurrence of infectious diseases could affect the Group's business, financial conditions, and result of operations

The Group's business is subject to global market fluctuations and general economic conditions in Hong Kong, the PRC and the global economy. Any prolonged downturn, recession or other condition that adversely affects the Group's business and economic environment, such as the coronavirus ("**COVID-19**") pandemic, could materially and adversely impact its business, financial condition and results of operations.

COVID-19 has severely affected and may continue to put pressure on the global economy due to continued disruption of business activities and weakened sentiment in the consumption and tourism related sectors. The outbreak of COVID-19 in different parts of the world, including places in which the Group operates, has had a significant adverse impact on most economies due to the community standstill, disruption of business activities, and weakened sentiment in the consumption and tourism related sectors.

Although restrictions and regulations imposed as a result of COVID-19 have been rescinded, it is difficult to predict whether they will be reinstated in the future and how such a disruption to the Group's business would have a lasting impact on the performance of the Group. There can also be no assurance that any precautionary measures taken against infectious diseases would be effective, or that there will not be another significant global outbreak of a severe communicable disease, and if such an outbreak were to occur, it may have an impact on the operations of the Group and its results of operations may suffer.

While the global economy is recovering from disruptions brought about by the outbreak of COVID-19, it is facing uncertainties and the global financial markets are experiencing significant volatilities. Such volatilities may negatively impact the share prices of the entities in which the Group has equity investments in. Any potential economic slowdowns may also negatively affect the purchasing powers of potential property purchasers, which may lead to a decline in the general demand for the Group's properties and erosion of the selling prices of such properties. Moreover, governments may also impose various monetary and regulatory policies to combat potential economic slowdowns. Such policies may include measures affecting the property market. If the global financial markets continue to experience volatility or if the economy of Hong Kong or the PRC continues to slow down, the Group's business, financial condition and outlook may be adversely affected.

The COVID-19 pandemic has impacted both domestic and tourist spending, with the traffic flow and tenant sales of the Group's shopping malls in Hong Kong and in the PRC being under significant pressure. The performance of shopping malls there will be subject to the development of COVID-19 pandemic and/or the outbreak of any other infectious diseases.

The Group's increasing use of information technology, data-driven systems and artificial intelligence exposes it to additional operational, model, data-security and cyber risks

The Group's reliance on information technology systems and its increasing use of artificial intelligence ("**AI**") and data-driven tools expose it to additional operational, data-security, model and cyber risks. Failures, errors or outages in these systems or models, as well as cyber attacks, data breaches, unauthorised access, misuse or loss of data, or defects in AI-enabled processes, could result in the unauthorised release, alteration or transfer of sensitive information and lead to inaccurate analyses or decisions. Any such event may result in governmental or regulatory investigations, enforcement actions, regulatory fines and other penalties, compliance orders, litigation or public statements against us, all of which, individually or in aggregate, could have an adverse effect on the Group's reputation, business, and operating results and on the Issuer's and the Guarantor's ability to meet their respective obligations in respect of the Bonds.

The Group has implemented policies, systems and controls designed to protect its information technology infrastructure and data and to manage the risks arising from its use of AI and data-driven tools. However, these measures cannot eliminate all such risks, and security incidents, system failures or misuse of data may still occur, with the potential consequences described above.

Emerging AI and robotics technologies may negatively impact the Group's business model and prospects

The Group's property investment and development businesses, as well as its financial investments, are exposed to risks arising from AI and robotics disrupting conventional business models in sectors relevant to the Group's tenants, purchasers, counterparties and investee companies.

Rapid developments in AI, automation, robotics, digital platforms and data-driven business models may change how goods and services are produced, distributed and consumed, may lead to the emergence of new intermediaries and market structures, and may alter the ways in which occupiers use and value real estate, including the size, configuration, location and specifications of properties they require. Such developments may reduce demand for certain types of office, retail, industrial or other properties owned or developed by the Group, require additional capital expenditure to reposition assets, or adversely affect rental levels, occupancy rates, lease terms and asset valuations. At the same time, investee companies and financial instruments in which the Group has invested may be subject to re-pricing or increased volatility as markets reassess the impact of AI and robotics on their long-term prospects and business models.

There can be no assurance that the Group will be able to anticipate or respond to these changes in a timely or cost-effective manner, including by adjusting its development pipeline, tenant mix, property formats, asset management strategies or investment allocation. If AI and robotics disrupt business models in ways that materially reduce demand for the Group's properties or adversely affect the financial condition of its tenants, purchasers, counterparties or investee companies, the Group's business, financial condition and results of operations and, consequently, the Issuer's and the Guarantor's ability to meet their respective obligations in respect of the Bonds could be materially and adversely affected.

An economic downturn or any adverse change in social and political environment in Hong Kong or any other economies may materially and adversely affect the Group's financial condition and results of operations

The Group conducts most of its operations and generates most of its revenues in Hong Kong, Macau and the PRC and therefore the financial condition and results of operations of the Group will be closely affected by the economic development in Hong Kong, Macau and the PRC. Any significant or sudden economic slowdown, recession or other adverse changes or developments in the local social and economic environment in Hong Kong may adversely affect the Group's business, financial condition, results of operations and prospects.

Civil unrest and an uncertain political environment may impact Hong Kong's economy. Protests causing disruptions to commercial activities and transportation systems may adversely impact investor confidence and affect overall business activities, which in turn may have a negative impact on the Group's business in Hong Kong. Any instability in the social and political landscape of Hong Kong may adversely affect the Group's business, financial condition and the results of its operations. Civil unrest is outside the control of the Group and there can be no assurance that further large-scale protests will not occur in the future which may affect the stability of the political and economic landscape in Hong Kong.

Further, with the increasing interaction between the PRC and Hong Kong economies, policies of the PRC are also expected to have varying degrees of impact on Hong Kong and Hong Kong companies conducting their businesses in the PRC. The Group may be affected accordingly. The Group's performance and the quality and growth of its assets in the PRC are dependent on the overall economic, regulatory and political conditions of the country. The Group's operations in the PRC may be affected by the general state of the economy, material regulatory changes and significant political, social or legal uncertainties or changes in the PRC (including changes in political leadership, the inflation rate, Renminbi interest rates, and Renminbi exchange rate, etc.). There can be no assurance that the economic and political environment in the PRC will remain favourable to the Group's business in the PRC in the future.

No assurance that the Group's business will not be affected by sanctions or other measures imposed by foreign governments relating to Hong Kong

On 30 June 2020, the Standing Committee of the National People's Congress of the PRC passed the Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region (the "**Hong Kong National Security Law**"), criminalising secession, subversion, terrorist activities, and collusion with a foreign country or with external elements to endanger national security and stipulating the corresponding penalties. The Hong Kong National Security Law took effect at 11:00 p.m. on 30 June 2020 upon gazettal in Hong Kong, whereas the Implementation Rules for Article 43 of the Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region (Instrument A406A), which stipulates the relevant implementation rules for the purposes of applying Article 43 of the Hong Kong National Security Law, took effect on 7 July 2020.

The Hong Kong government welcomed the legislation and believes that the legislation can safeguard the prosperity and stability of Hong Kong and provide a favourable business and investment environment. The Hong Kong government takes the view that the "One Country, Two Systems" principle and the legitimate rights and freedoms enjoyed by Hong Kong residents will remain intact, and the legitimate interests of foreign investors will continue to be protected by law.

Following the enactment of the Hong Kong National Security Law, U.S. then President Donald Trump issued an executive order on 14 July 2020 to officially sign into law the Hong Kong Autonomy Act, which withdraws certain privileges granted to Hong Kong under the Hong Kong Policy Act of 1992, and the U.S. government indicated that it may impose sanctions or other measures relating to Hong Kong, e.g. higher tariffs, tougher investment rules, asset freezes and more onerous visa rules. There have been some comments that Hong Kong's standing as an international financial centre could be at risk. In particular, on 16 July 2021, the U.S. Department of State, along with the U.S. Department of the Treasury, the U.S. Department of Commerce, and the U.S. Department of Homeland Security, issued a business advisory to caution U.S. businesses about emerging risks, which stem from the implementation of the Hong Kong National Security Law and other legislative changes, to their operations and activities in Hong Kong. Among other things, U.S. tariffs on the PRC and restrictions on technology transfer and investment could become applicable to Hong Kong or Hong Kong entities or persons. Certain other foreign governments and organisations have also taken actions in response to or expressed concern regarding the enactment of the Hong Kong National Security Law and there is a risk that actions that have or may be taken by all or some of them may be detrimental to Hong Kong. The Group will not be able to assess the impact of such actions on Hong Kong and the Group.

Tariffs and trade restrictions imposed by the United States and the European Union on the PRC may adversely affect the PRC and Hong Kong economies and, in turn, the Group's business

The Group's business, financial condition and results of operations are affected by general global economic and market conditions, as well as economic, political and legal developments in the PRC and Hong Kong. In recent years, trade protectionism, including tariffs and non-tariff trade barriers, between the PRC and certain major economies, in particular the United States and the European Union, has increased. The United States and the PRC have imposed several rounds of tariffs on a wide range of imports from each other, and various additional trade and investment restrictions have been implemented or proposed. The European Union has also considered and/or adopted trade defence and other measures targeted at certain PRC exports and sectors. Although the PRC and the United States previously entered into the U.S.-China Economic and Trade Agreement on 15 January 2020, and there have been periods of partial easing, it remains uncertain whether the existing arrangements will be maintained, whether any party will comply with its obligations thereunder and whether further trade agreements will be reached or sustained. There is no assurance that tensions will not escalate again or that new or higher tariffs, quotas, sanctions, export-control measures, investment restrictions or other forms of trade and regulatory barriers will not be imposed by the United States, the European Union, the PRC or other jurisdictions.

Any escalation of trade tensions, the imposition of additional tariffs or trade and investment restrictions, or the expansion of existing measures, could have a material adverse impact on the PRC and global economies, disrupt international trade and supply chains, and increase input costs and financing costs for businesses operating in or with the PRC. In light of the high level of interdependence between the PRC and the global economy, these developments may negatively affect investor confidence, consumer sentiment, employment levels, the availability and pricing of credit and, ultimately, demand for residential and commercial properties in the PRC and Hong Kong. In particular, any deterioration in external demand and export performance of the PRC, or any consequential slowdown in the PRC's and Hong Kong's economic growth, could lead to weaker purchasing power and confidence of homeowners and potential property purchasers, reduced investment appetite for property assets and a decline in property transaction volumes and prices. Further tightening of liquidity in the global financial markets as a result of prolonged trade frictions or retaliatory measures may also negatively affect the Group's access to, and cost of, funding, and may increase solvency and counterparty risks of financial institutions and other counterparties with which the Group conducts business. There can be no assurance that the PRC's or Hong Kong's economies, or the global economy, will not be materially and adversely affected by these or future tariffs, trade restrictions or other protectionist policies. If such events occur or continue, the Group's business, financial condition, results of operations, profitability and prospects could be materially and adversely affected.

Geopolitical tensions in the Asia Pacific region may negatively impact regional stability and the Group's business

The Group's business, financial condition and results of operations may be materially and adversely affected by geopolitical developments and tensions in the Asia-Pacific region. In recent years, there have been heightened geopolitical frictions involving the PRC and certain neighbouring countries and regions, as well as increased strategic competition between the PRC and other major economies in the region. These include, among others, tensions in the South China Sea and the East China Sea, on the Korean peninsula and in relation to Taiwan. The PRC government has consistently stated its position that Taiwan is part of the PRC and has not ruled out the use of non-peaceful means to achieve reunification. It is unclear how cross-strait relations will evolve, whether there will be any significant escalation of tensions, and, if so, whether such escalation will involve military confrontation, blockades, cyber incidents, sanctions or other disruptive measures.

Any significant deterioration in cross-strait relations, any move towards reunification of Taiwan with the PRC that is accompanied by political or military conflict or extensive economic or financial sanctions, or any broader deterioration in the security environment in the Asia-Pacific region, could significantly undermine regional stability and have a material adverse impact on the PRC's and Hong Kong's economies and financial markets. Such developments could adversely affect investor and consumer confidence, trigger capital outflows, increase volatility in currency and capital markets, and lead to higher interest rates, credit spreads and risk premia for issuers with material exposure to the PRC and Hong Kong. They could also adversely affect the operations and financial condition of multinational companies and other businesses active in the region, with knock-on effects for employment, household income and demand for property in Hong Kong. In extreme circumstances, disruptions to trade routes, sanctions or other restrictive measures targeting the PRC, Hong Kong or entities and individuals associated with them could further weaken economic activity and the functioning of financial markets.

Any of these events, if they occur, may lead to a decline in demand for the Group's residential and commercial properties, lower property prices and rentals, delays or cancellations of investment and development plans, increased funding costs or reduced access to financing, and heightened risks of default or insolvency among the Group's counterparties, including tenants, purchasers and financial institutions. The Group is unable to predict the likelihood, timing or form of any such geopolitical developments, nor their potential impact on Hong Kong or on the Group. If geopolitical tensions in the Asia-Pacific region were to escalate materially or if any move towards reunification of Taiwan with the PRC were to result in significant political, economic or financial disruption, the Group's business, financial condition, results of operations and prospects could be materially and adversely affected.

The Bonds may not be a suitable investment for all investors seeking exposure to green, social or sustainable assets

The Group has developed its sustainable finance framework as summarised in the section entitled "*Overview of the Sustainable Finance Framework*". Investors should refer to the Framework (as defined below) which the Group may publish from time to time and any public reporting by the Group or on its behalf in respect of the application of the proceeds of the Bonds for further information. Other than information on the Framework disclosed under the section entitled "*Overview of the Sustainable Finance Framework*", any framework (including the Framework), certification or second party opinion and/or public reporting will not be incorporated by reference in and shall not form part of this Offering Circular and none of the Joint Lead Managers or the Agents or any director, officer, employee, representative, agent, adviser or affiliate of any such person or any person who controls any of them makes any representation as to the suitability or contents thereof. The Group cannot guarantee that it will be able to comply with the Framework and it will not lead to any default or breach or enforcement event under the

Terms and Conditions of the Bonds if the Group fails to comply with the Framework. Such failure may affect the value of the Bonds and/or may have consequences for certain investors with portfolio mandates to invest in green, social or sustainable assets. Therefore, the Bonds may not be a suitable investment for all investors seeking exposure to green, social or sustainable assets.

The market consensus on what precise attributes are required for a particular project to be defined as "green", "social" or "sustainable" continues to develop and evolve, and different organisations may develop definitions or labels that are different from, and may be incompatible with, those set by other organisations, and therefore no assurance can be provided to potential investors that the Sustainable Financing Transactions (as defined in the Framework) will continue to meet the relevant eligibility criteria or meet all investor expectations regarding environmental impact. Although applicable green, social or sustainable projects are expected to be selected in accordance with the categories recognised in various principles described in the Framework and are expected to be developed in accordance with applicable legislation and standards, there can be no guarantee that adverse social and/or environmental developments will not occur during the design, construction, commissioning and/or operation of any such Sustainable Financing Transactions (as defined in the Framework). In addition, where any negative impacts are insufficiently mitigated, green, social or sustainable projects may become controversial, and/or may be criticised by activist groups or other stakeholders.

In connection with the issue of the Bonds, the Group has engaged Moody's to provide a second-party opinion (the "**Second-Party Opinion**") on the Framework to review and confirm its alignment with, amongst others, the Green Bond Principles 2025, Social Bond Principles 2025 and Sustainability Bond Guidelines 2021 as administered by the International Capital Market Association. The Second-Party Opinion is not incorporated into and shall not form part of this Offering Circular. The Second-Party Opinion may not reflect the potential impact of all risks related to the Bonds, their marketability, trading price or liquidity or any other factors that may affect the price or value of the Bonds. The Second-Party Opinion is not a recommendation to buy, sell or hold securities and is only current as at its date of issue and is subject to certain disclaimers set out therein, and may be updated, suspended or withdrawn at any time. Currently, the providers of second-party opinions and certifications and validations are not subject to any regulatory regime or oversight. The Second-Party Opinion is for information purposes only and none of the Issuer, the Guarantor, the Joint Lead Managers or the Agents or any director, officer, employee, representative, agent, adviser or affiliate of any such person or any person who controls any of them accepts any form of liability for the substance of the Second-Party Opinion and/or any liability for loss arising from the use of the Second-Party Opinion and/or information provided in them.

No assurance can be provided with respect to the suitability or reliability that the Bonds will conform to the Framework. None of the Joint Lead Managers nor any of their respective affiliates accepts any responsibility for any environmental or sustainability assessment of the Bonds or makes any representation or warranty or gives any assurance as to whether the Bonds will meet any investor expectations or requirements regarding such "green, social, sustainability" or similar labels. None of the Joint Lead Managers nor any of their respective affiliates have undertaken, nor are they responsible for, any assessment of the eligible new and existing green and/or social assets (as referred to in the "*Use of Proceeds*" section of this Offering Circular), any verification of whether such assets meet any eligibility criteria set out in the Framework nor are they responsible for the use of proceeds for the Bonds nor the impact or monitoring of such use of proceeds or the allocation of the proceeds to particular eligible new and existing green and/or social assets. Each potential investor of the Bonds should determine for itself the relevance of the information contained in this Offering Circular regarding the use of proceeds and its purchase of the Bonds should be based upon such investigation as it deems necessary.

Risks Relating to the Property Businesses

Measures adopted from time to time by the Hong Kong government to restrict the real estate market could slow the industry's rate of growth or cause the real estate market to decline

The Hong Kong real estate market is subject to significant regulation. The HKMA has implemented regulatory measures in recent years to restrict the development of the real estate market. On 27 February 2015, the HKMA announced a series of counter cyclical measures to banks in relation to property mortgage lending to strengthen banks' risk management and resilience, with immediate effect, namely (i) the maximum loan-to-value ratio ("**LTV**") for self-use residential properties with a value below HK$7 million was lowered by a maximum of 10 percentage points. For example, the maximum LTV ratio applicable to properties with a value of HK$6 million or below and subject to the LTV cap of 70 per cent. was lowered to 60 per cent.; (ii) the maximum debt-servicing ratio ("**DSR**") for borrowers who buy a second residential property for self-use was lowered to 40 per cent. from 50 per cent., and the stressed-DSR cap was lowered to 50 per cent. from 60 per cent. and (iii) the maximum DSR of mortgage loans for all non-self-use properties, including residential properties, commercial and industrial properties and car park spaces, was lowered to 40 per cent. from 50 per cent., and the stressed-DSR cap was lowered to 50 per cent. from 60 per cent. On 19 May 2017, the HKMA further announced a series of new measures to banks in relation to property mortgage lending to strengthen the risk management of banks and safeguard banking stability, with immediate effect, which include, amongst others (i) to lower the applicable LTV cap by 10 percentage points for property mortgage loans involving borrowers and/or guarantors with one or more pre-existing mortgage loans, in addition to the existing requirement of lowering the applicable DSR limit by 10 percentage points for these loans; and (ii) to lower the applicable DSR limit by 10 percentage points for property mortgage loans extended to borrowers whose income is mainly derived from outside of Hong Kong, on top of the existing requirement of lowering the applicable LTV cap by 10 percentage points for these loans. On 28 February 2024, the HKMA issued a new set of rules on LTV cap and DSR maximum on various types of properties and different borrowing status of mortgages. These regulatory changes (and any further measures the Hong Kong government may introduce from time to time in the future) may have an adverse effect on the property market in Hong Kong, and in turn, the Group's business and profitability.

In addition, the Hong Kong government has historically introduced cooling measures on the Hong Kong property market and may introduce cooling measures on the Hong Kong property market from time to time, which may have a significant impact on the supply and demand in the property market. For example, the Hong Kong government has in the past implemented a series of policies and regulations such as the modified ad valorem stamp duty, the special stamp duty, and the buyer's stamp duty to cool down speculative purchasing demands for residential properties in Hong Kong.

The Residential Properties (First-hand Sales) Ordinance (Cap. 621) has come into full operation with effect from 29 April 2013. It aims to enhance the transparency and fairness of the sales arrangements and transactions of first-hand residential properties to better protect the interest of purchasers. It sets out detailed requirements in relation to sales brochures, price lists, show flats, disclosure of transaction information, advertisements, sales arrangements, and the mandatory provisions for the preliminary agreement for sale and purchase and agreement for sale and purchase for the sales of first-hand residential properties.

In addition, in the 2026-27 Budget of the Hong Kong government, the Financial Secretary proposed to increase the valorem stamp duty rate for instruments of residential property with value above HK$100 million from 4.25% to 6.5% with effect from 26 February 2026. This increase in transaction costs may reduce demand for high value residential properties, adversely affect market liquidity in the luxury residential segment and, in turn, have a material adverse effect on the Group's business, financial condition and results of operations.

Although certain cooling measures mentioned above such as the buyer's stamp duty are no longer effective as at the date of this Offering Circular, the Hong Kong government's other restrictive measures to control property prices could limit the Group's access to capital resources, reduce market demand and increase the Group's operating costs. The Hong Kong government may adopt additional and more stringent measures in the future, which may further slow the development of the industry and materially and adversely affect the Group's business and results of operations. In particular, any additional or more stringent measures imposed by the Hong Kong government in the future to curb residential real estate projects may materially and adversely affect the Group's business and results of operations.

Measures proposed by the Hong Kong government to press down LTV ratio under the Mortgage Insurance Program may have a negative impact on the Group

On 16 October 2019, the Hong Kong government announced plans to expand the eligibility under the Mortgage Insurance Programme of the Hong Kong Mortgage Corporation Limited. For a first-time home buyer, the cap on the value of property eligible for a mortgage loan with a maximum cover of 90 per cent. LTV ratio will be raised from the existing HK$4 million to HK$8 million. The cap on the value of property eligible for a mortgage loan with a maximum cover of 79 per cent. LTV ratio will also be raised from HK$6 million to HK$10 million.

In February 2022, Hong Kong Mortgage Corporation Limited announced amendments to the Mortgage Insurance Programme for completed residential properties. In the latest revision, for a first-time home buyer, the cap on the value of property eligible for a mortgage loan with a maximum cover of 90 per cent. LTV ratio is amended to HK$10 million. The cap on the value of property eligible for a mortgage loan with a maximum cover of 80 per cent. LTV ratio is amended to HK$12 million.

On 7 July 2023, the Mortgage Insurance Programme for completed residential properties was further amended. For a buyer not holding any residential properties in Hong Kong, the cap on the value of property eligible for a mortgage loan with a maximum cover of 80 per cent. LTV ratio has been raised to HK$15 million. The coverage of the Mortgage Insurance Programme has also been extended to properties valued above HK$15 million and up to HK$17.15 million, subject to a mortgage loan cap of HK$12 million or a maximum LTV ratio of 70 per cent. for properties valued above HK$17.15 million to HK$30 million. On 22 September 2023, the Mortgage Insurance Programme was further amended such that the eligibility criteria for residential properties under construction align with those for completed residential properties.

As the introduction of these measures are subject to policy changes reflecting domestic political or economic circumstances, there is no assurance that the Hong Kong government will not introduce further measures in the future that may have a significant impact on the property market, which may in turn affect the Group's operating results and financial conditions.

The Group's performance is dependent on the performance of the Hong Kong property market

The Group's financial condition and results of operations are largely dependent on its investment and rental properties and development properties situated in Hong Kong. See "*Description of the Group — Property Development and Investment — Hong Kong*". The property interests of the Group are subject to certain risks inherent generally in the ownership of, investment in and development of real property. These risks include the generally cyclical nature of property markets (for example, Hong Kong residential property prices, after reaching record highs in 1997, fell significantly as a result of the Asian economic crisis), changes in general economic, business and credit conditions, the illiquidity of land and other real property, changes in governmental policies or regulations, building material shortages and increases in the costs of labour and materials. The Group's property interests are also affected by the strength of the local economy.

In the event of economic decline, the Group may also experience market pressures that affect Hong Kong property companies, such as pressures from existing and prospective tenants to provide rent reductions and reduced market prices for sale properties. Rental values are also affected by factors such as political developments, governmental regulations and changes in planning or tax laws, interest rate levels and inflation. New residential and office properties are also scheduled for completion over the next few years and such additional supply may adversely affect residential and office rents, occupancy rates as well as sale prices for new residential and office units. In addition, from time to time during economic downturns, the Group has experienced pressures from existing and prospective commercial tenants to provide rent reductions or longer rent free periods than usually given. This has had an impact on the Group's rental income from its commercial property investments in the past and the recurrence of adverse market conditions in the future may have an adverse effect on the Group's business, operating results and financial condition.

In addition, Hong Kong's retail, catering and services sectors are significantly affected by travel patterns of Hong Kong residents and visitors. Any sustained increase in outbound travel by Hong Kong residents or a reduction in inbound visitors to Hong Kong may reduce local consumer spending, weaken tenant sales and adversely affect demand for, and rental levels of, the Group's retail and other commercial properties. Changes in cross-border travel policies, transport connectivity or relative price levels of living costs between Hong Kong and neighbouring cities in the Greater Bay Area may further influence spending behaviour of Hong Kong residents and visitors. If these trends persist, they may have an adverse impact on occupancy rates, rental reversions, the performance of the Group's investment properties and, consequently, the Group's business, financial condition and results of operations.

The inherent volatility of the property market impacts the best timing for both the acquisition of sites and the sale of properties. This volatility, combined with the lead time required for completion of projects as well as the sale of existing properties, means that the Group's results from its property development activities may be susceptible to significant fluctuations from year to year. Furthermore, fluctuations in the Hong Kong property market will have an impact on the Group's balance sheet since the Group revalues its investment properties on a semi-annual basis.

The Group is exposed to property market risks in the PRC

The Group has material interests in commercial property development and property investments in the PRC and is therefore subject to the risks associated with property development and investment in the PRC.

Historically, the property market in the PRC has been cyclical and property prices in general have been volatile in recent years. The rapid expansion of the property markets in certain major cities in the PRC, including Shanghai and Beijing, in the early 1990s culminated in an oversupply in the mid-1990s and a corresponding fall in property values and rentals in the second half of that decade. Since the late 1990s, private residential property prices and the number of residential property development projects have gradually increased in certain major cities as a result of increased demand driven by domestic economic growth. In particular, prices of residential properties in certain major cities such as Beijing, Shanghai, Guangzhou and Shenzhen have experienced rapid and significant growth. Since 2010, the PRC government at both the central and local levels has implemented austerity measures such as home purchase restrictions, which have dampened market sentiment and lowered transaction volume in the property market in the PRC. Since 2023, the PRC property market has experienced a significant downturn, with weakened demand and declining prices in many cities due to economic downturn and oversupply of residential and commercial properties that resulted in severe financial distress on property developers and investors. There can be no assurance that market conditions will recover in the short term, and any meaningful turnaround could take a number of years. As a result, there is no assurance that the problems of oversupply and falling property prices will not recur to the extent of the mid-1990s or be even worse, or that the recurrence of such problems with respect to the property market in the PRC will not adversely affect the Group's business, financial condition or results of operations.

The Group's operations in the PRC may be subject to the risks of changes in policies and intervention imposed by the PRC government or the respective local governments or by regulators concerning economic policies or goals from time to time, and this could adversely affect its operating results. In addition, private ownership of property in the PRC is still at an early stage of development. For example, the property market in the PRC has in the past experienced weakness in demand due to the lack of a mature and active secondary market for private properties and the limited availability of mortgage loans to individuals in the PRC as a result of government interventions.

Risks associated with the effect of global credit markets on the economy and of a global economic slowdown

Economic developments outside Hong Kong could also adversely affect the property market in Hong Kong and the PRC and the Group's overall business. Since late 2008, the global credit markets have experienced, and may continue to experience, significant dislocations and liquidity disruptions which have originated from the liquidity disruptions in the credit and mortgage markets of the United States and the European Union. The deterioration of the financial markets contributed to a recession in the United States and a slowdown in the global economy, which led to significant declines in employment, household wealth and consumer demand, and the announcement of stimulus measures by a number of governments including quantitative easing. A number of other related events have also caused fundamental and wide reaching disruptions to the global credit markets. Such events include the collapse of a number of financial institutions and other entities, rising government deficits and debt levels, ratings downgrades for the United States and certain EU sovereign debt, debt reduction measures taken by various countries and notably in the United States and the continued deterioration of certain European economies, and more recently, the tapering of the stimulative quantitative easing policy, and the interest rate increases by the U.S. Federal Reserve.

The United Kingdom's exit from the European Union could have a material adverse effect on global economic conditions and the stability of global financial markets. The long-term impact of the United Kingdom's exit from the European Union is not known and there is considerable uncertainty as to its impact on the general economic conditions in the United Kingdom or its wider impact worldwide. Moreover, while the United States government and the PRC government have entered into trade agreements at various times, the effect of previously imposed tariffs on the economy of the PRC and the United States may result in long-term structural shifts to the economies of both countries. Sustained or escalating tension between the United States and the PRC over trade policies could significantly undermine the stability of the global economies. In addition, increased tensions between the western countries and Russia since early 2022 over the military conflicts in Ukraine as well as ongoing military conflicts and heightened geopolitical tensions in the Middle East have resulted in increased volatility in the markets for certain securities and commodities, including oil, natural gas and other sectors. The United States and certain other countries and international organisations have imposed broad-ranging economic sanctions on Russia and certain Russian individuals, banking entities and corporations. The extent and duration of the military conflicts, resulting sanctions and future market disruptions in the region are impossible to predict, and there could be significant adverse effects on the region and the global financial markets.

These events have had and continue to have a significant adverse impact on the global credit and financial markets which may adversely affect economic growth in countries where the Group has investment properties. There can be no assurance that the slowdown in the global economy will not result in oversupply and reduced property prices and rentals in countries where the Group has investment properties. Hong Kong and other stock market prices have also experienced significant volatilities which may continue to affect the value of the Group's investments and businesses.

In addition, changes in the global credit and financial markets have recently diminished the availability of credit significantly and led to an increase in the cost of financing. The Group may have difficulty accessing the financial markets, which could make it more difficult or expensive to obtain funding in the future. There can be no assurance that the Group will be able to raise finance at a reasonable cost.

The profitability of the Group may be adversely affected by rising inflation rates

The global inflationary surge in input costs may result in a decline in the Group's profitability. Increasing inflation rates were caused by many factors beyond the Group's control, such as rising production and labour costs, high lending levels, changes in national and foreign governmental policies and regulations as well as movements in exchange rates and interest rates. It is impossible to accurately predict future inflationary trends. If inflation rates rise beyond the Group's expectations, the Group may be unable to increase the price of its services and products in amounts that are sufficient to cover its increasing operating costs. Further inflationary pressures may have a material adverse effect on the Group's business, financial condition or results of operations.

The Group's property investment and development businesses may require significant capital resources to fund land acquisitions and property developments

Property development is capital intensive. The Group's ability to secure sufficient financing for land acquisition and property development depends on a number of factors that are beyond their control, including market conditions in debt capital markets, investors' perception of their debt securities, lenders' perception of their creditworthiness, the Hong Kong economy, the global economy and regulations that affect the availability and finance costs for real estate companies. Any deterioration in these factors, such as that which has occurred in the global credit and financial markets in recent years (as discussed above), may make it difficult for the Group to access financial markets and make it more difficult or expensive to obtain funding in the future. This may have a material adverse effect on the Group's cash flow position, financial condition and business plans. The Group may also be subject to solvency risks of its banks and of its counterparties in its financial investments and arrangements.

The illiquidity of property investments and the lack of alternative uses for properties could limit the Group's ability to respond to adverse changes in the performance of its properties

As properties are in general relatively illiquid, the Group's ability to sell them promptly in response to changing economic, financial and investment conditions is limited. The real estate market is affected by many factors beyond the Group's control, such as general economic conditions, availability of financing, interest rates, supply and demand of properties and other factors that are beyond the Group's control. The Group cannot predict whether it will be able to sell any of its properties for the price or on the terms set by it, or whether any price or other terms offered by a prospective purchaser would be acceptable to it. The Group also cannot predict the length of time needed to find a purchaser and to close a sale in respect of a property.

Should a decision be made to sell a property subject to a management agreement or tenancy agreement, the Group may have to obtain consent from, or pay termination fees to, its management partners or its tenants.

In addition, properties are not readily convertible to alternative uses if they become unprofitable due to competition, age, decreased demand or other factors. The conversion of properties to alternative uses would generally require substantial capital expenditures. In particular, the Group may be required to expend funds to maintain properties, correct defects, or make improvements before an investment property can be sold. There is no assurance that the Group will have funds available for these purposes. These factors and any other factors that would impede the Group's ability to respond to adverse changes in the performance of its investment properties could affect its ability to retain tenants and to compete with other market participants, as well as affecting its results of operations.

A part of the Group's property business is conducted through joint ventures and associates in Hong Kong and the PRC

The Group has investments in several joint venture companies and associates in connection with its property investments and developments, principally in Hong Kong and the PRC. Such joint ventures may involve special risks associated with the possibility that the Group's joint venture partners may:

- have economic or business interests or goals that are inconsistent with those of the Group;
- take action contrary to the instructions or requests of the Group or contrary to the Group's policies or objectives with respect to its property investments;
- be unable or unwilling to fulfil their obligations under the joint ventures or other agreements; or
- experience financial or other difficulties.

Joint venture partners are not restricted from competing with the Group on other projects. In the PRC, property investment and development may often involve the participation of local and foreign partners, and there may be additional risks or problems associated with joint ventures and associates in the PRC. For instance, guarantees given by PRC parties in relation to joint ventures in the PRC may be difficult to enforce as their validity may depend on the financial and legal qualifications of the guarantors and the appropriate approvals having been obtained. Although the Group does not believe that it has experienced any significant problems with respect to its partners to date, should such problems occur in the future they could have a material adverse effect on the businesses and prospects of the Group.

The Group is subject to general risks of doing business overseas and may not be able to manage its expansion and growth successfully

The Group has commercial interests in the PRC and Macau, including interests in residential and commercial property development and property investments, and plans to increase these in the future as part of its growth strategy. The Group also has property investments in other overseas markets, including but not limited to Singapore, Japan, Malaysia, the United Kingdom and the United States. The Group's expansion in the PRC and investment in other overseas markets will be based on its forward-looking assessment of market prospects. There is no assurance that the Group's assessments will turn out to be accurate. In addition, to succeed in its business expansion, the Group will need to recruit and train new managers and other employees and build its operations and reputation in its target regional markets within a relatively short period of time. The Group may have limited knowledge of the conditions of these local property markets and little or no experience in property development in these regions. As it enters new markets, the Group may not have the same level of familiarity with contractors, business practices, customs, customer tastes, behaviour and preferences as compared to the cities where it is an established property developer. In addition, when the Group enters new geographical areas, it may face intense competition from developers with an established presence and market share in those areas. Accordingly, the Group is subject to greater exposure and the risks associated with conducting business in the PRC and other overseas markets. The need to integrate operations arising from the Group's expansion in the PRC and overseas may place a significant strain on the Group's managerial, operational and financial resources and contribute to an increase in the Group's financing requirements. Restrictive measures enacted by various governments, new policy measures and the terms of and procedures relating to land clearance agreements may also have a material impact on the Group as it further expands into the PRC and overseas. See "*Risks Relating to the PRC and Hong Kong — The Group's business in the PRC is subject to extensive governmental approval and compliance requirements*". The respective governments of the countries in which the Group has property investments may introduce new policies and/or regulations, or amend or abolish existing policies and/or regulations at any time, which could affect the value of the Group's investments and its profitability. Furthermore, repatriation of investment income, capital and the proceeds from sales of property by foreign investors such as the Group may require certain governmental registration and approval. If the governments of the jurisdictions in which the Group has investments tighten or otherwise change their laws and regulations relating to the repatriation of their local currency, the Group's ability to repatriate profits may be affected and accordingly, the Group's cash flow may be adversely affected. The Group may also be subject to a variety of risks incidental to the ownership of and investments in land and real estate in these countries, including changes in the supply of, or demand for, investment property in an area, changes in interest rates and the availability of financing, difficulties in mortgaging due to uncertainty in land and security regulations, difficulties which may be encountered at land or security registries, changes in property tax rates and/or land use and lease laws, problems caused by zoning or urban planning, credit risks of tenants, suppliers, contractors and borrowers, and environmental factors. The feasibility, marketability and value of any project in these countries may therefore be affected by factors beyond the Group's control.

The Group may not always be able to obtain sites that are suitable for development or investment

The Group derives a substantial part of its revenue from sales and leases of properties that it has developed. This revenue stream depends on the completion of, and the Group's ability to sell or lease, its property developments. The success of properties developed by the Group and retained for leasing purposes, and other properties acquired for investment, is dependent upon their ability to compete on the basis of accessibility, location and quality of tenants. In order to maintain and grow its business in the future, the Group will be required to replenish its land reserve with suitable sites for development. The Group's ability to identify and acquire suitable sites for development or investment is subject to a number of factors that are beyond its control. The Group's business, financial condition and results of operations may be adversely affected if it is unable to obtain sites for development or investment at prices that allow it to achieve reasonable returns upon sale or lease to its customers.

The amount of land offered by the Hong Kong government by auction is limited. This affects the Group's ability to replenish its Hong Kong land bank. In addition, the PRC government controls all new land supply in the PRC and regulates land sales in the secondary market. The PRC central and local governments may regulate the means by which property developers, including the Group, obtain land sites for property developments. See "*Risks Relating to the PRC and Hong Kong — PRC political, legal and economic risks*". There is no assurance that the Group will be successful in tendering or bidding for sites. In addition, the Group has acquired and in the future intends to acquire land by acquiring other property development companies and there is no assurance that the Group will be able to obtain applicable government approvals for companies so acquired. As a result, the policies of the Hong Kong government and the PRC government towards land supply may adversely affect the Group's ability to acquire land use rights for sites it seeks to develop and could increase the costs of any acquisition.

The Group's revenue and results of operations from property development and property investment fluctuate significantly from period to period

The Group's results of operations from property development have varied significantly in the past and may continue to fluctuate significantly from period to period in the future. The Group's revenue and results of operations from property development for each period depend primarily on the number of properties that become available for sale or pre-sale in such periods. The Group's revenue from sales of completed properties is recognised when the construction of the relevant properties have been completed, properties have been delivered to the purchaser pursuant to the sale and purchase agreements and collectability of related receivables is reasonably assured.

The Group cannot predict with certainty the time of the completion and delivery of a property, and hence the time of the revenue recognition from any pre-sale and the ability to use all the proceeds from such pre-sale, as the completion of any property development will vary according to its construction timetable and the time required to obtain the certificate of completion. Accordingly, due to the volatile nature of the revenue that is generated from property development, the periods discussed in the financial statements included in this Offering Circular may not be comparable to each other or other future periods.

The Group's results of operations from property investment and development included an increase in the fair value of the investment properties, which was unrealised. Upward revaluation adjustments reflect unrealised capital gains on the Group's investment properties at the relevant balance sheet dates and are not profit generated from the sales or rentals of the Group's investment properties. They do not generate any actual cash inflow to the Group for potential dividend distribution unless and until such investment properties are disposed of at similarly revalued amounts.

The amount of revaluation adjustments has been, and may continue to be significantly affected by the prevailing conditions in the property markets and may be subject to market fluctuations. Macroeconomic factors, including economic growth rate, interest rate, inflation rate, urbanisation rate and disposable income level can substantially affect the fair value of the Group's investment properties and affect the supply and demand in those property markets. All these factors are beyond the Group's control. There can be no assurance that the Group will continue to record similar levels of increase in the fair value of investment properties in the future. Moreover, the fair value of the Group's investment properties could decrease in the event that the market for comparable properties experiences a downturn as a result of the government policies aimed at "cooling-off" the property market, or otherwise. Any such decrease in the fair value of the Group's investment properties may materially and adversely affect results of operations from property investment and development.

The Group may experience schedule delays or budget overruns in completing the Group's property development projects and may be adversely affected by the concentration of such projects

Property development projects typically require substantial capital outlay during the construction period and may take months or years before positive cash flows can be generated by pre-sales or sales of completed property developments, if at all. The time and costs required in completing a property development project may be subject to substantial increases due to many factors, including shortages of materials, equipment, technical skills and labour, adverse weather conditions, natural disasters, labour disputes, disputes with contractors, accidents, changes in government priorities and policies, changes in market conditions, delays in obtaining the requisite licences, permits and approvals from the relevant authorities and other unforeseeable problems and circumstances. Any of these factors may lead to delays in, or prevention of, the completion of a property development project and result in costs substantially exceeding those originally budgeted for. Furthermore, any failure to complete a property development project according to its original specifications or schedule may give rise to potential liabilities and, as a result, the Group's return on investments may be lower than originally expected. The Group's property development portfolio may be concentrated on a few projects which may form a significant proportion of the Group's portfolio. This may entail a higher level of risk than a portfolio which has a larger number of projects spread over a large geographical area. Any such increase in time and costs or failure to complete such projects could materially and adversely affect the Group's business, financial condition and results of operations.

In addition, any decreases in property prices or adverse developments in the property market after the acquisition of a parcel of land and prior to the pre-sales or sales of completed property developments on such land could also have an adverse impact on the Group's business, financial condition and results of operations.

The Group may not be able to obtain land use right certificates in its projects with respect to certain parcels of land in which it has acquired an interest

Land use right certificates are granted once the land premium is paid, and land use right certificates may not be issued piecemeal in proportion to the payment of the land premium in Hong Kong and the PRC. If the Group fails to obtain the relevant land use right certificates for any acquired land, it will not be able to develop and sell properties on such land. The Group may not be able to acquire replacement land parcels on terms acceptable to it, or at all. All or any of these factors may have an adverse effect on the Group's business.

The Group may be unable to renew tenancies or re-lease space at rental rates equal to or above the current rental rates or at all for investment and rental properties when tenancies expire and may not receive rent payments in a timely manner

A portion of the Group's turnover from property investment and development is derived from income from renting office space and from renting retail and residential properties held as investment and rental properties. Most residential investment and rental properties are leased on a relatively short term basis (primarily two years with a break clause allowing tenants the right of early termination by serving two or three months' notice after the first 12 months). Financial performance may be materially and adversely affected in the event of a decline in rental or occupancy levels, or difficulties in securing lease renewals or obtaining new tenants, or if existing tenants reduce the amount of space that they occupy, or fail to comply with the terms of their lease or commitment to lease, or seek the protection of bankruptcy laws delaying or preventing receipt of rent payments, for any reason. E-commerce in particular may impact the Group's ability to renew tenancies, obtain new tenants or re-lease space at satisfactory rental rates as more tenants move online and require less space or no space at all to run their business. The Group cannot be assured that existing tenants will renew their leases upon expiration or that the Group will be able to find replacement tenants at rental rates equal to or higher than those of the expiring tenancies. Moreover, the Group may be unable to obtain replacement tenants in a timely manner so as to minimise vacancy periods in between tenancies or to obtain rental rates equal to or above the current rental rates for tenancies. Furthermore, if vacant space cannot be leased out for a significant period of time, the market value of the Group's investment and rental properties may be adversely affected. In the case of residential properties, the short term leases involved also give rise to increased volatility. Any such situation may materially and adversely affect the Group's cashflow, business, financial condition and results of operations from property investment and development.

The increasing adoption of AI and robotics may disrupt conventional property business models and adversely affect the Group's revenue streams and competitive position in its capacity as a landlord and developer

The increasing adoption of AI and robotics in sectors relevant to the Group's tenants and purchasers may fundamentally alter how occupiers use and value physical premises and how end-users access goods and services, which could materially reduce demand for the Group's development projects and investment properties. In particular, more widespread use of AI-enabled remote working, automated logistics, advanced manufacturing and digitally delivered services may reduce demand for traditional office, retail, industrial or other property formats, or shift demand towards properties that are more technology-intensive, highly serviced or flexible than the Group's existing or planned projects. In addition, competitors that successfully deploy AI and robotics to design, develop, lease and manage properties more efficiently (for example, by optimising site selection, product positioning, pricing and leasing strategies, building operations and tenant engagement) may be able to offer premises or services that are more cost-competitive or better aligned with evolving occupier needs, thereby exerting pressure on the Group's pre-sales, sales prices, take-up rates, occupancy levels, rental rates, renewal rates and overall margins.

There is no assurance that the Group will be able to adjust its development pipeline, product mix, building specifications or asset management strategies in a timely or cost-effective manner to respond to such AI- and robotics-driven changes in occupier requirements and market structure. Any failure to do so could have a material adverse effect on the Group's property development and investment businesses, its overall financial condition and results of operations and, consequently, on the Issuer's and the Guarantor's ability to meet their respective obligations in respect of the Bonds.

Potential liability for environmental problems could result in costs to the Group

The Group is subject to various laws and regulations concerning the protection of health and the environment. The particular environmental laws and regulations which apply to any given project development site vary greatly according to the site's location, its environmental condition, the present and former uses of the site, as well as the presence of any adjoining properties. Environmental laws and conditions may result in delays to the Group's property developments, may cause the Group to incur compliance and other costs and can prohibit or severely restrict project development activity in environmentally-sensitive regions or areas.

Each project the Group develops is required under applicable local laws and regulations to undergo environmental assessments. Further, an environmental impact assessment document is required to be submitted to the relevant government authorities for approval before commencement of construction.

The local authorities may request the Group to submit additional environmental impact documents, issue orders to suspend the construction and/or impose penalties for any projects that have not, prior to the commencement of construction, received approval following the submission of the environmental impact assessment documents. Although the environmental investigations conducted to date have not revealed any environmental liability that the Group believes would have a material adverse effect on its business, financial condition or results of operations, it is possible that these investigations did not reveal all environmental liabilities, or that there are material environmental liabilities of which the Group is unaware.

The Group is subject to uninsured risks

The Group maintains insurance coverage on its properties under construction, third party liabilities and employer's liabilities, as well as other insurance typical for the industries in which it operates and in amounts that it believes to be adequate. However, certain types of losses such as war, civil disorder, acts of terrorism, earthquakes, typhoons, flooding, other natural disasters and climate-related events including severe storms, drought, fires, cyclones, hurricanes and rising sea levels are not covered as they are either uninsurable or not economically insurable. Accordingly, there may be circumstances in which the Group will not be covered or compensated for certain losses, damages and liabilities, which may in turn adversely affect its financial position and results of operations. In particular, climate change is systemic in nature, and is a significant long-term driver of both financial and non-financial risks. A failure to respond to the potential and expected impacts of climate change will affect the Group's long-term performance and can be expected to have group-wide impacts on the Group in its financial investment portfolios and loan activities. These include, but are not limited to, impacts on the probability of default and losses arising from defaults, valuations and collateral as well as portfolio performance. These impacts will adversely affect the Group's business, financial condition and results of operations.

Risks Relating to the Financial Investment Portfolio and Loan Activities

The Group's investments and loans are subject to economic, political, market, counterparty and company specific changes

The prices of the Group's investments, including but not limited to debt, fund, private equity and public equity, are subject to economic, political, market, counterparty and company specific changes. Such changes may adversely affect prices of securities regardless of company specific performance. Additionally, different industries, financial markets and securities can react differently to these changes. Such fluctuations in the value of the Group's portfolio are often exacerbated in the short-term as well. The risk that one or more companies in the Group's portfolio will fall, or fail to rise, may adversely affect the overall portfolio performance in any given period.

In particular, tensions amongst countries over trade policies and the crisis generated by the geopolitical tensions between Russia and Ukraine have and may continue to cause volatility in the equity and fixed income markets.

This may lead to lower returns on the Group's equity investments and an increased risk of default on the Group's fixed income investments, which may adversely affect the overall performance of the Group's portfolio.

Further, the Group's investments in securities which are issued out of different countries and denominated in different currencies involve certain risks. These risks are typically increased in developing countries and emerging markets. Such risks, which can have adverse effects on portfolio holdings, may include: (i) investment and repatriation restrictions; (ii) currency fluctuations; (iii) the potential for unusual market volatility as compared to more industrialised countries; (iv) government involvement in the private sector; (v) limited investor information and less stringent investor disclosure requirements; (vi) shallow and substantially smaller liquid securities markets than in more developed countries, which means the Group may at times be unable to sell certain securities at desirable prices; (vii) certain local tax law considerations; (viii) limited regulation of the securities markets; (ix) international and regional political and economic developments; (x) possible imposition of exchange controls or other local governmental laws or restrictions; (xi) adverse effects from deflation and inflation; (xii) limited legal recourse for the Group; and (xiii) the under-development of custodial and/or the settlement systems.

The Group may invest in initial public offerings from time to time. The market values of shares in initial public offerings may experience high volatility due to factors such as the absence of a prior public market, unseasoned trading, the limited number of shares available for trading and limited information about the Issuer. The Group may be subject to lock-up arrangements in relation to certain investments. Such arrangements may limit or restrict the Group's ability to exit investments. Additionally, the Group may hold shares acquired from initial public offerings for a very short period of time, which may increase the Group's expenses. Some investments in initial public offerings may have an immediate and significant impact on the Group's performance. The Group has the flexibility under its investment strategy to hold large amounts of cash if investment opportunities are not available or market conditions are not suitable. While this strategy can assist the Group during times of falling markets, holdings in cash may result in lower returns when compared to equity investments.

The Group engages in loan participation financing and is subject to those risks inherent in such activities, including economic, political, and counterparty risks. Any adverse changes in these areas may result in decreased cashflow of the Group's debtors, lead to a deterioration in the quality of the Group's loans, and may require mark-down on non-recoverability issue.

The Group is exposed to fair value fluctuations on its derivative financial instruments and investments

The Group manages its interest rate and foreign currency risk with derivative financial instruments such as interest rate swaps and foreign exchange contracts. Such derivative financial instruments are initially recognised at fair value and are subsequently re-measured at fair value. The gain or loss on re-measurement to fair value is recognised immediately in the profit and loss account. The fair value of forward exchange contracts is calculated with reference to current forward exchange rates and by discounting the future cash flows. The fair value of interest rate swaps contracts is determined as the present value of the estimated future cash flows based on observable yield curves.

The Group has entered into interest rate swaps ("**IRS**") and cross currency swaps ("**CCS**") to manage the interest rate and foreign currency risks. The Guarantor does not over hedge its position once fixed but it may become over hedged to the extent underlying liabilities are prepaid. Moreover, the Group may have a portfolio hedge in place instead of a specific hedge which it will over hedge or under hedge depending on the loan(s) outstanding. CCS and IRS may not satisfy the criteria of hedge accounting and that mark-to-market gain or loss will be reflected in the consolidated income statement, instead of other comprehensive income. In addition, interest rate changes may be against the forecast of management.

The Group holds investments classified as financial assets at fair value through profit or loss. For securities traded actively on organised financial markets, fair value is generally determined by reference to stock exchange quoted market bid prices at the close of business on the balance sheet date. For investments in unlisted funds that are stated at fair value and are not quoted in an active market, fair value is determined primarily by reference to other prices observed in recent transactions or valuation techniques when the market price is not readily available. The fair value of other financial instruments that are stated at fair value and are not traded in an active market is estimated using other prices observed in recent transactions or valuation techniques when the market price is not readily available. For the six months ended 30 September 2025, the Group recognised a net gain on financial assets at fair value through profit or loss and derivatives of approximately HK$2,949 million (for the six months ended 30 September 2024: HK$1,297 million) (see "*the Guarantor's unaudited condensed consolidated income statement for the six months ended 30 September 2025*" set out herein).

The Group is therefore exposed to market price fluctuations in respect of derivative financial instruments and investments, which may result in volatility in its financial results. Further, there can be no assurance of the appropriateness of the method of valuation adopted by the Group in relation to investments that are not traded in an active market.

The Group holds loans and investments for which no active market exists

The Group holds certain loans and investments, including in funds, debt and private equity, which are not traded on any organised financial market and which are not otherwise actively traded. The Group's intention is generally to hold such loans and investments to maturity or for the long term. However, as such loans and investments are in general relatively illiquid, the Group's ability to sell them promptly in response to changing economic, financial and investment conditions is limited and the Group cannot predict whether it would be able to sell any such loan or investment for a price that is at or above its cost to the Group, or is reflective of its value as determined by the Group. If the Group is unable to dispose of such loans or investments promptly or at a price consistent with their valuation, the Group's financial results and position could be adversely affected.

Risks Relating to the Life Sciences Investments

Biotech companies are subject to risks relating to regulatory approvals and compliance and intellectual property and proprietary technology

Nan Fung Life Sciences ("**NFLS**"), a subsidiary of the Guarantor, invests in funds and also in biotech portfolio companies. Such portfolio companies may need to obtain various regulatory approvals and comply with extensive regulations regarding safety, quality and efficacy standards in order to market its products. These regulations, including the time required for regulatory review, vary across jurisdictions and can be lengthy, expensive and uncertain. There is no guarantee that any products of any portfolio company will be able to obtain the necessary regulatory approvals to promote that product in any of its targeted markets and any such regulatory approval may include significant restrictions on the uses for which the relevant products can be promoted and used. In addition, portfolio companies may incur significant costs in obtaining or maintaining its regulatory approvals. Delays or failure in obtaining regulatory approval for products may have a material adverse effect on the value of the relevant portfolio company and have a consequential impact on the return on investment available to the funds in which NFLS invests, and thus the performance of NFLS's overall portfolio.

In addition, no assurance can be given that any current or future patent applications by any portfolio company will result in granted patents, that the scope of any patent protection will exclude competitors or provide competitive advantages to the relevant portfolio company, that any portfolio company's patents will be held valid if challenged or that third parties will not claim rights in or ownership of the patents and other proprietary rights held by any portfolio company. When patents, trademarks or other proprietary rights are obtained, the portfolio company may be subject to claims in relation to the infringement of these rights. Adverse judgments against any portfolio company may give rise to significant liabilities in damages, legal fees and/or an inability to manufacture, market or sell products either at all or in particular territories using existing trademarks and/or particular technology. Where a portfolio company has given assurances to customers that its products do not infringe proprietary rights of third parties, any such infringement might also expose such portfolio company to liabilities to those customers. Even claims without merit could deter customers and have a detrimental effect on a portfolio company's business as well as being costly and time consuming to defend and could divert such portfolio company's resources. Further, there can be no assurance that other companies or individuals have not developed or will not develop similar products, duplicate any of any portfolio company's products or design around any patents held by any portfolio company. Others may hold or receive patents which contain claims having a scope that covers products developed by a portfolio company (whether or not patents are issued to such portfolio company). A portfolio company may rely on patents to protect, among other things, its products. These rights act only to prevent a competitor from copying but not from independently developing products that perform the same functions. No assurance can be given that others will not independently develop or otherwise acquire substantial equivalent techniques or otherwise gain access to a portfolio company's unpatented proprietary technology or disclose such technology or that any portfolio company can ultimately protect meaningful rights to such unpatented proprietary technology.

The bioVenture Funds primarily invest in early stage companies, which may subject the bioVenture Funds and NFLS to a greater risk of loss

NFLS invests through four dedicated venture capital funds, namely Pivotal bioVenture Partners Fund I, L.P., Pivotal bioVenture Partners Fund II, L.P., Pivotal bioVenture Partners China USD Fund I, L.P., and Pivotal bioVenture Partners China USD Fund II L.P. (together, the "**bioVenture Funds**"). The bioVenture Funds primarily invest in early stage companies. Investments in such early stage portfolio companies may involve greater risks than are generally associated with investments in more established companies. For example, to the extent there is any public market for securities in such companies, such securities may be subject to more abrupt and erratic market price movements than those of larger, more established companies. Such companies may have shorter operating histories on which to judge future performance and, if operating, may have negative cash flow. In the case of start-up enterprises, such companies may not have significant or any operating revenues. Such companies may also have a lower capitalisation and fewer resources (including cash) and be more vulnerable to failure, resulting in the loss of the relevant bioVenture Fund's entire investment. The availability of capital is generally a function of capital market conditions that are beyond the bioVenture Funds' control, the control of the underlying private equity sponsors, or portfolio companies in which the bioVenture Funds invest. There can be no assurance that any portfolio company will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source. In addition, early stage portfolio companies are more likely to depend on the management talents and efforts of a small group of persons and, as a result, the death, disability, resignation or termination of one or more of those persons could have a material adverse impact on their business and prospects and the investment made.

Risks Relating to the PRC and Hong Kong

The occurrence of a contagious disease in Asia could affect the Group's business, financial condition or results of operations

The outbreak of an infectious disease such as SARS, the Influenza A (H1N1-2009), human avian influenza, Severe Acute Respiratory Syndrome, Ebola, Middle East Respiratory Syndrome, the novel coronavirus COVID-19 (including the COVID-19 variants such as Delta and Omicron variants) and other events beyond the control of the Group, in Asia and elsewhere, together with any resulting restrictions on travel and/or imposition of quarantines, could have a negative impact on the economy and business activities in Asia and elsewhere and could thereby adversely impact the Group's business, financial condition and results of operations. There can be no assurance that any precautionary measures taken against infectious diseases would be effective. Concerns about the spread of COVID-19 and H7N9 strain of flu (Avian Flu) globally and outbreaks of the H1N1 virus (Swine Flu) in North America, Europe and Asia in the past have caused governments to take measures to prevent spread of the viruses. The outbreak of communicable diseases such as the ones listed above on a global scale may affect investment sentiment and result in sporadic volatility in global capital markets or adversely affect PRC and other economies. For example, in particular, the COVID-19 pandemic has resulted in restrictions on travel and public transport and prolonged closures of workplaces, which have in turn had an impact on the Group's operations, including on the progress of construction of property development projects and delays in receiving government approvals relating to projects in development. The Group has taken certain measures to assist its tenants, including providing rental concessions to some of its tenants in Hong Kong and the PRC, which could lead to a potential decrease in its rental income and valuation of investment properties. The Group has also experienced delays in constructions of certain of its projects due to, among others, delays in shipments of supplies, delays in submission of relevant documents to and application processing by governmental authorities, and reduction in some of its staffs as a result of health concerns and government-mandated quarantine protocols, all of which could lead to potential delays with launch of new projects and other interruptions to the Group's business.

There can be no assurance that there will not be a significant outbreak of a highly contagious disease in Hong Kong or the PRC in the future, that existing outbreaks will not persist or escalate or that precautionary measures taken in response to such contagious diseases would not seriously disrupt the operations and business of the Group, or have a material adverse impact on the business, financial condition or results of operations of the Group.

The Group's business in the PRC is subject to extensive governmental approval and compliance requirements

The Group's business operations in the PRC are subject to extensive governmental regulation. As with other property developers in the PRC, the Group's property investment and development business must comply with various requirements mandated by PRC laws and regulations, including policies and procedures established by local authorities designed to implement national laws and regulations. In order to develop and complete a property development, the Group's property investment and development business must obtain various permits, licences, certificates and other approvals from the relevant administrative authorities at various stages of property development and leasing, as well as for hotel operations, including, for example, land use right documents, planning permits, construction permits, pre-sale permits and certificates or confirmation of completion and acceptance. Each approval is dependent on the satisfaction of certain conditions.

There can be no assurance that the Group will not encounter major problems in fulfilling the conditions precedent to the receipt of approvals or that the Group will be able to adapt itself to new laws, regulations or policies that may come into effect from time to time with respect to the real estate industry in general or particular processes with respect to the issuance of such approvals.

PRC political, legal and economic risks

A portion of the Group's operations are located in the PRC. The Guarantor expects that the Group will make further investments in the PRC, and that the Group's assets in the PRC will account for an increasing share of its overall income base. The Guarantor's financial condition, results of operations and future prospects depend to a large extent on the success of the Group's operations in the PRC and are subject, to a significant degree, to the political and economic situation and legal developments in the PRC.

The PRC economy differs from the economies of most developed countries in many respects, including, but not limited to:

- extent of government involvement;
- level of development;
- growth rate;

- economic and political structure;
- control of foreign exchange;
- allocation of resources; and
- regulation of capital reinvestment.

While the PRC economy has experienced significant growth in past decades, growth has been uneven, both geographically and among the various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and to guide the allocation of resources.

Some of these measures benefit the overall PRC economy but may also have a negative effect on the Group's operations. For example, the Group's business and financial condition may be adversely affected by the PRC government's control over capital investments or any changes in tax regulations or foreign exchange controls that are applicable to it.

The PRC economy has been transitioning from a planned economy to a more market-oriented economy. Although in recent years the PRC government has implemented measures emphasising the utilisation of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises, a substantial portion of productive assets in the PRC is still owned by the PRC government. In addition, the PRC government continues to play a significant role in regulating the development of industries in the PRC by imposing topdown policies. It also exercises significant control over PRC economic growth through the allocation of resources, controlling the payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. There is no assurance that future changes in the PRC's political, economic and social conditions, laws, regulations and policies will not have a material adverse effect on the Group's current or future business and financial condition.

The legal system in the PRC is continuously evolving and laws in the PRC may not be interpreted and enforced in a consistent manner

The PRC legal system is a civil law system. Unlike the common law system, the civil law system is based on written statutes in which decided legal cases have little value as precedents. Since 1979, the PRC government has begun to promulgate a comprehensive system of laws and has introduced many new laws and regulations to provide general guidance on economic and business practices in the PRC and to regulate foreign investment. Progress has been made in the promulgation of laws and regulations dealing with economic matters such as corporate organisation and governance, foreign investment, commerce, taxation and trade. The promulgation of new changes to existing laws and the abrogation of local regulations by national laws could have a negative impact on the business and prospects of the Group. In addition, as these laws, regulations and legal requirements are relatively recent, their interpretation and enforcement may involve significant uncertainty. The interpretation of PRC laws may be subject to policy changes, which reflect domestic political changes. As the PRC legal system develops, the promulgation of new laws, changes to existing laws and the pre-emption of local regulations by national laws may have an adverse effect on the Group's business and financial condition.

The Group is subject to restrictions on the remittance of Renminbi into and out of the PRC and governmental controls on currency conversion and may be affected by currency risks relating to fluctuations in exchange rates in the future. The Group's revenue, costs, debts and capital expenditure are mainly denominated in Hong Kong dollars, Renminbi, U.S. dollars and sterling. Consequently, portions of the Group's costs, profit margins and asset values are affected by fluctuations in the exchange rates among the above-mentioned currencies.

Due to its expansion in the PRC, a material portion of the Group's revenue is denominated in Renminbi and must be converted to make payments in freely convertible currencies. Under the PRC's foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade, may be made in foreign currencies without prior approval, subject to certain procedural requirements. However, strict foreign exchange controls continue for capital account transactions, including repayment of loan principal and return of direct capital investments and investments in negotiable securities. More restrictions and extensive vetting processes have been put in place by the State Administration of Foreign Exchange of the PRC ("**SAFE**") to regulate cross-border transactions under the capital account, such as the Notice of the SAFE on Further Promoting the Reform of Foreign Exchange Administration and Improving Authenticity and Compliance Review (國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知). The PRC government may, at its discretion, take measures to restrict access to foreign currencies for current account and capital account transactions under certain circumstances. In the past, there have been shortages of U.S. dollars or other foreign currencies available for conversion of Renminbi in the PRC, and it is possible such shortages could recur, or that restrictions on conversion could be re-imposed. If the foreign exchange control system prevents the Group from obtaining sufficient foreign currencies to satisfy the Group's foreign currency demands, the Group may not be able to make interest payments and/or principal repayment to the Bondholders or holders of other foreign currency denominated debt, if any. In addition, there can be no assurance that new laws or regulations will not be promulgated in the future that would have the effect of further restricting the remittance of Renminbi into or out of the PRC.

The value of the Renminbi against the U.S. dollar and other currencies fluctuates and is affected by, among other things, changes in the PRC's political and economic conditions. Since the introduction of a regulated floating exchange rate system in 2005, the PRC government has made, and may in the future make, further adjustments to the exchange rate system. The People's Bank of China ("**PBOC**") surprised markets in August 2015 by thrice devaluing the Renminbi, lowering its daily mid-point trading price significantly against the U.S. dollar. Renminbi depreciated significantly against the U.S. dollar following this August 2015 announcement by the PBOC. In January and February 2016, Renminbi experienced further fluctuation in value against the U.S. dollar. With an increased floating range of the Renminbi's value against foreign currencies and a more market-oriented mechanism for determining the mid-point exchange rates, the Renminbi may further appreciate or depreciate significantly in value against the U.S. dollar or other foreign currencies in the long-term. Any significant appreciation of the Renminbi against the U.S. dollar or other foreign currencies may result in the decrease in the value of the Group's foreign currency-denominated assets. Conversely, any significant depreciation of the Renminbi may adversely affect the value of its investments in the PRC. In addition, there are limited instruments available for the Group to reduce its foreign currency risk exposure at reasonable costs. All of these factors may have a material adverse impact on the business, financial condition or results of operations of the Group.

Risks associated with the effect of civil unrest on the Hong Kong economy

Civil unrest and an uncertain political environment may impact the Hong Kong economy and result in an economic slowdown. Protests, demonstrations or rioting causing mass disruption to businesses and transportation such as the anti-extradition bill protests in 2019, or the Occupy Central Movement that took place during the latter half of 2014, may decrease consumer spending and inbound tourism to Hong Kong, which in turn may have a negative impact on the local economy. If consumers avoid areas affected by social upheaval or are unable to reach these areas due to disruption in transportation or outbreak of violence, local businesses may be affected, especially if tensions become protracted and remain unresolved. Political uncertainty and a lack of decisive action to deal with social tensions, as demonstrated by the anti-extradition protests, may also adversely affect the economy. Moreover, inbound tourism may decrease, with less tourists travelling to Hong Kong in order to avoid any conflict. Civil unrest is outside the control of the Group and any such demonstrations, protests or riots could adversely impact the Hong Kong economy and result in an economic slowdown. Such a development may adversely affect the business of the Group's tenants and their ability to make rental payments.

