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NANYANG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 212)

2022 INTERIM RESULTS ANNOUNCEMENT

GROUP FINANCIAL HIGHLIGHTS			
	Unaudited		
	Six months ended 30 June		
	2022	2021	Variance
	HK\$'000	HK\$'000	
Revenue and other (losses)/income	<u>55,552</u>	<u>161,767</u>	(66%)
(Loss)/profit attributable to equity holders of the Company	(10,314)	152,140	(107%)
Profit attributable to equity holders of the Company after excluding:			
– changes in fair value of investment properties and related tax effects	<u>21,819</u>	<u>(40,043)</u>	(154%)
	<u>11,505</u>	<u>112,097</u>	(90%)
(Loss)/earnings per share	HK\$(0.30)	HK\$4.45	(107%)
Earnings per share			
– after excluding the changes in fair value of investment properties and related tax effects	HK\$0.34	HK\$3.28	(90%)

The Board of Directors of Nanyang Holdings Limited (“the Company”) announces that the unaudited Group results for the six months ended 30 June 2022 showed a loss attributable to equity holders of HK\$10.3 million (2021: profit of HK\$152.1 million). The current period’s loss includes net realised and unrealised losses and investment income from financial assets at fair value through profit or loss of approximately HK\$68.3 million, the dividend receivable from The Shanghai Commercial & Savings Bank, Ltd., in respect of its 2021 earnings, of approximately HK\$65.7 million (after netting 21% withholding tax), and the net fair value losses of investment properties (including those owned by joint ventures) of HK\$21.8 million (2021: gain of HK\$40 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\$11.5 million (2021: profit of HK\$112.1 million). Loss per share was HK\$0.30 (2021: earnings per share were HK\$4.45). 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\$0.34 (2021: HK\$3.28). During this period, total comprehensive income increased by HK\$106.7 million. This is due mainly to the Group’s holding of SCSB shares, whose share price increased to NT\$53.10 as at 30 June 2022 (31/12/21: NT\$47.25).

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2022

	Note	Six months ended 30 June	
		2022 HK\$'000	2021 HK\$'000
Revenue	2	125,023	125,751
Other (losses)/income	2	(69,471)	36,016
Revenue and other (losses)/income	2	55,552	161,767
Direct costs		(8,650)	(8,386)
Gross profit		46,902	153,381
Administrative expenses		(18,520)	(22,631)
Other operating expenses, net		(648)	(773)
Changes in fair value of investment properties		(16,159)	38,400
Operating profit	3	11,575	168,377
Finance income	4	164	59
Finance expense	4	(101)	(46)
Share of (losses)/profits of joint ventures		(1,986)	3,438
Profit before income tax		9,652	171,828
Income tax expense	5	(19,966)	(19,688)
(Loss)/profit attributable to equity holders of the Company		(10,314)	152,140
(Loss)/earnings per share (basic and diluted)	6	HK\$(0.30)	HK\$4.45

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
(Loss)/profit for the period	(10,314)	152,140
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	(3,943)	725
Currency translation differences	17,352	3,230
Items that may not be reclassified subsequently to profit or loss		
Fair value gains on financial assets at fair value through other comprehensive income	103,600	219,997
Other comprehensive income for the period, net of tax	117,009	223,952
Total comprehensive income for the period attributable to equity holders of the Company	106,695	376,092

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2022

	Note	30 June 2022 HK\$'000	31 December 2021 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		155	177
Right-of-use assets		9,177	619
Investment properties		2,483,000	2,499,000
Investments in joint ventures	10	94,083	99,987
Financial assets at fair value through other comprehensive income		2,457,226	2,338,897
Non-current financial assets at fair value through profit or loss		9,880	9,242
		<u>5,053,521</u>	<u>4,947,922</u>
Current assets			
Trade and other receivables	8	92,775	9,858
Financial assets at fair value through profit or loss		361,699	446,161
Tax recoverable		-	1,174
Cash and bank balances		7,692	4,606
– Pledged bank deposits		119,884	143,819
– Cash and cash equivalents		<u>582,050</u>	<u>605,618</u>
		<u>5,635,571</u>	<u>5,553,540</u>
Total assets			
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		3,397	3,397
Other reserves		2,136,059	2,019,050
Retained profits		3,386,623	3,444,492
		<u>5,526,079</u>	<u>5,466,939</u>
LIABILITIES			
Non-current liabilities			
Lease liabilities		5,713	-
Deferred income tax liabilities		28,199	27,520
Other non-current liability		1,490	1,205
		<u>35,402</u>	<u>28,725</u>
Current liabilities			
Trade and other payables	9	52,582	57,265
Current income tax liabilities		18,113	-
Lease liabilities		3,395	611
		<u>74,090</u>	<u>57,876</u>
		<u>109,492</u>	<u>86,601</u>
Total liabilities			
Total equity and liabilities			
		<u>5,635,571</u>	<u>5,553,540</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 2022 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 2021 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 2021 annual financial statements, except for the adoption of the amendments to standards effective for the year ending 31 December 2022.

