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NANYANG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 212)

2010 INTERIM RESULTS ANNOUNCEMENT

RESULTS HIGHLIGHT		
	Unaudited	
	Six months ended 30th June	
	2010	2009
	HK\$'000	HK\$'000
Revenue	78,660	51,306
Profit attributable to equity holders of the Company	64,399	14,840
Profit attributable to equity holders of the Company		
– before taking into account changes in fair value of investment properties and related tax effects	41,601	16,770
Earnings per share	HK\$1.53	HK\$0.35
Earnings per share		
– before taking into account changes in fair value of investment properties and related tax effects	HK\$0.99	HK\$0.40

The Board of Directors of Nanyang Holdings Limited announces that the unaudited Group results for the six months ended 30th June 2010 showed a profit of HK\$64.4 million (2009: HK\$14.8 million). The increase is mainly due to the dividend received from The Shanghai Commercial & Savings Bank, Ltd., in Taiwan, for the year ended 31st December 2009, of HK\$47.3 million on the enlarged holding, as approved at the special general meeting held on 11th December 2009, and the change in fair value of the investment properties (including that owned by a jointly controlled entity) of HK\$22.8 million. Excluding the net effect of revaluing the investment properties at fair value, the half year would have shown a gain of HK\$41.6 million (2009: gain HK\$16.8 million). Earnings per share for the period were HK\$1.53 (2009: HK\$0.35).

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30TH JUNE 2010

		Six months ended 30th June	
	<i>Note</i>	2010	2009
		HK\$'000	HK\$'000
Revenue	2	78,660	51,306
Direct costs		(5,761)	(5,535)
Gross profit		72,899	45,771
Administrative expenses		(17,569)	(17,700)
Other operating income		235	222
Other operating expenses		(1,739)	(1,477)
Changes in fair value of investment properties		25,600	(100)
Operating profit	3	79,426	26,716
Finance costs	4	(211)	–
Share of profits/(losses) of jointly controlled entities	5	980	(10,600)
Profit before income tax		80,195	16,116
Income tax expense	6	(15,796)	(1,276)
Profit attributable to equity holders of the Company		64,399	14,840
Earnings per share (basic and diluted)	7	HK\$1.53	HK\$0.35

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30TH JUNE 2010

	Six months ended 30th June	
	2010	2009
	HK\$'000	HK\$'000
Profit for the period	64,399	14,840
Other comprehensive income:		
Fair value gains on available-for-sale financial assets	307,018	79,426
Fair value gains on property credited to equity upon reclassification of property from an owner-occupied property to an investment property, net of tax	22,360	–
Currency translation differences	1,874	5
Other comprehensive income for the period, net of tax	331,252	79,431
Total comprehensive income for the period attributable to equity holders of the Company	395,651	94,271

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30TH JUNE 2010

	<i>Note</i>	30th June 2010 HK\$'000	31st December 2009 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		1,617	1,948
Investment properties		1,051,250	999,900
Jointly controlled entities		171,986	173,535
Available-for-sale financial assets		898,514	510,774
Derivative financial assets		120	398
Deferred income tax assets		753	106
Prepayment for investments		–	62,766
		2,124,240	1,749,427
Current assets			
Trade and other receivables	9	9,389	7,170
Financial assets at fair value through profit or loss		187,508	198,126
Tax recoverable		355	651
Cash and cash equivalents		59,306	70,247
		256,558	276,194
Total assets		2,380,798	2,025,621
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		4,202	4,202
Other reserves		806,318	474,889
Retained earnings		1,356,832	1,315,724
Total equity		2,167,352	1,794,815
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		144,840	137,362
Derivative financial liabilities		283	48
		145,123	137,410
Current liabilities			
Trade and other payables	10	40,323	43,396
Short-term bank loans		28,000	50,000
		68,323	93,396
Total liabilities		213,446	230,806
Total equity and liabilities		2,380,798	2,025,621
Net current assets		188,235	182,798
Total assets less current liabilities		2,312,475	1,932,225

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 Basis of preparation and significant accounting policies

(a) Basis of preparation

This Interim Financial Information for the six months ended 30th June 2010 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 (“HKICPA”).

This Interim Financial Information should be read in conjunction with the 2009 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 2009 annual financial statements.