Risks Relating to the Bonds and the Guarantee of the Bonds

The Bonds may not be a suitable investment for all investors

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;

(iv) understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Issuer may raise other capital which affects the price of the Bonds

The Issuer may raise additional capital through the issue of other securities or other means. There is no restriction, contractual or otherwise, on the amount or type of securities or other liabilities which the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Bonds. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Holders on a winding-up of the Issuer. The issue of any such securities or the incurrence of any such other liabilities might also have an adverse impact on the trading price of the Bonds and/or the ability of Holders to sell their Bonds.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Bonds are legal investments for it, (ii) the Bonds can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

The Guarantor may be unable to make payments on the Guarantee of the Bonds and structural subordination

The Guarantor is a holding company with limited operations of its own and its ability to make payments under the Guarantee of the Bonds and to make payments to the Issuer under the loan arrangement to fund payments on the Bonds depends upon the receipt of dividends, distributions, interest, loan repayments or advances from its wholly-owned or partly-owned subsidiaries, associated companies and joint ventures. The ability of the subsidiaries, joint ventures and associated companies of the Guarantor to pay dividends is subject to their performance and cash flow requirements and may be subject to applicable laws and regulations. The outstanding indebtedness of subsidiaries of the Guarantor may contain covenants restricting the ability of such subsidiaries to pay dividends in certain circumstances for so long as such indebtedness remains outstanding. Moreover, the Guarantor’s percentage interests in its subsidiaries, joint ventures and associated companies could be reduced in the future.

As the Guarantor is a holding company, payments under the Guarantee of the Bonds are structurally subordinated to all existing and future liabilities and obligations of each of the Guarantor's subsidiaries and associated companies, except for those liabilities and obligations of the Issuer. Claims of creditors of such companies will have priority as to the assets of such companies over the Guarantor and its creditors, including holders of the Bonds seeking to enforce the Guarantee of the Bonds. The Guarantor's obligations under the Guarantee of the Bonds will not be guaranteed by any of its subsidiaries. The Bonds do not contain any restrictions on the ability of the Guarantor's subsidiaries to incur additional unsecured indebtedness.

The Issuer's ability to make payments under the Bonds will depend on timely payments under on-lent loans of the proceeds from the issue of the Bonds to the Guarantor and its subsidiaries

The Issuer is a wholly-owned indirect subsidiary of the Company formed for the principal purpose of issuing the Bonds and will on-lend the entire proceeds from the issue of the Bonds to the Guarantor and/or its subsidiaries. The Issuer does not and will not have any net assets other than such on-lent loans and its ability to make payments under the Bonds depends on timely payments under such loans. In the event that the Guarantor and its subsidiaries do not make such payments due to limitation in such loans or other agreements, lack of available cash flow or other factors, the Issuer's ability to make payments under the Bonds may be adversely affected.

The Terms and Conditions of the Bonds contain provisions which may permit their modification without the consent of all investors

The Terms and Conditions of the Bonds contain provisions for calling meetings of Holders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Holders including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority.

The Terms and Conditions of the Bonds also provide that the Bonds, these Conditions, the Deed of Covenant and the Deed of Guarantee may be amended without the consent of the Holders to correct a manifest error.

The Bonds may be represented by a Global Certificate and holders of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System(s)

The Bonds may be represented by a Global Certificate. Such Global Certificate will be lodged with the Euroclear and Clearstream (the "**Clearing Systems**"). Except in the circumstances described in the relevant Global Certificate, investors will not be entitled to receive definitive certificates. The Clearing Systems will maintain records of the beneficial interests in the Global Certificate. While the Bonds are represented by a Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems. While the Bonds are represented by a Global Certificate, the Issuer will discharge its payment obligations under the Bonds by making payments to the relevant paying agent for distribution to their account holders. A holder of a beneficial interest in a Global Certificate must rely on the procedures of the Clearing Systems to receive payments under the Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate. Holders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by the Clearing Systems to appoint appropriate proxies.

There is a lack of public market for the Bonds

The Bonds are a new issue of securities for which there is currently no trading market. Although application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds, there can be no assurance that such listing will be maintained, or that, if listed, an active trading market will develop. If such a market were to develop, the Bonds could trade at prices that may be higher or lower than the initial issue price depending on many factors, including prevailing interest rates, the operations of the Issuer, the

Guarantor and the rest of the Group and the market for similar securities. The Joint Lead Managers are not obliged to make a market in the Bonds and any such market making, if commenced, may be discontinued at any time at the sole discretion of the Joint Lead Managers.

The liquidity and price of the Bonds following the offering may be volatile

The price and trading volume of the Bonds may be highly volatile. Factors such as variations in each of the Group's sales revenues, earnings and cash flows and proposals of new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in prices for comparable companies could cause the price of the Bonds to change. Any such developments may result in large and sudden changes in the volume and price at which the Bonds will trade. There is no assurance that these developments will not occur in the future.

Bonds subject to optional redemption by the Issuer may have a lower market value than Bonds that cannot be redeemed

The Bonds are subject to optional redemption by the Issuer pursuant to Condition 6(b) and Condition 6(c) of the Terms and Conditions of the Bonds. An optional redemption feature is likely to limit the market value of Bonds. During any period when the Issuer may elect to redeem Bonds, the market value of those Bonds generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Bonds when its cost of borrowing is lower than the interest rate on the Bonds. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Bonds being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The ratings of the Bonds may be downgraded or withdrawn

The Bonds are expected to be assigned a rating of "Baa3" by Moody's. The ratings represent only the opinions of the rating agencies and their assessment of the ability of the Issuer and the Guarantor to perform their respective obligations under the Bonds, the Deed of Covenant and the Deed of Guarantee and credit risks in determining the likelihood that payments will be made when due under the Bonds. Ratings are not recommendations to buy, sell or hold the Bonds and may be subject to suspension, reduction or withdrawn at any time. Neither the Issuer nor the Guarantor is obligated to inform holders of the Bonds if the ratings are lowered or withdrawn. Each rating should be evaluated independently of the other rating. A downgrade or withdrawal of the ratings may materially and adversely affect the market price of the Bonds and the Issuer's ability to access the debt capital markets.

The insolvency laws of the BVI and other local insolvency laws may differ from those of another jurisdiction with which the Holders are familiar

As the Issuer and the Guarantor are incorporated under the laws of the BVI, any insolvency proceeding relating to the Issuer or the Guarantor would likely involve insolvency laws of the BVI, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the Holders are familiar.

Investment in the Bonds is subject to exchange rate risks

The value of the U.S. dollar against the Hong Kong dollar and other foreign currencies fluctuates and is affected by changes in the United States and international political and economic conditions and by many other factors. The Issuer will make all payments of principal, premium (if any) and interest with respect to the Bonds in U.S. dollars. As a result, the value of these U.S. dollar payments may vary with the prevailing exchange rates in the marketplace. If the value of the U.S. dollar depreciates against the Hong Kong dollar or other applicable foreign currency between them, the value of investors' investment in Hong Kong dollar or other applicable foreign currency terms will have declined.

Investment in the Bonds is subject to interest rate risks

Investment in the Bonds, which carry a fixed rate of interest, involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. The Bonds will carry a fixed interest rate. Consequently, the trading price of the Bonds will vary with the fluctuations in the U.S. dollar interest rates.

The Group may issue additional Bonds in the future

The Group may, from time to time, and without the consent of the Holders create and issue further Bonds (See "*Terms and Conditions of the Bonds — Further Issues*") or otherwise raise additional capital through such means and in such manner as it may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Bonds.

TERMS AND CONDITIONS OF THE BONDS

The following, subject to amendment and save for the paragraphs in italics, are the Terms and Conditions of the Bonds, substantially as they will appear on the reverse of each of the definitive certificates evidencing the Bonds.

The U.S.$500,000,000 5.75 per cent. guaranteed sustainability bonds due 2036 (the "**Bonds**", which expression includes any further bonds issued pursuant to Condition 14 (*Further Issues*) and forming a single series therewith) of Nan Fung Treasury Limited (the "**Issuer**") are constituted by a deed of covenant dated 21 May 2026 (the "**Issue Date**") (as amended and/or supplemented from time to time, the "**Deed of Covenant**") entered into by the Issuer and are the subject of a deed of guarantee dated 21 May 2026(as amended or supplemented from time to time, the "**Deed of Guarantee**") entered into by Nan Fung International Holdings Limited 南豐國際控股有限公司 (the "**Guarantor**") and a fiscal agency agreement dated 21 May 2026 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer, the Guarantor, The Hongkong and Shanghai Banking Corporation Limited as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Bonds), The Hongkong and Shanghai Banking Corporation Limited as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Bonds), The Hongkong and Shanghai Banking Corporation Limited as paying agent (the "**Paying Agent**", which expression includes any successor paying agent appointed from time to time in connection with the Bonds) and the transfer agent named therein (the "**Transfer Agent**", which expression includes any successor or additional transfer agent appointed from time to time in connection with the Bonds). References herein to the "**Agents**" are to the Registrar, the Fiscal Agent, the Paying Agent and the Transfer Agent and any reference to an "**Agent**" is to any one of them. Certain provisions of these terms and conditions (the "**Conditions**") are summaries of the Agency Agreement, the Deed of Covenant and the Deed of Guarantee and subject to their detailed provisions. The Holders (as defined in Condition 3(a) (*Register, Title and Transfers*)) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement, the Deed of Covenant and the Deed of Guarantee applicable to them. Copies of the Agency Agreement, the Deed of Covenant and the Deed of Guarantee are available for inspection by Holders upon proof of holding and prior written notice during normal business hours at the principal offices for the time being of the Fiscal Agent, being at the date hereof at Level 26, HSBC Main Building, 1 Queen's Road Central, Hong Kong and at the Specified Offices (as defined in the Agency Agreement) of each of the Agents, the initial Specified Offices of which are set out below.

1 Form and Denomination

The Bonds are in registered form in the denomination of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof (each, an "**Authorised Denomination**").

2 Status of the Bonds and the Guarantee of the Bonds

(a) *Status of the Bonds*: The Bonds constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and (subject as stated above) rank and will at all times rank pari passu without any preference among themselves and with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

(b) *Guarantee of the Bonds; Status of the Guarantee of the Bonds*: The Guarantor has, in the Deed of Guarantee, unconditionally and irrevocably guaranteed the due and punctual payment of all sums payable by the Issuer in respect of the Bonds and all other moneys payable by the Issuer under or pursuant to the Deed of Covenant. This guarantee (the "**Guarantee of the Bonds**") constitutes a direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Guarantor and (subject as stated above) ranks and will at all times rank pari passu with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

3 Register, Title and Transfers

(a) *Register*: The Registrar will maintain a register (the "**Register**") in respect of the Bonds outside the United Kingdom in accordance with the provisions of the Agency Agreement. In these Conditions, the "**Holder**" of a Bond means the person in whose name such Bond is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof). A certificate (each, a "**Certificate**") will be issued to each Holder in respect of its registered holding. Each Certificate will be numbered serially with an identifying number which will be recorded in the Register.

Upon issue, the Bonds will be represented by a Global Certificate deposited with, and registered in the name of a nominee of, a common depositary for Euroclear and Clearstream. The Conditions are modified by certain provisions contained in the Global Certificate. See "*The Global Certificate*".

(b) *Title*: The Holder of each Bond shall (except as otherwise required by law) be treated as the absolute owner of such Bond for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Certificate) and no person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

(c) *Transfers*: Subject to paragraphs (f) (Closed periods) and (g) (Regulations concerning transfers and registration) below, a Bond may be transferred upon surrender of the relevant Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; provided, however, that a Bond may not be transferred unless the principal amount of Bonds transferred and (where not all of the Bonds held by a Holder are being transferred) the principal amount of the balance of Bonds not transferred are Authorised Denominations. Where not all the Bonds represented by the surrendered Certificate are the subject of the transfer, a new Certificate in respect of the balance of the Bonds will be issued to the transferor. No transfer of title to a Bond will be valid unless and until entered on the Register.

Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

(d) *Registration and delivery of Certificates*: Within five business days of the surrender of a Certificate in accordance with paragraph (c) (Transfers) above, the Registrar will register the transfer in question and deliver a new Certificate of a like principal amount to the Bonds transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, "**business day**" means a day, excluding a Saturday and a Sunday, on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

Except in the limited circumstances described herein (see "The Global Certificate"), owners of interests in the Bonds will not be entitled to receive physical delivery of Certificates.

(e) *No charge*: The transfer of a Bond will be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

(f) *Closed periods*: Holders may not require transfers to be registered during (i) the period of 15 days ending on the due date for redemption of, or payment of principal or interest in respect of the Bonds or (ii) during the period of seven days ending on (and including) any Record Date (as defined below).

(g) *Regulations concerning transfers and registration*: All transfers of Bonds and entries on the Register are subject to the detailed regulations concerning the transfer of Bonds scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Holder who requests in writing a copy of such regulations.

(h) *Registration of transfer upon partial redemption*: In the event of a partial redemption of Bonds under Condition 6 (*Redemption and Purchase*), the Issuer shall not be required to register the transfer of any Bond, or part of a Bond, called for partial redemption.

4 Negative Pledge

(a) *Negative Pledge*: So long as any of the Bonds remains outstanding (as defined in the Agency Agreement), neither the Issuer nor the Guarantor will, and the Guarantor will procure that none of its Principal Subsidiaries (as defined below) will, create or permit to be outstanding, any mortgage, charge, lien, pledge or other security interest (each a "**Security Interest**") (excluding any Permitted Security Interest (as defined below)) upon, or with respect to, any of its present or future business, undertaking, properties, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness (as defined below), unless the Issuer or the Guarantor (as the case may be), in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

(i) all amounts payable by it under (in the case of the Issuer) the Bonds and the Deed of Covenant and (in the case of the Guarantor) the Guarantee of the Bonds are secured by the Security Interest equally and rateably with the Relevant Indebtedness; or

(ii) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided as is approved by an Extraordinary Resolution.

(b) Interpretation: For the purposes of these Conditions:

(i) "**Permitted Security Interest**" means (A) any Security Interest over any assets (or related documents of title) purchased by the Issuer, the Guarantor or any Principal Subsidiary as security for all or part of the purchase price of such assets and any substitute Security Interest created on those assets in connection with the refinancing (together with interest, fees and other charges attributable to such refinancing) of the indebtedness secured on those assets; and (B) any existing Security Interest over any assets (or related documents of title) purchased by the Issuer, the Guarantor or any Principal Subsidiary subject to such Security Interest and any substitute Security Interest created on those assets in connection with the refinancing (together with interest, fees and other charges attributable to such refinancing) of the indebtedness secured on those assets.

(ii) "**Principal Subsidiary**" means any Subsidiary of the Guarantor:

(A) whose net assets or (in the case of a Subsidiary of the Guarantor which has one or more Subsidiaries) consolidated net assets attributable to the Guarantor represent 5 per cent. or more of the consolidated net assets (after deducting minority interests in Subsidiaries) of the Guarantor and its Subsidiaries, as calculated by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated accounts of the Guarantor and its Subsidiaries, provided that:

I in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Guarantor relate, the reference to the then latest consolidated audited accounts of the Guarantor and its Subsidiaries for the purposes of the calculation above shall, until consolidated audited accounts of the Guarantor for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published, be deemed to be a reference to the then latest consolidated audited accounts of the Guarantor and its Subsidiaries adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;

II if at any relevant time in relation to the Guarantor or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, the determination of whether or not a Subsidiary is a Principal Subsidiary shall be made on the basis of pro forma consolidated accounts prepared for this purpose by the Guarantor;

III if at any relevant time in relation to any Subsidiary, no accounts are audited, the determination of whether or not a Subsidiary is a Principal Subsidiary shall be made on the basis of pro forma consolidated accounts of the relevant Subsidiary prepared for this purpose by the Guarantor; and

IV if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (I) above) are not consolidated with those of the Guarantor, then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Guarantor; or

(B) to which is transferred the whole or substantially the whole of the assets and undertaking of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that (x) the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary (but without prejudice to subparagraph (A) above) and (y) the Subsidiary to which the assets are so transferred shall cease to be a Principal Subsidiary on the date on which the consolidated accounts of the Guarantor for the financial period current at the date of such transfer have been prepared and audited but so that such transferor Subsidiary or transferee Subsidiary may be a Principal Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited by virtue of subparagraph (A) above.

A certificate of two directors of the Guarantor, confirming that in their opinion, a Subsidiary is or is not, or was or was not, a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties.

(iii) "**Relevant Indebtedness**" means (A) any present or future indebtedness (whether being principal, premium, interest or other amounts) in the form of, or represented by, any notes, bonds, debentures, debenture stock, loan stock or other securities which are, or are issued with the intention on the part of the issuer thereof that they should be, quoted, listed or ordinarily dealt in or traded on any stock exchange, over-the-counter or other securities market, and (B) any guarantee or indemnity of any such indebtedness.

(iv) "**Subsidiary**" means, in relation to the Issuer or the Guarantor, any company (A) in which the Issuer or as the case may be, the Guarantor holds a majority of the voting rights or (B) of which the Issuer or, as the case may be, the Guarantor is a member and has the right to appoint or remove a majority of the board of directors or (C) of which the Issuer or as the case may be, the Guarantor is a member and controls a majority of the voting rights, and includes any company which is a Subsidiary of a Subsidiary of the Issuer or, as the case may be, the Guarantor or (D) which at any time has its accounts consolidated with those of the Issuer or, as the case may be, the Guarantor or which, under the applicable law, regulations or generally accepted accounting principles of the Issuer or, as the case may be, the Guarantor, should have its accounts consolidated with those of the Issuer or, as the case may be, the Guarantor.

(v) "**Business Day**" means any day, excluding a Saturday and a Sunday, on which banks are open for general business (including dealings in foreign currencies) in Hong Kong and New York;

5 Interest

(a) *Interest Rate and Interest Payment Dates*: The Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 5.75 per cent. per annum (the "**Rate of Interest**"), payable semi-annually in arrear in equal instalments of U.S.$28.75 per Calculation Amount (as defined below) on 21 May and 21 November in each year (each an "**Interest Payment Date**"), commencing on 21 November 2026.

(b) *Interest Period*:

(i) If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed. In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date, and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "**Interest Period**".

(ii) Interest in respect of any Bond shall be calculated per U.S.$1,000 in principal amount of the Bonds (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period shall, save as provided above in relation to equal instalments, be equal to the product of the Rate of Interest, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

(c) *Ceasing to Bear Interest*: Each Bond (or in the case of the redemption of part only of a Bond, that part only of such Bond) will cease to bear interest from the date for its redemption unless, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(i) the date on which all amounts due in respect of such Bond have been paid; and

(ii) the seventh day after the date on which the full amount of the moneys payable in respect of such Bonds has been received by the Paying Agent or the Registrar, as the case may be, and notice to that effect has been given to the Holders in accordance with Condition 15 (*Notices*).

6 Redemption and Purchase

(a) *Redemption at maturity*: Unless previously redeemed or purchased and cancelled as specified below, the Bonds will be redeemed by the Issuer at their principal amount on 21 May 2036.

(b) *Redemption for tax reasons*: The Issuer may at its option, on giving not less than 30 nor more than 60 days' notice to the Holders in accordance with Condition 15 (which notice shall be irrevocable) and the Fiscal Agent, redeem all the Bonds, but not some only, at any time at their principal amount together with interest accrued to but excluding the date of redemption, if immediately before the giving of the notice referred to above that:

(i) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 8), or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective on or after 14 May 2026, on the occasion of the next payment due under the Bonds either (A) the Issuer would be required to pay additional amounts as provided or referred to in Condition 8 or (B) the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts; and

(ii) the requirement cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts, were a payment in respect of the Bonds then due.

Prior to the publication of any notice of redemption pursuant to this Condition 6(b), the Issuer shall deliver to the Fiscal Agent (A) a certificate signed by two Directors of the Issuer or, as the case may be, the Guarantor stating that the requirement referred to in (i) above will apply and cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it, and (2) an opinion of independent legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor has or will become obliged to pay such additional amounts as a result of such change or amendment.

(c) *Redemption at the option of the Issuer*: The Bonds may be redeemed at the option of the Issuer in whole, or in part, on 21 November 2035 or on any Business Day (as defined in Condition 4) thereafter (each, a "**Call Date**") on the Issuer's giving not less than 30 nor more than 60 days' notice to the Registrar, the Fiscal Agent and (in accordance with Condition 15 (*Notices*)) the Holders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Bonds on the relevant Call Date at their principal amount plus interest accrued to but excluding such date).

(d) *Redemption for Change of Control*: Following the occurrence of a Change of Control (as defined below), the holder of each Bond will have the right at such holder's option, to require the Issuer to redeem all, but not some only, of that holder's Bonds on the Change of Control Redemption Date (as defined below) at their principal amount together with accrued interest.

To exercise the right to require redemption of the Bonds pursuant to this Condition 6(d), the holder of this Bond must deliver at the specified office of the Registrar, at any time during the normal business hours of the Registrar by not later than the 30th day following a Change of Control, or, if later, the 30th day following the date upon which notice thereof is given to Holders by the Issuer in accordance with Condition 15, a duly completed and signed notice of redemption in the form (for the time being current) obtainable from any specified office of the Registrar (the "**Change of Control Redemption Notice**") and in which the holder must specify a bank account to which payment is to be made under this Condition.

A Change of Control Redemption Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Bonds the subject of Change of Control Redemption Notices delivered as aforesaid on the Change of Control Redemption Date.

The Fiscal Agent and the Registrar shall not be required to take any steps to ascertain whether a Change of Control or any event which could lead to the occurrence of a Change of Control has occurred and will not be liable to any person for any failure to do so.

The Issuer, failing whom the Guarantor, shall give notice to Holders, the Registrar and the Fiscal Agent in accordance with Condition 15 by not later than 14 days following the first day on which it becomes aware of the occurrence of a Change of Control, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Bonds pursuant to this Condition and shall give brief details of the Change of Control.

So long as the Bonds are evidenced by the Global Certificate, a Holder's right to redemption of the Bonds due to a Change of Control will be effected in accordance with the rules of the relevant clearing systems.

For the purposes of this Condition 6(d):

(i) "**Board of Directors**" means the board of directors elected or appointed by the stockholders of the Guarantor or otherwise in accordance with the memorandum and articles of association of the Guarantor, to manage the business of the Guarantor.

(ii) "**Control**" means (A) the ownership or control of more than 50 per cent. of the voting rights of the issued share capital of the Guarantor or (B) the right to appoint and/or remove all or the majority of the members of the Guarantor's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise.

(iii) a "**Change of Control**" occurs when:

    (A) the Controlling Persons cease to have Control of the Guarantor; or

    (B) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of the Guarantor's assets to any Person or Persons other than one or more Controlling Persons, unless the consolidation, merger, sale or transfer will not result in the other Person or Persons acquiring Control over the Guarantor or the successor entity; or

    (C) the number of Executive Directors on the Board of Directors that are not Existing Directors exceeds the number of Executive Directors that are Existing Directors.

(iv) "**Change of Control Redemption Date**" shall be the 14th day after the expiry of such period of 30 days after the later of a Change of Control or the date upon which notice of a Change of Control is given to Holders, the Registrar and the Fiscal Agent by the Issuer in accordance with Condition 15 as referred to above.

(v) "**Controlling Persons**" means (A) any trusts established for Dr. Chen Din Hwa's benefit or the benefit of his beneficiaries or for charitable purposes and/or (B) any of Dr. Chen Din Hwa's executors, administrators, personal representatives or similar representatives, and/or (C) any member of Dr. Chen's family and/or any of their associated companies (as defined in the Listing Rules of The Stock Exchange of Hong Kong Limited) and/or any trust established for the benefit of such persons or their respective beneficiaries.

(vi) "**Executive Directors**" means a member of the Board of Directors of the Guarantor who (A) actively participates in, or (B) is responsible for directly supervising, or exercises managerial responsibility over, the business of the Guarantor and/or the Guarantor and its subsidiaries.

(vii) "**Existing Directors**" means, at any time, (A) Executive Directors which were Executive Directors on 17 June 2012 and (B) Executive Directors which were recommended by the Board of Directors to be appointed and were appointed as Executive Directors by (x) the shareholders of the Guarantor in general meeting or (y) a majority of the Board of Directors.

(viii) "**Person**" includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the Guarantor's board of directors or any other governing board and does not include the Guarantor's wholly-owned direct or indirect subsidiaries.

(e) *Purchase*: The Issuer, the Guarantor or any of their respective Subsidiaries may at any time purchase Bonds in the open market or otherwise and at any price.

(f) *Cancellation*: All Bonds so redeemed or purchased by the Issuer, the Guarantor or any of their respective Subsidiaries shall be cancelled and may not be reissued or resold.

None of the Agents shall be required to take any steps to ascertain whether any event as provided in Conditions 6(b) (*Redemption for tax reasons*) and Condition 6(d) (*Redemption for Change of Control*) above has occurred.

(i) *Provisions relating to partial redemptions*: In the case of a partial redemption of Bonds, the Bonds to be redeemed ("**Redeemed Bonds**") will be selected individually by lot, in the case of Redeemed Bonds represented by definitive Bonds, and in accordance with the rules of Euroclear and/or Clearstream (to be reflected in the records of Euroclear and Clearstream as either a pool factor or a reduction in nominal amount, at their discretion) and, in the case of Redeemed Bonds represented by a Global Certificate, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Bonds represented by definitive certificates evidencing the Bonds, a list of the serial numbers of such Redeemed Bonds will be published in accordance with Condition 15 (*Notices*) not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Bonds represented by definitive certificates or represented by a Global Certificate shall in each case bear the same proportion to the aggregate nominal amount of all Redeemed Bonds as the aggregate nominal amount of definitive certificates outstanding and Bonds outstanding represented by such Global Certificate, respectively, bears to the aggregate nominal amount of the Bonds outstanding, in each case on the Selection Date, provided that, if necessary, appropriate adjustments shall be made to such nominal amounts to ensure that each represents an integral multiple of U.S.$1,000. No exchange of the Global Certificate will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to Condition 6 (*Redemption and Purchase*) and notice to that effect shall be given by the Issuer to the Holders in accordance with Condition 15 (*Notices*) at least five days prior to the Selection Date.

7 Payments

(a) *Principal, premium (if any) and interest*: Payments of principal, premium (if any) and interest shall be made in U.S. dollars on the due date for any such payment, by transfer to a U.S. dollar account upon surrender (or, in the case of part payment only, endorsement) of the relevant Certificates at the Specified Office of any Paying Agent.

(b) *Payments subject to fiscal laws*: All payments in respect of the Bonds are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Holders in respect of such payments.

(c) *Payments on business days*: Where payment is to be made by transfer to a U.S. dollar account, payment instructions (for value the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated (i) (in the case of payments of principal, premium (if any) and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Bond shall not be entitled to any further interest or other payment in respect of any delay in payment resulting from the due date for a payment not being a business day. In this paragraph, "**business day**" means any day, other than a Saturday and a Sunday, on which banks are open for general business (including dealings in foreign currencies) in New York City, Hong Kong and, in the case of surrender (or, in the case of part payment only, endorsement) of a Certificate, in the place in which the Certificate is surrendered (or, as the case may be, endorsed).

*So long as the Bonds are represented by the Global Certificate, each payment will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date of payment, where "**Clearing System Business Day**" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.*

(d) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Bond, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Certificate.

(e) *Record date*: Each payment in respect of a Bond will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**").

8 Taxation

All payments of principal, premium (if any) and interest in respect of the Bonds by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of the Relevant Jurisdiction, unless such withholding or deduction of such Taxes is required by law. In such event, the Issuer or, as the case may be, the Guarantor, will pay such additional amounts as may be necessary in order that the net amounts received by the Holders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Bonds in the absence of such withholding or deduction; except that no such additional amounts shall be payable in relation to any payment in respect of any Bond:

(a) presented for payment by or on behalf of a Holder who is liable for such Taxes in respect of such Bond by reason of his having some connection with a Relevant Jurisdiction other than the mere holding of such Bond; or

(b) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a Holder would have been entitled to an additional amount on presenting the same for payment on the last day of the period of 30 days assuming (whether or not such is in fact the case) that day to have been a business day (as defined in Condition 7(c)).

In these Conditions:

"**Relevant Date**" means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received in New York City by the Paying Agent or the Registrar on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Holders by the Issuer in accordance with Condition 15 (*Notices*); and

"**Relevant Jurisdiction**" means the British Virgin Islands or any political subdivision thereof or any authority therein or thereof having power to tax; or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer or the Guarantor, as the case may be, becomes subject in respect of payments made by it of principal or interest on the Bonds.

Any reference in these Conditions to principal, premium (if any) and interest shall be deemed to include any additional amounts in respect of principal, premium (if any) and interest (as the case may be) which may be payable under this Condition 8, or under any undertakings given in addition to, or in substitution for, this Condition pursuant to the Deed of Covenant and the Deed of Guarantee.

If the Issuer or the Guarantor becomes subject at any time to any taxing jurisdiction other than the British Virgin Islands, references in these Conditions to the British Virgin Islands shall be construed as references to (as the case may be) the British Virgin Islands and/or such other jurisdiction.

9 Events of Default

(a) *Events of Default*:

If any of the following events (each an "**Event of Default**") shall occur and is continuing:

(i) if default is made in the payment of any principal or interest due in respect of the Bonds or any of them and such default continues for seven days in the case of principal and 14 days in the case of interest; or

(ii) if the Issuer or the Guarantor fails to perform or observe any of its other obligations under these Conditions, the Deed of Covenant or the Deed of Guarantee and the failure continues for the period of 30 days after written notice thereof, addressed to the Issuer and the Guarantor by any Holder, has been delivered to the Issuer and the Guarantor or to the specified office of the Fiscal Agent; or

(iii) if (A) any Indebtedness for Borrowed Money (as defined below) of the Issuer, the Guarantor or any Principal Subsidiary becomes due and repayable prematurely by reason of an event of default (however described); (B) the Issuer, the Guarantor or any Principal Subsidiary fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment; or (C) default is made by the Issuer, the Guarantor or any Principal Subsidiary in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person, provided that no event described in this subparagraph 9(a)(iii) shall constitute an Event of Default unless the relevant amount of Indebtedness for Borrowed Money or other relative liability due and unpaid, either alone or when aggregated (without duplication) with other amounts of Indebtedness for Borrowed Money and/or other liabilities due and unpaid relative to all (if any) other events specified in (A) to (C) above which have occurred and are continuing, amount to at least US$50,000,000 (or its equivalent in any other currency); or

(iv) one or more judgment(s) or order(s) is rendered against the whole or a substantial part of the property, assets or revenues of the Issuer, the Guarantor or any Principal Subsidiary and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or

(v) a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or a substantial part of the undertaking, assets and revenues of the Issuer, the Guarantor or any Principal Subsidiary and such possession or appointment continues for a period of 30 days after the date thereof; or

(vi) if (A) the Issuer, the Guarantor or any Principal Subsidiary becomes insolvent or is unable to pay its debts as they fall due, (B) an administrator, receiver, liquidator or similar official of the Issuer, the Guarantor or any Principal Subsidiary is appointed (or application for any such appointment is made) with respect to the whole or a substantial part of the undertaking, assets and revenues of the Issuer, the Guarantor or any Principal Subsidiary, or (C) the Issuer, the Guarantor or any Principal Subsidiary takes any action for a general readjustment or deferment of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of all or a substantial part of its indebtedness or guarantees of any indebtedness given by it; or

(vii) if an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer, the Guarantor or any Principal Subsidiary (otherwise than, in the case of a direct or indirect Subsidiary of the Guarantor, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent, provided that all or substantially all of the assets subsisting immediately prior to such amalgamation, reorganisation or restructuring of such Subsidiary are transferred to or otherwise vested in the Guarantor or one or more of its other Subsidiaries) or the Issuer, the Guarantor or any Principal Subsidiary ceases or (through an official action of its Board of Directors) threatens to cease to carry on all or a substantial part of its business (otherwise than, in the case of a direct or indirect Subsidiary of the Guarantor, for the purposes of or pursuant to (x) an amalgamation, reorganisation or restructuring whilst solvent provided that all or substantially all of the assets subsisting immediately prior to such amalgamation, reorganisation or restructuring of such Subsidiary are transferred to or otherwise vested in the Guarantor or one or more of its other Subsidiaries or (y) as a result of disposal on arm's length terms or (z) as approved by an Extraordinary Resolution of the Holders); or

(viii) if the Guarantee of the Bonds ceases to be, or is claimed by the Guarantor not to be, in full force and effect; or

(ix) if the Issuer ceases to be a subsidiary wholly-owned and controlled, directly or indirectly, by the Guarantor; or

(x) if any event occurs which, under the laws of any Relevant Jurisdiction, has an analogous effect to any of the events referred to in subparagraphs (iv) to (vii) above,

then any holder of a Bond may, by written notice addressed to the Issuer and the Guarantor delivered to the Issuer and the Guarantor and to the specified office of the Fiscal Agent, effective upon the date of receipt thereof by the Fiscal Agent, declare any Bonds held by the holder to be forthwith become, immediately due and repayable at its principal amount together with accrued interest to the date of repayment, without presentment, demand, protest or other notice of any kind.

(b) *Interpretation*: For the purposes of this Condition, "**Indebtedness for Borrowed Money**" means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities or any borrowed money or any liability under or in respect of any acceptance or acceptance credit.

10 Prescription

Claims for principal, premium (if any) and interest on redemption shall become void unless the relevant Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

11 Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12 Agents

In acting under the Agency Agreement and in connection with the Bonds, the Agents act solely as agents of the Issuer and the Guarantor and do not assume any obligations towards or relationship of agency or trust for or with any of the Holders.

The initial Agents and their initial Specified Offices are listed below. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of any Agent and to appoint a successor registrar, fiscal agent, paying agent, agent bank and additional or successor paying agents and transfer agent; provided, however, that the Issuer and the Guarantor shall at all times maintain a fiscal agent and a registrar.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Holders.

13 Meetings of Holders; Modification

(a) *Meetings of Holders*: The Agency Agreement contains provisions for convening meetings of Holders to consider matters relating to the Bonds, including the modification of any provision of these Conditions and the Agency Agreement. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and the Guarantor (acting together) and shall be convened by the Issuer upon the request in writing of Holders holding not less than one tenth of the aggregate principal amount of the outstanding Bonds. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the outstanding Bonds or, at any adjourned meeting, two or more persons being or representing Holders whatever the principal amount of the Bonds held or represented; provided, however, that certain proposals (including any proposal to change any date fixed for payment of principal, premium (if any) or interest in respect of the Bonds, to reduce the amount of principal, premium (if any) or interest payable on any date in respect of the Bonds, to alter the method of calculating the amount of any payment in respect of the Bonds or the date for any such payment, to change the currency of payments under the Bonds, to amend the status of any Bonds as described in Condition 2 (*Status of the Bonds and the Guarantee of the Bonds*) including, without limitation, the approval of any security arrangement requiring approval of the Bondholders as described in Condition 4(a) (*Negative Pledge*), to modify any provision of the Deed of Covenant or the Guarantee of the Bonds or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a "**Reserved Matter**")) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Holders at which two or more persons holding or representing not less than 75 per cent. in aggregate principal amount of the outstanding Bonds or, at any adjourned meeting, 25 per cent. in aggregate principal amount of the outstanding Bonds form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Holders, whether present or not.

In addition, (i) a resolution in writing signed by or on behalf of Holders of not less than three-fourths of the aggregate principal amount of Bonds for the time being outstanding will take effect as if it were an Extraordinary Resolution, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders (a "**Written Resolution**") and (ii) a resolution passed by way of electronic consents through the clearing systems by or on behalf of Holders of not less than three-fourths of the aggregate principal amount of Bonds for the time being outstanding (an "**Electronic Consent**") will take effect as if it were an Extraordinary Resolution, in each case whether or not relating to a Reserved Matter.

A Written Resolution and/or an Electronic Consent will be binding on all Holders whether or not they participated in such Written Resolution and/or Electronic Consent, as the case may be.

(b) *Modification*: The Bonds, these Conditions, the Deed of Covenant and the Deed of Guarantee may be amended without the consent of the Holders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree without the consent of the Holders to any such modification unless it is of a formal, minor or technical nature or it is made to correct a manifest error.

14 Further Issues

The Issuer may (with the prior written consent of the Guarantor) from time to time, without the consent of the Holders, create and issue further securities having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Bonds.

15 Notices

Notices to the Holders will be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or the Alternative Clearing System, notices to Holders may be given by delivery of the relevant notice to Euroclear or Clearstream or the Alternative Clearing System, for communication by it to entitled account holders in substitution for notification as required by these Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

16 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of this Bond under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

17 Governing Law and Jurisdiction

(a) *Governing law*: The Bonds and any non-contractual obligations arising out of or in connection with the Bonds are governed by, and construed in accordance with, English law.

(b) *Submission to Jurisdiction*:

(i) Subject to Condition 17(b)(iii), the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Bonds including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Bonds (a "**Dispute**") and, each of the Issuer and the Guarantor in relation to any Dispute submits to the exclusive jurisdiction of the English courts.

(ii) For the purposes of this Condition, each of the Issuer and the Guarantor waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

(iii) To the extent allowed by law, the Holders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction and (ii) concurrent proceedings in any number of jurisdictions.

(c) *Appointment of Process Agent*: Each of the Issuer and the Guarantor irrevocably appoints Endurance Land LLP at 138 Cheapside, London, EC2V 6BJ, United Kingdom as its agent for service of process and undertakes that, in the event of Endurance Land LLP ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any proceedings and notify the Holders of such appointment. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

The Global Certificate contains provisions which apply to the Bonds while they are in global form, some of which modify the effect of the Terms and Conditions of the Bonds set out in this Offering Circular. The following is a summary of those provisions.

1. **Accountholders**

For so long as all of the Bonds or any part thereof are represented by the Global Certificate and the Global Certificate is held on behalf of a clearing system, each person (other than another clearing system) who is for the time being shown in the records of Euroclear or Clearstream (as the case may be) as the holder of a particular aggregate principal amount of such Bonds (each an "**Accountholder**") (in which regard any certificate or other document issued by Euroclear or Clearstream (as the case may be) as to the aggregate principal amount of such Bonds standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such aggregate principal amount of such Bonds (and the expression "**Holders**" and references to "**holding of Bonds**" and to "**holder of Bonds**" shall be construed accordingly) for all purposes other than with respect to payments on such Bonds, the right to which shall be vested, as against the Issuer, the Guarantor and the Agents, solely in the nominee for the relevant clearing system (the "**Relevant Nominee**") in accordance with and subject to the terms of the Global Certificate. Each Accountholder must look solely to Euroclear or Clearstream, as the case may be, for its share of each payment made to the Relevant Nominee.

2. Cancellation

Cancellation of any Bonds following its redemption or purchase by the Issuer, the Guarantor or any of their respective Subsidiaries will be effected by reduction in the aggregate principal amount of the Bonds in the register of Holders and by the annotation of the appropriate schedule to the Global Certificate.

3. Payments

Payments of principal, premium (if any) and interest in respect of Bonds represented by the Global Certificate will be made if no further payment falls to be made in respect of the Bonds, against surrender of the Global Certificate to or to the order of the Registrar or such other Agent as shall have been notified to the holder of the Global Certificate for such purpose.

Each payment will be made to or to the order of the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date of payment, where "**Clearing System Business Day**" means a day on which Euroclear and Clearstream are open for business.

Distributions of amounts with respect to book-entry interests in the Bonds held through Euroclear or Clearstream will be credited, to the extent received by the Registrar, to the cash accounts of Euroclear or Clearstream participants in accordance with the relevant system's rules and procedures.

A record of each payment made will be endorsed on the appropriate schedule to the Global Certificate by or on behalf of the Registrar and shall be prima facie evidence that payment has been made.

4. Notices

So long as all the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of a clearing system, notices to Holders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled Accountholders in substitution for notification as required by the Conditions.

Whilst any of the Bonds held by a Holder are represented by a Global Certificate, notices to be given by such Holder may be given by such Holder (where applicable) through Euroclear and/or Clearstream and otherwise in such manner as the Agents and Euroclear and Clearstream may approve for this purpose.

5. Registration of Title

Registration of title to Bonds in a name other than that of the Relevant Nominee will not be permitted unless Euroclear or Clearstream, as appropriate, notifies the Issuer and the Guarantor that it is unwilling or unable to continue as a clearing system in connection with the Global Certificate, and in each case a successor clearing system is not appointed by the Issuer and the Guarantor within 90 days after receiving such notice from Euroclear or Clearstream. In these circumstances title to Bonds may be transferred into the names of holders notified by the Relevant Nominee in accordance with the Conditions, except that Certificates in respect of Bonds so transferred may not be available until 21 days after the request for transfer is duly made.

The Registrar will not register title to the Bonds in a name other than that of the Relevant Nominee for a period of 15 calendar days preceding the due date for any payment of principal, premium (if any) or interest in respect of the Bonds.

6. Transfers

Transfers of book-entry interests in the Bonds will be effected through the records of Euroclear, Clearstream and their respective participants in accordance with the rules and procedures of Euroclear, Clearstream and their respective direct and indirect participants.

GROUP'S SUSTAINABILITY VISION

Sustainability is at the heart of the Group's vision for thriving, resilient communities. The Group's sustainability framework, SEWIT, underpins its strategic approach and reinforces the Group's commitment to creating positive impacts across every aspect of its business.

The SEWIT framework – encompassing Social Cohesion, Environment, Wellness, Innovation and Technology pillars – embodies the Group's values and strategic priorities, guiding the Guarantor in creating lasting, positive impact. Together, these pillars form a dynamic, integrated strategy—one that positions the Guarantor as a leader in shaping a more innovative and sustainable future.

In December 2021, the Group has published its first Sustainable Finance Framework (the "**2021 Sustainable Finance Framework**"), marking a significant milestone for the Guarantor's commitment to sustainability. The 2021 Sustainable Finance Framework sets out the key criteria and guidelines for engaging in Sustainable Financing Transactions ("**SFTs**").

Building on this foundation, the Group has developed an updated Sustainable Finance Framework (the "**Framework**") to reflect the progressive development of the Guarantor's sustainability strategy and to provide enhanced criteria and guidelines for the Guarantor's and its subsidiaries' future SFTs. This framework update underscores the Group's ongoing efforts to finance and invest in its business sustainably, while delivering broader positive environmental and social impacts. Please see "*Overview of the Sustainable Finance Framework*" for details. The Framework will not be incorporated by reference in and shall not form part of this Offering Circular.

OVERVIEW OF THE SUSTAINABLE FINANCE FRAMEWORK

The following description is a summary of material provisions of the Framework and refers to the Framework and related documentation.

The Framework governs the issuance of SFTs by the Group and its subsidiaries, including but not limited to bonds and loans and other forms of debt financing:

- Green SFTs to finance and/or refinance eligible green assets; or
- Social SFTs to finance and/or refinance eligible social assets; or
- Sustainability SFTs to finance and/or refinance a mix of eligible green asset and eligible social assets.

The Framework has been developed in accordance with international principles and guidelines, including:

- the International Capital Market Association's ("**ICMA**") 2025 Green Bond Principles, 2025 Social Bond Principles and 2021 Sustainability Bond Guidelines; and
- the 2025 Green Loan Principles and 2025 Social Loan Principles as jointly published by the Loan Market Association ("**LMA**"), the Asia Pacific Loan Market Association ("**APLMA**") and the Loan Syndications and Trading Association ("**LSTA**").

Use of Proceeds

Net proceeds raised from SFTs under the Framework will be used exclusively to finance or re-finance the below Eligible Green or Social Projects ("**Eligible Projects**") listed below. Eligible Projects may include projects of the Group made during 3 years prior to issuance or signing date of the respective SFTs as well as during life of the SFTs.

The Group commits that proceeds raised from SFTs will not go towards financing or refinancing activities relating to the below:

- Fossil fuels
- Nuclear-related assets
- Alcohol
- Armament
- Gambling

Eligible Green Project Categories

Eligible Project Categories	Eligible Green Projects	SDG Mapping
Green Buildings	Acquisition, investments in, construction or renovation of existing and new commercial and residential buildings certified in accordance with any one of the following selected certification systems ("**Green building certification**"): • Hong Kong BEAM Plus: Gold or above • US Leadership in Energy and Environmental Design (LEED): Gold or above • Building Research Establishment Environmental Assessment Method BREEAM: Excellent or above • Chinese Green Building Label (GBL): 3 Stars or above	

Eligible Project Categories	**Eligible Green Projects**	**SDG Mapping**
	• Singapore BCA Green Mark Rating: Gold or above • NABERS Energy: Five stars or above These green buildings may in addition achieve a certification of the following: • WELL Building Standard (any level) to improve the environmental health of the building • ActiveScore (any level) to improve the active travel facilities of buildings • SmartScore (any level) to improve and communicate the user functionality and technological foundations of their buildings • ModeScore (any level) to improve the sustainable transport facilities of buildings • WiredScore (any level) to improve digital connectivity and future readiness of buildings	
Energy efficiency	Investments, expenditure related to the upgrade, modification of new/ existing facilities, equipment, systems and technology for optimizing energy management and improvement in energy efficiency. Such facilities, systems and technology would achieve at least 30% improvement in energy efficiency, such measures include but are not limited to: • Heating, ventilation and air condition ("HVAC") units • Energy usage monitoring and management system • Smart technologies	7 AFFORDABLE AND CLEAN ENERGY
Renewable Energy	• Investments and expenditure relating to the maintenance, construction, design and installation of systems allowing generation of energy from renewable sources such as solar and wind energy	7 AFFORDABLE AND CLEAN ENERGY
Pollution Prevention and Control	• Installation of recycling facilities in buildings • Adoption and installation of equipment and technologies to reduce environmental pollution during construction and/or building operations	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Sustainable Water and Waste-water Management	Investment and expenditure relating to projects that reduce water consumption and optimise waste water management, including but not limited to: • Rainwater recycling and stormwater management systems • Artificial Wetland (bio-filtration system) that facilitates the collection and recycling of waste water • Low-flow water fitment and flushing devices	6 CLEAN WATER AND SANITATION
Clean Transportation	• Investments and infrastructure for clean/zero energy vehicles such as charging stations and automatic bicycle parking systems	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Eligible Social Project Categories

Eligible Project Categories	Eligible Social Projects	SDG Mapping
Affordable Housing	• Investments and expenditures in projects that provide affordable housing for the general public and vulnerable groups in accordance with local government and regulatory definitions	1 NO POVERTY
Employment generation and programmes	• Investments and expenditures in projects that provide affordable workspace for the general public and vulnerable groups in accordance with local government and regulatory definitions	8 DECENT WORK AND ECONOMIC GROWTH
Socioeconomic advancement and empowerment	• Investments, expenditure and financing in projects that seek to employ underprivileged individuals, as well as community programmes that contribute meaningfully to community wellbeing, aligning with local priorities and creating positive and lasting impact	8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES

Process of Project Evaluation and Selection

Eligible Projects are identified and selected via a process that involves representatives from various functional areas within the Group, including but not limited to representatives from:

- Sustainability and Shared Value (SEWIT) Department;
- Treasury Department; and
- Finance & Accounts Department.

Representatives from these teams will form a sustainable finance working group ("**SFWG**") and will meet at least once every 12 months to assess eligibility criteria and select Eligible Projects. The final Eligible Projects selection will be reviewed and approved by senior management of the Group, including the Chairperson of the Sustainability (SEWIT) Committee.

The SFWG will also look to actively identify and manage potentially material environmental and social risks that could be associated with the Eligible Projects, if applicable.

The SFWG will ensure that the selected Eligible Projects in accordance with the Eligible Green or Social Project Categories, as well as evaluation and selection process described above.

The SFWG will monitor allocated projects' compliance with the Eligibility Criteria listed in Section 1A and 1B of the Framework throughout the life of the bond or loan. If the allocated projects cease to fulfil the Eligibility Criteria, the net proceeds will be re-allocated to replacement Projects that comply with the Eligibility Criteria as soon as reasonably practicable.

Management of Proceeds

The net proceeds from each SFT issued/borrowed will be managed by the Group's Treasury team.

The Group's Treasury team will maintain and manage an internal project register to record the SFTs as well as corresponding information relating to these SFTs.

The Group commits to allocating proceeds raised from each SFT within 12 months of issuance to the extent possible. Net proceeds from SFTs pending allocation will be held in accordance with the Group's internal liquidity guidelines including investments in short-term time deposits or investments or repay existing borrowings of the Group.

Reporting

The Group is committed to transparent reporting on its sustainability vision, strategy, and targets as well as the allocation of proceeds towards SFTs. The Group will provide information on the allocation of the net proceeds of the SFTs on its website. Such information will be provided on an annual basis until all the net proceeds have been allocated or as long as there are any SFTs existing, and as necessary in the event of any material development. The Group will look to share the following information:

- Total amount of proceeds allocated to Eligible Projects
- List of Eligible Projects that are being funded by the SFTs
- Balance of unallocated proceeds raised from SFTs

With regards to impact reporting, where feasible, the Group will look to provide qualitative and quantitative information relating to performance indicators of the Eligible Projects funded. Such performance indicators may include, but are not limited to, the below:

Eligible Green Project Categories	Potential performance indicators
Green Buildings	• Number and certification level achieved • Energy consumption reduction (kWh) • GHG emissions avoided (tCO_2e)
Energy Efficiency	• Energy consumption reduction (kWh)
Renewable Energy	• Number of solar and PV panels installed • Renewable energy generated (kWh) • GHG emissions avoided (tCO_2e)
Pollution Prevention and Control	• Number of recycling facilities installed • Amount of waste reduced (tonnes)
Sustainable Water and Waste-water Management	• Water consumption reduction (m3) • Amount of water recycled (m3)
Clean Transportation	• Number of electric vehicle charging stations installed • GHG emissions avoided (tCO_2e)

Eligible Social Project Categories	Potential performance indicators
Affordable Housing	• Number of affordable housing units provided • Number of households benefitted
Employment generation and programmes	• Number of affordable workspace units provided • Number of businesses benefitted
Socioeconomic Advancement and Empowerment	• Number of beneficiaries • Social value generated or facilitated

External Review

The Group has engaged an independent third party, Moody's, to conduct an external review of this Framework. Moody's reviewed the Framework is in alignment with GBP, SBP, SBG, GLP and SLP.

The Second Party Opinion, as well as the Framework is published and made available at https://www.nanfung.com/en/

The Framework or the Second Party Opinion will not be incorporated by reference in and shall not form part of this Offering Circular.

CAPITALISATION AND INDEBTEDNESS

Capitalisation and Indebtedness of the Group

As at 28 February 2026, the Guarantor was authorised to issue a maximum of 1,000,000,000,000 no par value shares of a single class and has 62,743,532,190 ordinary shares in issue.

The following table sets forth the consolidated capitalisation and indebtedness of the Group as at 30 September 2025 as derived from the Interim Financial Information as at 30 September 2025 and as adjusted to give effect to the issue of the Bonds at the aggregate principal amount of the Bonds and the receipt of the gross proceeds thereof (i.e. before deducting the fees and commissions and other estimated transaction expenses payable by the Group in connection with the offering of the Bonds):

	As at 30 September 2025	
	Actual	**As Adjusted[(1)]**
	HK$ million *(Unaudited)*	*HK$ million* *(Unaudited)*
Short-term borrowings		
Bank borrowings	452	452
Long-term bank borrowings — current portion	1,207	1,207
Long-term borrowings		
Bank borrowings — non-current portion	16,313	16,313
Medium term notes — non-current portion	9,880	9,880
Bonds offered hereby	-	3,890[(2)]
Total borrowings	27,852	31,742
Lease Liabilities		
Current Portion	11	11
Non-current Portion	83	83
Total indebtedness[(3)]	27,946	31,836
Equity attributable to owners of the Guarantor and holders of perpetual capital securities	110,707	110,707
Total capitalisation[(4)]	138,653	142,543

Notes:

(1) For illustrative purpose. The "as adjusted" column reflect the aggregate principal amount of the Bonds and the receipt of the gross proceeds thereof (i.e. before deducting the underwriting fees and commissions and other estimated transaction expenses).

(2) Assumed to be recorded as long-term borrowings on the Issue Date and does not take into consideration of the accounting implications under International Accounting Standard 32, *Financial Instruments: Presentation* and the related transaction costs. Translation from United States dollar amount to Hong Kong dollar amount was made at the rate of US$1.00 to HK$7.78 on 30 September 2025 as set forth in the H.10 weekly statistical release of the Board of the Governors of the Federal Reserve System of the United States/as published by the PRC State Administration

of Foreign Exchange. No representation is made that the United States dollar amounts referred to herein have been, could have been or could be converted into Hong Kong dollars, or vice versa, at any particular rate or at all.

(3) Total indebtedness equals the sum of total borrowings and lease liabilities.

(4) Total capitalisation equals the sum of total indebtedness and equity attributable to owners of the Guarantor and holders of perpetual capital securities.

Save as set out in the notes to the above table, there has been no material change in the total capitalisation and indebtedness of the Group since 30 September 2025.

Capitalisation and Indebtedness of the Issuer

As at the date of this Offering Circular, the Issuer is authorised to issue a maximum of 50,000 shares of a single class of US$1.00 par value and 1,000 shares have been issued to and are held by NF Treasury Holdings Limited (formerly known as Rainbow Joy Holdings Limited), an indirectly wholly-owned subsidiary of the Guarantor, representing the entire issued capital of the Issuer.

USE OF PROCEEDS

The Issuer estimates that the net proceeds from the issue of the Bonds, after deducting commissions to be charged by the Joint Lead Managers and other estimated expenses payable in connection with the offering of the Bonds, will be approximately U.S.$490,000,000. The Issuer intends to on-lend an amount equal to the net proceeds from the issue of the Bonds to the Guarantor and/or its subsidiaries exclusively to finance or refinance, in whole or in part, eligible new and existing green and/or social assets in accordance with the Group's Sustainable Finance Framework, see "*Overview of the Sustainable Finance Framework*" for details.

DESCRIPTION OF THE ISSUER

Formation

Nan Fung Treasury Limited is a business company incorporated with limited liability under the BVI Business Companies Act, 2004, as amended, of the British Virgin Islands (BVI Company Number: 1725454). It was incorporated in the British Virgin Islands on 24 July 2012. Its registered office is at Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands. The Issuer is an indirect wholly-owned subsidiary of Nan Fung.

Business Activity

The Issuer was established to raise financing for the Guarantor pursuant to the unrestricted objects and powers set out in its memorandum of association. The Issuer does not sell any products or provide any services and as at the date of this Offering Circular, it carries on no business activities other than entering into arrangements incidental to the Bonds.

Financial Statements

Under British Virgin Islands law, the Issuer is not required to publish interim or annual financial statements. The Issuer has not published, and does not propose to publish, any financial statements. The Issuer is, however, required to keep records that are sufficient to show and explain its transactions and will, at any time, enable the financial position of the Issuer to be determined with reasonable accuracy. Effective from 1 January 2023, the Issuer is also required to file a financial annual return with its registered agent within nine months after the end of each year to which the financial annual return relates.

Directors and Officers

The Directors of the Issuer are Nelson TANG Chun Wai, Connie Charlotte BERRY and Billy HUI Him Yeung and each of their business addresses are c/o Nan Fung at 17th Floor, AIRSIDE, 2 Concorde Road, Kai Tak, Hong Kong. None of the Directors of the Issuer holds any shares or options to acquire shares of the Issuer. There are no conflicts of interest between the duties to the Issuer of the persons listed above and their private interests and duties.

The Issuer does not have any employees and has no subsidiaries.

Share Capital

The Issuer is authorised under its memorandum of association to issue a maximum of 50,000 shares of a single class of US$1.00 par value and 1,000 shares have been issued to and are held by NF Treasury Holdings Limited (formerly, Rainbow Joy Holdings Limited), an indirect wholly-owned subsidiary of Nan Fung. The register of members of the Issuer is maintained at its registered office in the British Virgin Islands. No part of the equity securities of the Issuer is listed or dealt in on any stock exchange and no listing or permission to deal in such securities is being or is proposed to be sought.

DESCRIPTION OF THE GROUP

Introduction

Pursuant to the Reorganisation (as described below), Nan Fung was incorporated in the British Virgin Islands on 8 August 2011 (BVI Company Number 1665059). It is the holding company for a Hong Kong-based property-focused conglomerate, which the Group believes is one of the largest privately owned conglomerates in Hong Kong based on assets.

The Group has interests in, and engages in, property development, property investment, construction, property management, mortgage financing and financial investment. The Group's core business is property development and investment. It has been developing properties in Hong Kong since 1965. It is a fully integrated property developer in Hong Kong, with operations covering all principal stages of property development, including acquisition, design, engineering and marketing. Hong Kong continues to be the core market on which the Group focuses and across which it currently owns a portfolio of residential, commercial and industrial properties. As at 30 September 2025, the Group's track record of property projects in Hong Kong amounted to over 67 million sq.ft. of GFA. The Group's investment property portfolio was valued at HK$80,236 million as at 30 September 2025 (see the *Interim Financial Information* set out herein for further details).

In recent years the Group has leveraged off its experience and success in the Hong Kong market to expand into the PRC and overseas property market.

For information regarding the ownership of Nan Fung as at the date of this Offering Circular, see "*Shareholders, Directors' Interests and Related Party Transactions*". The principal business activities of the Group are as follows:

- **Property development and investment:** The Group has developed and invested in 178 properties in Hong Kong since 1965 and these developments have been largely self-funded. The Group maintains a strategic land bank in Hong Kong and has a well-established presence in Hong Kong. In recent years, the Group has also entered the PRC property market, maintaining personnel and operations in first-tier cities in the PRC. The Group primarily undertakes its property development and investment business in the PRC either directly through its own operations, or through joint ventures with other parties. In Hong Kong, the Group is primarily engaged in the development and sale of residential and commercial properties. In addition, the Group owns and manages an investment and rental property portfolio comprising offices, shopping malls, residential apartments, apartments with customised services, hotels, industrial buildings and warehouses, most of which are located in Hong Kong. The Group has also invested in residential and commercial property development projects in Macau, Singapore, Malaysia, the United Kingdom and the United States.

- **Property-related services:** The Group is engaged in service businesses relating to its property businesses, including construction, property management and mortgage financing services in Hong Kong.

- **Financial investment and Life Science Investments:** The Group also has a significant financial investment portfolio that provides a substantial liquidity buffer and stable recurring income for the Group. The management of the Group's financial investment portfolio and life science investments is undertaken by Nan Fung Trinity (HK) Limited (a subsidiary of the Group, see "*Description of the Group — Financial Investment*" below) and Nan Fung Life Sciences respectively. With the underlying assets and portfolio being a part of the Group's assets, it provides a substantial liquidity buffer and stable recurring income to the Group.

For the six months ended 30 September 2025, Nan Fung reported consolidated revenue and profit attributable to the owners of the Guarantor of approximately HK$2,212 million and HK$2,320 million, respectively. For the six months ended 30 September 2024, Nan Fung reported consolidated revenue and profit attributable to the owners of the Guarantor of approximately HK$1,820 million and HK$681 million, respectively. As at 30 September 2025 and 31 March 2025, Nan Fung reported consolidated total assets of HK$152,381 million and HK$147,707 million, respectively (see the *Interim Financial Information* set out herein for further details).

History

In 1954, Nan Fung's founder, Dr. Chen Din Hwa ("**Dr. Chen**"), established Nan Fung Textiles Limited, which specialised in cotton yarn production. It subsequently became the largest cotton yarn manufacturer in Hong Kong in terms of volume, before growing into a large privately owned, Hong Kong-based conglomerate.

In 1965, the Group completed its first property development, Fook Cheung Mansion in Yau Yat Tsuen.

Following a major reorganisation, Nan Fung Textiles Consolidated Limited was established in 1969 and publicly listed on the Hong Kong stock exchange in 1970. Nan Fung Textiles Consolidated Limited served as the holding company of Nan Fung Textiles Limited, Nan Fung Textiles Second Mill Limited and Kin Fung Garments and Investments Limited. In 1989, Nan Fung Textiles Consolidated Limited was privatised and became 100 per cent. owned by the Group. With effect from 5 July 2012, Nan Fung Textiles Consolidated Limited has changed its name to Nan Fung Property Consolidated Limited.

In the 1970s, the Group purchased a site in Quarry Bay to develop it into what was at the time one of Hong Kong's largest residential developments, Nan Fung Sun Chuen. The project was completed in 1978 and had a GFA of 1.6 million sq.ft., comprising 12 tower blocks and approximately 2,800 apartments. In the same year, the Group made its initial overseas investments in the United States, Singapore and Malaysia.

In 1993, the Group made its first PRC investment in a Tianjin developer, Tianjin Tifen Industrial Park Investment (Group) Co., Ltd. ("**Tifen**"), which is a joint venture set up between the Group, Singapore Eastern Petroleum Group and Tianjin TEDA Investment Holding Co, a subsidiary of the Tianjin City Government. Tifen's development projects are mostly located in Tianjin, but it also has projects outside Tianjin such as in Haikou in Hainan Island. The equity in Tifen was disposed of in March 2016.

In 2007 the Group, the Crosby Group and The Hongkong and Shanghai Banking Corporation Limited ("**HSBC**") jointly established Fund I (originally known as the HSBC NF China Real Estate Fund, L.P. and known as at the date of this Offering Circular as InfraRed NF China Real Estate Fund, L.P. ("**Fund I**")), a US$710 million fund (of which US$510 million was raised from the market) with an investment focus on Chinese real estate. The Group has a 25 per cent. economic interest in the general partner which manages Fund I and invested US$50 million in the fund. Nan Fung Consolidated Investments Limited and InfraRed Capital Partners Limited established InfraRed NF China Real Estate Fund II, L.P. as a follow-on fund to Fund I.

In 2010, the Group became the second largest shareholder of Sino-Ocean Land Holdings Limited ("**SOL**"). On 22 November 2013, the Group's interest in SOL increased from 14.05 per cent. to 19.14 per cent. In December 2015, the Group disposed of its shareholding in SOL.

In 2012, the Group issued its inaugural tranche of guaranteed notes of US$600 million. Such guaranteed notes obtained an investment grade rating from S&P, Moody's and Fitch Ratings Ltd. In January 2017, the Group repaid such guaranteed notes with a principal amount of US$600 million in full.

On 28 August 2013, the Guarantor's wholly owned subsidiary, New Precise Holdings Limited, acquired 29.98 per cent. of the units in Forterra Trust for approximately SGD 226.7 million. Lucky Token Investments Limited, another wholly-owned subsidiary of the Guarantor, acquired 100 per cent. of the equity in Oriental Management Services Limited, a holding company which owns 100 per cent. of the trustee manager and property manager of Forterra Trust, for approximately €17.5 million. On 13 February 2015, the Group completed the privatisation and delisting of Forterra Trust from the Singapore Exchange Securities Trading Limited. Subsequent to the delisting and privatisation, Forterra Trust became a wholly owned subsidiary of the Group. For further details, please refer to "*Investment properties in the PRC*" below.

In March 2015, the Group acquired a property in the United Kingdom, 16 Old Bailey, London, for investment purposes. This is a co-investment with Crosby Group and the Group holds an 80 per cent. equity interest.

On 29 May 2017, the Group issued its inaugural tranche of perpetual capital securities in the amount of US$500 million with a distribution rate of 5.5 per cent. and with an investment grade rating by Moody's. The perpetual capital securities are classified as equity of the Group in accordance with IFRS.

In September 2020, the Group issued perpetual capital securities of US$500 million with a distribution rate of 5.0 per cent. In November 2020, the Group redeemed the entire 2017 issuance of perpetual capital securities.

On 31 May 2017, the Group won the tender for a commercial site at the former Kai Tak airport from the Lands Department for HK$24.6 billion. The site, which is located at the heart of the Kai Tak-Kowloon East central business district, has been developed into an integrated, mixed-use commercial project named AIRSIDE, comprising of Grade A offices and a retail complex.

In March 2018, the Group acquired Regent Quarter, King's Cross in London.

Since then, the Group has completed acquisitions of seven property projects in Boston, Massachusetts, Long Island City, New York and London, United Kingdom.

Awards

As a well-established property developer, Nan Fung Group has garnered numerous awards. Each award is recognition of the Group's continuous efforts to improve and contribute to the local communities it works with for their present and future prosperity. Below are some selected awards that the Group has garnered since 2021:

2025	Nan Fung Group Workplace, Hong Kong, China was awarded US Green Building Council – LEED v4 Interior Design and Construction: Commercial Interiors – Platinum (2025); HK Green Building Council – BEAM Plus BI V2.0 – Platinum Award (2025)
2025	Jardine Court Project was awarded HK Green Building Council – BEAM Plus New Buildings V2.0 – Provisional Platinum Certification (2025)
2024	Nan Fung Group Workplace, Hong Kong, China was awarded The International WELL Building Institute -WELL Certification – Platinum in Sept 2024
2023	AIRSIDE, Kai Tak was awarded US Green Building Council – LEED v4 Building Design and Construction: CORE and SHELL Development – Platinum
2022	AIRSIDE, Kai Tak was awarded the International WELL Building Institute – WELL CORE – AIRSIDE (Office) – Platinum

Reorganisation

Prior to 30 September 2011, the entities in the Group were held by Dr. Chen through his 100 per cent. direct interest in Chen's Holdings Limited (now known as Nan Fung Group Holdings Limited, a company incorporated in the British Virgin Islands and primarily undertaking property development and investment business in Hong Kong), Sheng Fung Company Limited (now known as Nan Fung Property Holdings Limited, a company incorporated in Hong Kong and carrying on property development and investment business in the PRC) and Gavast Estates Limited (a company incorporated in Hong Kong, undertaking financial investment management business), and other smaller entities.

On 30 September 2011, the Group completed the Reorganisation, under which the operating companies of the Group were consolidated under Chen's Holdings Limited (as set out above). The Guarantor was incorporated to serve as the direct holding company of Chen's Holdings Limited. Chen's Holdings Limited has since changed its name to Nan Fung Group Holdings Limited ("**NFGHL**") with effect from 25 July 2012. A second company, Chen's Group International Limited, was incorporated in the British Virgin Islands to hold 100 per cent. of the shares in the Guarantor, with the shares in Chen's Group International Limited being beneficially owned by Dr. Chen. The Reorganisation has allowed the Group to streamline its decision-making process, with decisions on behalf of the Group being made centrally at the level of NFGHL.

Chen's Group International Limited incorporated another company, Chen's Group Holdings Limited, in the British Virgin Islands to hold 100 per cent. of the shares in the Guarantor with effect from 10 November 2014.

Strategy

The Group's overall strategic aim is to be a preeminent real estate developer that provides premium property services and products, with a focus on excellence in quality and design, compliance with statutory and functional requirements and customer satisfaction, whilst delivering projects development and management services in a reliable, efficient and environmentally responsible project manner. The Group's core values are: Quality, Value, Innovation and Services. The Group seeks to achieve this objective through the following strategies:

Focus on the premium property development segment in Hong Kong and strategic geographic portfolio diversification

The Group intends to maintain and leverage on its position as a comprehensive and established premium property developer in the Hong Kong market, with a focus on luxury residential development, by strategically building its land bank through acquisitions, promoting its brand, and continuing to focus on high quality customer service and maximise cost efficiencies through its vertically integrated business model. The Group also intends to continue to strengthen its relationships with various business partners and identify and collaborate with strategic partners.

