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NANYANG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 212)

2022 FINAL RESULTS ANNOUNCEMENT

GROUP FINANCIAL HIGHLIGHTS

	2022	2021	Variance
	HK\$'000	HK\$'000	
Revenue and other (losses)/ income	<u>95,070</u>	<u>195,501</u>	(51%)
Profit attributable to equity holders of the Company	12,268	190,717	(94%)
Profit attributable to equity holders of the Company after excluding: – changes in fair value of investment properties and related tax effects	<u>12,426</u>	<u>(69,297)</u>	(118%)
	<u>24,694</u>	<u>121,420</u>	(80%)
	2022	2021	
	HK\$	HK\$	
Earnings per share	0.36	5.59	(94%)
Earnings per share – after excluding the changes in fair value of investment properties and related tax effects	0.73	3.56	(79%)
Final dividend per share	0.70	0.70	–
Special dividend per share	0.30	0.70	(57%)
Dividend per share	1.00	1.40	(29%)
Net asset value per share	<u>149.12</u>	<u>160.95</u>	(7%)

The Board of Directors of Nanyang Holdings Limited (“the Company”) announces that for the year ended 31 December 2022 the Group reported a profit attributable to equity holders of HK\$12.3 million (2021: profit of HK\$190.7 million). The current year’s profit comprises the dividend from The Shanghai Commercial & Savings Bank, Ltd., in respect of its 2021 earnings, of approximately HK\$65.4 million (after netting 21% withholding tax); and the investment income from financial assets of HK\$3.4 million and net realised and unrealised losses from financial assets at fair value through profit or loss of approximately HK\$69.5 million. It also includes the change in fair value of investment properties (including those owned by joint ventures) which resulted in a net loss of HK\$12.4 million (2021: gain of HK\$69.3 million). However, if excluding the net effect of the change in fair value of the investment properties (including those owned by joint ventures), 2022 would have shown a profit attributable to equity holders of HK\$24.7 million (2021: HK\$121.4 million), representing a decrease of 80%. Total earnings per share were HK\$0.36 (2021: HK\$5.59). 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\$0.73 (2021: HK\$3.56). The Group’s net asset value per share decreased from HK\$160.95 (at 31/12/2021) to HK\$149.12 (at 31/12/2022). A fair value loss of approximately HK\$363.3 million for the financial assets at fair value through other comprehensive income was recorded in the other comprehensive income, as compared to a fair value gain of HK\$337.4 million in 2021.

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 2022 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 2022

		2022	2021
	<i>Note</i>	HK\$'000	HK\$'000
Revenue	2	164,590	168,647
Other (losses)/income	2	(69,520)	26,854
Revenue and other (losses)/income	2	95,070	195,501
Direct costs		(18,316)	(17,031)
Gross profit		76,754	178,470
Administrative expenses		(34,005)	(43,383)
Other operating expense, net		(2,509)	(1,022)
Changes in fair value of investment properties		(5,159)	67,100
Operating profit	3	35,081	201,165
Finance income	4	813	154
Finance expense	4	(212)	(71)
Share of (losses)/profits of joint ventures		(541)	10,992
Profit before income tax		35,141	212,240
Income tax expense	5	(22,873)	(21,523)
Profit attributable to equity holders of the Company		12,268	190,717
Earnings per share (basic and diluted)	6	HK\$0.36	HK\$5.59
Dividends	7	33,968	47,555

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022	2021
	HK\$'000	HK\$'000
Profit for the year	12,268	190,717
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	(7,087)	2,570
Currency translation differences	3,956	13,691
Items that may not be reclassified subsequently to profit or loss		
Fair value (losses)/gains on financial assets at fair value through other comprehensive income	(363,263)	337,364
Other comprehensive income for the year, net of tax	(366,394)	353,625
Total comprehensive income attributable to equity holders of the Company	(354,126)	544,342

