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NANYANG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 212)

2019 FINAL RESULTS ANNOUNCEMENT

GROUP FINANCIAL HIGHLIGHTS

	2019 HK$'000	2018 HK$'000	Variance
Revenue and other income/(losses)	**228,897**	121,965	88%
Profit attributable to equity holders of the Company	**60,281**	334,518	(82%)
Profit attributable to equity holders of the Company after deducting: – changes in fair value of investment properties and related tax effects	**103,003**	(272,963)	(138%)
	163,284	61,555	165%

	2019 HK$	2018 HK$	
Earnings per share	**1.75**	9.62*	(82%)
Earnings per share – after deducting the changes in fair value of investment properties and related tax effects	**4.74**	1.77*	168%
Final dividend per share	**0.70**	0.70	–
Special dividend per share	**0.70**	0.70	–
Dividend per share	**1.40**	1.40	–
Net asset value per share	**154.36**	137.71	12%

* restated due to correction of calculation of the weighted average number of shares in issue for the year ended 31 December 2018

The Board of Directors of Nanyang Holdings Limited ("the Company") announces that for the year ended 31 December 2019 the Group reported a profit attributable to equity holders of HK$60.3 million (2018: profit of HK$334.5 million). The current year's profit comprises the dividend from The Shanghai Commercial & Savings Bank, Ltd., in respect of its 2018 earnings, of approximately HK$64.3 million (after netting 21% withholding tax); and net realised and unrealised gains and investment income from financial assets at fair value through profit or loss of HK$59.9 million; as well as the change in fair value of investment properties (including those owned by joint ventures). These resulted in a decrease totalling HK$103 million (2018: net gain of HK$273 million). Excluding the net effect of revaluing the investment properties at fair value, 2019 would have shown a profit attributable to equity holders of HK$163.3 million (2018: profit of HK$61.6 million). Total earnings per share were HK$1.75 (2018: HK$9.62). However, if the net effect of revaluing the investment properties at fair value had been excluded, earnings per share would have been HK$4.74 (2018: HK$1.77). The Group's net asset value per share increased from HK$137.71 (at 31/12/2018) to HK$154.36 (at 31/12/2019).

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 2019 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 2019

	Note	2019 HK$'000	2018 HK$'000
Revenue	2	**173,449**	163,752
Other income/(losses)	2	**55,448**	(41,787)
Revenue and other income/(losses)	2	**228,897**	121,965
Direct costs		**(16,675)**	(15,934)
Gross profit		**212,222**	106,031
Administrative expenses		**(41,495)**	(37,271)
Other operating income/(expenses), net		**308**	(459)
Changes in fair value of investment properties		**(95,469)**	276,001
Operating profit	3	**75,566**	344,302
Finance income	4	**1,006**	1,231
Finance expense	4	**(304)**	(71)
Share of profits of joint ventures		**6,306**	11,140
Profit before income tax		**82,574**	356,602
Income tax expense	5	**(22,293)**	(22,084)
Profit attributable to equity holders of the Company		**60,281**	334,518
			(Restated)
Earnings per share (basic and diluted)	6	**HK$1.75**	HK$9.62
Dividends	7	**48,267**	48,267

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	2019	2018
	HK$'000	HK$'000
Profit for the year	**60,281**	334,518
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Share of other comprehensive income of joint ventures accounted for under equity method	**(2,048)**	(7,184)
Currency translation differences	**(10,986)**	4,123
Items that may not be reclassified subsequently to profit or loss		
Fair value gains on financial assets at fair value through other comprehensive income	**574,778**	241,438
Other comprehensive income for the year, net of tax	**561,744**	238,377
Total comprehensive income attributable to equity holders of the Company	**622,025**	572,895

