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NANYANG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 212)

2021 FINAL RESULTS ANNOUNCEMENT

GROUP FINANCIAL HIGHLIGHTS

	2021	2020	Variance
	HK\$'000	HK\$'000	
Revenue and other income	195,501	225,203	(13%)
Profit attributable to equity holders of the Company	190,717	86,766	120%
Profit attributable to equity holders of the Company after deducting:			
– changes in fair value of investment properties and related tax effects	(69,297)	65,742	(205%)
	121,420	152,508	(20%)
	2021	2020	
	HK\$	HK\$	
Earnings per share	5.59	2.53	121%
Earnings per share			
– after deducting the changes in fair value of investment properties and related tax effects	3.56	4.44	(20%)
Final dividend per share	0.70	0.70	–
Special dividend per share	0.70	0.70	–
Dividend per share	1.40	1.40	–
Net asset value per share	160.95	145.64	11%

We are deeply saddened by the passing of Mr. Hung Ching Yung, JP who was the Managing Director of the Company, a Member of the Remuneration Committee and a Member of the Nomination Committee, on 3 March 2022.

Mr. Yung founded the Company with his late brother-in-law Mr. Yun Cheng Wang in 1947. He had served the Company since its inception and had made many invaluable contributions. Nanyang was one of the pioneers in the Hong Kong textile industry introducing the first vertically integrated textile mill with spinning, weaving and dyeing operations. We would like to express our sincere appreciation and gratitude and extend our deepest condolences to the Yung family.

The Board of Directors of Nanyang Holdings Limited (“the Company”) announces that for the year ended 31 December 2021 the Group reported a profit attributable to equity holders of HK\$190.7 million (2020: profit of HK\$86.8 million). The current year’s profit comprises the dividend from The Shanghai Commercial & Savings Bank, Ltd., in respect of its 2020 earnings, of approximately HK\$66.1 million (after netting 21% withholding tax); and the investment income and net realised and unrealised gains from financial assets at fair value through profit or loss of approximately HK\$29.8 million. It also includes the change in fair value of investment properties (including those owned by joint ventures) which resulted in a net gain of HK\$69.3 million (2020: loss of HK\$65.7 million). However, if excluding the net effect of the change in fair value of the investment properties (including those owned by joint ventures), 2021 would have shown a profit attributable to equity holders of HK\$121.4 million (2020: HK\$152.5 million), representing a decrease of 20%. Total earnings per share were HK\$5.59 (2020: HK\$2.53). 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\$3.56 (2020: HK\$4.44). The Group’s net asset value per share increased from HK\$145.64 (at 31/12/2020) to HK\$160.95 (at 31/12/2021), as a fair value gain of approximately HK\$337.4 million was recorded in the other comprehensive income, as compared to a fair value loss of HK\$363.6 million in 2020.

The figures in respect of the Group’s consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary announcement have been agreed by the Group’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2021

		2021	2020
	<i>Note</i>	HK\$'000	HK\$'000
Revenue	2	168,647	183,674
Other income	2	26,854	41,529
		<hr/>	<hr/>
Revenue and other income	2	195,501	225,203
Direct costs		(17,031)	(16,368)
		<hr/>	<hr/>
Gross profit		178,470	208,835
Administrative expenses		(43,383)	(40,687)
Other operating expense, net		(1,022)	(518)
Changes in fair value of investment properties		67,100	(35,600)
		<hr/>	<hr/>
Operating profit	3	201,165	132,030
Finance income	4	154	166
Finance expense	4	(71)	(658)
Share of profit/(loss) of joint ventures		10,992	(18,880)
		<hr/>	<hr/>
Profit before income tax		212,240	112,658
Income tax expense	5	(21,523)	(25,892)
		<hr/>	<hr/>
Profit attributable to equity holders of the Company		190,717	86,766
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share (basic and diluted)	6	HK\$5.59	HK\$2.53
		<hr/> <hr/>	<hr/> <hr/>
Dividends	7	47,555	47,859
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021	2020
	HK\$'000	HK\$'000
Profit for the year	190,717	86,766
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Share of other comprehensive income of joint ventures accounted for under equity method	2,570	6,880
Currency translation differences	13,691	(12,373)
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	337,364	(363,601)
Other comprehensive income for the year, net of tax	353,625	(369,094)
Total comprehensive income attributable to equity holders of the Company	544,342	(282,328)