CONSOLIDATED BALANCE SHEET*As at 31 December 2022*

	<i>Note</i>	2022 HK\$'000	2021 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		161	177
Right-of-use assets		7,429	619
Investment properties		2,494,000	2,499,000
Investments in joint ventures	<i>10</i>	87,171	99,987
Financial assets at fair value through other comprehensive income		2,106,344	2,338,897
Non-current financial assets at fair value through profit or loss		10,008	9,242
		4,705,113	4,947,922
Current assets			
Trade and other receivables	<i>8</i>	10,138	9,858
Financial assets at fair value through profit or loss		342,451	446,161
Tax recoverable		–	1,174
Cash and bank balances			
– Pledged bank deposits		3,671	4,606
– Cash and cash equivalents		96,963	143,819
		453,223	605,618
Total assets		5,158,336	5,553,540
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		3,397	3,397
Other reserves		1,652,901	2,019,050
Retained profits		3,408,960	3,444,492
Total equity		5,065,258	5,466,939
LIABILITIES			
Non-current liabilities			
Lease liabilities		3,981	–
Deferred income tax liabilities		27,894	27,520
Other non-current liability		1,493	1,205
		33,368	28,725
Current liabilities			
Trade and other payables	<i>9</i>	54,049	57,265
Current income tax liabilities		2,220	–
Lease liabilities		3,441	611
		59,710	57,876
Total liabilities		93,078	86,601
Total equity and liabilities		5,158,336	5,553,540

NOTES TO THE FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

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 2022

During the year ended 31 December 2022, the Group has adopted the following amendments to standards which are mandatory for accounting periods beginning on 1 January 2022:

HKFRS 3 (Amendments)	Reference to the Conceptual Framework
HKFRS 16 (Amendments)	COVID-19-Related Rent Concession beyond 30 June 2021
HKAS 16 (Amendments)	Property, Plant and Equipment – Proceeds before Intended Use
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements	Annual Improvements to HKFRSs 2018 – 2020 Cycle
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations

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 2023 or later periods but have not been early adopted by the Group:

HKFRS 17 and amendments to HKFRS 17	Insurance Contracts ⁽¹⁾
Amendments to HKFRS 17	Initial application of HKFRS 17 and HKFRS 9 – Comparative Information ⁽¹⁾
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ⁽¹⁾
Amendments to HKAS 8	Definition of Accounting Estimates ⁽¹⁾
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ⁽¹⁾
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ⁽²⁾
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ⁽²⁾
Amendments to HKAS 1	Non-current Liabilities with Covenants ⁽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 ⁽²⁾
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁽³⁾

1 BASIS OF PREPARATION (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 January 2023
- (2) Effective for accounting periods beginning on or after 1 January 2024
- (3) Effective date is to be determined

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 (LOSSES)/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 (losses)/income represents net realised and unrealised (losses)/gains on financial assets at fair value through profit or loss. Revenue and other (losses)/income recognised during the year comprises the following:

	2022	2021
	HK\$'000	HK\$'000
Revenue		
Gross rental income from investment properties	66,809	70,361
Investment income from financial assets at fair value through profit or loss	3,398	2,986
Dividend income from financial assets at fair value through other comprehensive income	82,794	83,828
Management fee income from investment properties	11,319	11,112
Other	270	360
	164,590	168,647
Other (losses)/income		
Net realised and unrealised (losses)/gains on financial assets at fair value through profit or loss	(69,520)	26,854
Revenue and other (losses)/income	95,070	195,501

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 2022 amounted to HK\$211,000 (2021: HK\$185,000) respectively.

Revenue of approximately HK\$10,152,000 (2021: HK\$11,004,000) is derived from one (2021: one) major customer who contributes 10% or more of the total revenue.

