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NANYANG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 212)

2009 INTERIM RESULTS ANNOUNCEMENT

RESULTS HIGHLIGHT

	Unaudited Six months ended 30th June	
	2009	2008
	HK$'000	HK$'000
Revenue	**51,306**	14,458
Profit attributable to equity holders of the Company	**14,840**	77,491
Profit/(loss) attributable to equity holders of the Company – before taking into account changes in fair value of investment properties and related tax effects	**16,770**	(10,509)
Earnings per share	**HK$0.35**	HK$1.79
Earnings/(loss) per share – before taking into account changes in fair value of investment properties and related tax effects	**HK$0.40**	HK$(0.24)

The Board of Directors of Nanyang Holdings Limited announces that the unaudited Group results for the six months ended 30th June 2009 showed a profit of HK$14.8 million (2008: HK$77.5 million). This is mainly due to recovery in financial investments. The Group values its investment properties at fair value and changes are 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 loss of HK$2 million (2008: gain HK$88 million) to the Group. Excluding the net effect from revaluing the investment properties at fair value, the half year would have shown a gain of HK$16.8 million (2008: loss HK$10.5 million). Earnings per share were HK$0.35 (2008: HK$1.79).

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30TH JUNE 2009

		Six months ended 30th June	
		2009	2008
	Note	**HK$'000**	HK$'000
Revenue	*2*	**51,306**	14,458
Direct costs		**(5,535)**	(6,048)
Gross profit		**45,771**	8,410
Administrative expenses		**(17,700)**	(18,916)
Other operating income		**222**	1,256
Other operating expenses		**(1,477)**	(1,733)
Changes in fair value of investment properties		**(100)**	75,600
Operating profit	*3*	**26,716**	64,617
Finance costs	*4*	**–**	(787)
Share of (loss)/profits of jointly controlled entities	*5*	**(10,600)**	18,803
Profit before income tax		**16,116**	82,633
Income tax expense	*6*	**(1,276)**	(5,142)
Profit attributable to equity holders of the Company		**14,840**	77,491
Earnings per share (basic and diluted)	*7*	**HK$0.35**	HK$1.79

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30TH JUNE 2009

	Six months ended 30th June	
	2009	2008
	HK$'000	HK$'000
Profit for the period	**14,840**	77,491
Other comprehensive income:		
Fair value gains on available-for-sale financial assets	**79,426**	150,285
Currency translation differences	**5**	8,036
Other comprehensive income for the period	**79,431**	158,321
Total comprehensive income attributable to equity holders of the Company	**94,271**	235,812

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30TH JUNE 2009

	Note	30th June 2009 HK$'000	31st December 2008 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**2,166**	2,394
Investment properties		**978,600**	978,700
Jointly controlled entities		**169,179**	179,774
Available-for-sale financial assets		**446,642**	367,471
Derivative financial asset		**517**	–
Deferred income tax assets		**106**	106
		1,597,210	1,528,445
Current assets			
Trade and other receivables	*9*	**7,389**	7,147
Financial assets at fair value through profit or loss		**159,972**	155,218
Tax recoverable		**641**	1,336
Cash and cash equivalents		**85,258**	77,666
		253,260	241,367
Total assets		**1,850,470**	1,769,812
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**4,202**	4,202
Reserves		**1,674,971**	1,589,105
Total equity		**1,679,173**	1,593,307
LIABILITIES			
Non-current liabilities			
Derivative financial liability		**129**	–
Deferred income tax liabilities		**130,956**	130,956
		131,085	130,956
Current liabilities			
Trade and other payables	*10*	**39,631**	45,549
Current income tax liabilities		**581**	–
		40,212	45,549
Total liabilities		**171,297**	176,505
Total equity and liabilities		**1,850,470**	1,769,812
Net current assets		**213,048**	195,818
Total assets less current liabilities		**1,810,258**	1,724,263

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 2009 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 2008 annual financial statements.

(b) Significant accounting policies

The significant accounting policies and methods of computation used in the preparation of the Interim Financial Information are consistent with those used in the 2008 annual financial statements.

(a) Standards, amendments and interpretations effective in current accounting period and are relevant to the Group's operation

During the period ended 30th June 2009, the Group has adopted the following new or revised standards 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 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 7 (Amendment)	Financial instruments: Disclosure
HKFRS 8	Operating segments

Except for HKAS 1 (Revised) and HKFRS 8, which result in some presentation changes, 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.

1 **Basis of preparation and accounting policies** *(Continued)*

(b) Significant accounting policies (Continued)

(b) 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 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 27 (Revised)	Consolidated and Separate Financial Statements	1st July 2009
HKAS 1 (Amendment)	Presentation of Financial Statements	1st January 2010
HKAS 7 (Amendment)	Cash Flow Statements	1st January 2010
HKAS 17 (Amendment)	Leases	1st January 2010
HKAS 36 (Amendment)	Impairment of Assets	1st January 2010
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement	1st January 2010
HKFRS 8 (Amendment)	Operating Segments	1st January 2010

The Group has not early adopted these revised standards, amendments to standards 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 **Revenue and segment information**

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

	Six months ended 30th June	
	2009	2008
	HK$'000	HK$'000
Gross rental income from investment properties	**24,971**	24,617
Net realised and unrealised gains/(losses) on financial assets at fair value through profit or loss	**9,803**	(33,011)
Dividend income from listed investments	**783**	1,430
Dividend income from unlisted investments	**11,264**	12,407
Interest income	**448**	1,378
Management fee income from investment properties	**4,037**	4,120
Commission income	**–**	3,517
	51,306	14,458

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

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.