CONSOLIDATED BALANCE SHEET
As at 31 December 2019

	Note	2019 HK$'000	2018 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**213**	296
Right-of-use assets		**10,511**	–
Investment properties		**2,467,500**	2,553,230
Investments in joint ventures		**108,499**	109,007
Prepayment	*8*	**–**	9,739
Financial assets at fair value through other comprehensive income		**2,364,390**	1,674,111
Non-current financial assets at fair value through profit or loss		**4,606**	4,300
		4,955,719	4,350,683
Current assets			
Trade and other receivables	*8*	**10,772**	9,352
Financial assets at fair value through profit or loss		**366,768**	294,607
Current income tax recoverable		**–**	441
Cash and bank balances			
– Pledged bank deposits		**10,624**	13,353
– Cash and cash equivalents		**80,874**	164,620
		469,038	482,373
Total assets		**5,424,757**	4,833,056
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**3,448**	3,448
Other reserves		**2,033,918**	1,471,922
Retained profits		**3,284,347**	3,272,585
Total equity		**5,321,713**	4,747,955
LIABILITIES			
Non-current liabilities			
Lease liabilities		**5,454**	–
Deferred income tax liabilities		**25,451**	25,213
Other non-current liability		**1,163**	–
		32,068	25,213
Current liabilities			
Trade and other payables	*9*	**53,315**	50,846
Current income tax liabilities		**4,027**	–
Short-term borrowing		**8,877**	9,042
Lease liabilities		**4,757**	–
		70,976	59,888
Total liabilities		**103,044**	85,101
Total equity and liabilities		**5,424,757**	4,833,056

NOTES TO THE FINANCIAL STATEMENTS

1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

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

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) New standards, interpretation and amendments to standards that are effective in 2019

During the year ended 31 December 2019, the Group has adopted the following new standards, interpretation and amendments to standards which are mandatory for accounting periods beginning on 1 January 2019:

HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement
HKAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation and Modification of Financial Liabilities
HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Annual Improvements	Annual Improvements to HKFRSs 2015–2017 Cycle

The impact of the adoption of HKFRS 16 is disclosed in Note 1(c) below. The adoption of other new standard, interpretation and 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 *(cont'd)*

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

		Effective for accounting periods beginning on or after
HKFRS 3 (Amendments)	Definition of a Business	1 January 2020
HKFRS 7, HKFRS 9 and HKAS 39 (Amendments)	Interest Rate Benchmark Reform	1 January 2020
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture	To be determined
HKFRS 17	Insurance Contracts	1 January 2021
HKAS 1 and HKAS 8 (Amendments)	Definition of Material	1 January 2020
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1 January 2020

The Group has already commenced an assessment of the impact of the above new standard and amendments to standards and does not expect that they would have any significant impact to its results of operations and financial position.

(c) Changes in accounting policy

As explained in Note 1(a) above, the Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. In applying HKFRS 16 for the first time, the Group has applied the practical expedient permitted by the standard to account for operating leases of properties with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases and therefore no adjustment was made to the opening balance sheet on 1 January 2019.

A reconciliation of the operating lease commitments disclosed as at 31 December 2018 to the lease liabilities recognised as at 1 January 2019 is set out below.

	2019 **HK$'000**
Operating lease commitments disclosed as at 31 December 2018	455
Less: short-term leases recognised on a straight-line basis as expense	(455)
Lease liability recognised as at 1 January 2019	–

From 1 January 2019, property leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 'Leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at the lease commencement date.

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

(c) Changes in accounting policy *(cont'd)*

Lease payments include fixed payments less any lease incentive receivable. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The associated right-of-use assets were measured at the amount equal to the lease liability plus any initial direct costs and restoration costs, and adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated balance sheet. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in the consolidated income statement.

In the consolidated statement of cash flows, cash payment for the principal portion of the lease liabilities are classified as financing activities and cash payments for the interest portion of the lease liabilities are classified as required for interest paid.

(d) Restatement of comparatives information

The basic and diluted earnings per share for the year ended 31 December 2018 have been restated to HK$9.62 (as previously reported: HK$9.92) due to the correction of calculation of the weighted average number of shares in issue for the year ended 31 December 2018 which should be 34,766,000 shares (as previously reported: 33,709,000 shares) (Note 6).

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

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

	2019 **HK$'000**	2018 HK$'000
Revenue		
Gross rental income from investment properties	**75,236**	72,406
Investment income from financial assets at fair value through profit or loss	**4,477**	4,898
Dividend income from financial assets at fair value through other comprehensive income	**81,461**	75,276
Management fee income from investment properties	**11,989**	10,843
Other	**286**	329
	173,449	163,752
Other income/(losses)		
Net realised and unrealised gains/(losses) on financial assets at fair value through profit or loss	**55,448**	(41,787)
Revenue and other income/(losses)	**228,897**	121,965

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

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 2019 amounted to HK$108,000 (2018: HK$128,000) respectively.

