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NANYANG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 212)

2009 FINAL RESULTS ANNOUNCEMENT

GROUP FINANCIAL HIGHLIGHTS

	2009	2008	Variance
	HK\$'000	HK\$'000	
Revenue	<u>107,263</u>	<u>(29,805)</u>	460%
Profit/(loss) attributable to equity holders of the Company before taking into account changes in fair value of investment properties and related tax effects	44,395	(122,132)	136%
Add: Changes in fair value of investment properties and related tax effects	<u>19,774</u>	<u>7,049</u>	181%
Profit/(loss) attributable to equity holders of the Company	<u>64,169</u>	<u>(115,083)</u>	156%
Total equity	<u>1,794,815</u>	<u>1,593,307</u>	13%
	2009	2008	
	HK\$	HK\$	
Earnings/(loss) per share before taking into account changes in fair value of investment properties and related tax effects	1.06	(2.83)	137%
Add: Changes in fair value of investment properties and related tax effects per share	0.47	0.16	194%
Earnings/(loss) per share	1.53	(2.67)	157%
Final dividend per share	0.40	0.20	100%
Special dividend per share	0.15	–	N.A
Dividend per share	0.55	0.20	175%
Net asset value per share	<u>42.71</u>	<u>37.91</u>	13%

The Board of Directors of Nanyang Holdings Limited announces that for the year ended 31st December 2009 the Group reported a profit after taxation of HK\$64.2 million (2008: loss of HK\$115.1 million). This is due mainly to recovery in investment portfolios. The Group valued its investment properties at fair value and the gain was recognised in the income statement. The change in fair value of investment properties (including that owned by a jointly controlled entity) resulted in a net gain of HK\$19.8 million (2008: HK\$7.0 million) to the Group. Excluding the net effect from revaluing the investment properties at fair value, the net profit of the year would be HK\$44.4 million (2008: loss of HK\$122.1 million). Earnings per share was HK\$1.53 (2008: loss per share of HK\$2.67). The Group's net asset value per share increased from HK\$37.91 (at 31/12/2008) to HK\$42.71 (at 31/12/2009), representing an increase of 13% . Extract from the Group's audited consolidated financial statements for the year ended 31st December 2009 is given below:–

CONSOLIDATED INCOME STATEMENT

		2009	2008
		HK\$'000	HK\$'000
Revenue	<i>(Note 2)</i>	107,263	(29,805)
Direct costs		<u>(11,157)</u>	<u>(12,005)</u>
Gross profit/(loss)		96,106	(41,810)
Administrative expenses		(37,475)	(37,609)
Other operating income		739	3,088
Other operating expenses		(3,704)	(4,043)
Changes in fair value of investment properties		<u>21,200</u>	<u>(19,700)</u>
Operating profit/(loss)	<i>(Note 3)</i>	76,866	(100,074)
Finance costs	<i>(Note 4)</i>	(25)	(1,483)
Share of losses of jointly controlled entities		<u>(5,033)</u>	<u>(21,982)</u>
Profit/(loss) before income tax		71,808	(123,539)
Income tax (charge)/credit	<i>(Note 5)</i>	<u>(7,639)</u>	<u>8,456</u>
Profit/(loss) attributable to equity holders of the Company		<u>64,169</u>	<u>(115,083)</u>
Earnings/(loss) per share (basic and diluted)	<i>(Note 6)</i>	<u>HK\$1.53</u>	<u>(HK\$2.67)</u>
Dividends	<i>(Note 7)</i>	<u>23,114</u>	<u>8,405</u>