CONSOLIDATED BALANCE SHEET*As at 31 December 2021*

	<i>Note</i>	2021 HK\$'000	2020 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		177	162
Right-of-use assets		619	5,565
Investment properties		2,499,000	2,431,900
Investments in joint ventures		99,987	91,369
Financial assets at fair value through other comprehensive income		2,338,897	1,989,688
Non-current financial assets at fair value through profit or loss		9,242	4,918
		<u>4,947,922</u>	<u>4,523,602</u>
Current assets			
Trade and other receivables	8	9,858	9,860
Financial assets at fair value through profit or loss		446,161	407,094
Tax recoverable		1,174	–
Cash and bank balances			
– Pledged bank deposits		4,606	4,700
– Cash and cash equivalents		143,819	123,243
		<u>605,618</u>	<u>544,897</u>
Total assets		<u>5,553,540</u>	<u>5,068,499</u>
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		3,397	3,419
Other reserves		2,019,050	1,665,106
Retained profits		3,444,492	3,310,383
Total equity		<u>5,466,939</u>	<u>4,978,908</u>
LIABILITIES			
Non-current liabilities			
Lease liabilities		–	611
Deferred income tax liabilities		27,520	26,442
Other non-current liability		1,205	1,184
		<u>28,725</u>	<u>28,237</u>
Current liabilities			
Trade and other payables	9	57,265	54,981
Current income tax liabilities		–	1,530
Lease liabilities		611	4,843
		<u>57,876</u>	<u>61,354</u>
Total liabilities		<u>86,601</u>	<u>89,591</u>
Total equity and liabilities		<u>5,553,540</u>	<u>5,068,499</u>

NOTES TO THE FINANCIAL STATEMENTS

1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of Nanyang Holdings Limited have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, which are measured at fair value.

The preparation of financial statements in conformity with HKFRSs 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.

(a) Amendments to standards that are effective in 2021

During the year ended 31 December 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 the 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.

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

1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(b) New standard, amendments to standards and interpretation that are not yet effective and have not been early adopted by the Group *(cont'd)*

- (1) Effective for accounting periods beginning on or after 1 April 2021
- (2) Effective for accounting periods beginning on or after 1 January 2022
- (3) Effective for accounting periods beginning on or after 1 January 2023
- (4) Effective date is to be determined
- (5) 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 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 represents net realised and unrealised gains on financial assets at fair value through profit or loss. Revenue and other income recognised during the year comprises the following:

	2021 HK\$'000	2020 HK\$'000
Revenue		
Gross rental income from investment properties	70,361	74,380
Investment income from financial assets at fair value through profit or loss	2,986	3,213
Dividend income from financial assets at fair value through other comprehensive income	83,828	94,462
Management fee income from investment properties	11,112	11,438
Other	360	181
	<u>168,647</u>	<u>183,674</u>
Other income		
Net realised and unrealised gains on financial assets at fair value through profit or loss	26,854	41,529
Revenue and other income	<u>195,501</u>	<u>225,203</u>

Management fee income is recognised over a period of time when the related performance obligation is satisfied. Contract liabilities in relation to management services and the transaction price allocated to these unsatisfied contracts as at 31 December 2021 amounted to HK\$185,000 (2020: HK\$156,000) respectively.

2 REVENUE AND OTHER INCOME AND SEGMENT INFORMATION (cont'd)

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 year ended 31 December 2021 are as follows:

	Real estate	Financial	Total
	HK\$'000	investments	HK\$'000
	HK\$'000	HK\$'000	HK\$'000
Revenue and other income	<u>81,593</u>	<u>113,908</u>	<u>195,501</u>
Segment results	94,073	107,092	201,165
Finance income			154
Finance expense			(71)
Share of profit of joint ventures	10,992	–	<u>10,992</u>
Profit before income tax			212,240
Income tax expense			<u>(21,523)</u>
Profit attributable to equity holders of the Company			<u>190,717</u>
Other items			
Depreciation of property, plant and equipment	(45)	(25)	(70)
Fair value gains on investment properties	<u>67,100</u>	<u>–</u>	<u>67,100</u>

Note: Right-of-use assets are managed on a central basis and depreciation of right-of-use assets of HK\$4,946,000 was recognised for the year ended 31 December 2021.