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 2019 are as follows:

	Real estate HK$'000	**Financial investments HK$'000**	**Total HK$'000**
Revenue and other income/(losses)	**87,225**	**141,672**	**228,897**
Segment results	**(61,061)**	**136,627**	**75,566**
Finance income			**1,006**
Finance expense			**(304)**
Share of profits of joint ventures	**6,306**	**–**	**6,306**
Profit before income tax			**82,574**
Income tax expense			**(22,293)**
Profit attributable to equity holders of the Company			**60,281**
Other items			
Depreciation of property, plant and equipment	**(61)**	**(24)**	**(85)**
Fair value losses on investment properties	**(95,469)**	**–**	**(95,469)**

Note: Right-of-use assets are managed on a central basis and depreciation of right-of-use assets of HK$4,328,000 was recognised for the year ended 31 December 2019.

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

The segment results for the year ended 31 December 2018 are as follows:

	Real estate HK$'000	Financial investments HK$'000	Total HK$'000
Revenue and other (losses)/income	83,249	38,716	121,965
Segment results	311,690	32,612	344,302
Finance income			1,231
Finance expense			(71)
Share of profits of joint ventures	11,140	–	11,140
Profit before income tax			356,602
Income tax expense			(22,084)
Profit attributable to equity holders of the Company			334,518
Other items			
Depreciation of property, plant and equipment	(103)	(24)	(127)
Fair value gains on investment properties	276,001	–	276,001

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, short-term borrowing and other non-current liability which are managed on a central basis.

The segment assets and liabilities as at 31 December 2019 are as follows:

	Real estate HK$'000	**Financial investments HK$'000**	**Total HK$'000**
Segment assets	**2,467,567**	**2,838,180**	**5,305,747**
Right-of-use assets			**10,511**
Investments in joint ventures	**108,499**	**–**	**108,499**
			5,424,757
Segment liabilities	**53,942**	**3,400**	**57,342**
Unallocated liabilities			**45,702**
			103,044

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

The segment assets and liabilities as at 31 December 2018 are as follows:

	Real estate HK$'000	Financial investments HK$'000	Total HK$'000
Segment assets	2,553,630	2,170,419	4,724,049
Investments in joint ventures	109,007	–	109,007
			4,833,056
Segment liabilities	47,808	3,038	50,846
Unallocated liabilities			34,255
			85,101

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

	2019 HK$'000	2018 HK$'000
Hong Kong	**97,253**	75,292
United States of America	**20,344**	(14,409)
Europe	**25,641**	(8,021)
Taiwan	**81,461**	75,275
Other countries	**4,198**	(6,172)
	228,897	121,965

At 31 December 2019, the total of non-current assets other than financial instruments located/operated in Hong Kong and in Mainland China are as follows:

	2019 HK$'000	2018 HK$'000
Hong Kong	**2,478,078**	2,563,096
Mainland China	**108,645**	109,176
	2,586,723	2,672,272

3 OPERATING PROFIT

Operating profit is stated after charging the following:

	2019 HK$'000	2018 HK$'000
Depreciation of property, plant and equipment	**85**	127
Depreciation of right-of-use assets	**4,328**	–
Short-term lease expenses (2018: Operating lease payments on land and buildings)	**403**	3,867
Employee benefit expense (including directors' emoluments)	**30,029**	28,454
Management fee expense in respect of investment properties	**12,190**	11,114

4 FINANCE INCOME/(EXPENSE)

	2019 HK$'000	2018 HK$'000
Finance income		
Net exchange gain on financing activities	**179**	446
Bank interest income	**827**	785
	1,006	1,231
Finance expense		
Interest expense on short-term borrowing	**(100)**	(71)
Interest expense on lease liabilities and other non-current liability	**(204)**	–
	(304)	(71)

5 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at 16.5% (2018: 16.5%) of the estimated assessable profits for the year. Withholding tax on dividends receivable from overseas investments including joint ventures and 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:

	2019 HK$'000	2018 HK$'000
Current income tax		
– Hong Kong profits tax	**4,171**	3,491
– Withholding tax	**17,597**	16,431
– Under/(over)-provision in prior years	**287**	(91)
	22,055	19,831
Deferred income tax	**238**	2,253
	22,293	22,084

5 INCOME TAX EXPENSE *(cont'd)*

The Group's share of income tax expense of joint ventures for the year amounted to HK$2,977,000 (2018: HK$3,677,000) and is included in the consolidated income statement as share of results of joint ventures.

6 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2019	2018
Earnings (HK$'000)		
Profit attributable to equity holders of the Company	**60,281**	334,518
		(Restated)
Number of shares (thousands)		
Weighted average number of ordinary shares in issue	**34,477**	34,766
		(Restated)
Earnings per share (HK$)		
Basic and diluted *(Note)*	**1.75**	9.62

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

The basic and diluted earnings per share for the year ended 31 December 2018 have been restated due to the correction of calculation of the weighted average number of ordinary shares in issue.