- (i) Standards, amendments and interpretations effective in current accounting period and are relevant to the Group’s operation

During the period ended 30th June 2010, the Group has adopted the following revised standards and amendments to standard which are relevant to the Group’s operations and are mandatory for accounting periods beginning on 1st January 2010:

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 7 (Amendment)	Cash Flow Statements
HKAS 17 (Amendment)	Leases
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 36 (Amendment)	Impairment of Assets
HKAS 38 (Amendment)	Intangible Assets
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement
HKFRS 3 (Revised)	Business Combinations
HKFRS 5 (Amendment)	Non-current Assets Held for Sale and Discontinued Operations
HKFRS 8 (Amendment)	Operating segments
HK (IFRIC) – Int 17	Distribution of Non-Cash Assets to Owners

1 Basis of preparation and significant accounting policies (Continued)

(b) Significant accounting policies (Continued)

- (ii) 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 2010 or later periods but have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
HKAS 24 (Revised)	Related Party Disclosure	1st January 2011
HKFRS 9	Financial Instruments	1st January 2013

Third improvements to Hong Kong Financial Reporting Standard (2010) were issued in May 2010 by HKICPA. All improvements are effective in the financial year of 2011.

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	
	2010	2009
	HK\$'000	HK\$'000
Gross rental income from investment properties	23,733	24,971
Net realised and unrealised (losses)/gains on financial assets at fair value through profit or loss	(10,011)	9,803
Dividend income from listed investments	871	783
Dividend income from unlisted investments	59,091	11,264
Interest income	933	448
Management fee income from investment properties	4,043	4,037
	78,660	51,306

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 2010 are as follows:

	Textile HK\$'000	Property HK\$'000	Investments HK\$'000	Total HK\$'000
Total revenue	—	27,777	50,883	78,660
Segment profit	—	29,985	49,441	79,426
Finance costs				(211)
Share of (losses)/gains of jointly controlled entities	(2,056)	3,036	—	980
Profit before income tax				80,195
Income tax expense				(15,796)
Profit for the period				64,399
Depreciation	—	(167)	—	(167)
Revaluation gain on investment properties	—	25,600	—	25,600

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
Segment 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)

Reportable segments' assets and liabilities are reconciled to total assets and liabilities below. Segment assets exclude interests in jointly controlled entities and deferred income tax assets, and segment liabilities exclude deferred income tax liabilities and short-term bank loans, all of which are managed on a central basis.

2 Revenue and segment information (Continued)

The segment assets and liabilities as at 30th June 2010 are as follows:

	Textile HK\$'000	Property HK\$'000	Investments HK\$'000	Total HK\$'000
Segment assets	–	1,052,163	1,155,896	2,208,059
Interests in jointly controlled entities	43,181	128,805	–	171,986
Unallocated assets	–	–	–	753
	43,181	1,180,968	1,155,896	2,380,798
Segment liabilities	–	38,409	2,197	40,606
Unallocated liabilities	–	–	–	172,840
	–	38,409	2,197	213,446

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	2,787	1,000,572	848,621	1,851,980
Interests in jointly controlled entities	47,956	125,579	–	173,535
Unallocated assets	–	–	–	106
	50,743	1,126,151	848,621	2,025,621
Segment liabilities	382	41,145	1,917	43,444
Unallocated liabilities	–	–	–	187,362
	382	41,145	1,917	230,806

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 generating from property leasing and investment portfolio from other countries are as follow:

	Revenue	
	Six months ended 30th June	
	2010	2009
	HK\$'000	HK\$'000
Hong Kong	26,938	33,267
United States of America	(2,265)	2,629
Europe	(104)	192
Southeast Asia	1,460	3,390
Taiwan	59,091	11,264
Other countries	(6,460)	564
	78,660	51,306

At 30th June 2010, the total of non-current assets other than financial instruments, prepayment for investments and deferred income tax assets located in Hong Kong and in other places are as follow:

	30th June	31st December
	2010	2009
	HK\$'000	HK\$'000
Hong Kong	1,051,655	1,000,557
Mainland China	173,198	174,826
	1,224,853	1,175,383

3 Operating profit

Operating profit is stated after charging the following:

	Six months ended 30th June	
	2010	2009
	HK\$'000	HK\$'000
Depreciation	167	228
Employee benefit expense (including directors' emoluments)	12,816	12,888
Fair value losses on derivative instruments	513	384
Management fee expense in respect of investment properties	3,702	4,158
Operating leases – land and building	1,381	1,433

4 Finance costs

	Six months ended 30th June	
	2010	2009
	HK\$'000	HK\$'000
Interest expenses on short-term bank loans	<u>211</u>	<u>–</u>

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

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

	Six months ended 30th June	
	2010	2009
	HK\$'000	HK\$'000
Fair value gain/(loss) on investment properties, net of tax	1,423	(1,830)
Other operating results	<u>(443)</u>	<u>(8,770)</u>
Total	<u>980</u>	<u>(10,600)</u>

Note:

In September 2008, one of the jointly controlled entities, Shanghai Sung Nan Textile Company Limited ("Sung Nan") ceased its operation. 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% (2009: 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	
	2010	2009
	HK\$'000	HK\$'000
Current income tax		
– Hong Kong profits tax	336	1,276
– Overseas taxation	11,947	–
Deferred income tax	<u>3,513</u>	<u>–</u>
	<u>15,796</u>	<u>1,276</u>

The share of profits of jointly controlled entities in the condensed consolidated income statement includes the share of income tax attributable to jointly controlled entities for the six months ended 30th June 2010 of HK\$1,515,000 (2009: HK\$303,000).