(i) Amendments to standards effective in current accounting period

During the period ended 30 June 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 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 2023 or in later periods but have not been early adopted by the Group:

HKFRS 17	Insurance Contracts ⁽¹⁾
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁽²⁾
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current ⁽¹⁾
HKAS 1 (Amendments)	Disclosure of Accounting Policies ⁽¹⁾
HKAS 8 (Amendments)	Definition of Accounting Estimates ⁽¹⁾
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ⁽¹⁾
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ⁽¹⁾

⁽¹⁾ Effective for accounting periods beginning on or after 1 January 2023

⁽²⁾ 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 period comprises the following:

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Revenue		
Gross rental income from investment properties	34,660	35,772
Investment income from financial assets at fair value through profit or loss	1,133	1,058
Dividend income from financial assets at fair value through other comprehensive income	83,198	82,952
Management fee income from investment properties	5,624	5,567
Other	408	402
	125,023	125,751
Other (losses)/income		
Net realised and unrealised (losses)/gains on financial assets at fair value through profit or loss	(69,471)	36,016
Revenue and other (losses)/income	55,552	161,767

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 2022 are as follows:

	Real estate	Financial	Total
	HK\$'000	investments	HK\$'000
	HK\$'000	HK\$'000	HK\$'000
Revenue and other (losses)/income	40,284	15,268	55,552
Segment result	34	11,541	11,575
Finance income			164
Finance expense			(101)
Share of losses of joint ventures	(1,986)	–	(1,986)
Profit before income tax			9,652
Income tax expense			(19,966)
Loss attributable to equity holders of the Company			(10,314)
Other items			
Depreciation of property, plant and equipment	(11)	(11)	(22)
Net fair value losses on investment properties	(16,159)	–	(16,159)

Note: Right-of-use assets are managed on a central basis and depreciation of right-of-use assets of HK\$1,930,000 was recognised for the six months ended 30 June 2022.

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

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

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

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.

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 2022 are as follows:

	Real estate HK\$'000	Financial investments HK\$'000	Total HK\$'000
Segment assets	2,491,068	3,041,243	5,532,311
Right-of-use assets			9,177
Investments in joint ventures	94,083	–	94,083
			<u>5,635,571</u>
Segment liabilities	48,301	22,394	70,695
Unallocated liabilities			38,797
			<u>109,492</u>

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

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 period ended 30 June is analysed as follows:

	Six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Hong Kong	32,502	44,044
United States of America	(23,975)	13,937
Europe	(28,793)	14,501
Taiwan	83,198	82,952
Other countries	(7,380)	6,333
	<u>55,552</u>	<u>161,767</u>

At 30 June 2022, the total of non-current assets other than financial instruments located/operated in Hong Kong and in Mainland China are as follows:

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Hong Kong	2,492,241	2,499,694
Mainland China	94,174	100,089
	<u>2,586,415</u>	<u>2,599,783</u>

3 OPERATING PROFIT

Operating profit is stated after charging the following:

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	22	37
Depreciation of right-of-use assets	1,930	2,473
Employee benefit expense (including directors' emoluments)	11,873	15,161
Management fee expense in respect of investment properties	5,934	5,934
	<u>5,934</u>	<u>5,934</u>

4 FINANCE INCOME/(EXPENSE)

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Finance income		
Bank interest income	164	59
	<u>164</u>	<u>59</u>
Finance expense		
Interest expense on lease liabilities and other non-current liability	(101)	(46)
	<u>(101)</u>	<u>(46)</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 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.