7 DIVIDENDS

	2019 HK$'000	2018 HK$'000
2019 proposed final dividend of HK$0.70 (2018: HK$0.70) per share	**24,133**	24,133
2019 proposed special dividend of HK$0.70 (2018: HK$0.70) per share	**24,134**	24,134
	48,267	48,267

8 PREPAYMENT, TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$'000	HK$'000
Non-current asset		
Prepayment	**–**	9,739
Current assets		
Trade receivables	**941**	206
Other receivables, prepayments and deposits	**8,273**	7,627
Amounts due from joint ventures	**1,558**	1,519
	10,772	9,352
Total prepayment, trade and other receivables	**10,772**	19,091

The Group does not grant any credit term to customers. At 31 December 2019, the aging analysis of the trade receivables is as follows:

	2019	2018
	HK$'000	HK$'000
Within 30 days	**941**	206

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

9 TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	HK$'000
Trade payables	**3,452**	3,304
Rental and management fee deposits	**19,214**	18,973
Other payables and accruals	**30,649**	28,569
	53,315	50,846

At 31 December 2019, the aging analysis of the trade payables is as follows:

	2019	2018
	HK$'000	HK$'000
Within 30 days	**3,452**	3,304

10 EVENT AFTER THE REPORTING PERIOD

After the outbreak of Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020, a series of precautionary and control measures have been and continued to be implemented in Hong Kong and worldwide. To certain extent, COVID-19 outbreak impacts the property rental market unfavourably and poses uncertainty and volatility to the global stock markets. The Group will pay close attention to its development and evaluate its impact on the financial position and operating results of the Group.

DIVIDEND

The Directors recommend the payment of a final dividend of HK$0.70 per share and a special dividend of HK$0.70 per share, representing a total dividend distribution of approximately HK$48.3 million (2018: 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$48.3 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 12 June 2020. These proposed dividends are not reflected as dividends payable in the financial statements for the year ended 31 December 2019, but will be reflected as appropriations of retained profits for the year ending 31 December 2020.

The register of members of the Company will be closed from 1 June 2020 to 3 June 2020, 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 Rooms 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 29 May 2020.

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

Rental activities have been affected by the continued social unrest and slowdown in the local economy. Of the 290,000 sq.ft. of industrial/office space the Group holds at Nanyang Plaza, in Kwun Tong, presently it is 96.9% leased. In light of the current situation and the coronavirus (COVID-19), some tenants have been requesting for rental concessions or an early surrender of their leases. Going forward, we anticipate occupancy and rental levels at the building to decline. The latest revaluation of the investment properties as at 31 December 2019 showed a decline of HK$95.5 million as compared to that as at 31 December 2018.

Shanghai

Results of the Group's 65% investment in Shanghai, Shanghai Sung Nan Textile Co. Ltd., in 2019 were steady. However, since the beginning of 2020, as affected by the slowdown in the economy and the coronavirus which resulted in the lockdown, in order to contain the virus, the PRC economy almost came to a halt. The anchor tenant, a Taiwan listed wedding banquet company, who leased approximately 75.3% or approximately 21,202 sq.m. of the total space remained closed since the lockdown at Wuhan announced on 23 January 2020. They have not yet received approval from the local authorities to recommence operations. Sung Nan is following the local government's guidance granting rental concessions to businesses affected by the virus. This will have a negative effect on current year's earnings.

Shenzhen

Earnings reported in 2019 at the joint venture, Southern Textile Company Limited, of which the Group owns 45%, continued to be satisfactory. The total leasable floor area of approximately 18,400 sq.m. was fully leased to third parties. In the current year, tenants were affected by the coronavirus which resulted in a lockdown and by the sluggish economy. The tenant renting the ground and mezzanine floors, selling children and infant wear and accessories, obtained approval to commence operation on 9 March 2020. They were also closed since the lockdown at Wuhan announced on 23 January 2020. Southern is following the local government's guidance granting rental concession to the tenants. This will affect current year's earnings.

