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## **NANYANG HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 212)**

### **2021 INTERIM RESULTS ANNOUNCEMENT**

#### **GROUP FINANCIAL HIGHLIGHTS**

	<b>Unaudited</b>		<b>Variance</b>
	<b>Six months ended 30 June</b>		
	<b>2021</b>	2020	
	<b>HK\$'000</b>	HK\$'000	
Revenue and other income/(losses)	<b><u>161,767</u></b>	<u>112,235</u>	44%
Profit attributable to equity holders of the Company	<b>152,140</b>	42,785	256%
Profit attributable to equity holders of the Company after deducting:			
– changes in fair value of investment properties and related tax effects	<b><u>(40,043)</u></b>	<u>19,880</u>	(301%)
	<b><u>112,097</u></b>	<u>62,665</u>	79%
Earnings per share	<b>HK\$4.45</b>	HK\$1.24	259%
Earnings per share			
– after deducting the changes in fair value of investment properties and related tax effects	<b>HK\$3.28</b>	HK\$1.82	80%

The Board of Directors of Nanyang Holdings Limited (“the Company”) announces that the unaudited Group results for the six months ended 30 June 2021 showed a profit attributable to equity holders of HK\$152.1 million (2020: profit of HK\$42.8 million), representing an increase of 256%. The current period’s profit comprises mainly the dividend receivable from The Shanghai Commercial & Savings Bank, Ltd., in respect of its 2020 earnings, of approximately HK\$65.5 million (after netting 21% withholding tax), net realised and unrealised gains and investment income from financial assets at fair value through profit or loss from investment portfolios of approximately HK\$37.1 million and the change in fair value of investment properties (including those owned by joint ventures) which resulted in a net gain of HK\$40 million (2020: loss of HK\$19.9 million). However, if excluding the net effect of the change in fair value of the investment properties (including those owned by joint ventures), the half year would have shown a profit attributable to equity holders of HK\$112.1 million (2020: profit of HK\$62.7 million), representing an increase of 79%. Total earnings per share were HK\$4.45 (2020: HK\$1.24). However, if the net effect of the change in fair value of the investment properties had been excluded, earnings per share would have been HK\$3.28 (2020: HK\$1.82).

## UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

*For the six months ended 30 June 2021*

		<b>Six months ended 30 June</b>	
	<i>Note</i>	<b>2021</b>	2020
		<b>HK\$’000</b>	HK\$’000
Revenue	2	<b>125,751</b>	140,565
Other income/(losses)	2	<b>36,016</b>	(28,330)
		<hr/>	<hr/>
Revenue and other income/(losses)	2	<b>161,767</b>	112,235
Direct costs		<b>(8,386)</b>	(8,000)
		<hr/>	<hr/>
Gross profit		<b>153,381</b>	104,235
Administrative expenses		<b>(22,631)</b>	(21,293)
Other operating expenses, net		<b>(773)</b>	(529)
Changes in fair value of investment properties		<b>38,400</b>	(10,800)
		<hr/>	<hr/>
Operating profit	3	<b>168,377</b>	71,613
Finance income	4	<b>59</b>	61
Finance expense	4	<b>(46)</b>	(136)
Share of profits/(losses) of joint ventures		<b>3,438</b>	(5,975)
		<hr/>	<hr/>
Profit before income tax		<b>171,828</b>	65,563
Income tax expense	5	<b>(19,688)</b>	(22,778)
		<hr/>	<hr/>
Profit attributable to equity holders of the Company		<b>152,140</b>	42,785
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share (basic and diluted)	6	<b>HK\$4.45</b>	HK\$1.24
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the six months ended 30 June 2021*

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
<b>Profit for the period</b>	<b>152,140</b>	42,785
<b>Other comprehensive income</b>		
Items that may be reclassified subsequently to profit or loss		
Share of other comprehensive income of joint ventures accounted for under equity method	<b>725</b>	(1,868)
Currency translation differences	<b>3,230</b>	(13,402)
Items that may not be reclassified subsequently to profit or loss		
Fair value gains/(losses) on financial assets at fair value through other comprehensive income	<b>219,997</b>	(248,926)
<b>Other comprehensive income for the period, net of tax</b>	<b>223,952</b>	(264,196)
<b>Total comprehensive income for the period attributable to equity holders of the Company</b>	<b>376,092</b>	(221,411)

## UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2021

	Note	30 June 2021 HK\$'000	31 December 2020 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		210	162
Right-of-use assets		3,092	5,565
Investment properties		2,470,300	2,431,900
Investments in joint ventures		95,532	91,369
Financial assets at fair value through other comprehensive income		2,212,383	1,989,688
Non-current financial assets at fair value through profit or loss		7,390	4,918
		<u>4,788,907</u>	<u>4,523,602</u>
<b>Current assets</b>			
Trade and other receivables	8	92,637	9,860
Financial assets at fair value through profit or loss		456,092	407,094
Cash and bank balances		6,264	4,700
– Pledged bank deposits		65,742	123,243
– Cash and cash equivalents		620,735	544,897
		<u>620,735</u>	<u>544,897</u>
<b>Total assets</b>		<u><u>5,409,642</u></u>	<u><u>5,068,499</u></u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital		3,413	3,419
Other reserves		1,889,064	1,665,106
Retained profits		3,412,442	3,310,383
<b>Total equity</b>		<u>5,304,919</u>	<u>4,978,908</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		–	611
Deferred income tax liabilities		27,257	26,442
Other non-current liability		1,194	1,184
		<u>28,451</u>	<u>28,237</u>
<b>Current liabilities</b>			
Trade and other payables	9	53,834	54,981
Current income tax liabilities		19,395	1,530
Lease liabilities		3,043	4,843
		<u>76,272</u>	<u>61,354</u>
<b>Total liabilities</b>		<u>104,723</u>	<u>89,591</u>
<b>Total equity and liabilities</b>		<u><u>5,409,642</u></u>	<u><u>5,068,499</u></u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

### a. Basis of preparation

This Interim Financial Information for the six months ended 30 June 2021 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

This Interim Financial Information should be read in conjunction with the 2020 annual financial statements, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

### b. Significant accounting policies

The significant accounting policies and methods of computation used in the preparation of the Interim Financial Information are consistent with those used in the 2020 annual financial statements, except for the adoption of the amendments to standards effective for the year ending 31 December 2021.

#### (i) *Amendments to standards effective in current accounting period*

During the period ended 30 June 2021, the Group has adopted the following amendments to standards which are mandatory for accounting periods beginning on 1 January 2021:

HKFRS 16 (Amendments)	COVID-19-Related Rent Concessions
HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2

The adoption of amendments to standards does not have any significant change to the accounting policies or any significant effect on the results and financial position of the Group.

# 1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

## b. Significant accounting policies (Continued)

- (ii) *New standard, amendments to standards and interpretation that are not yet effective and have not been early adopted by the Group*

The following new standard, amendments to standards and interpretation have been published which are mandatory for the Group's accounting periods beginning on or after 1 January 2022 or later periods but have not been early adopted by the Group:

HKFRS 17	Insurance Contracts <sup>(3)</sup>
HKFRS 3 (Amendments)	Reference to the Conceptual Framework <sup>(5)</sup>
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>(4)</sup>
HKFRS 16 (Amendments)	Leases <sup>(1)</sup>
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current <sup>(3)</sup>
HKAS 1 (Amendments)	Disclosure of Accounting Policies <sup>(3)</sup>
HKAS 8 (Amendments)	Definition of Accounting Estimates <sup>(3)</sup>
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>(3)</sup>
HKAS 16 (Amendments)	Property, Plant and Equipment – Proceeds before Intended Use <sup>(2)</sup>
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract <sup>(2)</sup>
Annual Improvements Accounting Guideline 5 (Revised)	Annual Improvements to HKFRSs 2018–2020 Cycle <sup>(2)</sup>
Hong Kong Interpretation 5 (2020)	Merger Accounting for Common Control Combinations <sup>(2)</sup>
	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>(3)</sup>

<sup>(1)</sup> Effective for accounting periods beginning on or after 1 April 2021

<sup>(2)</sup> Effective for accounting periods beginning on or after 1 January 2022

<sup>(3)</sup> Effective for accounting periods beginning on or after 1 January 2023

<sup>(4)</sup> Effective date is to be determined

<sup>(5)</sup> Effective for business combinations for which the acquisition date is on or after the beginning of the first accounting periods beginning on or after 1 January 2022

The Group has already commenced an assessment of the impact of the above new standard, amendments to standards and interpretation and does not expect that they would have any significant impact to its results of operations and financial position.