2 REVENUE AND OTHER (LOSSES)/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 2022 are as follows:

	Real estate HK\$'000	Financial investments HK\$'000	Total HK\$'000
Revenue and other (losses)/income	<u>78,128</u>	<u>16,942</u>	<u>95,070</u>
Segment results	25,745	9,336	35,081
Finance income			813
Finance expense			(212)
Share of losses of joint ventures	(541)	–	<u>(541)</u>
Profit before income tax			35,141
Income tax expense			<u>(22,873)</u>
Profit attributable to equity holders of the Company			<u><u>12,268</u></u>
Other items			
Depreciation of property, plant and equipment	(15)	(29)	(44)
Net fair value losses on investment properties	<u>(5,159)</u>	<u>–</u>	<u>(5,159)</u>

Note: Right-of-use assets are managed on a central basis and depreciation of right-of-use assets of HK\$3,678,000 was recognised for the year ended 31 December 2022.

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

The segment results for the year ended 31 December 2021 are as follows:

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

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.

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 2022 are as follows:

	Real estate HK\$'000	Financial investments HK\$'000	Total HK\$'000
Segment assets	2,502,356	2,561,380	5,063,736
Right-of-use assets			7,429
Investments in joint ventures	87,171	–	87,171
			5,158,336
Segment liabilities	51,026	5,243	56,269
Unallocated liabilities			36,809
			93,078

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

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>

The Company is incorporated in Bermuda and is domiciled in Hong Kong. The Group's revenue and other (losses)/income from Hong Kong and from other countries for the year ended 31 December is analysed as follows:

	2022 HK\$'000	2021 HK\$'000
Hong Kong	65,676	69,340
United States of America	(21,333)	15,115
Europe	(24,761)	16,718
Taiwan	82,855	83,713
Other countries	(7,367)	10,615
	<u>95,070</u>	<u>195,501</u>

At 31 December 2022, the total of non-current assets other than financial instruments located/operated in Hong Kong and in Mainland China are as follows:

	2022 HK\$'000	2021 HK\$'000
Hong Kong	2,501,510	2,499,694
Mainland China	87,251	100,089
	<u>2,588,761</u>	<u>2,599,783</u>

3 OPERATING PROFIT

Operating profit is stated after charging the following:

	2022 HK\$'000	2021 HK\$'000
Depreciation of property, plant and equipment	44	70
Depreciation of right-of-use assets	3,678	4,946
Employee benefit expense (including directors' emoluments)	23,316	31,615
Management fee expense in respect of investment properties	13,780	12,190
	<u>13,780</u>	<u>12,190</u>

4 FINANCE INCOME/(EXPENSE)

	2022 HK\$'000	2021 HK\$'000
Finance income		
Bank interest income	813	154
	<u>813</u>	<u>154</u>
Finance expense		
Interest expense on lease liabilities and other non-current liability	(212)	(71)
	<u>(212)</u>	<u>(71)</u>

5 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at 16.5% (2021: 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:

	2022 HK\$'000	2021 HK\$'000
Current income tax		
– Hong Kong profits tax	4,501	2,918
– Withholding tax	17,951	18,074
– Under/(over)-provision in prior years	47	(547)
	<u>22,499</u>	<u>20,445</u>
Deferred income tax	374	1,078
	<u>374</u>	<u>1,078</u>
	<u>22,873</u>	<u>21,523</u>

The Group's share of income tax expense of joint ventures for the year amounted to HK\$1,135,000 (2021: HK\$2,403,000) 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.

	2022	2021
Earnings (HK\$'000)		
Profit attributable to equity holders of the Company	12,268	190,717
Number of shares (thousands)		
Weighted average number of ordinary shares in issue	33,968	34,092
Earnings per share (HK\$)		
Basic and diluted (<i>Note</i>)	0.36	5.59

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

7 DIVIDENDS

	2022 HK\$'000	2021 HK\$'000
2022 proposed final dividend of HK\$0.70 (2021: HK\$0.70) per share	23,778	23,777
2022 proposed special dividend of HK\$0.30 (2021: HK\$0.70) per share	10,190	23,778
	33,968	47,555

8 TRADE AND OTHER RECEIVABLES

	2022 HK\$'000	2021 HK\$'000
Trade receivables	163	202
Other receivables, prepayments and deposits	8,611	8,044
Amounts due from joint ventures	1,364	1,612
	10,138	9,858