2 REVENUE AND OTHER INCOME AND SEGMENT INFORMATION (cont'd)

The segment results for the year ended 31 December 2020 are as follows:

	Real estate HK\$'000	Financial investments HK\$'000	Total HK\$'000
Revenue and other income	85,818	139,385	225,203
Segment results	(1,293)	133,323	132,030
Finance income			166
Finance expense			(658)
Share of loss of joint ventures	(18,880)	–	(18,880)
Profit before income tax			112,658
Income tax expense			(25,892)
Profit attributable to equity holders of the Company			<u>86,766</u>
Other items			
Depreciation of property, plant and equipment	(34)	(23)	(57)
Fair value losses on investment properties	(35,600)	–	(35,600)

Note: Right-of-use assets are managed on a central basis and depreciation of right-of-use assets of HK\$4,946,000 was recognised for the year ended 31 December 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 31 December 2021 are as follows:

	Real estate HK\$'000	Financial investments HK\$'000	Total HK\$'000
Segment assets	2,506,929	2,946,005	5,452,934
Right-of-use assets			619
Investments in joint ventures	99,987	–	99,987
			<u>5,553,540</u>
Segment liabilities	52,901	4,364	57,265
Unallocated liabilities			29,336
			<u>86,601</u>

2 REVENUE AND OTHER INCOME AND SEGMENT INFORMATION (cont'd)

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 from Hong Kong and from other countries for the year ended 31 December is analysed as follows:

	2021 HK\$'000	2020 HK\$'000
Hong Kong	69,340	102,966
United States of America	15,115	10,604
Europe	16,718	14,246
Taiwan	83,713	94,462
Other countries	10,615	2,925
	<u>195,501</u>	<u>225,203</u>

At 31 December 2021, the total of non-current assets other than financial instruments located/operated in Hong Kong and in Mainland China are as follows:

	2021 HK\$'000	2020 HK\$'000
Hong Kong	2,499,694	2,437,503
Mainland China	100,089	91,493
	<u>2,599,783</u>	<u>2,528,996</u>

3 OPERATING PROFIT

Operating profit is stated after charging the following:

	2021	2020
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	70	57
Depreciation of right-of-use assets	4,946	4,946
Employee benefit expense (including directors' emoluments)	31,615	29,251
Management fee expense in respect of investment properties	12,190	12,190
	<u>12,190</u>	<u>12,190</u>

4 FINANCE INCOME/(EXPENSE)

	2021	2020
	HK\$'000	HK\$'000
Finance income		
Bank interest income	154	166
	<u>154</u>	<u>166</u>
Finance expense		
Interest expense on short-term borrowing	-	(67)
Interest expense on lease liabilities and other non-current liability	(71)	(156)
Net exchange loss on financing activities	-	(435)
	<u>(71)</u>	<u>(658)</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 year. 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.

The amount of taxation charged to the consolidated income statement represents:

	2021	2020
	HK\$'000	HK\$'000
Current income tax		
– Hong Kong profits tax	2,918	3,975
– Withholding tax	18,074	20,545
– (Over)/under-provision in prior years	(547)	381
	20,445	24,901
Deferred income tax	1,078	991
	21,523	25,892

The Group's share of income tax expense of joint ventures for the year amounted to HK\$2,403,000 (2020: HK\$1,677,000) and is included in the consolidated income statement as share of results of joint ventures.

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 year.

