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NANYANG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 212)

MAJOR AND CONNECTED TRANSACTION SUBSCRIPTION OF SHARES IN THE SHANGHAI COMMERCIAL & SAVINGS BANK LIMITED

On 13 August 2022, 13 October 2022 and 24 October 2022, SCSB announced the SCSB Share Offer, pursuant to which a total number of 380,000,000 new SCSB Shares will be offered for subscription at the subscription price of NT\$37 each (equivalent to approximately HK\$9), of which 285,000,000 SCSB Shares, representing 75% of the total number of new SCSB Shares to be issued under the SCSB Share Offer, will be offered to the eligible shareholders of SCSB on the basis of 73.30651245 new SCSB Shares for every 1,000 SCSB Shares held on the record date of 6 November 2022.

The Company, currently holding 177,568,191 SCSB Shares as at the date of this announcement through its two indirect wholly-owned subsidiaries, intends to pursue the Proposed Subscription through these subsidiaries by subscribing up to 13,016,904 new SCSB Shares, representing approximately 0.27% of the entire issued share capital of SCSB as enlarged by the SCSB Share Offer, being its full entitlement under the SCSB Share Offer. Based on the subscription price of NT\$37 (equivalent to approximately HK\$9) per new SCSB Share as announced by SCSB, the aggregate consideration payable by the Group under the Proposed Subscription in taking up the Company's full entitlement under the SCSB Share Offer will be approximately NT\$481.6 million (equivalent to approximately HK\$117.2 million).

As at the date of this announcement, the Group through its indirect wholly-owned subsidiaries owns 177,568,191 SCSB Shares, representing approximately 3.96% of the share issued capital of SCSB. Following completion of the Proposed Subscription, the Group will own a total number of up to 190,585,095 SCSB Shares, representing approximately 3.92% of the enlarged issued share capital of SCSB and a slight decrease in the Group's ownership in SCSB.

As one of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Proposed Subscription is more than 25% but less than 100%, the Proposed Subscription constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As Mr. Lincoln C. K. Yung and Mr. John Con-sing Yung, both being Directors of the Company, and Mr. Lincoln C. K. Yung being also a non-executive director of SCSB while Mr. John Con-sing Yung being also a managing director of SCSB, are together with members of their families, collectively interested in more than 10% of SCSB's issued share capital, the Proposed Subscription also constitutes a connected transaction of the Company under Rule 14A.28 of the Listing Rules and is subject to the reporting, announcement, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Lincoln C. K. Yung, Mr. John Con-sing Yung and their respective associates shall abstain from voting at the SGM on the resolutions in connection with the approval of the Proposed Subscription. Votes at the SGM shall be conducted by poll. An Independent Board Committee comprising Mr. Rudolf Bischof, Mr. Robert T. T. Sze and Mr. Wong Chi Kwong Patrick, being all the independent non-executive Directors, has been established to advise the Independent Shareholders in relation to the Proposed Subscription. Platinum Securities Company Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Proposed Subscription.

A circular containing further information about the Proposed Subscription and, among other things, the advice of the Independent Board Committee to the Independent Shareholders, the recommendations of Platinum Securities Company Limited to the Independent Board Committee and the Independent Shareholders and a notice of the SGM will be despatched to the Shareholders as soon as practicable on or before 15 November 2022.

The Proposed Subscription is subject to approval of the Independent Shareholders at the SGM and the obtaining of foreign investment approval of Investment Commission of the Ministry of Economic Affairs of Taiwan. As such, the Proposed Subscription may or may not materialise. Securities holders and potential investors should therefore exercise caution when dealing in the securities of the Company.

BACKGROUND

On 13 August 2022, 13 October 2022 and 24 October 2022, SCSB announced the SCSB Share Offer, pursuant to which a total number of 380,000,000 new SCSB Shares will be offered for subscription at the subscription price of NT\$37 each (equivalent to approximately HK\$9), of which 285,000,000 new SCSB Shares, representing 75% of the total number of new SCSB Shares to be issued under the SCSB Share Offer, will be offered to the eligible shareholders of SCSB on the basis of 73.30651245 new SCSB Shares for every 1,000 SCSB Shares held on the record date of 6 November 2022. The remaining 57,000,000 and 38,000,000 new SCSB Shares, representing 15% and 10% of the total number of new SCSB Shares to be issued under the SCSB Share Offer, will be offered to employees and to the public for subscription, respectively. Payment for subscription by the existing shareholders of SCSB shall be made between 8 November 2022 and 8 December 2022.