The Group does not grant any credit term to customers. At 31 December 2022, the aging analysis of the trade receivables is as follows:

	2022 HK\$'000	2021 HK\$'000
Within 30 days	163	202

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

9 TRADE AND OTHER PAYABLES

	2022	2021
	HK\$'000	HK\$'000
Trade payables	2,341	3,143
Rental and management fee deposits	19,271	19,197
Other payables and accruals	32,437	34,925
	54,049	57,265

At 31 December 2022, the aging analysis of the trade payables is as follows:

	2022	2021
	HK\$'000	HK\$'000
Within 30 days	2,341	3,143

10 INVESTMENTS IN JOINT VENTURES

In respect of a joint venture of the Group, Shanghai Sung Nan Textile Co., Ltd., its joint venture term and land use right expired on 31 May 2022 despite its business licence is valid up to 31 May 2042. The Group accounted for its share of result of this joint venture up to 31 May 2022.

DIVIDEND

The Directors recommend the payment of a final dividend of HK\$0.70 per share and a special dividend of HK\$0.30 per share, representing a total dividend distribution of approximately HK\$34.0 million (2021: 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). 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 9 June 2023. These proposed dividends are not reflected as dividends payable in the financial statements for the year ended 31 December 2022, but will be reflected as appropriations of retained profits for the year ending 31 December 2023.

The register of members of the Company will be closed from 30 May 2023 to 1 June 2023, 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 Monday, 29 May 2023.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

Leasing activities in 2022 at our industrial/office (I/O) building, Nanyang Plaza, situated in Kwun Tong, were very sluggish. New rentals almost came to a halt and rental levels at renewals were suppressed. In order to retain existing tenants, we had to lower the rental rates at a large margin. The anchor tenant, occupying 43,000 sq.ft. or approximately 14.9% of the space since 1996, moved out at the end of November. We have been actively marketing the space. Of the 290,000 sq.ft. of I/O space the Group holds, approximately 80% is presently leased. Since beginning of 2023, with the uplifting of all covid prevention measures and the opening of the border with China recently, we are hopeful that the local economy could gradually recover.

Shanghai

Sung Nan's land use rights and joint venture terms expired on 31 May 2022. We are in ongoing discussion with our Chinese Partner but the progress has been slow due to covid restrictions in Shanghai last year. It is necessary, however, to resolve the land issue in order to continue the joint-venture.

Shenzhen

Southern Textile Company Limited, the joint venture of which the Group owns 45%, continued to report satisfactory earnings and contributed to the Group's results despite rental concessions granted to tenants due to the lockdown for a week at the end of March 2022. Its main asset, a factory building, is fully leased to third parties. Business of the tenant who leased the ground and first floors continued to be very sluggish. Its lease will expire at the end of April 2023.

Financial Investments

In the second half of 2022, the global economy continued to be impacted by the conflict in Ukraine, rising inflation and interest rates, supply chain disruption and some lingering impact of the pandemic. These factors created volatility in the markets which affected the performance of our investment portfolios. During this period, we remained cautious and increased investments in investment grade bonds and reduced investments in U.S., Hong Kong, China and Japanese equities. For the year ended 31 December 2022, the investment portfolios, including cash held in the portfolios, decreased by 15.7% year on year. Financial assets at fair value through profit or loss, classified as current assets, totalled HK\$342.5 million. This represented approximately 6.6% of the total assets of the Group. They comprised approximately 400 individual holdings. The Group recorded net realised and unrealised fair value losses of HK\$69.5 million and investment income of HK\$3.4 million. Equities comprised approximately 74.7% (of which U.S. 47%; European 17.7%; Japanese 2.5%; Asia ex-Japan and others 17.9% and Emerging Markets 14.9%), bonds 16.3% (of which U.S. 83.4%; European 6.1%; Emerging Markets and others 10.5%), commodities 3.4% and cash 5.6%.

