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NANYANG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 212)

2016 FINAL RESULTS ANNOUNCEMENT

GROUP FINANCIAL HIGHLIGHTS

	2016	2015	Variance
	HK$'000	HK$'000	
Revenue and other income/(loss)	**144,419**	125,109	15%
Profit attributable to equity holders of the Company	**125,840**	157,131	(20%)
Profit attributable to equity holders of the Company after deducting: – changes in fair value of investment properties and related tax effects	**(63,793)**	(95,332)	(33%)
	62,047	61,799	0%
	2016	2015	
	HK$	HK$	
Earnings per share	**3.57**	4.46	(20%)
Earnings per share – after deducting the changes in fair value of investment properties and related tax effects	**1.76**	1.75	1%
Final dividend per share	**0.60**	0.60	–
Special dividend per share	**0.40**	0.40	–
Dividend per share	**1.00**	1.00	–
Net asset value per share	**100.63**	101.64	(1%)

The Board of Directors of Nanyang Holdings Limited ("the Company") announces that for the year ended 31 December 2016 the Group reported a profit after taxation of HK$125.8 million. This includes a revaluation gain of investment properties at fair value totalling HK$63.8 million (2015: profit of HK$157.1 million. This included a revaluation gain of investment properties at fair value totalling HK$95.3 million). The current year's profit comprises mainly the dividend from The Shanghai Commercial & Savings Bank, Ltd., in respect of its 2015 earnings, of approximately HK$45.2 million (after deducting 20% withholding tax), the change in fair value of investment properties (including those owned by joint ventures and an associate) which resulted in a net gain of HK$63.8 million (2015: HK$95.3 million) and gains from investment portfolios, including exchange gain, of approximately HK$7.4 million. Excluding the net effect of revaluing the investment properties at fair value, 2016 would have shown a profit after tax of HK$62.0 million (2015: profit of HK$61.8 million), about the same as last year. Earnings per share were HK$3.57 (2015: HK$4.46). However, if the net effect of revaluing the investment properties at fair value had been excluded, earnings per share would have been HK$1.76 (2015: HK$1.75). The Group's net asset value per share declined slightly from HK$101.64 (at 31/12/2015) to HK$100.63 (at 31/12/2016).

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 2016 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 draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2016

	Note	**2016** **HK$'000**	2015 HK$'000
Revenue	*2*	**137,124**	132,069
Other income/(loss)	*2*	**7,295**	(6,960)
Revenue and other income/(loss)	*2*	**144,419**	125,109
Direct costs		**(16,401)**	(15,343)
Gross profit		**128,018**	109,766
Administrative expenses		**(34,757)**	(34,153)
Other operating expenses		**(900)**	(1,075)
Changes in fair value of investment properties		**59,646**	85,857
Operating profit	*3*	**152,007**	160,395
Finance income	*4*	**133**	2,358
Finance expense	*4*	**(425)**	(822)
Share of profits of joint ventures		**6,568**	10,331
Share of (loss)/profit of an associate		**(14,031)**	4,565
Profit before income tax		**144,252**	176,827
Income tax expense	*5*	**(18,412)**	(19,696)
Profit attributable to equity holders of the Company		**125,840**	157,131
Earnings per share (basic and diluted)	*6*	**HK$3.57**	HK$4.46
Dividends	*7*	**35,226**	35,262

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	2016 HK$'000	2015 HK$'000
Profit for the year	**125,840**	157,131
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Fair value losses on available-for-sale financial assets	**(112,890)**	(195,887)
Share of other comprehensive income of joint ventures and an associate accounted for under equity method	**(16,240)**	(9,644)
Currency translation differences	**526**	(1,053)
Other comprehensive income for the year, net of tax	**(128,604)**	(206,584)
Total comprehensive income attributable to equity holders of the Company	**(2,764)**	(49,453)