CONSOLIDATED BALANCE SHEET

	2009 HK\$'000	2008 HK\$'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,948	2,394
Investment properties	999,900	978,700
Jointly controlled entities	173,535	179,774
Available-for-sale financial assets	510,774	367,471
Derivative financial assets	398	–
Deferred income tax assets	106	106
Prepayment for investments	62,766	–
	<u>1,749,427</u>	<u>1,528,445</u>
Current assets		
Trade and other receivables	7,170	7,147
Financial assets at fair value through profit or loss	198,126	155,218
Tax recoverable	651	1,336
Cash and cash equivalents	70,247	77,666
	<u>276,194</u>	<u>241,367</u>
Total assets	<u><u>2,025,621</u></u>	<u><u>1,769,812</u></u>
EQUITY		
Capital and reserves attributable to the Company's equity holders		
Share capital	4,202	4,202
Other reserves	474,889	328,852
Retained profits	1,315,724	1,260,253
Total equity	<u>1,794,815</u>	<u>1,593,307</u>
LIABILITIES		
Non-current liabilities		
Deferred income tax liabilities	137,362	130,956
Derivative financial liabilities	48	–
	<u>137,410</u>	<u>130,956</u>
Current liabilities		
Trade and other payables	43,396	45,549
Short-term bank loans	50,000	–
	<u>93,396</u>	<u>45,549</u>
Total liabilities	<u>230,806</u>	<u>176,505</u>
Total equity and liabilities	<u><u>2,025,621</u></u>	<u><u>1,769,812</u></u>
Net current assets	<u>182,798</u>	<u>195,818</u>
Total assets less current liabilities	<u><u>1,932,225</u></u>	<u><u>1,724,263</u></u>

NOTES TO THE FINANCIAL STATEMENTS

1 Basis of preparation and significant accounting policies

(a) *Basis of preparation*

The consolidated financial statements of Nanyang Holdings Limited have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). 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, derivative financial instruments and financial assets at fair value through profit or loss, which are carried at fair value.

(b) *Standards, interpretations and amendments to standards that are effective in 2009 and are relevant to the Group’s operation*

During the year ended 31st December 2009, the Group has adopted the following new or revised standard and amendments to standard which are relevant to the Group’s operations and are mandatory for accounting periods beginning on 1st January 2009:

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 16 (Amendment)	Property, Plant and Equipment
HKAS 23 (Revised) and Amendment	Borrowing Costs
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 27 (Amendment)	Consolidated and Separate Financial Statements
HKAS 31 (Amendment)	Interests in Joint Venture
HKAS 36 (Amendment)	Impairment of Assets
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement
HKAS 40 (Amendment)	Investment Property
HKFRS 1 and HKAS 27 Amendments	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 7 (Amendment)	Financial Instruments: Disclosure
HKFRS 8	Operating Segments

Except for HKAS 1 (Revised) and HKFRS 8, which result in certain changes in presentation and disclosures of financial information, the adoption of these revised standards and amendments does not have significant change to the accounting policies or any significant effect on the results and financial position of the Group.

(c) *Standards, amendments and interpretations that are not yet effective and have not been early adopted by the Group*

The following standards, amendments and interpretations have been published which are relevant to the Group's operations and are mandatory for the Group's accounting periods beginning on or after 1st January 2009 or later periods but have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
HKAS 1 (Amendment)	Presentation of Financial Statements	1st January 2010
HKAS 7 (Amendment)	Cash Flow Statements	1st January 2010
HKAS 17 (Amendment)	Classification of Leases of Land and Buildings and Consequential Amendment to HK-Int 4	1st January 2010
HKAS 27 (Revised)	Consolidated and Separate Financial Statements	1st July 2009
HKAS 36 (Amendment)	Impairment of Assets	1st January 2010
HKAS 38 (Amendment)	Intangible Assets	1st July 2009
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement	1st January 2010
HKFRS 3 (Amendment)	Business Combinations and Consequential Amendments	1st July 2009
HKFRS 5 (Amendment)	Non-current Assets Held for Sale and Discontinued Operations	1st July 2009
HKFRS 5 (Amendment)	Disclosures required in respect of Non- current Assets (or disposal groups) Classified as Held for Sale and Discontinued Operations	1st January 2010
HKFRS 8 (Amendment)	Disclosure of Information about Segment Assets	1st January 2010
HKFRS 9	Financial Instruments	1st January 2013

The Group has not early adopted the above new standards and amendments in the consolidated financial statements for the year ended 31st December 2009. The Group has commenced an assessment of their expected impact but is not yet in a position to state whether they will have a material impact on the Group's financial statements.