	2021	2020
Earnings (HK\$'000)		
Profit attributable to equity holders of the Company	190,717	86,766
Number of shares (thousands)		
Weighted average number of ordinary shares in issue	34,092	34,322
Earnings per share (HK\$)		
Basic and diluted (<i>Note</i>)	5.59	2.53

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

7 DIVIDENDS

	2021	2020
	HK\$'000	HK\$'000
2021 proposed final dividend of HK\$0.70 (2020: HK\$0.70) per share	23,777	23,929
2021 proposed special dividend of HK\$0.70 (2020: HK\$0.70) per share	23,778	23,930
	<u>47,555</u>	<u>47,859</u>

8 TRADE AND OTHER RECEIVABLES

	2021	2020
	HK\$'000	HK\$'000
Trade receivables	202	185
Other receivables, prepayments and deposits	8,044	8,215
Amounts due from joint ventures	1,612	1,460
	<u>9,858</u>	<u>9,860</u>

The Group does not grant any credit term to customers. At 31 December 2021, the aging analysis of the trade receivables is as follows:

	2021	2020
	HK\$'000	HK\$'000
Within 30 days	<u>202</u>	<u>185</u>

There is no concentration of credit risk with respect to trade receivables.

9 TRADE AND OTHER PAYABLES

	2021	2020
	HK\$'000	HK\$'000
Trade payables	3,143	3,368
Rental and management fee deposits	19,197	19,492
Other payables and accruals	34,925	32,121
	<u>57,265</u>	<u>54,981</u>

At 31 December 2021, the aging analysis of the trade payables is as follows:

	2021	2020
	HK\$'000	HK\$'000
Within 30 days	<u>3,143</u>	<u>3,368</u>

DIVIDEND

The Directors recommend the payment of a final dividend of HK\$0.70 per share and a special dividend of HK\$0.70 per share, representing a total dividend distribution of approximately HK\$47.6 million (2020: final dividend of HK\$0.70 per share and a special dividend of HK\$0.70 per share, representing a total dividend distribution of approximately HK\$47.9 million). Subject to the approval by the shareholders of the Company at the forthcoming Annual General Meeting, the final and special dividends will be payable on or around 13 June 2022. These proposed dividends are not reflected as dividends payable in the financial statements for the year ended 31 December 2021, but will be reflected as appropriations of retained profits for the year ending 31 December 2022.

The register of members of the Company will be closed from 30 May 2022 to 1 June 2022, both days inclusive. To qualify for the proposed final and special dividends, shareholders should ensure that all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Friday, 27 May 2022.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year, the Company repurchased an aggregate of 217,500 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	24,500	42.45	42.45	1,040,025
August	85,500	39.00	39.00	3,334,500
September	76,000	39.00	36.95	2,894,950
	<u>217,500</u>			<u>8,529,475</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 year.

BUSINESS REVIEW AND PROSPECTS

Real Estate

Hong Kong

The local property leasing market continues to be challenging due to the measures taken to control the pandemic. In the first quarter of 2022, viewing by potential new tenants, at Nanyang Plaza, in Kwun Tong, which the Group holds 290,000 sq.ft. of industrial/office space, came to a standstill. Of the total space 92.4% is presently leased. The anchor tenant, Federal Express, who has leased 42,976 sq.ft. or 14.9% of the space, since 1996, decided to move out by the end of this year. We have commenced marketing the space. However, with ample new office space coming on stream in the Kwun Tong area, there will be fierce competition for tenants. In addition to offering favourable leasing terms and attractive rental rates to new tenants and retain existing ones, we will also consider decoration subsidy to attract new tenants.

Shanghai

The new tenant who has leased approximately 21,202 sq.m. or 75.3% of the total space, at Shanghai Sung Nan Textile Co. Ltd., the Group's 65% joint venture, to be used as an old age or rehabilitation facility, has finished demolition work. They have received approval from the local authorities to start renovation work. The facility is expected to be operational in the first quarter of 2023.

Sung Nan's land use right and joint venture term is expiring on 31 May 2022. Discussions are ongoing with our Chinese Partner for the formation of a new joint venture under new terms at the same site.

Shenzhen

Earnings at Southern Textile Company Limited, the joint venture of which the Group owns 45%, continues to be satisfactory. Business of the retail tenants, occupying the ground and first floors, however, continued to be very sluggish due to measures taken to control the pandemic.