In addition, the Group intends to continue to increase its presence in jurisdictions outside of Hong Kong, particularly in the PRC, the United Kingdom and the United States, over the medium to long-term to achieve a more balanced split between Hong Kong, the PRC and overseas based investment and development portfolio, which will diversify the geographical concentration of the Group's business in Hong Kong and to capture the growth potential in the PRC and overseas. This may involve direct development opportunities in the cities in which the Group currently has operations or considering joint ventures with, or the acquisition of, local developers in other cities and areas. Entering into joint ventures with local developers allows the Group to leverage off local knowledge and experience, and to reduce risk. The Group also aims to use this investment to enhance market confidence in its capabilities as an integrated property developer. Over the long-term, the Group intends to build up a portfolio of commercial properties in first-tier cities in the PRC, the United States and the United Kingdom in order to generate stable recurring income.

Through these efforts, the Group believes it can take advantage of growth opportunities in Hong Kong, the PRC and overseas to further broaden its revenue base.

Disciplined and prudent approach in growth and management of land bank

The Group intends to continue to acquire new land bank and properties in a cost conscious and prudent manner to enhance the profitability of its development projects. In Hong Kong, the Group continuously monitors and seeks out sources to grow its land bank, such as public auctions and tenders, tendering for development projects offered by the Urban Renewal Authority ("**URA**") and the MTR Corporation ("**MTR**"), private land sales, acquisitions of old buildings for redevelopment purposes, and acquisitions of other property development companies. The Group has a dedicated team for this purpose. The Group also possesses the capability to acquire urban sites through the assembly of fragmented titles in existing old buildings. When a potential site is identified, the Group carries out detailed feasibility studies to assess risk and profitability. This has allowed the Group to minimise the costs at which it acquires properties while ensuring that its land bank is maintained at a sufficient volume to support the Group's development activities. The Group may also seek to minimise its exposure to any single property development project by entering into joint ventures with other major property developers.

Enhance the Group's brand recognition by leveraging value-added products and services

The Group intends to continue to enhance the "Nan Fung" brand by delivering high quality products and maintaining its high standard of after-sales and property management services. The Group regards property management as an integral part of its business and intends to leverage property management to enhance the reputation and brand recognition of the Group. The Group aims to achieve this through sound and proactive management of both Group and third party properties. The Group is also developing the "D'Home" brand for use with luxury furnished apartments held for leasing with customised services, to increase its presence in the high-end property market. The "D'Home" brand has been established with an emphasis on comfort, quality, and versatility to meet the requirements of the luxury market.

Focus on maintaining stable cash flows to offset cyclicality of property development business

The Group intends to maintain an appropriate investment and rental property portfolio mix in Hong Kong, the PRC, the United States and the United Kingdom which will enhance its recurring income stream, by retaining for leasing purposes a number of developed properties that are either centrally located or are otherwise in areas of relative scarcity and high demand, and aims to continue to grow its portfolio in these areas. The Group may also acquire existing properties with turnaround plans via alteration and addition for release in particular niche markets when such opportunities become available. The Group's sales or investment strategy, to focus on short-term profit or long-term assets value, is periodically reviewed to align with the Group's financial objectives and the market outlook. The completed properties for investment of the Group in Hong Kong amounted to approximately 4.3 million sq.ft. in total attributable GFA as at 30 September 2025. This business segment continues to be a key source of recurring stable income for the Group. The Group also intends to add new investment properties in prime locations, while maximising the occupancy levels and efficiency of its rental portfolio. The Group expects that the rental income from the investment and rental property portfolio will continue to provide a stable and recurring income base to the Group.

Maintain financial prudence through active management of a liquid financial investment portfolio

The Group has maintained a financial investment portfolio, which consists of liquid investments diversified across various asset classes. The Group's strategy involves investing globally in assets and strategic investments that offer reasonable valuation with solid long-term underlying businesses and good long-term potential. The Group aims at searching for investment opportunities that have an intrinsic value higher than their trading prices, see "*Description of the Group — Financial Investment*".

Competitive Strengths

The Group believes it has the following competitive strengths:

Proven track record of successfully identifying, acquiring quality land bank and developing prime sites

The Group has consistently been able to identify, acquire and develop prime sites for both city-core commercial developments and integrated residential communities. Many of the Group's commercial development projects are either within urban areas or along transportation hubs in new towns, and many of its residential properties are located near public transportation hubs. The Group believes that its track record of securing and developing conveniently located prime sites is largely attributable to the extensive market research that the Group conducts and its management team's valuable experience and capabilities. Through this process, the Group believes it gains important insights into the particular land parcels in which it is interested and the development plans of the relevant authorities.

The Group believes this increases its chances of successfully obtaining the land in the subsequent auction or tender process. The Group also possesses the capability to acquire urban sites through the assembly of fragmented titles of existing old buildings. This is evidenced by the Group's acquisition of all 100 fragmented titles of an old residential building in Chai Wan within a year, which is a record in the industry.

The Group has a strategic, quality land bank which it believes includes attractive development locations. The Group acquires land for future development in areas where it believes the land will appreciate in value, such as developing urban areas and other areas with substantial government investment in infrastructure support. Through developments such as the AIRSIDE, Kai Tak in East Kowloon (an integrated commercial project comprising mostly Grade A offices with retail component) and The Quayside in Kwun Tong (a Grade A commercial building along the Kowloon East Central Business District Harbourfront), the Group believes it has positioned itself to benefit from the Hong Kong government's plan to develop the East Kowloon Kai Tak area as an additional commercial central area of Hong Kong and cruise terminal, and hence benefit from the continued growth of Hong Kong as an international financial and offshore Renminbi centre and tourist centre.

The Group believes that its knowledge of the property development business cycle and its connections in the market in Hong Kong provides it with opportunities to acquire quality sites during a market downturn. Due to the expertise of its management team, the Group believes it has been able to acquire much of its land bank at reasonable prices.

Ability to compete effectively

The Group competes with other property developers for the acquisition of suitable development sites and available investment properties. Although the Group has a number of strategic joint venture arrangements with certain of its competitors, such arrangements are typically project-based only and do not restrict them from competing on other project developments. Nan Fung believes that its extensive cumulative experience in property investment, development, leasing and management enables it to compete effectively with its competitors. Furthermore, Nan Fung believes that its strategy of assessing cost against expected yield, the development of working relationships with local governments and industry participants, its continuous focus on the development of quality properties and the provision of premium customer service will continue to enable it to maintain its reputation as a developer and landlord of quality properties.

Integrated business model

The Group operates a comprehensive vertically integrated property business and maintains an in-house property development team of professionals including registered architects, professional planners, urban designers, professional engineers, interior designers, chartered builders and surveyors. This allows the Group to oversee and largely perform all aspects of its development operations, including the selection and purchase of sites, the preparation of feasibility studies, the obtaining of government approvals for zoning and modifications, the design and management of development projects, the marketing, leasing and management of completed projects, and property financing. This also provides the Group with flexibility to control the timing of capital expenditure at different points of market cycles, and to control quality while minimising costs.

Stable and recurring income base from its financial investment portfolio, property rentals and property management

The Group maintains a substantial financial investment portfolio. The primary goal of this strategy is to maintain liquidity and generate stable dividend and interest income (see "*Description of the Group — Financial investment*" below), with dividend income from investments and interest income from debt and convertible securities amounting to HK$635 million for the six months ended 30 September 2025 (HK$453 million for the six months ended 30 September 2024) (see notes to the *Interim Financial Information* set out herein for further details). The Group has a portfolio of quality investment and rental properties with a stable and recurring income base providing gross rental income of HK$1,131 million for the six months ended 30 September 2025 (HK$1,114 million for the six months ended 30 September 2024). Attributable rental income from joint venture rental projects amounted to HK$241 million for the six months ended 30 September 2025 (HK$253 million for the six months ended 30 September 2024). The Group also manages 82 properties with a total GFA of 30 million sq.ft. as at 30 September 2025 and 30 September 2024, which provides a stable recurring property management fee income of HK$250 million for the six months ended 30 September 2025 (HK$213 million for the six months ended 30 September 2024) (see note 6 to the Interim Financial Information set out herein for further details). Other than the aforementioned, the Group's joint-venture rental projects also provide it with stable and recurring income. This stable recurring income base reduces the potential volatility in the Group's financial results which are associated with property development, whilst providing a liquidity buffer to reduce the effect of financial downturns and other adverse events on the Group's operations (as described below). The Group usually has approximately one-third of its tenancy agreements up for renewal each year and this has helped the Group to avoid the concentration of rent renewal dates during any one particular period of a financial year, whilst also providing the Group with opportunities to adjust rentals to reflect prevailing market rates. As a result, property rentals have shown resilience through downturns, complementing the recurring cash flow streams from net rental income and property management.

Substantial liquidity buffer

The Group's stable recurring income base, and in particular its financial investment portfolio, provides a substantial liquidity buffer to the Group and allows it to maintain strong cash flows despite adverse economic events such as the Asian financial crisis in 1997, the SARS outbreak in 2003, the global credit and financial crisis in 2008 and the COVID-19 pandemic in 2020. The availability of a consistent and diversified cash flow stream allows the Group to weather the cyclicality of the Group's property development business, and take advantage of new opportunities even in market downturns. The Group also has the benefit of a material liquidity buffer from its undrawn banking facilities. As at 30 September 2025, the Group had total undrawn banking facilities amounting to HK$18,917 million (HK$15,226 million as at 31 March 2025).

Strategic partnerships with property market players

The Group has entered into strategic partnerships and joint ventures with established property developers in Hong Kong and the PRC. In Hong Kong, the Group has existing or completed joint ventures with Wheelock, Cheung Kong, Wing Tai, Sino Land, K.Wah, Henderson Land, Sun Hung Kai Properties, HKR International and LINK REIT. In the PRC, the Group's strategic partners include Shanghai Industrial Urban Development Group Limited, a Hong Kong listed company (stock code 0563.hk), held by Shanghai Industrial Holding Limited, a Hong Kong listed company (stock code 0363.hk).

The Group's strategic partnerships and joint ventures with established property developers based in Hong Kong and the PRC have enabled the Group and its partners to acquire projects at a reasonable cost with reduced financial risk, to capture successfully new business opportunities in new markets and to enhance its ability to develop commercial and investment properties. The Group has capitalised on synergies by working closely together with its strategic partners.

Strong corporate governance and internal controls

The Group is committed to maintaining good standards of corporate governance and has its own code which provides the framework for its corporate governance policies and practices. This includes internal controls to manage the risk of conflicts and to review potential substantial transactions. The Group also has in place an enterprise risk management framework and internal controls to identify and mitigate significant business risks.

Experienced and stable management team

The Group has dedicated and experienced senior management who have achieved a consistent track record of success in the real estate and financial investment sectors. The management team has a detailed understanding of the real estate markets in Hong Kong, the PRC, the United States and the United Kingdom, and the majority of the Group's senior management team have over 20 years of experience in their fields. Their in-depth knowledge of the markets means that Nan Fung is able to identify market trends and formulate strategies which are in the best interests of the Group.

Strong customer focus and reputable brand name

The Group believes that the success of its projects has been largely due to its ability to interpret and respond to customers' tastes and preferences. The Group's focus on customer satisfaction begins with its market research team, which works closely with its experienced senior management to study the potential of individual sites the Group seeks to acquire, and their ultimate appeal and value to prospective buyers. During the design phase, the Group's project management team works closely with its market research and sales teams to identify the key features that customers desire and incorporates them into the design.

The Group's customer-centric culture is further evidenced by its emphasis on delivering a quality product. This is achieved through the Group's own engineering and project management teams, allowing the Group to maintain close supervision and control to ensure quality construction. At project completion, the Group conducts its own quality checks in addition to the mandatory inspections by government agencies.

Furthermore, the Group's attention to detail and customer satisfaction extends beyond the completion of its projects through its comprehensive after-sales and property management services. The Group believes its customer-oriented culture has made its residential property sales popular in the market.

The Group believes that its customer focus and quality products have also enabled it to build "Nan Fung" into a reputable and well-recognised brand in Hong Kong and other areas where it has operations.

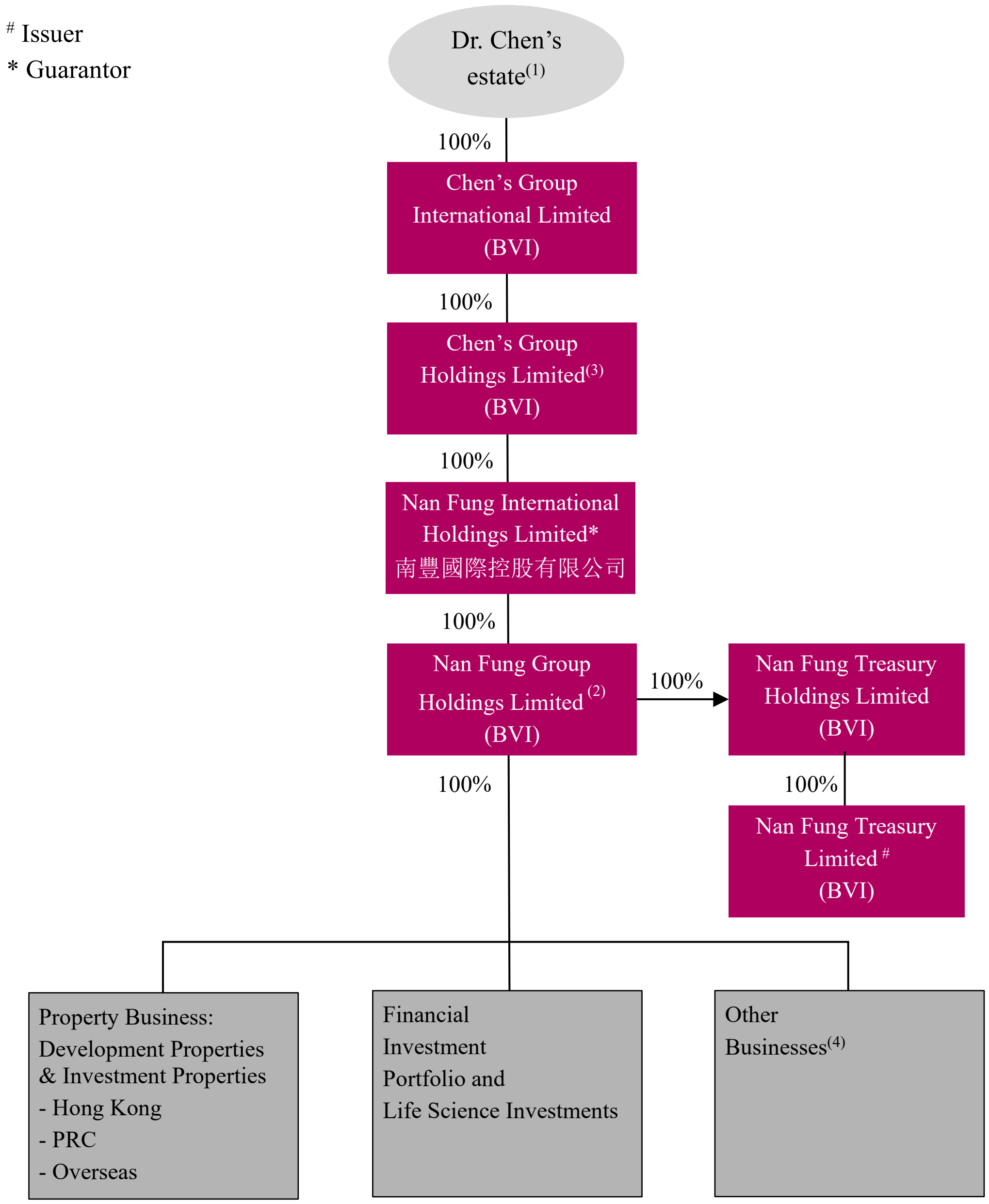
Conservative capital structure and diversified sources of funding

The Group adopts a conservative approach to financing which allows the Group to adopt a prudent approach to property development. As at 30 September 2025, the Group had a net debt to owners' equity ratio of 15.7 per cent. (as defined in "*Financial Resources and Liquidity*" herein). This provides the Group with the flexibility to wait for optimal conditions to commence development or to sell properties, allowing it to maximise the price obtained on sales and to stagger its developments over property cycles. In addition, with its strong financial and credit profile, Nan Fung has been able to obtain bank loan financing at terms which are in line with those offered to other large developers in Hong Kong. Nan Fung has expanded its exposure to external funding, allowing it to diversify its funding sources and lengthen its maturity profile. These factors enable Nan Fung to maintain what it believes is a strong balance sheet with a high and increasing level of liquidity.

Business

The following sets forth an overview of the Group's organisational structure showing its principal functional units and business activities as at the date of this Offering Circular:

Business Structure



Notes:

(1) For information regarding the ownership of Nan Fung as at the date of this Offering Circular, see "*Shareholders, Directors' Interests and Related Party Transactions*".

(2) Nan Fung Group Holdings Limited was known as Chen's Holdings Limited prior to 25 July 2012.

(3) Chen's Group Holdings Limited was incorporated on 29 August 2014.

(4) Other businesses include hospitality, construction business and property management.

The following tables set forth the revenues and results for the business segments of the Group for the years/periods indicated:

	For the six months ended 30 September		For the year ended 31 March		
	2025	2024	2025	2024	2023
	(HK$ million) *(Unaudited)*		*(HK$ million)* *(Audited)*		
Property Business — Hong Kong					
- Revenue	1,480	997	2,541	2,223	8,700
- Results[(1)]	4	(146)	(242)	(2,539)	2,399
Property Business — PRC and overseas					
- Revenue	743	823	1,593	1,746	1,602
- Results[(1)]	(616)	40	(179)	(1,581)	314
Financial Investment					
- Revenue	624	453	993	1,119	1,044
- Results[(1)]	3,325	1,592	(231)	850	(1,588)
Corporate, treasury and other operations					
- Revenue	-	-	-	-	-
- Results[(1)]	(180)	(223)	(107)	(338)	38
Total (after inter-segment elimination)					
- Revenue	2,847	2,273	5,127	5,088	11,346
- Results[(1)]	2,533	1,263	(759)	(3,608)	1,163

Note:

(1) Before finance income & expenses, and taxation

The following table sets forth the Group's share of results of its associated companies (those over which the Group may exert influence through representations on the board of directors of such companies) and joint ventures (those over which the Group exercises joint control along with its partners pursuant to contractual arrangements), by business segments for the years/periods indicated:

	For the six months ended 30 September		For the year ended 31 March		
	2025	2024	2025	2024	2023
	(HK$ million) *(Unaudited)*		*(HK$ million)* *(Audited)*		
Share of results of joint ventures	253	13	(182)	40	408

	For the six months ended 30 September		For the year ended 31 March		
	2025	2024	2025	2024	2023
	(HK$ million) (Unaudited)		(HK$ million) (Audited)		
- HK Properties	144	(6)	(38)	404	564
- PRC and overseas Properties	109	19	(144)	(364)	(156)
- Others	-	-	-	-	-
Share of results of associates	(77)	(297)	(492)	(363)	(177)
- HK Properties	(114)	(297)	(511)	(443)	(241)
- PRC and overseas Properties	37	-	19	80	64
- Others	-	-	-	-	-

Property Development and Investment

Hong Kong and Macau

Properties For Sale ("PFS")

The Group's core business is the development and sale in Hong Kong of residential and commercial properties, including retail and office space, along with a small number of industrial properties. The Group is an established property developer in the Hong Kong market, with a track record of 178 projects since 1965.

The Group operates a comprehensive, vertically integrated, property business, which covers all principal stages from acquisition (which may include land use conversion), through to marketing and property management, with or through its various subsidiaries and affiliates, helping the Group to control costs, quality and scheduling. The Group is able to oversee and largely perform all aspects of its development operations, including the selection and purchase of sites, the preparation of feasibility studies, the obtaining of government approvals for zoning and modifications, the design and management of development projects, the marketing, leasing and management of completed projects, and mortgage financing.

As at 30 September 2025, the Group had a land bank available for development of approximately 416,000 sq.ft. in Hong Kong and PFS with an attributable GFA of approximately 0.8 million sq.ft. in Hong Kong and Macau. Sales of property in Hong Kong historically have been a significant source of the Group's operating profits.

For the six months ended 30 September 2025 and 2024, the Group's revenue from sales of properties was HK$529 million and HK$168 million, respectively (see the *Interim Financial Information* set out herein for further details). Revenue from sales of properties under joint-venture projects amounted to HK$334 million and HK$74 million for the six months ended 30 September 2025 and 2024 respectively.

For the six months ended 30 September 2025, attributable contracted sales achieved by the Group in Hong Kong and Macau was approximately HK$865 million.

The typical development cycle for vacant land in Hong Kong from acquisition of the site and preparation of architectural plans to expected completion date is approximately four to six years. However, if there is a variance of land usage required, the process may take longer and may involve the payment to the government of substantial land premiums in connection with the modification of the land use restrictions. The development cycle for urban property may also be longer, since such sites generally are not vacant and frequently contiguous multiple sites or separate units within a site must be assembled before development can begin.

In general, the Group's practice is to pre-sell its developments before completion and the granting of occupation permits by government authorities in order to improve liquidity and reduce market risk. Revenues and profits from such sales are only recognised on the transfer of risks and ownership. Deposits and instalments received on properties sold prior to their completion are included in current liabilities.

The table below sets out the Group's major PFS projects in Hong Kong and Macau as at 30 September 2025:

Project name and location		Approximate Site area	Approximate GFA	Land use purpose	Group's equity interest	Approximate Attributable GFA	Expected Completion Date/Completion Date
		(sq.ft.)	*(sq.ft.)*		*(%)*	*(sq.ft.)*	
COMPLETED							
1	LP10, Tseung Kwan O	86,000	96,000	Residential	100	96,000	2022
2	Deep Water Bay Drive, Shouson Hill	110,000	61,000	Residential	85	52,000	2018
3	Mount Nicholson, The Peak	251,000	12,000	Residential	50	6,000	2016
4	One Oasis/Sky Oasis/Grand Oasis, Macau	688,000	839,000[1]	Residential	17	143,000	2015
Subtotal						297,000	
UNDER DEVELOPMENT							
1	Tung Chung East Station Package One, Tung Chung ..	62,000	323,000	Residential	100	323,000	2030
2	24-38 Mount Butler Drive, Jardine's Lookout	38,000	29,000	Residential	100	29,000	2027
3	Tong Yan San Tsuen Project, Yuen Long	81,000	81,000	Residential	50	41,000	2027
4	Others	11,000	151,000	N/A	N/A	75,000	N/A
Subtotal						468,000	
Total						765,000	

Notes:

(1) Representing saleable floor area (SFA).

Set forth below is a brief description of selected PFS projects:

LP10, Tseung Kwan O

On 9 March 2016, the Group won the tender to develop MTR Corporation's LOHAS Park Package Ten residential project in Tseung Kwan O with a total land premium of HK$1,659 million. The development has been completed in October 2022 and comprises of 893 units with total GFA of approximately 812,000 sq.ft.

8 Deep Water Bay Drive, Shouson Hill

On 30 May 2012, the Group won a government tender for a parcel of land at No. 8-12, Deep Water Bay Drive (RBL 1190), Shouson Hill, Hong Kong at a consideration of HK$6 billion. The Group holds an 85 per cent.

interest in the project and develop the site into 52 high-end apartment units and two deluxe houses, among which 23 units are intended to be held for investment purposes. The development was completed in July 2018.

Mount Nicholson, The Peak

In July 2010, a joint venture between the Group and the Wheelock group acquired a site at Mount Nicholson in a government auction for HK$10.4 billion. The site is a rare large-scale residential site in the upmarket Peak area overlooking the Victoria Harbour, Happy Valley and Wanchai. The Group developed the site into 48 high-end apartment units and 19 houses. The Group holds a 50 per cent. interest in the project and the project was completed in September 2016.

Tung Chung East Station Package One, Tung Chung

On 20 December 2024, the Group won the tender to develop MTR Corporation's Tung Chung East Station Package One residential project in Tung Chung with a total lump sum payment of HK$330 million. The development is in close proximity to the future MTR Tung Chung East ("**TCE**") Station, with direct pedestrian connections via footbridges and walkways. Following the estimated completion of the MTR TCE Station in 2029, travel time to CBD such as Central and West Kowloon will only take approximately 30 minutes. The project will have up to 600 units with total GFA of approximately 323,000 sq.ft. The development is expected to be completed in 2030.

DD121 Lot 2143 Tong Yan San Tsuen ("Tong Yan San Tsuen Project"), Yuen Long

In March 2021, the Group acquired 50 per cent. of the entire share capital of and the shareholder's loan of a project company owned by Hanison Construction Holdings Limited at a consideration of approximately HK$81.7 million for a future residential development in Yuen Long. The site area is approximately 81,000 sq.ft. and the total GFA is approximately 81,000 sq.ft. after the execution of Land Exchange. The development is expected to be completed in 2027.

24-38 Mount Butler Drive, Jardine's Lookout ("Jardine Court Project")

In March 2022, the Group acquired 100 per cent. interest of the Jardine Court, which has 24 residential units. The property is located in the low-density tranquil neighbourhood of Jardine's Lookout and will be redeveloped into ultra-luxury houses. The site area is approximately 38,000 sq.ft. and the total GFA is approximately 29,000 sq.ft. after the redevelopment. The development is expected to be completed in 2027.

Land bank in Hong Kong

As at 30 September 2025, the Group had a land bank in Hong Kong of approximately 416,000 sq.ft. available for development.

The Group believes that, by means of a combination of existing methods of replenishing the land bank such as public auctions and tenders, tendering for development projects offered by URA and MTR and private land sales and the acquisition of development land in the secondary market, the Group's land bank will continue to be sufficient to satisfy its development plans in Hong Kong.

Investment Properties

The investment properties of the Group in Hong Kong and Macau amounted to approximately 4.3 million sq.ft. in total attributable GFA as at 30 September 2025. The Group's revenue for the six months ended 30 September 2025 and 2024 from gross rental income from its investment properties and other properties amounted to HK$1,131 million and HK$1,114 million, respectively, comprising 51 per cent. and 61 per cent. of the Group's revenue, respectively (see the *Interim Financial Information* set out herein for further details). Rental income represents the aggregate rental received from the Group's investment properties and properties for sale. Most of the completed investment properties are managed by the property management arm of the Group: Hon Hing Enterprises Limited, Main Shine Development Limited, Vineberg Property Management Limited and New Charm Management Limited.

The completed investment properties consist mainly of residential properties, office, commercial and hotel buildings. The leases the Group has granted are typically for two to three years for office tenants occupying relatively small commercial floor space and longer lease periods of up to ten years for those tenants occupying commercial and relatively large office floor space. The Group does not have any firm policy or practice in relation to rent reviews or adjustments, preferring to be flexible on such matters after assessing market demand and supply conditions for the relevant property.

In accordance with IFRS, the Group values its investment properties at every reporting balance sheet date at their fair market value based on an independent professional valuation. Any change in the valuation is charged or credited, as the case may be, to the consolidated income statement. The Group's financial performance is therefore subject to fluctuation from period to period in light of the movements in property value in Hong Kong, which has been cyclical in the past and could result in a significant accounting profit or loss for the Group.

The Group's rents are generally quoted in square feet per lettable area or gross area. In most cases, the rents quoted by the Group do not include property management charges and government rates payable by its tenants.

The Group's major completed investment properties in Hong Kong have recorded an overall occupancy rate of approximately 80 per cent.(1) as at 30 September 2025.

The following table shows the Group's attributable holdings of major investment properties, completed and under development, in Hong Kong as at 30 September 2025:

	Attributable GFA	**Carrying Value**
	(%)	*(%)*
Residential	4	12
Office	46	48
Commercial	40	36
Hotel	8	2
Industrial & Godown	1	–
Others	1	2
	100	100

Note:

(1) The overall occupancy rate of major investment properties has not included those of commercial portions with less than 50 per cent. ownership.

The following table shows the Group's major investment properties in Hong Kong as at 30 September 2025:

	Purpose	**Government Lease Term**	**Approximate GFA**	**Group's Interest**	**Approximate Attributable GFA**
			(sq.ft.)	*(%)*	*(sq.ft.)*
COMPLETED					

		Purpose	Government Lease Term	Approximate GFA	Group's Interest	Approximate Attributable GFA
				(sq.ft.)	*(%)*	*(sq.ft.)*
1	AIRSIDE, Kai Tak	Office, Commercial & Others	50 years from 28/06/2017	1,889,000	100	1,889,000
2	Tseung Kwan O Plaza	Commercial	From 21/03/1997 to 30/06/2047	376,000	100	376,000
3	Ma On Shan Centre	Commercial	From 24/05/1991 to 30/06/2047	96,000	100	96,000
4	Nan Fung Tower, Central[(1)]	Office	999 years from 29/06-14/10/1903	230,000	100	230,000
5	Nan Fung Tower, Central[(1)]	Commercial	999 years from 29/06-14/10/1903	66,000	100	66,000
6	The Mills.	Others[(4)]	From 10/07/1993 to 30/06/2047	258,000	100	258,000
7	33-49 Des Voeux Road West, Sai Ying Pun	Office & Commercial	999 years from 29/09/1900	144,000	100	144,000
8	Courtyard by Marriott Hong Kong Sha Tin[(2)].	Hotel	From 17/04/1997 to 30/06/2047	326,000	100	326,000
9	Courtyard by Marriott Hong Kong Sha Tin[(2)]	Commercial	From 17/04/1997 to 30/06/2047	24,000	100	24,000
10	Queen's Cube, Wanchai[(5)]	Residential & Commercial	50 years from 20/04/2007	40,000	100	40,000
11	80 Robinson Road, Mid-Levels[(1)(5)]	Residential	999 years from 25/06/1859	43,000	100	43,000
12	Grand Garden, South Bay.......	Residential	75 years from 08/06/1982	40,000	100	40,000
13	Deep Water Bay Drive, Shouson Hill..........................	Residential	50 years from 03/07/2012	99,000	85	84,000
14	The Quayside	Office & Commercial	50 years from 23/02/2015	899,000	40	360,000
15	Richwood Park, Tai Po..........	Commercial	From 18/05/1992 to 30/06/2047	16,000	50	8,000
16	Cheung Fung Industrial Building, Tsuen Wan.............	Industrial	99 years from 01/07/1898[(3)]	28,000	100	28,000
17	Well Fung Industrial Building, Kwai Chung[(1)].........	Industrial	99 years from 01/07/1898[(3)]	7,000	100	7,000
18	Others....................................	N/A	N/A	608,000	N/A	236,000
Total						4,255,000

Notes:

(1) The property is classified as PFS under existing accounting treatment.

(2) The property is classified as property, plant and equipment under existing accounting treatment.

(3) The lease term had been automatically extended for a further term of 50 years to 30 June 2047 pursuant to the New Territories Leases (Extension) Ordinance.

(4) The intended purpose is for development of an incubation centre and for commercial use.

(5) Queen's Cube has subsequently become fully sold on a contracted basis, while 80 Robinson Road has also been partially sold.

Selected investment properties projects in Hong Kong

AIRSIDE, Kai Tak

AIRSIDE is a 1.9 million sq.ft., mixed-use commercial development situated in a prime location in the heart of Kowloon with direct connectivity to the Kai Tak MTR Station. The 47-storey development comprises Grade A office space and a multi-storey retail complex, and is complete with an interconnected underground shopping street. The flagship project, which set a record land premium of HK$24.6 billion in 2017, soft-opened its mall in September 2023 and the entire project was completed in December 2024. The occupancy rate was 65 per cent. as at 30 September 2025.

AIRSIDE presents a unique and new urban lifestyle concept of "Wholeness" that nurtures the connection between humans and nature through the intersection of art, eco-consciousness, and a low-carbon lifestyle, with the ultimate goal of building a sustainable and resilient society together. AIRSIDE is the first building in Hong Kong to receive seven most recognized green and smart building certifications. The development was awarded the International WELL Building Institute WELL Building Standard — Core & Shell v1.0 – Platinum Certification (2022), the HK Green Building Council – BEAM Plus New Building v1.2 — Final Platinum (2023), the Gold Winner for Best Futura Project at MIPIM Asia Awards 2020, World Green Building Council – Asia Pacific Leadership Award in Green Building 2024, as well as the Gold Winner for Best Shopping Experience in 2024 and Best Mixed-use Project in 2023 at MIPIM Asia Awards.

Tseung Kwan O Plaza Shopping Mall

As an integral part of the large scale residential project of Tseung Kwan O Plaza developed by the Group in 2004, the shopping mall provides the Group with an attributable GFA of 376,000 sq.ft. of commercial area and 301 car park spaces. Eight residential towers with 2,880 residential units sit above the shopping mall, and the mall is centrally located among various residential estates in Tseung Kwan O, with direct connection to the MTR station and a public transport interchange. Three phases of renovation were completed at the end of 2015. The occupancy rate was 99 per cent. as at 30 September 2025.

Ma On Shan Centre

Ma On Shan Centre is a shopping and commercial centre with a GFA of 96,000 sq.ft. and 210 car parking spaces. The centre is located next to the MTR station at Ma On Shan and is surrounded by numerous residential estates. It also contains a number of education and recreation centres for children and teenagers, catering for all daily necessities of the surrounding residents. The occupancy rate was 88 per cent. as at 30 September 2025.

Nan Fung Tower

Nan Fung Tower is located in Des Voeux Road Central, Hong Kong Island, and is easily accessible by established transport networks including MTR, ferry piers and the airport express railway. This Grade A office building provides a flexible space system for office layout and subdivision, panoramic views of Victoria Harbour and double glass windows to provide a quiet working environment. The tower also includes a few floors of podium and basement for commercial use. A refurbishment was completed in 2015. The occupancy rate was 75 per cent. as at 30 September 2025.

The Mills

The Mills project transformed the Group's former textile factory located in Chai Wan Kok, Tsuen Wan into a new global destination which comprises of techstyle (intersection of textile and technology) innovation, incubation, experimental retail, as well as textile-related art and culture. With the government re-zoning of the area from industrial use to other uses, the development transformed three buildings of the former Nan Fung Textiles into a single coherent complex with a museum-quality gallery, business incubator, retail space and food and beverage space with a GFA totalling approximately 258,000 sq.ft. The occupancy rate was 83 per cent. as at 30 September 2025. The project, in which the Group has 100 per cent. equity interest, is in line with the Group's focus on environmental sustainability and has achieved LEED gold pre-certification in Core and Shell Development. Other sustainability measures include initiating green leases for tenants, landscaping, energy reduction, rooftop farming and setting up an on-site food decomposer.

The Group's goal for The Mills is for it to become a platform for catalytic exchanges, so as to inspire and grow a new generation of entrepreneurs. The Group hopes that companies and individuals which are grateful for the opportunities that Hong Kong has offered to them can give back to the community by re-investing in the creativity and entrepreneurial spirit of its people.

The development was awarded the HKIS Best Development and Conservation Award 2021 and the Grand Award in Planning Category of the HKIS Best Development and Conservation Award 2021, RICS Awards Hong Kong 2019 Refurbishment/Revitalisation Team of the Year (Winner), the Hong Kong Institute of Architect — Cross-Strait Architectural Design Award 2019 (Merit), Medal of the Year of Hong Kong 2019, and the Special Architectural Award — Heritage & Adaptive Re-use 2019.

33-49 Des Voeux Road West

33-49 Des Voeux Road West is an iconic commercial complex situated in the heart of the Central and Western District, one of the fastest-gentrifying areas in Hong Kong and with a high concentration of galleries, cafes and boutique hotels. This area is well-served by a wide range of public transportation including an MTR station only a few minutes' walk away.

The property is a 27-storey commercial complex with retail, dining, entertainment, and office space, and has a total GFA of 144,000 sq.ft. The occupancy rate was 81 per cent. as at 30 September 2025.

The Quayside

On 27 January 2015, the Group won a tender for a parcel of land at 77 Hoi Bun Road, Kowloon Bay Action Area with a 40 per cent. equity interest. The Link Real Estate Investment Trust holds the remaining 60 per cent. equity interest.

The Quayside is a new grade A office-cum-commercial development situated in the Kowloon Bay Action Area with a total GFA of approximately 899,000 sq.ft. The occupancy rate was 99 per cent. as at 30 September 2025.

As a local pioneer in sustainability, the development has been certified under the highest level of world-wide renowned sustainable frameworks, including LEED BD+C: Core and Shell (v2009) — Platinum Final Certificate (2020) from the US Green Building Council, BEAM Plus New Building v1.2 — Platinum Final Certification (2020) from HK Green Building Council, and the International WELL Building Institute WELL Building Standard Core & Shell — Gold Final Certificate (2021). The development was awarded the MIPIM Asia Awards 2019 Best Green Development — Gold Winner.

Hotel business in Hong Kong

The Group successfully completed its first hotel project, Courtyard by Marriott Hong Kong Sha Tin, in 2013. Courtyard by Marriott Hong Kong Sha Tin, with a GFA of 350,000 sq.ft., is a 524-room hotel at 1 On Ping Street, on the bank of the Shing Mun River in Sha Tin. The site is within walking distance of the MTR Shek Mun Station, and is in close proximity by car to Tsim Sha Tsui. The hotel offers 5 room types, ranging from standard rooms and executive suites, to deluxe suites, to cater for both travellers and business patrons. The hotel also offers a wide range of facilities, including one of the largest banquet ballrooms in Sha Tin, which will cater for approximately 430 people and will be available for use by both private parties and business meetings, and a large outdoor landscaped deck with swimming pool. The podium floors of the hotel house a variety of restaurants and shops, providing convenience to hotel guests. The top floor was renovated to add a new bar/lounge and eight meeting rooms in July 2015 to the existing executive lounge to provide premium services to hotel guests and business clients. The development was awarded "Best New Hotel Construction and Design, Hong Kong" at the 2012 International Property Awards Asia Pacific in association with HSBC. It also achieved the Platinum Rating of Final Assessment under the New Buildings (4/04 Version) of the HK-BEAM Society.

PRC

Since 2005 the Group has undertaken a prudent programme of expansion into the PRC. The Group's plan is to continue to increase its investment in the PRC gradually with the long-term goal of building a commercial property portfolio comprising prime offices and retail space located in first-tier cities.

Investment properties in the PRC

The Group's investment properties portfolio mainly consists of properties located in the first-tier cities of Shanghai and Guangzhou. The Group completed The Place, Guangzhou, which is an office and commercial complex with an attributable GFA of 75,000 sq.m. in 2012. In the second half of 2013, the Group completed the Nan Fung International Convention and Exhibition Centre and Langham Place, Guangzhou, an exhibition centre and hotel with an attributable GFA of 89,000 sq.m. In February 2015, through the privatisation and delisting of Forterra, the Group consolidated and refurbished the properties under Forterra, resulting in a sizable investment in Shanghai. The Group plans to retain these developments for leasing purposes.

The Group expects its investment property portfolio will continue to generate a more meaningful recurring income to the Group in the future, hence allowing the Group to benefit from the long-term growth and rising affluence of the PRC. In July 2017, the Group acquired the remaining 40 per cent. of shareholding of WPP Campus and became the sole owner of the property. In May 2019, the Group has obtained a land parcel in Xianxia Road, Changning District, Shanghai and successfully developed it into an office building, Yi Fung Place in 2024. In July of the same year, the Group acquired a project in Waigaoqiao Shanghai and refurbished the building for laboratory use and renamed it the Shanghai Waigaoqiao Nan Fung Innovation Hub.

While focusing its business on first-tier cities in PRC to enhance risk resilience, the Group also divested early acquisitions that have matured through operation. The Group has disposed its shareholdings of Tianjin project in June 2020, Qingdao Project in June 2023, and Nan Fung International Convention and Exhibition Centre and Langham Place in Guangzhou in July 2024.

As at 30 September 2025, the Group's investment property portfolio in the PRC is expected to comprise Grade A office properties, retail and commercial properties, convention and exhibition centre, industrial park and car park spaces held for long-term investment, amounting to approximately 569,000 sq.m. in attributable GFA.

The table below sets out the Group's major investment properties projects in the PRC as at 30 September 2025:

		Purpose	Approximate GFA	Group's Interest	Approximate Attributable GFA	Expiry date of the land use term
			(sq.m.)	*(%)*	*(sq.m.)*	
COMPLETED						
1	The Place, Shanghai	Office & Commercial	216,000	100	216,000	07/03/2043 (Phase 1); 14/12/2065 (Phase 2); 27/03/2053 (Phase 3)
2	WPP Campus, Shanghai............	Office & Commercial	73,000[(1)]	100	73,000	28/4/2060
3	Nan Fung Tower, Shanghai........	Office & Commercial	14,000	100	14,000	15/8/2054
4	Yi Fung Place, Shanghai[(2)]	Office & Commercial	58,000	60	35,000	29/12/2069
5	Le Rendez-vous, Shanghai[(3)].	Commercial	11,000	100	11,000	24/7/2042
6	Waigaoqiao Nan Fung Innovation Hub, Shanghai.	Industrial Park	23,000	100	23,000	30/12/2055
7	The Place, Guangzhou................	Office & Commercial	75,000	100	75,000	Office: 18/11/2057; Commercial: 18/11/2047
8	Shanghai Mart, Shanghai............	Office & Commercial & Exhibition[(4)]	249,000	49	122,000	20/10/2049
Total					569,000	

Notes:

(1) The property's GFA includes an above ground carpark.

(2) The property was formerly known as the C8 Project.

(3) The property was formerly known as Huai Hai Mall.

(4) The property use purpose is commercial but with a remark of exhibition on the remark page of the title certificate.

The following table shows the Group's attributable holdings of investment properties in the PRC as at 30 September 2025:

	Attributable GFA	Carrying Value
	(%)	
Cities		
Shanghai	87	90
Guangzhou	13	10

	Attributable GFA	Carrying Value
	(%)	
Total	100	100

The following table shows the Group's attributable holdings of investment properties in the PRC by use as at 30 September 2025:

	Attributable GFA
	(%)
Commercial	42
Office	48
Exhibition Centre	3
Industrial Park	4
Others	3
Total	100

Selected investment properties projects in the PRC

The Place, Shanghai

The Place is a large scale fully-integrated office/retail complex and a landmark development in the core area of the "New Hongqiao — Tianshan Regional Business Centre", one of the thirteen municipal-level commercial centres in Shanghai. The Place is within 10 minutes' walking distance of Line 2 metro stations and 20 minutes driving distance of the Shanghai Hongqiao Airport and traffic hub. The Place provides a fully integrated complex with three Grade A office towers and a shopping mall with a pedestrian street. The property has been awarded the LEEDv4.1 Platinum 2023, LEED Zero Waste, WELL Core Platinum 2024 and Shell certification by the U.S. Green Building Council.

As at 30 September 2025, the office area had a total GFA of 110,000 sq.m. while the retail area had a total GFA of 106,000 sq.m. The property registered an occupancy rate of 86 per cent.

Shanghai Mart, Shanghai

Officially opened in 1999, Shanghai Mart was the first permanent international trade mart in the PRC. It is the largest of its kind in Asia with a total aboveground GFA of 249,000 sq.m. The complex features a combination of functions including office, commercial as well as trade and exhibition spaces. Located at No. 2299 Yannan Road (West), it occupies a prime location within the Shanghai Hong Qiao Development Zone and stands as a landmark in the Changning District. The property is 20 minutes' driving distance from the Shanghai Hongqiao traffic hub and is well-served by subway lines 2 and 10, as well as multiple bus routes. The Group acquired the project in September 2014 through a joint venture with Shanghai Industrial Urban Development Group Limited. As at the date of this Offering Circular, the Group held 49 per cent. equity shares in the project. As at 30 September 2025, the property recorded an occupancy rate of 66 per cent.

WPP Campus, Shanghai

WPP Campus is a Grade A office building situated at Heng Feng Road in Jing An district in Shanghai, with a total aboveground GFA of 73,000 sq.m. The building is close to Shanghai's railway station and the West Nanjing Road Central Business District, and is easily accessible by established transport networks including subway lines 1, 3, 4, 12 and 13, buses and the inter-city high-speed rail. The property has been awarded LEED v4.1 Platinum 2023, LEED Zero Waste and WELL Core Platinum 2024. As at 30 September 2025, the office component, comprising GFA of 56,000 sq.m. and the retail podium area with GFA of 4,000 sq.m. together registered an occupancy rate of 94 per cent.

Nan Fung Tower, Shanghai

Situated in Shanghai's historic French concession, Nan Fung Tower is a 12-storey modern boutique Grade A office building with ground-level retail space and a three-level basement car park. Completed in 2006, the property has aboveground GFA of 14,000 sq.m. and is enhanced by its proximity to Hua Shan Park. It falls within the radiation catchment of the Xujiahui Regional Business Centre. The property has been awarded LEED v4.1 Platinum 2024 and WELL Core Platinum 2025 certifications. As at 30 September 2025, Nan Fung Tower registered an occupancy rate of 76 per cent.

The Place, Guangzhou

The Place is located in the core area of Pazhou District, one of Southern China's wholesale trading hubs with a direct link to the metro station. The Place consists of grade A office spaces and a lifestyle destination mall with a total aboveground GFA of 75,000 sq.m. The property has been awarded the LEED v4.1 Platinum 2024 and recorded an occupancy rate of 83 per cent. as at 30 September 2025.

Le Rendez-vous, Shanghai

Formerly known as Huai Hai Mall, the property is located in the heart of the Shanghai's Central Business District fronting the Middle Huaihai Road, one of Shanghai's strongest and highest profile luxury retail goods precincts, Le Rendez-vous is a low-rise retail property with GFA of 11,000 sq.m. comprising a five-storey building and a basement level. The refurbishment of the property was completed in late 2019. The property has been awarded the LEED v4.1 Platinum 2024 and WELL Core Platinum 2024. As at 30 September 2025, Le Rendez-vous registered an occupancy rate of 100 per cent.

Yi Fung Place, Shanghai (formerly known as the C8 Project)

In May 2019, the Group successfully obtained a land parcel in Xianxia Road and commenced development. In December of the same year, a joint venture company was established between the Group and CPP Investment Board Real Estate Holdings Inc., an investment entity within the group of the Canadian Pension Plan Investment Board (CPP Investments). The Group currently holds a 60 per cent. equity interest in the project. Completed in January 2024, the development has been named Yi Fung Place. It has been awarded LEED v4.1 Platinum 2025 and WELL Core Platinum 2024. As at 30 September 2025, the property's occupancy rate stood at 50 per cent., with over 90 per cent. of the space already leased, handed over to tenants for fit-out, or pending rent commencement.

Shanghai Waigaoqiao Nan Fung Innovation Hub

In July 2024, the Group acquired a piece of industrial land through the purchase of a company located in the PuDong, Shanghai. The land covers an area of 11,000 sq.m, with a land use term valid until 30 December 2055, and the Group subsequently commenced its development. The project was completed in July 2025, with a total GFA of 23,000 sq.m. It comprises three high-standard research and development (R&D) industrial buildings, which offer flexible and diverse subdivision options and are all capable of providing customized laboratory services to meet the needs of full-lifecycle biomedical enterprises. Named Shanghai Waigaoqiao Nan Fung Innovation Hub, the project is situated in the core area of the Waigaoqiao Free Trade Zone, only a three-minute drive from both FTA No.1 and Fudan Science and Technology Park — two of Waigaoqiao's emerging life sciences clusters. With a mature biomedical ecosystem, this project represents the Group's first investment in a technology park in the PRC.

The project obtained its real estate title certificate on 28 September 2025 and remains in the leasing phase, with no tenancy agreements finalised as at 30 September 2025.

International

To take advantage of its property development and investment expertise in Hong Kong, the Group selectively expands overseas and invests in property projects, particularly in gateway cities such as London and first-tier cities in United States, with the goal of diversifying geographical risks and enhancing its rental and other income. As at 30 September 2025, the Group had a total NIA of 2,361,000 sq. ft. of completed properties available for lease overseas.

The Group acquired a completed Grade A commercial property, 16 Old Bailey, London, in March 2015 for investment purposes. The Group holds an 80 per cent. equity interest and Crosby Group holds the remaining 20 per cent. equity interest in the property, which is located in zone 1 of London. The property completed a redevelopment programme in 2021. NIA increased by 23 per cent. to approximately 118,000 sq.ft. after refurbishment. In March 2018, the Group acquired Regent Quarter, which is situated adjacent to King's Cross Station in Central London's Zone 1, with 12 office buildings and 20 retail units, with NIA of 196,000 sq. ft. for office and 65,000 sq. ft. for retail. In March 2022, the Group acquired 99 City Road which is a 10-storey office building with net internal area of 162,000 sq. ft., primely located directly on the Silicon Roundabout in London. The Group plans to redevelop the property into a 35-storey landmark- a highly amenitised, best-in-class workplace featuring state-of-the-art wellness, social, and collaboration spaces, all reflecting its vision to be "a place that evolves creativity". Planning consent was obtained in Q3 2023. The property was vacated for redevelopment following the lease expiry of the single tenant in Q4 2024 with completion targeted for 2029-2030. Apart from the United Kingdom, the Group has also invested in residential and commercial property development projects in Singapore, Malaysia and the United States. Since 2019, the Group has acquired four properties, 51 Sleeper Street, 1 Winthrop Square, Two Financial Center and 470 Atlantic Avenue, which are all office assets in Boston, Massachusetts. The Group also has majority ownership interests in two industrial properties in New York City, New York, namely 24-02 49th Avenue and 25-20 Borden Avenue. The rental income contribution from the Group's international property business is around one quarter of the Group's overall rental income.

The following table shows the Group's attributable holdings of major investment properties overseas, as at 30 September 2025:

		Purpose	Approximate GFA	Group's Interest	Approximate Attributable GFA
			(sq.ft.)	*(%)*	*(sq.ft.)*
COMPLETED					
1	Regent Quarter, London	Office & Commercial	261,000[(1)]	100	261,000
2	Cheapside House, London	Office & Commercial	81,000[(1)]	100	81,000
3	108 Cannon Street, London ...	Office	38,000[(1)]	100	38,000
4	16 Old Bailey, London	Office	118,000[(1)]	80	94,000
5	51 Sleeper Street, Boston, Massachusetts.	Office, Commercial & Laboratory	153,000[(1)]	100	153,000

		Purpose	Approximate GFA	Group's Interest	Approximate Attributable GFA
			(sq.ft.)	*(%)*	*(sq.ft.)*
6	1 Winthrop Square, Boston, Massachusetts........................	Office, Commercial & Laboratory	112,000(1)	100	112,000
7	Two Financial Center, Boston, Massachusetts...........	Office, Commercial & Laboratory	218,000(1)	100	218,000
8	470 Atlantic, Boston, Massachusetts........................	Office, Commercial & Laboratory	328,000(1)	100	328,000
9	91 Cavenagh Road, Cavenagh Fortuna, Singapore.................	Rental Apartment	24,000	100	24,000
10	24-02 49th Avenue, Long Island City, New York...........	Industrial	799,000(1)	94	751,000
11	25-20 Borden Avenue, Long Island City, New York...........	Industrial	132,000(2)	94	124,000
12	Others	N/A	15,000	100	15,000
Subtotal...					2,199,000
UNDER DEVELOPMENT					
13	99 City Road, London............	Office	162,000(1)	100	162,000
Subtotal...					162,000
Total..					2,361,000

Notes:

(1) Representing net internal area.

(2) Includes 51,000 sq.ft. of exterior parking area

In 2015, Nan Fung and Innovo Property Group ("**IPG**") formed a real estate investment and operating platform focused on acquiring, developing and managing assets in the Greater New York City metropolitan area. IPG is based in New York City, NY USA and brings extensive multi-sector experience and longstanding relationships at all levels of the real estate industry.

In 2024, Nan Fung unified its ownership in Endurance Land LLP ("**Endurance Land**") and continued to invest, develop and manage best-in-class real estate portfolio in the United Kingdom. As a commercial property investment and development platform, Endurance Land specialises in the refurbishment and redevelopment of buildings, primarily within Central London.

In 2019, Nan Fung Life Sciences Real Estate LLC ("**NFLSRE**") was established to acquire, develop and manage commercial and life sciences related properties in innovation-driven markets across the United States. Based in Boston, Massachusetts, USA. NFLSRE is led by a world class management team with extensive experiences in commercial and life sciences real estate development and operations.

Property-related service businesses

As part of the Group's approach to integrate its property development business vertically, it has developed operations engaged in property-related service businesses, which broadly cover construction, property management and mortgage financing services in Hong Kong.

Construction

The Group generally relies on its own architectural, engineering and construction efforts for the design and construction of its projects. The Group has obtained two contractor registration licences as registered general building contractor and approved public works contractors group C from the Hong Kong government and is qualified to carry out a range of construction works including site formation, foundation and general building and alteration and additional works through its in-house ISO 9001:2015, ISO 14001: 2015, ISO 45001:2018 and ISO 50001:2018-certified registered contractors. The Group's construction companies are also certified by the Hong Kong Quality Assurance Agency ("**HKQAA**") and conduct their construction operations through an Integrated Management System ("**IMS**"). The Group has constructed a wide range of luxury residential, high grade commercial offices, innovative shopping arcades, and city revitalisation projects. The Group also provides some construction services to other property developers in Hong Kong and a number of institutional academies through the Architectural Services Department of the Hong Kong government.

Property Management

The Group has an established property management business operated through Hon Hing Enterprises Limited, Main Shine Development Limited, Vineberg Property Management Limited and New Charm Management Limited, which together had approximately 1,800 employees as at 30 September 2025. Through these companies, the Group manages over 82 projects ranging from luxury properties, large-scale residential estates, shopping arcades, offices to industrial buildings, with GFA of more than 30 million sq. ft. in total. These companies are committed to providing professional and quality management services to satisfy the needs of clients. The Group believes that its services in this area have contributed to its branding and provided the means to continually enhance its reputation among the public.

Mortgage Financing

The Group selectively extends mortgage financing to purchasers of residential units from projects developed by the Group on a project by project basis. These mortgages typically take the form of monthly instalment loans by way of mortgage facilities and may be in the form of a first or second mortgage with the underlying property used as mortgage collateral.

Financial investment

The Group's underlying assets and portfolio provides a substantial liquidity buffer and stable recurring income to the Group. As at 30 September 2025, the Group's Long Term Financial Assets and Trading Securities (as those terms are defined below) amounted to approximately HK$33 billion and accounted for approximately 23 per cent. of the Group's total assets (see the *Interim Financial Information* set out herein for further details). As at 30 September 2025, the portfolio was largely unleveraged.

The Group's financial investment assets are managed by Nan Fung Trinity (HK) Limited ("**Nan Fung Trinity**"), a subsidiary of the Group. Nan Fung Trinity has Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) licenses granted by the Hong Kong Securities and Futures Commission on 27 October 2021.

Investment strategy

The Group's investment strategy involves having part of the portfolio held for long-term investment with the remaining portion of the portfolio being actively traded with a view to profit from market fluctuations. The primary goal of the strategy is to generate dividend and interest income as well as capital appreciation while maintaining sufficient liquidity to support the Group's core operations. The Group also acquires significant longer-term positions, including listed as well as non-listed investments, in businesses and industries where its management knowledge and competencies can enhance value in its investments and is in line with the Group's vision to increase long-term sustainable returns for its shareholders.

The size and nature of the financial investment portfolio are dynamic and at any time depend on the Group's ability to identify suitable investment opportunities and its view of the market. The Group's aim is to search for investment opportunities that it believes to have an intrinsic value higher than their trading prices. In general, the Group analyses potential investments based on valuation methodologies such as price-to-earnings ratio, dividend yield, return on equity, price-to-book, price-to-net-tangible assets and revenue growth. The Group also places great emphasis on cash flow and balance sheet strength in terms of net debt and gearing levels, as well as interest coverage.

Investment team

The Group has appointed its subsidiary, Nan Fung Trinity, to advise and manage on a day-to-day basis the financial investment portfolio of the Group as described above under "*Investment strategy*". The Finance and Investment Committee of the Group is mandated by the Board to oversee the Group's overall investment activities and guide the overall process governing the Group's core investment and treasury operations.

The investment team comprises investment professionals who undertake detailed investment analysis to identify suitable opportunities. Once an investment opportunity is identified, the responsible manager will prepare an investment proposal. If approved, an investment size will be set up for each counter within the asset allocation framework as discussed below.

In relation to the Group's financial investment portfolio, certain risk parameters are in place and Nan Fung Trinity's investment team has authority to a prescribed limit beyond which proposals are submitted to the Finance and Investment Committee of the Group for approval. For investments above its prescribed authority limit, the Finance and Investment Committee will submit to the Board's Executive Committee for final approval.

Investment classification

The analysis process is applicable to both the Group's non-current portion of financial assets at fair value through profit or loss ("**Long Term Financial Assets**") and current portion of financial assets at fair value through profit or loss, including derivative financial instruments ("**Trading Securities**") (as described below). Investment allocation is monitored on an ongoing basis by portfolio managers and changes may be implemented as and when necessary.

The Group's principal investment portfolio is classified as either Trading Securities or Long Term Financial Assets according to accounting principles. Trading Securities are financial assets which are acquired for the purpose of trading, or are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Long Term Financial Assets are investments, other than trading financial assets generally with a longer investment-holding period and in some cases such are held by the Group for strategic purposes.

The average holding period for Long Term Financial Assets typically averages more than one year. In the case of Trading Securities, the Group's aim is to capture trading gains from short-term price anomalies.

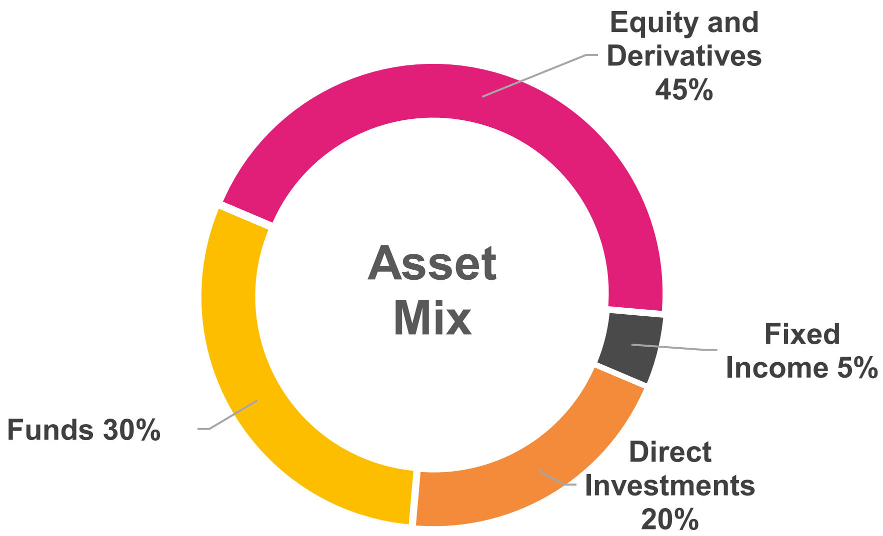
As a result, holding periods will depend on the pace of price recovery and this can range from a few weeks to a few months. In cases where the Group believes there is substantial upside potential after its initial internal analysis, the Group may decide to hold the positions of certain Trading Securities for a longer period in order to maximise returns.

The Group's Trading Securities as at 30 September 2025 amounted to HK$14,899 million consisting mainly of highly liquid investments. Long Term Financial Assets as at 30 September 2025 of financial investment segment amounted to HK$18,592 million, comprising funds and private investments, equity investments and fixed income investments.

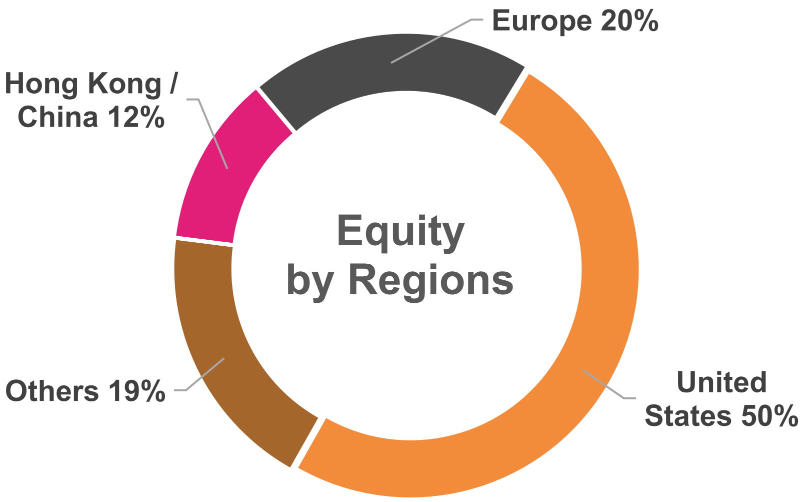
As at 30 September 2025, the approximate breakdown of asset classes was 48 per cent. private investments funds and derivatives, 47 per cent. listed equities investments and 5 per cent. fixed income investments. Listed equities investments in terms of the trading book are generally blue chip, highly liquid equities listed in Hong Kong/China, the United States, Europe and other major markets. Fixed income investments in terms of the trading book are generally liquid and marketable securities. In terms of regional exposure, a significant portion of exposure as at 30 September 2025 was mainly focused on Asia Pacific, North America and a small portion on Western Europe and other regions. However, asset class breakdowns and regional exposure are subject to change based on market conditions.

The following charts set out the breakdown of the Group's financial investment portfolio by asset class, and the Group's equity investments by industry sector and geographical area, as at 30 September 2025. Given the nature of the Trading Securities portfolio, the position and breakdown of the entire portfolio at any one time does not necessarily reflect the position or breakdown at any other time.

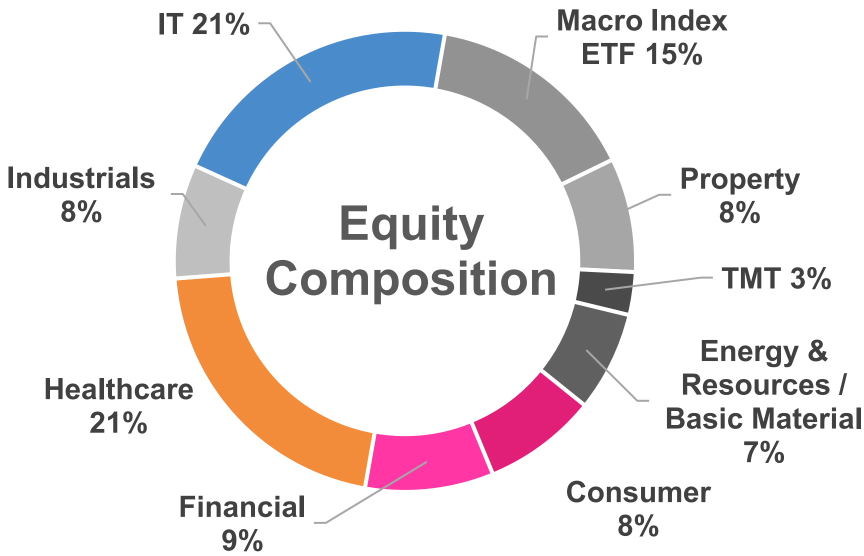
Financial Investment Portfolio Asset Class Breakdown as at 30 September 2025



Listed Equities Exposure by Geographical Area as at 30 September 2025



Listed Equities Exposure by Industry Sector as at 30 September 2025



Risk management and investment controls

The Group primarily exercises risk control through its asset allocation process and continuous monitoring of its portfolio. Asset allocation limits determine the amount of overall allocation as well as allocation per major equity market. Subsequent decisions on individual investment sizes are made within the asset allocation framework and these positions are both monitored daily by the portfolio managers of Nan Fung Trinity and the Group.

The Group's finance and investment committee oversees credit risk, interest rate risk and foreign currency risk of the financial investment portfolio whilst such risks are managed on a day-to-day basis by Nan Fung Trinity. Credit risk is managed by financial credit analysis with single position control and continuously monitored by

Nan Fung Trinity through periodic and ad hoc reviews on an as needed basis. Interest rate risk and foreign currency risk are mitigated by futures, options and other derivatives based on an assessment of the costs and benefits. Nan Fung Trinity provides regular risk reports to the Group. The Group has overall oversight of risk exposure together with its other businesses on a holistic basis.

The Group has an established risk management framework to ensure that a systematic process and delegation of responsibility is clearly set out to guide management in its investment decisions and Nan Fung Trinity is required to follow these policies. Nan Fung Trinity has in place various types of control measures in accordance with current legal requirements. Investment and risk meetings are held regularly, or as the Group and Nan Fung Trinity deem appropriate, to generate ideas as well as identify short and long-term risks. For a discussion of the Group's financial risk management, see note 3 to the 2025 Audited Financial Statements set out herein.

Ongoing compliance reviews are performed with results reported to the Group's control personnel. Regular audits are performed with results reported to management and the Board. External legal counsel is consulted if deemed necessary.

The Group also has in place a business continuity and disaster recovery plan for critical business functions to ensure the resilience of critical systems and regular backup of data.

Life sciences investments

The Group has recognised life sciences as an area for new growth and has set up Nan Fung Life Sciences ("**NFLS**"). Through direct investment and via Pivotal Life Sciences (an investment platform under NFLS) the group covers a wide spectrum of the life sciences industry, including therapeutics, medical devices, diagnostics, research tools and AI-enabled drug development.

Pivotal bioVenture Partners is the venture capital arm of Pivotal Life Sciences. It has launched four VC funds focusing on opportunities mainly in US and China with total fund size of over US$ 1 billion. The strategy is to invest in companies of all stages, with a primary focus on "high impact" therapeutics – solutions that address growing unmet medical needs and with near-curative or otherwise transformative disease management potential.

Beyond direct investments in private companies, NFLS also invests in public biotech companies as well as funds managed by other global investment managers and has a portfolio of co-investments and passive investments in the life sciences space.

