NANYANG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 212)

2007 INTERIM RESULTS ANNOUNCEMENT

RESULTS HIGHLIGHT

	Unaudited Six months ended 30th June	
	2007	2006
	HK$'000	HK$'000
Turnover	**79,998**	53,208
Profit attributable to equity holders of the Company	**101,045**	45,143
Profit attributable to equity holders of the Company – excluding changes in fair value of investment properties and related deferred tax	**53,014**	33,181
Earnings per share	**HK$2.29**	HK$1.02
Earnings per share – excluding changes in fair value of investment properties and related deferred tax	**HK$1.20**	HK$0.75

The Board of Directors of Nanyang Holdings Limited announces that the unaudited Group results for the six months ended 30th June 2007 showed a profit of HK$101.0 million (2006: HK$45.1 million). The current period's profit included a net gain of HK$48.0 million resulting from the revaluation of the Company's investment properties on a fair value basis. If the effect of the revaluation had been excluded, the current half year's profit would have been HK$53.0 million (2006: HK$33.2 million). Earnings per share were HK$2.29 (2006: HK$1.02).

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30TH JUNE 2007

		Six months ended 30th June	
		2007	2006
		HK$'000	HK$'000
Turnover	*(Note 2)*	**79,998**	53,208
Direct costs		**(5,964)**	(6,572)
Gross profit		**74,034**	46,636
Administrative expenses		**(19,035)**	(17,819)
Other operating income		**1,435**	767
Other operating expenses		**(1,847)**	(1,602)
Changes in fair value of investment properties		**57,900**	14,500
Operating profit	*(Note 3)*	**112,487**	42,482
Finance costs	*(Note 4)*	**(2,267)**	(22)
Share of profits of jointly controlled entities		**1,881**	6,014
Profit before income tax		**112,101**	48,474
Income tax expense	*(Note 5)*	**(11,056)**	(3,331)
Profit attributable to equity holders of the Company		**101,045**	45,143
Earnings per share (basic and diluted)	*(Note 6)*	**HK$2.29**	HK$1.02

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30TH JUNE 2007

		30th June 2007	31st December 2006
		HK$'000	HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**3,011**	3,207
Investment properties		**943,500**	885,600
Jointly controlled entities		**109,075**	109,038
Prepayment for investment in a joint venture		**39,245**	–
Available-for-sale financial assets		**477,872**	416,780
Deferred income tax assets		**117**	117
		1,572,820	1,414,742
Current assets			
Trade and other receivables	*(Note 8)*	**10,910**	8,895
Financial assets at fair value through profit or loss		**418,803**	380,762
Cash and cash equivalents		**83,869**	137,320
		513,582	526,977
Total assets		**2,086,402**	1,941,719
EQUITY			
Capital and reserves			
Share capital		**4,402**	4,419
Reserves		**1,813,869**	1,652,451
Proposed dividends		**–**	30,937
Total equity		**1,818,271**	1,687,807

LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**130,422**	120,553
Current liabilities			
Trade and other payables	*(Note 9)*	**41,678**	42,515
Tax payable		**2,031**	844
Borrowings		**94,000**	90,000
		137,709	133,359
Total liabilities		**268,131**	253,912
Total equity and liabilities		**2,086,402**	1,941,719
Net current assets		**375,873**	393,618
Total assets less current liabilities		**1,948,693**	1,808,360

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. Basis of preparation and accounting policies

(a) *Basis of preparation*

This Interim Financial Information for the six months ended 30th June 2007 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 2006 annual financial statements.

(b) *Significant accounting policies*

The significant accounting policies and methods of computation used in the preparation of this Interim Financial Information are consistent with those used in the 2006 annual financial statements.

The following new standards, amendments to standards and interpretations, which are relevant to the Group's operations, are mandatory for the financial year ending 31st December 2007:

HKAS 1 (Amendment)	Presentation of Financial Statements: Capital disclosures
HKFRS 7	Financial instruments: Disclosures

The adoption of the above new standard and amendment to standard will have no material impact on the Group's financial statements, except that additional disclosures will be made in the 2007 annual financial statements.

The following new standards and interpretations have been issued but are not effective for 2007:

		Effective for accounting periods beginning on or after
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions	1st March 2007
HK(IFRIC)-Int 12	Service Concession Arrangements	1st January 2008
HKFRS 8	Operating Segments	1st January 2009

The Group has not early adopted the above new standard and interpretations. 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. Turnover and segment information

Turnover recognised during the period comprises the following:

	Six months ended 30th June	
	2007	2006
	HK$'000	HK$'000
Gross rental income from investment properties	**21,786**	16,791
Net realised and unrealised gains on financial assets at fair value through profit or loss	**33,352**	17,946
Dividend income from listed investments	**1,894**	1,483
Dividend income from unlisted investments	**11,576**	4,386
Interest income	**3,959**	4,305
Management fee income from investment properties	**4,161**	3,998
Commission income	**3,270**	4,299
	79,998	53,208