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	
	2010	2009
Profit attributable to equity holders of the Company (HK\$'000)	64,399	14,840
Weighted average number of ordinary shares in issue (thousands)	42,025	42,025
Basic earnings per share (HK\$)	1.53	0.35

The Company has no dilutive potential ordinary shares.

8 Dividends

	Six months ended 30th June	
	2010	2009
	HK\$'000	HK\$'000
2009 final dividend paid of HK\$0.40 (2009: 2008 final dividend paid of HK\$0.20) per share	16,810	8,405
2009 special dividend paid of HK\$0.15 per share (2009: Nil)	6,304	–
	23,114	8,405

The Directors have not declared an interim dividend for the six months ended 30th June 2010 (2009: Nil).

9 Trade and other receivables

	30th June	31st December
	2010	2009
	HK\$'000	HK\$'000
Trade receivables	127	218
Prepayment and deposits	5,753	5,906
Other receivables	3,509	1,046
	9,389	7,170

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

At 30th June 2010, the aging analysis of trade receivables is as follows:

	30th June	31st December
	2010	2009
	HK\$'000	HK\$'000
Within 30 days	127	218

10 Trade and other payables

	30th June 2010 HK\$'000	31st December 2009 HK\$'000
Trade payables	1,834	1,290
Other payables	38,489	42,106
	<u>40,323</u>	<u>43,396</u>

At 30th June 2010, the aging analysis of trade payables is as follows:

	30th June 2010 HK\$'000	31st December 2009 HK\$'000
Within 30 days	1,494	950
31 – 60 days	340	340
	<u>1,834</u>	<u>1,290</u>

INTERIM DIVIDEND

The Directors have decided not to declare an interim dividend for the six month ended 30th June 2010 (2009: 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

Shanghai Sung Nan Textile Company Limited (“Sung Nan”), 65% owned by the Group, has now sold its textile production machinery and equipment. Regarding the project at the industrial site in Taicang, Jiangsu Province, Sung Nan has signed an agreement with the Taicang local government to assign the project to another investor. Our share of Sung Nan’s loss for the period was HK\$3.6 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 almost fully occupied.

Real Estate

As the local economy continued to grow, the take-up rate and rental levels of prime office space improved. Leasing activities at our building were affected by the ample supply of office space available in the Kwun Tong area. In order to attract tenants, we are offering attractive leasing packages with incentives at competitive rental levels. Of the 290,000 sq.ft. of industrial/office space the Group holds at Nanyang Plaza, presently 90.9% is leased.

Leasing activities at the commercial property, 33% owned by the Group, in the Jingan District in Shanghai, continued to be satisfactory. The building, which has a total area of 23,500 sq.m., is presently 98% leased.

Financial Investments

Markets traded lower in the first half of the year and, during this period, we modestly increased the allocation to equities. For the six months ended 30th June 2010, our portfolios showed a decline of 4.0%. As at that date, the market value of the portfolios stood at US\$30.1 million or approximately HK\$233.8 million.

Since the beginning of July, markets have rebounded as corporate earnings improved. As at 31st July 2010, the portfolios were marginally down by 0.3% for the year to date and the value stood at US\$31.2 million or approximately HK\$242.2 million. Equities comprised 48% (of which 36% was in U.S. equities), 24% in bonds, 5% in alternative investments, 6% in commodities and 17% in cash. As the global economy continues to grow slowly, we expect our portfolios to be affected by market volatility.

FINANCIAL POSITION

The Group's investment properties with a value at 30th June 2010 of HK\$996 million (31st December 2009: HK\$975 million) have been used to secure general banking facilities of which HK\$7 million (31st December 2009: HK\$9 million) is being utilised as a guarantee to a jointly controlled entity and HK\$28 million (31st December 2009: HK\$50 million) of these facilities had been drawn down. At the end of the period, the Group had net current assets of HK\$188.2 million (31st December 2009: HK\$182.8 million).

EMPLOYEES

The Group employed 18 employees as at 30th June 2010. 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 2010, 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 2010.

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 2010 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 2010 Interim Results Announcement.

By Order of the Board
John Barr
Company Secretary

11th August 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