Subsidiaries

The key subsidiaries of the Guarantor as at the date of this Offering Circular are set out in the following table:

Name	Place (and year) of incorporation	Principal activities	Particulars of issued share capital/registered capital	Percentage of interest in ownership/ voting power/profit sharing
Nan Fung Property Holdings Limited	Hong Kong (1954)	Investment holding	HK$2,007,800	100%
Nan Fung Treasury Consolidated Limited	Hong Kong (2022)	Provision of treasury services	HK$1	100%
Nan Fung Development Limited	Hong Kong (1975)	Financing, investment holding and property investment	HK$900,000,002 ordinary and HK$100,000,000 non-voting deferred	100%

Name	Place (and year) of incorporation	Principal activities	Particulars of issued share capital/registered capital	Percentage of interest in ownership/ voting power/profit sharing
Gavast Estates Limited..	Hong Kong (1980)	Investment holding	HK$2	100%

Further details of principal subsidiaries of the Guarantor are set out in note 35 to the 2025 Audited Financial Statements.

Insurance

The Group is covered by insurance policies arranged with reputable insurance agents which cover loss of rental, fire, flood, riot and strike, malicious damage, other material damage to property and development sites, business interruption and public liability.

The Group believes that its properties are covered with adequate insurance provided by reputable independent insurance companies and with commercially reasonable deductibles and limits on coverage. Notwithstanding the Group's insurance coverage, damage to the Group's buildings, facilities, equipment, or other properties as a result of occurrences such as fire, floods, water damage, explosion, typhoons, riots, strikes and other natural disasters could nevertheless have a material adverse effect on the Group's financial condition and results of operations.

Laws, Rules & Regulations

The operations of the Group are subject to various laws and regulations of Hong Kong, the PRC and the other countries and regions in which it has operations. The Group's activities conducted on its investment and development properties are governed by relevant statues, rules and regulations. Developments, major building works and other re-development projects may require government permits, some of which may take longer to obtain than others. From time to time, governments may impose new regulations on landlords such as mandatory retrofitting of upgraded safety and fire systems in all buildings. The Group's properties are subject to inspections by government with regard to various safety and environmental issues if warranted by the circumstances. Nan Fung believes that the Group is in compliance in all material respects with government safety regulations currently in effect.

The Group has not experienced significant problems with Government regulations with regard to these issues, and is not aware of any pending Government legislation that might have a material adverse effect on its properties.

Environmental Matters

Nan Fung believes that the Group is in compliance in all material respects with applicable environmental regulations in Hong Kong and the PRC. Nan Fung is not aware of any environmental proceedings or investigations to which it is or might become a party.

Legal Proceedings

Neither Nan Fung nor any of its subsidiaries is involved in any litigation which would have a material adverse effect on the business or financial position of the Group.

Employees

As at 30 September 2025, a total of approximately 3,200 full-time employees were engaged in the Group's operations, of which the majority are based in Hong Kong. The remuneration of employees is in line with the market and commensurable with the levels of pay in the industry.

The Group has not experienced any strikes or disruptions due to labour disputes. Nan Fung considers its relations with its employees to be good.

Financial Resources and Liquidity

As at 30 September 2025, the aggregate amount of the Group's bank and other borrowings amounted to approximately HK$27,852 million, the majority of which was on an unsecured basis. The maturity profile of the bank borrowings and guaranteed notes, the cash and bank balances and the gearing ratio of the Group as at 30 September 2025 are set out as follows:

	As at 30 September 2025
	(HK$ million) *(Unaudited)*
Cash and bank balances	10,462
Bank and other borrowings and guaranteed notes Current portion[1]	1,658
Non-current portion[1]	26,194
Total Debt — total borrowings	27,852
Equity attributable to owners of the Guarantor and holders of perpetual capital securities	110,707
Total Debt to equity ratio	25.2%
Net debt[2] to owners' equity ratio	15.7%

Notes:

(1) Current and non-current portion represented maturity profile of bank and other borrowings and guaranteed notes repayable within 1 year and after 1 year, respectively.

(2) Net debt is defined as Total Debt net of cash and bank balances.

Contingent Liabilities

As at 30 September 2025, the Group provided financial guarantee to joint ventures for bank loans related to overseas property development project. Those underlying bank loans are secured by other assets of the respective joint ventures, which may include investment properties and cash and bank balances held under the joint ventures. See note 14 to the Interim Financial Information set out herein.

MANAGEMENT

Directors

The Board of Directors of the Guarantor currently consists of seven Executive Directors of NFGHL. The decision-making process of the Group is centralised at the level of NFGHL, a direct wholly-owned subsidiary of the Guarantor. The Board of Directors of NFGHL (the "**Board**") currently consists of 12 Directors, comprising eight Executive Directors, three Independent Non-executive Directors and one Non-executive Director. The Board has ultimate oversight of the management of the Group, including setting the long-term objectives of the Group, the Group's business and commercial strategy and financial plans to achieve these, changes to the Group's capital structure and changes to the Group's management and control structure.

The following table sets out the name and position of each of the Directors of NFGHL as at the date of this Offering Circular:

Name	Position
Mr. Antony Leung	Group Chairman
Mr. Vincent Cheung	Group Chief Executive Officer
Mr. Frank Seto	Vice Chairman
Ms. Vanessa Cheung	Managing Director
Mr. Stephen Cheung	Executive Director
Mr. Meng Gao	Executive Director
Ms. Grace Huang	Executive Director
Mr. Nelson Tang	Executive Director
Dr. Norman Leung	Independent Non-executive Director
Mr. Joseph Lai	Independent Non-executive Director
Mrs. Mignonne Cheng	Independent Non-executive Director
Mr. Stephen Kuok	Non-executive Director

Honorary Chairman

Vivien CHEN Wai Wai retired from the positions of Chairman and Managing Director of the Group on 31 March 2016 and was appointed as the Honorary Chairman with immediate effect. A daughter of the Group's founder, Dr. Chen Din Hwa, Ms. Chen joined Nan Fung in 1981 and was promoted to Vice Chairman and Managing Director in 2005. Following her father's retirement in January 2009 and until end March 2016, Ms. Chen served as Chairman of the Group. In addition, she currently serves as Chairman of Crosby Investment Holdings Inc. and is a director of several of its affiliated companies.

In addition, Ms. Chen is a Special Counsellor of Our Hong Kong Foundation; the Honorary President of the Shanghai Fraternity Association Hong Kong Limited, the International Ningbo Merchants Association Company Limited, The United Zhejiang Residents Association (HK) Limited, and the Ning Po Residents Association (HK) Limited. Continuing her father's charitable legacy, Ms. Chen now chairs The D.H. Chen Foundation and Chen Yang Foo Oi Foundation Limited (her mother's foundation) and has established a foundation in her own right (The Chen Wai Wai Vivien Foundation Limited). She is also the Honorary Vice-President of the Shanghai Charity Foundation, a charity set up by the city of Shanghai; one of the founders of the Hong Kong Eating Disorders Association Limited; a founding member of the First Initiative Foundation Limited; and a member of the Board of Trustees of Shaw College, The Chinese University of Hong Kong. On

4 December 2014, The Chinese University of Hong Kong conferred an honorary degree of Doctor of Social Science honoris causa, in recognition of Ms. Chen's significant business achievements and her outstanding contribution to the community, including the advancement and development of The Chinese University of Hong Kong.

Executive Directors

Antony LEUNG Kam Chung is the Group Chairman of Nan Fung Group. He joined the Group in February 2014. He is Group Chairman & Co-Founder of New Frontier Group, one of the leading privately owned health care businesses in China, and Chairman & Co-Founder of Solomon Learning Group, a Hong Kong-based social enterprise that promotes education of money and morals, as well as generative AI. Prior to this, Mr. Leung was Senior Managing Director, Chairman of Greater China and a member of the Executive Committee of Blackstone.

Before joining Blackstone, Mr. Leung was the Financial Secretary of Hong Kong from 2001 to 2003. Prior to his appointment as Hong Kong's Financial Secretary, Mr. Leung had extensive experience in financial services. He was the Chairman of Asia for JP Morgan Chase based in Hong Kong. Before that he worked for Citi in Hong Kong, Singapore, Manila and New York for 23 years in various positions including Head of Private Banking for Asia, Country Corporate Officer for China and Hong Kong, Regional Treasurer for North Asia and Head of Investment Banking for North Asia, South West Asia.

Other public service that Mr. Leung had engaged in included Non-Official Member of the Executive Council of Hong Kong SAR, Chairman of Education Commission, Chairman of University Grants Committee, Member of Exchange Fund Advisory Committee, Director of Hong Kong Airport Authority and Hong Kong Futures Exchange, Member of the Preparatory Committee and Election Committee for the Hong Kong Special Administrative Region and Hong Kong Affairs Advisors.

Past board memberships include Independent Director of China Merchants Bank, Industrial and Commercial Bank of China, China Mobile (Hong Kong) Limited, American International Assurance (Hong Kong) Limited, Vice Chairman of China National Bluestar Group, Senior Advisor and Member of the International Advisory Board of Blackstone, International Advisory Board Member of China Development Bank and European Advisory Group, and Chairman of Harvard Business School Association of Hong Kong.

Mr. Leung is the Chairman of two charity organisations — Heifer Hong Kong and Food Angel, as well as an Independent Non-Executive Director of the China Construction Bank Corporation.

Vincent CHEUNG Sai Sing is the Group Chief Executive Officer since 1 July 2021. He is responsible for the Group's overall businesses and operations. Mr. Cheung has been the Chief Operating Officer and Managing Director of the Group since 31 March 2016. He joined Nan Fung Development Limited in 2009. Before that, Mr. Cheung worked at Barclays Capital Asia Limited and Citigroup Global Markets Asia Limited. He is the son of Ms. Vivien Chen. Mr. Cheung graduated with honours in Molecular and Cell Biology from the University of California, Berkeley in 2003.

Frank SETO Kai Shui is the Vice Chairman of the Group. Mr. Seto joined the group in 2000. In 2006, Mr. Seto was promoted to be the Group's Executive Director and in 2010, he was promoted to be the Group's Vice Chairman and Executive Director. Previously, Mr. Seto was General Manager of the Property Division of the Chevalier Group of Hong Kong. Prior to this, he practiced corporate, commercial and real estate law in Hong Kong and Toronto, Canada. Mr. Seto was admitted as a barrister and solicitor of the Supreme Court of Ontario, Canada, a solicitor of the Supreme Court of England and Wales, and a solicitor of the Supreme Court of Hong Kong. Mr. Seto graduated from the University of Western Ontario, Canada (1974, B. Sc.), the University of Ottawa, Canada (1984, LL. B.), and McMaster University, Canada (1986, MBA).

Vanessa CHEUNG Tih Lin is the Group Managing Director and Head of Property Division of NFGHL. She is responsible for the active management of the Group's global core real estate businesses in Hong Kong, China, UK and US, overseeing major functions such as property development and investment, asset management, sales, design, and project management. Ms. Cheung is also Founder of The Mills — a revitalisation project in Hong Kong transforming the old Nan Fung Textile Mills into a global innovation Techstyle destination comprising of art, start-up incubation and experiential retail. She currently spearheads the Group's SEWIT framework, which stands for social cohesion, environmental sustainability, wellness, innovation and technology. Prior to joining the Group in October 2013, Ms. Cheung worked for AECOM as a Landscape Designer and Assistant Project Manager. Ms. Cheung obtained her Degree of Doctor of Philosophy at City University of Hong Kong, Master in Landscape Architecture at Harvard University and Bachelor's in Molecular and Cell Biology from the University of California, Berkeley. She is currently appointed as co-opted member of the Museum Advisory Committee, Harvard Graduate School of Design - Dean's Leadership Council, a founding member of the Global Social Value Taskforce, as well as a mentor for the D. H. Chen Foundation and a member of the Hong Kong Life Sciences Society. She is the youngest daughter of Ms. Vivien Chen.

Stephen CHEUNG Pui Kuen is an Executive Director and the Group Chief Administration Officer and oversees the Group's corporate governance, legal and compliance, IT systems and administration affairs. He joined the Group in 1989 and has in-depth knowledge and participation in all segments of the Group's businesses. Mr. Cheung is a Chartered Secretary and before joining Nan Fung, he worked in an international accounting firm for four years providing a full range of professional services on corporate related matters. Prior to that, he was the Secretarial Department Manager of one of the largest listed conglomerates in Hong Kong and had worked there for 10 years.

Meng GAO is the Chief Investment Officer. Mr. Gao is responsible for overseeing Nan Fung's overall investment activities, as well as developing the group's strategic initiatives including Nan Fung Life Sciences. Mr. Gao joined Nan Fung Group in 2015. Prior to joining Nan Fung Group, Mr. Gao was a Managing Director at Blackstone's Private Equity Group in Hong Kong, where he was involved in a number of transactions across multiple industries. Before joining Blackstone, Mr. Gao was a Senior Vice President at Oaktree Capital Management, where he was involved in sourcing, structuring and executing private equity investments in China. Prior to that, Mr. Gao was an investment banker with Credit Suisse and J.P. Morgan in New York. Mr. Gao received a Bachelor of Economics degree from Peking University, an M.A. from Yale University and an M.B.A. from the Wharton School of the University of Pennsylvania, where he graduated with Honors.

Grace HUANG Heqing currently serves as the Chief Executive of China Property, where she has been responsible for overseeing the company's property development, property investment, and asset management businesses in China since March 2023. She initially joined the company in May 2014 as the Regional General Manager of East China, and subsequently served as the Executive Vice President of China Property. With more than 25 years of experience in real estate development and management, she brings a wealth of expertise to her role. Prior to joining China Property, she worked as a Project Director at STDM China Holdings Limited for over 12 years. Grace Huang Heqing holds dual Bachelor's degrees in Economics and History from Peking University, a Master's degree in Corporate Finance from Tsinghua University, and has also completed additional postgraduate courses in Commercial Law from East China University of Politics and Law and in Real Estate Management & Investment from the University of Hong Kong.

Nelson TANG Chun Wai is an Executive Director and the Group Chief Financial Officer and Executive Assistant to Group Chairman. Mr. Tang is responsible for the Group's overall financial management including accounting, treasury, corporate finance, tax, mortgage and investor relations, as well as strategic acquisitions for the Group. Prior to joining the Group in 2010, Mr. Tang was an equities trader covering Asia ex-Japan markets at Goldman Sachs Asia LLC. He graduated summa cum laude from the Wharton School of the

University of Pennsylvania, with a Bachelor of Science in Economics concentrating in Accounting and Finance and a minor in Psychology.

Independent Non-executive Directors

Norman LEUNG Nai Pang G.B.S, LL.D., J.P. has been an Independent Non-executive Director of NFGHL since 2009. Dr. Leung is the Chairman and an Independent Non-executive Director of Transport International Holdings Ltd., and an Independent Non-executive Director of Sun Hung Kai Properties Limited, both of which are listed on The Stock Exchange of Hong Kong Limited. Dr. Leung has been active in public service for 40 years and he served as Commissioner of the Civil Aid Service from 1993 to 2007, Chairman of the Broadcasting Authority from 1997 to 2002, a member of the Advisory Committee on Post-office Employment for former Chief Executives and Politically Appointed Officials from 2007 to 2013, Council Chairman of The City University of Hong Kong from 1997 to 2003 and Pro-Chancellor of The City University of Hong Kong from 2005 to 2016, Council Chairman of The Chinese University of Hong Kong from 1 May 2016 to 30 April 2022.

Joseph LAI Ming has been an Independent Non-executive Director of NFGHL since 2009. Mr. Lai is a fellow member of the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), the Chartered Institute of Management Accountants ("**CIMA**"), the Australian Institute of Certified Public Accountants and the Hong Kong Institute of Directors. He is also a founding member and first honorary treasurer of Opera Hong Kong Limited. Mr. Lai was the President of HKICPA in 1986 and the President of the Hong Kong Branch of CIMA in 1974 to 1975 and 1979 to 1980.

He retired as an Independent Non-executive Director of Jolimark Holdings Limited and the chairmanship of its Audit Committee on 21 May 2019. He resigned as an Independent Non-executive Director and Chairman of the Audit Committee of Country Garden Holdings Company Limited on 15 March 2024. Both companies are listed on The Stock Exchange of Hong Kong Limited. Mr. Lai retired from the board of Guangzhou R&F Properties Company Limited (another Hong Kong listed company) and the chairmanship of its Audit Committee on 19 May 2017.

Mignonne DAO ("**Mrs. Cheng**") has been an Independent Non-executive Director of NFGHL since 2015. In addition, she has also been an Independent Non-executive Director of Wheelock Properties Limited since 2012 until 2020 when the company was privatized. Currently she serves as a Council Member of the New Wheelock Advisory Council of Wheelock Properties Limited. Mrs. Cheng, a seasoned banker, has amassed over 50 years of experience in the financial sector with over 29 years in senior management positions in corporate and commercial banking as well as investment banking.

During the last 14 years she has dedicated her career to private banking. Mrs. Cheng is currently the Executive Chairman of the Bank J. Safra Sarasin Asia. Prior to that, she was the CEO and Chairman of BNP Paribas Wealth Management for Asia Pacific and a member of the Executive Committee of BNP Paribas Wealth Management, since the appointment in 2010. In addition, she was the G100 member of BNP Paribas Group.

Mrs. Cheng has also worked with Chase Manhattan Bank Hong Kong Branch for 18 years before joining BNP Paribas Group. Mrs. Cheng was a member of the Banking Advisory Committee chaired by The Honourable John Tsang, Financial Secretary of the HKSAR, and also served as a member of the Consultation Committee of the Basic Law of the HKSAR between 1985 and 1989 when the Basic Law was being drafted. During the years when she worked with the French Bank, she has made significant efforts to promote the French Arts and Culture, and as a result she was decorated with the honour of "Chevalier de la Mérite", "Légion d'honneur" and "Officier des Arts et des Lettres". She has served as Co-Chairman of the Board of French May Arts Festival for the last five years.

Non-executive Director

Stephen KUOK Hoi Sang *M.H.* was appointed as a Non-Executive Director of NFGHL in June 2017. Mr. Kuok is currently the Chairman of Chevalier Group, which is listed on The Stock Exchange of Hong Kong Limited. Mr. Kuok has over 45 years of experience in strategic planning and business operation management in property investment and development, investment projects, healthcare investment, car dealership, insurance, cold storage, building construction, civil engineering, building supplies, aluminum windows and curtain walls, lift and escalator as well as electrical and mechanical engineering. Mr. Kuok is the President of The Hong Kong Real Property Federation, the Council Member of The Hong Kong Federation of Electrical and Mechanical Contractors Limited, the Life Honorary President of The Lift and Escalator Contractors Association in Hong Kong, the Chairman of the Hong Kong — China Branch of The International Association of Elevator Engineers and a Registered Lift and Escalator Engineer in Hong Kong. Mr. Kuok was a member of the Guangzhou Committee of the Chinese People's Political Consultative Conference from the 9th to 12th sessions. He has served on a number of Hong Kong Government Boards and Committees, including the Election Committee, the Examination Committee (Registration of lift engineers and escalator engineers) and the Lift and Escalator Safety Advisory Committee of the Electrical and Mechanical Services Department (EMSD). In 2021, Mr. Kuok was conferred an Honorary Fellowship by the Vocational Training Council (VTC) in recognition of his significant contributions to the development of the construction and engineering industry as well as vocational training in Hong Kong. Mr. Kuok is the father of Mr. Raymond Kwok Chun Wai.

Senior Management

Peter BISGAARD is a Managing Director at Pivotal Life Sciences and Nan Fung Life Sciences. He joined the Group in 2017, and is responsible for life sciences investment strategies and operations in the United States. He was a senior partner at Novo Ventures and had been with Novo Ventures (US) Inc. since 2009. He was responsible for overall investment and portfolio strategy as well as ongoing development of Novo Ventures' team in the United States. Mr. Bisgaard was with Novo Ventures since 2001 in Denmark. Prior to Novo Ventures, he was with McKinsey & Co. and the Firm's Corporate Finance and Strategy Practice. Mr. Bisgaard has an M.Sc. in Engineering from the Technical University of Denmark and has a post graduate degree in Mathematical Modeling in Economics from the European Consortium for Mathematics in the Industry.

Billy HUI Him Yeung is the Deputy Head of Property Division, Director of the Group CEO's Office and Executive Assistant to the Group Managing Director of NFGHL. Mr. Hui is responsible for overseeing daily operations of the Group's real estate businesses in Hong Kong, China, the UK and the US, managing strategic investments, optimizing business processes and driving sustainability initiatives across the Group. Prior to joining the Group in 2013, Mr. Hui worked in Morgan Stanley and focused on managing divisional and cross-border operational issues. Mr. Hui graduated from the Hong Kong University of Science and Technology with a Bachelor of Business Administration in Management of Organizations and Operation Management.

Raymond KWOK Chun Wai is the Chief Digital Officer of Property Division and Head of International Property in the Group. Mr. Kwok is responsible for the Group's real estate investment activities in overseas markets with a focus in the United Kingdom. Before joining the Group in 2015, he was working as a real estate investment professional at Vervain Resources, as well as Lehman Brothers Real Estate Partners. Mr. Kwok also worked as an architectural designer at Skidmore Owings & Merrill in New York. He graduated from Cornell University with a Bachelor in Architecture. He further pursued his graduate studies at Harvard Business School and obtained his MBA. Mr. Kwok is the son of Mr. Stephen Kuok Hoi Sang.

Helen ZHU is the Managing Partner and Chief Investment Officer of Nan Fung Trinity, the financial investment and family office arm of Nan Fung Group. Before joining Nan Fung Trinity in 2019, Ms. Zhu was Head of China Equities at BlackRock. Prior to that, she spent eight years at Goldman Sachs, most recently as Chief China Strategist and earlier as Business Unit Leader for Asia TMT Research. Helen also worked at ABN AMRO as the head of the Asian Telecom Research team. Before that, she was in private investing for a corporation and in investment banking at Donaldson, Lufkin & Jenrette in Hong Kong and New York.

Helen serves on multiple advisory boards, including the IMF Investment Office and the MIT Sandbox Innovation Fund program. She is also a trustee of Milton Academy and a Fellow of the Aspen Institute's China Fellowship Program. Helen was educated at the Massachusetts Institute of Technology.

Connie Charlotte BERRY is the Treasury Director of the Group. She is responsible for the treasury affairs of the Group, including bond issuances, financing, cashflow, gearing and liquidity management. Mrs. Berry has over 20 years working experience in commercial and corporate banking in Hong Kong. Before joining the Group in 2010, she was a senior credit approver of the Corporate Credit Management Centre of Bank of China (HK) Limited and Vice-President, Credit Department of Agricultural Bank of China, Hong Kong Branch. Mrs. Berry graduated from the Chinese University of Hong Kong with a Bachelor degree in Social Science, and is a Chartered Financial Analyst.

Ronald LEUNG Wei Ping is the Financial Controller of the Group. Mr. Leung joined the Group in 1992 and is responsible for finance and treasury, cash management, daily operation, reporting & tax compliance of the Group. Mr. Leung has over 30 years of experience in the accounting field in Hong Kong. Mr. Leung was educated in Hong Kong and is a Certified Public Accountant.

Corporate Governance

Nan Fung seeks to maintain levels of corporate governance similar to those of a listed company. As a result, it has adopted a governance structure that includes three independent non-executive directors and one non-executive director (out of a total of 12 Directors) on its Board and a number of Board committees. In addition, the Group has a formalised range of policies and internal controls which are overseen ultimately by the Board and its committees. The Group's management provides detailed reports to the Board on major transactions including acquisitions and disposals of the Group on a quarterly basis.

Committees of the Board

Executive Committee

The Board of Directors has delegated a range of powers to the Executive Committee which consists of all eight Executive Directors of NFGHL. All decisions of the Executive Committee are copied to and noted by the full Board on a regular basis.

The Board of Directors has also established various other committees, namely the Finance and Investment Committee, which is tasked with establishing and ensuring strict adherence to risk management and investment guidelines for the Group's financial investment portfolio, the Group Support, Operations and General Administration Committee, the Hong Kong Property Development and Investment Committee, the China Property Development and Investment Committee, the International Property Development and Investment Committee, the Life Sciences Committee and the SEWIT Committee, which is tasked to develop sustainability and ESG related strategies and oversee such implementation. These committees oversee the management of the major businesses of the Group subject to certain limits imposed by the terms of reference of these committees. Authorities with limits of lesser amounts are delegated by the Board of Directors to individual officers.

Audit and Risk Management Committee

The Audit and Risk Management Committee consists solely of two Independent Non-executive Directors, namely Norman Leung and Joseph Lai and one Non-executive Director, Stephen Kuok.

The Audit and Risk Management Committee is responsible for reviewing the effectiveness of the financial reporting system, risk management systems and internal control procedures. The committee monitors the integrity of the financial statements, reviewing any significant financial reporting judgements and compliance with financial reporting standards. Other responsibilities include engagement/removal of auditors, monitoring the auditors' independence and objectivity, approval of the auditors' remuneration, discussion of audit procedures and any other related matters.

Remuneration Committee

The Remuneration Committee consists solely of all three Independent Non-executive Directors, namely Norman Leung, Joseph Lai and Mignonne Cheng.

The main responsibility of the Remuneration Committee is to determine the remuneration structure of the Executive Directors and senior management of the Group, taking into account the salaries and benefits paid by comparable companies, as well as the time commitment and responsibilities of the Executive Directors and senior management. It makes recommendations to the Board for the remuneration of Non-executive Directors. It also evaluates and makes recommendations as to employee benefits. The committee also reviews and approves performance-based remuneration by reference to the goals and objectives set by the Board and compensation arrangements made on termination of or dismissal from office.

The Remuneration Committee ensures that no Director is involved in deciding his/her own remuneration.

Conflicts Committee

The Conflicts Committee consists solely of all three Independent Non-Executive Directors, namely Norman Leung, Joseph Lai and Mignonne Cheng.

The responsibility of the Conflicts Committee is to manage conflicts of interest arising as a result of the interests of any member of the Board of Directors. The committee considers all significant contracts between any member of the Group and any Director (or their related parties) and ensures that any such contracts are entered into on an arm's length and independent basis. The committee is authorised to examine any activity within its terms of reference and may seek any information from any Director or employee, who is required to co-operate with any request of the committee.

SHAREHOLDERS, DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS

Shareholders

As at 30 September 2025, the issued share capital of the Guarantor was HK$62,743,532,190, comprising 62,743,532,190 no par value shares. The Guarantor is ultimately wholly owned by CGIL.

On 17 June 2012, the Group's founder, former Chairman and sole shareholder, Dr. Chen Din Hwa passed away following a long illness. Dr. Chen's estate, including his 100 per cent. ownership of CGIL, is located in a number of jurisdictions and therefore probate has had to be obtained in each such jurisdiction. The Grant of Probate of Will in respect of Hong Kong was issued by the High Court of Hong Kong on 16 April 2013, whilst the Grant of Probate of Will in respect of the British Virgin Islands was issued by the High Court of Justice of the British Virgin Islands on 28 August 2013. The shares in CGIL were transferred into the names of the executors of Dr. Chen's will, being Ms. Vivien Chen and three solicitors who have advised Dr. Chen and his companies over many years, on 20 November 2013, and the executors of Dr. Chen's will, in their capacity as such, will hold the shares for the benefit of the estate until administration of the estate is completed and a distribution is made to the beneficiaries under the will. One of the executors passed away in February 2018 and the shares in CGIL are now registered under the names of the remaining three executors. The Executors have made distribution to the beneficiaries of the Estate of cash income which the Estate received since 2019. The Board of Directors does not anticipate any change in the composition of the Board of Directors as a result of the distribution of the estate to the beneficiaries under Dr. Chen's will.

The beneficiaries of Dr. Chen's will are The D.H. Chen Foundation and Dr. Chen's family members. The D.H. Chen Foundation is a charitable foundation founded by Dr. Chen in 1970. Ms. Vivien Chen is currently the Chairman of the Board of Trustees of The D.H. Chen Foundation.

Directors' Interests

As at the date of this Offering Circular, except for Antony LEUNG Kam Chung, Vincent CHEUNG Sai Sing, Frank SETO Kai Shui, Vanessa CHEUNG Tih Lin, Meng GAO and Nelson TANG Chun Wai, none of the Directors has any interests in the shares or underlying shares of Nan Fung, or any of its subsidiaries, joint ventures and associated companies.

Related Party Transactions

The Group has in the past engaged in transactions with its Directors and controlling shareholder and other related parties, and expects that it will continue to enter into such transactions in the future. The Group has in place certain checks and balances to ensure that the Group's interests (and those of its beneficial shareholder) are protected in relation to related party transactions.

Prior to 2009, responsibility for supervision and oversight of related party transactions was with the respective boards and/or shareholder(s) of the relevant Group companies and/or Dr. Chen, and any related party transaction entered into by the Group would have had to be notified, approved or sanctioned by such parties.

In 2009, the Group constituted a Conflicts Committee with responsibility for supervision and oversight of related party transactions carried out by the Group, which committee is presently comprised solely of the three INEDs. This committee reviews all related party transactions and ensures that they are on commercial terms that would apply for arm's length transactions with independent parties. In addition, the Audit and Risk Management Committee considers all related party contracts and financial arrangements and NFGHL has specific Board guidelines in place that regulate conflicts of interest.

Significant related party transactions carried out by the Group during the six months ended 30 September 2025 and 2024 and during the years ended 31 March 2025, 2024 and 2023 are disclosed in accordance with IFRS in note 26 to the Interim Financial Information, note 34 to the 2025 Audited Financial Statements and note 35 to the 2024 Audited Financial Statements. They include property development and sale, construction, management, marketing, leasing and administrative services, and the provision of loans and guarantees (see "*Risk Factors — There are significant amounts due from the Group to its related companies and individuals*").

EXCHANGE RATES

The HK dollar is freely convertible into the U.S. dollar. Since 1983, the HK dollar has been linked to the U.S. dollar. Under existing Hong Kong law, there are no foreign exchange controls or other laws, decrees or regulations that affect the remittance of payments to U.S. residents. The Basic Law of the Hong Kong Special Administrative Region of the PRC, which came into effect on 1 July 1997, provides that no foreign exchange control policies may be applied in Hong Kong. Although the market exchange rate of the HK dollar against the U.S. dollar was and continues to be determined by forces of supply and demand in the foreign exchange markets, between 1983 and May 2005 Hong Kong maintained a fixed rate system which sets the rate of exchange at HK$7.80 per U.S. dollar (the "**Linked Exchange Rate System**"). However, in May 2005, the Hong Kong Monetary Authority broadened the 22-year trading band from the original rate of HK$7.80 per U.S. dollar to a new range varying between HK$7.75 and HK$7.85 per U.S. dollar. The Hong Kong government has indicated its intention to maintain the Linked Exchange Rate System. The Hong Kong government has also stated that it has no intention of imposing exchange controls and that the HK dollar will remain freely convertible into other currencies, including the U.S. dollar. However, no assurance can be given that the Hong Kong government will maintain the trading band at HK$7.75 to HK$7.85 per U.S. dollar or at all. As a result of the Linked Exchange Rate System, exchange rates between the HK dollar and other currencies are influenced by the value of the U.S. dollar.

The following tables sets forth, for the periods indicated, certain information concerning the exchange rates between HK dollars and U.S. dollars. The exchange rates reflect the exchange rates as set forth in the H.10 statistical release of the Federal Reserve Board.

	Exchange Rate			
Period	**Period End**	**Average**(1)	**High**	**Low**
		(HK$ per U.S.$1.00)		
2020	7.7534	7.7562	7.7951	7.7498
2021	7.7996	7.7752	7.8034	7.7515
2022	7.8015	7.8324	7.8499	7.7693
2023	7.8109	7.8309	7.8499	7.7920
2024	7.7677	7.8030	7.8368	7.7617
2025	7.7833	7.7967	7.8499	7.7500
2026				
January	7.8096	7.7965	7.8096	7.7844
February	7.8221	7.8163	7.8232	7.8097
March	7.8400	7.8268	7.8400	7.8053
April	7.8334	7.8334	7.8372	7.8239

Note:

(1) Determined by averaging the rates on the last business day of each month during the relevant year, except for monthly average rates, which are determined by averaging the daily rates during the respective months.

TAXATION

The following summary of certain tax consequences of the purchase, ownership and disposition of the Bonds is based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any holder of the Bonds or any persons acquiring, selling or otherwise dealing in the Bonds or on any tax implications arising from the acquisition, sale or other dealings in respect of the Bonds. Persons considering the purchase of the Bonds should consult their own tax advisers concerning the possible tax consequences of buying, holding or selling any Bonds under the laws of their country of citizenship, residence or domicile.

British Virgin Islands

The Issuer, as a company incorporated under the BVI Business Companies Act, 2004, as amended, of the British Virgin Islands, is exempt from all provisions of the Income Tax Act (as amended) of the British Virgin Islands (including with respect to all amounts of principal and premium payable in respect of the Bonds and other amounts payable by the Issuer to persons who are not persons resident in the British Virgin Islands).

Capital gains realised with respect to the Bonds by persons who are not persons resident in the British Virgin Islands are also exempt from all provisions of the Income Tax Act of the British Virgin Islands.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the British Virgin Islands with respect to the Bonds.

Hong Kong

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Bonds or in respect of any capital gains arising from the sale of the Bonds.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Bonds may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

(a) interest on the Bonds is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the "**IRO**")) and arises through or from the carrying on by the financial institution of its business in Hong Kong;

(b) interest on the Bonds is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;

(c) interest on the Bonds is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business; or

(d) interest on the Bonds is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums derived from the sale, disposal or redemption of Bonds will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Bonds are acquired and disposed of.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of Bonds will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Bonds will be subject to Hong Kong profits tax.

In addition, with effect from 1 January 2024, pursuant to various foreign-sourced income exemption legislation in Hong Kong (the "**FSIE Amendments**"), certain specified foreign-sourced income (including interest, dividend, disposal gain or intellectual property income, in each case, arising in or derived from a territory outside Hong Kong) accrued to an MNE entity (as defined in the FSIE Amendments) carrying on a trade, profession or business in Hong Kong is regarded as arising in or derived from Hong Kong and subject to Hong Kong profits tax when it is received in Hong Kong. The FSIE Amendments also provide for relief against double taxation in respect of certain foreign-sourced income and transitional matters.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue or subsequent transfer of the Bonds.

The proposed European Union financial transactions tax (the "FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Bonds (including secondary market transactions) in certain circumstances. The issuance and subscription of Bonds should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Bonds where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional European Union Member States may decide to participate.

Prospective holders of the Bonds are advised to seek their own professional advice in relation to the FTT.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "**foreign financial institution**" (as defined by FATCA) may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including Hong Kong) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and the Bonds characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are published generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. However, if additional Bonds (as described under "*Terms and Conditions—Further Issues*") that are not distinguishable from previously issued Bonds are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Bonds, including the Bonds offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Bonds.

SUBSCRIPTION AND SALE

The Issuer and the Guarantor have entered into a subscription agreement with the Joint Lead Managers dated 14 May 2026 (the "**Subscription Agreement**"), pursuant to which and subject to certain conditions contained therein, the Issuer and the Guarantor have jointly and severally agreed to sell to the Joint Lead Managers, and the Joint Lead Managers have agreed to severally, but not jointly, subscribe and pay for, or to procure subscribers to subscribe and pay for, the principal amount of the Bonds as set forth opposite their names in the following table:

Name of Joint Lead Manager	**Principal amount of Bonds to be subscribed**
	(U.S.$)
The Hongkong and Shanghai Banking Corporation Limited	125,000,000
Goldman Sachs (Asia) L.L.C.	125,000,000
J.P. Morgan Securities (Asia Pacific) Limited	125,000,000
UBS AG Hong Kong Branch	125,000,000
Total	500,000,000

The Subscription Agreement provides that the Issuer and the Guarantor will jointly and severally indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Bonds. The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent, and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

The Joint Lead Managers and certain of their subsidiaries and affiliates may have performed certain investment banking and advisory services for the Issuer, the Guarantor and/or their affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer, the Guarantor and/or their affiliates in the ordinary course of their business.

The Joint Lead Managers or certain of their affiliates may purchase the Bonds and be allocated the Bonds for asset management and/or proprietary purposes but not with a view to distribution. The Joint Lead Managers or their respective affiliates may purchase the Bonds for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Bonds and/or other securities of the Issuer, the Guarantor or their subsidiaries or associates at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Bonds).

In addition, the Issuer and the Guarantor agreed with the Joint Lead Managers that the Issuer and the Guarantor will pay a commission to certain private banks in connection with the distribution of the Bonds to their clients. This commission will be based on the principal amount of the Bonds so distributed, and may be deducted from the purchase price for the Bonds payable by such private banks upon settlement.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and any Joint Lead Manager or any affiliate of a Joint Lead Manager is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Joint Lead Manager or such affiliate on behalf of the Issuer and the Guarantor in such jurisdiction.

In connection with the offering, any of the Joint Lead Managers acting as Stabilisation Manager or any person acting on its behalf may, to the extent permitted by applicable laws and directives, engage in transactions that stabilise or otherwise affect the market price of the Bonds. These transactions consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of the Bonds.

If the Stabilisation Manager or its agent create a short position in the Bonds in connection with the offering (i.e. if the Stabilisation Manager or its agent sells more Bonds than are set forth on the cover page of this Offering Circular), the Stabilisation Manager or its agent may reduce that short position by purchasing Bonds in the open market. In general, purchases of a Bond for the purpose of stabilisation or to reduce a short position could cause the price of the Bonds to be higher than it might be in the absence of such purchases. There is no assurance, however, that the Stabilisation Manager or its agent will undertake stabilisation action. Any stabilisation action may begin on or after the date adequate public disclosure of the terms of the offer of the Bonds is made and, if begun, may be ended at any time and must be brought to an end after a limited period.

Neither the Issuer, the Guarantor nor the Stabilisation Manager makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Bonds. In addition, neither the Issuer, the Guarantor nor the Stabilisation Manager makes any representation that the Stabilisation Manager or its agent will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice.

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the SFC Code – Important Notice to CMIs (including private banks)

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, the Guarantor, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the Guarantor, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Bonds. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer, the Guarantor or any CMI (including its group companies) and inform the Joint Lead Managers accordingly.

CMIs are informed that the marketing and investor targeting strategy for this offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions set out elsewhere in this Offering Circular.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Bonds (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer or the Guarantor. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the Bonds.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Joint Lead Managers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Bonds, private banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a "principal" basis may require the relevant affiliated Joint Lead Manager(s) (if any) to categorise it as a proprietary order and apply the "proprietary orders" requirements of the SFC Code to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any "Associations" (as used in the SFC Code);
- Whether any underlying investor order is a "Proprietary Order" (as used in the SFC Code);
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to: hk_syndicate_omnibus@hsbc.com.hk, gs-hk-dcm-omnibus@gs.com, investor.info.hk.oc.bond.deals@jpmorgan.com and sh-asia-ccs-dcm-filing@ubs.com.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, the Guarantor, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The Joint Lead Managers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Joint Lead Manager with such evidence within the timeline requested.

General

The Bonds are a new issue of securities with no established trading market. No assurance can be given as to the liquidity of any trading market for the Bonds.

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Bonds is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

No action has been taken or will be taken in any jurisdiction that would permit a public offering of the Bonds, or possession or distribution of this Offering Circular or any amendment or supplement thereto or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required.

United States

(i) Each Joint Lead Manager understands that the Bonds and the Guarantee of the Bonds have not been and will not be registered under the Securities Act, and the Bonds may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

(ii) Each Joint Lead Manager represents and agrees that it has not offered or sold, and will not offer or sell, any Bonds and Guarantee constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act.

(iii) Each Joint Lead Manager represents and agrees that it, its affiliates or any persons acting on its or their behalf have not engaged and will not engage in any directed selling efforts with respect to the Bonds and the Guarantee.

Terms used above have the meaning given to them by Regulation S.

Prohibition of sales to EEA Retail Investors

Each Joint Lead Manager has represented and agreed, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds which are the subject of the offering contemplated by this Offering Circular in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

  (iv) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

  (v) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

  (vi) not a qualified investor as defined in Regulation (EU) 2017/1129; and

(b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds.

United Kingdom

Prohibition of sales to UK Retail Investors

Each Joint Lead Manager has represented and agreed, that it has not offered, sold, distributed or otherwise made available and will not offer, sell, distribute or otherwise make available any Bonds which are the subject of the offering contemplated by this Offering Circular in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression retail investor means a person who is either one (or both) of the following:

 (i) not a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018; or

 (ii) not a qualified investor as defined in paragraph 15 of Schedule 1 to the Public Offers and Admissions to Trading Regulations 2024; and

(b) the expression offer includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to buy or subscribe for the Bonds.

Other regulatory restrictions

Each Joint Lead Manager has represented, warranted and agreed that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("**FSMA**")) received by it in connection with the issue or sale of any Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Bonds in, from or otherwise involving the United Kingdom.

Hong Kong

Each Joint Lead Manager has represented and agreed that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Singapore

Each Joint Lead Manager has acknowledged that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Japan

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "**FIEA**") and each Joint Lead Manager has represented and agreed that it has not offered or sold and will not offer or sell any Bonds, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

British Virgin Islands

Each Joint Lead Manager has represented and agreed that no offer has been or will be made, and no Bonds will be sold, directly or indirectly to any person resident in the British Virgin Islands to subscribe for any of the Bonds.

GENERAL INFORMATION

Clearance of the Bonds

The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code number 331498718 and the International Securities Identification Number (ISIN) for the Bonds is XS3314987184.

Issuer LEI

The Issuer's LEI is 254900S3BMA32ATT9Q05.

Listing of the Bonds

Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only. It is expected that the permission to deal in, and listing of, the Bonds on the Hong Kong Stock Exchange will commence on 22 May 2026.

Consents and Approvals

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue of and performance of its obligations under the Bonds, the Deed of Covenant and the Agency Agreement. The issue of the Bonds was approved and authorised by resolutions of the board of directors of the Issuer passed on 11 March 2026. The Guarantor has obtained all necessary consents, approvals and authorisations in connection with the giving of the Guarantee of the Bonds and the performance of its obligations under the Deed of Guarantee and the Agency Agreement. The giving of the Guarantee of the Bonds was approved and authorised by resolutions of the board of directors of the Guarantor passed on 11 March 2026.

No Material Adverse Change or Pending Litigation

Save as disclosed in the Offering Circular, there has been no material adverse change, or any development reasonably likely to involve a material adverse change, in the condition (financial or otherwise), prospects or results of operations of the Issuer, the Company or the Group (taken as a whole) since 30 September 2025.

The Group is from time to time involved in legal proceedings arising in the ordinary course of its business, including as both plaintiff or defendant in litigation or arbitration proceedings. There are no current litigation or arbitration proceedings against the Issuer, the Company or any other member of the Group that could have a material adverse effect on its financial condition or results of operations or the ability of the Issuer and the Company to perform their obligations under the Bonds and the Guarantee of the Bonds, respectively.

Inspection of Accounts

For so long as any of the Bonds is outstanding, copies of the following documents will be available for inspection, with proof of holdings and prior written request, at the specified office of the Fiscal Agent at Level 26, HSBC Main Building, 1 Queen's Road Central, Hong Kong, during normal business hours:

(a) this Offering Circular which contains the Audited Financial Statements and Interim Financial Information;

(b) the Agency Agreement;

(c) the Deed of Covenant; and

(d) the Deed of Guarantee.

The Audited Financial Statements which are included in this Offering Circular, have been audited by PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, the independent auditor of the Guarantor, whose audit report is included herein.

INDEX TO THE CONSOLIDATED FINANCIAL INFORMATION OF THE GUARANTOR

Note:

(1) The Guarantor's unaudited condensed consolidated interim financial information as at and for the six months ended 30 September 2025 reproduced in this Offering Circular has been reviewed by the independent auditor of the Guarantor in accordance with ISRE 2410 issued by the IAASB.

NAN FUNG INTERNATIONAL HOLDINGS LIMITED
(incorporated in the British Virgin Islands with limited liability)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST MARCH 2024

INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS OF NAN FUNG INTERNATIONAL HOLDINGS LIMITED
(incorporated in the British Virgin Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of Nan Fung International Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 4 to 97, comprise:

- the consolidated balance sheet as at 31st March 2024;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31st March 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

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 Consolidated 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 Group 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.

Responsibilities of Directors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, the directors are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.

INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS OF NAN FUNG INTERNATIONAL HOLDINGS LIMITED (CONTINUED)
(incorporated in the British Virgin Islands with limited liability)

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

- 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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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, 25th June 2024

NAN FUNG INTERNATIONAL HOLDINGS LIMITED
(incorporated in the British Virgin Islands with limited liability)

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2024

	Note	2024 HK$'000	2023 HK$'000
Revenue	5, 6	3,944,247	10,292,400
Cost of sales		(1,488,467)	(5,657,359)
Gross profit		2,455,780	4,635,041
Net gain/(loss) on financial investments	7	900,325	(733,659)
Other income and gains, net	8	846,810	39,095
Net change in fair values of investment properties	15	(5,191,873)	(387,766)
Other operating expenses		(2,619,066)	(2,389,749)
Operating (loss)/profit	9	(3,608,024)	1,162,962
Finance income		795,045	591,360
Finance expenses		(659,955)	(274,047)
Other finance charges and net exchange difference on financing activities		(53,361)	(23,286)
Finance income, net	11	81,729	294,027
Share of results of			
- Joint ventures	5, 17	40,129	407,974
- Associates	5, 18	(363,407)	(177,206)
(Loss)/profit before income tax		(3,849,573)	1,687,757
Income tax credit/(expense)	12	166,410	(479,120)
(Loss)/profit for the year		(3,683,163)	1,208,637
(Loss)/profit for the year attributable to:			
- Owners of the Company		(3,828,641)	1,038,001
- Holders of perpetual capital securities		195,623	195,978
- Non-controlling interests		(50,145)	(25,342)
		(3,683,163)	1,208,637

NAN FUNG INTERNATIONAL HOLDINGS LIMITED
(incorporated in the British Virgin Islands with limited liability)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH 2024

	2024 HK$'000	2023 HK$'000
(Loss)/profit for the year	(3,683,163)	1,208,637
Other comprehensive loss		
Items that may be reclassified subsequently to profit or loss		
Share of other comprehensive loss of joint ventures and associates	(63,223)	(206,295)
Release of exchange reserves upon liquidation of subsidiaries	(31,152)	-
Release of exchange reserves upon disposal of subsidiaries	(12,168)	-
Cash flow hedges:		
Fair value change	(15,621)	(52,230)
Cost of hedging	(1,102)	(2,745)
Hedging gain reclassified to profit or loss	16,229	52,845
Exchange translation differences	(976,303)	(1,628,230)
Other comprehensive loss for the year	(1,083,340)	(1,836,655)
Total comprehensive loss for the year	(4,766,503)	(628,018)
Total comprehensive loss attributable to:		
- Owners of the Company	(4,838,941)	(693,875)
- Holders of perpetual capital securities	195,623	195,978
- Non-controlling interests	(123,185)	(130,121)
	(4,766,503)	(628,018)

NAN FUNG INTERNATIONAL HOLDINGS LIMITED
(incorporated in the British Virgin Islands with limited liability)

CONSOLIDATED BALANCE SHEET
AS AT 31ST MARCH 2024

	Note	2024 HK$'000	2023 HK$'000
Assets			
Non-current assets			
Property, plant and equipment	14	2,860,022	1,910,567
Investment properties	15	81,785,011	87,114,723
Right-of-use assets	16	820,685	887,480
Joint ventures	17	4,150,109	4,052,108
Associates	18	2,794,559	2,848,470
Financial assets at fair value through profit or loss	23	16,893,959	18,803,683
Loans and other receivables	19	4,040,687	4,724,210
Amounts due from investee companies	20	39,680	40,358
Deferred income tax assets	27	953,764	480,124
Other non-current asset		43,525	-
		114,382,001	120,861,723
Current assets			
Properties for sale	21	9,625,659	9,882,724
Trade and other receivables, deposits and prepayments	22	3,610,546	5,768,160
Financial assets at fair value through profit or loss	23	11,804,567	10,372,119
Prepaid tax		142,875	216,981
Cash and bank balances	24	13,411,158	14,674,829
		38,594,805	40,914,813
Total assets		152,976,806	161,776,536
Equity			
Equity attributable to the owners of the Company			
Share capital	25	62,743,532	62,743,532
Reserves	26	43,506,646	48,345,587
		106,250,178	111,089,119
Perpetual capital securities	25	3,886,762	3,886,797
		110,136,940	114,975,916
Non-controlling interests		476,336	627,271
Total equity		110,613,276	115,603,187

NAN FUNG INTERNATIONAL HOLDINGS LIMITED
(incorporated in the British Virgin Islands with limited liability)

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31ST MARCH 2024

	Note	2024 HK$'000	2023 HK$'000
Liabilities			
Non-current liabilities			
Deferred income tax liabilities	27	3,529,886	3,622,656
Bank and other borrowings	28	25,899,306	30,973,189
Lease liabilities		90,032	106,564
Other long-term liabilities		21,779	34,110
		29,541,003	34,736,519
Current liabilities			
Trade and other payables, deposits and accruals	29	8,709,544	8,545,327
Contract liabilities	30	23,373	39,266
Financial liabilities at fair value through profit or loss	23	266,589	95,842
Lease liabilities		11,953	15,352
Bank and other borrowings	28	3,299,462	2,142,175
Tax payable		511,606	598,868
		12,822,527	11,436,830
Total liabilities		42,363,530	46,173,349
Total equity and liabilities		152,976,806	161,776,536

On behalf of the Board

Cheung Pui Kuen
Director

Tang Chun Wai Nelson
Director

NAN FUNG INTERNATIONAL HOLDINGS LIMITED
(incorporated in the British Virgin Islands with limited liability)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MARCH 2024

	Attributable to owners of the Company							
	Share capital HK$'000	Retained earnings HK$'000	Merger reserve HK$'000	Other reserves HK$'000	Total HK$'000	Perpetual capital securities HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1st April 2023	62,743,532	82,943,119	(33,060,444)	(1,537,088)	111,089,119	3,886,797	627,271	115,603,187
Comprehensive loss								
Loss for the year	-	(3,828,641)	-	-	(3,828,641)	195,623	(50,145)	(3,683,163)
Other comprehensive loss	-	-	-	(1,010,300)	(1,010,300)	-	(73,040)	(1,083,340)
Total comprehensive loss	-	(3,828,641)	-	(1,010,300)	(4,838,941)	195,623	(123,185)	(4,766,503)
Disposal of a subsidiaries	-	-	-	-	-	-	(177,829)	(177,829)
Release of other reserve upon liquidation of subsidiaries	-	(6,216)	-	6,216	-	-	-	-
Dividend paid to non-controlling interest	-	-	-	-	-	-	(21,613)	(21,613)
Capital injection of non-controlling interests	-	-	-	-	-	-	175,089	175,089
Acquisition of non-controlling interests	-	-	-	-	-	-	(410)	(410)
Settlement of non-controlling interests	-	-	-	-	-	-	(2,987)	(2,987)
Transfer of statutory reserve of an associate and a subsidiary	-	(9,879)	-	9,879	-	-	-	-
Distribution paid to holders of perpetual capital securities	-	-	-	-	-	(195,658)	-	(195,658)
At 31st March 2024	62,743,532	79,098,383	(33,060,444)	(2,531,293)	106,250,178	3,886,762	476,336	110,613,276

NAN FUNG INTERNATIONAL HOLDINGS LIMITED
(incorporated in the British Virgin Islands with limited liability)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2024

	Attributable to owners of the Company							
	Share capital HK$'000	Retained earnings HK$'000	Merger reserve HK$'000	Other reserves HK$'000	Total HK$'000	Perpetual capital securities HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1st April 2022	62,743,532	83,282,320	(33,060,444)	19,881	112,985,289	3,886,765	2,091,079	118,963,133
Comprehensive income								
Profit for the year	-	1,038,001	-	-	1,038,001	195,978	(25,342)	1,208,637
Other comprehensive income	-	-	-	(1,731,876)	(1,731,876)	-	(104,779)	(1,836,655)
Total comprehensive income	-	1,038,001	-	(1,731,876)	(693,875)	195,978	(130,121)	(628,018)
Dividend paid to owners of the Company (note 13)	-	(1,367,809)	-	-	(1,367,809)	-	-	(1,367,809)
Dividend paid to non-controlling interest	-	-	-	-	-	-	(1,070,340)	(1,070,340)
Capital injection of non-controlling interests	-	-	-	-	-	-	8,795	8,795
Acquisition of non-controlling interests	-	-	-	165,514	165,514	-	(272,142)	(106,628)
Transfer of statutory reserve of an associate and a subsidiary	-	(9,393)	-	9,393	-	-	-	-
Distribution paid to holders of perpetual capital securities	-	-	-	-	-	(195,946)	-	(195,946)
At 31st March 2023	62,743,532	82,943,119	(33,060,444)	(1,537,088)	111,089,119	3,886,797	627,271	115,603,187

NAN FUNG INTERNATIONAL HOLDINGS LIMITED
(incorporated in the British Virgin Islands with limited liability)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH 2024

	Note	2024 HK$'000	2023 HK$'000
Cash flows from operating activities			
Net cash generated from operations	31(a)	3,892,859	3,680,915
Profits tax paid		(247,806)	(230,730)
Net cash from operating activities		3,645,053	3,450,185
Cash flows from investing activities			
Interest received		766,957	558,804
Purchase of property, plant and equipment		(24,600)	(34,310)
Proceeds from disposal of property, plant and equipment		1,191	1,860
Additions to investment properties		(1,980,597)	(1,286,224)
Decrease in amounts due from investee companies		678	2,798
(Decrease)/increase in amounts due to investee companies		(6,163)	6,163
Decrease/(increase) in amounts due from non-controlling interests		935,307	(42,497)
Increase in investment in joint ventures		(73,611)	(36,067)
Decrease in amounts due from joint ventures		96,275	204,179
Dividends received from joint ventures		11,000	36,050
Increase in amounts due to joint ventures		359,850	202,500
Decrease in investment in associates		28,577	59,923
Increase in amounts due from associates		(18,699)	(24,358)
Dividends received from associates		2,500	4,250
Increase in amounts due to associates		68,071	-
Net proceeds from disposal of interests in subsidiaries	31(b)	301,269	-
Decrease in loans and other receivables		731,687	1,999,698
(Increase)/decrease in amounts due from fellow subsidiary companies		(444)	110
(Increase)/decrease in amounts due from related companies		(718)	225
Decrease in amount due from an immediate holding company		-	307,606
(Increase)/decrease in amounts due from ultimate holding company		(424)	19
Decrease/(increase) in short term bank deposits with original maturities more than three months		1,051,070	(22,130)
Net cash generated from investing activities		2,249,176	1,938,599

NAN FUNG INTERNATIONAL HOLDINGS LIMITED
(incorporated in the British Virgin Islands with limited liability)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2024

	Note	2024 HK$'000	2023 HK$'000
Cash flows from financing activities	31(d)		
Interest paid		(1,246,294)	(1,274,831)
(Decrease)/increase in amounts due to related companies and individuals		(18,788)	40,697
Increase in amount due to immediate holding company		50,732	32,563
(Decrease)/increase in amount due to ultimate holding company		(991,140)	1,010,694
Capital injection from non-controlling interests		175,089	8,795
Increase in amounts due to non-controlling interests		88,154	458,971
Repayment of medium term notes		(392,171)	(3,823,377)
Distribution paid to holders of perpetual capital securities		(195,658)	(195,946)
Principal elements of lease payments		(20,288)	(20,905)
Drawdown of bank and other borrowings		10,429,760	6,045,139
Repayment of bank and other borrowings		(13,882,654)	(6,567,132)
Dividend paid to owners of the Company		-	(1,367,809)
Dividend paid to non-controlling interest		(21,614)	(75,860)
Acquisition of non-controlling interests		(410)	(106,628)
Settlement of non-controlling interests		(2,987)	-
Net cash used in financing activities		(6,028,269)	(5,835,629)
Net decrease in cash and cash equivalents		(134,040)	(446,845)
Cash and cash equivalents at beginning of year		13,609,993	14,121,133
Currency translation differences		(78,561)	(64,295)
Cash and cash equivalents at end of year	24	13,397,392	13,609,993

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

Nan Fung International Holdings Limited (the "Company") is a limited liability company incorporated in the British Virgin Islands on 8th August 2011 and is wholly and beneficially owned by Dr. Chen Din Hwa ("Dr. Chen"). In June 2012, Dr. Chen had deceased.

The Company and its subsidiaries are collectively referred to as the "Group". The ultimate holding company of the Company is Chen's Group International Limited ("CGIL"). CGIL is wholly owned by Dr. Chen's Estates.

The address of the Company's registered office is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

The Company's principal activity is investment holding. The principal activities of the Group are property investment and development, hotel operation, investment holding and trading, building management, provision of construction contracting services and provision of properties related services.

The consolidated financial statements are presented in thousands of Hong Kong dollar ("HK$'000") unless otherwise stated. The consolidated financial statements were approved for issue by the Board of Directors on 25th June 2024.

2 Summary of material accounting policies

The material accounting policies applied in the preparation of these consolidated 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 consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss, which are carried at fair values.

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

2 Summary of material accounting policies (Continued)

(a) Basis of preparation (Continued)

(i) New standard and amendments to standards adopted by the Group

The Group has adopted the following new standard and 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 Group is in the process of assessing its exposure to the Pillar Two model rules when it comes into effect. For other new standard and amendments to standards, the Group has assessed the impact of the adoption of these new standard and amendments to standards, there is neither significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies and presentation of the consolidated financial statements.

(ii) Amendments to standards which are not yet effective for this financial year and have not been early adopted by the Group

The Group has not early adopted the following new standards and amendments to standards that have been issued but are not yet effective for the year ended 31st March 2024:

		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
IFRS 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

2 Summary of material accounting policies (Continued)

(a) Basis of preparation (Continued)

(ii) Amendments to standards which are not yet effective for this financial year and have not been early adopted by the Group (Continued)

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

(b) Consolidation

(i) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated unless the transaction provides evidence of an impairment of the transferred asset. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer’s previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means the amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified or permitted by applicable IFRS.

2 Summary of material accounting policies (Continued)

(b) Consolidation (Continued)

(ii) Transactions with non-controlling interests

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Joint arrangements

Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has both joint operations and joint ventures.

(a) Joint operations

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. Details of the joint operation are set out in note 36(a).

(b) Joint ventures

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

2 Summary of material accounting policies (Continued)

(b) Consolidation (Continued)

(iv) Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of post-acquisition profit or loss is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The financial statements of the associates used for this purpose cover a year end of not more than three months before the Group's year end and serve as the most recent available financial information. Where a significant event occurs between the associates' year end and that of the Group, adjustments are made in the consolidated financial statements for the effect of the event.

The Group determines at each reporting date whether there is any objective evidence that the investment in associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of results of associates' in the consolidated income statement.

(v) Venture capital organisation

The Group formed an investment committee constitute key management personnel of the Group with policies on managing certain existing and future investments on a fair value basis for a medium-term for capital growth and would seek to exit upon expiration of the investment period, in accordance with the new risk management strategy and on which the information is reported to the directors of the Group on the same basis.

IAS 28 provides an exemption from applying the equity method of accounting if an investment in a joint venture or an associate is held by or indirectly through an entity that is a venture capital orgainsation ("VCO"). A joint venture or an associate that held by an entity that qualifies for the VCO exemption is exempted from equity method and measured at fair value under IFRS 9 as the equity investments are:

- managed on a fair value basis as part of a portfolio, and this is the basis on which information is reported to key management personnel;
- acquired for medium growth in fair value; and
- unrelated to the principal operations of the reporting entity.

2 Summary of material accounting policies (Continued)

(b) Consolidation (Continued)

(v) Venture capital organisation (Continued)

As the business objective is similar to that of a VCO in respect of an investment entity, the Group applied an exemption from applying the equity method in accounting for its investment in a joint venture or an associate and designated such investment at fair value through profit or loss in accordance with IFRS 9 as the investments are part of a business model.

The gain or loss on the remeasurement of a joint venture or an associate that results in change above represents the difference between (i) the fair value of the consideration/investment and (ii) the Group's entire carrying amount of that joint venture or associate (including goodwill) and any related accumulated currency translation differences. All of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Group are reclassified to profit or loss.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong dollar ("HK dollar"), which is the Group's presentation currency and the Company's functional currency.

(ii) Transactions and balances

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 consolidated income statement. They are deferred in equity if they relate to qualifying hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated income statement within 'finance income, net'. All other foreign exchange gains and losses are presented in the consolidated income statement within 'other income and gains, net'.

Translation differences on non-monetary financial assets and liabilities such as equities held at FVTPL are recognised in consolidated income statement as part of the fair value gain or loss.

2 Summary of material accounting policies (Continued)

(c) Foreign currency translation (Continued)

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting exchange differences are recognised in other comprehensive income.

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on disposal.

(d) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Freehold land	Not depreciated
Building and hotel properties	The shorter of the lease term of 40 years or estimated useful lives
Furniture, fixtures and equipment	Initial charge of 30% on cost in the year of acquisition and 10% per annum thereafter on cost
Hotel furniture, fixtures and equipment	5% - 10% per annum on cost
Motor vehicles	25% per annum on cost

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2 (i)).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other income and gains, net' in the consolidated income statement.

2 Summary of material accounting policies (Continued)

(e) Investment properties

Investment properties, principally comprising leasehold land and buildings, are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group. They also include properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases.

Investment properties are initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the consolidated income statement.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred. Investment properties that are being redeveloped for continuing use as investment properties continue to be measured at fair value. Fair value measurement on properties under construction is applied unless the fair value is considered not to be reliably measurable.

Investment properties are derecognised either when they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal.

Where the Group disposes of an investment property, the transaction price less the carrying value immediately prior to the sale is treated as gain/loss on disposal of investment property and is recorded in consolidated income statement within 'other income and gains, net'.

(f) Properties under development and properties for sale

Properties under development are investments in land and buildings on which construction work and development have not been completed, and are stated at the lower of cost and net realisable value. Borrowing costs incurred during the construction period and up to the date of completion of construction are capitalised as development costs. On completion, the properties are reclassified to properties for sale at the then carrying amount.

Properties for sale are stated at the lower of cost and estimated net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less selling expenses.

2 Summary of material accounting policies (Continued)

(g) Leases

A lease is recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Right-of-use assets are measured at cost comprising the following:

- the amount of initial measurement of the lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated income statement. Short-term leases are leases with a lease term of 12 months or less.

Extension and termination options are included in a number of property leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessors.

2 Summary of material accounting policies (Continued)

(h) Financial assets

(i) Classification of financial assets

The Group 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 Group 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 Group 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 Group 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 Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group 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 'net gain on financial investments', 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 'net gain on financial investments'. 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 'net gain on financial investments'.

2 Summary of material accounting policies (Continued)

(h) Financial assets (Continued)

(ii) Measurement of financial assets (Continued)

(1) Debt instruments (Continued)

- 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 consolidated income statement within "net gain on financial investments" 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 consolidated income statement.

(2) Equity instruments

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

Changes in the fair value of financial assets at FVTPL are recognised in 'net gain on financial investments' in the consolidated income statement as applicable.

(iii) Impairment of financial assets

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

For trade receivables, the Group applies the simplified approach as permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the trade receivables.

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 consolidated balance sheet 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.

2 Summary of material accounting policies (Continued)

(i) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of item being hedged. The Group designated a cross currency interest rate swap as hedge of foreign currency risk associated with the cash flows of a foreign currency-denominated borrowing.

At the inception of the hedging, the Group documents the economic, relationship between hedging instrument and hedged item, including whether changes in the cash flows of the hedging instrument are expected to offset changes in the cash flow of hedges item. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The fair values of derivative financial instrument designated in hedging relationship are disclosed in note 3(a)(iv). Movements in the hedging reserve in shareholders' equity are shown in note 26. The full fair value of a hedging derivative is classified as non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) Cash flow hedge that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised through other comprehensive income in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within 'finance income, net '.

When cross currency interest rate swap is used to hedge foreign currency-denominated borrowing, the Group designates the change in the fair value of the contract (including forward points) as the hedging instrument. Gains or losses relating to the effective portion of the change in fair value of the hedging instrument are recognised in the cash flow hedge reserve within equity.

2 Summary of material accounting policies (Continued)

(j) Derivatives and hedging activities (Continued)

(i) Cash flow hedge that qualify for hedge accounting (Continued)

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss. The movement in spot rate is recycled from equity to profit or loss to offset the foreign exchange gain or loss arising from translation of the hedged foreign currency-denominated borrowing. Such reclassification from equity will offset the effect on profit or loss of the corresponding hedged item to achieve the overall hedging result.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

(ii) Costs of hedging

The Group excludes foreign currency basis spread of the cross currency interest rate swap from the designated hedging instrument. In such case, the Group treats the excluded element as costs of hedging. The change in fair value of the foreign currency basis spread (to the extent it relates to the hedged item) is recognised in other comprehensive income and is accumulated in the costs of hedging reserve under equity. This element at the date of designation (to the extent that it relates to the hedged item) are amortised on a systematic and rational basis to profit or loss over the period.

(iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in 'net gain on financial investments'.

(k) Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. Trade receivable are subsequently measured at amortised cost using the effective interest method, less provision for impairment.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. For other receivables, the Group assesses on a forward looking basis the ECL under 12 months expected losses method. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition.

2 Summary of material accounting policies (Continued)

(l) Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

(m) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group operates several defined contribution retirement schemes and mandatory provident fund schemes which are available to all employees. The assets of the schemes are held separately from those of the Group in independently administered funds. The Group's contributions under the schemes are expensed as incurred. The amount of the Group's contributions is based on specified percentages of the basic salaries of employees. Any contributions forfeited by employees who leave the Group, relating to unvested benefits, are used to reduce the Group's ongoing contributions otherwise payable.

(iii) Bonus entitlements

The expected cost of bonus payments is recognised as liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(n) 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 consolidated income statement 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.

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

2 Summary of material accounting policies (Continued)

(o) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(p) Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate 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.

(ii) Deferred income tax

Inside basis differences

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 liabilities are not recognised if they arise from the initial recognition of goodwill; 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 substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liabilities in relation to investment properties in the United Kingdoms, Singapore, Malaysia and the United States that are measured at fair value are determined assuming the properties will be recovered entirely through sale. While deferred tax liabilities in relation to investment properties in Mainland China are determined assuming the properties will be recovered entirely through use.