CONSOLIDATED BALANCE SHEET

As at 31 December 2016

	Note	2016 HK$'000	2015 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**549**	798
Investment properties		**2,091,080**	2,031,370
Investments in joint ventures		**101,081**	104,919
Investment in an associate		**51,772**	75,261
Available-for-sale financial assets		**1,056,750**	1,169,115
Deferred income tax assets		**–**	442
		3,301,232	3,381,905
Current assets			
Trade and other receivables	8	**11,273**	9,797
Financial assets at fair value through profit or loss		**251,172**	243,447
Tax recoverable		**–**	2
Cash and bank balances			
– Pledged bank deposits		**–**	38,416
– Cash and cash equivalents		**58,896**	44,696
		321,341	336,358
Total assets		**3,622,573**	3,718,263
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**3,523**	3,526
Other reserves		**837,486**	974,873
Retained profits		**2,703,674**	2,605,730
Total equity		**3,544,683**	3,584,129
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**21,705**	20,973
Current liabilities			
Trade and other payables	9	**55,724**	54,453
Current income tax liabilities		**461**	1,415
Short term bank loans – secured		**–**	57,000
Derivative financial liability		**–**	293
		56,185	113,161
Total liabilities		**77,890**	134,134
Total equity and liabilities		**3,622,573**	3,718,263

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, available-for-sale financial assets and financial assets at fair value through profit or loss, which are carried 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 2016 and are relevant to the Group's operations

During the year ended 31 December 2016, the Group has adopted the following amendments to standards which are mandatory for accounting periods beginning on 1 January 2016:

HKAS 1 (Amendments)	Disclosure Initiative
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception
Annual Improvements Project	Annual Improvements 2014

The adoption of these 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 standards and amendments to standards that are not yet effective and have not been early adopted by the Group

The following new standards and amendments to standards have been published which are mandatory for the Group's accounting periods beginning on or after 1 January 2017 or later periods but have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
HKAS 7 (Amendments)	Disclosure Initiative	1 January 2017
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture	To be determined

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

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

The Group has commenced an assessment of the expected impact of the new standards as set out below:

HKFRS 9, 'Financial instruments'

The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

While the Group has yet to undertake a detailed assessment of the classification and measurement of financial assets, equity instruments currently classified as available-for-sale (AFS) financial assets for which a fair value through other comprehensive income (FVOCI) election is available and hence there will be no change to the accounting for these assets.

The other financial assets held by the Group include equity investments currently measured at fair value through profit or loss (FVPL) which would likely continue to be measured on the same basis under HKFRS 9.

Accordingly, the Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The Group does not expect a significant impact under the new hedge accounting rules as the Group does not have any such hedging.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. The Group does not expect the new guidance to have a significant impact on the Group's financial statements.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

HKFRS 9 must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed HKFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The Group does not intend to adopt HKFRS 9 before its mandatory date.

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

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

HKFRS 15, 'Revenue from contracts with customers'

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

HKFRS 15 is mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

The Group does not expect any significant impact of HKFRS 15 as its major source of revenue is rental income which is excluded from the scope of the new standard.

HKFRS 16, 'Leases'

HKFRS 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK$7,740,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

2 REVENUE AND OTHER INCOME/(LOSS) AND SEGMENT INFORMATION

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

	2016	2015
	HK$'000	HK$'000
Revenue		
Gross rental income from investment properties	**64,366**	61,169
Investment income from financial assets at fair value through profit or loss	**3,620**	3,893
Dividend income from available-for-sale financial assets	**58,477**	56,277
Management fee income from investment properties	**10,430**	10,374
Other	**231**	356
	137,124	132,069
Other income/(loss)		
Net realised and unrealised gains/(losses) on financial assets at fair value through profit or loss	**7,295**	(6,960)
Revenue and other income/(loss)	**144,419**	125,109

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.