Financial Investments

In the second half of 2021, performance of our investment portfolios was affected by the regulatory review by the Chinese authorities on the internet, education, the policy to promote common prosperity and measures taken to prevent the collapse in the real estate sector. We reduced investment in Hong Kong, China and Japanese equities. For the year ended 31 December 2021, the investment portfolios, including cash held in the portfolios, increased by 5.6% year on year. Financial assets at fair value through profit or loss, classified as current assets, totalled HK\$446.2 million. This represented approximately 8.0% of the total assets of the Group. They comprised approximately 400 individual holdings. The Group recorded net realised and unrealised fair value gains of HK\$26.9 million and investment income of HK\$3.0 million. Equities comprised approximately 80.2% (of which U.S. 43.6%; European 16.4%; Japanese 4.7%; Asia ex-Japan 22.0% and Emerging Markets 13.3%), bonds 12.4% (of which U.S. 84.4%; European 4.0%; Emerging Markets 6.9% and others 4.7%), commodities 2.4% and cash 5.0%.

In the current year, the expected rise in interest rates due to inflationary pressures, geopolitical tensions, continued efforts by the Chinese authorities to regulate the internet and to prevent the collapse of the property market, and measures taken to contain the COVID-19 pandemic will continue to affect global equity markets. At the time of writing this, the conflict between Russia and Ukraine caused commodity prices to spike higher and further amplify inflation. Major equity markets experienced substantial declines and affected our portfolios. During this period, we reduced US equities and emerging markets bonds. As at 22 March 2022, the latest practicable date, the portfolios decreased year-to-date by approximately 5.86% and the value, including cash held in the portfolios, stood at approximately US\$55.7 million or HK\$435.6 million.

The war between Russia and Ukraine, the relationship between the US and China, supply chain bottlenecks and high energy prices have created extreme uncertainty in the markets. However, China's actions to ease monetary and fiscal policies to promote growth may help support markets to some extent. We remain vigilant and hopeful that if the geopolitical crisis is resolved, markets could rebound.

The Group has an investment in a licensed bank in Taiwan, The Shanghai Commercial & Savings Bank, Ltd. ("SCSB"). Presently, the Group holds 177,568,191 shares which represents approximately 4% of the total issued share capital of SCSB. This investment of HK\$2,335 million has been classified under non-current assets as financial assets at fair value through other comprehensive income (representing approximately 42% of the total assets of the Group) and there is no intention to dispose of the investment within 12 months of this report date. The Group received a net cash dividend of approximately HK\$66.1 million from SCSB's 2020 earnings.

Presently SCSB has 72 branches in Taiwan, one each in Hong Kong, Vietnam, Singapore and Wuxi, China. They also have four representative offices, in Jakarta, Indonesia, Bangkok, Thailand, Phnom Penh, Cambodia and Bac Ninh, Vietnam. In 2020, SCSB commenced redevelopment of its headquarters in Taipei. It is expected that the new headquarters should be completed and ready for occupation in 2023. In January 2021, SCSB received licence to start the wealth management business for ultra high net worth clients. SCSB 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 audited net profit attributable to owners of SCSB for the year ended 31 December 2021 was approximately NT\$14,255.6 million (2020 same period: net profit of NT\$13,462.9 million). Total equity attributable to owners of SCSB at 31 December 2021 was approximately NT\$157,801.8 million (31/12/2020: approximately NT\$155,103.3 million). (These figures were extracted from SCSB’s website at <http://www.scsb.com.tw>.)

FINANCIAL POSITION

The Group’s investment properties with an aggregate value of HK\$2,334 million (31/12/2020: HK\$2,272 million) have been mortgaged to a bank to secure general banking facilities. As at 31 December 2021 and 2020, these bank facilities were not utilized. At the end of the year, the Group had net current assets of HK\$547.7 million (31/12/2020: HK\$483.5 million).

EMPLOYEES

The Group employed 13 employees as at 31 December 2021. 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 year 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 extra allowance, adequate face masks, hand sanitizers and COVID-19 self-test kits to all the staff who worked at the office.

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 year ended 31 December 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 year ended 31 December 2021.

AUDIT COMMITTEE AND REVIEW OF RESULTS

The Audit Committee 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 consolidated financial statements for the year ended 31 December 2021 with the management.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the Company's website at www.nanyangholdingslimited.com. The 2021 annual report containing the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the websites of The Stock Exchange of Hong Kong Limited and the Company in due course.

By Order of the Board
Lee Sheung Yee
Company Secretary

Hong Kong, 24 March 2022

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

Executive Directors:

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