2 Summary of material accounting policies (Continued)

(p) Current and deferred income tax (Continued)

(ii) Deferred income tax (Continued)

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, joint ventures and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

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.

(iii) Offsetting

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.

(q) Provisions

Provisions are recognised when the Group 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.

(r) Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the beneficiary of the guarantee for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of subsidiaries, associates, joint ventures and related companies to secure loans, overdrafts and other banking facilities.

2 Summary of material accounting policies (Continued)

(r) Financial guarantee contract (Continued)

The Group regards its financial guarantees provided to its subsidiaries, associates, joint ventures and related companies as insurance contracts. The Group assesses at each balance sheet date the liabilities under its insurance contracts using current estimates of future cash flows. Changes in carrying amount of these insurance liabilities are recognised in the consolidated income statement.

(s) Revenue and income recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Group recognises revenue when it satisfies the identified performance obligation by transfer the promised good or service to the customer; and when specific criteria have been met for each of the Group's activities, as described below. Goods and services are transferred when or as the customer obtain control of them. The Group bases its estimate on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Depending on the terms of the contract and the laws that apply to the contract, control of the good or service may be transferred over time or at a point in time.

Control of the good or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation:

- direct measurements of the value transferred by the Group to the customer; or
- the Group's efforts or inputs to the satisfaction of the performance obligation relative to the total expected efforts or inputs.

Incremental costs incurred to obtain a contract, if recoverable, are capitalised as assets and subsequently amortised when the related revenue is recognised.

The excess of cumulative revenue recognised in profit or loss over the cumulative payments made by customers is recognised as contract assets. The excess of cumulative payments made by customers over the cumulative revenue recognised in profit or loss is recognised as contract liabilities.

2 Summary of material accounting policies (Continued)

(s) Revenue and income recognition (Continued)

(i) Revenue from contract with customers

(1) Sale of properties

The Group develops and sells residential properties. Revenue is recognised when control over the property has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer.

Certain costs incurred for obtaining a pre-sale property contract would be eligible for capitalisation under IFRS 15 and match with revenue recognition pattern of related contract.

(2) Construction revenue

Revenue from construction service contract is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation using input method.

(3) Hotel revenue

Hotel revenue comprises amounts earned in respect of services, facilities and goods supplied by the hotel. Revenue from room rental is recognised over time during the period of stay for the hotel guests. Revenue from food and beverage sales and other ancillary services is generally recognised at a point in time when services are rendered.

(4) Others

Property management fee income is recognised over time when the services are rendered.

(ii) Revenue and income from other sources

(1) Rental income

Rental income is recognised on a straight-line basis over the period of the lease.

(2) Dividend income

Dividend income is recognised when the right to receive payment is established.

(3) Interest income

Interest income is recognised on a time proportion basis using the effective interest rate method.

2 Summary of material accounting policies (Continued)

(t) Contract related assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer.

The combination of those rights and performance obligations gives rise to a net contract asset or a net contract liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the cumulative revenue recognised in profit or loss exceeds cumulative payments made by customers. Conversely, the contract is a liability and recognised as contract liabilities if the cumulative payments made by customers exceeds the revenue recognised in profit or loss.

Contract assets are assessed for impairment under the same approach adopted for impairment assessment of financial assets carried at amortised cost. Contract liabilities are recognised as revenue when the Group transfers the goods or services to the customers and therefore satisfies its performance obligation.

The incremental costs of obtaining a contract with a customer are capitalised and presented as contract related assets under “contract cost assets” within “trade and other receivables, deposits and prepayments”, if the Group expects to recover those costs, and are subsequently amortised on a systematic basis that is consistent with the transfer to the customers of the goods or services to which the assets relate. The Group recognises an impairment loss in the statement of comprehensive income to the extent that the carrying amount of the contract related assets recognised exceeds the remaining amounts of consideration that the Group expects to receive less the costs that directly relate to those goods or services and have not been recognised as expenses.

(u) Share capital

Ordinary shares are classified as equity.

(v) Borrowing costs

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 consolidated income statement in the year in which they are incurred.

2 Summary of material accounting policies (Continued)

(w) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors that makes strategic decisions.

(x) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

(y) Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(z) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

3 Financial risk management

The Group holds the following financial instruments:

	2024 HK$'000	2023 HK$'000
Financial assets		
Financial assets at amortised cost		
Non-current assets		
- Amount due from joint ventures	499,575	473,526
- Amount due from associates	2,813,438	3,285,836
- Loans and other receivables from third parties	118,031	119,924
- Amounts due from investee companies	39,680	40,358
Current assets		
- Trade and other receivables and deposits	3,364,965	5,494,986
- Cash and bank balances	13,411,158	14,674,829
Financial assets at fair value through profit or loss		
Non-current assets		
- Financial assets at fair value through profit or loss	16,893,959	18,803,683
- Amount due from joint ventures at fair value through profit or loss	181,354	312,736
- Loans receivables at fair value through profit or loss	428,289	532,188
Current assets		
- Loans receivable at fair value through profit or loss	41,527	63,561
- Financial assets at fair value through profit or loss	11,804,567	10,372,119
Financial liabilities		
Liabilities at amortised cost		
Non-current liabilities		
- Bank and other borrowings	25,899,306	30,973,189
- Lease liabilities	90,032	106,564
- Other long-term liabilities	21,779	34,110
Current liabilities		
- Trade and other payables, deposits and accruals	7,830,119	7,838,949
- Bank and other borrowings	3,299,462	2,142,175
- Lease liabilities	11,953	15,352
Financial liabilities at fair value through profit or loss		
Current liabilities		
- Financial liabilities at fair value through profit or loss	266,589	95,842
- Amounts due to non-controlling interests at fair value through profit or loss	862,636	690,453

3 Financial risk management (continued)

(a) Financial risk factors

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

(i) Price risk

The Group is exposed to price changes arising from investments classified as financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. The investments are made either for strategic purposes, or for the purpose of achieving investment yield and balancing the Group's liquidity level simultaneously. Each investment is managed by senior management on a case by case basis.

As at 31st March 2024, if the market values of the Group's financial assets and liabilities at fair value through profit or loss increase/decrease by 10%, with all other variables held constant, the Group's post-tax profit and total equity would increase/decrease by approximately HK$2,757,219,000 (2023: HK$2,822,339,000).

(ii) Credit risk

At each balance sheet date, the Group'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 consolidated balance sheet.

The Group's financial assets which are potentially subject to credit risk consist of financial assets at amortised cost, including cash and bank balances, trade and other receivables and deposits, loans and other receivables and amounts due from fellow subsidiary companies, investee companies, related companies, non-controlling interests, immediate holding company, ultimate holding company, joint ventures and associates. The exposures to these credit risks are closely monitored on an ongoing basis by established credit control procedures in each of its core businesses.

Credit risk of cash and bank balances

With respect to credit risk arising on cash and bank balances, the Group has limited its credit exposure by restricting their selection of financial institutions and banks with good credit rating as at 31st March 2024 ranging from AA- to BBB- issued by Standard and Poor's or Moody's as follows:

	2024 HK$'000	2023 HK$'000
AA-	335,968	1,887,507
A- to A+	11,042,599	9,543,225
BBB- to BBB+	1,929,177	2,852,465
Below BBB-/unrated [1]	103,414	391,632
	13,411,158	14,674,829

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(ii) Credit risk (Continued)

Credit risk of cash and bank balances (Continued)

1 The directors monitor the exposure on low-rated/unrated assets and considered that the risk of default is minimal as these balances were mainly placed in banks located in Hong Kong.

There has been no recent history of default in relation to these banks and financial institutions. The ECL is close to zero.

Credit risk of trade receivables

Trade receivables mainly include receivables from lease of properties, trading of securities, and other services. To manage this risk, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. In addition, the Group has policies in place to ensure that rental deposits are required from tenants prior to commencement of leases, sales proceeds are received before the assignment of properties are executed. The Group has a large number of customers and there is no concentration of credit risk.

The Group applies the simplified approach to provide for ECL prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. In view of the sound financial position and collection history of receivables due from these counterparties and insignificant risk of default, to measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due. A default on trade receivable is when the counterparty fails to make contractual payments within credit period when they fall due. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced, adjusted with current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan within the Group, and its failure to make contractual payments for a period. Impairment losses on trade receivables are presented as net impairment losses within "other income and gains, net". Subsequent recoveries of amounts previously written off are credited against the same item.

Management assessed the ECL of trade receivables, detail was disclosed in note 22, and the credit risk inherent in the Group's outstanding trade receivables balances due from these counterparties is not significant.

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(ii) Credit risk (Continued)

Credit risk of loans and other receivables

Loans and other receivables at the end of each of the reporting period are mainly comprised of deposits, interest receivable, stakeholder's account, loans receivables at amortised cost, amounts due from fellow subsidiary companies, investee companies, non-controlling interests, related companies, immediate holding company, ultimate holding company, joint ventures and associates.

The directors 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 Group 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 or individual'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 or individual, including changes in the payment status of the third party.

Over the term of the loans, the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers corresponding historical credit losses of the debtors experienced, adjusted with current and forward-looking information on macroeconomic factors affecting the ability of the debtors to settle the receivables.

Apart from the loans and other receivables with loss allowances fully provided, management considers the credit risk of loans and other receivables is insignificant when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term, and the loss allowance recognised is therefore limited to 12 months expected losses. In view of insignificant risk of default and credit risk since initial recognition, management believes that the ECL of these loans and other receivables under the 12 months expected losses method is immaterial.

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(iii) Interest rate risk

The Group's main exposure to interest rate risk relates principally to the Group's bank deposits, bank borrowings, loans and other receivables, amounts due from joint ventures, associates and investee companies and amounts due to non-controlling interests.

Interest rates of bank deposits, bank borrowings, loans and other receivables, amounts due from joint ventures, associates and investee companies and amounts due to non-controlling interests are determined based on prevailing market rates and expose the Group to cash flow interest rate risk. The Group manages its interest rate exposure by monitoring of interest rate movements, replacing and entering into new banking facilities when favourable pricing opportunities arise and would consider using interest rate swap when appropriate.

As at 31st March 2024, if interest rates increase/decrease by 50 basis points with all other variables held constant, the Group's pre-tax profit, before taking into account the impact of interest capitalisation, would increase/decrease by approximately HK$13,561,000 (2023: decrease/increase by approximately HK$25,418,000), resulting from the change in the borrowing costs of bank borrowings and interest bearing financial liabilities, and change in interest income from the interest bearing financial assets.

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(iv) Foreign exchange risk

The Group operates mainly in Hong Kong, Mainland China, the United States and United Kingdoms, and is exposed to foreign exchange risk arising from various currency exposures in the financial investment portfolio, primarily with respect to the United States dollar ("US dollar"), Renminbi ("RMB"), Euro and Great British Pound ("GBP"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

The Group's foreign currency exposures primarily arise from monetary assets and liabilities that are denominated in a currency that is not the entity's functional currency, where these assets and liabilities are mainly denominated in US dollar, RMB, Euro and GBP.

In view of the fact that HK dollar is pegged to US dollar, the foreign currency exposure of operating units with functional currency as HK dollar on US dollar transactions and balances is minimal.

As at 31st March 2024, if US dollar/HK dollar had weakened/strengthened 2% against RMB and Euro with all other variables held constant, the Group's pre-tax profit would increase/decrease by HK$7,309,000 (2023: HK$6,778,000) and HK$12,728,000 (2023: HK$12,754,000) respectively as a result of foreign exchange gains/losses.

As at 31st March 2024, if US dollar/HK dollar had weakened/strengthened 2% against GBP with all other variables held constant, the Group's pre-tax profit would decrease/increase by HK$14,184,000 (2023: HK$41,901,000) as a result of foreign exchange losses/gains.

The Group has entered into a cross currency interest rate swap contract to hedge its foreign currency exposure in respect of bank borrowings denominated in AUD with principal amount equivalent to HK$450,000,000. Under the Group's policy, the critical terms of the cross currency interest rate swap must align with the hedged item.

The effects of the cross currency interest rate swap contracts on the Group's consolidated balance sheet and consolidated income statement are as follows:

	2024 HK$'000	2023 HK$'000
Carrying amount	(8,906)	4,755
Notional amount	450,000	450,000
Maturity date	18th February 2025	18th February 2025
Hedge ratio*	1:1	1:1
Change in foreign currency basis-free value of hedging instrument	(75,223)	(59,621)
Change in value of hedged item used to determine hedge effectiveness	(77,098)	(60,058)
Hedged rate for outstanding hedging instrument (including forward points)	AUD0.1921: HK$1	AUD0.1921: HK$1

*The Hedge ratio is based on a hedging instrument with the same notional amount in the same currency as the underlying exposure, the hedge ratio is therefore 1:1.

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(v) Liquidity risk

The Group's cash flow management 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 sufficient liquidity, the Group monitors and maintains a level of cash and cash equivalents in addition to committed credit facilities available, which are deemed adequate by the management from time to time.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000
At 31st March 2024				
Trade and other payables and accruals	3,695,752	-	-	-
Amounts due to joint ventures, associates and investee companies	917,301	-	-	-
Amounts due to related companies and individuals	521,363	-	-	-
Amount due to immediate holding company	91,257	-	-	-
Amount due to ultimate holding company	28,380	-	-	-
Amounts due to non-controlling interests	3,438,985	-	-	-
Financial liabilities at fair value through profit or loss	266,589	-	-	-
Lease liabilities	15,607	14,170	23,083	50,155
Bank and other borrowings	4,609,499	2,542,245	21,233,425	4,989,415
	13,584,733	2,556,415	21,256,508	5,039,570

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(v) Liquidity risk (Continued)

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000
At 31st March 2023				
Trade and other payables and accruals	3,027,389	-	-	-
Amounts due to customers for contract work	5,143	-	-	-
Amounts due to joint ventures, associates and investee companies	568,793	-	-	-
Amounts due to related companies and individuals	540,151	-	-	-
Amount due to immediate holding company	40,525	-	-	-
Amount due to ultimate holding company	1,019,520	-	-	-
Amounts due to non-controlling interests	3,327,881	-	-	-
Financial liabilities at fair value through profit or loss	95,842	-	-	-
Lease liabilities	20,017	16,047	32,389	95,302
Bank and other borrowings	3,528,382	10,156,435	20,545,631	9,335,745
	12,173,643	10,172,482	20,578,020	9,431,047

(b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholder and to maintain an optimal capital structure to reduce the cost of capital. The Group obtains its financing from its related companies and individuals, immediate holding company, ultimate holding company, non-controlling interests, banks, issuance of guaranteed notes and issuance of perpetual capital securities.

3 Financial risk management (Continued)

(b) Capital risk management (Continued)

The Group monitors its capital on the basis of the net debt to equity ratio. Net debt is calculated as total bank and other borrowings (including "current and non-current bank borrowings" and "guaranteed notes") less cash and bank balances. The net debt to equity ratio as at 31st March 2024 and 31st March 2023 is as follows:

	2024 HK$'000	2023 HK$'000
Bank and other borrowings	16,794,977	20,301,609
Guaranteed notes	12,403,791	12,813,755
Total debts - interest bearing bank and other borrowings	29,198,768	33,115,364
Less: Cash and bank balances	(13,411,158)	(14,674,829)
Net debt	15,787,610	18,440,535
Equity attributable to owners of the Company and holders of perpetual capital securities	110,136,940	114,975,916
Net debt to equity ratio	14.33%	16.04%

Decrease in net debt to equity ratio is mainly due to repayment of bank and other borrowings.

(c) Fair value estimation

(i) Financial instruments carried at fair value

The financial instruments are measured in the consolidated balance sheet 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).

3 Financial risk management (Continued)

(c) Fair value estimation (Continued)

(i) Financial instruments carried at fair value (Continued)

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

	Valuation Hierarchy			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 31st March 2024				
Assets				
Amounts due from joint ventures at fair value through profit or loss	-	-	181,354	181,354
Loans receivable at fair value through profit or loss	-	-	469,816	469,816
Financial assets at fair value through profit or loss				
- listed	12,780,386	-	-	12,780,386
- unlisted	-	589,945	15,328,195	15,918,140
Total	12,780,386	589,945	15,979,365	29,349,696
Liabilities				
Amounts due to non-controlling interests at fair value through profit or loss	-	(862,636)	-	(862,636)
Financial liabilities at fair value through profit or loss				
- unlisted	-	(266,589)	-	(266,589)
Total	-	(1,129,225)	-	(1,129,225)

3 Financial risk management (Continued)

(c) Fair value estimation (Continued)

(i) Financial instruments carried at fair value (Continued)

The following table represents the Group's financial instruments measured at fair value: (Continued)

	Valuation Hierarchy			
	Level 1	Level 2	Level 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
At 31st March 2023				
Assets				
Amounts due from joint ventures at fair value through profit or loss	-	-	312,736	312,736
Loans receivable at fair value through profit or loss	-	-	595,749	595,749
Financial assets at fair value through profit or loss				
- listed	12,613,491	-	-	12,613,491
- unlisted	-	463,815	16,098,496	16,562,311
Total	12,613,491	463,815	17,006,981	30,084,287
Liabilities				
Amounts due to non-controlling interests at fair value through profit or loss	-	(690,453)	-	(690,453)
Financial liabilities at fair value through profit or loss				
- listed	(1,218)	-	-	(1,218)
- unlisted	-	(94,624)	-	(94,624)
Total	(1,218)	(785,077)	-	(786,295)

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 Group 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.

3 Financial risk management (Continued)

(c) Fair value estimation (Continued)

(i) Financial instruments carried at fair value (Continued)

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
- Regression model by benchmarking the movement of market index to the unlisted funds portfolio are used for the valuation of unlisted funds.
- Other techniques, such as multiple approach, discounted cash flow analysis and option pricing models, are used to determine fair value for the remaining financial instruments.

As at 31st March 2024, financial assets at fair value through profit or loss of HK$15,328,195,000 (2023: HK$16,098,496,000) are measured with valuation techniques using significant unobservable inputs (level 3). It included private equity funds, unquoted direct investments, fixed income fund, venture capital fund and others which represent approximate 19%, 43%, 4%, 22% and 12% (2023: 18%, 42%, 5%, 23% and 11%) of those level 3 investments respectively.

Fair values of the unlisted funds are mainly determined based on the net asset values of the unlisted funds from fund statements, representing the fair values of the funds reported by respective fund administrators. If the fund statements as at reporting date are not available, the Group will estimate the fair value change of the unlisted funds from the date of latest fund statements to the reporting date through a regression model by benchmarking with the movement of market index for investments in similar industries. The higher the net assets value of underlying investments and the market index, the higher the fair values of the unlisted fund.

Fair values of unquoted direct investment are determined by the Group using various valuation techniques with the support of independent professional valuers. Such valuation techniques may consider market multiple of comparable type of investments, original transaction price and take into account relevant developments since the acquisition of the investments and other factor pertinent to the valuation of the investments such as preferential rights of the shares held, market volatility and initial public offering probability, with reference to recent third party transactions of comparable type of instruments and reliable indicative offers from potential buyers. The higher the market multiples and comparable transaction prices, the higher the fair values of unquoted direct investment.

The determination of fair value is subject to the valuation policies and procedures formulated by the Group’s Investment Department and the oversight of senior management committees. These policies and procedures facilitate the exercise of judgement in determining the risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors used in the valuation process. Judgement may also be applied in adjusting prices of less readily observable external parameters. The management considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally accepted within the industry.

3 Financial risk management (Continued)

(c) Fair value estimation (Continued)

(i) Financial instruments carried at fair value (Continued)

Details on sensitivity analysis of the Group's financial assets at fair value through profit or loss are set out on note 3(a)(i) to the consolidated financial statements. There is no transfer between level 1, level 2 and 3 during the year. The following represents the changes in level 3 instruments for the year ended 31st March 2024:

	Amounts due from joint ventures at fair value through profit or loss HK$'000	Financial assets at fair value through profit or loss HK$'000	Loans receivable at fair value through profit or loss HK$'000
At 1st April 2023	312,736	16,098,496	595,749
Additions	889	1,846,512	-
Repayment	(132,271)	-	(165,705)
Disposal	-	(386,923)	-
Return of capital	-	(886,171)	-
Net realised gains/(losses) recognised in income statement	-	240,463	(64)
Net unrealised (losses)/gains recognised in income statement	-	(1,536,298)	39,836
Exchange translation differences	-	(47,884)	-
At 31st March 2024	181,354	15,328,195	469,816
At 1st April 2022	487,773	18,106,868	912,695
Additions	-	1,406,272	-
Repayment	(175,037)	-	(342,539)
Disposal	-	(288,399)	-
Return of capital	-	(1,176,679)	-
Net realised gains/(losses) recognised in income statement	-	83,367	(1,903)
Net unrealised (losses)/gains recognised in income statement	-	(2,078,219)	27,496
Exchange translation differences	-	45,286	-
At 31st March 2023	312,736	16,098,496	595,749

(ii) Financial instruments carried at other than fair value

The fair values of loans and other receivables at amortised cost, trade and other receivables, deposits, cash and bank balances, short-term bank loans, trade and other payables, and the amounts due from/to associates, joint ventures, investee companies, related companies and individuals, fellow subsidiary companies, immediate holding company, ultimate holding company and non-controlling interests are assumed to approximate their carrying amounts.

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 Group 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.

(i) Estimate of fair value of investment properties

The fair value of investment properties is determined by using valuation technique. Details of the judgement and assumptions have been disclosed in note 15.

(ii) Estimate of fair value of financial assets at fair value through profit or loss

The fair value of financial instruments traded in active markets is based on quoted market prices as at the reporting date. The quoted market price used is the closing bid price as at the reporting date. The fair values of unlisted derivatives are based on brokers' quote and statements. The fair value of investments in unlisted funds that are not quoted in an active market is determined primarily by reference to the latest available net asset values for each fund from the fund statements as determined by the fund administrator of such fund and estimation of the fair value change of the unlisted fund from the date of latest fund statements to the reporting date through a regression model by benchmarking with the movement of market index for investment in similar industry. The fair value of other financial instruments that are not traded in an active market is estimated using other prices observed in recent transactions or valuation techniques when the market price is not readily available. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period, as detailed in note 3(c)(i).

(iii) Estimate of impairment and net realisable values of properties for sale

Management reviews the net realisable value of properties for sale at each reporting date. For properties for sale, the net realisable value are the estimated selling price of the properties less costs to sell. Management makes estimates by taking into consideration the current market environment and the estimated market value (i.e. the estimated selling price, less estimated costs of selling expenses). In considering the net realisable values of properties under development, the Group takes into account estimated costs to completion based on past experience and committed contracts and estimated net sales or rental value based on prevailing market conditions.

Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgement and estimates. Any changes to the estimated net realisable value may cause a material adjustment to the carrying amount and result in future financial year if the actual net realisable value of the properties for sales or properties under development is different than expected as a result of change in market condition.

4 Critical accounting estimates and judgements (Continued)

(iv) Estimate of impairment of financial assets at amortised cost

The loss allowances for financial assets at amortised cost are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 3(a)(ii) and note 19.

(v) Income taxes

Significant estimates are required in determining provision for income taxes of the Group. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax provisions.

Recognition of deferred income tax asset, which principally relates to tax losses of certain subsidiaries, depends on the management's expectation of future taxable profit that will be available against which the tax losses can be utilised. The outcome of their actual utilisation may be different.

(vi) Estimated impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash generating unit is determined based on the higher of its fair value less cost to sell and its value in use, calculated on the basis of management/independent professional qualified valuer's assumptions and estimates. Projection for a period of five to ten years in general may be used on the basis that a longer projection period represents the long-dated nature of the Group's hotel properties and is more appropriate reflection of the future cash flow generated from the hotel operations. Changing the key assumptions, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the recoverable amount.

(vii) Classification of properties

The Group determines whether a property qualifies as an investment property or property for sale. In making the judgement, the Group considers the intention of holding the property (land or building). Property held to earn rental or for capital appreciation is considered as investment property whereas property held for sale in the ordinary course of business is considered as property for sale. The Group considers each property separately in making its judgement.

4 Critical accounting estimates and judgements (Continued)

(viii) Venture capital organisation

In deciding classification and measurement of unlisted equity investments where the Group has joint control or significant influence over the investee, significant judgment is required in determining whether the Group is a VCO under IAS 28 “Investment in Associates and Joint Venture”. IAS 28 allows the Group elects to measure its investment at fair value instead of accounting under equity method if the Group is a VCO. The Group considers it is a VCO as one of the Group’s business activities is investing in unlisted investments and the Group aims to hold these investments for a medium-term for capital growth and would seek to exit upon expiration of the investment period. Consequently, the Group elects to measure this unlisted equity investment on a fair value basis in accordance with IFRS 9.

5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors who make strategic decisions.

Management has determined the operating segments based on these reports and analysed from a business perspective including subsidiaries, joint ventures and associates:

- Hong Kong properties (including construction services)
- Mainland China and overseas properties
- Financial investment (including investments exempt for equity accounting)
- Corporate, treasury and others

Segment assets consist primarily of property, plant and equipment, investment properties, right-of-use assets, joint ventures, associates, financial assets at fair value through profit or loss, loans and other receivables, amounts due from investee companies, properties for sale, trade and other receivables, deposits and prepayments and cash and bank balances. Other assets comprise mainly prepaid tax and deferred income tax assets.

Segment liabilities comprise operating liabilities. Other liabilities include amount due to immediate holding company and ultimate holding company, tax payable, bank and other borrowings and deferred income tax liabilities.

The chief operating decision maker consider dividend income and interest income from debt and convertible securities included in “Net gain on financial investments” as “Revenue” under for making strategic decision. Therefore, dividend income of HK$1,062,684,000 (2023: HK$1,031,243,000) and interest income from debt and convertible securities of HK$80,699,000 (2023: HK$22,738,000) are grouped under “Revenue” under financial investment segment for segment results presentation.

Capital expenditure comprises additions to non-current assets other than the financial instruments and deferred income tax assets.

5 Segment reporting (Continued)

The segment results for the year ended 31st March 2024 are as follows:

	The Company and its subsidiaries		Joint ventures		Associates		Total	
	Revenue	Results	Share of revenue	Share of results	Share of revenue	Share of results	Segment revenue	Segment results
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Hong Kong properties	2,222,027	(2,538,902)	610,975	403,821	269,645	(443,173)	3,102,647	(2,578,254)
Mainland China properties	1,145,667	(281,687)	-	-	164,449	79,766	1,310,116	(201,921)
Overseas properties	600,552	(1,299,568)	186,608	(363,692)	-	-	787,160	(1,663,260)
Financial investment	1,119,384	850,141	-	-	-	-	1,119,384	850,141
Corporate, treasury and others	-	(338,008)	-	-	-	-	-	(338,008)
	5,087,630	(3,608,024)	797,583	40,129	434,094	(363,407)	6,319,307	(3,931,302)

Segment results	(3,931,302)
Finance income, net	81,729
Loss before income tax	(3,849,573)
Income tax expense	166,410
Loss for the year	(3,683,163)

5 Segment reporting (Continued)

The segment results for the year ended 31st March 2023 are as follows:

	The Company and its subsidiaries		Joint ventures		Associates		Total	
	Revenue	Results	Share of revenue	Share of results	Share of revenue	Share of results	Segment revenue	Segment results
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Hong Kong properties	8,699,750	2,399,836	945,200	564,380	221,712	(241,359)	9,866,662	2,722,857
Mainland China properties	1,074,081	703,496	-	-	131,123	64,153	1,205,204	767,649
Overseas properties	528,143	(389,982)	259,227	(156,280)	-	-	787,370	(546,262)
Financial investment	1,044,407	(1,588,010)	-	(126)	-	-	1,044,407	(1,588,136)
Corporate, treasury and others	-	37,622	-	-	-	-	-	37,622
	11,346,381	1,162,962	1,204,427	407,974	352,835	(177,206)	12,903,643	1,393,730

Segment results	1,393,730
Finance income, net	294,027
Profit before income tax	1,687,757
Income tax expense	(479,120)
Profit for the year	1,208,637

5 Segment reporting (Continued)

The segment assets and liabilities as at 31st March 2024 are as follows:

	The Company and its subsidiaries HK$'000	Joint ventures HK$'000	Associates HK$'000	Total assets HK$'000	Total liabilities HK$'000
Hong Kong properties	62,406,177	4,384,773	3,585,511	70,376,461	(4,608,075)
Mainland China properties	23,976,007	-	2,417,618	26,393,625	(1,812,481)
Overseas properties	14,252,920	524,233	130	14,777,283	(420,517)
Financial investment	34,244,121	-	-	34,244,121	(1,391,182)
Corporate, treasury and others	6,088,677	-	-	6,088,677	(771,378)
	140,967,902	4,909,006	6,003,259	151,880,167	(9,003,633)
Deferred income tax assets				953,764	-
Prepaid tax				142,875	-
Bank and other borrowings				-	(29,198,768)
Amount due to immediate holding company				-	(91,257)
Amount due to ultimate holding company				-	(28,380)
Deferred income tax liabilities				-	(3,529,886)
Tax payable				-	(511,606)
Consolidated total assets/(liabilities)				152,976,806	(42,363,530)

5 Segment reporting (Continued)

The segment assets and liabilities as at 31st March 2023 are as follows:

	The Company and its subsidiaries HK$'000	Joint ventures HK$'000	Associates HK$'000	Total assets HK$'000	Total liabilities HK$'000
Hong Kong properties	65,156,957	4,090,477	4,083,429	73,330,863	(3,735,990)
Mainland China properties	26,934,937	-	2,429,855	29,364,792	(1,913,079)
Overseas properties	15,329,486	814,202	-	16,143,688	(438,525)
Financial investment	32,144,214	2,601	-	32,146,815	(1,050,765)
Corporate, treasury and others	10,093,273	-	-	10,093,273	(638,057)
	149,658,867	4,907,280	6,513,284	161,079,431	(7,776,416)
Deferred income tax assets				480,124	-
Prepaid tax				216,981	-
Bank and other borrowings				-	(33,115,364)
Amount due to immediate holding company				-	(40,525)
Amount due to ultimate holding company				-	(1,019,520)
Deferred income tax liabilities				-	(3,622,656)
Tax payable				-	(598,868)
Consolidated total assets/(liabilities)				161,776,536	(46,173,349)

5 Segment reporting (Continued)

The Group's depreciation and amortisation and additions to non-current assets other than financial instruments and deferred income tax assets are as follows:

	Depreciation and amortisation		Additions to non-current assets	
	For the year ended 31st March		For the year ended 31st March	
	2024	2023	2024	2023
	HK$'000	HK$'000	HK$'000	HK$'000
Hong Kong properties	83,292	72,414	1,926,020	1,440,878
Mainland China properties	73,291	79,270	438,370	295,807
Overseas properties	1,544	1,589	394,737	567,784
Financial investment	13,070	11,507	2,426	10,801
Corporate, treasury and others	7,829	14,676	4,648	9,297
	179,026	179,456	2,766,201	2,324,567

The following is an analysis of the Group's revenue by geographical areas in which the customer/operations are located, irrespective of the origin of the goods/services:

	For the year ended 31st March 2024 HK$'000	For the year ended 31st March 2023 HK$'000
Hong Kong	3,341,411	9,744,158
Mainland China	1,145,667	1,074,080
Overseas	600,552	528,143
	5,087,630	11,346,381

The following is an analysis of the Group's non-current assets other than financial instruments and deferred income tax assets by areas in which the business operations/assets are located.

	As at 31st March 2024 HK$'000	As at 31st March 2023 HK$'000
Hong Kong	53,221,153	54,106,471
Mainland China	25,560,875	27,612,591
Overseas	13,671,883	15,094,286
	92,453,911	96,813,348

6 Revenue

	2024 HK$'000	2023 HK$'000
Recognised at a point in time		
- sale of properties	731,733	7,580,631
- hotel revenue - food and beverage sales	166,260	95,825
Recognised over time		
- construction revenue	272,178	126,405
- hotel revenue - room rental	292,647	202,023
- property management fee income	374,064	326,770
From other sources		
- gross rental income	2,065,794	1,913,657
- interest income from loans receivable classified as financial assets at fair value through profit or loss	41,571	47,089
	3,944,247	10,292,400

7 Net gain/(loss) on financial investments

	2024 HK$'000	2023 HK$'000
Dividend income (note (a))	1,062,684	1,031,243
Interest income from debt and convertible securities	80,699	22,738
Net gain/(loss) on financial assets at fair value through profit or loss (note (b))	43,716	(1,922,274)
Net (loss)/gain on derivatives (note (c))	(286,774)	134,634
	900,325	(733,659)

Notes:

(a) Amounts mainly included cash distribution and share distribution in kind (of the underlying investment held by the fund) from fund investments during the year.

(b) The amount comprised realised gain of HK$2,181,581,000 (2023: HK$306,118,000) and unrealised loss of HK$2,137,865,000 (2023: HK$2,228,392,000) on financial assets at fair value through profit or loss.

(c) The amount comprised realised gain of HK$62,841,000 (2023: HK$136,946,000) and unrealised loss of HK$349,615,000 (2023: unrealised loss of HK$2,312,000) on derivatives.

8 Other income and gains, net

	2024 HK$'000	2023 HK$'000
Unrealised gains on loans receivable at fair value through profit or loss (note 19(b))	39,836	27,496
Net loss on disposal of loan receivable at fair value through profit or loss	(64)	(1,903)
Unrealised loss on amount due to non-controlling interest at fair value through profit or loss	(20,332)	(16,168)
Net gain on disposal of interest in/liquidation of subsidiaries (note 31(b))	637,606	-
Net loss on disposal of interests in a joint venture	(135)	-
Net gain on disposal of property, plant and equipment	1,179	622
Net provision for loss allowances of financial assets (note)	(2,556)	(139,282)
Net exchange loss	(8,457)	(12,787)
Management fee income	24,933	35,552
Ancillary service fee income of leasing	78,020	73,499
Others	96,780	72,066
	846,810	39,095

Note:

The amount comprised net provision for loss allowances of trade receivables of HK$1,992,000 (2023: net write-back for loss allowances of trade receivables of HK$4,143,000). The amount also comprised a net provision for loss allowances of loans receivables and other receivable of HK$nil (2023: net provision for loss allowances of loans receivables and other receivable of HK$138,981,000) and HK$564,000 (2023: HK$4,444,000) respectively.

9 Operating (loss)/profit

Operating (loss)/profit is arrived at after charging:

	2024 HK$'000	2023 HK$'000
Cost of properties sold	443,855	4,978,277
Hotel direct costs (note)	204,103	127,364
Outgoings in respect of rental income	570,843	423,907
Depreciation and amortisation of		
- property, plant and equipment (note 14)	130,891	129,992
- right-of-use assets - leasehold land and land use right	34,511	35,260
- right-of-use assets - buildings	13,624	14,204
Staff costs (note 10)	1,205,076	1,180,604
Marketing and selling expenses	168,448	133,497
Short-term and low-value leases expenses	6,604	17,255
Research and development expenses	143,531	104,820

Note:

The amount comprised staff cost of HK$92,139,000 (2023: HK$63,915,000).

10 Staff costs and key management compensation

	2024 HK$'000	2023 HK$'000
Staff costs		
- wages, salaries and allowances and benefits in kind	1,296,832	1,288,489
- retirement benefit costs - defined contribution schemes	36,052	36,860
Total staff costs incurred for the year	1,332,884	1,325,349
Less: amount capitalised to investment properties and properties for sale under development	(127,808)	(144,745)
Amount directly charged to the consolidated income statement	1,205,076	1,180,604
Including:		
Key management compensation		
- wages, salaries and allowances and benefits in kind	196,599	267,300
- retirement benefit costs - defined contribution schemes	4,450	4,064
Total key management compensation incurred for the year	201,049	271,364

11 Finance income, net

	2024 HK$'000	2023 HK$'000
Interest income on		
- amount due from		
- joint ventures	32,935	32,064
- associates	124,502	103,845
- investee company	1,981	1,159
- bank deposits	559,382	331,162
- loans and other receivables	74,325	107,305
- others	1,920	15,825
	795,045	591,360
Interest expenses on		
- bank borrowings	(804,618)	(634,811)
- guaranteed notes	(511,499)	(601,365)
- amount due to non-controlling interest	(42,174)	(42,058)
- lease liabilities	(3,732)	(4,412)
- others	(228)	(766)
Total finance costs incurred	(1,362,251)	(1,283,412)
Less: amount capitalised to investment properties and properties for sale under development	702,296	1,009,365
Total finance costs expensed during the year	(659,955)	(274,047)
Interest income, net	135,090	317,313
Other finance charges	(62,714)	(23,262)
Net exchange gain/(loss) on financing activities	9,353	(24)
Finance income, net	81,729	294,027

The weighted average capitalised interest rate applied to general borrowings used for the investment properties and properties for sale under development is 4.97% (2023: 4.10%) per annum.

12 Income tax credit/(expense)

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits for the year. Subsidiaries established and operated in Mainland China are subject to corporate income tax at the rate of 25% (2023: 25%). Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

Withholding tax is levied on profit distribution or dividend income upon declaration or remittance at the rates of taxation prevailing in Mainland China and overseas countries.

12 Income tax credit/(expense) (Continued)

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

	2024 HK$'000	2023 HK$'000
Current income tax		
Hong Kong profits tax	23,005	432,453
Mainland China income tax	52,239	13,979
Overseas profits tax	34,195	3,901
Withholding tax	125,969	31,941
Deferred income tax (note 27)	(401,818)	(3,154)
	(166,410)	479,120

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

	2024 HK$'000	2023 HK$'000
(Loss)/profit before income tax	(3,849,573)	1,687,757
(Less)/add: share of results of		
- joint ventures	(40,129)	(407,974)
- associates	363,407	177,206
	(3,526,295)	1,456,989
Calculated at a tax rate of 16.5% (2023: 16.5%)	(581,839)	240,404
Effect of different tax rates in other countries	(183,642)	13,074
Income not subject to tax	(874,803)	(767,152)
Expenses not deductible for tax purposes	1,054,001	892,452
Over provision in prior years	(32,904)	(29,692)
Withholding tax	125,969	31,941
Tax losses not recognised	357,364	133,690
Others	(30,556)	(35,597)
Income tax (credit)/expense	(166,410)	479,120

The Group's share of income tax expense of joint ventures and associates for the year ended 31st March 2024 totalling HK$116,477,000 (2023: HK$114,423,000) is included in the consolidated income statement as share of results of joint ventures and associates.

Deferred income tax assets are recognised for tax loss carried forwards and deductible temporary differences to the extent that realisation of the related tax benefit through future taxable profits is probable. As at 31st March 2024, the Group has unrecognised tax losses of HK$5,098,755,000 (2023: HK$4,179,585,000) to carry forward against future taxable profits. Unrecognised tax losses of HK$4,675,023,000 as at 31st March 2024 (2023: HK$4,141,369,000) have no expiry date and the remaining losses will expire at various dates up to and including 2028 (2023: 2027).

13 Dividends

	2024 HK$'000	2023 HK$'000
Dividend paid of HK$nil per share (2023: HK$0.022)	-	1,367,809

14 Property, plant and equipment

	Land and building HK$'000	Furniture, fixture, equipment and motor vehicles HK$'000	Total HK$'000
At 31st March 2022			
Cost	2,446,807	885,756	3,332,563
Accumulated depreciation	(606,007)	(626,336)	(1,232,343)
Net book amount	1,840,800	259,420	2,100,220
Year ended 31st March 2023			
Opening net book amount	1,840,800	259,420	2,100,220
Additions	-	34,310	34,310
Disposal	-	(1,051)	(1,051)
Charge for the year	(71,157)	(58,835)	(129,992)
Exchange difference	(81,143)	(11,777)	(92,920)
Closing net book amount	1,688,500	222,067	1,910,567

14 Property, plant and equipment (Continued)

	Land and building HK$'000	Furniture, fixture, equipment and motor vehicles HK$'000	Total HK$'000
At 31st March 2023			
Cost	2,339,810	880,488	3,220,298
Accumulated depreciation	(651,310)	(658,421)	(1,309,731)
Net book amount	1,688,500	222,067	1,910,567
Year ended 31st March 2024			
Opening net book amount	1,688,500	222,067	1,910,567
Additions	-	24,854	24,854
Disposal of subsidiaries (note 31(b))	-	(238)	(238)
Disposal	-	(782)	(782)
Charge for the year	(81,867)	(49,024)	(130,891)
Transfer from investment properties (note 15)	1,110,000	-	1,110,000
Exchange difference	(46,641)	(6,847)	(53,488)
Closing net book amount	2,669,992	190,030	2,860,022
At 31st March 2024			
Cost	3,385,494	851,436	4,236,930
Accumulated depreciation	(715,502)	(661,406)	(1,376,908)
Net book amount	2,669,992	190,030	2,860,022

15 Investment properties

	2024 HK$'000	2023 HK$'000
Completed investment properties	76,802,324	50,478,696
Investment properties under development	4,982,687	36,636,027
Total	81,785,011	87,114,723

15 Investment properties (Continued)

	Hong Kong residential HK$'000	Overseas residential HK$'000	Hong Kong commercial HK$'000	Overseas commercial HK$'000	Mainland China commercial HK$'000	Total HK$'000
At 1st April 2023	6,174,900	474,826	43,102,400	13,792,933	23,569,664	87,114,723
Additions	(17)	10,167	1,780,169	313,952	494,655	2,598,926
Transfer to property, plant and equipment (note 14)	-	-	(1,110,000)	-	-	(1,110,000)
Net change in fair values	(214,983)	2,107	(2,703,869)	(1,502,656)	(772,472)	(5,191,873)
Disposal of a subsidiary (note 31(b))	-	-	-	-	(547,239)	(547,239)
Exchange differences	-	(20,175)	-	63,717	(1,123,068)	(1,079,526)
At 31st March 2024	5,959,900	466,925	41,068,700	12,667,946	21,621,540	81,785,011
At 1st April 2022	5,806,100	448,002	42,158,000	14,300,751	24,831,407	87,544,260
Additions	(9,061)	9,401	1,441,152	511,805	292,579	2,245,876
Net change in fair values	377,861	21,950	(496,752)	(554,376)	263,551	(387,766)
Exchange differences	-	(4,527)	-	(465,247)	(1,817,873)	(2,287,647)
At 31st March 2023	6,174,900	474,826	43,102,400	13,792,933	23,569,664	87,114,723

The Group's investment properties at their carrying amounts are analysed as follows:

	2024 HK$'000	2023 HK$'000
In Hong Kong, held on leases of		
between 10 to 50 years	44,553,500	46,792,600
over 50 years	2,475,100	2,484,700
	47,028,600	49,277,300
In Mainland China and overseas		
Freehold	13,110,894	14,255,163
Leases of between 10 to 50 years	21,645,517	23,582,260
	34,756,411	37,837,423
	81,785,011	87,114,723

15 Investment properties (Continued)

Leasing arrangements

The investment properties are leased to tenants under operating leases.

Risk management strategy on leases of investment properties are set out in note 3(a)(ii).

Minimum lease payments receivable on leases of investment properties are set out in note 33. None of the leases include significant variable rentals.

Valuation processes of the Group

As at 31st March 2024, the Group's investment properties were valued by independent professional valuers - Knight Frank, Savills, Joseph J. Blake and Associates Inc. and Cushman & Wakefield.

Fair value of the Group's investment properties are categorised as level 3 measurement in the three-level fair value hierarchy. During the year, there is no transfer between level 1, level 2 and level 3.

The Group's finance department reviews the valuations performed by the independent valuers and report directly to senior management of the Group. Discussion of valuation processes and results are held between the management and valuers at least once every six months, in line with the Group's interim and annual report dates. At each financial year end, the Finance and Project Development Departments:

- verify all major inputs to the independent valuation report;
- assess property valuation movements when compared to the prior year valuation report; and
- hold discussions with the independent valuer.

Valuation techniques

Fair values of investment properties in Hong Kong, Mainland China and overseas are generally derived using the income capitalisation method, the discounted cash flow method and wherever appropriate, by direct comparison method.

Income capitalisation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

Discounted cash flow method is based on the net present value of the income stream estimated by applying an appropriate discount rate which reflects the risk profile.

Direct comparison method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

15 Investment properties (Continued)

Valuation techniques (Continued)

Fair values of properties under development in Hong Kong and Mainland China and properties under redevelopment in overseas are generally derived using the residual method. This valuation method is essentially a means of valuing the completed properties by reference to its development potential by deducting estimated development costs together with developer's profit and risk from the estimated capital value of the proposed development assuming completed as at the date of valuation.

Significant unobservable inputs used to determine fair value

Capitalisation rates are estimated by valuers based on the risk profile of the investment properties being valued. The higher the rates, the lower the fair value. As at 31st March 2024, capitalisation rates of 2.2% to 4.8% (2023: 2.0% to 4.8%), 3.5% to 6.5% (2023: 3.5% to 6.5%) and 4.5% to 6.0% (2023: 4.3% to 5.5%) are used for investment properties in Hong Kong, Mainland China and overseas respectively in the income capitalisation method.

Discount rates are estimated by valuers based on the risk profile of the investment properties being valued. The higher the rates, the lower the fair value. As at 31st March 2024, discount rates of 6.3% to 7.0% (2023: 5.5% to 6.8%) are used for investment properties in overseas in the discounted cash flow method.

Prevailing market rents are estimated based on valuers' view of recent lettings, within the subject properties and other comparable properties. The lower the rents, the lower the fair value. As at 31st March 2024, rental value of HK$11 to HK$139 (2023: HK$11 to HK$133) per square feet per month, HK$5 to HK$106 (2023: HK$5 to HK$111) per square feet per month and HK$26 to HK$87 (2023: HK$23 to HK$66) per square feet per month are used for Hong Kong, Mainland China and overseas respectively.

Estimated costs to completion, developer's profit and risk margins of 10% to 15% (2023: 0% to 15%) required are estimated by valuers based on market conditions as at 31st March 2024 for investment properties under development. The estimates are largely consistent with the budgets developed internally by the Group based on management's experience and knowledge of market conditions. The higher the costs and the margins, the lower the fair value.

16 Right-of-use assets

	2024 HK$'000	2023 HK$'000
Leasehold land and land-use right	800,517	854,405
Buildings	20,168	33,075
	820,685	887,480

16 Right-of-use assets (Continued)

The Group obtains right to control the use of land-use right and various land and buildings for a period of time through lease arrangements. Lease arrangements for buildings are negotiated on an individual basis and obtain a wide range of different terms and conditions including lease payments and lease terms ranging from 2 to 7 years. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

During the year ended 31st March 2024, additions to the right-of-use assets and lease liabilities were HK$1,490,000 (2023: HK$7,888,000) and HK$1,744,000 (2023: HK$7,888,000) respectively. The total cash outflow for leases was HK$26,892,000 (2023: HK$38,160,000) for the year ended 31st March 2024.

17 Joint ventures

	2024 HK$'000	2023 HK$'000
Share of net assets	4,150,109	4,052,108
Amounts due to joint ventures (note 29)	(908,060)	(550,460)

Details of the principal joint ventures as at 31st March 2024 and 2023 are shown in note 36(b) to the consolidated financial statements.

The financial information below, after making adjustments to conform to the Group's material accounting policies, represents the Group's interest in respective joint ventures. Management considers there are no material joint ventures to the Group.

	Non-current assets HK$'000	Current assets HK$'000	Non-current liabilities HK$'000	Current liabilities HK$'000	Revenue HK$'000	Profit after income tax HK$'000
2024	4,451,740	3,921,556	(3,383,193)	(839,994)	797,583	40,129
2023	4,530,502	3,843,058	(3,504,065)	(817,387)	1,204,427	407,974

As at 31st March 2024 and 2023, the Company provided financial guarantee to certain joint ventures (proportionate to the Group's effective interest in the joint ventures) for bank loans related to Hong Kong and overseas property development projects. Those underlying bank loans are secured by other assets of the respective joint ventures, which mainly includes investment properties and cash and bank balances held under the joint ventures.

18 Associates

	2024 HK$'000	2023 HK$'000
Share of net assets	2,794,559	2,848,470
Amount due to associates (note 29)	(83)	(3,012)

Details of the principal associates as at 31st March 2024 and 2023 are shown in note 36(c) to the consolidated financial statements.

The financial information below, after making adjustments to conform to the Group's material accounting policies, represents the Group's interest in respective associates. Management considers there are no material associates to the Group.

	Non-current assets HK$'000	Current assets HK$'000	Non-current liabilities HK$'000	Current liabilities HK$'000	Revenue HK$'000	Loss after income tax HK$'000
2024	6,462,771	1,266,271	(4,625,912)	(308,571)	434,094	(363,407)
2023	7,072,390	1,490,648	(5,459,279)	(485,052)	352,835	(177,206)

Amounts due from associates of HK$395,261,000 (2023: HK$378,977,000) disclosed in note 22 form part of net investments in associates. As at 31st March 2024, amounts due from associates included share of losses of associates of HK$704,562,000 (2023: HK$229,764,000).

19 Loans and other receivables

	2024 HK$'000	2023 HK$'000
Loans receivable at amortised cost		
- secured loans	637	577,178
- unsecured loans (note (a))	128,128	117,746
Loans receivable at fair value through profit or loss (note (b))	469,816	595,749
Amounts due from joint ventures		
- at amortised cost (note (c))	577,543	542,436
- at fair value through profit or loss (note (d))	181,354	312,736
Amounts due from associates at amortised cost (note (e))	3,208,699	3,664,813
Amount due from non-controlling interests at amortised cost (note (f))	42,145	977,452
	4,608,322	6,788,110
Less: current portion of loans receivable		
- at amortised cost (note 22)	(10,734)	(575,000)
- at fair value through profit or loss (note 22)	(41,527)	(63,561)
amounts due from joint ventures (note (c) and note 22)	(77,968)	(68,910)
amounts due from associates (note 22)	(395,261)	(378,977)
amounts due from non-controlling interests at amortised cost (note (f) and note 22)	(42,145)	(977,452)
	4,040,687	4,724,210

Notes:

(a) As at 31st March 2024, the balance includes an amount of HK$117,394,000 (2023: HK$117,746,000) which carries interest at 12% (2023: 12%) per annum and is repayable in July 2029; and an amount of HK$10,734,000 (2023:HK$nil) which carries interest at 20% (2023: nil) per annum and is repayable in February 2025. The balances are denominated in US dollar.

(b) As at 31st March 2024, loans receivable at fair value through profit or loss are interest free for the initial two or three years and subsequently bear interest at variable interest rate. The fair value is calculated based on cash flows discounted using prevailing market rates and the repayment date estimated by the Group. Interest income from the loans receivable at fair value through profit or loss of HK$41,571,000 (31st March 2023: HK$47,089,000) and unrealised gain on loans receivable of HK$39,836,000 (31st March 2023: HK$27,496,000) (note 8) are recognised in the consolidated income statement.

19 Loans and other receivables (Continued)

Notes: (Continued)

(c) As at 31st March 2024, except for HK$104,234,000 (2023: HK$95,177,000) which is interest free, an amount of HK$473,309,000 (2023: HK$447,259,000) carries interest at 4.25% (2023: 4.25%) per annum. The balances are unsecured, repayable on demand, and denominated in HK dollar.

(d) The fair value of amounts due from joint ventures at fair value through profit or loss is determined based on cash flows discounted using prevailing market rates and the repayment date estimated by the Group.

The balance includes an amount of HK$82,604,000 (2023: HK$175,925,000) which carries interest at prevailing market rates and an amount of HK$98,750,000 (2023: HK$136,811,000) which carries interest at fixed rate ranged from 2.9% to 2.95% (2023: 2.9% to 2.95%) per annum.

(e) As at 31st March 2024, except for HK$395,261,000 (31st March 2023: HK$378,977,000) which is interest free, HK$3,518,000,000 (Mar 2023: HK$3,515,600,000) carries interest at fixed rate of 3.57% (31st March 2023: 2.47%) per annum. The balances are unsecured, repayable on demand and denominated in HK dollar. The balance also includes an amount of share of losses of associates of HK$704,562,000 (31st March 2023: HK$229,764,000).

(f) As at 31st March 2024, the balance includes an amount of HK$42,145,000 (31st March 2023: HK$42,144,000) which is unsecured, interest free and repayable on demand. As at 31st March 2023, the balance includes an amount of HK$935,308,000 representing the present value of the consideration receivable for partial disposal of property development project in Mainland China which was fully settled and amount of HK$10,737,000 (31st March 2023: HK$42,497,000) is recognised as finance income during the year ended 31st March 2024. The balance is denominated in HK dollar.

20 Amounts due from/to investee companies

	2024 HK$'000	2023 HK$'000
Amounts due from investee companies (note (a))	40,665	41,294
Amounts due within one year included in current assets (note 22)	(985)	(936)
	39,680	40,358
Amounts due to investee companies (note (b) and note 29)	9,158	15,321

Notes:

(a) As at 31st March 2024, the amounts due from investee companies of HK$36,894,000 (2023: HK$37,613,000) bear interest at prevailing market rates and repayable on demand. The remaining balance of HK$3,771,000 (2023: HK$3,681,000) net of provision for loss allowance of HK$234,207,000 (2023: HK$233,954,000) are interest free. The balances are unsecured and denominated in HK dollar.

(b) The amounts due to investee companies are unsecured, interest free and repayable on demand. The balances are denominated in HK dollar.

21 Properties for sale

	2024 HK$'000	2023 HK$'000
Completed properties	7,889,224	8,228,498
Under development	1,736,435	1,654,226
	9,625,659	9,882,724
The carrying value of properties for sale comprised:		
In Hong Kong		
- leases of between 10 to 50 years	5,876,772	6,319,847
- leases of over 50 years	3,748,887	3,562,877
	9,625,659	9,882,724

As at 31st March 2024, properties under development of HK$1,736,435,000 (2023: HK$1,654,226,000) are not expected to be recovered within 12 months.

22 Trade and other receivables, deposits and prepayments

	2024 HK$'000	2023 HK$'000
Trade receivables (note (a))	480,620	469,145
Less: Provision for loss allowance of trade receivables	(33,793)	(51,098)
Trade receivables, net of provision (note (b))	446,827	418,047
Other receivables and deposits (note (b))	2,095,382	2,817,359
Interest receivable (note (b))	137,340	109,252
Stakeholder's account	45,894	112,157
Prepayments	185,556	188,171
Contract cost assets	18,498	21,442
Contract assets	91,689	17,743
Loans receivable at amortised cost (note 19)	10,734	575,000
Loans receivable at fair value through profit or loss (note 19)	41,527	63,561
Amounts due from fellow subsidiary companies (note (c))	8,361	7,188
Amounts due from joint ventures (note 19)	77,968	68,910
Amounts due from associates (note 19)	395,261	378,977
Amounts due from investee companies (note 20)	985	936
Amounts due from non-controlling interests (note 19)	42,145	977,452
Amounts due from related companies (note (d))	4,295	4,305
Amounts due from ultimate holding company (note (e))	8,084	7,660
	3,610,546	5,768,160

Notes:

(a) The Group applies the IFRS 9 simplified approach to measure expected credit losses which use a lifetime expected credit loss allowance for all trade receivables.

The Group has different credit policies for different business operations depending on the requirements of the markets and business in which the subsidiaries operate. The analysis of trade receivables is as follows:

	2024 HK$'000	2023 HK$'000
Fully performing	480,620	458,078
Underperforming and non-performing	-	11,067
	480,620	469,145

22 Trade and other receivables, deposits and prepayments (Continued)

Notes: (Continued)

(a) (Continued)

Movement in the loss allowance for trade debtors during the year is as follows:

	2024 HK$'000	2023 HK$'000
As at the beginning of the year	51,098	67,184
Write-back of impairment loss recognised during the year, net	(933)	(4,143)
Uncollectible amount written off	(16,279)	(11,244)
Exchange differences	(93)	(699)
As at the end of the year	33,793	51,098

(b) Other classes within trade and other receivables, deposits and prepayments do not contain material impaired assets. There is no concentration of credit risk with respect to trade receivables as the customers bases are widely dispersed in different business operations.

The trade receivables, other receivables and deposits and interest receivable are denominated in the following currencies:

	2024 HK$'000	2023 HK$'000
HK dollar	1,861,815	2,691,022
US dollar	344,382	187,543
RMB	152,118	224,694
GBP	304,230	236,009
Others	17,004	5,390
	2,679,549	3,344,658

(c) Amounts due from fellow subsidiary companies are unsecured, interest free and repayable on demand. The balances are denominated in HK dollar.

(d) The balances are unsecured, interest free and repayable on demand. The balances are denominated in HK dollar.

(e) The balances are unsecured, interest free and repayable on demand. The balances are mainly denominated in HK dollar.

23 Financial assets/(liabilities) at fair value through profit or loss

	2024 HK$'000	2023 HK$'000
Equity and debt securities		
Non-current assets:		
- listed in Hong Kong	89,889	110,780
- listed overseas	1,487,575	2,606,339
- unlisted in Hong Kong	120,609	156,656
- unlisted overseas	15,195,886	15,929,908
	16,893,959	18,803,683
Current assets:		
- listed in Hong Kong	3,600,998	4,549,552
- listed overseas	7,601,924	5,346,820
- unlisted overseas	405,837	11,932
	11,608,759	9,908,304
	28,502,718	28,711,987

	2024 HK$'000	2023 HK$'000
Derivative financial instruments		
Current assets:		
- swap	86,144	351,705
- swaption	66,659	48,564
- option	23,070	62,476
- warrant	6,415	-
- forward	13,520	-
- future	-	1,070
	195,808	463,815

23 Financial assets/(liabilities) at fair value through profit or loss (Continued)

	2024 HK$'000	2023 HK$'000
Current liabilities:		
- swap	(181,595)	(37,135)
- swaption	(84,311)	(53,557)
- option	(550)	(2,862)
- forward	(133)	-
- future	-	(2,288)
	(266,589)	(95,842)
Representing:		
- non-current assets	16,893,959	18,803,683
- current assets	11,804,567	10,372,119
- current liabilities	(266,589)	(95,842)
Total	28,431,937	29,079,960

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

	2024 HK$'000	2023 HK$'000
HK dollar	3,793,527	5,155,607
US dollar	22,083,139	22,250,564
Korean Won	666,621	8,045
Japanese Yen	258,705	249,863
GBP	322,105	383,303
Euro	640,433	484,292
RMB	177,532	309,539
Others	489,875	238,747
	28,431,937	29,079,960

As at 31st March 2024 and 2023, the Group has control or joint control on certain unlisted equity or debt securities. However, the Group was exempted from applying equity method to these investments and they were recorded as financial assets at fair value through profit or loss.

24 Cash and bank balances

	2024 HK$'000	2023 HK$'000
Bank balances and cash	7,600,944	6,035,673
Short term bank deposits	5,810,214	8,639,156
	13,411,158	14,674,829
Representing:		
- unpledged	13,411,158	14,674,829

The effective interest rate on the bank deposits is 5.27% (2023: 3.15%) per annum. These deposits have an average maturity of 38 days (2023: 76 days).

Cash and bank balances are denominated in the following currencies:

	2024 HK$'000	2023 HK$'000
HK dollar	2,410,935	3,751,842
US dollar	9,815,872	9,681,442
RMB	881,562	721,280
Euro	25,034	174,598
GBP	260,808	248,137
Singapore dollar	8,078	84,357
Others	8,869	13,173
	13,411,158	14,674,829

The conversion of RMB denominated balances into foreign currencies and the remittances of such foreign currencies denominated bank balances and cash out of Mainland China are subject to relevant rules and regulations of foreign exchange control promulgated by the Mainland China government.

Cash and cash equivalents include the following for purpose of the consolidated statement of cash flows.

	2024 HK$'000	2023 HK$'000
Bank balances and cash	7,600,944	6,035,673
Short-term bank deposits	5,810,214	8,639,156
	13,411,158	14,674,829
Less: bank deposits with original maturities of more than three months	(13,766)	(1,064,836)
	13,397,392	13,609,993

25 Share capital and perpetual capital securities

Share capital

	Number of shares (Thousands)	Amount HK$'000
Authorised:		
Ordinary shares of 1 Hong Kong dollar each		
At 1st April 2022, 31st March 2023 and 31st March 2024	1,000,000,000	1,000,000,000
Issued and fully paid:		
Ordinary shares of 1 Hong Kong dollar each		
At 1st April 2022, 31st March 2023 and 31st March 2024	62,743,532	62,743,532

Perpetual capital securities

	2024 HK$'000	2023 HK$'000
USD500 million issued in 2020	3,886,762	3,886,797

On 10th September 2020, another wholly owned subsidiary of the Group (the "New Issuer") issued 5% perpetual capital securities with an aggregate principal of USD500 million for cash. The perpetual capital securities are guaranteed by the Company.

These securities are perpetual and the coupon payment can be deferred at the discretion of the Issuer and there is no limit as to the number of times of deferral of coupon payment. When the Company or the Issuer elect to declare dividends to their ordinary shareholders, the Issuer shall make distribution to the holders of perpetual securities at the distribution rates as defined in the subscription agreement.

26 Reserves

	Exchange reserve HK$'000	Retained earnings HK$'000	Merger reserve HK$'000	Hedging reserve HK$'000	Other reserves (note) HK$'000	Total HK$'000
At 1st April 2023	(1,211,001)	82,943,119	(33,060,444)	(31,870)	(294,217)	48,345,587
Loss for the year	-	(3,828,641)	-	-	-	(3,828,641)
Exchange translation differences						
- Group	(903,263)	-	-	-	-	(903,263)
- Joint ventures and associates	(63,223)	-	-	-	-	(63,223)
Transfer of statutory reserve of an associate	-	(7,630)	-	-	7,630	-
Transfer of statutory reserve of a subsidiary	-	(2,249)	-	-	2,249	-
Release of exchange reserve upon liquidation of a subsidiary	(31,152)	-	-	-	-	(31,152)
Release of exchange reserve upon disposal of subsidiaries	(12,168)	-	-	-	-	(12,168)
Release of other reserve upon liquidation of a subsidiary	-	(6,216)	-	-	6,216	-
Fair value change on hedging instruments	-	-	-	(15,621)	-	(15,621)
Cost of hedging	-	-	-	(1,102)	-	(1,102)
Hedging gain reclassified to profit or loss	-	-	-	16,229	-	16,229
At 31st March 2024	(2,220,807)	79,098,383	(33,060,444)	(32,364)	(278,122)	43,506,646

26 Reserves (Continued)

	Exchange reserve HK$'000	Retained earnings HK$'000	Merger reserve HK$'000	Hedging reserve HK$'000	Other reserves (note) HK$'000	Total HK$'000
At 1st April 2022	518,745	83,282,320	(33,060,444)	(29,740)	(469,124)	50,241,757
Profit for the year	-	1,038,001	-	-	-	1,038,001
Dividend paid to owners of the Company (note 13)	-	(1,367,809)	-	-	-	(1,367,809)
Acquisition of non-controlling interests	-	-	-	-	165,514	165,514
Exchange translation differences						
- Group	(1,523,451)	-	-	-	-	(1,523,451)
- Joint ventures and associates	(206,295)	-	-	-	-	(206,295)
Transfer of statutory reserve of an associate	-	(6,114)	-	-	6,114	-
Transfer of statutory reserve of a subsidiary	-	(3,279)	-	-	3,279	-
Fair value change on hedging instruments	-	-	-	(52,230)	-	(52,230)
Cost of hedging	-	-	-	(2,745)	-	(2,745)
Hedging gain reclassified to profit or loss	-	-	-	52,845	-	52,845
At 31st March 2023	(1,211,001)	82,943,119	(33,060,444)	(31,870)	(294,217)	48,345,587

Note: Other reserves mainly represent reserves arose from acquisition of additional interest in a subsidiary from non-controlling interests.

27 Deferred income tax

The movement on the net deferred income tax liabilities is as follows:

	2024 HK$'000	2023 HK$'000
At 1st April	(3,142,532)	(3,399,298)
Credited to the consolidated income statement (note 12)	401,818	3,154
Exchange difference	164,592	253,612
At 31st March	(2,576,122)	(3,142,532)

27 Deferred income tax (Continued)

The majority of deferred income tax assets and liabilities are to be recovered after more than 12 months. The gross movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year is as follows:

Deferred income tax liabilities

	Unrealised gains on investment securities HK$'000	Accelerated tax depreciation HK$'000	Fair value gains on properties (Note) HK$'000	Others HK$'000	Total HK$'000
At 1st April 2023	(102,154)	(83,626)	(3,464,138)	(44,608)	(3,694,526)
Credited/(charged) to consolidated income statement	48,236	(149,813)	53,065	1,504	(47,008)
Exchange difference	211	(225)	161,387	-	161,373
At 31st March 2024	(53,707)	(233,664)	(3,249,686)	(43,104)	(3,580,161)
At 1st April 2022	(113,728)	(184,313)	(3,485,344)	(45,315)	(3,828,700)
Credited/(charged) to consolidated income statement	11,834	97,185	(229,858)	707	(120,132)
Exchange difference	(260)	3,502	251,064	-	254,306
At 31st March 2023	(102,154)	(83,626)	(3,464,138)	(44,608)	(3,694,526)

27 Deferred income tax (Continued)

Deferred income tax assets

	Tax losses HK$'000	Fair value losses on properties HK$'000	Unrealised intra-group profits HK$'000	Total HK$'000
At 1st April 2023	109,400	246,170	196,424	551,994
Credited/(charged) to consolidated income statement	154,073	286,554	8,199	448,826
Exchange difference	(53)	3,272	-	3,219
At 31st March 2024	263,420	535,996	204,623	1,004,039
At 1st April 2022	165,346	74,858	189,198	429,402
Credited/(charged) to consolidated income statement	(55,991)	172,051	7,226	123,286
Exchange difference	45	(739)	-	(694)
At 31st March 2023	109,400	246,170	196,424	551,994

Note:

The balances also include temporary difference arising from the tax depreciation of investment properties in Mainland China.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

	2024 HK$'000	2023 HK$'000
Deferred income tax assets	953,764	480,124
Deferred income tax liabilities	(3,529,886)	(3,622,656)

28 Bank and other borrowings

	2024 HK$'000	2023 HK$'000
Long-term bank borrowings (note (a))		
- secured	4,399,715	10,173,703
- unsecured	11,833,385	8,282,190
Other long-term borrowings (note (a))		
- secured	-	185,585
Long-term medium term notes (note (b))		
- listed	11,904,601	12,314,780
- unlisted	499,190	498,975
Less: current portion of long-term bank borrowings	(1,251,918)	(296,459)
Less: current portion of other long-term borrowings	-	(185,585)
Less: current portion of long-term medium term notes	(1,485,667)	-
	25,899,306	30,973,189
Current portion of long-term bank borrowings (note (a))		
- secured	261,527	296,459
- unsecured	990,391	-
Current portion of other long-term borrowings (note (a))		
- secured	-	185,585
Other short-term bank borrowings (note (a))		
- secured	170,221	862,122
- unsecured	391,656	798,009
Current portion of long-term medium term notes (note (b))		
- listed	1,485,667	-
	3,299,462	2,142,175
Total bank and other borrowings	29,198,768	33,115,364

28 Bank and other borrowings (Continued)

As at 31st March 2024 and 31st March 2023, the Group's bank and other borrowings are repayable as follows:

	2024 HK$'000	2023 HK$'000
Within one year	3,299,462	2,142,175
Between one and two years	1,532,695	6,889,107
Between two and three years	5,018,473	2,383,653
Between three and four years	10,391,831	6,088,257
Between four and five years	4,245,621	6,839,245
Over five years	4,710,686	8,772,927
	29,198,768	33,115,364

Notes:

(a) These bank borrowings are secured by property, plant and equipment, investment properties, right-of-use assets, properties for sale and financial assets at fair value through profit or loss.