2 Revenue and segment information

Revenue (representing the Group's turnover) recognised during the year comprises the following:

	2009	2008
	HK\$'000	HK\$'000
Gross rental income from investment properties	47,628	48,802
Net realised and unrealised gains/(losses) on financial assets at fair value through profit or loss	36,937	(110,337)
Dividend income from financial assets at fair value through profit or loss	1,604	2,612
Dividend income from available-for-sale financial assets	11,341	13,522
Interest income	1,799	2,492
Management fee income from investment properties	7,954	8,192
Commission income	–	4,912
	<u>107,263</u>	<u>(29,805)</u>

Management has determined the operating segments based on the reports and analysed from a business perspective:

Textile	–	manufacture and distribution of textile products
Property	–	investment in and leasing of industrial/office premises
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 31st December 2009 are as follows:

	Textile	Property	Investments	Group
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total revenue	–	55,582	51,681	107,263
Operating (loss)/profit	(595)	34,617	42,844	76,866
Finance costs				(25)
Share of (losses)/profits of jointly controlled entities	(10,209)	5,176	–	(5,033)
Profit before income tax				71,808
Income tax charge				(7,639)
Profit attributable to equity holders of the Company				<u>64,169</u>
Capital expenditure	–	2	–	2
Depreciation	328	95	22	445
Revaluation gain on investment properties	–	21,200	–	21,200

The segment results for the year ended 31st December 2008 are as follows:

	Textile HK\$'000	Property HK\$'000	Investments HK\$'000	Group HK\$'000
Total revenue	<u>4,912</u>	<u>57,205</u>	<u>(91,922)</u>	<u>(29,805)</u>
Operating profit/(loss)	4,955	(8,637)	(96,392)	(100,074)
Finance costs				(1,483)
Share of (losses)/profits of jointly controlled entities	(43,112)	21,130	–	<u>(21,982)</u>
Loss before income tax				(123,539)
Income tax credit				<u>8,456</u>
Loss attributable to equity holders of the Company				<u><u>(115,083)</u></u>
Capital expenditure	–	40	–	40
Depreciation	331	102	22	455
Revaluation loss on investment properties	<u>–</u>	<u>(19,700)</u>	<u>–</u>	<u>(19,700)</u>

The segment assets and liabilities as at 31st December 2009 are as follows:

	Textile HK\$'000	Property HK\$'000	Investments HK\$'000	Total HK\$'000
Segment assets	50,743	1,126,151	848,621	2,025,515
Segment assets include: Jointly controlled entities	<u>47,956</u>	<u>125,579</u>	<u>–</u>	<u>173,535</u>
Segment liabilities	<u>382</u>	<u>41,145</u>	<u>1,917</u>	<u>43,444</u>

The segment assets and liabilities as at 31st December 2008 are as follows:

	Textile HK\$'000	Property HK\$'000	Investments HK\$'000	Total HK\$'000
Segment assets	62,971	1,145,503	561,232	1,769,706
Segment assets includes: Jointly controlled entities	<u>60,511</u>	<u>119,263</u>	<u>–</u>	<u>179,774</u>
Segment liabilities	<u>933</u>	<u>42,726</u>	<u>1,890</u>	<u>45,549</u>

The Company was incorporated in Bermuda and is domiciled in Hong Kong. The results of the Group's revenue in Hong Kong for the year ended 31st December and the total revenue from other countries is as follow:

	2009	2008
	HK\$'000	HK\$'000
Hong Kong	64,967	50,968
United States of America	15,604	(45,234)
Europe	6,766	(36,872)
Southeast Asia	5,924	(6,993)
Taiwan	11,272	12,044
Other countries	2,730	(3,718)
	<u>107,263</u>	<u>(29,805)</u>

3 Operating profit/(loss)

	2009	2008
	HK\$'000	HK\$'000
Operating profit/(loss) is stated after charging depreciation	<u>445</u>	<u>455</u>

4 Finance costs

	2009	2008
	HK\$'000	HK\$'000
Interest on bank loans and overdrafts	<u>25</u>	<u>1,483</u>

5 Income tax charge/(credit)

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profit for the year.