High inflation, rising interest rates, the Ukraine war, and geopolitical tension between the United States and China will continue to affect markets. China's reopening and measures taken to stabilise its property market, however, should provide a boost to its economy. As at 21 March 2023, the latest practicable date, the portfolios increased year-to-date by approximately 1.9% and the value, including cash held in the portfolios, stood at approximately US\$47.6 million or HK\$373 million.

Interest rates in the United States are expected to increase further and the risk of a recession is high. Meanwhile, measures taken by the Chinese government to stabilise its economy should provide some support to the markets. We remain vigilant and hopeful that when the interest rate cycle peaks in the United States or if the crisis in Ukraine is resolved, markets could rebound. In the meantime, we will continue to increase holdings of investment grade bonds to take advantage of attractive yields. However, the recent collapse of the Silicon Valley Bank in the U.S. and the acquisition of Credit Suisse by UBS in Switzerland created turmoil in the banking sector. This caused equity markets to react with extreme volatility. With the uncertainty we face, we will manage the rest of 2023 with caution.

The Group has an investment in a licensed bank, The Shanghai Commercial & Savings Bank, Ltd. (“SCSB”), a company incorporated in Taiwan. These shares are listed on the Taiwan Stock Exchange Corporation (Stock Code: 5876). On 13 August 2022, SCSB announced a Share Subscription Offer for 380,000,000 new SCSB Shares for subscription at NT\$37 each. 75% or 285,000,000 SCSB Shares were offered to eligible existing shareholders. The Group which held 177,568,191 SCSB Shares were entitled to take up 13,016,904 new Shares. At a Special General Meeting held on 2 December 2022, the independent shareholders approved the transaction. The aggregate cost of the additional shares was approximately HK\$127.3 million including legal and other incidental charges. It was funded by the Group’s existing internal resources. Pursuant to completion of the subscription, the Group now holds a total of 190,585,095 SCSB shares. This represents approximately 3.9% of the enlarged issued share capital of SCSB. This investment of HK\$2,103.9 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). There is no intention to dispose of the investment within 12 months of this report date.

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 2021, SCSB commenced redevelopment of its headquarters in Taipei. It is expected that the new headquarters should be completed and ready for occupation in 2024. The licence which SCSB received in 2021 to start the wealth management business for ultra high net worth clients is up for renewal this year. 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 2022 was approximately NT\$14,937.9 million (2021 same period: net profit of NT\$14,255.6 million). Total equity attributable to owners of SCSB at 31 December 2022 was approximately NT\$169,780.9 million (31/12/2021: approximately NT\$157,801.8 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 carrying value of HK\$2,317 million (31/12/2021: HK\$2,334 million) have been mortgaged to a bank to secure general banking facilities. As at 31 December 2022 and 31 December 2021, no bank facilities were utilized. Debt to equity ratio increased from 0.01% as at 31 December 2021 to 0.15% as at 31 December 2022. Debt was represented by lease liabilities, equity was total equity of the Group. At the end of the year, the Group had net current assets of HK\$393.5 million (31/12/2021: HK\$547.7 million).

EMPLOYEES

Ms. Yung Ka Sing, Kathryn, the daughter of Mr. Lincoln C.K. Yung (the Managing Director of the Company), and a sister of Mr. John Con-sing Yung (Non-Executive Director of the Company), was appointed as an Advisor, a part time staff of the Company, with effective from 3 January 2023. Her job duties include review of the financial portfolios and all other investments held by the Company. Periodic review of asset allocation in the portfolios, performance of existing holdings and evaluation of new investment opportunities.

The Group employed 12 employees as at 31 December 2022 (2021: 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 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 for daily testing to 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 year ended 31 December 2022, 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 2022.

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 2022 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 2022 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, 22 March 2023

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

Executive Directors:

Lincoln C.K. Yung, JP, FHKIB
(Managing Director)

Jennie Chen *(Assistant Managing Director and
Financial Controller)*

Non-Executive Director:

John Con-sing Yung

Independent Non-Executive Directors:

Rudolf Bischof *(Chairman)*

Robert T. T. Sze

Wong Chi Kwong Patrick

Nicholas Timothy James Colfer