## 2 REVENUE AND OTHER INCOME/(LOSSES) AND SEGMENT INFORMATION

Revenue mainly comprises rental income, investment income from financial assets at fair value through profit or loss and dividend income from financial assets at fair value through other comprehensive income. Other income/(losses) represents net realised and unrealised gains/(losses) on financial assets at fair value through profit or loss. Revenue and other income/(losses) recognised during the period comprises the following:

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Revenue		
Gross rental income from investment properties	<b>35,772</b>	38,369
Investment income from financial assets at fair value through profit or loss	<b>1,058</b>	1,514
Dividend income from financial assets at fair value through other comprehensive income	<b>82,952</b>	94,462
Management fee income from investment properties	<b>5,567</b>	5,882
Other	<b>402</b>	338
	<b>125,751</b>	140,565
Other income/(losses)		
Net realised and unrealised gains/(losses) on financial assets at fair value through profit or loss	<b>36,016</b>	(28,330)
Revenue and other income/(losses)	<b>161,767</b>	112,235

The Group is organised on a worldwide basis into two main business segments:

- Real estate – investment in and leasing of industrial/office premises
- Financial investments – holding and trading of investment securities

There are no sales or other transactions between the business segments.

The segment results for the six months ended 30 June 2021 are as follows:

	<b>Real estate</b>	<b>Financial</b>	<b>Total</b>
	<b>HK\$'000</b>	<b>investments</b>	<b>HK\$'000</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue and other income/(losses)	<b>41,339</b>	<b>120,428</b>	<b>161,767</b>
Segment result	<b>51,420</b>	<b>116,957</b>	<b>168,377</b>
Finance income			<b>59</b>
Finance expense			<b>(46)</b>
Share of profits of joint ventures	<b>3,438</b>	–	<b>3,438</b>
Profit before income tax			<b>171,828</b>
Income tax expense			<b>(19,688)</b>
Profit attributable to equity holders of the Company			<b>152,140</b>
Other items			
Depreciation of property, plant and equipment	<b>(26)</b>	<b>(11)</b>	<b>(37)</b>
Fair value gains on investment properties	<b>38,400</b>	–	<b>38,400</b>

*Note:* Right-of-use assets are managed on a central basis and depreciation of right-of-use assets of HK\$2,473,000 was recognised for the six months ended 30 June 2021.

## 2 REVENUE AND OTHER INCOME/(LOSSES) AND SEGMENT INFORMATION (Continued)

The segment results for the six months ended 30 June 2020 are as follows:

	Real estate HK\$'000	Financial investments HK\$'000	Total HK\$'000
Revenue and other (losses)/income	44,251	67,984	112,235
Segment result	6,817	64,796	71,613
Finance income			61
Finance expense			(136)
Share of losses of joint ventures	(5,975)	-	(5,975)
Profit before income tax			65,563
Income tax expense			(22,778)
Profit attributable to equity holders of the Company			<u>42,785</u>
Other items			
Depreciation of property, plant and equipment	(18)	(12)	(30)
Fair value losses on investment properties	(10,800)	-	(10,800)

*Note:* Right-of-use assets are managed on a central basis and depreciation of right-of-use assets of HK\$2,473,000 was recognised for the six months ended 30 June 2020.

Reportable segments' assets and liabilities are reconciled to total assets and liabilities below. Segment assets exclude investments in joint ventures and right-of-use assets and segment liabilities exclude deferred income tax liabilities, lease liabilities and other non-current liability which are managed on a central basis.

The segment assets and liabilities as at 30 June 2021 are as follows:

	Real estate HK\$'000	Financial investments HK\$'000	Total HK\$'000
Segment assets	2,478,390	2,832,628	5,311,018
Right-of-use assets			3,092
Investments in joint ventures	95,532	-	95,532
			<u>5,409,642</u>
Segment liabilities	51,295	21,934	73,229
Unallocated liabilities			31,494
			<u>104,723</u>



## 2 REVENUE AND OTHER INCOME/(LOSSES) AND SEGMENT INFORMATION (Continued)

The segment assets and liabilities as at 31 December 2020 are as follows:

	Real estate HK\$'000	Financial investments HK\$'000	Total HK\$'000
Segment assets	2,440,085	2,531,480	4,971,565
Right-of-use assets			5,565
Investments in joint ventures	91,369	–	91,369
			<u>5,068,499</u>
Segment liabilities	52,673	3,838	56,511
Unallocated liabilities			<u>33,080</u>
			<u>89,591</u>