In 2008, the Hong Kong Government enacted a change in profits tax rate from 17.5% to 16.5% for fiscal year 2008/2009.

The amount of taxation charge/(credit) to the consolidated income statement represents:

	2009	2008
	HK\$'000	HK\$'000
Current income tax		
Hong Kong profits tax	1,272	1,861
Over provision in prior years	(39)	(54)
	<u>1,233</u>	<u>1,807</u>
Deferred income tax	6,406	(10,263)
	<u>7,639</u>	<u>(8,456)</u>

6 Earnings/(loss) per share

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

	2009	2008
Earnings/(loss) (HK\$'000)		
Earnings/(loss) for the purpose of calculating the basic and dilutive earnings per share (note)	<u>64,169</u>	<u>(115,083)</u>
Number of shares		
Weighted average number of ordinary shares in issue (thousands)	<u>42,025</u>	<u>43,133</u>
Earnings/(loss) per share (HK\$)		
Basic and diluted	<u>1.53</u>	<u>(2.67)</u>

Note: The Company has no dilutive potential ordinary shares.

7 Dividends

	2009 HK\$'000	2008 HK\$'000
2009 proposed final dividend of HK\$0.40 (2008: HK\$0.20) per share	16,810	8,405
2009 proposed special dividend of HK\$0.15 (2008: Nil) per share	<u>6,304</u>	<u>–</u>
	<u>23,114</u>	<u>8,405</u>

8 Trade and other receivables

Included in trade and other receivables are trade receivables of HK\$218,000 (2008 : HK\$481,000).

The Group does not grant any credit term to customers. At 31st December 2009, the aging analysis of the trade receivables is as follows:

	Group	
	2009 HK\$'000	2008 HK\$'000
Within 30 days	<u>218</u>	<u>481</u>

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

9 Trade and other payables

Included in trade and other payables are trade payables of HK\$1,290,000 (2008 : HK\$1,996,000).

At 31st December 2009, the aging analysis of the trade payables is as follows:

	Group	
	2009 HK\$'000	2008 HK\$'000
Within 30 days	950	1,656
31 – 60 days	<u>340</u>	<u>340</u>
	<u>1,290</u>	<u>1,996</u>

DIVIDEND

The Directors recommend the payment of a final dividend of HK\$0.40 per share and a special dividend of HK\$0.15 per share, representing a total dividend distribution of approximately HK\$23.1 million (2008: final dividend of HK\$0.20 per share representing a dividend distribution of HK\$8.4 million). The final and special dividends will be payable on 24th May 2010. This proposed dividend is not reflected as dividend payable in the financial statements for the year ended 31st December 2009, but will be reflected as appropriations of retained profits for the year ending 31st December 2010.

The register of members of the Company will be closed from 17th May 2010 to 24th May 2010, both days inclusive. To qualify for the final and special dividends, transfers should be lodged with the Company's branch registrars, 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 Friday, 14th May 2010.

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

Textile Operations

Shanghai Sung Nan Textile Co., Ltd. ("Sung Nan"), which is 65% owned by the Group, reached an agreement with the PRC partner and has started procedures to sell by auction the textile production machinery and equipment. The project at the industrial site in Taicang, Jiangsu Province, Sung Nan is under discussion with the Taicang local government authorities with the aim to assign the project to another investor. Including provision for overhead and impairment of construction-in-progress, our share of the loss for the year was HK\$13.0 million.

The Group's 45% joint venture in Shenzhen, Southern Textile Company Limited, continued to perform satisfactorily. Its main asset, a factory building which is leased to third parties, is 99% occupied.