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

The segment results for the year ended 31 December 2016 are as follows:

	Real estate HK$'000	**Financial investments HK$'000**	**Total HK$'000**
Revenue and other income/(loss)	**74,796**	**69,623**	**144,419**
Segment result	**88,378**	**63,629**	**152,007**
Finance income			**133**
Finance expense			**(425)**
Share of profits of joint ventures	**6,568**	**–**	**6,568**
Share of loss of an associate	**(14,031)**	**–**	**(14,031)**
Profit before income tax			**144,252**
Income tax expense			**(18,412)**
Profit attributable to equity holders of the Company			**125,840**
Other items			
Depreciation	**112**	**141**	**253**
Fair value gain on investment properties	**59,646**	**–**	**59,646**

The segment results for the year ended 31 December 2015 are as follows:

	Real estate HK$'000	Financial investments HK$'000	Total HK$'000
Revenue and other income/(loss)	71,543	53,566	125,109
Segment result	112,456	47,939	160,395
Finance income			2,358
Finance expense			(822)
Share of profits of joint ventures	10,331	–	10,331
Share of profit of an associate	4,565	–	4,565
Profit before income tax			176,827
Income tax expense			(19,696)
Profit attributable to equity holders of the Company			157,131
Other items			
Depreciation	113	157	270
Fair value gain on investment properties	85,857	–	85,857

Reportable segments' assets and liabilities are reconciled to total assets and liabilities below. Segment assets exclude investments in joint ventures, investment in an associate and deferred income tax assets, and segment liabilities exclude deferred income tax liabilities and short term bank loans which are managed on a central basis.

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

The segment assets and liabilities as at 31 December 2016 are as follows:

	Real estate HK$'000	**Financial investments HK$'000**	**Total HK$'000**
Segment assets	**2,092,062**	**1,377,658**	**3,469,720**
Investments in joint ventures	**101,081**	**–**	**101,081**
Investment in an associate	**51,772**	**–**	**51,772**
			3,622,573
Segment liabilities	**47,415**	**8,770**	**56,185**
Unallocated liabilities			**21,705**
			77,890

The segment assets and liabilities as at 31 December 2015 are as follows:

	Real estate HK$'000	Financial investments HK$'000	Total HK$'000
Segment assets	2,032,654	1,504,987	3,537,641
Investments in joint ventures	104,919	–	104,919
Investment in an associate	75,261	–	75,261
Unallocated assets			442
			3,718,263
Segment liabilities	47,526	8,635	56,161
Unallocated liabilities			77,973
			134,134

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

	2016 HK$'000	2015 HK$'000
Hong Kong	**74,825**	69,766
United States of America	**6,891**	(596)
Europe	**2,955**	(255)
Taiwan	**58,477**	56,277
Other countries	**1,271**	(83)
	144,419	125,109

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

At 31 December 2016, the total of non-current assets other than financial instruments and deferred income tax assets located/operated in Hong Kong and in Mainland China are as follows:

	2016	2015
	HK$'000	HK$'000
Hong Kong	**2,091,412**	2,031,809
Mainland China	**153,070**	180,539
	2,244,482	2,212,348

3 OPERATING PROFIT

Operating profit is stated after charging the following:

	2016	2015
	HK$'000	HK$'000
Depreciation	**253**	270
Employee benefit expense (including directors' emoluments)	**25,699**	25,433
Operating lease payments on land and buildings	**3,792**	3,699
Management fee expense in respect of investment properties	**11,086**	11,012

4 FINANCE INCOME/(EXPENSE)

	2016	2015
	HK$'000	HK$'000
Finance income		
Net exchange gain on financing activities	**133**	2,358
Finance expense		
Interest expense on bank loan	**(425)**	(822)

5 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profit for the year. Withholding tax on dividends receivable from overseas investments including joint ventures and an associate has been calculated at the rates of taxation prevailing in the countries in which the investments operate.

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

	2016	2015
	HK$'000	HK$'000
Current income tax		
– Hong Kong profits tax	**3,661**	3,215
– Withholding tax	**13,620**	15,379
– Over-provision in prior years	**(43)**	(203)
	17,238	18,391
Deferred income tax	**1,174**	1,305
	18,412	19,696

The Group's share of income tax expense of joint ventures and an associate for the year amounted to HK$62,759,000 (2015: HK$6,457,000) and is included in the consolidated income statement as share of results of joint ventures and an associate.

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.