The Company is incorporated in Bermuda and is domiciled in Hong Kong. The Group's revenue and other income/(losses) from Hong Kong and from other countries for the period ended 30 June is analysed as follows:

	Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000
Hong Kong	44,044	44,545
United States of America	13,937	(12,548)
Europe	14,501	(9,761)
Taiwan	82,952	94,462
Other countries	6,333	(4,463)
	<u>161,767</u>	<u>112,235</u>

At 30 June 2021, the total of non-current assets other than financial instruments located/operated in Hong Kong and in Mainland China are as follows:

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Hong Kong	2,473,489	2,437,503
Mainland China	95,645	91,493
	<u>2,569,134</u>	<u>2,528,996</u>

### 3 OPERATING PROFIT

Operating profit is stated after charging the following:

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Depreciation of property, plant and equipment	<b>37</b>	30
Depreciation of right-of-use assets	<b>2,473</b>	2,473
Employee benefit expense (including directors' emoluments)	<b>15,161</b>	14,487
Management fee expense in respect of investment properties	<b>5,934</b>	5,507
	<b><u>5,934</u></b>	<u>5,507</u>

### 4 FINANCE INCOME/(EXPENSE)

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
<b>Finance income</b>		
Bank interest income	<b>59</b>	61
	<b><u>59</u></b>	<u>61</u>
<b>Finance expense</b>		
Interest expense on short-term borrowing	-	(37)
Interest expense on lease liabilities and other non-current liability	<b>(46)</b>	(88)
Net exchange loss on financing activities	-	(11)
	<b><u>(46)</u></b>	<u>(136)</u>

### 5 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at 16.5% (2020: 16.5%) of the estimated assessable profits for the period. Withholding tax on dividends receivable from overseas investments including joint ventures has been calculated at the rates of taxation prevailing in the countries in which the investees operate.

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Current income tax		
– Hong Kong profits tax	<b>1,453</b>	2,197
– Withholding tax	<b>17,420</b>	19,837
Deferred income tax	<b>815</b>	744
	<b><u>19,688</u></b>	<u>22,778</u>

## 6 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2021	2020
<b>Earnings (HK\$'000)</b>		
Profit attributable to equity holders of the Company	<u>152,140</u>	<u>42,785</u>
<b>Number of shares (thousands)</b>		
Weighted average number of ordinary shares in issue	<u>34,159</u>	<u>34,433</u>
<b>Earnings per share (HK\$)</b>		
Basic and diluted ( <i>Note</i> )	<u>4.45</u>	<u>1.24</u>

*Note:* The Company has no dilutive potential ordinary shares and diluted earnings per share are equal to basis earnings per share.

## 7 DIVIDENDS

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
2020 final dividend paid of HK\$0.70 (2020: 2019 final dividend paid of HK\$0.70) per share	23,891	24,061
2020 special dividend paid of HK\$0.70 (2020: 2019 special dividend paid of HK\$0.70) per share	<u>23,890</u>	<u>24,061</u>
	<u>47,781</u>	<u>48,122</u>

The Directors have not declared an interim dividend for the six months ended 30 June 2021 (2020: Nil).

## 8 TRADE AND OTHER RECEIVABLES

	<b>30 June 2021 HK\$'000</b>	31 December 2020 HK\$'000
Trade receivables	107	185
Other receivables, prepayments and deposits	8,096	8,215
Dividend receivables	82,953	–
Amounts due from joint ventures	1,481	1,460
	<u>92,637</u>	<u>9,860</u>

The Group does not grant any credit period to its customers. At 30 June 2021, the aging analysis of the trade receivables were as follows:

	<b>30 June 2021 HK\$'000</b>	31 December 2020 HK\$'000
Within 30 days	<u>107</u>	<u>185</u>

## 9 TRADE AND OTHER PAYABLES

	<b>30 June 2021 HK\$'000</b>	31 December 2020 HK\$'000
Trade payables	3,122	3,368
Rental and management fee deposits	20,523	19,492
Other payables and accruals	30,189	32,121
	<u>53,834</u>	<u>54,981</u>

At 30 June 2021, the aging analysis of trade payables were as follows:

	<b>30 June 2021 HK\$'000</b>	31 December 2020 HK\$'000
Within 30 days	<u>3,122</u>	<u>3,368</u>

## INTERIM DIVIDEND

The Directors have not declared an interim dividend for the six months ended 30 June 2021 (2020: Nil).

## PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2021, the Company repurchased 56,000 of its shares on The Stock Exchange of Hong Kong Limited, all of which had been cancelled. The Directors believe that share buybacks will be beneficial to the shareholders as the shares are traded at a discount to the net asset value per share. Details of the shares repurchased are as follows:

Month of repurchase	Number of shares repurchased	Price per share		Aggregate cost HK\$
		Highest HK\$	Lowest HK\$	
2021				
March	31,500	40.00	40.00	1,260,000
April	<u>24,500</u>	42.45	42.45	<u>1,040,025</u>
	<u>56,000</u>			<u>2,300,025</u>

Except as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any shares of the Company during the period.

## **BUSINESS REVIEW AND PROSPECTS**

### **Real Estate**

#### *Hong Kong*

Measures taken to control the coronavirus locally have been effective and the economy is slowly opening up. Rentals and occupancy at Nanyang Plaza, in Kwun Tong, stabilized, however the take up rate continued to be slow. Of the 290,000 sq.ft. of industrial/office space, the Group holds, 89.9% is presently leased. We will continue to offer favourable leasing terms and attractive rental rates to attract new tenants and to retain existing ones.

#### *Shanghai*

Since repossession of the premises, which was previously leased to a wedding banquet company, occupying approximately 75.3% of the total space, Shanghai Sung Nan Textile Co. Ltd., the Group's 65% joint venture, rented the space to a new tenant to be used as an old age or rehabilitation facility. The facility has received certain relevant government approval for the new project. Demolishing work has commenced since end of June and it is expected that the facility could be operational in the fourth quarter of 2022.

Sung Nan's land use right and joint venture term will be expiring on 31 May 2022. It is our intention to negotiate with our Chinese Partner for the formation of a new joint venture under new terms at the same site.

#### *Shenzhen*

Earnings of Southern Textile Company Limited, the joint venture which the Group owns 45%, normalized in the current period. However, business of the retail tenants, occupying the ground and first floors, continued to be slow.

### **Financial Investments**

Recovering economic growth in major equity markets, at the beginning of 2021, had a positive effect on our portfolios' performance. During this period, we invested in a global consumer trend fund and increased investment in U.S., European and Chinese equities. For the six months ended 30 June 2021, the investment portfolios, including cash held in the portfolios, increased by 7.87% year on year. Financial assets at fair value through profit or loss, classified as current assets, totalled HK\$456 million. This represented approximately 8.4% of the total assets of the Group. They were diversified and comprised approximately 400 individual holdings. The Group recorded net realised and unrealised fair value gains of HK\$36 million and investment income of HK\$1.1 million. Equities comprised approximately 80.2% (of which U.S. 41%; European 14%; Japanese 5%; Asia ex-Japan 27% and Emerging Markets 13%), bonds 11.8% (of which U.S. 85%; European 3%; Emerging Markets 5% and others 7%), commodities 2.2% and cash 5.8%.

## **BUSINESS REVIEW AND PROSPECTS** *(Continued)*

### **Financial Investments** *(Continued)*

Going forward the biggest challenges remain the COVID-19 pandemic and the expected rise of inflation rates. The recent regulatory review by the Chinese authorities on some sectors such as the internet and education and the eventual tightening of monetary policy by the Federal Reserve in the United States, may have a dampening effect on the performance of world equities. Since end of June the performance of the portfolios declined somewhat, due to a correction in the Chinese technology sector. As at 24 August 2021, the latest practicable date, the portfolios increased year-to-date by US\$3.2 million or approximately 5.6% and the value, including cash, stood at approximately US\$61.3 million or HK\$477.1 million. Despite recent volatility, with ample liquidity in the markets and the low interest environment, we continue to look forward to this year with guarded expectations.

The Group has an investment in a licensed bank in Taiwan, The Shanghai Commercial & Savings Bank, Ltd. (“SCSB”) of which the Group holds 177,568,191 shares representing approximately 4% of the total issued share capital of SCSB. This investment of HK\$2,208 million has been classified under non-current assets as financial assets at fair value through other comprehensive income (representing approximately 40.8% of the total assets of the Group) and there is no intention to dispose the investment within 12 months of this report date. The Group received a net cash dividend of approximately HK\$65.5 million from SCSB’s 2020 earnings. (2020: received approximately HK\$74.6 million from SCSB’s 2019 earnings.)