The effective interest rate based on the prevailing market rates on the bank borrowings as at 31st March 2024 is 4.34% (2023: 3.05%) per annum.

Bank borrowings are approximated their fair values and denominated in the following currencies:

	2024 HK$'000	2023 HK$'000
HK dollar	5,767,528	8,998,407
RMB	2,759,023	3,219,545
US dollar	3,602,635	3,552,013
GBP	4,168,526	4,012,995
Australian dollar	440,706	454,535
Others	56,559	64,114
	16,794,977	20,301,609

28 Bank and other borrowings (Continued)

Notes: (Continued)

(b) Nan Fung Treasury Limited, a subsidiary of the Group has established a Medium Term Note Programme ("MTN"). The aggregate principal amount of US$3 billion. As at 31st March 2024 and 2023, the Group has drawdown of HK$500 million (2023: HK$500 million) which is unlisted and US$1,533.05 million (2023: US$1,583.2 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
29th May 2014	US$189.87 million (note 1)	29th May 2024	4.875%	Semi-annually
13th September 2017	HK$500 million	13th September 2027	3.65%	Quarterly
3rd October 2017	US$372.49 million (note 2)	3rd October 2027	3.875%	Semi-annually
5th September 2018	US$470.69 million (note 3)	5th September 2028	5%	Semi-annually
27th August 2020	US$500 million	27th August 2030	3.625%	Semi-annually

The MTN is guaranteed unconditionally and irrevocably by the Company. As at 31st March 2024, the fair values of the MTN are HK$11,617,528,000 (2023: HK$12,100,254,000). Of which, US$1,424,986,000 equivalent to HK$11,152,303,000 (2023: US$1,481,700,000 equivalent to HK$11,630,899,000) is within level 1 of fair value hierarchy and the remaining HK$465,225,000 (2023: HK$469,355,000) 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$1,403,056,000 (2023: US$1,353,129,000).

Notes:

(1) During the year ended 31st March 2024, the company repurchased US$3.6 million MTN from third party and subsequently cancelled , resulting in a decrease in drawdown balance from US$193.47 million to US$189.87 million.

(2) During the year ended 31st March 2024, the company repurchased US$17.51 million MTN from third party and subsequently cancelled , resulting in a decrease in drawdown balance from US$390 million to US$372.49 million.

(3) During the year ended 31st March 2024, the company repurchased US$29.01 million MTN from third party and subsequently cancelled , resulting in a decrease in drawdown balance from US$499.7 million to US$470.69 million.

(c) As at 31st March 2024, the Group had HK$15,593,875,000 (2023: HK$21,432,200,000) undrawn banking facilities.

29 Trade and other payables, deposits and accruals

	2024 HK$'000	2023 HK$'000
Trade and other payables and accruals (note (a))	1,178,742	1,147,571
Accruals for construction work (note (a))	1,837,881	1,260,301
Rental and other deposits received (note (a))	679,129	619,517
Deferred income	16,506	15,925
Amounts due to customers for contract work	-	5,143
Amounts due to joint ventures (note (b))	908,060	550,460
Amounts due to associates (note (c))	83	3,012
Amounts due to investee companies (note 20)	9,158	15,321
Amounts due to related companies and individuals (note (d))	521,363	540,151
Amount due to immediate holding company (note (e))	91,257	40,525
Amount due to ultimate holding company (note (e))	28,380	1,019,520
Amounts due to non-controlling interests at amortised cost (note (f))	2,576,349	2,637,428
Amounts due to non-controlling interests at fair value through profit or loss (note (g))	862,636	690,453
	8,709,544	8,545,327

Notes:

(a) Trade and other payables mainly include payables related to property development projects including construction and development cost payables. Trade and other payables, deposits and accruals are denominated in the following currencies:

	2024 HK$'000	2023 HK$'000
HK dollar	2,483,534	1,987,078
RMB	610,390	563,813
US dollar	478,286	383,331
GBP	121,439	90,618
Others	2,103	2,549
	3,695,752	3,027,389

(b) Amounts due to joint ventures are unsecured, interest free and repayable on demand. The balances are denominated in HK dollar.

Details of the principal joint ventures as at 31st March 2024 and 2023 are shown in note 36(b) to the consolidated financial statements.

29 Trade and other payables, deposits and accruals (Continued)

Notes: (Continued)

(c) Amounts due to associates are unsecured, interest free and repayable on demand. The balances are denominated in HK dollar.

(d) As at 31st March 2024, amounts due to related companies and individuals of HK$4,967,000 (2023: HK$4,917,000) bear interest at 1% per annum (2023: 1% per annum) and remaining balances are interest free. The balances are unsecured and repayable on demand. The balances are denominated in HK dollar.

(e) Amounts due to immediate holding company and ultimate holding company are unsecured, interest free and repayable on demand. The balances are denominated in the following currencies:

	2024 HK$'000	2023 HK$'000
HK dollar	(240,094)	699,209
US dollar	359,731	360,836
	119,637	1,060,045

(f) As at 31st March 2024, amounts due to non-controlling interests at amortised cost of HK$839,153,000 (2023: HK$839,153,000) bear interest 5% per annum (2023: 5% per annum). The remaining balances are interest free. The balances are unsecured and repayable on demand. The balances are denominated in the following currencies:

	2024 HK$'000	2023 HK$'000
HK dollar	2,313,072	2,273,156
RMB	-	111,878
GBP	263,277	252,394
	2,576,349	2,637,428

(g) The amounts due to non-controlling interests at fair value through profit or loss represented redeemable preference shares with par value of US$0.01 per share. The amount is redeemable at the net asset value of a subsidiary of the Group at any time by the holder. The fair value is estimated based on the net asset value of the subsidiary.

30 Contract liabilities

	2024 HK$'000	2023 HK$'000
Contract liabilities related to property sales (note (a))	23,373	39,266

Notes:

(a) The Group received payments from customers based on billing schedules as established in contracts. Payments are usually received in advance before the transfer of properties.

(b) The following table shows the amount of revenue recognised in the current year that was included in the contract liability balance at the beginning of the year:

	2024 HK$'000	2023 HK$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year - Property sales	26,463	5,190,473

(c) The following table shows the aggregate amount of transaction price allocated to unsatisfied performance obligations resulting from fixed price contracts with an original expected duration of revenue recognition in one year or more:

	2024 HK$'000	2023 HK$'000
Expected to be recognised within one year	152,247	272,329

For all other contracts with an original expected duration of one year or less or are billed based on time incurred. As permitted under IFRS 15, the transaction price allocated to these unsatisfied performance obligations is not disclosed.

31 Notes to the consolidated statement of cash flows

(a) Reconciliation of (loss)/profit before income tax to net cash generated from operations:

	Note	2024 HK$'000	2023 HK$'000
(Loss)/profit before income tax		(3,849,573)	1,687,757
Depreciation of property, plant and equipment		130,891	129,992
Depreciation of right-of-use assets		48,135	49,464
Net change in fair values of investment properties		5,191,873	387,766
Net gain on disposal of property, plant and equipment		(1,179)	(622)
Write-off of property, plant and equipment		770	-
Write-off of right-of-use assets		442	2,783
Write-off of lease liabilities		(397)	(3,244)
Net gain on disposal of interests in/liquidation of subsidiaries		(637,606)	-
Net gain on loans receivable at fair value through profit or loss		(39,772)	(25,593)
Unrealised loss on financial assets at fair value through profit or loss and derivatives		2,487,480	2,230,704
Net provision for loss allowances of financial assets		2,556	139,282
Finance income, net		(81,729)	(294,027)
Share of results of joint ventures		(40,129)	(407,974)
Share of results of associates		363,407	177,206
Net cash generated from operating profit before working capital changes		3,575,169	4,073,494
Decrease/(increase) in:			
Properties for sale		297,507	3,857,638
Trade and other receivables, deposits and prepayments		618,614	(149,656)
Financial assets at fair value through profit or loss		(1,394,066)	1,049,211
Increase/(decrease) in:			
Trade and other payables, deposits and accruals		645,924	(20,631)
Contract liabilities		(15,893)	(5,171,804)
Amounts due to customers for contract work		(5,143)	5,143
Financial liabilities at fair value through profit or loss		170,747	37,520
Net cash generated from operations		3,892,859	3,680,915

31 Notes to the consolidated statement of cash flows (Continued)

(b) Disposal of interests in subsidiaries

On 10th May 2023, the Group entered into a sale and purchase agreement with an independent third party for sale of entire interests in a non-wholly owned subsidiary, Qingdao Sanyang Real Estate Co., Ltd., with 55% interests, which holds investment properties in Mainland China (the "Disposal") at consideration of RMB304 million. The consideration was fully received and the Disposal was completed on 26th June 2023. Details of the disposal are as follows:

	HK$'000
Net assets disposed of:	
Property, plant and equipment	30
Investment properties	547,239
Trade and other receivables	64,853
Cash and cash equivalents	3,939
Trade and other payables	(1,590)
	614,471
Non-controlling interests	(268,305)
55% of net assets disposed of	346,166
Net loss on disposal of interests in subsidiaries:	
Total consideration	328,319
Net assets disposed of	(346,166)
Release of exchange reserves	11,878
	(5,969)
Net cash inflow on disposal of interests in subsidiaries:	
Consideration received during the year	328,319
Cash and bank balances disposed of	(3,939)
	324,380

31 Notes to the consolidated statement of cash flows (Continued)

(b) Disposal of interests in subsidiaries (Continued)

In March 2024, the Group's non-wholly owned subsidiary, Engrail Therapeutics, Inc.("Engrail"), had raised a new round of financing by issuing additional preference shares which diluted the Group's interests in Engrail to become less than 50%. After the completion of the new round of financing, the Group ceased to have control in Engrail and the remaining interests are accounted for as financial assets at fair value through profit or loss. A gain on disposal of HK$609,995,000 was recognised in "Other income and gains, net" in the consolidated financial statements. Details of the disposal are as follows:

	HK$'000
Net assets disposed of:	
Property, plant and equipment	208
Right-of-use assets	333
Financial assets at fair value through profit or loss	783
Trade and other receivables	4,999
Cash and cash equivalents	23,111
Trade and other payables	(38,710)
Lease liabilities	(397)
	(9,673)
Non-controlling interests	90,476
88% of net assets disposed of	80,803
Net gain on disposal of interests in subsidiaries:	
Fair value of retained interests in Engrail	690,508
Net assets disposed of	(80,803)
Release of exchange reserves	290
	609,995
Net cash outflow on disposal of interests in subsidiaries:	
Cash and bank balances disposed of	(23,111)

(c) Significant non-cash transactions

During the year ended 31st March 2023, dividends paid to non-controlling interest amounting to HK$994,480,000 were settled through amounts due from non-controlling interest.

31 Notes to the consolidated statement of cash flows (Continued)

(d) Reconciliation of liabilities arising from financing activities:

	Bank and other borrowings HK$'000	Interest Payables HK$'000	Amounts due to related companies and individuals HK$'000	Amount due to immediate holding company HK$'000	Amounts due to ultimate holding company HK$'000	Amounts due to non-controlling interests HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1st April 2023	33,115,364	77,015	540,151	40,525	1,019,520	3,327,881	121,916	38,242,372
Cash flows	(3,845,065)	(1,246,294)	(18,788)	50,732	(991,140)	88,154	(20,288)	(5,982,689)
Finance cost	-	1,316,117	-	-	-	42,174	3,732	1,362,023
Exchange differences	(153,305)	228	-	-	-	(19,224)	(4,722)	(177,023)
Other non-cash movement	81,774	(19,060)	-	-	-	-	1,347	64,061
At 31st March 2024	29,198,768	128,006	521,363	91,257	28,380	3,438,985	101,985	33,508,744
At 1st April 2022	37,856,286	137,379	499,454	7,962	8,826	2,836,030	141,387	41,487,324
Cash flows	(4,345,370)	(1,274,831)	40,697	32,563	1,010,694	458,971	(20,905)	(4,098,181)
Finance cost	-	1,236,176	-	-	-	42,058	4,412	1,282,646
Exchange differences	(445,969)	764	-	-	-	(9,178)	(7,622)	(462,005)
Other non-cash movement	50,417	(22,473)	-	-	-	-	4,644	32,588
At 31st March 2023	33,115,364	77,015	540,151	40,525	1,019,520	3,327,881	121,916	38,242,372

32 Commitments

Other than those disclosed elsewhere in the financial statements, the Group has significant commitments as follows:

	2024 HK$'000	2023 HK$'000
Contracted but not provided for		
Investment properties (note (a))	884,289	919,202
Property, plant and equipment	113,657	-
Other investments (note (b))	2,734,342	2,519,149
	3,732,288	3,438,351
Capital contribution to		
Joint ventures (note (c))	253,873	254,249
	3,986,161	3,692,600

Notes:

(a) As at 31st March 2024 and 31st March 2023, the Group had capital commitments for investment properties under development and completed investment properties.

(b) As at 31st March 2024 and 31st March 2023, the Group had uncalled capital commitments to invest in the funds and direct investments. The commitments are subject to certain conditions described in the contracts.

(c) As at 31st March 2024, the Group has an outstanding commitment to contribute capital of US$nil (2023: US$267,000) and HK$253,873,000 (2023: HK$252,153,000) to joint ventures for jointly developing manufacturing and office properties and parking lot located in New York and Hong Kong.

The aggregate lease payments under short-term leases and low-value leases are as follows:

	2024 HK$'000	2023 HK$'000
Third parties		
- not later than one year	1,709	1,850
- later than one year and not later than five years	255	150
	1,964	2,000

33 Future operating lease receivables

As at 31st March 2024 and 31st March 2023, the Group had future aggregate minimum lease receivables under non-cancellable operating leases in respect of the Group's investment properties and properties for sale as follows:

	2024 HK$'000	2023 HK$'000
Within one year	1,879,855	1,753,184
Between one and two years	1,433,559	1,439,669
Between two and three years	991,380	1,062,869
Between three to four years	673,759	740,038
Between four to five years	569,962	569,884
Later than five years	1,012,574	1,481,382
	6,561,089	7,047,026

34 Pledge of assets

As at 31st March 2024 and 31st March 2023, the Group had pledged certain assets to secure borrowings of the Group. Their carrying values were as follows:

	2024 HK$'000	2023 HK$'000
Property, plant and equipment	1,082,804	1,187,837
Investment properties	17,620,465	50,808,996
Right-of-use assets	372,900	408,216
Financial assets at fair value through profit or loss	932,544	808,201
	20,008,713	53,213,250

35 Significant related party transactions

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

	2024 HK$'000	2023 HK$'000
Income:		
From related companies which is held by a close family member of directors of the Company		
- rental income (note)	28,034	28,065

Note: Rental income from related companies for premises rented to related companies. The terms were determined by and agreed between both parties.

36 Particulars of principal subsidiaries, joint ventures and associates

(a) Subsidiaries

The Group had interests in the following principal subsidiaries:

Name	**Place of incorporation**	**Principal activities**	**Issued share capital/ registered capital**	**Percentage of effective interest in ownership/voting power/profit sharing**	
				2024	2023
Ace Aspect Limited	British Virgin Islands	Property development	US$1,000	100%	100%
Blooming Lotus Holdings Limited	British Virgin Islands	Property investment	US$1,000	100%	100%
Bordon Construction Company Limited	Hong Kong	Investment holding and building construction	HK$686,700,000	100%	100%
Capital Treasure Investments Limited [1]	British Virgin Islands	Property investment	US$1,000	80%	80%
Century Wealth Development Limited	Hong Kong	Property trading, money-lending and financing	HK$2	100%	100%
Cheerwide Investment Limited [1]	Hong Kong	Property investment and property trading	HK$1	85%	85%
Chun Yip Construction Company Limited	Hong Kong	Building construction	HK$570,000,200 ordinary and HK$1,000,000 non-voting deferred	100%	100%
City Century Development Limited [2]	Hong Kong	Property trading	HK$1	100%	100%
Continental Discovery Sdn. Bhd.	Malaysia	Property investment	RM100,000	100%	100%
Cosmic City International Limited	British Virgin Islands	Property development	US$1,000	100%	100%
Crown Time Properties Limited	Hong Kong	Property trading	HK$2	100%	100%
Dynamic Century Global Limited	British Virgin Islands	Property investment	US$1,000	100%	100%
Emerald Place Limited	British Virgin Islands	Property development	US$1,000	100%	100%
Enormous Asset Limited [1]	Hong Kong	Property trading	HK$1	75%	75%

36 Particulars of principal subsidiaries, joint ventures and associates (Continued)

(a) Subsidiaries (Continued)

The Group had interests in the following principal subsidiaries: (Continued)

Name	**Place of incorporation**	**Principal activities**	**Issued share capital/ registered capital**	**Percentage of effective interest in ownership/voting power/profit sharing** 2024	2023
Ever Crown Development Limited	Hong Kong	Property investment	HK$2	100%	100%
Ever Grand Enterprises Limited	Hong Kong	Property investment	HK$1	100%	100%
Gavast Estates Limited	Hong Kong	Investment holding	HK$2	100%	100%
Global Gain Investment Holdings Limited	Cayman Islands	Investment holding	US$1	100%	100%
Goodyear Investments Private Limited	Singapore	Property investment	SG$23,250,000	100%	100%
Great Team Development Limited [1,2]	Hong Kong	Property trading	HK$1	100%	100%
Greatco Finance Limited	Hong Kong	Financing	HK$1	100%	100%
Group Reliance Limited	Hong Kong	Financing	HK$250,000,000	100%	100%
Hing Fung Sendirian Berhad	Malaysia	Property investment	RM7,300,000	100%	100%
Hon Hing Enterprises Limited	Hong Kong	Building management	HK$10,000	100%	100%
Jubilant Century Limited	Hong Kong	Property investment	HK$10,000	100%	100%
Jubilee Charm Investments Limited	British Virgin Islands	Property investment	US$1,000	100%	100%
Jumbo Runner Limited	British Virgin Islands	Property development	US$1,000	100%	100%
Landsun International Limited	Hong Kong	Hotel operation, money lending and financing	HK$2	100%	100%
London George Unit Trust	Jersey	Property investment	GBP52,600,000	100%	100%
Longbrook Development Limited	Hong Kong	Property investment	HK$10,000	100%	100%

36 Particulars of principal subsidiaries, joint ventures and associates (Continued)

(a) Subsidiaries (Continued)

The Group had interests in the following principal subsidiaries: (Continued)

Name	**Place of incorporation**	**Principal activities**	**Issued share capital/ registered capital**	**Percentage of effective interest in ownership/voting power/profit sharing**	
				2024	2023
Main Shine Development Limited	Hong Kong	Building management	HK$500,000	100%	100%
Nan Fung Development Limited	Hong Kong	Financing, investment holding and property investment	HK$900,000,002 ordinary and HK$100,000,000 non-voting deferred	100%	100%
Nan Fung Finance Limited	Hong Kong	Money lending and financing	HK$1,000,000	100%	100%
Nan Fung Group Holdings Limited	British Virgin Islands	Investment holding	US$5,545,836,729	100%	100%
Nan Fung International Finance Limited	Hong Kong	Financing	HK$1	100%	100%
Nan Fung Property Holdings Limited	Hong Kong	Investment holding	HK$137,997,600	100%	100%
Nan Fung Real Estate Agency Limited	Hong Kong	Provision of real estate agency service	HK$100,000	100%	100%
Nan Fung Textiles Limited	Hong Kong	Investment holding, property investment and trading	HK$10,000,000	100%	100%
Nan Fung Textiles Second Mill Limited	Hong Kong	Property investment	HK$3,500,000	100%	100%
Nan Fung Treasury Consolidated Limited	Hong Kong	Provision of treasury services	HK$1	100%	100%
Nan Fung Treasury Limited	British Virgin Islands	Financing	US$1,000	100%	100%
Nan Fung Treasury (II) Limited	British Virgin Islands	Financing	US$1,000	100%	100%
Nan Fung Treasury (III) Limited	British Virgin Islands	Financing	US$1,000	100%	100%

36 Particulars of principal subsidiaries, joint ventures and associates (Continued)

(a) Subsidiaries (Continued)

The Group had interests in the following principal subsidiaries: (Continued)

Name	Place of incorporation	Principal activities	Issued share capital/ registered capital	Percentage of effective interest in ownership/voting power/profit sharing 2024	2023
Nan Fung Trinity (HK) Limited	Hong Kong	Financial asset management and investment advisory	HK$255,000,000	100%	100%
Nan Wai Development Limited	Hong Kong	Property investment	HK$1	100%	100%
New Charm Management Limited	Hong Kong	Building management	HK$10,000	100%	100%
New Connect Investments Limited	British Virgin Islands	Property investment	US$1,000	100%	100%
New Excellent Development Limited	Hong Kong	Property investment	HK$1	100%	100%
New Zone Developments Limited	British Virgin Islands	Property investment	US$1,000	99%	99%
NF The Mills UK Ltd	United Kingdom	Gallery and event space	GBP1	100%	100%
NFLSRE 1 Winthrop LLC	Delaware	Property investment	US$28,257,300	100%	100%
NFLSRE 2 Financial LLC	Delaware	Property investment	US$nil	100%	100%
NFLSRE 51 Sleeper LLC	Delaware	Property investment	US$40,950,000	100%	100%
NFLSRE 470 Atlantic LLC	Delaware	Property investment	US$nil	100%	100%
Northern Green Ventures Sdn. Bhd.	Malaysia	Property investment	RM100 ordinary and RM44,095,420 redeemable preference	100%	100%
Permwell Management Limited	Cayman Islands	Investment holding	US$1	100%	100%
Poh Foong Sdn. Bhd.	Malaysia	Property investment	RM850,000	100%	100%
Portslade Global Limited	British Virgin Islands	Investment holding	US$1,000	100%	100%
Rich Union Development Limited	Hong Kong	Property investment	HK$1	100%	100%

36 Particulars of principal subsidiaries, joint ventures and associates (Continued)

(a) Subsidiaries (Continued)

The Group had interests in the following principal subsidiaries: (Continued)

Name	**Place of incorporation**	**Principal activities**	**Issued share capital/ registered capital**	**Percentage of effective interest in ownership/voting power/profit sharing** 2024	2023
The Mills Limited	Hong Kong	Event space and business planning	HK$1	100%	100%
Timse Enterprises Limited	Hong Kong	Property trading	HK$1	100%	100%
Unishine Development Limited	Hong Kong	Property trading	HK$2	100%	100%
Vineberg Property Management Limited	Hong Kong	Building management	HK$100,000	100%	100%
上海華天房地產發展有限公司	Mainland China	Property investment	RMB1,772,890,815	100%	100%
上海景信房地產開發有限公司	Mainland China	Property investment	RMB108,880,055	100%	100%
上海寶禾置業有限公司	Mainland China	Property investment	US$117,000,000	100%	100%
上海英旭置業有限公司	Mainland China	Financing	RMB334,000,000	100%	100%
上海崇豐房地產發展有限公司 [1]	Mainland China	Property development	RMB2,531,793,280	60%	60%
南豐京華投資諮詢(北京)有限公司	Mainland China	Consultancy service	USD1,000,000	100%	100%
廣州市展匯房地產開發有限公司	Mainland China	Property investment	HK$1,369,000,000	100%	100%
廣州市展豐房地產開發有限公司	Mainland China	Property investment	HK$2,510,963,626	100%	100%

1 Management regards there are no material non-controlling interests to the Group.

2 The companies have entered into joint operations with an independent third party on property development projects in Hong Kong. They will share any jointly held or incurred assets, liabilities, revenue and expenses up to its interests in accordance with the development agreements.

36 Particulars of principal subsidiaries, joint ventures and associates (Continued)

(b) Joint ventures

The Group had indirect interests in the following principal joint ventures:

Name	**Place of incorporation**	**Principal activities**	**Issued share capital/ registered capital**	**Percentage of effective interest in ownership/voting power/profit sharing** 2024	2023
Ace Glory Limited	Hong Kong	Property investment and trading	HK$1	30%	30%
Best Profit Limited	Hong Kong	Property investment and trading	HK$1	25%	25%
Brave Sky Investments Limited	Hong Kong	Property trading	HK$2	50%	50%
Brave Sky Mortgage Limited	Hong Kong	Money lending	HK$2	50%	50%
Century Rise Limited	Hong Kong	Property investment and trading	HK$1	30%	30%
Cheerful Aim Limited	Hong Kong	Property investment	HK$1	50%	50%
Everbeam Mortgage Limited	Hong Kong	Money lending	HK$1	50%	50%
Fortune Creation Developments Limited	British Virgin Islands	Property development	US$100	50%	50%
Gracious Cheer Limited	Hong Kong	Property investment	HK$1	50%	50%
IPG LIC 49th Ave Lot 22 JV LLC[1]	Delaware	Property investment	US$1,888,605	94%	94%
IPG LIC 49th Ave Lower Floor Units JV LLC[1]	Delaware	Property investment	US$67,738,427	94%	94%
IPG LIC 49th Ave Upper Floor Unit JV LLC[1]	Delaware	Property investment	US$24,276,221	94%	94%
Market Prospect Limited	Hong Kong	Property trading	HK$2	50%	50%
Pacific Bond Limited	Hong Kong	Property investment and trading	HK$1	30%	30%
Protic Limited	Hong Kong	Property development	HK$2	50%	50%
Union King (Hong Kong) Limited	Hong Kong	Property investment and trading	HK$1	25%	25%

36 Particulars of principal subsidiaries, joint ventures and associates (Continued)

(b) Joint ventures (Continued)

1 The directors of the Company considered the Group does not have unilateral control over these joint ventures as the decisions about relevant activities require the unanimous consent of the parties sharing of control.

(c) Associates

The Group had indirect interests in the following principal associates:

Name	**Place of incorporation**	**Principal activities**	**Issued share capital/ registered capital**	**Percentage of effective interest in ownership/voting power/profit sharing**	
				2024	2023
Century Land Investment Limited	Hong Kong	Property investment	HK$1	40%	40%
Empresa de Fomento Industrial E Comercial Concórdia, S.A.[1]	Macau	Property development and investment	MOP100,000,000	17%	17%
上海世界貿易商城有限公司	Mainland China	Property investment	US$100,000,000	49%	49%

1 The directors of the Company considered the Group has significant influence over this company through its representative on the board of directors of this company.

NAN FUNG INTERNATIONAL HOLDINGS LIMITED
(incorporated in the British Virgin Islands with limited liability)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST MARCH 2025

INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS OF NAN FUNG INTERNATIONAL HOLDINGS LIMITED
(incorporated in the British Virgin Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of Nan Fung International Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 4 to 99, comprise:

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

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31st March 2025, and of its consolidated financial performance and its consolidated 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 Consolidated 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 Group 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.

Responsibilities of Directors and the Audit and Risk Management Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

The Audit and Risk Management Committee is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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.

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

- 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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 INTERNATIONAL HOLDINGS LIMITED
(incorporated in the British Virgin Islands with limited liability)

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2025

	Note	2025 HK$'000	2024 HK$'000
Revenue	5, 6	4,134,340	3,944,247
Cost of sales		(1,836,693)	(1,488,467)
Gross profit		2,297,647	2,455,780
Net gain on financial investments	7	558,560	900,325
Other income and gains, net	8	139,214	846,810
Net change in fair values of investment properties	14	(1,375,054)	(5,191,873)
Other operating expenses		(2,379,474)	(2,619,066)
Operating loss	9	(759,107)	(3,608,024)
Finance income		726,599	795,045
Finance expenses		(1,034,662)	(659,955)
Other finance charges and net exchange difference on financing activities		6,361	(53,361)
Finance (expenses)/income, net	11	(301,702)	81,729
Share of results of			
- Joint ventures	5, 16	(182,125)	40,129
- Associates	5, 17	(491,782)	(363,407)
Loss before income tax		(1,734,716)	(3,849,573)
Income tax (expense)/credit	12	(111,456)	166,410
Loss for the year		(1,846,172)	(3,683,163)
Loss for the year attributable to:			
- Owners of the Company		(1,910,116)	(3,828,641)
- Holders of perpetual capital securities		194,811	195,623
- Non-controlling interests		(130,867)	(50,145)
		(1,846,172)	(3,683,163)

NAN FUNG INTERNATIONAL HOLDINGS LIMITED
(incorporated in the British Virgin Islands with limited liability)

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

	2025 HK$'000	2024 HK$'000
Loss for the year	(1,846,172)	(3,683,163)
Other comprehensive loss		
Items that may be reclassified subsequently to profit or loss		
Share of other comprehensive loss of joint ventures and associates	(79,110)	(63,223)
Release of exchange reserves upon disposal of subsidiaries/ liquidation of subsidiaries	(92,661)	(43,320)
Cash flow hedges:		
Fair value change	73,002	(15,621)
Cost of hedging	3,847	(1,102)
Hedging (loss)/gain reclassified to profit or loss	(44,485)	16,229
Exchange translation differences	(361,409)	(976,303)
Other comprehensive loss for the year	(500,816)	(1,083,340)
Total comprehensive loss for the year	(2,346,988)	(4,766,503)
Total comprehensive loss attributable to:		
- Owners of the Company	(2,395,925)	(4,838,941)
- Holders of perpetual capital securities	194,811	195,623
- Non-controlling interests	(145,874)	(123,185)
	(2,346,988)	(4,766,503)

NAN FUNG INTERNATIONAL HOLDINGS LIMITED
(incorporated in the British Virgin Islands with limited liability)

CONSOLIDATED BALANCE SHEET
AS AT 31ST MARCH 2025

	Note	2025 HK$'000	2024 HK$'000
Assets			
Non-current assets			
Property, plant and equipment	13	1,834,180	2,860,022
Investment properties	14	80,440,720	81,785,011
Right-of-use assets	15	420,552	820,685
Joint ventures	16	4,172,647	4,150,109
Associates	17	2,750,328	2,794,559
Financial assets at fair value through profit or loss	22	16,504,678	16,893,959
Loans and other receivables	18	3,757,933	4,040,687
Amounts due from investee companies	19	37,357	39,680
Deferred income tax assets	26	912,709	953,764
Other non-current asset		-	43,525
		110,831,104	114,382,001
Current assets			
Properties for sale	20	9,688,129	9,625,659
Trade and other receivables, deposits and prepayments	21	3,856,610	3,610,546
Financial assets at fair value through profit or loss	22	12,464,464	11,804,567
Prepaid tax		144,166	142,875
Cash and bank balances	23	10,722,302	13,411,158
		36,875,671	38,594,805
Total assets		147,706,775	152,976,806
Equity			
Equity attributable to the owners of the Company			
Share capital	24	62,743,532	62,743,532
Reserves	25	41,104,381	43,506,646
		103,847,913	106,250,178
Perpetual capital securities	24	3,886,693	3,886,762
		107,734,606	110,136,940
Non-controlling interests		322,973	476,336
Total equity		108,057,579	110,613,276

NAN FUNG INTERNATIONAL HOLDINGS LIMITED
(incorporated in the British Virgin Islands with limited liability)

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31ST MARCH 2025

	Note	2025 HK$'000	2024 HK$'000
Liabilities			
Non-current liabilities			
Deferred income tax liabilities	26	3,378,541	3,529,886
Bank and other borrowings	27	24,678,084	25,899,306
Lease liabilities		77,915	90,032
Other long-term liabilities		22,728	21,779
		28,157,268	29,541,003
Current liabilities			
Trade and other payables, deposits and accruals	28	8,985,426	8,709,544
Contract liabilities	29	34,416	23,373
Financial liabilities at fair value through profit or loss	22	286,647	266,589
Lease liabilities		10,829	11,953
Bank and other borrowings	27	2,146,583	3,299,462
Tax payable		28,027	511,606
		11,491,928	12,822,527
Total liabilities		39,649,196	42,363,530
Total equity and liabilities		147,706,775	152,976,806

On behalf of the Board

Leung Kam Chung
Director

Cheung Vincent Sai Sing
Director

NAN FUNG INTERNATIONAL HOLDINGS LIMITED
(incorporated in the British Virgin Islands with limited liability)

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

	Attributable to owners of the Company							
	Share capital HK$'000	Retained earnings HK$'000	Merger reserve HK$'000	Other reserves HK$'000	Total HK$'000	Perpetual capital securities HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1st April 2024	62,743,532	79,098,383	(33,060,444)	(2,531,293)	106,250,178	3,886,762	476,336	110,613,276
Comprehensive loss								
Loss for the year	-	(1,910,116)	-	-	(1,910,116)	194,811	(130,867)	(1,846,172)
Other comprehensive loss	-	-	-	(485,809)	(485,809)	-	(15,007)	(500,816)
Total comprehensive loss	-	(1,910,116)	-	(485,809)	(2,395,925)	194,811	(145,874)	(2,346,988)
Dividend paid to non-controlling interest	-	-	-	-	-	-	(74,676)	(74,676)
Capital injection of non-controlling interests	-	-	-	-	-	-	73,236	73,236
Acquisition of non-controlling interests	-	-	-	(6,340)	(6,340)	-	(6,049)	(12,389)
Transfer of statutory reserve of an associate and a subsidiary	-	(9,469)	-	9,469	-	-	-	-
Distribution paid to holders of perpetual capital securities	-	-	-	-	-	(194,880)	-	(194,880)
At 31st March 2025	62,743,532	77,178,798	(33,060,444)	(3,013,973)	103,847,913	3,886,693	322,973	108,057,579

NAN FUNG INTERNATIONAL HOLDINGS LIMITED
(incorporated in the British Virgin Islands with limited liability)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2025

	Attributable to owners of the Company							
	Share capital HK$'000	Retained earnings HK$'000	Merger reserve HK$'000	Other reserves HK$'000	Total HK$'000	Perpetual capital securities HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1st April 2023	62,743,532	82,943,119	(33,060,444)	(1,537,088)	111,089,119	3,886,797	627,271	115,603,187
Comprehensive loss								
Loss for the year	-	(3,828,641)	-	-	(3,828,641)	195,623	(50,145)	(3,683,163)
Other comprehensive loss	-	-	-	(1,010,300)	(1,010,300)	-	(73,040)	(1,083,340)
Total comprehensive loss	-	(3,828,641)	-	(1,010,300)	(4,838,941)	195,623	(123,185)	(4,766,503)
Disposal of subsidiaries	-	-	-	-	-	-	(177,829)	(177,829)
Release of other reserve upon liquidation of subsidiaries	-	(6,216)	-	6,216	-	-	-	-
Dividend paid to non-controlling interest	-	-	-	-	-	-	(21,613)	(21,613)
Capital injection of non-controlling interests	-	-	-	-	-	-	175,089	175,089
Acquisition of non-controlling interests	-	-	-	-	-	-	(410)	(410)
Settlement of non-controlling interests	-	-	-	-	-	-	(2,987)	(2,987)
Transfer of statutory reserve of an associate and a subsidiary	-	(9,879)	-	9,879	-	-	-	-
Distribution paid to holders of perpetual capital securities	-	-	-	-	-	(195,658)	-	(195,658)
At 31st March 2024	62,743,532	79,098,383	(33,060,444)	(2,531,293)	106,250,178	3,886,762	476,336	110,613,276

NAN FUNG INTERNATIONAL HOLDINGS LIMITED
(incorporated in the British Virgin Islands with limited liability)

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

	Note	2025 HK$'000	2024 HK$'000
Cash flows from operating activities			
Net cash generated from operations	30(a)	590,904	3,913,191
Profits tax paid		(660,166)	(247,806)
Net cash (used in)/from operating activities		(69,262)	3,665,385
Cash flows from investing activities			
Interest received		725,398	766,957
Purchase of property, plant and equipment		(171,570)	(24,600)
Proceeds from disposal of property, plant and equipment		1,432	1,191
Additions/acquisition of investment properties		(766,804)	(1,980,597)
Decrease in amounts due from investee companies		2,323	678
Decrease in amounts due to investee companies		(40)	(6,163)
Decrease in amounts due from non-controlling interests		-	935,307
Increase in investment in joint ventures		(111,224)	(73,611)
(Increase)/decrease in amounts due from joint ventures		(186,027)	96,275
Dividends received from joint ventures		35,000	11,000
Increase in amounts due to joint ventures		527,250	359,850
Decrease in investment in associates		36,446	28,577
Increase in amounts due from associates		(51,689)	(18,699)
Dividends received from associates		3,000	2,500
(Decrease)/increase in amounts due to associates		(64)	68,071
Net proceeds from disposal of interests in subsidiaries	30(b)	950,384	301,269
Decrease in loans and other receivables		18,613	731,687
Increase in amounts due from fellow subsidiary companies		(603)	(444)
Decrease/(increase) in amounts due from related companies		10	(718)
Increase in amounts due from ultimate holding company		(224)	(424)
Acquisition of interest in a subsidiary		(80,862)	-
(Increase)/decrease in short term bank deposits with original maturities more than three months		(155,484)	1,051,070
Net cash generated from investing activities		775,265	2,249,176

NAN FUNG INTERNATIONAL HOLDINGS LIMITED
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CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31ST MARCH 2025

	Note	2025 HK$'000	2024 HK$'000
Cash flows from financing activities	30(c)		
Interest paid		(1,156,552)	(1,246,294)
Increase/(decrease) in amounts due to related companies and individuals		62,289	(18,788)
Increase in amount due to immediate holding company		54,349	50,732
Increase/(decrease) in amount due to ultimate holding company		120,158	(991,140)
Capital injection from non-controlling interests		73,236	175,089
(Decrease)/increase in amounts due to non-controlling interests		(374,921)	67,822
Repayment of medium term notes		(2,389,473)	(392,171)
Distribution paid to holders of perpetual capital securities		(194,880)	(195,658)
Principal elements of lease payments		(15,040)	(20,288)
Drawdown of bank and other borrowings		9,709,236	10,429,760
Repayment of bank and other borrowings		(9,289,093)	(13,882,654)
Dividend paid to non-controlling interest		(74,676)	(21,614)
Acquisition of non-controlling interests		(12,389)	(410)
Settlement of non-controlling interests		-	(2,987)
Net cash used in financing activities		(3,487,756)	(6,048,601)
Net decrease in cash and cash equivalents		(2,781,753)	(134,040)
Cash and cash equivalents at beginning of year		13,397,392	13,609,993
Currency translation differences		(62,587)	(78,561)
Cash and cash equivalents at end of year	23	10,553,052	13,397,392

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

Nan Fung International Holdings Limited (the "Company") is a limited liability company incorporated in the British Virgin Islands on 8th August 2011 and is wholly and beneficially owned by Dr. Chen Din Hwa ("Dr. Chen"). In June 2012, Dr. Chen had deceased.

The Company and its subsidiaries are collectively referred to as the "Group". The ultimate holding company of the Company is Chen's Group International Limited ("CGIL"). CGIL is wholly owned by Dr. Chen's Estates.

The address of the Company's registered office is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

The Company's principal activity is investment holding. The principal activities of the Group are property investment and development, hotel operation, investment holding and trading, building management, provision of construction contracting services and provision of properties related services.

The consolidated financial statements are presented in thousands of Hong Kong dollar ("HK$'000") unless otherwise stated. The consolidated financial statements were 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 consolidated 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 consolidated financial statements have been prepared in accordance with all applicable IFRS Accounting Standards. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss, which are carried at fair values.

The preparation of consolidated 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 Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2 Summary of material accounting policies (Continued)

(a) Basis of preparation (Continued)

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

The Group has adopted the following new standards 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 Group has assessed the impact of the adoption of these new standards and amendments to standards, there is neither significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies and presentation of the financial statements.

(ii) New Standards and amendments to standards which are not yet effective for this financial year and have not been early adopted by the Group

The Group has not early adopted the following new standards and amendments to standards that have been issued but are not yet effective for the year ended 31st March 2025:

		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

2 Summary of material accounting policies (Continued)

(a) Basis of preparation (Continued)

(ii) New standards and amendments to standards which are not yet effective for this financial year and have not been early adopted by the Group (Continued)

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

(b) Consolidation

(i) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated unless the transaction provides evidence of an impairment of the transferred asset. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer’s previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means the amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified or permitted by applicable IFRS.

2 Summary of material accounting policies (Continued)

(b) Consolidation (Continued)

(ii) Transactions with non-controlling interests

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Joint arrangements

Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has both joint operations and joint ventures.

(a) Joint operations

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. Details of the joint operation are set out in note 35(a).

(b) Joint ventures

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

2 Summary of material accounting policies (Continued)

(b) Consolidation (Continued)

(iv) Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of post-acquisition profit or loss is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The financial statements of the associates used for this purpose cover a year end of not more than three months before the Group's year end and serve as the most recent available financial information. Where a significant event occurs between the associates' year end and that of the Group, adjustments are made in the consolidated financial statements for the effect of the event.

The Group determines at each reporting date whether there is any objective evidence that the investment in associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of results of associates' in the consolidated income statement.

(v) Venture capital organisation

The Group formed an investment committee constitute key management personnel of the Group with policies on managing certain existing and future investments on a fair value basis for a medium-term for capital growth and would seek to exit upon expiration of the investment period, in accordance with the new risk management strategy and on which the information is reported to the directors of the Group on the same basis.

IAS 28 provides an exemption from applying the equity method of accounting if an investment in a joint venture or an associate is held by or indirectly through an entity that is a venture capital orgainsation ("VCO"). A joint venture or an associate that held by an entity that qualifies for the VCO exemption is exempted from equity method and measured at fair value under IFRS 9 as the equity investments are:

- managed on a fair value basis as part of a portfolio, and this is the basis on which information is reported to key management personnel;
- acquired for medium growth in fair value; and
- unrelated to the principal operations of the reporting entity.

2 Summary of material accounting policies (Continued)

(b) Consolidation (Continued)

(v) Venture capital organisation (Continued)

As the business objective is similar to that of a VCO in respect of an investment entity, the Group applied an exemption from applying the equity method in accounting for its investment in a joint venture or an associate and designated such investment at fair value through profit or loss in accordance with IFRS 9 as the investments are part of a business model.

The gain or loss on the remeasurement of a joint venture or an associate that results in change above represents the difference between (i) the fair value of the consideration/investment and (ii) the Group's entire carrying amount of that joint venture or associate (including goodwill) and any related accumulated currency translation differences. All of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Group are reclassified to profit or loss.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong dollar ("HK dollar"), which is the Group's presentation currency and the Company's functional currency.

(ii) Transactions and balances

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 consolidated income statement. They are deferred in equity if they relate to qualifying hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated income statement within 'finance income, net'. All other foreign exchange gains and losses are presented in the consolidated income statement within 'other income and gains, net'.

Translation differences on non-monetary financial assets and liabilities such as equities held at FVTPL are recognised in consolidated income statement as part of the fair value gain or loss.

2 Summary of material accounting policies (Continued)

(c) Foreign currency translation (Continued)

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting exchange differences are recognised in other comprehensive income.

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on disposal.

(d) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Freehold land	Not depreciated
Building and hotel properties	The shorter of the lease term of 40 years or estimated useful lives
Furniture, fixtures and equipment	Initial charge of 30% on cost in the year of acquisition and 10% per annum thereafter on cost
Hotel furniture, fixtures and equipment	5% - 10% per annum on cost
Motor vehicles	25% per annum on cost

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2 (i)).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other income and gains, net' in the consolidated income statement.

2 Summary of material accounting policies (Continued)

(e) Investment properties

Investment properties, principally comprising leasehold land and buildings, are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group. They also include properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases.

Investment properties are initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the consolidated income statement.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred. Investment properties that are being redeveloped for continuing use as investment properties continue to be measured at fair value. Fair value measurement on properties under construction is applied unless the fair value is considered not to be reliably measurable.

Investment properties are derecognised either when they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal.

Where the Group disposes of an investment property, the transaction price less the carrying value immediately prior to the sale is treated as gain/loss on disposal of investment property and is recorded in consolidated income statement within 'other income and gains, net'.

(f) Properties under development and properties for sale

Properties under development are investments in land and buildings on which construction work and development have not been completed, and are stated at the lower of cost and net realisable value. Borrowing costs incurred during the construction period and up to the date of completion of construction are capitalised as development costs. On completion, the properties are reclassified to properties for sale at the then carrying amount.

Properties for sale are stated at the lower of cost and estimated net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less selling expenses.

2 Summary of material accounting policies (Continued)

(g) Leases

A lease is recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Right-of-use assets are measured at cost comprising the following:

- the amount of initial measurement of the lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated income statement. Short-term leases are leases with a lease term of 12 months or less.

Extension and termination options are included in a number of property leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessors.

2 Summary of material accounting policies (Continued)

(h) Financial assets

(i) Classification of financial assets

The Group 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 Group 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 Group 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 Group 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 Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group 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 'net gain on financial investments', 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 'net gain on financial investments'. 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 'net gain on financial investments'.

2 Summary of material accounting policies (Continued)

(h) Financial assets (Continued)

(ii) Measurement of financial assets (Continued)

(1) Debt instruments (Continued)

- 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 consolidated income statement within "net gain on financial investments" 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 consolidated income statement.

(2) Equity instruments

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

Changes in the fair value of financial assets at FVTPL are recognised in 'net gain on financial investments' in the consolidated income statement as applicable.

(iii) Impairment of financial assets

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

For trade receivables, the Group applies the simplified approach as permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the trade receivables.

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 consolidated balance sheet 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.

2 Summary of material accounting policies (Continued)

(i) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of item being hedged. The Group designated a cross currency interest rate swap as hedge of foreign currency risk associated with the cash flows of a foreign currency-denominated borrowing.

At the inception of the hedging, the Group documents the economic, relationship between hedging instrument and hedged item, including whether changes in the cash flows of the hedging instrument are expected to offset changes in the cash flow of hedges item. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The fair values of derivative financial instrument designated in hedging relationship are disclosed in note 3(a)(iv). Movements in the hedging reserve in shareholders' equity are shown in note 25. The full fair value of a hedging derivative is classified as non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) Cash flow hedge that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised through other comprehensive income in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within 'finance income, net.

When cross currency interest rate swap is used to hedge foreign currency-denominated borrowing, the Group designates the change in the fair value of the contract (including forward points) as the hedging instrument. Gains or losses relating to the effective portion of the change in fair value of the hedging instrument are recognised in the cash flow hedge reserve within equity.

2 Summary of material accounting policies (Continued)

(j) Derivatives and hedging activities (Continued)

(i) Cash flow hedge that qualify for hedge accounting (Continued)

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss. The movement in spot rate is recycled from equity to profit or loss to offset the foreign exchange gain or loss arising from translation of the hedged foreign currency-denominated borrowing. Such reclassification from equity will offset the effect on profit or loss of the corresponding hedged item to achieve the overall hedging result.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

(ii) Costs of hedging

The Group excludes foreign currency basis spread of the cross currency interest rate swap from the designated hedging instrument. In such case, the Group treats the excluded element as costs of hedging. The change in fair value of the foreign currency basis spread (to the extent it relates to the hedged item) is recognised in other comprehensive income and is accumulated in the costs of hedging reserve under equity. This element at the date of designation (to the extent that it relates to the hedged item) are amortised on a systematic and rational basis to profit or loss over the period.

(iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in 'net gain on financial investments'.

(k) Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. Trade receivable are subsequently measured at amortised cost using the effective interest method, less provision for impairment.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. For other receivables, the Group assesses on a forward looking basis the ECL under 12 months expected losses method. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition.

2 Summary of material accounting policies (Continued)

(l) Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

(m) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group operates several defined contribution retirement schemes and mandatory provident fund schemes which are available to all employees. The assets of the schemes are held separately from those of the Group in independently administered funds. The Group's contributions under the schemes are expensed as incurred. The amount of the Group's contributions is based on specified percentages of the basic salaries of employees. Any contributions forfeited by employees who leave the Group, relating to unvested benefits, are used to reduce the Group's ongoing contributions otherwise payable.

(iii) Bonus entitlements

The expected cost of bonus payments is recognised as liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(n) 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 consolidated income statement 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.

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

2 Summary of material accounting policies (Continued)

(o) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(p) Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate 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.

(ii) Deferred income tax

Inside basis differences

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 liabilities are not recognised if they arise from the initial recognition of goodwill; 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 substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liabilities in relation to investment properties in the United Kingdoms, Singapore, Malaysia and the United States that are measured at fair value are determined assuming the properties will be recovered entirely through sale. While deferred tax liabilities in relation to investment properties in Mainland China are determined assuming the properties will be recovered entirely through use.

2 Summary of material accounting policies (Continued)

(p) Current and deferred income tax (Continued)

(ii) Deferred income tax (Continued)

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, joint ventures and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

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.

(iii) Offsetting

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.

(q) Provisions

Provisions are recognised when the Group 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.

(r) Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the beneficiary of the guarantee for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of subsidiaries, associates, joint ventures and related companies to secure loans, overdrafts and other banking facilities.

2 Summary of material accounting policies (Continued)

(r) Financial guarantee contract (Continued)

The Group regards its financial guarantees provided to its subsidiaries, associates, joint ventures and related companies as insurance contracts. The Group assesses at each balance sheet date the liabilities under its insurance contracts using current estimates of future cash flows. Changes in carrying amount of these insurance liabilities are recognised in the consolidated income statement.

(s) Revenue and income recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Group recognises revenue when it satisfies the identified performance obligation by transfer the promised good or service to the customer; and when specific criteria have been met for each of the Group's activities, as described below. Goods and services are transferred when or as the customer obtain control of them. The Group bases its estimate on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Depending on the terms of the contract and the laws that apply to the contract, control of the good or service may be transferred over time or at a point in time.

Control of the good or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation:

- direct measurements of the value transferred by the Group to the customer; or
- the Group's efforts or inputs to the satisfaction of the performance obligation relative to the total expected efforts or inputs.

Incremental costs incurred to obtain a contract, if recoverable, are capitalised as assets and subsequently amortised when the related revenue is recognised.

The excess of cumulative revenue recognised in profit or loss over the cumulative payments made by customers is recognised as contract assets. The excess of cumulative payments made by customers over the cumulative revenue recognised in profit or loss is recognised as contract liabilities.

2 Summary of material accounting policies (Continued)

(s) Revenue and income recognition (Continued)

(i) Revenue from contract with customers

(1) Sale of properties

The Group develops and sells residential properties. Revenue is recognised when control over the property has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer.

Certain costs incurred for obtaining a pre-sale property contract would be eligible for capitalisation under IFRS 15 and match with revenue recognition pattern of related contract.

(2) Construction revenue

Revenue from construction service contract is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation using input method.

(3) Hotel revenue

Hotel revenue comprises amounts earned in respect of services, facilities and goods supplied by the hotel. Revenue from room rental is recognised over time during the period of stay for the hotel guests. Revenue from food and beverage sales and other ancillary services is generally recognised at a point in time when services are rendered.

(4) Others

Property management fee income is recognised over time when the services are rendered.

(ii) Revenue and income from other sources

(1) Rental income

Rental income is recognised on a straight-line basis over the period of the lease.

(2) Dividend income

Dividend income is recognised when the right to receive payment is established.

(3) Interest income

Interest income is recognised on a time proportion basis using the effective interest rate method.

2 Summary of material accounting policies (Continued)

(t) Contract related assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer.

The combination of those rights and performance obligations gives rise to a net contract asset or a net contract liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the cumulative revenue recognised in profit or loss exceeds cumulative payments made by customers. Conversely, the contract is a liability and recognised as contract liabilities if the cumulative payments made by customers exceeds the revenue recognised in profit or loss.

Contract assets are assessed for impairment under the same approach adopted for impairment assessment of financial assets carried at amortised cost. Contract liabilities are recognised as revenue when the Group transfers the goods or services to the customers and therefore satisfies its performance obligation.

The incremental costs of obtaining a contract with a customer are capitalised and presented as contract related assets under “contract cost assets” within “trade and other receivables, deposits and prepayments”, if the Group expects to recover those costs, and are subsequently amortised on a systematic basis that is consistent with the transfer to the customers of the goods or services to which the assets relate. The Group recognises an impairment loss in the statement of comprehensive income to the extent that the carrying amount of the contract related assets recognised exceeds the remaining amounts of consideration that the Group expects to receive less the costs that directly relate to those goods or services and have not been recognised as expenses.

(u) Share capital

Ordinary shares are classified as equity.

(v) Borrowing costs

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 consolidated income statement in the year in which they are incurred.

2 Summary of material accounting policies (Continued)

(w) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors that makes strategic decisions.

(x) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

(y) Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(z) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

3 Financial risk management

The Group holds the following financial instruments:

	2025 HK$'000	2024 HK$'000
Financial assets		
Financial assets at amortised cost		
Non-current assets		
- Amount due from joint ventures	904,030	499,575
- Amount due from associates	2,248,940	2,813,438
- Loans and other receivables from third parties	117,757	118,031
- Amounts due from investee companies	37,357	39,680
Current assets		
- Trade and other receivables and deposits	3,564,972	3,364,965
- Cash and bank balances	10,722,302	13,411,158
Financial assets at fair value through profit or loss		
Non-current assets		
- Financial assets at fair value through profit or loss	16,504,678	16,893,959
- Amount due from joint ventures at fair value through profit or loss	140,447	181,354
- Loans receivables at fair value through profit or loss	346,759	428,289
Current assets		
- Loans receivable at fair value through profit or loss	102,119	41,527
- Financial assets at fair value through profit or loss	12,464,464	11,804,567
Financial liabilities		
Liabilities at amortised cost		
Non-current liabilities		
- Bank and other borrowings	24,678,084	25,899,306
- Lease liabilities	77,915	90,032
- Other long-term liabilities	22,728	21,779
Current liabilities		
- Trade and other payables, deposits and accruals	8,401,595	7,830,119
- Bank and other borrowings	2,146,583	3,299,462
- Lease liabilities	10,829	11,953
Financial liabilities at fair value through profit or loss		
Current liabilities		
- Financial liabilities at fair value through profit or loss	286,647	266,589
- Amounts due to non-controlling interests at fair value through profit or loss	575,846	862,636

3 Financial risk management (Continued)

(a) Financial risk factors

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

(i) Price risk

The Group is exposed to price changes arising from investments classified as financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. The investments are made either for strategic purposes, or for the purpose of achieving investment yield and balancing the Group's liquidity level simultaneously. Each investment is managed by senior management on a case by case basis.

As at 31st March 2025, if the market values of the Group's financial assets and liabilities at fair value through profit or loss increase/decrease by 10%, with all other variables held constant, the Group's post-tax loss and total equity would respectively decrease/increase and increase/decrease by approximately HK$2,811,272,000 (2024: HK$2,757,219,000).

(ii) Credit risk

At each balance sheet date, the Group'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 consolidated balance sheet.

The Group's financial assets which are potentially subject to credit risk consist of financial assets at amortised cost, including cash and bank balances, trade and other receivables and deposits, loans and other receivables and amounts due from fellow subsidiary companies, investee companies, related companies, non-controlling interests, immediate holding company, ultimate holding company, joint ventures and associates. The exposures to these credit risks are closely monitored on an ongoing basis by established credit control procedures in each of its core businesses.

Credit risk of cash and bank balances

With respect to credit risk arising on cash and bank balances, the Group has limited its credit exposure by restricting their selection of financial institutions and banks with good credit rating as at 31st March 2025 ranging from AA- to BBB- issued by Standard and Poor's or Moody's as follows:

	2025 HK$'000	2024 HK$'000
AA-	129,572	335,968
A- to A+	9,894,371	11,042,599
BBB- to BBB+	672,407	1,929,177
Below BBB-/unrated [1]	25,952	103,414
	10,722,302	13,411,158

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(ii) Credit risk (Continued)

Credit risk of cash and bank balances (Continued)

1 The directors monitor the exposure on low-rated/unrated assets and considered that the risk of default is minimal as these balances were mainly placed in banks located in Hong Kong.

There has been no recent history of default in relation to these banks and financial institutions. The ECL is close to zero.

Credit risk of trade receivables

Trade receivables mainly include receivables from lease of properties, trading of securities, and other services. To manage this risk, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. In addition, the Group has policies in place to ensure that rental deposits are required from tenants prior to commencement of leases, sales proceeds are received before the assignment of properties are executed. The Group has a large number of customers and there is no concentration of credit risk.

The Group applies the simplified approach to provide for ECL prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. In view of the sound financial position and collection history of receivables due from these counterparties and insignificant risk of default, to measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due. A default on trade receivable is when the counterparty fails to make contractual payments within credit period when they fall due. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced, adjusted with current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan within the Group, and its failure to make contractual payments for a period. Impairment losses on trade receivables are presented as net impairment losses within "other income and gains, net". Subsequent recoveries of amounts previously written off are credited against the same item.

Management assessed the ECL of trade receivables, detail was disclosed in note 21, and the credit risk inherent in the Group's outstanding trade receivables balances due from these counterparties is not significant.

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(ii) Credit risk (Continued)

Credit risk of loans and other receivables

Loans and other receivables at the end of each of the reporting period are mainly comprised of deposits, interest receivable, stakeholder's account, loans receivables at amortised cost, amounts due from fellow subsidiary companies, investee companies, non-controlling interests, related companies, immediate holding company, ultimate holding company, joint ventures and associates.

The directors 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 Group 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 or individual'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 or individual, including changes in the payment status of the third party.

Over the term of the loans, the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers corresponding historical credit losses of the debtors experienced, adjusted with current and forward-looking information on macroeconomic factors affecting the ability of the debtors to settle the receivables.

Apart from the loans and other receivables with loss allowances fully provided, management considers the credit risk of loans and other receivables is insignificant when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term, and the loss allowance recognised is therefore limited to 12 months expected losses. In view of insignificant risk of default and credit risk since initial recognition, management believes that the ECL of these loans and other receivables under the 12 months expected losses method is immaterial.

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(iii) Interest rate risk

The Group's main exposure to interest rate risk relates principally to the Group's bank deposits, bank borrowings, loans and other receivables, amounts due from joint ventures, associates and investee companies and amounts due to non-controlling interests.

Interest rates of bank deposits, bank borrowings, loans and other receivables, amounts due from joint ventures, associates and investee companies and amounts due to non-controlling interests are determined based on prevailing market rates and expose the Group to cash flow interest rate risk. The Group manages its interest rate exposure by monitoring of interest rate movements, replacing and entering into new banking facilities when favourable pricing opportunities arise and would consider using interest rate swap when appropriate.

As at 31st March 2025, if interest rates increase/decrease by 50 basis points with all other variables held constant, the Group's pre-tax loss, before taking into account the impact of interest capitalisation, would increase/decrease by approximately HK$28,144,000 (2024: increase/decrease by approximately HK$13,561,000), resulting from the change in the borrowing costs of bank borrowings and interest bearing financial liabilities, and change in interest income from the interest bearing financial assets.

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(iv) Foreign exchange risk

The Group operates mainly in Hong Kong, Mainland China, the United States and United Kingdoms, and is exposed to foreign exchange risk arising from various currency exposures in the financial investment portfolio, primarily with respect to the United States dollar ("US dollar"), Renminbi ("RMB"), Euro and Great British Pound ("GBP"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

The Group's foreign currency exposures primarily arise from monetary assets and liabilities that are denominated in a currency that is not the entity's functional currency, where these assets and liabilities are mainly denominated in US dollar, RMB, Euro and GBP.

In view of the fact that HK dollar is pegged to US dollar, the foreign currency exposure of operating units with functional currency as HK dollar on US dollar transactions and balances is minimal.

As at 31st March 2025, if US dollar/HK dollar had weakened/strengthened 2% against RMB and Euro with all other variables held constant, the Group's pre-tax loss would decrease/increase by HK$7,460,000 (2024: HK$7,309,000) and HK$27,434,000 (2024: HK$12,728,000) respectively as a result of foreign exchange gains/losses.

As at 31st March 2025, if US dollar/HK dollar had weakened/strengthened 2% against GBP with all other variables held constant, the Group's pre-tax loss would decrease/increase (2024: increase/decrease) by HK$22,804,000 (2024: HK$14,184,000) as a result of foreign exchange losses/gains.

The Group has entered into a cross currency interest rate swap contract to hedge its foreign currency exposure in respect of bank borrowings denominated in AUD with principal amount equivalent to HK$450,000,000. Under the Group's policy, the critical terms of the cross currency interest rate swap must align with the hedged item. The cross currency interest rate swap was matured on 18th February 2025.

The effects of the cross currency interest rate swap contracts on the Group's consolidated balance sheet and consolidated income statement are as follows:

	2024 HK$'000
Carrying amount	(8,906)
Notional amount	450,000
Maturity date	18th February 2025
Hedge ratio*	1:1
Change in foreign currency basis-free value of hedging instrument	(75,223)
Change in value of hedged item used to determine hedge effectiveness	(77,098)
Hedged rate for outstanding hedging instrument (including forward points)	AUD0.1921: HK$1

* The Hedge ratio is based on a hedging instrument with the same notional amount in the same currency as the underlying exposure, the hedge ratio is therefore 1:1.

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(v) Liquidity risk

The Group's cash flow management 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 sufficient liquidity, the Group monitors and maintains a level of cash and cash equivalents in addition to committed credit facilities available, which are deemed adequate by the management from time to time.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000
At 31st March 2025				
Trade and other payables and accruals	3,459,838	-	-	-
Amounts due to joint ventures, associates and investee companies	1,444,447	-	-	-
Amounts due to related companies and individuals	602,072	-	-	-
Amount due to immediate holding company	145,606	-	-	-
Amount due to ultimate holding company	148,538	-	-	-
Amounts due to non-controlling interests	3,176,939	-	-	-
Financial liabilities at fair value through profit or loss	286,647	-	-	-
Lease liabilities	14,018	11,370	17,258	46,484
Bank and other borrowings	3,231,508	5,379,674	17,096,598	4,395,774
	12,509,613	5,391,044	17,113,856	4,442,258

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(v) Liquidity risk (Continued)

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000
At 31st March 2024				
Trade and other payables and accruals	3,695,752	-	-	-
Amounts due to joint ventures, associates and investee companies	917,301	-	-	-
Amounts due to related companies and individuals	521,363	-	-	-
Amount due to immediate holding company	91,257	-	-	-
Amount due to ultimate holding company	28,380	-	-	-
Amounts due to non-controlling interests	3,438,985	-	-	-
Financial liabilities at fair value through profit or loss	266,589	-	-	-
Lease liabilities	15,607	14,170	23,083	50,155
Bank and other borrowings	4,609,499	2,542,245	21,233,425	4,989,415
	13,584,733	2,556,415	21,256,508	5,039,570

(b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholder and to maintain an optimal capital structure to reduce the cost of capital. The Group obtains its financing from its related companies and individuals, immediate holding company, ultimate holding company, non-controlling interests, banks, issuance of medium term notes and issuance of perpetual capital securities.

3 Financial risk management (Continued)

(b) Capital risk management (Continued)

The Group monitors its capital on the basis of the net debt to equity ratio. Net debt is calculated as total bank and other borrowings (including "current and non-current bank borrowings" and "medium term notes") less cash and bank balances. The net debt to equity ratio as at 31st March 2025 and 31st March 2024 is as follows:

	2025 HK$'000	2024 HK$'000
Bank and other borrowings	16,844,652	16,794,977
Medium term notes	9,980,015	12,403,791
Total debts - interest bearing bank and other borrowings	26,824,667	29,198,768
Less: Cash and bank balances	(10,722,302)	(13,411,158)
Net debt	16,102,365	15,787,610
Equity attributable to owners of the Company and holders of perpetual capital securities	107,734,606	110,136,940
Net debt to equity ratio	14.95%	14.33%

Increase in net debt to equity ratio is mainly due to lower cash and bank balances caused by payment of construction costs.

(c) Fair value estimation

(i) Financial instruments carried at fair value

The financial instruments are measured in the consolidated balance sheet 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).

3 Financial risk management (Continued)

(c) Fair value estimation (Continued)

(i) Financial instruments carried at fair value (Continued)

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

	Valuation Hierarchy			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 31st March 2025				
Assets				
Amounts due from joint ventures at fair value through profit or loss	-	-	140,447	140,447
Loans receivable at fair value through profit or loss	-	-	448,878	448,878
Financial assets at fair value through profit or loss				
- listed	12,736,212	-	-	12,736,212
- unlisted	-	1,034,228	15,198,702	16,232,930
Total	12,736,212	1,034,228	15,788,027	29,558,467
Liabilities				
Amounts due to non-controlling interests at fair value through profit or loss	-	(575,846)	-	(575,846)
Financial liabilities at fair value through profit or loss				
- listed	(4,255)	-	-	(4,255)
- unlisted	-	(282,392)	-	(282,392)
Total	(4,255)	(858,238)	-	(862,493)

3 Financial risk management (Continued)

(c) Fair value estimation (Continued)

(i) Financial instruments carried at fair value (Continued)

The following table represents the Group's financial instruments measured at fair value: (Continued)

	Valuation Hierarchy			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 31st March 2024				
Assets				
Amounts due from joint ventures at fair value through profit or loss	-	-	181,354	181,354
Loans receivable at fair value through profit or loss	-	-	469,816	469,816
Financial assets at fair value through profit or loss				
- listed	12,780,386	-	-	12,780,386
- unlisted	-	589,945	15,328,195	15,918,140
Total	12,780,386	589,945	15,979,365	29,349,696
Liabilities				
Amounts due to non-controlling interests at fair value through profit or loss	-	(862,636)	-	(862,636)
Financial liabilities at fair value through profit or loss				
- unlisted	-	(266,589)	-	(266,589)
Total	-	(1,129,225)	-	(1,129,225)

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 Group 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.