(a) *Primary reporting format – business segments*

The Group is organised on a worldwide basis into three main business segments:

Textiles	–	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 six months ended 30th June 2007 are as follows:

	Textiles HK$'000	**Property HK$'000**	**Investments HK$'000**	**Group HK$'000**
Turnover	**3,270**	**25,947**	**50,781**	**79,998**
Segment results	**3,223**	**63,109**	**46,155**	**112,487**
Finance costs				**(2,267)**
Share of profits of jointly controlled entities	**1,881**	**–**	**–**	**1,881**
Profit before income tax				**112,101**
Income tax expense				**(11,056)**
Profit attributable to equity holders of the Company				**101,045**
Capital expenditure	**19**	**10**	**–**	**29**
Depreciation	**164**	**46**	**11**	**221**

The segment results for the six months ended 30th June 2006 are as follows:

	Textiles HK$'000	Property HK$'000	Investments HK$'000	Group HK$'000
Turnover	4,299	20,789	28,120	53,208
Segment results	4,159	13,424	24,899	42,482
Finance costs				(22)
Share of profits of jointly controlled entities	6,014	–	–	6,014
Profit before income tax				48,474
Income tax expense				(3,331)
Profit attributable to equity holders of the Company				45,143
Capital expenditure	–	24	–	24
Depreciation	164	48	11	223

The segment assets and liabilities at 30th June 2007 are as follows:

	Textiles HK$'000	Property HK$'000	Investments HK$'000	Unallocated HK$'000	Group HK$'000
Assets	**3,961**	**1,016,691**	**956,558**	**117**	**1,977,327**
Jointly controlled entities	**109,075**	**–**	**–**	**–**	**109,075**
Total assets	**113,036**	**1,016,691**	**956,558**	**117**	**2,086,402**
Total liabilities	**1,385**	**37,174**	**3,119**	**226,453**	**268,131**

The segment assets and liabilities at 31st December 2006 are as follows:

	Textiles HK$'000	Property HK$'000	Investments HK$'000	Unallocated HK$'000	Group HK$'000
Assets	5,123	950,999	876,442	117	1,832,681
Jointly controlled entities	109,038	–	–	–	109,038
Total assets	114,161	950,999	876,442	117	1,941,719
Total liabilities	1,490	38,493	2,532	211,397	253,912

(b) *Secondary reporting format – geographical segments*

The Group's three main business segments operate in the following main geographical areas:

People's Republic of China (including Hong Kong) – textiles, property and investments

United States of America, Europe, Taiwan and Southeast Asia – investments

There are no sales or other transactions between the geographical segments.

	Turnover Six months ended 30th June		Operating results Six months ended 30th June		Capital expenditure Six months ended 30th June	
	2007 HK$'000	2006 HK$'000	**2007 HK$'000**	2006 HK$'000	**2007 HK$'000**	2006 HK$'000
People's Republic of China (including Hong Kong)	**36,538**	29,246	**70,355**	19,511	**29**	24
United States of America	**16,218**	6,559	**15,617**	6,219	**–**	–
Europe	**6,924**	10,867	**6,651**	10,323	**–**	–
Southeast Asia	**7,316**	1,847	**6,925**	1,762	**–**	–
Taiwan	**11,582**	4,249	**11,574**	4,249	**–**	–
Other countries	**1,420**	440	**1,365**	418	**–**	–
	79,998	53,208	**112,487**	42,482	**29**	24

Total assets are allocated based on where the assets are located.

	30th June 2007 HK$'000	31st December 2006 HK$'000
People's Republic of China (including Hong Kong)	**1,057,076**	972,643
United States of America	**271,605**	302,604
Europe	**81,461**	70,918
Southeast Asia	**54,643**	37,283
Taiwan	**467,955**	408,978
Other countries	**44,470**	40,138
	1,977,210	1,832,564
Jointly controlled entities	**109,075**	109,038
Unallocated assets	**117**	117
	2,086,402	1,941,719

3. Operating profit

Operating profit is stated after charging depreciation of HK$221,000 (2006: HK$223,000).

4. Finance costs

	Six months ended 30th June	
	2007 HK$'000	2006 HK$'000
Interest expenses on short-term bank loans	**2,267**	22

5. Income tax expense

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

	Six months ended 30th June	
	2007 HK$'000	2006 HK$'000
Current income tax		
– Hong Kong profits tax	**1,187**	793
Deferred income tax	**9,869**	2,538
	11,056	3,331

The share of profits of jointly controlled entities in the income statement includes the share of overseas taxation attributable to jointly controlled entities for the six months ended 30th June 2007 of HK$469,000 (2006: HK$855,000).

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 period.

	Six months ended 30th June	
	2007	2006
Profit attributable to equity holders of the Company (HK$'000)	**101,045**	45,143
Weighted average number of ordinary shares in issue (thousands)	**44,078**	44,320
Basic earnings per share (HK$)	**2.29**	1.02

The Company has no dilutive potential ordinary shares.