Presently SCSB has 72 branches in Taiwan, one each in Hong Kong, Vietnam, Singapore and Wuxi, China. They also have three representative offices, in Jakarta, Indonesia, Bangkok, Thailand and Phnom Penh, Cambodia. In 2020, SCSB commenced redevelopment of its headquarters in Taipei. Completion and occupation, of which, is expected to be in 2023. In January 2021, SCSB received its licence to start its wealth management business for ultra high net worth clients. SCSB also holds a 57.6% interest in Shanghai Commercial Bank Limited (“SCB”) in Hong Kong. SCB has 44 branches in Hong Kong, three in China and four branches overseas. The reviewed net profit attributable to owners of SCSB for the three months ended 31 March 2021 was approximately NT\$3,722 million (2020 same period: net profit of approximately NT\$3,600 million). Total reviewed equity attributable to owners of SCSB at 31 March 2021 was approximately NT\$159,608 million (31/12/2020: approximately NT\$155,103 million audited). (These figures were extracted from SCSB’s website at <http://www.scsb.com.tw>.)

## **BUSINESS REVIEW AND PROSPECTS** *(Continued)*

### **Financial Investments** *(Continued)*

On 5 July 2021, Mr. Hung Ching Yung, who has been Chairman of SCSB for 30 years, was appointed as the Honorary Chairman. In May 2021, Mr. John Con-sing Yung, was appointed as the Non-executive Chairman of AMK Microfinance Institution Plc., a wholly owned subsidiary of SCSB, in Cambodia. His appointment was approved by the National Bank of Cambodia. In July 2021, he resigned as the Senior Executive Vice President of SCSB and was appointed as a Managing Director of the Bank.

### **FINANCIAL POSITION**

The Group's investment properties with an aggregate value of HK\$2,301 million (31/12/2020: HK\$2,272 million) have been mortgaged to a bank to secure general banking facilities. As at 30 June 2021 and 31 December 2020, no bank facilities were utilized. Debt to equity ratio decreased from 0.1% as at 31 December 2020 to 0.06% as at 30 June 2021. Debt was represented by lease liabilities; equity was total equity of the Group. At the end of the period, the Group had net current assets of HK\$544.5 million (31/12/2020: HK\$483.5 million).

### **EMPLOYEES**

The Group employed 13 employees as at 30 June 2021 (2020: 13). Remuneration is determined by reference to the qualifications and experience of the staff concerned. Salaries and discretionary bonuses are reviewed annually. The Group also provides other benefits including medical cover and provident fund.

Thanks to all the staff for their loyalty and support during this past period as the Company was able to operate with daily attendance. Our prime interest has always been to ensure the wellbeing and health of our staff. We provided adequate face masks and hand sanitizers for all the staff who worked at the office. Also, in order to encourage employees to receive the COVID-19 vaccination, the Company grants them one day leave for each vaccination dosage received.

### **CORPORATE GOVERNANCE**

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30 June 2021, in compliance with the code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").



## **CODE FOR DEALING IN COMPANY'S SECURITIES BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"). Having made specific enquiry of all Directors, the Company's Directors confirmed that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2021.

## **AUDIT COMMITTEE AND REVIEW OF RESULTS**

The Audit Committee of the Company has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls, risk management and financial reporting matters including a review of the unaudited condensed consolidated financial statements for the six months ended 30 June 2021 with the management. The unaudited interim financial statements of the Group for the six months ended 30 June 2021 have been reviewed by the Group's external auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditors of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

## **PUBLICATION OF DETAILED RESULTS ANNOUNCEMENT**

Please refer to the website of The Stock Exchange of Hong Kong Limited and the Company's website at <http://www.nanyangholdingslimited.com> for details of the 2021 Interim Results Announcement.

By Order of the Board  
**Lee Sheung Yee**  
*Company Secretary*

Hong Kong, 26 August 2021

As at the date of this announcement, the Board comprises seven Directors as follows:

*Executive Directors:*

Hung Ching Yung, JP (*Managing Director*)  
Lincoln C. K. Yung, JP, FHKIB  
(*Deputy Managing Director*)  
Jennie Chen (*Financial Controller*)

*Independent Non-Executive Directors:*

Rudolf Bischof (*Chairman*)  
Robert T. T. Sze  
Wong Chi Kwong Patrick

*Non-Executive Director:*

John Con-sing Yung