3 Financial risk management (Continued)

(c) Fair value estimation (Continued)

(i) Financial instruments carried at fair value (Continued)

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
- Regression model by benchmarking the movement of market index to the unlisted funds portfolio are used for the valuation of unlisted funds.
- Other techniques, such as multiple approach, discounted cash flow analysis and option pricing models, are used to determine fair value for the remaining financial instruments.

As at 31st March 2025, financial assets at fair value through profit or loss of HK$15,198,702,000 (2024: HK$15,328,195,000) are measured with valuation techniques using significant unobservable inputs (level 3). It included private equity funds, unquoted direct investments, fixed income fund, venture capital fund and others which represent approximate 20%, 40%, 2%, 25% and 13% (2024: 19%, 43%, 4%, 22% and 12%) of those level 3 investments respectively.

Fair values of the unlisted funds are mainly determined based on the net asset values of the unlisted funds from fund statements, representing the fair values of the funds reported by respective fund administrators. If the fund statements as at reporting date are not available, the Group will estimate the fair value change of the unlisted funds from the date of latest fund statements to the reporting date through a regression model by benchmarking with the movement of market index for investments in similar industries. The higher the net assets value of underlying investments and the market index, the higher the fair values of the unlisted fund.

Fair values of unquoted direct investment are determined by the Group using various valuation techniques with the support of independent professional valuers. Such valuation techniques may consider market multiple of comparable type of investments, original transaction price and take into account relevant developments since the acquisition of the investments and other factor pertinent to the valuation of the investments such as preferential rights of the shares held, market volatility and initial public offering probability, with reference to recent third party transactions of comparable type of instruments and reliable indicative offers from potential buyers. The higher the market multiples and comparable transaction prices, the higher the fair values of unquoted direct investment.

The determination of fair value is subject to the valuation policies and procedures formulated by the Group's Investment Department and the oversight of senior management committees. These policies and procedures facilitate the exercise of judgement in determining the risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors used in the valuation process. Judgement may also be applied in adjusting prices of less readily observable external parameters. The management considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally accepted within the industry.

3 Financial risk management (Continued)

(c) Fair value estimation (Continued)

(i) Financial instruments carried at fair value (Continued)

Details on sensitivity analysis of the Group's financial assets at fair value through profit or loss are set out on note 3(a)(i) to the consolidated financial statements. There is no transfer between level 1, level 2 and 3 during the year. The following represents the changes in level 3 instruments for the year ended 31st March 2025:

	Amounts due from joint ventures at fair value through profit or loss HK$'000	Financial assets at fair value through profit or loss HK$'000	Loans receivable at fair value through profit or loss HK$'000
At 1st April 2024	181,354	15,328,195	469,816
Additions	950	1,835,412	77,700
Repayment	(41,857)	-	(98,321)
Disposal	-	(361,922)	-
Return of capital	-	(690,616)	-
Net realised gains recognised in income statement	-	97,902	473
Net unrealised losses recognised in income statement	-	(919,388)	(790)
Exchange translation differences	-	(90,881)	-
At 31st March 2025	140,447	15,198,702	448,878
At 1st April 2023	312,736	16,098,496	595,749
Additions	889	1,846,512	-
Repayment	(132,271)	-	(165,705)
Disposal	-	(386,923)	-
Return of capital	-	(886,171)	-
Net realised gains/(losses) recognised in income statement	-	240,463	(64)
Net unrealised (losses)/gains recognised in income statement	-	(1,536,298)	39,836
Exchange translation differences	-	(47,884)	-
At 31st March 2024	181,354	15,328,195	469,816

(ii) Financial instruments carried at other than fair value

The fair values of loans and other receivables at amortised cost, trade and other receivables, deposits, cash and bank balances, short-term bank loans, trade and other payables, and the amounts due from/to associates, joint ventures, investee companies, related companies and individuals, fellow subsidiary companies, immediate holding company, ultimate holding company and non-controlling interests are assumed to approximate their carrying amounts.

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 Group 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.

(i) Estimate of fair value of investment properties

The fair value of investment properties is determined by using valuation technique. Details of the judgement and assumptions have been disclosed in note 14.

(ii) Estimate of fair value of financial assets at fair value through profit or loss

The fair value of financial instruments traded in active markets is based on quoted market prices as at the reporting date. The quoted market price used is the closing bid price as at the reporting date. The fair values of unlisted derivatives are based on brokers' quote and statements. The fair value of investments in unlisted funds that are not quoted in an active market is determined primarily by reference to the latest available net asset values for each fund from the fund statements as determined by the fund administrator of such fund and estimation of the fair value change of the unlisted fund from the date of latest fund statements to the reporting date through a regression model by benchmarking with the movement of market index for investment in similar industry. The fair value of other financial instruments that are not traded in an active market is estimated using other prices observed in recent transactions or valuation techniques when the market price is not readily available. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period, as detailed in note 3(c)(i).

(iii) Estimate of impairment and net realisable values of properties for sale

Management reviews the net realisable value of properties for sale at each reporting date. For properties for sale, the net realisable value are the estimated selling price of the properties less costs to sell. Management makes estimates by taking into consideration the current market environment and the estimated market value (i.e. the estimated selling price, less estimated costs of selling expenses). In considering the net realisable values of properties under development, the Group takes into account estimated costs to completion based on past experience and committed contracts and estimated net sales or rental value based on prevailing market conditions.

Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgement and estimates. Any changes to the estimated net realisable value may cause a material adjustment to the carrying amount and result in future financial year if the actual net realisable value of the properties for sales or properties under development is different than expected as a result of change in market condition.

4 Critical accounting estimates and judgements (Continued)

(iv) Estimate of impairment of financial assets at amortised cost

The loss allowances for financial assets at amortised cost are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 3(a)(ii) and note 18.

(v) Income taxes

Significant estimates are required in determining provision for income taxes of the Group. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax provisions.

Recognition of deferred income tax asset, which principally relates to tax losses of certain subsidiaries, depends on the management's expectation of future taxable profit that will be available against which the tax losses can be utilised. The outcome of their actual utilisation may be different.

(vi) Estimated impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash generating unit is determined based on the higher of its fair value less cost to sell and its value in use, calculated on the basis of management/independent professional qualified valuer's assumptions and estimates. Projection for a period of five to ten years in general may be used on the basis that a longer projection period represents the long-dated nature of the Group's hotel properties and is more appropriate reflection of the future cash flow generated from the hotel operations. Changing the key assumptions, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the recoverable amount.

(vii) Classification of properties

The Group determines whether a property qualifies as an investment property or property for sale. In making the judgement, the Group considers the intention of holding the property (land or building). Property held to earn rental or for capital appreciation is considered as investment property whereas property held for sale in the ordinary course of business is considered as property for sale. The Group considers each property separately in making its judgement.

4 Critical accounting estimates and judgements (Continued)

(viii) Venture capital organisation

In deciding classification and measurement of unlisted equity investments where the Group has joint control or significant influence over the investee, significant judgment is required in determining whether the Group is a VCO under IAS 28 "Investment in Associates and Joint Venture". IAS 28 allows the Group elects to measure its investment at fair value instead of accounting under equity method if the Group is a VCO. The Group considers it is a VCO as one of the Group's business activities is investing in unlisted investments and the Group aims to hold these investments for a medium-term for capital growth and would seek to exit upon expiration of the investment period. Consequently, the Group elects to measure this unlisted equity investment on a fair value basis in accordance with IFRS 9.

5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors who make strategic decisions.

Management has determined the operating segments based on these reports and analysed from a business perspective including subsidiaries, joint ventures and associates:

- Hong Kong properties (including construction services)
- Mainland China and overseas properties
- Financial investment (including investments exempt for equity accounting)
- Corporate, treasury and others

Segment assets consist primarily of property, plant and equipment, investment properties, right-of-use assets, joint ventures, associates, financial assets at fair value through profit or loss, loans and other receivables, amounts due from investee companies, properties for sale, trade and other receivables, deposits and prepayments and cash and bank balances. Other assets comprise mainly prepaid tax and deferred income tax assets.

Segment liabilities comprise operating liabilities. Other liabilities include amount due to immediate holding company and ultimate holding company, tax payable, bank and other borrowings and deferred income tax liabilities.

The chief operating decision maker consider dividend income and interest income from debt and convertible securities included in "Net gain on financial investments" as "Revenue" under financial investment segment for making strategic decision. Therefore, dividend income of HK$910,395,000 (2024: HK$1,062,684,000) and interest income from debt and convertible securities of HK$82,606,000 (2024: HK$80,699,000) are grouped under "Revenue" under financial investment segment for segment results presentation.

Capital expenditure comprises additions to non-current assets other than the financial instruments and deferred income tax assets.

5 Segment reporting (Continued)

The segment results for the year ended 31st March 2025 are as follows:

	The Company and its subsidiaries		Joint ventures		Associates		Total	
	Revenue	Results	Share of revenue	Share of results	Share of revenue	Share of results	Segment revenue	Segment results
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Hong Kong properties	2,541,555	(242,613)	37,393	(38,543)	298,315	(510,671)	2,877,263	(791,827)
Mainland China properties	997,374	(108,456)	-	-	151,769	18,889	1,149,143	(89,567)
Overseas properties	595,411	(70,414)	278,568	(143,582)	-	-	873,979	(213,996)
Financial investment	993,001	(230,950)	-	-	-	-	993,001	(230,950)
Corporate, treasury and others	-	(106,674)	-	-	-	-	-	(106,674)
	5,127,341	(759,107)	315,961	(182,125)	450,084	(491,782)	5,893,386	(1,433,014)

Segment results	(1,433,014)
Finance expenses, net	(301,702)
Loss before income tax	(1,734,716)
Income tax expense	(111,456)
Loss for the year	(1,846,172)

5 Segment reporting (Continued)

The segment results for the year ended 31st March 2024 are as follows:

	The Company and its subsidiaries		Joint ventures		Associates		Total	
	Revenue	Results	Share of revenue	Share of results	Share of revenue	Share of results	Segment revenue	Segment results
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Hong Kong properties	2,222,027	(2,538,902)	610,975	403,821	269,645	(443,173)	3,102,647	(2,578,254)
Mainland China properties	1,145,667	(281,687)	-	-	164,449	79,766	1,310,116	(201,921)
Overseas properties	600,552	(1,299,568)	186,608	(363,692)	-	-	787,160	(1,663,260)
Financial investment	1,119,384	850,141	-	-	-	-	1,119,384	850,141
Corporate, treasury and others	-	(338,008)	-	-	-	-	-	(338,008)
	5,087,630	(3,608,024)	797,583	40,129	434,094	(363,407)	6,319,307	(3,931,302)

Segment results	(3,931,302)
Finance income, net	81,729
Loss before income tax	(3,849,573)
Income tax credit	166,410
Loss for the year	(3,683,163)

5 Segment reporting (Continued)

The segment assets and liabilities as at 31st March 2025 are as follows:

	The Company and its subsidiaries HK$'000	Joint ventures HK$'000	Associates HK$'000	Total assets HK$'000	Total liabilities HK$'000
Hong Kong properties	61,019,344	5,007,257	3,123,471	69,150,072	(5,612,956)
Mainland China properties	21,786,711	-	2,321,059	24,107,770	(1,761,848)
Overseas properties	14,514,368	467,913	-	14,982,281	(465,787)
Financial investment	33,606,373	-	-	33,606,373	(943,144)
Corporate, treasury and others	4,803,404	-	-	4,803,404	(340,082)
	135,730,200	5,475,170	5,444,530	146,649,900	(9,123,817)
Deferred income tax assets				912,709	-
Prepaid tax				144,166	-
Bank and other borrowings				-	(26,824,667)
Amount due to immediate holding company				-	(145,606)
Amount due to ultimate holding company				-	(148,538)
Deferred income tax liabilities				-	(3,378,541)
Tax payable				-	(28,027)
Consolidated total assets/(liabilities)				147,706,775	(39,649,196)

5 Segment reporting (Continued)

The segment assets and liabilities as at 31st March 2024 are as follows:

	The Company and its subsidiaries HK$'000	Joint ventures HK$'000	Associates HK$'000	Total assets HK$'000	Total liabilities HK$'000
Hong Kong properties	62,406,177	4,384,773	3,585,511	70,376,461	(4,608,075)
Mainland China properties	23,976,007	-	2,417,618	26,393,625	(1,812,481)
Overseas properties	14,252,920	524,233	130	14,777,283	(420,517)
Financial investment	34,244,121	-	-	34,244,121	(1,391,182)
Corporate, treasury and others	6,088,677	-	-	6,088,677	(771,378)
	140,967,902	4,909,006	6,003,259	151,880,167	(9,003,633)
Deferred income tax assets				953,764	-
Prepaid tax				142,875	-
Bank and other borrowings				-	(29,198,768)
Amount due to immediate holding company				-	(91,257)
Amount due to ultimate holding company				-	(28,380)
Deferred income tax liabilities				-	(3,529,886)
Tax payable				-	(511,606)
Consolidated total assets/(liabilities)				152,976,806	(42,363,530)

5 Segment reporting (Continued)

The Group's depreciation and amortisation and additions to non-current assets other than financial instruments and deferred income tax assets are as follows:

	Depreciation and amortisation		Additions to non-current assets	
	For the year ended 31st March		For the year ended 31st March	
	2025	2024	2025	2024
	HK$'000	HK$'000	HK$'000	HK$'000
Hong Kong properties	92,779	83,292	376,072	1,926,020
Mainland China properties	26,372	73,291	323,415	438,370
Overseas properties	1,050	1,544	639,434	394,737
Financial investment	11,822	13,070	14,200	2,426
Corporate, treasury and others	12,734	7,829	138,478	4,648
	144,757	179,026	1,491,599	2,766,201

The following is an analysis of the Group's revenue by geographical areas in which the customer/operations are located, irrespective of the origin of the goods/services:

	For the year ended 31st March 2025 HK$'000	For the year ended 31st March 2024 HK$'000
Hong Kong	3,534,556	3,341,411
Mainland China	997,374	1,145,667
Overseas	595,411	600,552
	5,127,341	5,087,630

The following is an analysis of the Group's non-current assets other than financial instruments and deferred income tax assets by areas in which the business operations/assets are located.

	As at 31st March 2025 HK$'000	As at 31st March 2024 HK$'000
Hong Kong	52,356,769	53,221,153
Mainland China	23,181,442	25,560,875
Overseas	14,080,217	13,671,883
	89,618,428	92,453,911

6 Revenue

	2025 HK$'000	2024 HK$'000
Recognised at a point in time		
- sale of properties	598,597	731,733
- hotel revenue - food and beverage sales	95,174	166,260
Recognised over time		
- construction revenue	496,386	272,178
- hotel revenue - room rental	199,109	292,647
- property management fee income	454,796	374,064
From other sources		
- gross rental income	2,256,346	2,065,794
- interest income from loans receivable classified as financial assets at fair value through profit or loss	33,932	41,571
	4,134,340	3,944,247

7 Net gain on financial investments

	2025 HK$'000	2024 HK$'000
Dividend income (note (a))	910,395	1,062,684
Interest income from debt and convertible securities	82,606	80,699
Net (loss)/gain on financial assets at fair value through profit or loss (note (b))	(542,714)	43,716
Net gain/(loss) on derivatives (note (c))	108,273	(286,774)
	558,560	900,325

Notes:

(a) Amounts mainly included cash distribution and share distribution in kind (of the underlying investment held by the fund) from fund investments during the year.

(b) The amount comprised realised gain of HK$1,389,882,000 (2024: HK$2,181,581,000) and unrealised loss of HK$1,932,596,000 (2024: HK$2,137,865,000) on financial assets at fair value through profit or loss.

(c) The amount comprised realised gain of HK$226,833,000 (2024: HK$62,841,000) and unrealised loss of HK$118,560,000 (2024: HK$349,615,000) on derivatives.

8 Other income and gains, net

	2025 HK$'000	2024 HK$'000
Unrealised (loss)/gains on loans receivable at fair value through profit or loss (note 18(b))	(790)	39,836
Net gain/(loss) on disposal of loan receivable at fair value through profit or loss	473	(64)
Unrealised loss on amount due to non-controlling interest at fair value through profit or loss	(70,818)	(20,332)
Net (loss)/gain on disposal of interest in/liquidation of subsidiaries (note 30(b))	(65,231)	637,606
Net loss on disposal of interests in a joint venture	-	(135)
Net (loss)/gain on disposal of property, plant and equipment	(363)	1,179
Net provision for loss allowances of financial assets (note)	(6,849)	(2,556)
Net exchange loss	(51,608)	(8,457)
Management fee income	23,844	24,933
Ancillary income of leasing	139,505	78,020
Net gain on repurchase of medium term notes	46,708	23,468
Others	124,343	73,312
	139,214	846,810

Note:

The amount comprised net provision for loss allowances of trade receivables of HK$5,555,000 (2024: net provision for loss allowances of trade receivables of HK$1,992,000). The amount also comprised a net provision for loss allowances of other receivable of HK$1,294,000 (2024: HK$564,000).

9 Operating loss

Operating loss is arrived at after charging:

	2025 HK$'000	2024 HK$'000
Cost of properties sold	454,214	443,855
Hotel direct costs (note)	139,807	204,103
Outgoings in respect of rental income	774,854	570,843
Depreciation and amortisation of		
- property, plant and equipment (note 13)	112,654	130,891
- right-of-use assets - leasehold land and land use right	8,538	34,511
- right-of-use assets - buildings	23,565	13,624
Staff costs (note 10)	1,434,397	1,205,076
Marketing and selling expenses	131,628	168,448
Short-term and low-value leases expenses	1,120	6,604
Research and development expenses	-	143,531

Note:

The amount comprised staff cost of HK$61,041,000 (2024: HK$92,139,000).

10 Staff costs and key management compensation

	2025 HK$'000	2024 HK$'000
Staff costs		
- wages, salaries and allowances and benefits in kind	1,448,658	1,296,832
- retirement benefit costs - defined contribution schemes	38,031	36,052
Total staff costs incurred for the year	1,486,689	1,332,884
Less: amount capitalised to investment properties and properties for sale under development	(52,292)	(127,808)
Amount directly charged to the consolidated income statement	1,434,397	1,205,076
Including:		
Key management compensation		
- wages, salaries and allowances and benefits in kind	247,838	196,599
- retirement benefit costs - defined contribution schemes	5,157	4,450
Total key management compensation incurred for the year	252,995	201,049

11 Finance (expenses)/income, net

	2025 HK$'000	2024 HK$'000
Interest income on		
- amount due from		
- joint ventures	31,918	32,935
- associates	145,991	124,502
- investee company	1,776	1,981
- bank deposits	518,405	559,382
- loans and other receivables	28,205	74,325
- others	304	1,920
	726,599	795,045
Interest expenses on		
- bank borrowings	(716,569)	(804,618)
- medium term notes	(433,360)	(511,499)
- amounts due to related companies and individuals	(18,470)	(228)
- amount due to non-controlling interest	(42,058)	(42,174)
- lease liabilities	(3,155)	(3,732)
Total finance costs incurred	(1,213,612)	(1,362,251)
Less: amount capitalised to investment properties and properties for sale under development	178,950	702,296
Total finance costs expensed during the year	(1,034,662)	(659,955)
Interest (expenses)/income, net	(308,063)	135,090
Other finance charges	(26,787)	(62,714)
Net exchange gain on financing activities	33,148	9,353
Finance (expenses)/income, net	(301,702)	81,729

The weighted average capitalised interest rate applied to general borrowings used for the investment properties and properties for sale under development is 4.60% (2024: 4.97%) per annum.

12 Income tax (expense)/credit

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits for the year. Subsidiaries established and operated in Mainland China are subject to corporate income tax at the rate of 25% (2024: 25%). Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

Withholding tax is levied on profit distribution or dividend income upon declaration or remittance at the rates of taxation prevailing in Mainland China and overseas countries.

12 Income tax (expense)/credit (Continued)

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

	2025 HK$'000	2024 HK$'000
Current income tax		
Hong Kong profits tax	39,216	23,005
Mainland China income tax	21,417	52,239
Overseas profits tax	33,183	34,195
Withholding tax	89,334	125,969
Deferred income tax (note 26)	(71,694)	(401,818)
	111,456	(166,410)

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

	2025 HK$'000	2024 HK$'000
Loss before income tax	(1,734,716)	(3,849,573)
Add/(less): share of results of		
- joint ventures	182,125	(40,129)
- associates	491,782	363,407
	(1,060,809)	(3,526,295)
Calculated at a tax rate of 16.5% (2024: 16.5%)	(175,033)	(581,839)
Effect of different tax rates in other countries	(51,728)	(183,642)
Income not subject to tax	(568,503)	(874,803)
Expenses not deductible for tax purposes	870,450	1,054,001
Over provision in prior years	(31,846)	(32,904)
Withholding tax	89,334	125,969
Tax losses not recognised	125,097	357,364
Others	(146,315)	(30,556)
Income tax expense/(credit)	111,456	(166,410)

The Group's share of income tax expense of joint ventures and associates for the year ended 31st March 2025 totalling HK$71,666,000 (2024: HK$116,477,000) is included in the consolidated income statement as share of results of joint ventures and associates.

Deferred income tax assets are recognised for tax loss carried forwards and deductible temporary differences to the extent that realisation of the related tax benefit through future taxable profits is probable. As at 31st March 2025, the Group has unrecognised tax losses of HK$4,426,456,000 (2024: HK$5,052,189,000) to carry forward against future taxable profits. Unrecognised tax losses of HK$4,218,940,000 as at 31st March 2025 (2024: HK$4,628,457,000) have no expiry date and the remaining losses will expire at various dates up to and including 2029 (2024: 2028).

12 Income tax (expense)/credit (Continued)

The Group is within the scope of the Organisation for Economic Co-operation and Development Pillar Two model rules ("Pillar Two"). Pillar Two legislation has been enacted in certain jurisdictions where the Group operates, effective from 1st January 2024. Based on the assessment for the year ended 31st March 2025, the Group does not expect to have any Pillar Two exposure (including current tax) arising in these jurisdictions.

For other jurisdictions that the Pillar Two was not effective from the beginning of the financial year, the Group is in process of assessing its exposure when it comes into effect.

The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

13 Property, plant and equipment

	Land and building HK$'000	Furniture, fixture, equipment and motor vehicles HK$'000	Total HK$'000
At 31st March 2023			
Cost	2,339,810	880,488	3,220,298
Accumulated depreciation	(651,310)	(658,421)	(1,309,731)
Net book amount	1,688,500	222,067	1,910,567
Year ended 31st March 2024			
Opening net book amount	1,688,500	222,067	1,910,567
Additions	-	24,854	24,854
Disposal of interests in subsidiaries (note 30(b)(i) and (ii))	-	(238)	(238)
Disposal	-	(782)	(782)
Charge for the year	(81,867)	(49,024)	(130,891)
Transfer from investment properties (note 14)	1,110,000	-	1,110,000
Exchange difference	(46,641)	(6,847)	(53,488)
Closing net book amount	2,669,992	190,030	2,860,022
At 31st March 2024			
Cost	3,385,494	851,436	4,236,930
Accumulated depreciation	(715,502)	(661,406)	(1,376,908)
Net book amount	2,669,992	190,030	2,860,022

13 Property, plant and equipment (Continued)

	Land and building HK$'000	Furniture, fixture, equipment and motor vehicles HK$'000	Total HK$'000
Year ended 31st March 2025			
Opening net book amount	2,669,992	190,030	2,860,022
Additions	-	171,570	171,570
Disposal of interests in subsidiaries (note 30(b)(iv))	(959,382)	(113,264)	(1,072,646)
Disposal	-	(3,197)	(3,197)
Charge for the year	(65,668)	(46,986)	(112,654)
Exchange difference	(7,488)	(1,427)	(8,915)
Closing net book amount	1,637,454	196,726	1,834,180
At 31st March 2025			
Cost	2,004,512	645,184	2,649,696
Accumulated depreciation	(367,058)	(448,458)	(815,516)
Net book amount	1,637,454	196,726	1,834,180

14 Investment properties

	2025 HK$'000	2024 HK$'000
Completed investment properties	79,257,569	76,802,324
Investment properties under development	1,183,151	4,982,687
Total	80,440,720	81,785,011

14 Investment properties (Continued)

	Hong Kong residential HK$'000	Overseas residential HK$'000	Hong Kong commercial HK$'000	Overseas commercial HK$'000	Mainland China commercial HK$'000	Total HK$'000
At 1st April 2024	5,959,900	466,925	41,068,700	12,667,946	21,621,540	81,785,011
Acquisition of interest in a subsidiary	-	-	-	-	108,817	108,817
Additions and cost adjustments	(52)	5,658	(3,867)	650,333	255,335	907,407
Net change in fair values	(268,348)	3,114	(246,083)	(326,327)	(537,410)	(1,375,054)
Disposal of interests in subsidiaries (note 30(b) (iii) and (iv))	-	-	(510,000)	-	(270,842)	(780,842)
Exchange differences	-	13,250	-	114,894	(332,763)	(204,619)
At 31st March 2025	5,691,500	488,947	40,308,750	13,106,846	20,844,677	80,440,720
At 1st April 2023	6,174,900	474,826	43,102,400	13,792,933	23,569,664	87,114,723
Additions	(17)	10,167	1,780,169	313,952	494,655	2,598,926
Transfer to property, plant and equipment (note 13)	-	-	(1,110,000)	-	-	(1,110,000)
Net change in fair values	(214,983)	2,107	(2,703,869)	(1,502,656)	(772,472)	(5,191,873)
Disposal of interests in subsidiaries (note 30(b) (i))	-	-	-	-	(547,239)	(547,239)
Exchange differences	-	(20,175)	-	63,717	(1,123,068)	(1,079,526)
At 31st March 2024	5,959,900	466,925	41,068,700	12,667,946	21,621,540	81,785,011

The Group's investment properties at their carrying amounts are analysed as follows:

	2025 HK$'000	2024 HK$'000
In Hong Kong, held on leases of		
between 10 to 50 years	34,690,100	34,891,700
over 50 years	11,310,150	12,136,900
	46,000,250	47,028,600
In Mainland China and overseas		
Freehold	13,564,094	13,110,894
Leases of between 10 to 50 years	20,876,376	21,645,517
	34,440,470	34,756,411
	80,440,720	81,785,011

14 Investment properties (Continued)

Leasing arrangements

The investment properties are leased to tenants under operating leases.

Risk management strategy on leases of investment properties are set out in note 3(a)(ii).

Minimum lease payments receivable on leases of investment properties are set out in note 32. None of the leases include significant variable rentals.

Valuation processes of the Group

As at 31st March 2025, the Group's investment properties were valued by independent professional valuers – Knight Frank, Savills, Joseph J. Blake and Associates Inc. and Cushman & Wakefield.

Fair value of the Group's investment properties are categorised as level 3 measurement in the three-level fair value hierarchy. During the year, there is no transfer between level 1, level 2 and level 3.

The Group's finance department reviews the valuations performed by the independent valuers and report directly to senior management of the Group. Discussion of valuation processes and results are held between the management and valuers at least once every six months, in line with the Group's interim and annual report dates. At each financial year end, the Finance and Project Development Departments:

- verify all major inputs to the independent valuation report;
- assess property valuation movements when compared to the prior year valuation report; and
- hold discussions with the independent valuer.

Valuation techniques

Fair values of investment properties in Hong Kong, Mainland China and overseas are generally derived using the income capitalisation method, the discounted cash flow method and wherever appropriate, by direct comparison method.

Income capitalisation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

Discounted cash flow method is based on the net present value of the income stream estimated by applying an appropriate discount rate which reflects the risk profile.

Direct comparison method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

14 Investment properties (Continued)

Valuation techniques (Continued)

Fair values of properties under development in Hong Kong and Mainland China and properties under redevelopment in overseas are generally derived using the residual method. This valuation method is essentially a means of valuing the completed properties by reference to its development potential by deducting estimated development costs together with developer's profit and risk from the estimated capital value of the proposed development assuming completed as at the date of valuation.

Significant unobservable inputs used to determine fair value

Capitalisation rates are estimated by valuers based on the risk profile of the investment properties being valued. The higher the rates, the lower the fair value. As at 31st March 2025, capitalisation rates of 2.2% to 4.8% (2024: 2.2% to 4.8%), 3.5% to 5.8% (2024: 3.5% to 6.5%) and 4.5% to 6.5% (2024: 4.5% to 6.0%) are used for investment properties in Hong Kong, Mainland China and overseas respectively in the income capitalisation method.

Discount rates are estimated by valuers based on the risk profile of the investment properties being valued. The higher the rates, the lower the fair value. As at 31st March 2025, discount rates of 6.5% to 7.8% (2024: 6.3% to 7.0%) are used for investment properties in overseas in the discounted cash flow method.

Prevailing market rents are estimated based on valuers' view of recent lettings, within the subject properties and other comparable properties. The lower the rents, the lower the fair value. As at 31st March 2025, rental value of HK$10 to HK$137 (2024: HK$11 to HK$139) per square feet per month, HK$5 to HK$104 (2024: HK$5 to HK$106) per square feet per month and HK$24 to HK$90 (2024: HK$26 to HK$87) per square feet per month are used for Hong Kong, Mainland China and overseas respectively.

Estimated costs to completion, developer's profit and risk margins of 2% to 15% (2024: 10% to 15%) required are estimated by valuers based on market conditions as at 31st March 2025 for investment properties under development. The estimates are largely consistent with the budgets developed internally by the Group based on management's experience and knowledge of market conditions. The higher the costs and the margins, the lower the fair value.

15 Right-of-use assets

	2025 HK$'000	2024 HK$'000
Leasehold land and land-use right	409,047	800,517
Buildings	11,505	20,168
	420,552	820,685

15 Right-of-use assets (Continued)

The Group obtains right to control the use of land-use right and various land and buildings for a period of time through lease arrangements. Lease arrangements for buildings are negotiated on an individual basis and obtain a wide range of different terms and conditions including lease payments and lease terms ranging from 2 to 7 years. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

During the year ended 31st March 2025, additions to the right-of-use assets and lease liabilities were HK$nil (2024: HK$1,490,000) and HK$nil (2024: HK$1,744,000) respectively. The total cash outflow for leases was HK$16,160,000 (2024: HK$26,892,000) for the year ended 31st March 2025.

16 Joint ventures

	2025 HK$'000	2024 HK$'000
Share of net assets	4,172,647	4,150,109
Amounts due to joint ventures (note 28)	(1,435,310)	(908,060)

Details of the principal joint ventures as at 31st March 2025 and 2024 are shown in note 35(b) to the consolidated financial statements.

The financial information below, after making adjustments to conform to the Group's material accounting policies, represents the Group's interest in respective joint ventures. Management considers there are no material joint ventures to the Group.

	Non-current assets HK$'000	Current assets HK$'000	Non-current liabilities HK$'000	Current liabilities HK$'000	Revenue HK$'000	(Loss)/ profit after income tax HK$'000
2025	4,916,065	3,877,222	(3,971,541)	(649,099)	315,961	(182,125)
2024	4,451,740	3,921,556	(3,383,193)	(839,994)	797,583	40,129

Amounts due from joint ventures disclosed in note 18 form part of net investments in joint ventures. As at 31st March 2025, amounts due from joint ventures included share of losses of joint ventures of HK$152,402,000 (2024: HK$nil).

As at 31st March 2025 and 2024, the Company provided financial guarantee to certain joint ventures (proportionate to the Group's effective interest in the joint ventures) for bank loans related to Hong Kong and overseas property development projects. Those underlying bank loans are secured by other assets of the respective joint ventures, which mainly includes investment properties and cash and bank balances held under the joint ventures.

17 Associates

	2025 HK$'000	2024 HK$'000
Share of net assets	2,750,328	2,794,559
Amounts due to associates (note 28)	(19)	(83)

Details of the principal associates as at 31st March 2025 and 2024 are shown in note 35(c) to the consolidated financial statements.

The financial information below, after making adjustments to conform to the Group's material accounting policies, represents the Group's interest in respective associates. Management considers there are no material associates to the Group.

	Non-current assets HK$'000	Current assets HK$'000	Non-current liabilities HK$'000	Current liabilities HK$'000	Revenue HK$'000	Loss after income tax HK$'000
2025	5,770,312	1,170,590	(3,545,505)	(645,069)	450,084	(491,782)
2024	6,462,771	1,266,271	(4,625,912)	(308,571)	434,094	(363,407)

Amounts due from associates disclosed in note 18 form part of net investments in associates. As at 31st March 2025, amounts due from associates included share of losses of associates of HK$391,167,000 (2024: HK$704,562,000).

18 Loans and other receivables

	2025 HK$'000	2024 HK$'000
Loans receivable at amortised cost		
- secured loans	1,081	637
- unsecured loans (note (a))	128,900	128,128
Loans receivable at fair value through profit or loss (note (b))	448,878	469,816
Amounts due from joint ventures		
- at amortised cost (note (c))	1,162,076	577,543
- at fair value through profit or loss (note (d))	140,447	181,354
Amounts due from associates at amortised cost (note (e))	2,694,201	3,208,699
Amounts due from non-controlling interests at amortised cost (note (f))	42,145	42,145
	4,617,728	4,608,322
Less: current portion of loans receivable		
- at amortised cost (note 21)	(12,224)	(10,734)
- at fair value through profit or loss (note 21)	(102,119)	(41,527)
amounts due from joint venture (note (c) and note 21)	(258,046)	(77,968)
amounts due from associates (note 21)	(445,261)	(395,261)
amounts due from non-controlling interests at amortised cost (note (f) and note 21)	(42,145)	(42,145)
	3,757,933	4,040,687

Notes:

(a) As at 31st March 2025, the balance includes an amount of HK$116,676,000 (2024: HK$117,394,000) which carries interest at 12% (2024: 12%) per annum and is repayable in July 2029; and an amount of HK$12,224,000 (2024: HK$10,734,000) which carries interest at 20% (2024: 20%) per annum and is repayable in April 2025 (2024: February 2025). The balances are denominated in US dollar.

(b) As at 31st March 2025, loans receivable at fair value through profit or loss are interest free for the initial two or three years and subsequently bear interest at variable interest rate. The fair value is calculated based on cash flows discounted using prevailing market rates and the repayment date estimated by the Group. Interest income from the loans receivable at fair value through profit or loss of HK$33,932,000 (31st March 2024: HK$41,571,000) and unrealised gain on loans receivable of HK$790,000 (31st March 2024: HK$39,836,000) (note 8) are recognised in the consolidated income statement.

18 Loans and other receivables (Continued)

Notes: (Continued)

(c) As at 31st March 2025, except for HK$258,046,000 (2024: HK$104,234,000) which is interest free, an amount of HK$520,056,000 (2024: HK$473,309,000) carries interest at 4.25% (2024: 4.25%) per annum and an amount of HK$536,376,000 (31st March 2024: HK$nil) carries interest at 2% (31st March 2024: nil) per annum. The balances are unsecured, repayable on demand, and denominated in HK dollar. The balance also includes share of losses of joint ventures of HK$152,402,000 (31st March 2024: HK$nil).

(d) The fair value of amounts due from joint ventures at fair value through profit or loss is determined based on cash flows discounted using prevailing market rates and the repayment date estimated by the Group.

The balance includes an amount of HK$61,154,000 (2024: HK$82,604,000) which carries interest at prevailing market rates and an amount of HK$79,293,000 (2024: HK$98,750,000) which carries interest at fixed rate ranged from 2.9% to 2.95% (2024: 2.9% to 2.95%) per annum.

(e) As at 31st March 2025, except for HK$1,326,368,000 (31st March 2024: HK$395,261,000) which is interest free, HK$1,759,000,000 (31st Mar 2024: HK$3,518,000,000) carries interest at fixed rate of 4.19% (31st March 2024: 3.57%) per annum. The balances are unsecured, repayable on demand and denominated in HK dollar. The balance also includes share of losses of associates of HK$391,167,000 (31st March 2024: HK$704,562,000).

(f) As at 31st March 2025, the balance includes an amount of HK$42,145,000 (31st March 2024: HK$42,145,000) which is unsecured, interest free and repayable on demand.

19 Amounts due from/to investee companies

	2025 HK$'000	2024 HK$'000
Amounts due from investee companies (note (a))	38,213	40,665
Amounts due within one year included in current assets (note 21)	(856)	(985)
	37,357	39,680
Amounts due to investee companies (note (b) and note 28)	9,118	9,158

Notes:

(a) As at 31st March 2025, the amounts due from investee companies of HK$34,470,000 (2024: HK$36,894,000) bear interest at prevailing market rates and repayable on demand. The remaining balance of HK$3,743,000 (2024: HK$3,771,000) net of provision for loss allowance of HK$234,106,000 (2024: HK$234,207,000) are interest free. The balances are unsecured and denominated in HK dollar.

(b) The amounts due to investee companies are unsecured, interest free and repayable on demand. The balances are denominated in HK dollar.

20 Properties for sale

	2025 HK$'000	2024 HK$'000
Completed properties	7,577,822	7,889,224
Under development	2,110,307	1,736,435
	9,688,129	9,625,659
The carrying value of properties for sale comprised:		
In Hong Kong		
- leases of between 10 to 50 years	5,835,091	5,868,089
- leases of over 50 years	3,853,038	3,757,570
	9,688,129	9,625,659

As at 31st March 2025, properties under development of HK$2,110,307,000 (2024: HK$1,736,435,000) are not expected to be recovered within 12 months.

21 Trade and other receivables, deposits and prepayments

	2025 HK$'000	2024 HK$'000
Trade receivables (note (a))	656,796	480,620
Less: Provision for loss allowance of trade receivables	(26,352)	(33,793)
Trade receivables, net of provision (note (b))	630,444	446,827
Other receivables and deposits (note (b))	1,875,245	2,095,382
Interest receivable (note (b))	138,541	137,340
Stakeholder's account	14,861	45,894
Prepayments	173,925	185,556
Contract cost assets	15,594	18,498
Contract assets	125,792	91,689
Loans receivable at amortised cost (note 18)	12,224	10,734
Loans receivable at fair value through profit or loss (note 18)	102,119	41,527
Amounts due from fellow subsidiary companies (note (c))	8,892	8,361
Amounts due from joint ventures (note 18)	258,046	77,968
Amounts due from associates (note 18)	445,261	395,261
Amounts due from investee companies (note 19)	856	985
Amounts due from non-controlling interests (note 18)	42,145	42,145
Amounts due from related companies (note (d))	4,357	4,295
Amounts due from ultimate holding company (note (e))	8,308	8,084
	3,856,610	3,610,546

Notes:

(a) The Group applies the IFRS 9 simplified approach to measure expected credit losses which use a lifetime expected credit loss allowance for all trade receivables.

The Group has different credit policies for different business operations depending on the requirements of the markets and business in which the subsidiaries operate. The analysis of trade receivables is as follows:

	2025 HK$'000	2024 HK$'000
Fully performing	630,444	446,827
Underperforming and non-performing	26,352	33,793
	656,796	480,620

21 Trade and other receivables, deposits and prepayments (Continued)

Notes: (Continued)

(a) (Continued)

Movement in the loss allowance for trade debtors during the year is as follows:

	2025 HK$'000	2024 HK$'000
As at the beginning of the year	33,793	51,098
Impairment loss/(write-back of impairment loss) recognised during the year, net	1,405	(933)
Uncollectible amount written off	(8,850)	(16,279)
Exchange differences	4	(93)
As at the end of the year	26,352	33,793

(b) Other classes within trade and other receivables, deposits and prepayments do not contain material impaired assets. There is no concentration of credit risk with respect to trade receivables as the customers bases are widely dispersed in different business operations.

The trade receivables, other receivables and deposits and interest receivable are denominated in the following currencies:

	2025 HK$'000	2024 HK$'000
HK dollar	1,811,163	1,861,815
US dollar	194,420	344,382
RMB	286,575	152,118
GBP	342,693	304,230
Others	9,379	17,004
	2,644,230	2,679,549

(c) Amounts due from fellow subsidiary companies are unsecured, interest free and repayable on demand. The balances are denominated in HK dollar.

(d) The balances are unsecured, interest free and repayable on demand. The balances are denominated in HK dollar.

(e) The balances are unsecured, interest free and repayable on demand. The balances are mainly denominated in HK dollar.

22 Financial assets/(liabilities) at fair value through profit or loss

	2025 HK$'000	2024 HK$'000
Equity and debt securities		
Non-current assets:		
- listed in Hong Kong	131,007	89,889
- listed overseas	1,186,566	1,487,575
- unlisted in Hong Kong	119,216	120,609
- unlisted overseas	15,067,889	15,195,886
	16,504,678	16,893,959
Current assets:		
- listed in Hong Kong	1,003,613	3,600,998
- listed overseas	10,415,026	7,601,924
- unlisted overseas	940,176	405,837
	12,358,815	11,608,759
	28,863,493	28,502,718
Derivative financial instruments		
Current assets:		
- swap	76,098	86,144
- swaption	-	66,659
- option	20,191	23,070
- warrant	2,132	6,415
- forward	7,228	13,520
	105,649	195,808

22 Financial assets/(liabilities) at fair value through profit or loss (Continued)

	2025 HK$'000	2024 HK$'000
Current liabilities:		
- swap	(259,251)	(181,595)
- swaption	-	(84,311)
- option	-	(550)
- forward	(19,902)	(133)
- future	(4,255)	-
- target redemption product	(3,239)	-
	(286,647)	(266,589)
Representing:		
- non-current assets	16,504,678	16,893,959
- current assets	12,464,464	11,804,567
- current liabilities	(286,647)	(266,589)
Total	28,682,495	28,431,937

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

	2025 HK$'000	2024 HK$'000
HK dollar	1,171,595	3,793,527
US dollar	23,412,865	22,083,139
Korean Won	415,736	666,621
Japanese Yen	460,637	258,705
GBP	1,011,436	322,105
Euro	1,365,781	640,433
RMB	249,748	177,532
Others	594,697	489,875
	28,682,495	28,431,937

As at 31st March 2025 and 2024, the Group has control or joint control on certain unlisted equity or debt securities. However, the Group was exempted from applying equity method to these investments and they were recorded as financial assets at fair value through profit or loss.

23 Cash and bank balances

	2025 HK$'000	2024 HK$'000
Bank balances and cash	9,358,373	7,600,944
Short term bank deposits	1,363,929	5,810,214
	10,722,302	13,411,158
Representing:		
- unpledged	10,722,302	13,411,158

The effective interest rate on the bank deposits is 4.96% (2024: 5.27%) per annum. These deposits have an average maturity of 47 days (2024: 38 days).

Cash and bank balances are denominated in the following currencies:

	2025 HK$'000	2024 HK$'000
HK dollar	4,387,125	2,410,935
US dollar	5,344,727	9,815,872
RMB	777,595	881,562
Euro	11,094	25,034
GBP	186,197	260,808
Singapore dollar	10,467	8,078
Others	5,097	8,869
	10,722,302	13,411,158

The conversion of RMB denominated balances into foreign currencies and the remittances of such foreign currencies denominated bank balances and cash out of Mainland China are subject to relevant rules and regulations of foreign exchange control promulgated by the Mainland China government.

Cash and cash equivalents include the following for purpose of the consolidated statement of cash flows.

	2025 HK$'000	2024 HK$'000
Bank balances and cash	9,358,373	7,600,944
Short-term bank deposits	1,363,929	5,810,214
	10,722,302	13,411,158
Less: bank deposits with original maturities of more than three months	(169,250)	(13,766)
	10,553,052	13,397,392

24 Share capital and perpetual capital securities

Share capital

	Number of shares (Thousands)	Amount HK$'000
Authorised:		
Ordinary shares of 1 Hong Kong dollar each		
At 1st April 2023, 31st March 2024 and 31st March 2025	1,000,000,000	1,000,000,000
Issued and fully paid:		
Ordinary shares of 1 Hong Kong dollar each		
At 1st April 2023, 31st March 2024 and 31st March 2025	62,743,532	62,743,532

Perpetual capital securities

	2025 HK$'000	2024 HK$'000
USD500 million issued in 2020	3,886,693	3,886,762

On 10th September 2020, another wholly owned subsidiary of the Group (the "Issuer") issued 5% perpetual capital securities with an aggregate principal of USD500 million for cash. The perpetual capital securities are guaranteed by the Company.

These securities are perpetual and the coupon payment can be deferred at the discretion of the Issuer and there is no limit as to the number of times of deferral of coupon payment. When the Company or the Issuer elect to declare dividends to their ordinary shareholders, the Issuer shall make distribution to the holders of perpetual securities at the distribution rates as defined in the subscription agreement.

25 Reserves

	Exchange reserve HK$'000	Retained earnings HK$'000	Merger reserve HK$'000	Hedging reserve HK$'000	Other reserves (note) HK$'000	Total HK$'000
At 1st April 2024	(2,220,807)	79,098,383	(33,060,444)	(32,364)	(278,122)	43,506,646
Loss for the year	-	(1,910,116)	-	-	-	(1,910,116)
Acquisition of non-controlling interests	-	-	-	-	(6,340)	(6,340)
Exchange translation differences						
- Group	(346,402)	-	-	-	-	(346,402)
- Joint ventures and associates	(79,110)	-	-	-	-	(79,110)
Transfer of statutory reserve of an associate	-	(6,432)	-	-	6,432	-
Transfer of statutory reserve of a subsidiary	-	(3,037)	-	-	3,037	-
Release of exchange reserve upon disposal of subsidiaries	(92,661)	-	-	-	-	(92,661)
Fair value change on hedging instruments	-	-	-	73,002	-	73,002
Cost of hedging	-	-	-	(44,485)	-	(44,485)
Hedging gain reclassified to profit or loss	-	-	-	3,847	-	3,847
At 31st March 2025	(2,738,980)	77,178,798	(33,060,444)	-	(274,993)	41,104,381

25 Reserves (Continued)

	Exchange reserve HK$'000	Retained earnings HK$'000	Merger reserve HK$'000	Hedging reserve HK$'000	Other reserves (note) HK$'000	Total HK$'000
At 1st April 2023	(1,211,001)	82,943,119	(33,060,444)	(31,870)	(294,217)	48,345,587
Loss for the year	-	(3,828,641)	-	-	-	(3,828,641)
Exchange translation differences						
- Group	(903,263)	-	-	-	-	(903,263)
- Joint ventures and associates	(63,223)	-	-	-	-	(63,223)
Transfer of statutory reserve of an associate	-	(7,630)	-	-	7,630	-
Transfer of statutory reserve of a subsidiary	-	(2,249)	-	-	2,249	-
Release of exchange reserve upon liquidation of a subsidiary	(31,152)	-	-	-	-	(31,152)
Release of exchange reserve upon disposal of subsidiaries	(12,168)	-	-	-	-	(12,168)
Release of other reserve upon liquidation of a subsidiary	-	(6,216)	-	-	6,216	-
Fair value change on hedging instruments	-	-	-	(15,621)	-	(15,621)
Cost of hedging	-	-	-	(1,102)	-	(1,102)
Hedging gain reclassified to profit or loss	-	-	-	16,229	-	16,229
At 31st March 2024	(2,220,807)	79,098,383	(33,060,444)	(32,364)	(278,122)	43,506,646

Note: Other reserves mainly represent reserves arose from acquisition of additional interest in a subsidiary from non-controlling interests.

26 Deferred income tax

The movement on the net deferred income tax liabilities is as follows:

	2025 HK$'000	2024 HK$'000
At 1st April	(2,576,122)	(3,142,532)
Disposal of interests in subsidiaries (note 30(b)(iv))	9,626	-
Acquisition of interest in a subsidiary	(23,609)	-
Credited to the consolidated income statement (note 12)	71,694	401,818
Exchange difference	52,579	164,592
At 31st March	(2,465,832)	(2,576,122)

26 Deferred income tax (Continued)

The majority of deferred income tax assets and liabilities are to be recovered after more than 12 months. The gross movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year is as follows:

Deferred income tax liabilities

	Unrealised gains on investment securities HK$'000	Accelerated tax depreciation HK$'000	Fair value gains on properties (Note) HK$'000	Others HK$'000	Total HK$'000
At 1st April 2024	(53,707)	(233,664)	(3,249,686)	(43,104)	(3,580,161)
Acquisition of interest in a subsidiary	-	-	(23,609)	-	(23,609)
Disposal of interests in subsidiaries (note 30(b)(ii))	-	9,626	-	-	9,626
Credited/(charged) to consolidated income statement	9,199	(115,008)	(16,221)	239	(121,791)
Exchange difference	326	(366)	47,540	-	47,500
At 31st March 2025	(44,182)	(339,412)	(3,241,976)	(42,865)	(3,668,435)
At 1st April 2023	(102,154)	(83,626)	(3,464,138)	(44,608)	(3,694,526)
Credited/(charged) to consolidated income statement	48,236	(149,813)	53,065	1,504	(47,008)
Exchange difference	211	(225)	161,387	-	161,373
At 31st March 2024	(53,707)	(233,664)	(3,249,686)	(43,104)	(3,580,161)

26 Deferred income tax (Continued)

Deferred income tax assets

	Tax losses HK$'000	Fair value losses on properties HK$'000	Unrealised intra-group profits HK$'000	Total HK$'000
At 1st April 2024	263,420	535,996	204,623	1,004,039
Credited/(charged) to consolidated income statement	143,148	56,169	(5,832)	193,485
Exchange difference	(144)	5,223	-	5,079
At 31st March 2025	406,424	597,388	198,791	1,202,603
At 1st April 2023	109,400	246,170	196,424	551,994
Credited to consolidated income statement	154,073	286,554	8,199	448,826
Exchange difference	(53)	3,272	-	3,219
At 31st March 2024	263,420	535,996	204,623	1,004,039

Note:

The balances also include temporary difference arising from the tax depreciation of investment properties in Mainland China.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

	2025 HK$'000	2024 HK$'000
Deferred income tax assets	912,709	953,764
Deferred income tax liabilities	(3,378,541)	(3,529,886)

27 Bank and other borrowings

	2025 HK$'000	2024 HK$'000
Long-term bank borrowings (note (a))		
- secured	3,424,315	4,399,715
- unsecured	11,576,090	11,833,385
Medium term notes (note (b))		
- listed	9,480,602	11,904,601
- unlisted	499,413	499,190
Less: current portion of long-term bank borrowings	(302,336)	(1,251,918)
Less: current portion of medium term notes	-	(1,485,667)
	24,678,084	25,899,306
Current portion of long-term bank borrowings (note (a))		
- secured	302,336	261,527
- unsecured	-	990,391
Other short-term bank borrowings (note (a))		
- secured	169,180	170,221
- unsecured	1,675,067	391,656
Current portion of medium term notes (note (b))		
- listed	-	1,485,667
	2,146,583	3,299,462
Total bank and other borrowings	26,824,667	29,198,768

27 Bank and other borrowings (Continued)

As at 31st March 2025 and 31st March 2024, the Group's bank and other borrowings are repayable as follows:

	2025 HK$'000	2024 HK$'000
Within one year	2,146,583	3,299,462
Between one and two years	4,476,459	1,532,695
Between two and three years	11,459,815	5,018,473
Between three and four years	3,402,713	10,391,831
Between four and five years	1,047,372	4,245,621
Over five years	4,291,725	4,710,686
	26,824,667	29,198,768

Notes:

(a) These bank borrowings are secured by property, plant and equipment, investment properties, right-of-use assets, properties for sale and financial assets at fair value through profit or loss.

The effective interest rate based on the prevailing market rates on the bank borrowings as at 31st March 2025 is 4.26% (2024: 4.34%) per annum.

Bank borrowings are approximated their fair values and denominated in the following currencies:

	2025 HK$'000	2024 HK$'000
HK dollar	7,284,257	5,767,528
RMB	1,701,560	2,759,023
US dollar	3,583,786	3,602,635
GBP	4,273,917	4,168,526
Australian dollar	-	440,706
Others	1,132	56,559
	16,844,652	16,794,977

27 Bank and other borrowings (Continued)

Notes: (Continued)

(b) Nan Fung Treasury Limited, a subsidiary of the Group has established a Medium Term Note Programme ("MTN"). The aggregate principal amount of US$3 billion. As at 31st March 2025 and 2024, the Group has drawdown of HK$500 million (2024: HK$500 million) which is unlisted and US$1,227.35 million (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
29th May 2014	US$189.87 million (note 1)	29th May 2024	4.875%	Semi-annually
13th September 2017	HK$500 million	13th September 2027	3.65%	Quarterly
3rd October 2017	US$348.84 million (note 2)	3rd October 2027	3.875%	Semi-annually
5th September 2018	US$420.73 million (note 3)	5th September 2028	5%	Semi-annually
27th August 2020	US$457.78 million (note 4)	27th August 2030	3.625%	Semi-annually

The MTN is guaranteed unconditionally and irrevocably by the Company. As at 31st March 2025, the fair values of the MTN are HK$9,583,066,000 (2024: HK$11,617,528,000). Of which, US$1,169,947,000 equivalent to HK$9,100,316,000 (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 (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 (2024: US$1,403,056,000).

Notes:

(1) During the year ended 31st March 2025, nominal value of the medium term notes of US$189.87 million were fully repaid on maturity.

(2) During the year ended 31st March 2025, the company repurchased US$23.65 million MTN from third party and subsequently cancelled, resulting in a decrease in drawdown balance from US$372.49 million to US$348.84 million.

(3) During the year ended 31st March 2025, the company repurchased US$49.96 million MTN from third party and subsequently cancelled, resulting in a decrease in drawdown balance from US$470.69 million to US$420.73 million.

(4) During the year ended 31st March 2025, the company repurchased US$42.22 million MTN from third party and subsequently cancelled, resulting in a decrease in drawdown balance from US$500.00 million to US$457.78 million.

(c) As at 31st March 2025, the Group had HK$16,087,458,000 (2024: HK$15,593,875,000) undrawn banking facilities.

28 Trade and other payables, deposits and accruals

	2025 HK$'000	2024 HK$'000
Trade and other payables and accruals (note (a))	1,133,587	1,178,742
Accruals for construction work (note (a))	1,578,915	1,837,881
Rental and other deposits received (note (a))	747,336	679,129
Deferred income	7,986	16,506
Amounts due to joint ventures (note (b))	1,435,310	908,060
Amounts due to associates (note (c))	19	83
Amounts due to investee companies (note 19)	9,118	9,158
Amounts due to related companies and individuals (note (d))	602,072	521,363
Amount due to immediate holding company (note (e))	145,606	91,257
Amount due to ultimate holding company (note (e))	148,538	28,380
Amounts due to non-controlling interests at amortised cost (note (f))	2,601,093	2,576,349
Amounts due to non-controlling interests at fair value through profit or loss (note (g))	575,846	862,636
	8,985,426	8,709,544

Notes:

(a) Trade and other payables mainly include payables related to property development projects including construction and development cost payables. Trade and other payables, deposits and accruals are denominated in the following currencies:

	2025 HK$'000	2024 HK$'000
HK dollar	2,342,695	2,483,534
RMB	600,246	610,390
US dollar	417,999	478,286
GBP	97,522	121,439
Others	1,376	2,103
	3,459,838	3,695,752

(b) Amounts due to joint ventures are unsecured, interest free and repayable on demand. The balances are denominated in HK dollar.

Details of the principal joint ventures as at 31st March 2025 and 2024 are shown in note 35(b) to the consolidated financial statements.

28 Trade and other payables, deposits and accruals (Continued)

Notes: (Continued)

(c) Amounts due to associates are unsecured, interest free and repayable on demand. The balances are denominated in HK dollar.

(d) As at 31st March 2025, the balance includes an amount of HK$5,017,000 (2024: HK$4,967,000) bears interest at 1% per annum (2024: 1% per annum) and an amount of HK$550,420,000 (2024: HK$nil) bears interest at 4.5% and remaining balances are interest free. The balances are unsecured and repayable on demand. The balances are denominated in HK dollar.

(e) Amounts due to immediate holding company and ultimate holding company are unsecured, interest free and repayable on demand. The balances are denominated in the following currencies:

	2025 HK$'000	2024 HK$'000
HK dollar	147,783	(240,094)
US dollar	146,361	359,731
	294,144	119,637

(f) As at 31st March 2025, amounts due to non-controlling interests at amortised cost of HK$839,153,000 (2024: HK$839,153,000) bear interest 5% per annum (2024: 5% per annum). The remaining balances are interest free. The balances are unsecured and repayable on demand. The balances are denominated in the following currencies:

	2025 HK$'000	2024 HK$'000
HK dollar	2,355,474	2,313,072
GBP	245,619	263,277
	2,601,093	2,576,349

(g) The amounts due to non-controlling interests at fair value through profit or loss represented redeemable preference shares with par value of US$0.01 per share. The amount is redeemable at the net asset value of a subsidiary of the Group at any time by the holder. The fair value is estimated based on the net asset value of the subsidiary.

29 Contract liabilities

	2025 HK$'000	2024 HK$'000
Contract liabilities related to property sales (note (a))	34,416	23,373

Notes:

(a) The Group received payments from customers based on billing schedules as established in contracts. Payments are usually received in advance before the transfer of properties.

(b) The following table shows the amount of revenue recognised in the current year that was included in the contract liability balance at the beginning of the year:

	2025 HK$'000	2024 HK$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year - Property sales	12,518	26,463

(c) The following table shows the aggregate amount of transaction price allocated to unsatisfied performance obligations resulting from fixed price contracts with an original expected duration of revenue recognition in one year or more:

	2025 HK$'000	2024 HK$'000
Expected to be recognised within one year	257,248	152,247

For all other contracts with an original expected duration of one year or less or are billed based on time incurred. As permitted under IFRS 15, the transaction price allocated to these unsatisfied performance obligations is not disclosed.

NAN FUNG INTERNATIONAL HOLDINGS LIMITED
(incorporated in the British Virgin Islands with limited liability)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 Notes to the consolidated statement of cash flows

(a) Reconciliation of loss before income tax to net cash generated from operations:

	2025 HK$'000	2024 HK$'000
Loss before income tax	(1,734,716)	(3,849,573)
Depreciation of property, plant and equipment	112,654	130,891
Depreciation of right-of-use assets	32,103	48,135
Net change in fair values of investment properties	1,375,054	5,191,873
Net loss/(gain) on disposal of property, plant and equipment	363	(1,179)
Write-off of property, plant and equipment	1,402	770
Write-off of right-of-use assets	-	442
Write-off of lease liabilities	-	(397)
Net loss/(gain) on disposal of interests in/liquidation of subsidiaries	65,231	(637,606)
Net loss/(gain) on loans receivable at fair value through profit or loss	317	(39,772)
Unrealised loss on financial assets at fair value through profit or loss and derivatives	2,051,156	2,487,480
Unrealised loss on amount due to non-controlling interest at fair value through profit or loss	70,818	20,332
Net provision for loss allowances of financial assets	6,849	2,556
Finance expenses/(income), net	301,702	(81,729)
Share of results of joint ventures	182,125	(40,129)
Share of results of associates	491,782	363,407
Net cash generated from operating profit before working capital changes	2,956,840	3,595,501
Decrease/(increase) in:		
Properties for sale	19,402	297,507
Trade and other receivables, deposits and prepayments	153,831	618,614
Financial assets at fair value through profit or loss	(2,430,463)	(1,394,066)
Increase/(decrease) in:		
Trade and other payables, deposits and accruals	(139,807)	645,924
Contract liabilities	11,043	(15,893)
Amounts due to customers for contract work	-	(5,143)
Financial liabilities at fair value through profit or loss	20,058	170,747
Net cash generated from operations	590,904	3,913,191

30 Notes to the consolidated statement of cash flows (Continued)

(b) Disposal of interests in subsidiaries

(i) Disposal of Qingdao Sanyang Real Estate Co., Ltd ("Qingdao")

On 10th May 2023, the Group entered into a sale and purchase agreement with an independent third party for sale of entire interests in Qingdao, a non-wholly owned subsidiary, with 55% interests, which holds investment properties in Mainland China at consideration of RMB304 million. The consideration was fully received and the disposal was completed on 26th June 2023. Details of the disposal of Qingdao are as follows:

	HK$'000
Net assets disposed of:	
Property, plant and equipment	30
Investment properties	547,239
Trade and other receivables	64,853
Cash and cash equivalents	3,939
Trade and other payables	(1,590)
	614,471
Non-controlling interests	(268,305)
55% of net assets disposed of	346,166
Net loss on disposal of interests in subsidiaries:	
Total consideration	328,319
Net assets disposed of	(346,166)
Release of exchange reserves	11,878
	(5,969)
Net cash inflow on disposal of interests in subsidiaries:	
Consideration received during the year	328,319
Cash and bank balances disposed of	(3,939)
	324,380

30 Notes to the consolidated statement of cash flows (Continued)

(b) Disposal of interests in subsidiaries (Continued)

(ii) Disposal of Engrail Therapeutics, Inc ("Engrail")

In March 2024, Engrail, the Group's non-wholly owned subsidiary, had raised a new round of financing by issuing additional preference shares which diluted the Group's interests in Engrail to become less than 50%. After the completion of the new round of financing, the Group ceased to have control in Engrail and the remaining interests are accounted for as financial assets at fair value through profit or loss. A gain on disposal of HK$609,995,000 was recognised in "Other income and gains, net" in the consolidated financial statements. Details of the disposal of Engrail are as follows:

	HK$'000
Net assets disposed of:	
Property, plant and equipment	208
Right-of-use assets	333
Financial assets at fair value through profit or loss	783
Trade and other receivables	4,999
Cash and cash equivalents	23,111
Trade and other payables	(38,710)
Lease liabilities	(397)
	(9,673)
Non-controlling interests	90,476
88% of net assets disposed of	80,803
Net gain on disposal of interests in subsidiaries:	
Fair value of retained interests in Engrail	690,508
Net assets disposed of	(80,803)
Release of exchange reserves	290
	609,995
Net cash outflow on disposal of interests in subsidiaries:	
Cash and bank balances disposed of	(23,111)

30 Notes to the consolidated statement of cash flows (Continued)

(b) Disposal of interests in subsidiaries (Continued)

(iii) Disposal of Capita Enterprises Limited ("Capita")

On 13th June 2024, the Group entered into a sale and purchase agreement with a 50% joint venture of the Group for sale of entire interests in Capita, a wholly owned subsidiary, and its subsidiary, which holds an investment property in Hong Kong at consideration of HK$510,145,000, settled through amounts due from joint ventures. The disposal was completed on the same day. Since the consideration was the same as the net assets disposed of as of the completion date, no gain or loss on disposal was recognised. Details of the disposal of Capita are as follows:

	HK$'000
Net assets disposed of:	
Investment properties	510,000
Cash and cash equivalents	226
Trade and other payables	(81)
Net assets disposed of	510,145
Net gain on disposal of interests in subsidiaries:	
Total consideration	510,145
Net assets disposed of	(510,145)
	-
Net cash outflow on disposal of interests in subsidiaries:	
Cash and cash equivalents disposed of	(226)

30 Notes to the consolidated statement of cash flows (Continued)

(b) Disposal of interests in subsidiaries (Continued)

(iv) Disposal of 廣州市展豐房地產開發有限公司 ("廣州市展豐")

On 3rd July 2024, the Group entered into a sale and purchase agreement with an independent third party for sale of entire interests in 廣州市展豐, a wholly owned subsidiary, and its subsidiary, which holds an investment property and a hotel property in Mainland China at consideration of RMB1,425 million (equivalent to HK$1,538 million). The Group had to settle the bank borrowings as at the completion date according to the sale and purchase agreement. The disposal was completed on 25th July 2024. Details of the disposal of 廣州市展豐 are as follows:

	HK$'000
Net assets disposed of:	
Property, plant and equipment	1,072,646
Right-of-use assets	364,787
Investment properties	270,842
Trade and other receivables	21,300
Cash and cash equivalents	51,272
Trade and other payables	(74,611)
Bank borrowings	(402,351)
Deferred income tax liabilities	(9,626)
Net assets disposed of	1,294,259
Net loss on disposal of interests in subsidiaries:	
Total consideration	1,538,100
Bank borrowings borne by the Group	(402,351)
Net assets disposed of	(1,294,259)
Release of exchange reserves	93,279
	(65,231)
Net cash inflow on disposal of interests in subsidiaries:	
Total consideration	1,538,100
Bank borrowings borne by the Group	(402,351)
Consideration receivable	(133,867)
Cash consideration received during the year	1,001,882
Cash and cash equivalents disposed of	(51,272)
	950,610

30 Notes to the consolidated statement of cash flows (Continued)

(c) Reconciliation of liabilities arising from financing activities:

	Bank and other borrowings HK$'000	Interest Payables HK$'000	Amounts due to related companies and individuals HK$'000	Amount due to immediate holding company HK$'000	Amounts due to ultimate holding company HK$'000	Amounts due to non-controlling interests HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1st April 2024	29,198,768	128,006	521,363	91,257	28,380	3,438,985	101,985	33,508,744
Cash flows	(1,969,330)	(1,156,552)	62,289	54,349	120,158	(374,921)	(15,040)	(3,279,047)
Finance cost	-	1,149,929	18,420	-	-	42,058	3,155	1,213,562
Exchange differences	(56,050)	50	-	-	-	-	(1,356)	(57,356)
Other non-cash movement	(348,721)	(26,842)	-	-	-	70,817	-	(304,746)
At 31st March 2025	26,824,667	94,591	602,072	145,606	148,538	3,176,939	88,744	31,081,157
At 1st April 2023	33,115,364	77,015	540,151	40,525	1,019,520	3,327,881	121,916	38,242,372
Cash flows	(3,845,065)	(1,246,294)	(18,788)	50,732	(991,140)	67,822	(20,288)	(6,003,021)
Finance cost	-	1,316,117	-	-	-	42,174	3,732	1,362,023
Exchange differences	(153,305)	228	-	-	-	(19,224)	(4,722)	(177,023)
Other non-cash movement	81,774	(19,060)	-	-	-	20,332	1,347	84,393
At 31st March 2024	29,198,768	128,006	521,363	91,257	28,380	3,438,985	101,985	33,508,744

31 Commitments

Other than those disclosed elsewhere in the financial statements, the Group has significant commitments as follows:

	2025 HK$'000	2024 HK$'000
Contracted but not provided for		
Investment properties (note (a))	1,324,635	884,289
Property, plant and equipment	-	113,657
Other investments (note (b))	3,087,009	2,734,342
	4,411,644	3,732,288
Capital contribution to		
Joint ventures (note (c))	169,694	253,873
	4,581,338	3,986,161

Notes:

(a) As at 31st March 2025 and 31st March 2024, the Group had capital commitments for investment properties under development and completed investment properties.