	2016	2015
Earnings (HK$'000)		
Profit attributable to equity holders of the Company	**125,840**	157,131
Number of shares (thousands)		
Weighted average number of ordinary shares in issue	**35,247**	35,262
Earnings per share (HK$)		
Basic and diluted *(Note)*	**3.57**	4.46

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

7 DIVIDENDS

	2016	2015
	HK$'000	HK$'000
2016 proposed final dividend of HK$0.60 (2015: HK$0.60) per share	**21,136**	21,157
2016 proposed special dividend of HK$0.40 (2015: HK$0.40) per share	**14,090**	14,105
	35,226	35,262

8 TRADE AND OTHER RECEIVABLES

	2016 HK$'000	2015 HK$'000
Trade receivables	**830**	89
Other receivables, prepayments and deposits	**8,717**	7,588
Amounts due from joint ventures	**1,726**	2,120
	11,273	9,797

The Group does not grant any credit term to customers. At 31 December 2016, the aging analysis of the trade receivables is as follows:

	2016 HK$'000	2015 HK$'000
Within 30 days	**830**	48
31–60 days	**–**	41
	830	89

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

9 TRADE AND OTHER PAYABLES

	2016 HK$'000	2015 HK$'000
Trade payables	**3,735**	2,977
Rental and management fee deposits	**17,975**	16,892
Other payables and accruals	**34,014**	34,584
	55,724	54,453

At 31 December 2016, the aging analysis of the trade payables is as follows:

	2016 HK$'000	2015 HK$'000
Within 30 days	**3,188**	2,637
31–60 days	**547**	340
	3,735	2,977

DIVIDEND

The Directors recommend the payment of a final dividend of HK$0.60 per share and a special dividend of HK$0.40 per share, representing a total dividend distribution of approximately HK$35.2 million (2015: final dividend of HK$0.60 per share and a special dividend of HK$0.40 per share, representing a total dividend distribution of approximately HK$35.3 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 14 June 2017. These proposed dividends are not reflected as dividends payable in the financial statements for the year ended 31 December 2016, but will be reflected as appropriations of retained profits for the year ending 31 December 2017.

The register of members of Company will be closed from 2 June 2017 to 5 June 2017, both days inclusive, during which period no transfer of shares will be registered. For the purpose of ascertaining the shareholders' entitlement for the proposed final and special dividends, all transfers of shares 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, Rooms 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Thursday, 1 June 2017.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year, the Company repurchased an aggregate of 35,500 of its shares on The Stock Exchange of Hong Kong Limited, all of which have 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 purchased	Price per share Highest HK$	Price per share Lowest HK$	Aggregate price HK$
2016				
January	11,500	39.00	38.00	441,000
November	16,000	41.65	41.00	663,000
December	8,000	41.00	41.00	328,000
	35,500			1,432,000

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

Local business sentiment improved. Leasing activities at our building, Nanyang Plaza, in Kwun Tong, picked up. Of the 290,000 sq.ft. of industrial/office space, presently 95.8% is leased. In 2017, there will be new space coming on stream in the vicinity. We fitted out a vacant unit with standard landlord provision and false ceiling in order to attract new tenants.

Shanghai

Performance at the joint venture, Shanghai Sung Nan Textile Co., Ltd., (owned 65% by the Company), which was a factory site converted to offices for rental, continued to be satisfactory. The total leasable area of 28,142 sq.m. is presently fully leased to third parties. The wedding banquet business of the anchor tenant, (of 21,202 sq.m. or 75.3%), has improved.

The Group's investment, a 16.7% interest in HSL China Metropolitan Fund ("Fund") which holds a service apartment in Shanghai, has been classified as an "Associate". Since the commencement of the sale of the apartment units by strata-title, it has been in line with expectation. During the year, the investment reported a loss of HK$14 million. But the balance of the revenue from almost 25% of the apartment units were received in early 2017, thus minimizes the deficit. It is expected that the gain of this project should come from the sale of the podium.

Shenzhen

Southern Textile Company Limited, the Group's 45% joint venture, continued to report favourable results. In 2016, Southern's management upgraded the corridors of two floors of the building which is 30 years old and installed new electrical wiring which enhanced occupancy and rental levels. Of the total leasable area of 18,300 sq.m., presently 100% is leased. In 2017, the electrical and sprinkler systems on the four upper floors of the old factory building will be replaced in phases.