7. Dividends

	Six months ended 30th June	
	2007 HK$'000	2006 HK$'000
2006 final dividend paid of HK$0.40 and special dividend paid of HK$0.30 (2006: 2005 final dividend paid of HK$0.35) per share	**30,817**	15,468

8. Trade and other receivables
Included in trade and other receivables are trade receivables of HK$124,000 (2006: HK$406,000). The Group does not grant any credit to its customers. All trade receivables as at the balance sheet date are aged within 30 days.

9. Trade and other payables
Included in trade and other payables are trade payables of HK$1,692,000 (2006: HK$1,796,000).

At 30th June 2007, the aging analysis of the trade payables is as follows:

	30th June 2007 HK$'000	31st December 2006 HK$'000
Within 30 days	**1,352**	1,456
31 – 60 days	**340**	340
	1,692	1,796

INTERIM DIVIDEND

The directors have decided not to declare an interim dividend for the six months ended 30th June 2007 (2006: Nil).

PURCHASE, SALE OR REDEMPTION OF SHARES

During the period, the Company purchased a total of 171,500 shares of the Company on The Stock Exchange of Hong Kong Limited, all of which have been subsequently cancelled. The directors consider that the repurchase of shares will benefit the shareholders by enhancing the net assets per share. The details of such repurchases were as follows:

Month of repurchase	*Number of shares purchased*	*Price paid per share Highest HK$*	*Price paid per share Lowest HK$*	*Amount paid before expenses HK$*
2007				
February	168,500	13.26	12.40	2,183,590
April	3,000	13.20	–	39,600
	171,500			2,223,190

Save as disclosed above, 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

Textile Operations

Earnings at the Company's 64.7% joint venture in Shanghai, Shanghai Sung Nan Textile Company Limited, declined as they were affected by sluggish denim sales and increases in cotton prices and energy costs. The outlook for the second half remains uncertain.

Results at the Company's 45% joint venture in Shenzhen, Southern Textile Company Limited, continued to be satisfactory. Its main asset, a factory building which is leased to third parties, has an occupancy rate of 98%.

Real Estate

The rental rates of prime grade 'A' office premises in core Central remained strong due to low vacancy rates and sustained economic growth. Some businesses relocated to decentralized locations to take advantage of the widening rental gap. This has benefited the industrial/office (I/O) market and we were able to achieve attractive rental levels. Of the 290,000 sq.ft. of I/O space the Company holds at Nanyang Plaza, presently 97.8% is leased.

On 27th June 2007, the Company through an indirect subsidiary, made an investment in a Shanghai property. The Company's commitment amounts to RMB150 million (equivalent to approximately HK$153.8 million). Funding for this property will be partly from internal resources with cash from the investment portfolios and the balance will be made up from bank borrowings.

Financial Investments

In the first half of 2007, the performance of our investment portfolios was satisfactory. For the six months ended 30th June 2007, the value of these increased by 7.4%.

In the past few years, we have gradually reduced our weighting to alternative investments because of the low returns. In the past month, the financial markets became volatile and dropped substantially. Some of our gain made in the first half has been eroded. Recently, we have decided to increase our allocation to hedge funds which are especially designed to capitalize on opportunities created by this latest volatility. As of now, 56.9% of the Company's investment portfolios was invested in equities (of which 34.6% was in US equities), 10.9% in bonds, 18.4% in alternative strategies and the balance of 13.8% in cash and money market investments. The reduction of cash in the portfolio is mainly due to the investment in the Shanghai property reported above.

We expect the volatility in the markets brought on by the subprime mortgage problem in the United States to continue for the rest of the year. This could have an adverse impact on our second half earnings.

FINANCIAL POSITION

The Group's investment properties with a value of HK$920.7 million (31/12/2006: HK$864.3 million) have been mortgaged to a bank to secure general banking facilities. As at 30th June 2007, HK$94 million (31/12/2006: HK$90 million) of the facilities were utilized. At the end of the period, the Company had net current assets of HK$375.9 million (31/12/2006: HK$393.6 million).

EMPLOYEES

The Group employed 26 employees as at 30th June 2007. 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 six months ended 30th June 2007, 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 six months ended 30th June 2007.

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 unaudited interim accounts for the six months ended 30th June 2007 with the management.

PUBLICATION OF DETAILED RESULTS ANNOUNCEMENT ON THE EXCHANGE'S WEBSITE

The Company will submit all the information required by paragraphs 46(1) to 46(6) inclusive of Appendix 16 of the Listing Rules to the Stock Exchange of Hong Kong as soon as possible for publication on the website of the Stock Exchange of Hong Kong.

By Order of the Board
A. H. Philp
Company Secretary

Hong Kong, 5th September 2007

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

* Rudolf Bischof *(Chairman)*
Y. C. Wang *(Senior Managing Director)*
H. C. Yung, JP *(Managing Director and General Manager)*
Lincoln C. K. Yung, JP *(Deputy Managing Director)*
* James J. Bertram
* Robert T. T. Sze
Jennie Chen

* *Independent non-executive director*

"Please also refer to the published version of this announcement in South China Morning Post."