Real Estate

In the second half of 2009, demand for space at grade 'A' office buildings recovered as the economy improved but rental levels remained subdued. The industrial/office (I/O) market in Kwun Tong, however, continued to be affected by the large amount of vacant office space in the area. A scheme announced by the Government to rejuvenate existing industrial buildings, permitting them to convert to non-industrial use, increased competition for us. Of the 290,000 sq.ft. of I/O space the Group holds at Nanyang Plaza, presently 91.4% is leased.

Leasing activities of the commercial property, which is 33% owned by the Group, in the Jingan District in Shanghai, continue to be satisfactory. Presently, 97.1% of the 22,300 sq.m. is leased. With new office space coming on stream in 2010, we may face competition for good tenants.

Financial Investments

In the second quarter of 2009, financial markets started to recover. During this period, we increased investments in equities, bonds and commodities. As at 31st December 2009, our investment portfolios have recovered to the pre-crisis level. For the year, they showed a positive return of 19.5% and the market value was US\$31.6 million or approximately HK\$244.9 million.

Since the beginning of 2010, markets have been sluggish and in a trading range. As the global economies continue to improve, we are cautiously optimistic that the investment portfolios would perform satisfactorily. As at 19th March 2010, the value of the portfolios was US\$31.5 million or approximately HK\$244.3 million. As at that date, the investment portfolios were made up of 48.3% equities (of which 30.5% is US equities), 22.9% bonds, 11.9% alternative investments and 16.9% in cash.

On 24th October 2009, The Shanghai Commercial & Savings Bank, Ltd., a licensed bank in Taiwan (“SCSB”), proposed a rights issue at an offer price of NT\$10 per share to all its existing shareholders. At the Special General Meeting held on 11th December 2009, the independent shareholders present approved unanimously to grant the Directors the power to subscribe in full for the pro-rata shares totalling 26,138,188 shares in the pro-rata tranche (“Pro-Rata Shares”), and for not more than 7,000,000 excess SCSB shares in the excess application tranche (“Excess Shares”). On 14th December 2009, the Group subscribed for the Pro-Rata Shares in full for a total consideration of approximately HK\$63.0 million and on 1st February 2010, the Group subscribed for 7,000,000 Excess Shares for a consideration of approximately HK\$17.0 million. This acquisition represented a good opportunity to make a sound investment in high-return financial assets.

FINANCIAL POSITION

The Group’s investment properties with a value of HK\$975.0 million (31/12/2008: HK\$954.0 million) have been used to secure general banking facilities of which HK\$9.0 million (2008: HK\$9.0 million) was being utilised as a guarantee to a jointly controlled entity. As at 31st December 2009, HK\$50.0 million (31/12/2008: HK\$Nil) of these facilities had been utilised. At the end of the year, the Group had net current assets of HK\$182.8 million (31/12/2008: HK\$195.8 million).

EMPLOYEES

The Group employed 20 employees as at 31st December 2009. Remuneration is determined by reference to the qualifications and experience of the staff concerned. Salaries are reviewed annually with discretionary bonuses being paid depending on individual performance. The Group also provides other benefits including medical cover and provident funds.

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 31st December 2009, in compliance with the code provisions of the Code on Corporate Governance Practices 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 set out in Appendix 10 of the Listing Rules (the "Model Code"). The Directors have complied with the required standard set out in the Model Code throughout the year ended 31st December 2009.

AUDIT COMMITTEE

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 31st December 2009 with the management.

PUBLICATION OF DETAILED RESULTS ANNOUNCEMENT

Please refer to the website of the Stock Exchange of Hong Kong and the Company's website at <http://www.nanyangholdingslimited.com> for details of the 2009 Final Results Announcement.

By Order of the Board
John Barr
Company Secretary

Hong Kong, 31st March 2010

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

Executive Directors:

Y. C. Wang (*Senior Managing Director*)

H. C. Yung, JP (*Managing Director*)

Lincoln C. K. Yung, JP (*Deputy Managing Director*)

Jennie Chen

Independent Non-Executive Directors:

Rudolf Bischof (*Chairman*)

James J. Bertram

Robert T. T. Sze