(b) As at 31st March 2025 and 31st March 2024, the Group had uncalled capital commitments to invest in the funds and direct investments. The commitments are subject to certain conditions described in the contracts.

(c) As at 31st March 2025, the Group has an outstanding commitment to contribute capital of US$87,000 (2024: US$nil) and HK$169,020,000 (2024: HK$253,873,000) to joint ventures for jointly developing residential, manufacturing and office properties and parking lot located in New York and Hong Kong.

The aggregate lease payments under short-term leases and low-value leases are as follows:

	2025 HK$'000	2024 HK$'000
Third parties		
- not later than one year	453	1,709
- later than one year and not later than five years	149	255
	602	1,964

32 Future operating lease receivables

As at 31st March 2025 and 31st March 2024, the Group had future aggregate minimum lease receivables under non-cancellable operating leases in respect of the Group's investment properties and properties for sale as follows:

	2025 HK$'000	2024 HK$'000
Within one year	1,875,025	1,879,855
Between one and two years	1,438,666	1,433,559
Between two and three years	1,042,401	991,380
Between three to four years	846,965	673,759
Between four to five years	636,253	569,962
Later than five years	719,438	1,012,574
	6,558,748	6,561,089

33 Pledge of assets

As at 31st March 2025 and 31st March 2024, the Group had pledged certain assets to secure borrowings of the Group. Their carrying values were as follows:

	2025 HK$'000	2024 HK$'000
Property, plant and equipment	-	1,082,804
Investment properties	17,374,759	17,620,465
Right-of-use assets	-	372,900
Financial assets at fair value through profit or loss	250,764	932,544
	17,625,523	20,008,713

34 Significant related party transactions

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

	2025 HK$'000	2024 HK$'000
Income:		
From related companies which is held by a close family member of directors of the Company		
- construction revenue (note (a))	411,025	114,467
- rental income (note (b))	15,592	28,034

Notes:

(a) Construction revenue from a related company for construction service provided. The terms were determined by and agreed between both parties.

(b) Rental income from related companies for premises rented to related companies. The terms were determined by and agreed between both parties.

35 Particulars of principal subsidiaries, joint ventures and associates

(a) Subsidiaries

The Group had interests in the following principal subsidiaries:

Name	Place of incorporation	Principal activities	Issued share capital/ registered capital	Percentage of effective interest in ownership/voting power/profit sharing 2025	2024
Ace Aspect Limited	British Virgin Islands	Property development	US$1,000	100%	100%
Blooming Lotus Holdings Limited	British Virgin Islands	Property investment	US$1,000	100%	100%
Bordon Construction Company Limited	Hong Kong	Investment holding and building construction	HK$686,700,000	100%	100%
Capital Treasure Investments Limited [1]	British Virgin Islands	Property investment	US$1,000	80%	80%
Century Wealth Development Limited	Hong Kong	Property trading and financing	HK$2	100%	100%
Cheerwide Investment Limited [1]	Hong Kong	Property investment and property trading	HK$1	85%	85%
Chun Yip Construction Company Limited	Hong Kong	Building construction	HK$570,000,200 ordinary and HK$1,000,000 non-voting deferred	100%	100%
City Century Development Limited [2]	Hong Kong	Property trading	HK$1	100%	100%
Continental Discovery Sdn. Bhd.	Malaysia	Property investment	RM100,000	100%	100%
Cosmic City International Limited	British Virgin Islands	Property development	US$1,000	100%	100%
Crown Time Properties Limited	Hong Kong	Property trading	HK$2	100%	100%
Dynamic Century Global Limited	British Virgin Islands	Property investment	US$1,000	100%	100%
Emerald Place Limited	British Virgin Islands	Property development	US$1,000	100%	100%
Enormous Asset Limited [1]	Hong Kong	Property investment and property trading	HK$1	75%	75%

35 Particulars of principal subsidiaries, joint ventures and associates (Continued)

(a) Subsidiaries (Continued)

The Group had interests in the following principal subsidiaries: (Continued)

Name	**Place of incorporation**	**Principal activities**	**Issued share capital/ registered capital**	**Percentage of effective interest in ownership/voting power/profit sharing** 2025	2024
Ever Crown Development Limited	Hong Kong	Property investment	HK$2	100%	100%
Ever Grand Enterprises Limited	Hong Kong	Property investment	HK$1	100%	100%
Gavast Estates Limited	Hong Kong	Investment holding	HK$2	100%	100%
Global Gain Investment Holdings Limited	Cayman Islands	Investment holding	US$1	100%	100%
Goodyear Investments Private Limited	Singapore	Property investment	SG$23,250,000	100%	100%
Great Team Development Limited [1,2]	Hong Kong	Property trading	HK$1	100%	100%
Greatco Finance Limited	Hong Kong	Financing	HK$1	100%	100%
Hing Fung Sendirian Berhad	Malaysia	Property investment	RM7,800,000	100%	100%
Hon Hing Enterprises Limited	Hong Kong	Building management	HK$10,000	100%	100%
Jubilee Charm Investments Limited	British Virgin Islands	Property investment	US$1,000	100%	100%
Jumbo Runner Limited	British Virgin Islands	Property development	US$1,000	100%	100%
Landsun International Limited	Hong Kong	Hotel operation and financing	HK$2	100%	100%
London George Unit Trust	Jersey	Property investment	GBP52,600,000	100%	100%
Longbrook Development Limited	Hong Kong	Property investment	HK$10,000	100%	100%

35 Particulars of principal subsidiaries, joint ventures and associates (Continued)

(a) Subsidiaries (Continued)

The Group had interests in the following principal subsidiaries: (Continued)

Name	Place of incorporation	Principal activities	Issued share capital/ registered capital	Percentage of effective interest in ownership/voting power/profit sharing 2025	2024
Main Shine Development Limited	Hong Kong	Building management	HK$500,000	100%	100%
Nan Fung Development Limited	Hong Kong	Financing, investment holding and property investment	HK$900,000,002 ordinary and HK$100,000,000 non-voting deferred	100%	100%
Nan Fung Finance Limited	Hong Kong	Provision of mortgage financing	HK$1,000,000	100%	100%
Nan Fung Group Holdings Limited	British Virgin Islands	Investment holding	US$5,545,836,729	100%	100%
Nan Fung International Finance Limited	Hong Kong	Financing	HK$1	100%	100%
Nan Fung Real Estate Agency Limited	Hong Kong	Provision of real estate agency service	HK$100,000	100%	100%
Nan Fung Textiles Limited	Hong Kong	Investment holding, property investment and trading	HK$10,000,000	100%	100%
Nan Fung Textiles Second Mill Limited	Hong Kong	Property investment	HK$3,500,000	100%	100%
Nan Fung Treasury Consolidated Limited	Hong Kong	Provision of treasury services	HK$1	100%	100%
Nan Fung Treasury Limited	British Virgin Islands	Financing	US$1,000	100%	100%
Nan Fung Treasury (III) Limited	British Virgin Islands	Financing	US$1,000	100%	100%
Nan Fung Trinity (HK) Limited	Hong Kong	Financial asset management and investment advisory	HK$255,000,000	100%	100%

35 Particulars of principal subsidiaries, joint ventures and associates (Continued)

(a) Subsidiaries (Continued)

The Group had interests in the following principal subsidiaries: (Continued)

Name	Place of incorporation	Principal activities	Issued share capital/ registered capital	Percentage of effective interest in ownership/voting power/profit sharing 2025	2024
Nan Wai Development Limited	Hong Kong	Property investment	HK$1	100%	100%
New Charm Management Limited	Hong Kong	Building management	HK$10,000	100%	100%
New Connect Investments Limited	British Virgin Islands	Property investment	US$1,000	100%	100%
New Excellent Development Limited	Hong Kong	Property investment	HK$1	100%	100%
New Zone Developments Limited	British Virgin Islands	Property investment	US$1,000	100%	100%
NF The Mills UK Ltd	United Kingdom	Gallery and event space	GBP1	100%	100%
NFLSRE 1 Winthrop LLC	Delaware	Property investment	US$28,257,300	100%	100%
NFLSRE 2 Financial LLC	Delaware	Property investment	US$nil	100%	100%
NFLSRE 51 Sleeper LLC	Delaware	Property investment	US$40,950,000	100%	100%
NFLSRE 470 Atlantic LLC	Delaware	Property investment	US$nil	100%	100%
Northern Green Ventures Sdn. Bhd.	Malaysia	Property investment	RM100 ordinary and RM44,095,420 redeemable preference	100%	100%
Permwell Management Limited	Cayman Islands	Investment holding	US$1	100%	100%
Poh Foong Sdn. Bhd.	Malaysia	Property investment	RM850,000	100%	100%
Portslade Global Limited	British Virgin Islands	Investment holding	US$1,000	100%	100%
Rich Union Development Limited	Hong Kong	Property investment	HK$1	100%	100%
The Mills Limited	Hong Kong	Event space and business planning	HK$1	100%	100%

35 Particulars of principal subsidiaries, joint ventures and associates (Continued)

(a) Subsidiaries (Continued)

The Group had interests in the following principal subsidiaries: (Continued)

Name	**Place of incorporation**	**Principal activities**	**Issued share capital/ registered capital**	**Percentage of effective interest in ownership/voting power/profit sharing**	
				2025	2024
Timse Enterprises Limited	Hong Kong	Property trading	HK$1	100%	100%
Unishine Development Limited	Hong Kong	Property trading	HK$2	100%	100%
Vineberg Property Management Limited	Hong Kong	Building management	HK$100,000	100%	100%
Win Channel Development Limited[2]	Hong Kong	Property development	HK$1	100%	100%
上海華天房地產發展有限公司	Mainland China	Property investment	RMB1,772,890,815	100%	100%
上海景信房地產開發有限公司	Mainland China	Property investment	RMB108,880,055	100%	100%
上海寶禾置業有限公司	Mainland China	Property investment	US$97,000,000	100%	100%
上海英旭置業有限公司	Mainland China	Financing	RMB134,000,000	100%	100%
上海崇豐房地產發展有限公司 [1]	Mainland China	Property investment	RMB2,531,793,280/ RMB2,600,000,000	60%	60%
南豐京華投資諮詢(北京)有限公司	Mainland China	Consultancy service	US$1,000,000	100%	100%
廣州市展匯房地產開發有限公司	Mainland China	Property investment	HK$1,029,000,000	100%	100%

1 Management regards there are no material non-controlling interests to the Group.

2 The companies have entered into joint operations with an independent third party on property development projects in Hong Kong. They will share any jointly held or incurred assets, liabilities, revenue and expenses up to its interests in accordance with the development agreements.

35 Particulars of principal subsidiaries, joint ventures and associates (Continued)

(b) Joint ventures

The Group had indirect interests in the following principal joint ventures:

Name	Place of incorporation	Principal activities	Issued share capital/ registered capital	Percentage of effective interest in ownership/voting power/profit sharing 2025	2024
Ace Glory Limited	Hong Kong	Property investment and trading	HK$1	30%	30%
Best Profit Limited	Hong Kong	Property investment and trading	HK$1	25%	25%
Brave Sky Investments Limited	Hong Kong	Property trading	HK$2	50%	50%
Brave Sky Mortgage Limited	Hong Kong	Money lending	HK$2	50%	50%
Century Rise Limited	Hong Kong	Property investment and trading	HK$1	30%	30%
Cheerful Aim Limited	Hong Kong	Property investment	HK$1	50%	50%
Everbeam Mortgage Limited	Hong Kong	Money lending	HK$1	50%	50%
Fortune Creation Developments Limited	British Virgin Islands	Property development	US$100	50%	50%
Gracious Cheer Limited	Hong Kong	Property investment	HK$1	50%	50%
IPG LIC 49th Ave Lot 22 JV LLC[1]	Delaware	Property investment	US$1,888,605	94%	94%
IPG LIC 49th Ave Lower Floor Units JV LLC[1]	Delaware	Property investment	US$67,738,427	94%	94%
IPG LIC 49th Ave Upper Floor Unit JV LLC[1]	Delaware	Property investment	US$24,272,921	94%	94%
Jubilant Century Limited	Hong Kong	Property investment	HK$10,000	50%	100%
Market Prospect Limited	Hong Kong	Property trading	HK$2	50%	50%
Pacific Bond Limited	Hong Kong	Property investment and trading	HK$1	30%	30%
Protic Limited	Hong Kong	Property development	HK$2	50%	50%
Union King (Hong Kong) Limited	Hong Kong	Property investment and trading	HK$1	25%	25%

35 Particulars of principal subsidiaries, joint ventures and associates (Continued)

(b) Joint ventures (Continued)

1 The directors of the Company considered the Group does not have unilateral control over these joint ventures as the decisions about relevant activities require the unanimous consent of the parties sharing of control.

(c) Associates

The Group had indirect interests in the following principal associates:

Name	**Place of incorporation**	**Principal activities**	**Issued share capital/ registered capital**	**Percentage of effective interest in ownership/voting power/profit sharing**	
				2025	2024
Century Land Investment Limited	Hong Kong	Property investment	HK$2,198,749,996	40%	40%
Empresa de Fomento Industrial E Comercial Concórdia, S.A.[1]	Macau	Property development and investment	MOP100,000,000	17%	17%
上海世界貿易商城有限公司	Mainland China	Property investment	US$100,000,000	49%	49%

1 The directors of the Company considered the Group has significant influence over this company through its representative on the board of directors of this company.

NAN FUNG INTERNATIONAL HOLDINGS LIMITED
(Incorporated in the British Virgin Islands with limited liability)

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED

30TH SEPTEMBER 2025

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

Introduction

We have reviewed the interim financial information set out on pages 2 to 38, which comprises the condensed consolidated balance sheet of Nan Fung International Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30th September 2025 and the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The directors of the Company 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 Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 2nd December 2025

NAN FUNG INTERNATIONAL HOLDINGS LIMITED
(Incorporated in the British Virgin Islands with limited liability)

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2025

	Note	Unaudited For the six months ended 30th September 2025 HK$'000	2024 HK$'000
Revenue	5, 6	2,211,634	1,820,183
Cost of sales		(973,034)	(657,424)
Gross profit		1,238,600	1,162,759
Net gain on financial investments	7	3,584,894	1,750,277
Other income and gains/(losses), net	8	88	(68,052)
Net change in fair values of investment properties		(1,240,626)	(504,921)
Other operating expenses		(1,050,088)	(1,077,031)
Operating profit	9	2,532,868	1,263,032
Finance income		236,004	402,804
Finance expenses		(439,646)	(534,481)
Other finance charges and net exchange difference on financing activities		(107,720)	(59,915)
Finance expenses, net	10	(311,362)	(191,592)
Share of results of			
- Joint ventures		253,224	13,152
- Associates		(77,185)	(296,616)
Profit before income tax		2,397,545	787,976
Income tax credit/(expense)	11	16,741	(104,988)
Profit for the period		2,414,286	682,988
Profit for the period attributable to:			
- Owners of the Company		2,320,163	680,718
- Holders of perpetual capital securities		97,700	97,587
- Non-controlling interests		(3,577)	(95,317)
		2,414,286	682,988

NAN FUNG INTERNATIONAL HOLDINGS LIMITED
(Incorporated in the British Virgin Islands with limited liability)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2025

	Unaudited For the six months ended 30th September	
	2025	2024
	HK$'000	HK$'000
Profit for the period	2,414,286	682,988
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Share of other comprehensive profit/(loss) of joint ventures and associates	68,044	(52,399)
Release of exchange reserve upon disposal of interest in/liquidation of subsidiaries	2,842	(92,631)
Cash flow hedges:		
Fair value change	-	24,950
Cost of hedging	-	(551)
Hedging loss reclassified to profit or loss	-	(23,281)
Exchange translation differences	600,912	456,116
Other comprehensive income for the period	671,798	312,204
Total comprehensive income for the period	3,086,084	995,192
Total comprehensive income for the period attributable to:		
- Owners of the Company	2,972,834	973,511
- Holders of perpetual capital securities	97,700	97,587
- Non-controlling interests	15,550	(75,906)
	3,086,084	995,192

NAN FUNG INTERNATIONAL HOLDINGS LIMITED
(Incorporated in the British Virgin Islands with limited liability)

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30TH SEPTEMBER 2025

	Note	Unaudited As at 30th September 2025 HK$'000	Audited As at 31st March 2025 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	1,802,339	1,834,180
Investment properties	13	80,235,531	80,440,720
Right-of-use assets		417,071	420,552
Joint ventures	14	4,576,261	4,172,647
Associates	15	2,822,108	2,750,328
Financial assets at fair value through profit or loss		18,592,590	16,504,678
Loans and other receivables	16	3,522,978	3,757,933
Amounts due from investee companies		36,375	37,357
Deferred income tax assets		978,190	912,709
		112,983,443	110,831,104
Current assets			
Properties for sale		9,489,372	9,688,129
Trade and other receivables, deposits and prepayments	17	3,492,758	3,856,610
Financial assets at fair value through profit or loss		15,331,346	12,464,464
Prepaid tax		129,638	144,166
Cash and bank balances		10,461,843	10,722,302
		38,904,957	36,875,671
Assets classified as held-for-sale	18	492,248	-
		39,397,205	36,875,671
Total assets		152,380,648	147,706,775
EQUITY			
Equity attributable to the owner's of the Company			
Share capital	19	62,743,532	62,743,532
Reserves		44,077,215	41,104,381
		106,820,747	103,847,913
Perpetual capital securities	19	3,886,700	3,886,693
		110,707,447	107,734,606
Non-controlling interests		426,021	322,973
Total equity		111,133,468	108,057,579

NAN FUNG INTERNATIONAL HOLDINGS LIMITED
(Incorporated in the British Virgin Islands with limited liability)

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 30TH SEPTEMBER 2025

	Note	Unaudited As at 30th September 2025 HK$'000	Audited As at 31st March 2025 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		3,320,852	3,378,541
Bank and other borrowings	20	26,193,145	24,678,084
Lease liabilities		83,007	77,915
Other long-term liabilities		22,054	22,728
		29,619,058	28,157,268
Current liabilities			
Trade and other payables, deposits and accruals	21	9,406,409	8,985,426
Contract liabilities		18,859	34,416
Financial liabilities at fair value through profit or loss		432,627	286,647
Lease liabilities		11,401	10,829
Bank and other borrowings	20	1,658,373	2,146,583
Tax payable		100,453	28,027
		11,628,122	11,491,928
Total liabilities		41,247,180	39,649,196
Total equity and liabilities		152,380,648	147,706,775

On behalf of the Board

Cheung Vincent Sai Sing
Director

Cheung Pui Kuen
Director

NAN FUNG INTERNATIONAL HOLDINGS LIMITED
(Incorporated in the British Virgin Islands with limited liability)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2025

	Unaudited							
	Attributable to equity holders of the Company							
	Share capital HK$'000	Retained earnings HK$'000	Merger reserve HK$'000	Other reserves HK$'000 (note (a))	Total HK$'000	Perpetual capital securities HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1st April 2025	62,743,532	77,178,798	(33,060,444)	(3,013,973)	103,847,913	3,886,693	322,973	108,057,579
Comprehensive income								
Profit for the period	-	2,320,163	-	-	2,320,163	97,700	(3,577)	2,414,286
Other comprehensive income	-	-	-	652,671	652,671	-	19,127	671,798
Total comprehensive income	-	2,320,163	-	652,671	2,972,834	97,700	15,550	3,086,084
Capital injection of non-controlling interests	-	-	-	-	-	-	87,524	87,524
Acquisition of non-controlling interests	-	-	-	-	-	-	(26)	(26)
Transfer of statutory reserve of an associate	-	(3,284)	-	3,284	-	-	-	-
Distribution paid to holders of perpetual capital securities	-	-	-	-	-	(97,693)	-	(97,693)
	-	(3,284)	-	3,284	-	(97,693)	87,498	(10,195)
At 30th September 2025	62,743,532	79,495,677	(33,060,444)	(2,358,018)	106,820,747	3,886,700	426,021	111,133,468

Note (a): Other reserves mainly comprise exchange reserve, investment revaluation reserve and hedging reserve.

NAN FUNG INTERNATIONAL HOLDINGS LIMITED
(Incorporated in the British Virgin Islands with limited liability)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2025

	Unaudited							
	Attributable to equity holders of the Company							
	Share capital HK$'000	Retained earnings HK$'000	Merger reserve HK$'000	Other reserves HK$'000 (note (a))	Total HK$'000	Perpetual capital securities HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1st April 2024	62,743,532	79,098,383	(33,060,444)	(2,531,293)	106,250,178	3,886,762	476,336	110,613,276
Comprehensive income/(loss)								
Profit/(loss) for the period	-	680,718	-	-	680,718	97,587	(95,317)	682,988
Other comprehensive income	-	-	-	292,793	292,793	-	19,411	312,204
Total comprehensive income/(loss)	-	680,718	-	292,793	973,511	97,587	(75,906)	995,192
Capital injection of non-controlling interests	-	-	-	-	-	-	11,634	11,634
Dividend paid to non-controlling interest	-	-	-	-	-	-	(74,592)	(74,592)
Distribution paid to holders of perpetual capital securities	-	-	-	-	-	(97,663)	-	(97,663)
	-	-	-	-	-	(97,663)	(62,958)	(160,621)
At 30th September 2024	62,743,532	79,779,101	(33,060,444)	(2,238,500)	107,223,689	3,886,686	337,472	111,447,847

Note (a): Other reserves mainly comprise exchange reserve, investment revaluation reserve and hedging reserve.

NAN FUNG INTERNATIONAL HOLDINGS LIMITED
(Incorporated in the British Virgin Islands with limited liability)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2025

	Note	Unaudited For the six months ended 30th September 2025 HK$'000	2024 HK$'000
Cash flows from operating activities			
Net cash (used in)/generated from operations	22(a)	(214,867)	938,106
Profits tax paid		(73,622)	(430,035)
Net cash (used in)/generated from operating activities		(288,489)	508,071
Cash flows from investing activities			
Interest received		210,843	405,023
Purchase of property, plant and equipment		(12,449)	(158,550)
Proceeds from disposal of property, plant and equipment		361	1,420
Additions to investment properties		(749,560)	(214,915)
Acquisition of investment properties		-	(108,984)
Decrease in amounts due from investee companies		982	414
Decrease in amounts due to investee companies		-	(40)
Dividends received from joint ventures		10,000	26,500
Dividends received from an associate		2,500	3,000
Increase in investment in and amounts due from joint ventures		(135,792)	(8,093)
Decrease in investment in and amounts due from associates		44,793	16,354
Increase in amounts due to joint ventures		223,450	450,525
Net proceeds from disposal of interests in subsidiaries	22(b)	-	950,384
Decrease in loans and other receivables		96,153	21,807
Decrease in amounts due from fellow subsidiary companies		2,674	2,174
Decrease in amounts due from related companies		1,093	1,759
Increase in amounts due from ultimate holding company		(167)	(18)
Increase in short term bank deposits with original maturities more than three months		(1,852,465)	(388,569)
Net cash (used in)/generated from investing activities		(2,157,584)	1,000,191

NAN FUNG INTERNATIONAL HOLDINGS LIMITED
(Incorporated in the British Virgin Islands with limited liability)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2025

	Note	Unaudited For the six months ended 30th September 2025 HK$'000	 2024 HK$'000
Cash flows from financing activities			
Interest paid		(467,854)	(599,268)
Increase in amounts due to related companies and individuals		33,567	81,404
Increase in amount due to a fellow subsidiary company		-	35,287
Increase/(decrease) in amounts due to immediate holding company		5,756	(18)
(Decrease)/increase in amounts due to ultimate holding company		(24,862)	121,046
Capital injection of non-controlling interests		87,524	11,634
Increase in amounts due to non-controlling interests		5,866	2,674
Principal elements of lease payments		(7,265)	(7,389)
Drawdown of bank and other borrowings		13,218,416	3,766,498
Repayment of bank and other borrowings		(12,296,172)	(3,394,987)
Dividend paid to non-controlling interest		-	(74,592)
Repayment of medium term notes		(113,771)	(1,991,038)
Distribution paid to holders of perpetual capital securities		(97,693)	(97,663)
Acquisition of non-controlling interests		(26)	-
Net cash generated from/(used in) financing activities		343,486	(2,146,412)
Net decrease in cash and cash equivalents		(2,102,587)	(638,150)
Cash and cash equivalents at the beginning of period		10,553,052	13,397,392
Currency translation differences		(10,337)	28,115
Cash and cash equivalents at the end of period		8,440,128	12,787,357
Analysis of the balance of the cash and cash equivalents:			
Bank balances and cash		6,095,019	9,626,165
Short-term bank deposits		4,366,824	3,563,527
		10,461,843	13,189,692
Less: bank deposits with original maturities more than three months		(2,021,715)	(402,335)
Cash and cash equivalents at the end of period		8,440,128	12,787,357

NAN FUNG INTERNATIONAL HOLDINGS LIMITED
(Incorporated in the British Virgin Islands with limited liability)

NOTES TO THE INTERIM FINANCIAL INFORMATION

1 General information

Nan Fung International Holdings Limited (the "Company") is a limited liability company incorporated in the British Virgin Islands on 24th September 1999 and is wholly and beneficially owned by Dr. Chen Din Hwa ("Dr. Chen"). In June 2012, Dr. Chen had deceased.

The Company and its subsidiaries are collectively referred to as the "Group". The ultimate holding company of the Company is Chen's Group International Limited ("CGIL"). CGIL is wholly owned by Dr. Chen's estates.

The address of the Company's registered office is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

The Company's principal activity is investment holding. The principal activities of the Group are property investment and development, hotel operation, investment holding and trading, building management, provision of construction contracting services and provision of properties related services.

The condensed consolidated interim financial information is presented in thousands of Hong Kong dollar ("HK$'000") unless otherwise stated. The condensed consolidated interim financial information was approved for issue by the Board of Directors on 2nd December 2025.

2 Basis of preparation and summary of material accounting policies

This condensed consolidated interim financial information for the six months ended 30th September 2025 has been prepared in accordance with the International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standard Board.

The condensed consolidated interim financial information should be read in conjunction with the Group's consolidated financial statements for the year ended 31st March 2025, which were prepared in accordance with IFRS Accounting Standards. The accounting policies and disclosures applied are consistent with those of the Group's consolidated financial statements for the year ended 31st March 2025.

(i) Amendments to standards adopted by the Group

The Group has adopted the following amendments to standards which are mandatory for the financial year beginning 1st April 2025 and are relevant to its operation.

IAS 21 and IFRS 1 (Amendments)	Lack of Exchangeability

The Group has assessed the impact of the adoption of these amendments to standards and considered there is no significant impact on the Group's results, financial position or the Group's accounting policies and presentation of 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 Group

The Group 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
IFRS 9 and IFRS 7 (Amendments)	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 Group will adopt the above new standards and amendments to standards and is in the process of assessing the impact on the consolidated financial statements.

3 Financial risk management

(a) Financial risk factors

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

The condensed consolidated interim financial information does not include all financial risk management information and should be read in conjunction with the Group's consolidated financial statements for the year ended 31st March 2025. There have been no changes in the Group's financial risk management programme and policies since last year end.

3 Financial risk management (Continued)

(b) Fair value estimation

Financial instruments carried at fair value

The financial instruments are measured in the condensed consolidated balance sheet at fair value in accordance with IFRS 13. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

	Valuation Hierarchy			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 30th September 2025				
Assets				
Amounts due from joint ventures at fair value through profit or loss	-	-	124,825	124,825
Loans receivable at fair value through profit or loss	-	-	331,701	331,701
Financial assets at fair value through profit or loss				
- listed	16,739,583	-	-	16,739,583
- unlisted	-	371,978	16,812,375	17,184,353
Total	16,739,583	371,978	17,268,901	34,380,462
Liabilities				
Amounts due to non-controlling interests at fair value through profit or loss	-	(686,018)	-	(686,018)
Financial liabilities at fair value through profit or loss				
- unlisted	-	(432,627)	-	(432,627)
Total	-	(1,118,645)	-	(1,118,645)

3 Financial risk management (Continued)

(b) Fair value estimation (Continued)

Financial instruments carried at fair value (Continued)

	Valuation Hierarchy			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 31st March 2025				
Assets				
Amounts due from joint ventures at fair value through profit or loss	-	-	140,447	140,447
Loans receivable at fair value through profit or loss	-	-	448,878	448,878
Financial assets at fair value through profit or loss				
- listed	12,736,212	-	-	12,736,212
- unlisted	-	1,034,228	15,198,702	16,232,930
Total	12,736,212	1,034,228	15,788,027	29,558,467
Liabilities				
Amounts due to non-controlling interests at fair value through profit or loss	-	(575,846)	-	(575,846)
Financial liabilities at fair value through profit or loss				
- listed	(4,255)	-	-	(4,255)
- unlisted	-	(282,392)	-	(282,392)
Total	(4,255)	(858,238)	-	(862,493)

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 Group 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.

3 Financial risk management (Continued)

(b) Fair value estimation (Continued)

Financial instruments carried at fair value (Continued)

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
- Other techniques, such as multiple approach, discounted cash flow analysis and option pricing models, are used to determine fair value for the remaining financial instruments.

At 30th September 2025, financial assets at fair value through profit or loss of HK$16,812,375,000 (31st March 2025: HK$15,198,702,000) are measured with valuation techniques using significant unobservable inputs (level 3). It mainly included private equity funds, unquoted direct investments, fixed income fund, venture capital funds and others level 3 investments.

Fair values of the unlisted funds are mainly determined based on the net asset values of the unlisted funds from fund statements, representing the fair values of the funds reported by respective fund administrators. The higher the net assets value of underlying investments and the market index, the higher the fair values of the unlisted fund.

Fair values of unquoted direct investment are determined by the Group using various valuation techniques. Such valuation techniques may consider market multiple of comparable type of investments, original transaction price and take into account relevant developments since the acquisition of the investments and other factor pertinent to the valuation of the investments such as preferential rights of the shares held, market volatility and initial public offering probability, with reference to recent third party transactions of comparable type of instruments and reliable indicative offers from potential buyers. The higher the market multiples and comparable transaction prices, the higher the fair values of unquoted direct investment.

The determination of fair value is subject to the valuation policies and procedures formulated by the Group’s Investment Department and the oversight of senior management committees. These policies and procedures facilitate the exercise of judgement in determining the risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors used in the valuation process. Judgement may also be applied in adjusting prices of less readily observable external parameters. The management considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally accepted within the industry.

There is no transfer between level 1, level 2 and 3 during the period.

3 Financial risk management (Continued)

(b) Fair value estimation (Continued)

Financial instruments carried at fair value (Continued)

The following represents the changes in level 3 instruments for the six months ended 30th September 2025:

	Amounts due from joint ventures at fair value through profit or loss HK$'000	Loans receivable at fair value through profit or loss HK$'000	Financial assets at fair value through profit or loss HK$'000
At 1st April 2025	140,447	448,878	15,198,702
Additions	-	237,300	1,687,787
Repayment	(15,622)	(357,359)	-
Disposal	-	-	(61,848)
Return of capital	-	-	(384,573)
Total realised gain recognised in income statement	-	804	54,914
Total unrealised gain recognised in income statement	-	2,078	305,650
Exchange translation differences	-	-	11,743
At 30th September 2025	124,825	331,701	16,812,375
At 1st April 2024	181,354	469,816	15,328,195
Additions	-	7,005	887,398
Repayment	(14,957)	(30,374)	-
Disposal	-	-	(289,089)
Return of capital	-	-	(439,370)
Total realised gain recognised in income statement	-	582	50,948
Total unrealised loss recognised in income statement	-	(5,247)	(259,160)
Exchange translation differences	-	-	(98,714)
At 30th September 2024	166,397	441,782	15,180,208

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 expenses. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31st March 2025.

5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors who make strategic decisions.

Management has determined the operating segments based on these reports and analysed from a business perspective, including subsidiaries, joint ventures and associates:

- Hong Kong properties (including construction services)
- Mainland China and overseas properties
- Financial investment (including investments exempt for equity accounting)
- Corporate, treasury and others

Segment assets consist primarily of property, plant and equipment, investment properties, right-of-use assets, joint ventures, associates, financial assets at fair value through profit or loss, loans and other receivables, amounts due from investee companies, properties for sale, trade and other receivables, deposits and prepayments and cash and bank balances. Other assets comprise mainly prepaid tax and deferred income tax assets.

Segment liabilities comprise operating liabilities. Other liabilities include amounts due to immediate holding company and ultimate holding company, tax payable, bank and other borrowings and deferred income tax liabilities.

Segment results represent profit before income tax and exclude item which is not specifically attributable to individual reportable segments, such as finance income, finance expenses, other finance charges and net exchange difference on financing activities.

The chief operating decision maker consider dividend income and interest income from debt and convertible securities included in "Net gain on financial investments" as "Revenue" under financial investment segment for making strategic decision. Therefore, dividend income of HK$606,339,000 (for the six months ended 30th September 2024: HK$407,363,000) and interest income from debt and convertible securities of HK$29,312,000 (for the six months ended 30th September 2024: HK$45,603,000) are grouped under "Revenue" under financial investment segment for segment results presentation.

Capital expenditure comprises additions to non-current assets other than the financial instruments and deferred income tax assets.

5 Segment reporting (Continued)

The segment results for the six months ended 30th September 2025 are as follows:

	The Company and its subsidiaries		Joint ventures		Associates		Total	
	Revenue	Results	Share of revenue	Share of results	Share of revenue	Share of results	Segment revenue	Segment results
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Hong Kong properties	1,480,341	4,525	305,860	144,225	119,591	(113,905)	1,905,792	34,845
Mainland China properties	459,487	(545,424)	-	-	71,739	36,720	531,226	(508,704)
Overseas properties	283,750	(70,625)	111,158	108,999	-	-	394,908	38,374
Financial investment	623,707	3,324,857	-	-	-	-	623,707	3,324,857
Corporate, treasury and others	-	(180,465)	-	-	-	-	-	(180,465)
	2,847,285	2,532,868	417,018	253,224	191,330	(77,185)	3,455,633	2,708,907

Segment results	2,708,907
Finance expenses, net	(311,362)
Profit before income tax	2,397,545
Income tax credit	16,741
Profit for the period	2,414,286

The segment results for the six months ended 30th September 2024 are as follows:

	The Company and its subsidiaries		Joint ventures		Associates		Total	
	Revenue	Results	Share of revenue	Share of results	Share of revenue	Share of results	Segment revenue	Segment results
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Hong Kong properties	996,943	(145,301)	19,848	(6,331)	154,389	(296,239)	1,171,180	(447,871)
Mainland China properties	530,806	(177,816)	-	-	76,631	(377)	607,437	(178,193)
Overseas properties	292,435	217,696	167,986	19,483	-	-	460,421	237,179
Financial investment	452,966	1,591,788	-	-	-	-	452,966	1,591,788
Corporate, treasury and others	-	(223,335)	-	-	-	-	-	(223,335)
	2,273,150	1,263,032	187,834	13,152	231,020	(296,616)	2,692,004	979,568

Segment results	979,568
Finance expenses, net	(191,592)
Profit before income tax	787,976
Income tax expenses	(104,988)
Profit for the period	682,988

5 Segment reporting (Continued)

The segment assets and liabilities at 30th September 2025 are as follows:

	The Company and its subsidiaries HK$'000	Joint ventures HK$'000	Associates HK$'000	Total assets HK$'000	Total liabilities HK$'000
Hong Kong properties	60,294,642	5,012,515	2,996,408	68,303,565	(5,839,923)
Mainland China properties	21,389,989	-	2,391,734	23,781,723	(1,771,975)
Overseas properties	15,419,359	839,887	-	16,259,246	(430,907)
Financial investment	37,957,963	-	-	37,957,963	(1,141,116)
Corporate, treasury and others	4,970,323	-	-	4,970,323	(515,398)
	140,032,276	5,852,402	5,388,142	151,272,820	(9,699,319)
Deferred income tax assets				978,190	-
Prepaid tax				129,638	-
Bank and other borrowings				-	(27,851,518)
Amount due to immediate holding company				-	(151,362)
Amount due to ultimate holding company				-	(123,676)
Deferred income tax liabilities				-	(3,320,852)
Tax payable				-	(100,453)
Consolidated total assets/(liabilities)				152,380,648	(41,247,180)

5 Segment reporting (Continued)

The segment assets and liabilities at 31st March 2025 are as follows:

	The Company and its subsidiaries HK$'000	Joint ventures HK$'000	Associates HK$'000	Total assets HK$'000	Total liabilities HK$'000
Hong Kong properties	61,019,344	5,007,257	3,123,471	69,150,072	(5,612,956)
Mainland China properties	21,786,711	-	2,321,059	24,107,770	(1,761,848)
Overseas properties	14,514,368	467,913	-	14,982,281	(465,787)
Financial investment	33,606,373	-	-	33,606,373	(943,144)
Corporate, treasury and others	4,803,404	-	-	4,803,404	(340,082)
	135,730,200	5,475,170	5,444,530	146,649,900	(9,123,817)
Deferred income tax assets				912,709	-
Prepaid tax				144,166	-
Bank and other borrowings				-	(26,824,667)
Amount due to immediate holding company				-	(145,606)
Amounts due to ultimate holding company				-	(148,538)
Deferred income tax liabilities				-	(3,378,541)
Tax payable				-	(28,027)
Consolidated total assets/(liabilities)				147,706,775	(39,649,196)

The Group's depreciation and amortisation, additions to non-current assets other than the financial instruments and deferred income tax assets are as follows:

	Depreciation and amortisation For the six months ended 30th September		Additions to non-current assets For the six months ended 30th September	
	2025 HK$'000	2024 HK$'000	2025 HK$'000	2024 HK$'000
Hong Kong properties	41,055	46,456	5,435	55,677
Mainland China properties	2,443	20,713	51,660	120,270
Overseas properties	1,337	298	865,780	187,652
Financial investment	6,366	5,926	11,908	-
Corporate and treasury	6,809	6,354	5,714	144,204
	58,010	79,747	940,497	507,803

5 Segment reporting (Continued)

The following is an analysis of the Group's revenue by geographical areas in which the customer/operations are located, irrespective of the origin of the goods/services:

	For the six months ended 30th September 2025 HK$'000	2024 HK$'000
Hong Kong	2,104,048	1,449,909
Mainland China	459,486	530,806
Overseas	283,751	292,435
	2,847,285	2,273,150

The following is an analysis of the Group's non-current assets other than financial instruments and deferred income tax assets by areas in which the business operations/assets are located.

	As at 30th September 2025 HK$'000	As at 31st March 2025 HK$'000
Hong Kong	51,705,725	52,356,769
Mainland China	22,927,749	23,181,442
Overseas	15,219,836	14,080,217
	89,853,310	89,618,428

6 Revenue

	For the six months ended 30th September 2025 HK$'000	2024 HK$'000
Recognised at a point in time		
- sale of properties	528,998	167,865
- hotel revenue – food and beverage sales	29,774	56,991
Recognised over time		
- construction revenue	187,543	135,359
- hotel revenue – room rental	72,277	113,972
- property management fee income	249,515	212,765
From other sources		
- gross rental income	1,131,479	1,113,698
- interest income from loans receivable classified as financial assets at fair value through profit or loss	12,048	19,533
	2,211,634	1,820,183

7 Net gain on financial investments

	For the six months ended 30th September	
	2025	2024
	HK$'000	HK$'000
Dividend income (note (a))	606,339	407,363
Interest income from debt and convertible securities	29,312	45,603
Net gain on financial assets at fair value through profit or loss (note (b))	2,937,293	1,447,394
Net gain/(loss) on derivatives (note (c))	11,950	(150,083)
	3,584,894	1,750,277

Notes:

(a) Amounts mainly include cash distribution and share distribution in kind (of the underlying investment held by the fund) from fund investments during the period.

(b) The amount comprises realised gain of HK$542,261,000 (for the six months ended 30th September 2024: HK$711,774,000) and unrealised gain of HK$2,395,032,000 (for the six months ended 30th September 2024: HK$735,620,000) on financial assets at fair value through profit or loss.

(c) The amount comprises realised gain of HK$206,917,000 (for the six months ended 30th September 2024: HK$103,706,000) and unrealised loss of HK$194,967,000 (for the six months ended 30th September 2024: HK$253,789,000) on derivatives.

8 Other income and gains/(losses), net

	For the six months ended 30th September	
	2025	2024
	HK$'000	HK$'000
Unrealised gain/(loss) on loans receivable at fair value through profit or loss (note 16(b))	2,078	(5,247)
Net gain on disposal of loan receivable at fair value through profit or loss	804	582
Unrealised loss on amount due to non-controlling interest at fair value through profit or loss (note 21(d))	(82,250)	(101,076)
Net loss on disposal of interests in/liquidation of subsidiaries	-	(65,231)
Net gain on disposal of property, plant and equipment	361	1,026
Write-off of property, plant and equipment	(65)	(1,331)
Net loss on disposal of investment properties	(759)	-
Net provision of loss allowances of financial assets (note)	(3,982)	(1,357)
Net exchange (loss)/gain	(3,679)	8,846
Management fee income	11,568	11,948
Ancillary service fee income of leasing	44,158	35,281
Net gain on repurchases of medium term notes	6,990	30,772
Others	24,864	17,735
	88	(68,052)

8 Other income and gains/(losses), net (Continued)

Note:

The amount comprises net provision of loss allowances of trade receivables of HK$3,659,000 (for the six months ended 30th September 2024: net write-back of HK$2,836,000) and net provision for loss allowances of other receivables of HK$323,000 (for the six months ended 30th September 2024: HK$4,193,000).

9 Operating profit

Operating profit is arrived at after charging:

	For the six months ended 30th September	
	2025	2024
	HK$'000	HK$'000
Cost of properties sold	387,930	125,793
Hotel direct costs (note)	54,816	81,316
Outgoings in respect of rental income	367,440	319,502
Depreciation of		
- property, plant and equipment (note 12)	44,435	61,187
- right-of-use assets	13,575	18,560
Staff costs (net of amount capitalised in properties under construction of HK$19,335,000 (for the six months ended 30th September 2024: HK$10,399,000))	587,228	577,092
Marketing and selling expenses	56,324	58,100
Short-term and low-value leases expenses	612	621

Note:

The amount comprised staff cost of HK$31,013,000 (for the six months ended 30th September 2024: HK$40,634,000).

10 Finance expenses, net

	For the six months ended 30th September 2025 HK$'000	2024 HK$'000
Interest income on		
- amounts due from		
- joint ventures	15,680	11,747
- associates	35,102	73,904
- an investee company	560	943
- bank deposits	164,062	303,004
- loans and other receivables	20,281	13,093
- others	319	113
	236,004	402,804
Interest expenses on		
- bank borrowings	(287,394)	(396,492)
- guaranteed notes	(191,779)	(225,670)
- amounts due to related companies and individuals	(12,286)	(5,732)
- amounts due to non-controlling interest	(21,087)	(21,087)
- lease liabilities	(1,520)	(1,637)
- others	(373)	(25)
Total finance costs incurred	(514,439)	(650,643)
Less: amount capitalised to investment properties and properties for sale under development	74,793	116,162
Total finance costs expensed during the period	(439,646)	(534,481)
Interest expenses, net	(203,642)	(131,677)
Other finance charges	(17,524)	(14,441)
Net exchange loss on financing activities	(90,196)	(45,474)
Finance expenses, net	(311,362)	(191,592)

11 Income tax (credit)/expense

Taxes on income in the interim period are accrued using the tax rate that would be applicable to expected total annual earnings. Hong Kong profits tax has been provided at the rate of 16.5% (for the six months ended 30th September 2024: 16.5%) on the estimated assessable profits for the period. Subsidiaries established and operated in the Mainland China are subject to corporate income tax at the rate of 25% (for the six months ended 30th September 2024: 25%). Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates.

Withholding tax is levied on profit distribution or dividend income upon declaration or remittance at the rates of taxation prevailing in the Mainland China and overseas countries.

11 Income tax (credit)/expense (Continued)

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

	For the six months ended 30th September	
	2025	2024
	HK$'000	HK$'000
Current income tax		
Hong Kong profits tax	78,315	34,734
Mainland China income tax	1,166	9,769
Overseas profits tax	36,142	17,739
Withholding tax	47,775	26,566
Deferred income tax	(180,139)	16,180
	(16,741)	104,988

The Group's share of tax charge of joint ventures and associates for the six months ended 30th September 2025 totalling HK$45,568,000 (for the six months ended 30th September 2024: HK$4,005,000) is included in the condensed consolidated income statement as share of results of joint ventures and associates.

The Group is within the scope of the Organisation for Economic Co-operation and Development Pillar Two model rules ("Pillar Two"). Pillar Two legislation has been enacted in certain jurisdictions where the Group operates, effective from 1st January 2024. Based on the assessment for the period ended 30th September 2025, the Group does not expect to have material Pillar Two exposure (including current tax) arising in these jurisdictions.

For other jurisdictions that the Pillar Two was not effective from the beginning of the financial year, the Group is in process of assessing its exposure when it comes into effect.

The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

12 Property, plant and equipment

	2025	2024
	HK$'000	HK$'000
Net book amount:		
At 1st April	1,834,180	2,860,022
Additions	12,259	158,550
Write-off and disposals	(72)	(3,056)
Disposal of subsidiaries	-	(1,072,646)
Charge for the period	(44,435)	(61,187)
Exchange differences	407	(8,140)
At 30th September	1,802,339	1,873,543

13 Investment properties

	2025 HK$'000	2024 HK$'000
At 1st April	80,440,720	81,785,011
Additions and cost adjustments	788,335	444,210
Disposals	(6,101)	-
Disposal of subsidiaries	-	(780,842)
Net change in fair values	(1,240,626)	(504,921)
Transfer to assets classified as held-for-sale	(492,248)	-
Exchange differences	745,451	827,116
At 30th September	80,235,531	81,770,574

The analysis of valuation of the above investment properties at 30th September 2025 and 31st March 2025 are as follows:

	As at 30th September 2025 HK$'000	As at 31st March 2025 HK$'000
At external professional valuation	80,235,531	80,440,720

14 Joint ventures

	As at 30th September 2025 HK$'000	As at 31st March 2025 HK$'000
Share of net assets	4,576,261	4,172,647

Note: The amounts due to joint ventures are unsecured, interest free and repayable on demand.

Amounts due from joint ventures disclosed in note 16 form part of net investments in joint ventures. As at 30th September 2025, amounts due from joint ventures included share of losses of joint ventures of HK$183,681,000 (31st March 2025: HK$152,402,000).

As at 30th September 2025 and 31st March 2025, the Company provided financial guarantee to certain joint ventures (proportionate to the Group's effective interest in the joint ventures) for bank loans related to Hong Kong and overseas property development projects. Those underlying bank loans are secured by other assets of the respective joint ventures, which mainly includes investment properties and cash and bank balances held under the joint ventures.

15 Associates

	As at 30th September 2025 HK$'000	As at 31st March 2025 HK$'000
Share of net assets	2,822,108	2,750,328

Note: The amounts due to associates are unsecured, interest free and repayable on demand.

Amounts due from associates disclosed in note 16 form part of net investments in associates. As at 30th September 2025, amounts due from associates included share of losses of associates of HK$510,996,000 (31st March 2025: HK$391,167,000).

16 Loans and other receivables

	As at 30th September 2025 HK$'000	As at 31st March 2025 HK$'000
Loans receivable at amortised cost		
- secured loans	1,655	1,081
- unsecured loans (note (a))	152,119	128,900
Loans receivable at fair value through profit or loss (note (b))	331,701	448,878
Amounts due from joint ventures		
- at amortised cost (note (c))	1,151,316	1,162,076
- at fair value through profit or loss (note (d))	124,825	140,447
Amounts due from associates at amortised cost (note (e))	2,566,033	2,694,201
Amount due from non-controlling interests at amortised cost (note (f))	42,145	42,145
	4,369,794	4,617,728
Less: current portion of		
- loans receivable		
- at amortised cost (note 17)	(35,375)	(12,224)
- at fair value through profit or loss (note 17)	(23,004)	(102,119)
- amounts due from joint ventures (note (c) and note 17)	(309,589)	(258,046)
- amounts due from associates (note 17)	(436,703)	(445,261)
amounts due from non-controlling interests at amortised cost (note (f) and note 17)	(42,145)	(42,145)
	3,522,978	3,757,933

16 Loans and other receivables (Continued)

Notes:

(a) As at 30th September 2025, the balance includes an amount of HK$116,744,000 (31st March 2025: HK$116,676,000) which carries interest at 12% (31st March 2025: 12%) per annum, is repayable in July 2029 and an amount of HK$35,375,000 (31st March 2025: HK12,224,000) which carries interest at 20% (31st March 2025: 20%) per annum and is repayable before June 2026. The balances are denominated in US dollar.

(b) As at 30th September 2025, loans receivable at fair value through profit or loss are interest free for the initial two or three years and subsequently bear interest at variable interest rate. The fair value is calculated based on cash flows discounted using prevailing market rates and the repayment date estimated by the Group. Interest income from the loans receivable at fair value through profit or loss of HK$12,048,000 (for the six months ended 30th September 2024: HK$19,533,000) (note 6) and unrealised gain on loans receivable of HK$2,078,000 (for the six months ended 30th September 2024: unrealised loss of HK$5,247,000) (note 8) are recognised in the condensed consolidated income statement.

(c) As at 30th September 2025, except for HK$664,756,000 (31st March 2025: HK$258,046,000) which is interest free, an amount of HK$133,865,000 (31st March 2025: HK$nil) carries interest at 5.28% (31st March 2025: nil) per annum and an amount of HK$536,376,000 (31st March 2025: HK$536,376,000) carries interest at 2% (31st March 2025: 2%) per annum. The balances are unsecured, repayable on demand and denominated in HK dollar. The balance also includes amounts of share of losses of joint ventures of HK$183,681,000 (31st March 2025: HK$152,402,000).

(d) The fair value of amounts due from joint ventures at fair value through profit or loss is determined based on cash flows discounted using prevailing market rates and the repayment dates estimated by the Group.

The balance includes an amount of HK$57,051,000 (31st March 2025: HK$61,154,000) which carries interest at prevailing market rates and an amount of HK$67,774,000 (31st March 2025: HK$79,293,000) which carries interest at 4.5% (31st March 2025: 2.9% to 2.95%) per annum.

(e) As at 30th September 2025, except for HK$1,317,629,000 (31st March 2025: HK$1,326,368,000) which is interest free, HK$1,759,400,000 (31st March 2025: HK$1,759,000,000) carries interest at fixed rate of 3.78% (31st March 2025: 4.19%) per annum. The balances are unsecured, repayable on demand and denominated in HK dollar. The balance also includes an amount of share of losses of associates of HK$510,996,000 (31st March 2025: HK$391,167,000).

(f) As at 30th September 2025, the balance includes an amount of HK$42,145,000 (31st March 2025: HK$42,145,000) which is unsecured, interest free and repayable on demand.

17 Trade and other receivables, deposits and prepayments

	As at 30th September 2025 HK$'000	As at 31st March 2025 HK$'000
Trade receivables	637,357	656,796
Less: Provision for loss allowance of trade receivables	(5,148)	(26,352)
Trade receivables, net of provision	632,209	630,444
Other receivables and deposits	1,521,020	1,875,245
Interest receivable	163,702	138,541
Stakeholders' accounts	13,961	14,861
Prepayments	200,161	173,925
Contract cost assets	15,456	15,594
Contract assets	80,388	125,792
Loans receivable at amortised cost (note 16)	35,375	12,224
Loans receivable at fair value through profit or loss (note 16)	23,004	102,119
Amounts due from fellow subsidiary companies (note)	4,565	8,892
Amounts due from joint ventures (note 16)	309,589	258,046
Amounts due from associates (note 16)	436,703	445,261
Amounts due from investee companies (note)	1,088	856
Amounts due from non-controlling interests (note 16)	42,145	42,145
Amounts due from related companies (note)	4,917	4,357
Amounts due from ultimate holding company (note)	8,475	8,308
	3,492,758	3,856,610

Note: The balances are unsecured, interest free and repayment on demand.

18 Assets classified as held-for-sale

	As at 30th September 2025 HK$'000	As at 31st March 2025 HK$'000
Investment properties (note 13)	492,248	-

As at 30th September 2025, the Group entered into sale and purchase agreements with independent third parties to dispose the residential units held in Hong Kong at total consideration of HK$492 million. As a result, the respective investment properties of HK$492 million are re-classified as assets classified as held-for-sale in the condensed consolidated interim financial information. As at 30th September 2025, HK$49 million was received as deposit.

19 Share capital and perpetual capital securities

Share capital

	Number of shares (Thousands)	Amount HK$'000
Authorised:		
Ordinary shares of 1 US dollar each		
At 31st March 2025 and 30th September 2025	1,000,000,000	1,000,000,000
Issued and fully paid:		
Ordinary shares of 1 US dollar each		
At 31st March 2025 and 30th September 2025	62,743,532	62,743,532

Perpetual capital securities

	As at 30th September 2025 HK$'000	As at 31st March 2025 HK$'000
US$500 million issued in 2020	3,886,700	3,886,693

On 10th September 2020, a wholly owned subsidiary of the Group (the "Issuer") issued 5% perpetual capital securities with an aggregate principal of US$500 million for cash. The perpetual capital securities are guaranteed by Company.

These securities are perpetual and the coupon payment can be deferred at the discretion of the Issuer and there is no limit as to the number of times of deferral of coupon payment. When the Company or the Issuer elects to declare dividends to their ordinary shareholders, the Issuer shall make distribution to the holders of perpetual securities at the distribution rates as defined in the subscription agreement.

20 Bank and other borrowings

	As at 30th September 2025 HK$'000	As at 31st March 2025 HK$'000
Long-term bank borrowings (note (a))		
- secured	4,338,338	3,424,315
- unsecured	13,181,053	11,576,090
Long-term medium term notes (note (b))		
- listed	9,381,121	9,480,602
- unlisted	499,528	499,413
Less: current portion of long-term bank borrowings	(1,206,895)	(302,336)
	26,193,145	24,678,084
Current portion of long-term bank borrowings (note (a))		
- secured	1,206,895	302,336
Other short-term bank borrowings (note (a))		
- secured	140,092	169,180
- unsecured	311,386	1,675,067
	1,658,373	2,146,583
Total bank and other borrowings	27,851,518	26,824,667

As at 30th September 2025 and 31st March 2025, the Group's bank and other borrowings are repayable as follows:

	As at 30th September 2025 HK$'000	As at 31st March 2025 HK$'000
Within one year	1,658,373	2,146,583
Between one and two years	3,697,430	4,476,459
Between two and three years	11,083,855	11,459,815
Between three and four years	1,023,801	3,402,713
Between four and five years	9,718,087	1,047,372
Over five years	669,972	4,291,725
	27,851,518	26,824,667

20 Bank and other borrowings (Continued)

Notes:

(a) These bank borrowings are secured by property, plant and equipment, investment properties, right-of-use assets and financial assets at fair value through profit or loss (note 25).

The effective interest rate based on the prevailing market rates on the bank borrowings as at 30th September 2025 is 3.30% (31st March 2025: 4.26%) per annum.

(b) Nan Fung Treasury Limited, a subsidiary of the Group has established a Medium Term Note Programme ("MTN"). The aggregate principal amount of US$3 billion. As at 30th September 2025 and 31st March 2025, the Group has drawdown of HK$500 million (31st March 2025: HK$500 million) which is unlisted and US$1,212.72 million (31st March 2025: US$1,227.35 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
13th September 2017	HK$500 million	13th September 2027	3.65%	Quarterly
3rd October 2017	US$348.84 million	3rd October 2027	3.875%	Semi-annually
5th September 2018	US$414.33 million (note 1)	5th September 2028	5%	Semi-annually
27th August 2020	US$449.55 million (note 2)	27th August 2030	3.625%	Semi-annually

The MTN is guaranteed unconditionally and irrevocably by the Company. As at 30th September 2025, the fair values of the MTN are HK$9,639,603,000 (31st March 2025: HK$9,583,066,000). Of which, US$1,175,579,000 equivalent to HK$9,149,413,000 (31st March 2025: US$1,169,947,000 equivalent to HK$9,100,316,000) is within level 1 of fair value hierarchy and the remaining HK$490,190,000 (31st March 2025: HK$482,750,000) 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$1,723,035,000 (31st March 2025: US$1,708,360,000).

Notes:

(1) During the period ended 30th September 2025, the Group repurchased US$6.4 million MTN from third party and subsequently cancelled, resulting in a decrease in drawdown balance from US$420.73 million to US$414.33 million.

(2) During the period ended 30th September 2025, the Group repurchased US$8.23 million MTN from third party and subsequently cancelled, resulting in a decrease in drawdown balance from US$457.78 million to US$449.55 million.

(c) As at 30th September 2025, the Group had HK$19,794,802,000 (31st March 2025: HK$16,087,458,000) undrawn banking facilities.

21 Trade and other payables, deposits and accruals

	As at 30th September 2025 HK$'000	As at 31st March 2025 HK$'000
Trade and other payables and accruals	1,153,979	1,133,587
Accruals for construction work	1,555,236	1,578,915
Rental and other deposits received	805,434	747,336
Deferred income	5,957	7,986
Amounts due to joint ventures (note 14)	1,658,760	1,435,310
Amounts due to associates (note 15)	19	19
Amounts due to investee companies (note (a))	9,118	9,118
Amounts due to related companies and individuals (note (b))	656,726	602,072
Amounts due to immediate holding company (note (a))	151,362	145,606
Amounts due to ultimate holding company (note (a))	123,676	148,538
Amounts due to non-controlling interests at amortised cost (note (c))	2,600,124	2,601,093
Amounts due to non-controlling interests at fair value through profit or loss (note (d))	686,018	575,846
	9,406,409	8,985,426

Notes:

(a) Amounts due to investee companies, immediate holding company and ultimate holding company are unsecured, interest free and repayable on demand.

(b) As at 30th September 2025, the balance includes an amount of HK$5,017,000 (31st March 2025: HK$5,017,000) bear interest at 1% (31st March 2025: 1%) per annum and an amount of HK$550,420,000 (31st March 2025: HK$550,420,000) bears interest at 4.5% and remaining balances are interest free. The balances are unsecured and repayable on demand. The balances are denominated in HK dollar.

(c) As at 30th September 2025, amounts due to non-controlling interests of HK$839,153,000 (31st March 2025: HK$839,153,000) bear interest at 5% (31st March 2025: 5%). The remaining balance is interest free. The balances are unsecured and repayable on demand.

(d) The amounts due to non-controlling interests at fair value through profit or loss represented redeemable preference shares with a par value of US$0.01 per share. The amount is redeemable at the net asset value of a subsidiary of the Group at any time by the holder. The fair value is estimated based on the net asset value of the subsidiary.

NAN FUNG INTERNATIONAL HOLDINGS LIMITED
(Incorporated in the British Virgin Islands with limited liability)

NOTES TO THE INTERIM FINANCIAL INFORMATION

22 Notes to condensed consolidated statement of cash flows

(a) Reconciliation of profit before income tax to net cash (used in)/generated from operations:

	For the six months ended 30th September 2025 HK$'000	2024 HK$'000
Profit before income tax	2,397,545	787,976
Depreciation of property, plant and equipment	44,435	61,187
Amortisation of right-of-use assets	13,575	18,560
Net change in fair values of investment properties	1,240,626	504,921
Net (gain)/loss on disposal of property, plant and equipment	(361)	305
Write-off of property, plant and equipment	65	1,331
Net loss on disposal of investment properties	759	-
Net loss on disposal of interests in/liquidation of subsidiaries	-	65,231
Unrealised gain on financial assets at fair value through profit or loss and derivatives	(2,200,065)	(481,831)
Net (gain)/loss on loans receivable at fair value through profit or loss	(2,882)	4,665
Unrealised loss on amount due to non-controlling interest at fair value through profit or loss	82,250	101,076
Net provision of loss allowances of financial assets	3,982	1,357
Finance expenses, net	311,362	191,592
Share of results of joint ventures	(253,224)	(13,152)
Share of results of associates	77,185	296,616
Net cash generated from operating profit before working capital changes	1,715,252	1,539,834
Decrease/(increase) in:		
Properties for sale	240,117	81,340
Trade and other receivables, deposits and prepayments	368,458	169,061
Financial assets at fair value through profit or loss	(2,724,327)	(1,112,196)
Increase/(decrease) in:		
Trade and other payables, deposits and accruals	55,210	124,972
Contract liabilities	(15,557)	4,761
Financial liabilities at fair value through profit or loss	145,980	130,334
Net cash (used in)/generated from operations	(214,867)	938,106

22 Notes to condensed consolidated statement of cash flows (Continued)

(b) Disposal of interests in subsidiaries

(i) Disposal of Capita Enterprises Limited ("Capita")

On 13th June 2024, the Group entered into a sale and purchase agreement with a 50% joint venture of the Group for sale of entire interests in a wholly owned subsidiary, Capita Enterprises Limited, and its subsidiary, which holds an investment property in Hong Kong at consideration of HK$510,145,000, settled through amounts due from joint ventures. The disposal was completed on the same day. Since the consideration was the same as the net assets disposed of as of the completion date, no gain or loss on disposal was recognised. Details of the disposal are as follows:

	HK$'000
Net assets disposed of:	
Investment properties	510,000
Cash and cash equivalents	226
Trade and other payables	(81)
Net assets disposed of	510,145
Net cash outflow on disposal of interests in subsidiaries:	
Cash and cash equivalents disposed of	(226)
	(226)

22 Notes to condensed consolidated statement of cash flows (Continued)

(b) Disposal of interests in subsidiaries (Continued)

(ii) Disposal of 廣州市展豐房地產開發有限公司 (“廣州市展豐”)

On 3rd July 2024, the Group entered into a sale and purchase agreement with an independent third party for sale of entire interests in a wholly owned subsidiary, 廣州市展豐房地產開發有限公司, and its subsidiary, which holds an investment property and a hotel property in Mainland China at consideration of RMB1,425 million (equivalent to HK$1,538 million). The Group had to settle the bank borrowings as at the completion date according to the sale and purchase agreement. The disposal was completed on 25th July 2024. Details of the disposal are as follows:

	HK$'000
Net assets disposed of:	
Property, plant and equipment	1,072,646
Right-of-use assets	364,787
Investment properties	270,842
Trade and other receivables	21,300
Cash and cash equivalents	51,272
Trade and other payables	(74,611)
Bank borrowings	(402,351)
Deferred income tax liabilities	(9,626)
Net assets disposed of	1,294,259
Net loss on disposal of interests in subsidiaries:	
Total consideration	1,538,100
Bank borrowings borne by the Group	(402,351)
Net assets disposed of	(1,294,259)
Release of exchange reserves	93,279
	(65,231)
Net cash inflow on disposal of interests in subsidiaries:	
Total consideration	1,538,100
Bank borrowings borne by the Group	(402,351)
Consideration receivable	(133,867)
Cash consideration received during the year	1,001,882
Cash and cash equivalents disposed of	(51,272)
	950,610

23 Commitments

Other than those disclosed elsewhere in the condensed consolidated interim financial information, the Group has significant capital commitments as follows:

	As at 30th September 2025 HK$'000	As at 31st March 2025 HK$'000
Contracted but not provided for		
Investment properties (note (i))	685,323	1,324,635
Other investments (note (ii))	3,480,735	3,087,009
	4,166,058	4,411,644
Capital contribution to Joint ventures (note (iii))	167,529	169,694
	4,333,587	4,581,338

(i) As at 30th September 2025 and 31st March 2025, the Group has capital commitments for investment properties under development and completed investment properties.

(ii) As at 30th September 2025 and 31st March 2025, the Group has uncalled capital commitments to invest in the funds and direct investments. The commitments are subject to certain conditions described in the contracts.

(iii) As at 30th September 2025, the Group has an outstanding commitment to contribute capital of US$nil (31st March 2025: US$87,000) and HK$167,529,000 (31st March 2025: HK$169,020,000) to joint ventures for jointly developing residential, manufacturing and office properties and parking lot located in New York and Hong Kong.

The aggregate lease payments under short-term leases and low-value leases are as follows:

	As at 30th September 2025 HK$'000	As at 31st March 2025 HK$'000
Third parties		
- not later than one year	360	453
- later than one year and not later than five years	18	149
	378	602

24 Future operating lease receivables

At 30th September 2025 and 31st March 2025, the Group had future aggregate minimum lease receivables under non-cancellable operating leases in respect of the Group's investment properties and properties for sale as follows:

	As at 30th September 2025 HK$'000	As at 31st March 2025 HK$'000
Within one year	1,957,301	1,875,025
Between one and two years	1,538,890	1,438,666
Between two and three years	1,178,543	1,042,401
Between three to four years	919,120	846,965
Between four to five years	636,088	636,253
Later than five years	912,928	719,438
	7,142,870	6,558,748

25 Pledge of assets

At 30th September 2025 and 31st March 2025, the Group had pledged certain assets to secure borrowings of the Group. Their carrying values were as follows:

	As at 30th September 2025 HK$'000	As at 31st March 2025 HK$'000
Investment properties	15,755,138	17,374,759
Financial assets at fair value through profit or loss	448,677	250,764
	16,203,815	17,625,523

26 Significant 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 Group's business during the period were as follows:

	For the six months ended 30th September	
	2025	2024
	HK$'000	HK$'000
Income:		
From related companies which are held by a close family member of directors of the Company		
- construction revenue (note (a))	191,936	110,846
- rental income (note (b))	-	13,549
Key management compensation	76,801	75,315

Notes:

(a) Construction revenue from a related company for construction service provided. The terms were determined by and agreed between both parties.

(b) Rental income from related companies for premises rented to related companies. The terms were determined by and agreed between both parties.

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