2 **Revenue and segment information** *(Continued)*

The segment results for the six months ended 30th June 2009 are as follows:

	Textile HK$'000	**Property HK$'000**	**Investments HK$'000**	**Total HK$'000**
Total revenue	**–**	**29,008**	**22,298**	**51,306**
Operating profit	**–**	**6,910**	**19,806**	**26,716**
Share of losses of jointly controlled entities	**(10,197)**	**(403)**	**–**	**(10,600)**
Profit before income tax				**16,116**
Income tax expense				**(1,276)**
Profit for the period				**14,840**
Depreciation	**–**	**(50)**	**(178)**	**(228)**
Revaluation loss on investment properties	**–**	**(100)**	**–**	**(100)**

The segment results for the six months ended 30th June 2008 are as follows:

	Textile HK$'000	Property HK$'000	Investments HK$'000	Total HK$'000
Total revenue	3,517	28,737	(17,796)	14,458
Operating profit/(loss)	3,751	80,689	(19,823)	64,617
Share of profits/(losses) of jointly controlled entities	(4,476)	23,279	–	18,803
Finance cost				(787)
Profit before income tax				82,633
Income tax expense				(5,142)
Profit for the period				77,491
Capital expenditure	–	(13)	–	(13)
Depreciation	(178)	(48)	(11)	(237)
Revaluation gain on investment properties	–	75,600	–	75,600

2 Revenue and segment information *(Continued)*

The segment assets and liabilities as at 30th June 2009 are as follows:

	Textile HK$'000	**Property HK$'000**	**Investments HK$'000**	**Total HK$'000**
Segment assets	**50,332**	**1,153,477**	**646,555**	**1,850,364**
Total assets include:				
Jointly controlled entities	**50,332**	**118,847**	**–**	**169,179**
Segment liabilities	**295**	**38,541**	**1,505**	**40,341**

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
Total assets include:				
Jointly controlled entities	60,511	119,263	–	179,774
Segment liabilities	933	42,726	1,890	45,549

Reportable segments' assets and liabilities are reconciled to total assets and total liabilities as follows:

	30th June 2009 HK$'000	31st December 2008 HK$'000
Total segment assets	**1,850,364**	1,769,706
Deferred income tax assets	**106**	106
Total assets	**1,850,470**	1,769,812
Total segment liabilities	**40,341**	45,549
Deferred income tax liabilities	**130,956**	130,956
Total liabilities	**171,297**	176,505

2 Revenue and segment information *(Continued)*

The Company is incorporated in Bermuda and is domiciled in Hong Kong. The results of the Group's revenue in Hong Kong for the six months ended 30th June and the total revenue from other countries is as follow:

	Revenue	
	Six months ended 30th June	
	2009	2008
	HK$'000	HK$'000
Hong Kong	**33,267**	26,819
United States of America	**2,629**	(6,078)
Europe	**192**	(13,983)
Southeast Asia	**3,390**	(1,681)
Taiwan	**11,264**	12,125
Other countries	**564**	(2,744)
	51,306	14,458

At 30th June 2009, the total of non-current assets other than financial instruments and deferred income tax assets located in Hong Kong and in other places are as follow:

	30th June	31st December
	2009	2008
	HK$'000	HK$'000
Hong Kong	**979,402**	979,646
Mainland China	**170,543**	181,222
	1,149,945	1,160,868

3 Operating profit

Operating profit is stated after charging the following:

	Six months ended 30th June	
	2009	2008
	HK$'000	HK$'000
Depreciation	**228**	237
Employee benefit expense	**12,888**	13,255
Fair value loss on derivative instruments	**384**	–
Management fee expense in respect of investment properties	**4,158**	4,158
Operating leases – land and building	**1,433**	1,399

4 Finance costs

	Six months ended 30th June	
	2009	2008
	HK$'000	HK$'000
Interest expenses on short-term bank loans	**–**	787

5 Share of (loss)/profits of jointly controlled entities

The Group's share of (loss)/profits of jointly controlled entities for the period comprises the following:

	Six months ended 30th June	
	2009	2008
	HK$'000	HK$'000
Fair value (loss)/gain on investment properties, net of tax	**(1,830)**	24,610
Other operating results	**(8,770)**	(5,807)
Total	**(10,600)**	18,803

Note:

In September 2008, one of the jointly controlled entities, Shanghai Sung Nan Textile Company Limited ("Sung Nan") ceased production. Sung Nan is now in the process of liquidating its assets.