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Current income tax		
– Hong Kong profits tax	1,815	1,453
– Withholding tax	17,472	17,420
Deferred income tax	679	815
	<u>19,966</u>	<u>19,688</u>

6 (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated by dividing the (loss)/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	
	2022	2021
(Loss)/earnings (HK\$'000)		
(Loss)/profit attributable to equity holders of the Company	<u>(10,314)</u>	<u>152,140</u>
Number of shares (thousands)		
Weighted average number of ordinary shares in issue	<u>33,968</u>	<u>34,159</u>
(Loss)/earnings per share (HK\$)		
Basic and diluted (<i>Note</i>)	<u>(0.30)</u>	<u>4.45</u>

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

7 DIVIDENDS

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
2021 final dividend paid of HK\$0.70 (2021: 2020 final dividend paid of HK\$0.70) per share	23,778	23,891
2021 special dividend paid of HK\$0.70 (2021: 2020 special dividend paid of HK\$0.70) per share	<u>23,777</u>	<u>23,890</u>
	<u>47,555</u>	<u>47,781</u>

The Directors have not declared an interim dividend for the six months ended 30 June 2022 (2021: Nil).

8 TRADE AND OTHER RECEIVABLES

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Trade receivables	149	202
Other receivables, prepayments and deposits	8,095	8,044
Dividend receivables	83,197	–
Amounts due from joint ventures	1,334	1,612
	<u>92,775</u>	<u>9,858</u>

The Group does not grant any credit period to its customers. At 30 June 2022, the aging analysis of the trade receivables were as follows:

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Within 30 days	<u>149</u>	<u>202</u>

9 TRADE AND OTHER PAYABLES

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Trade payables	2,818	3,143
Rental and management fee deposits	20,360	19,197
Other payables and accruals	29,404	34,925
	<u>52,582</u>	<u>57,265</u>

At 30 June 2022, the aging analysis of trade payables were as follows:

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Within 30 days	<u>2,818</u>	<u>3,143</u>

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.

11 EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 13 August 2022, The Shanghai Commercial & Savings Bank, Ltd. (“SCSB”) announced the SCSB share offer, pursuant to which a total number of 380,000,000 new SCSB shares will be offered for subscription. 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 existing shareholders of SCSB. The Group currently holds 177,568,191 SCSB shares. Details of the SCSB share offer including the offer price and the timetable has yet to be announced.

INTERIM DIVIDEND

The Directors have not declared an interim dividend for the six months ended 30 June 2022 (2021: Nil).

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 period.

BUSINESS REVIEW AND PROSPECTS

Real Estate

Hong Kong

The local economy continued to be affected by measures taken to control the coronavirus. Leasing activities at our building, Nanyang Plaza, in Kwun Tong, remained very sluggish. New rentals almost came to a halt and we reduced rental rates at renewals and offered rental concessions to existing tenants. Our anchor tenant, since 1996, occupying 43,000 sq.ft. or approximately 14.9% of the space, has decided to vacate the premises when the existing lease expires at the end of the year. We have commenced actively marketing the space. Of the 290,000 sq.ft. of industrial/office space that the Group holds, 89.1% is presently leased. With the new quarantine measures announced by the Government recently, hopefully the economy will open up slowly, which should enhance leasing activities.

Shanghai

Sung Nan's land use right and joint venture term expired on 31 May 2022, even though the business licence was extended to 31 May 2042. We are discussing with our Chinese Partner the operation of the joint-venture at the same site, however, it is necessary to resolve first the land issue. Business at Shanghai, which was under lockdown in April and May, has slowly returned to normal.

Shenzhen

Earnings at Southern Textile Company Limited, the joint venture of which the Group owns 45%, was satisfactory despite rental concessions granted to tenants due to the lockdown for a week at the end of March. Business of the retail tenants, occupying the ground and first floors, however, did not recover.