Financial Investments

2019 turned out to be a good year. With the agreement of phase one of the U.S. and China trade deal and several interest rate cuts by the Federal Reserve, the markets closed the year on a high note. For the year ended 31 December 2019, financial assets at fair value through profit or loss, classified as current assets, totalled HK$366.8 million. This represented approximately 6.8% of the total assets of the Group. They comprise over 400 individual holdings. The Group recorded net realised and unrealised fair value gains of HK$55.4 million and investment income of HK$4.5 million. The investment portfolios, including cash held in the portfolios, increased by 15.75% year on year. As at 31 December 2019, equities comprised approximately 77.5% (of which U.S. 40.9%; European 15.7%; Japanese 6.3%; Asia ex-Japan 23.4% and Emerging Markets 13.7%), bonds 16.9% (of which U.S. 73.4%; European 5.3%; Emerging Markets 16.6% and others 4.7%), commodities 1.3% and cash 4.3%.

Since the beginning of 2020, markets have been affected by geopolitical issues and the outbreak of the coronavirus which brought about fear, lockdowns and interruption to supply chains and international trade. Together with the recent collapse of the oil price, they caused extreme volatility in world equity markets. However, concerted efforts by governments of major economies and reductions in interest rates may slow the downturn. As at 25 March 2020, the latest practicable date, the portfolios decreased year-to-date by approximately 19.5% and the value, including cash held in the portfolios, stood at approximately US$39.6 million or HK$307.3 million.

As of now, the business environment remains poor and markets will continue to be volatile. However, we expect some improvements when the coronavirus is brought under control.

The Group's investment in a licensed bank in Taiwan, The Shanghai Commercial & Savings Bank, Ltd. ("SCSB"), represents approximately 4% of the total issued share capital of SCSB. It has been classified under non-current assets as financial assets at fair value through other comprehensive income and there is no intention to dispose the investment within 12 months of this report date. SCSB continued to perform satisfactorily. The Group received a net cash dividend of approximately HK$64.3 million from SCSB's 2018 earnings.

On 20 August 2019, SCSB announced a Share Offer, pursuant to which a total number of 380,000,000 new SCSB Shares were offered for subscription at the price of NT$36 each (equivalent to approximately HK$9). 285,000,000 new SCSB Shares, representing 75% of the total number of new SCSB Shares issued under the SCSB Share Offer, were offered to the eligible shareholders of SCSB on the basis of 81.2478402 new SCSB Shares for every 1,000 SCSB Shares held on the record date of 2 September 2019. The Group, which held 164,225,246 SCSB Shares were entitled to take up 13,342,945 new SCSB Shares. At a Special General Meeting held on 25 September 2019, the independent shareholders approved the transaction. The aggregate cost of the additional shares was approximately HK$125.8 million including legal and other incidental charges. It was funded by the Group's existing internal resources. After the subscription, the Group now holds 177,568,191 SCSB shares. The SCSB share price as at 31 December 2019 was NT$52 (31/12/2018: NT$40.2). The fair value gain of approximately HK$576 million was recorded in the other comprehensive income, as compared to HK$241 million recorded in 2018.

Presently SCSB has 69 branches in Taiwan, one each in Hong Kong, Vietnam and Singapore. They also have three representative offices, in Jakarta, Indonesia, Bangkok, Thailand and Phnom Penh, Cambodia. SCSB also 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 reviewed net profit attributable to owners of SCSB for the nine months ended 30 September 2019 was approximately NT$11,309.6 million (2018 same period: restated net profit of approximately NT$10,215.5 million), representing an increase of 10.7%. Total reviewed equity attributable to owners of SCSB at 30 September 2019 was approximately NT$143,998.2 million (31/12/2018: approximately NT$131,155.9 million audited), an increase of 9.8%. (These figures were extracted from SCSB's website at http://www.scsb.com.tw.) The Board continues to view this as a sound long term investment.

FINANCIAL POSITION

The Group's investment properties with an aggregate value of HK$2,303 million (31/12/2018: HK$2,387 million) have been mortgaged to a bank to secure general banking facilities. As at 31 December 2019, no bank facilities were utilized (31/12/2018: Nil). At the end of the year, the Group had net current assets of HK$398.1 million (31/12/2018: HK$422.5 million). The Group borrowed Euro 1.0 million (approximately HK$9 million as at 31 December 2019) collateralized by a portion of the investment portfolio, to hedge its Euro exposure.

EMPLOYEES

The Group employed 13 employees as at 31 December 2019. 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.

Our prime interest is to ensure continuity of operation, wellbeing and health of our staff. We have provided adequate supply of face masks and hand sanitizers for our staff usage.

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 2019, 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 2019.

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 draft consolidated financial statements for the year ended 31 December 2019 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 2019 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, 26 March 2020

As at the date of this announcement, the Board comprises seven 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
Wong Chi Kwong Patrick