THE PROPOSED SUBSCRIPTION OF NEW SCSB SHARES

The Company, currently holding 177,568,191 SCSB Shares as at the date of this announcement through its two indirect wholly-owned subsidiaries, Bright Honest Investment Limited (as to 172,834,744 SCSB Shares) and Infinity Peace Limited (as to 4,733,447 SCSB Shares). The Company intends to pursue the Proposed Subscription through these subsidiaries by subscribing up to 13,016,904 new SCSB Shares, representing approximately 0.27% of the issued share capital of SCSB as enlarged by the SCSB Share Offer, being its full entitlement under the SCSB Share Offer. Based on the subscription price of NT\$37 per new SCSB Share (equivalent to approximately HK\$9) as announced by SCSB on 24 October 2022, the aggregate consideration payable by the Group under the Proposed Subscription in taking up the Company's full entitlement under the SCSB Share Offer will be approximately NT\$481.6 million (equivalent to approximately HK\$117.2 million).

The subscription price of NT\$37 per new SCSB Share (equivalent to approximately HK\$9) under the SCSB Share Offer represents:

- (i) a discount of approximately 19.6% to the closing price of NT\$46 per SCSB Share as quoted on the Taiwan Stock Exchange Corporation on 24 October 2022, the last trading day immediately preceding the date of this announcement; or
- (ii) a discount of approximately 20.7% to the average closing price of approximately NT\$46.63 per SCSB Share as quoted on the Taiwan Stock Exchange Corporation for the five consecutive trading days up to and including 24 October 2022.

Payment of the consideration for the Proposed Subscription will be funded by the Company's existing funds and working capital.

The Proposed Subscription is subject to approval of the Independent Shareholders and foreign investment approval of Investment Commission of the Ministry of Economic Affairs in Taiwan. As such, the Proposed Subscription may or may not proceed to completion.

As at the date of this announcement, the Group through its indirect wholly-owned subsidiaries owns 177,568,191 SCSB Shares, representing approximately 3.96% of the issued share capital of SCSB. Following completion of the Proposed Subscription, the Group will own a total number of up to 190,585,095 SCSB Shares, representing approximately 3.92% of the enlarged issued share capital of SCSB and a slight decrease in the Group's ownership in SCSB.

INFORMATION ON SCSB

SCSB is a company incorporated under the laws of Taiwan with limited liability whose shares are listed on the Taiwan Stock Exchange Corporation. SCSB is principally carrying on a banking business in Taiwan and is the holding company of Shanghai Commercial Bank, a licensed bank in Hong Kong, holding an approximately 57.6% interest therein.

The following audited consolidated financial information is extracted from the annual reports of SCSB for the year ended 31 December 2021 and 31 December 2020:

	Year ended 31 December	
	2021	2020
	<i>NT\$'million</i>	<i>NT\$'million</i>
Consolidated net revenue	38,172.5	37,831.8
Profit before income tax	22,139.3	21,553.8
Consolidated net income	18,670.6	17,814.6

The audited consolidated total equity of SCSB as at 30 June 2022 was approximately NT\$201,915,400,000. The audited consolidated financial statements of SCSB were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and International Financial Reporting Standards.

INFORMATION ON THE COMPANY

The Company is an investment holding company which holds investment properties and a portfolio of investment assets.

REASONS FOR AND BENEFIT OF THE TRANSACTION

The Directors believe that the Proposed Subscription allows the Group to maintain the Company's pro rata interest in SCSB to the extent permissible under the terms of the SCSB Share Offer. SCSB, a licensed bank in Taiwan, was established in 1915. As at the date of this announcement, SCSB had: (i) 72 branches in Taiwan, one each in Hong Kong, Vietnam, Singapore and Wuxi, China; and (ii) three representative offices, one each in Jakarta, Indonesia, Bangkok, Thailand and Phnom Penh, Cambodia. As at the date of this announcement, SCSB held an approximately 57.6% interest in Shanghai Commercial Bank in Hong Kong, which had 44 branches in Hong Kong, three in China and four branches overseas. Based on the past performance of SCSB and the dividend income generated from the Group's investment in SCSB, the Directors (except the independent non-executive Directors) considered that the Group's investment in SCSB will provide reasonable return in investment to the Group and will be beneficial to the Group to maintain its interest in SCSB.