BUSINESS REVIEW AND PROSPECTS *(Continued)*

Financial Investments

Since the beginning of 2022, global equity markets have been volatile. They were affected by increases in interest rates to curb inflation, geopolitical tensions, the war between Russia and Ukraine, higher energy and commodity prices and the continued efforts by the Chinese government to contain the pandemic which affected the global supply chain. During this period, we decreased investments in U.S., China and Japan equities. For the six months ended 30 June 2022, the investment portfolios, including cash held in the portfolios, decreased by 16.4%. This has to be seen in the context of the decline of 21.2% of the MSCI Global Equity Index during the same period. Financial assets at fair value through profit or loss, classified as current assets, totalled HK\$361.7 million. This represented approximately 6.4% of the total assets of the Group. They were well diversified and comprised approximately 400 individual holdings. The Group recorded net realised and unrealised fair value losses of HK\$69.4 million and investment income of HK\$1.1 million. Equities comprised approximately 75.6% (of which U.S. 44%; European 17%; Japanese 4%; Asia ex-Japan 22% and Emerging Markets 13%), bonds 15.3% (of which U.S. 84%; European 7%; Emerging Markets 3% and others 6%), commodities 3.0% and cash 6.1%.

Going forward, rising interest rates to clamp down inflation, elevated energy prices, the war in Ukraine, tension between the United States and China, and policies taken to contain the pandemic in China will all create uncertainty in the markets. The performance of the portfolios improved further to early August. We further decreased investment in China equities and increased holdings in short-term investment grade bonds. Year-to-date the portfolios decreased by HK\$58 million, a drop of 13.45%, and the value, including cash, stood at approximately US\$48.7 million or HK\$382.3 million. For the rest of the year, we will remain cautious and will be on the lookout for any sudden changes in the markets.

The Group has an investment in a licensed bank in Taiwan, The Shanghai Commercial & Savings Bank, Ltd. (“SCSB”), a company incorporated in Taiwan, the shares of which are listed on the Taiwan Stock Exchange Corporation (Stock Code: 5876). The Group holds 177,568,191 shares representing approximately 4% of the total issued share capital of SCSB. This investment of HK\$2,454 million has been classified under non-current assets as financial assets at fair value through other comprehensive income (representing approximately 43.6% 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\$65.7 million from SCSB’s 2021 earnings. (2021: received approximately HK\$66.1 million from SCSB’s 2020 earnings.)

BUSINESS REVIEW AND PROSPECTS *(Continued)*

Financial Investments *(Continued)*

On 13 August 2022, SCSB announced a Share Offer, pursuant to which a total number of 380,000,000 new SCSB Shares were offered for subscription. 285,000,000 new SCSB Shares, representing 75% of the total number of new SCSB Shares issued under the SCSB Share Offer, will be offered to the existing shareholders of SCSB. Details of the SCSB Share Offer including the offer price and the timetable has yet to be announced. The Company will make further announcement(s) and keep the shareholders and the potential investors informed of any further development on the above matter and comply with the applicable Listing Rules as and when appropriate. Further details on the SCSB Share Offer can be found in the announcement made by SCSB as published on the website <https://mops.twse.com.tw/>.

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. Completion of its headquarters in Taipei is expected to be sometime next 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 six months ended 30 June 2022 was approximately NT\$7,257 million (2021 same period: net profit of approximately NT\$7,304 million). Total audited equity attributable to owners of SCSB at 30 June 2022 was approximately NT\$149,005 million (31/12/2021: approximately NT\$157,802 million audited). (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\$2,312 million (31/12/2021: HK\$2,334 million) have been mortgaged to a bank to secure general banking facilities. As at 30 June 2022 and 31 December 2021, no bank facilities were utilized. Debt to equity ratio increased from 0.01% as at 31 December 2021 to 0.16% as at 30 June 2022. 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\$508 million (31/12/2021: HK\$547.7 million).

EMPLOYEES

The Group employed 12 employees as at 30 June 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 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 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

With effect from 1 January 2022, the structure of Appendix 14 to the Listing Rules has been updated and renamed as the Corporate Governance Code. The provisions of the updated Corporate Governance Code are applicable to financial year commencing on or after 1 January 2022 and so will be fully complied with in the Company's 2022 Annual Report.

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 2022, in compliance with the code provisions of the Corporate Governance Code as set out in Appendix 14 of 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 2022.

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 2022 with the management. The unaudited interim financial statements of the Group for the six months ended 30 June 2022 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 2022 Interim Results Announcement.

By Order of the Board
Lee Sheung Yee
Company Secretary

Hong Kong, 30 August 2022

As 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