6 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) 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	
	2009	2008
	HK$'000	HK$'000
Current income tax		
– Hong Kong profits tax	**1,276**	995
Deferred income tax		
– Recognition of temporary differences	**–**	12,211
– Change in profits tax rate	**–**	(8,064)
	1,276	5,142

The share of profits of jointly controlled entities in the income statement includes the share of income tax attributable to jointly controlled entities for the six months ended 30th June 2009 of HK$303,000 (2008: HK$8,282,000).

7 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	
	2009	2008
Profit attributable to equity holders of the Company (HK$'000)	**14,840**	77,491
Weighted average number of ordinary shares in issue (thousands)	**42,025**	43,363
Basic earnings per share (HK$)	**0.35**	1.79

The Company has no dilutive potential ordinary shares.

8 Dividends

	Six months ended 30th June	
	2009	2008
	HK$'000	HK$'000
2008 final dividend paid of HK$0.20 (2008: 2007 final dividend paid of HK$0.40) per share	**8,405**	17,334
2007 special dividend paid of HK$0.10 per share	**–**	4,334
Total	**8,405**	21,668

The Directors have not declared an interim dividend for the six months ended 30th June 2009 (2008: Nil).

9 Trade and other receivables

	30th June	31st December
	2009	2008
	HK$'000	HK$'000
Trade receivables	**451**	481
Other receivables	**6,938**	6,666
	7,389	7,147

The Group does not grant any credit period to its customers.

At 30th June 2009, the aging analysis of trade receivables is as follows:

	30th June	31st December
	2009	2008
	HK$'000	HK$'000
Within 30 days	**451**	481

10 Trade and other payables

	30th June	31st December
	2009	2008
	HK$'000	HK$'000
Trade payables	**2,159**	1,996
Other payables	**37,472**	43,553
	39,631	45,549

At 30th June 2009, the aging analysis of trade payables is as follows:

	30th June	31st December
	2009	2008
	HK$'000	HK$'000
Within 30 days	**1,819**	1,656
31 – 60 days	**340**	340
	2,159	1,996

INTERIM DIVIDEND

The Directors have decided not to declare an interim dividend for the six month ended 30th June 2009 (2008: Nil).

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any shares of the Company during the period.

BUSINESS REVIEW AND PROSPECTS

Textile Operations

As mentioned in the last annual report, Shanghai Sung Nan Textile Company Limited ("Sung Nan"), 65% owned by the Group, has been idle. Agreement had been reached with our PRC partner to commence liquidating Sung Nan's assets. In 2009, further provision was made for impairment of construction-in-progress. Our share of the loss for the period was HK$11.5 million.

The Group's 45% joint venture in Shenzhen, Southern Textile Company Limited, continued to report a profit and contributed positively to the Group's overall results. Its main asset, a factory building which is leased to third parties, has an occupancy rate of 99%.

Real Estate

In the first half of 2009, the uncertain economic conditions continued to affect the local office rental market. The large amount of new office space which came on stream in the Kwun Tong area adversely affected the rental levels and occupancy of our building. Of the 290,000 sq. ft. of industrial/office space the Group holds at Nanyang Plaza, presently 88.8% is leased. It is anticipated that the leasing market would remain challenging going forward.

Leasing activities of the commercial property (33% owned by the Group) in the Jingan District is satisfactory. It is presently 93.9% leased. With the supply of new office space coming on stream, competition for good tenants remained keen.

Financial Investments

The global securities markets declined sharply in the first quarter of 2009. However, in the second quarter, the markets made an unexpected V shape turnaround. We increased investments in commodities and added a modest amount of equities. For the six months ended 30th June 2009, the portfolios showed a positive return of 5.1%. As at that date, the market value of the portfolios stood at US$28.0 million or approximately HK$217.0 million.

As at 31st August 2009, our portfolio has recovered to the pre-crisis level of a year ago. The portfolios showed a positive return of 11.1%. The value of the investment accounts at 31st August 2009 stood at US$29.5 million or approximately HK$228.6 million. Equities comprise 43.0% (of which 26.0% in U.S. equities), 22.0% in bonds, 5.0% in alternative investments, 6.0% in commodities and 24.0% in cash. We are taking a more positive outlook in the second half as the financial markets have stabilized. More equity exposure will be added to the portfolios on future market corrections.

FINANCIAL POSITION

The Group's investment properties with a value of HK$954.0 million (31/12/2008: HK$954.0 million) have been used to secure general banking facilities of which HK$10,200,000 (2008: HK$9,000,000) is being utilised as a guarantee to a jointly controlled entity. As at 30th June 2009, we had no borrowings (31/12/2008: Nil). At the end of the period, the Group had net current assets of HK$213.0 million (31/12/2008: HK$195.8 million).

EMPLOYEES

The Group employed 20 employees as at 30th June 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 six months ended 30th June 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 six months ended 30th June 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 unaudited interim accounts for the six months ended 30th June 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 Interim Results Announcement.

By Order of the Board
John Barr
Company Secretary

Hong Kong, 9th September 2009

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