At the Board meeting convened to approve the Proposed Subscription, Mr. Lincoln C. K. Yung and Mr. John Con-sing Yung were considered to have material interest by virtue of their directorships and, together with members of their families, shareholding interests in SCSB. In view of their above material interest in the Proposed Subscription, each of Mr. Lincoln C. K. Yung and Mr. John Con-sing Yung has abstained from voting on the board resolution(s) of the Company approving the Proposed Subscription. The Board (other than Mr. Lincoln C. K. Yung and Mr. John Con-sing Yung, who have abstained from voting as stated above and except for the independent non-executive Directors whose view will be contained in the circular to be despatched to the Shareholders after taking into account the advice of the independent financial adviser) believe the terms of the Proposed Subscription are on normal commercial terms which are fair and reasonable, and the Proposed Subscription will be in the best interests of the Group and the Shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Proposed Subscription is more than 25% but less than 100%, the Proposed Subscription constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As Mr. Lincoln C. K. Yung and Mr. John Con-sing Yung, both being Directors of the Company, and Mr. Lincoln C. K. Yung being also a non-executive director of SCSB while Mr. John Con-sing Yung being also a managing director of SCSB, are together with members of their families, collectively interested in more than 10% of SCSB's issued share capital, the Proposed Subscription also constitutes a connected transaction of the Company under Rule 14A.28 of the Listing Rules and is subject to the reporting, announcement, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Lincoln C. K. Yung, Mr. John Con-sing Yung and their respective associates shall abstain from voting at the SGM on the resolutions in connection with the approval of the Proposed Subscription. Votes at the SGM shall be conducted by poll. An Independent Board Committee comprising Mr. Rudolf Bischof, Mr. Robert T. T. Sze and Mr. Wong Chi Kwong Patrick, being all the independent non-executive Directors, has been established to advise the Independent Shareholders in relation to the Proposed Subscription. Platinum Securities Company Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Proposed Subscription.

A circular containing further information about the Proposed Subscription and, among other things, the advice of the Independent Board Committee to the Independent Shareholders, the recommendations of Platinum Securities Company Limited to the Independent Board Committee and the Independent Shareholders and a notice of the SGM will be despatched to the Shareholders as soon as practicable on or before 15 November 2022.

The Proposed Subscription is subject to approval of the Independent Shareholders at the SGM and the obtaining of foreign investment approval of Investment Commission of the Ministry of Economic Affairs of Taiwan. As such, the Proposed Subscription may or may not materialise. Securities holders and potential investors should therefore exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“associates”, “connected persons” and “subsidiary(ies)”	shall have the meaning as ascribed to it under the Listing Rules;
“Board”	the board of Directors of the Company;
“Company”	Nanyang Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 212);
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	an independent board committee of the Company comprising Mr. Rudolf Bischof, Mr. Robert T. T. Sze and Mr. Wong Chi Kwong Patrick, being all the independent non-executive Directors;
“Independent Shareholders”	Shareholders other than Mr. Lincoln C. K. Yung, Mr. John Con-sing Yung, and their respective associates;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“NT\$”	New Taiwan dollars, the lawful currency of Taiwan;
“Proposed Subscription”	the proposed subscription of up to 13,016,904 new SCSB Shares under the SCSB Share Offer;

“SCSB”	The Shanghai Commercial & Savings Bank, Ltd., a company incorporated in Taiwan, the shares of which are listed on the Taiwan Stock Exchange Corporation (Stock Code: 5876);
“SCSB Share Offer”	the offering for subscription of a total of 380,000,000 new SCSB Shares at a subscription price of NT\$37 per new SCSB Share as more particularly described in the section headed “Background” in this announcement;
“SCSB Share(s)”	share(s) with nominal value of NT\$10 each in the share capital of SCSB;
“SGM”	the special general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Proposed Subscription;
“Shanghai Commercial Bank”	Shanghai Commercial Bank Limited, a licensed bank in Hong Kong;
“Shares”	ordinary shares in the share capital of the Company;
“Shareholders”	holders of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

Note: For the purpose of this announcement, conversions of NT\$ into HK\$ are based on the exchange rate of HK\$1 to NT\$4.11 for the purposes of illustration only. No representation is made that any amount of HK\$ or NT\$ has been, could have been or could be converted at the above rate or at any other rates.

By Order of the Board
LEE Sheung Yee
Company Secretary

Hong Kong, 25 October 2022

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

Executive Directors:

Lincoln C. K. Yung, JP, FHKIB

(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