Financial Investments

2016 was a year of surprises and unexpected events. In the first half, equity markets fell and later somewhat recovered. However, in the second half, especially following the election of the new President in the United States in November, who proposed tax cuts, deregulation and an increase in infrastructure spending, the equity markets reacted favourably. We increased U.S., and emerging markets equities and emerging market bonds and reduced cash. For the year ended 31 December 2016, the investment portfolios showed an increase of approximately 3.5%. The value of the portfolios, at the end of the period, stood at US$38.0 million or approximately HK$294.5 million.

BUSINESS REVIEW AND PROSPECTS *(cont'd)*

Financial Investments *(cont'd)*

Since the beginning of 2017, with firming growth in the US and Europe and stabilizing economic indicators in China, the equity markets continued to perform satisfactorily. We increased equities further but reduced exposure to commodities. As at 20 March 2017 the latest practicable date, the portfolios increased year-to-date by approximately 4.6% and the value stood at US$39.8 million or approximately HK$309.0 million. Equities comprised 63.1% (of which 35.0% was in U.S. equities), bonds 23.7%, commodities 0.2% and cash 13.0%.

Going forward, the shift in US fiscal policy, including tax reform, may bring about a broader based recovery which should be favourable for business. However, uncertainty remains as to when and how these policies would be implemented and protectionist measures taken by the new US administration, populism arising in Europe and rising interest rates in the US may have a dampening effect. Despite the above, we have a positive view of the markets and look forward to 2017 with guarded expectations.

The Group's investment in The Shanghai Commercial & Savings Bank, Ltd. ("SCSB") in Taiwan, representing approximately 4% of the total issued share capital, is classified under non-current assets as an available-for-sale financial asset ("asset"), as there is no intention to dispose of it within 12 months of the annual report date. In 2016, the Group received net cash dividends of approximately HK$45.2 million. During the year, the SCSB share price declined but since the beginning of 2017, it has recovered to close to the previous level as has been the N.T. Dollar.

In 2016, the Taiwan Commodity Exchange held its second Diamond prize award and SCSB received second prize for Banks Trade Volume growth and Banks Trade Volume. In July 2016, the Singapore branch officially opened. Presently SCSB has 69 branches in Taiwan, one in Hong Kong, one in Vietnam and one in Singapore. They also have three representative offices, one in Jakarta, Indonesia, one in Bangkok, Thailand and one in Phnom Peng, Cambodia. SCSB holds a 57.6% interest in Shanghai Commercial Bank Limited ("SCB") in Hong Kong. Its new state-of-the-art headquarters building, at 12 Queen's Road Central, opened in the fourth quarter. SCB has 44 branches in Hong Kong, three in China and four branches overseas. The unaudited net income of SCSB for the nine months ended 30 September 2016 was approximately NT$8,625.7 million (2015 same period: net income of approximately NT$8,762.7 million), representing a slight decrease of 1.6%. Total shareholders equity at 30 September 2016 was approximately NT$115,911.6 million (30/9/2015: approximately NT$112,219.2 million), an increase of 3.3%. (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$1,942 million (31/12/2015: HK$1,892 million) have been mortgaged to a bank to secure general banking facilities. As at 31 December 2016, no bank facilities (31/12/2015: HK$40 million) was utilized. At the end of the year, the Group had net current assets of HK$265.2 million (31/12/2015: HK$223.2 million).

EMPLOYEES

The Group employed 14 employees as at 31 December 2016. 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.

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 2016, 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 2016.

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 and financial reporting matters including a review of the draft consolidated financial statements for the year ended 31 December 2016 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 2016 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, 27 March 2017

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

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

Non-Executive Director:
John Con-sing Yung

Independent Non-Executive Directors:
Rudolf Bischof *(Chairman)*
Robert T. T. Sze
Kwan Wing Kwong Zachary
Wong Chi Kwong Patrick