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NANYANG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 212)

2011 INTERIM RESULTS ANNOUNCEMENT

RESULTS HIGHLIGHTS		
	Unaudited	
	Six months ended 30th June	
	2011	2010
	HK\$'000	HK\$'000
Revenue	112,992	78,660
Profit attributable to equity holders of the Company	148,544	64,399
Profit attributable to equity holders of the Company – before taking into account changes in fair value of investment properties and related tax effects	72,715	41,601
Earnings per share	HK\$3.59	HK\$1.53
Earnings per share – before taking into account changes in fair value of investment properties and related tax effects	HK\$1.76	HK\$0.99

The Board of Directors of Nanyang Holdings Limited announces that the unaudited Group results for the six months ended 30th June 2011 reported a profit after taxation of HK\$148.5 million (2010 : profit of HK\$64.4 million). Current period's profit includes dividend income from The Shanghai Commercial & Savings Bank, Ltd. of approximately HK\$61.6 million, gain from investment portfolios of approximately HK\$8.2 million and the change in fair value of investment properties (including that owned by a jointly controlled entity) which resulted in a net gain of HK\$75.8 million (2010 : HK\$22.8 million) to the Group. Excluding the net effect from revaluing the investment properties at fair value, the half year would have shown a profit after tax of HK\$72.7 million (2010 : profit of HK\$41.6 million). Earnings per share were HK\$3.59 (2010 : HK\$1.53).

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30TH JUNE 2011

		Six months ended 30th June	
	<i>Note</i>	2011	2010
		HK\$'000	HK\$'000
Revenue	2	112,992	78,660
Direct costs		(5,611)	(5,761)
Gross profit		107,381	72,899
Administrative expenses		(22,084)	(17,569)
Other operating income		196	235
Other operating expenses		(991)	(1,739)
Changes in fair value of investment properties		87,987	25,600
Operating profit	3	172,489	79,426
Finance costs	4	(242)	(211)
Share of profits less losses of jointly controlled entities	5	6,392	980
Profit before income tax		178,639	80,195
Income tax expense	6	(30,095)	(15,796)
Profit attributable to equity holders of the Company		148,544	64,399
Earnings per share (basic and diluted)	7	HK\$3.59	HK\$1.53

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30TH JUNE 2011

	Six months ended 30th June	
	2011	2010
	HK\$'000	HK\$'000
Profit for the period	<u>148,544</u>	<u>64,399</u>
Other comprehensive income:		
Fair value (losses)/gains on available-for-sale financial assets	(58,336)	307,018
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	<u>808</u>	<u>1,874</u>
Other comprehensive income for the period, net of tax	<u>(57,528)</u>	<u>331,252</u>
Total comprehensive income for the period attributable to equity holders of the Company	<u>91,016</u>	<u>395,651</u>

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30TH JUNE 2011

	<i>Note</i>	30th June 2011 HK\$'000	31st December 2010 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		1,413	1,528
Investment properties		1,160,580	1,081,920
Jointly controlled entities		183,752	176,455
Available-for-sale financial assets		1,081,858	1,140,386
Derivative financial assets		–	145
Deferred income tax assets		506	506
Prepayment for investments		116,141	–
		2,544,250	2,400,940
Current assets			
Trade and other receivables	9	10,034	9,754
Derivative financial assets		59	–
Financial assets at fair value through profit or loss		230,679	216,636
Tax recoverable		1,357	1,357
Cash and cash equivalents		52,894	55,276
		295,023	283,023
Total assets		2,839,273	2,683,963
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		4,137	4,137
Other reserves		996,430	1,053,958
Retained profit		1,513,128	1,397,681
Total equity		2,513,695	2,455,776
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		166,477	152,190
Derivative financial liabilities		–	337
		166,477	152,527
Current liabilities			
Trade and other payables	10	43,219	45,594
Income tax payable		474	66
Derivative financial liabilities		408	–
Short-term bank loans – secured		115,000	30,000
		159,101	75,660
Total liabilities		325,578	228,187
Total equity and liabilities		2,839,273	2,683,963
Net current assets		135,922	207,363
Total assets less current liabilities		2,680,172	2,608,303

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 2011 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 2010 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 2010 annual financial statements.

(i) Revised standard and amendment effective in current accounting period and are relevant to the Group’s operations

During the period ended 30th June 2011, the Group has adopted the following revised standard and amendment which are relevant to the Group’s operations and are mandatory for accounting periods beginning on 1st January 2011:

HKAS 24 (Revised)	Related Party Disclosures
HKAS 34 (Amendment)	Interim Financial Reporting

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

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

The following new standards and amendments 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 2012 or later periods but have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets	1st January 2012
HKAS 1 (Amendment)	Presentation of Financial Statements	1st July 2012
HKFRS 9	Financial Instruments	1st January 2013
HKFRS 10	Consolidated Financial Statements	1st January 2013
HKFRS 11	Joint Arrangements	1st January 2013
HKFRS 12	Disclosure of Interests in Other Entities	1st January 2013
HKFRS 13	Fair Value Measurements	1st January 2013

The Group has not early adopted these new standards and amendments. 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	
	2011	2010
	HK\$'000	HK\$'000
Gross rental income from investment properties	22,986	23,733
Net realised and unrealised gains/(losses) on financial assets at fair value through profit or loss	6,251	(10,011)
Dividend income from listed investments	880	871
Dividend income from unlisted investments	77,693	59,091
Interest income	1,065	933
Management fee income from investment properties	4,117	4,043
	112,992	78,660

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.

The segment results for the six months ended 30th June 2011 are as follows:

	Textile	Property	Investments	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total revenue	–	22,987	90,005	112,992
Segment profit	–	90,630	81,859	172,489
Finance costs				(242)
Share of (losses)/profits of jointly controlled entities	(402)	6,794	–	6,392
Profit before income tax				178,639
Income tax expense				(30,095)
Profit for the period				148,544
Depreciation	–	(115)	–	(115)
Revaluation gain on investment properties	–	87,987	–	87,987

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)/profits 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

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.

The segment assets and liabilities as at 30th June 2011 are as follows:

	Textile HK\$'000	Property HK\$'000	Investments HK\$'000	Total HK\$'000
Segment assets	–	1,161,866	1,493,149	2,655,015
Interests in jointly controlled entities	41,203	142,549	–	183,752
Unallocated assets	–	–	–	506
	41,203	1,304,415	1,493,149	2,839,273
Segment liabilities	–	41,192	2,909	44,101
Unallocated liabilities	–	–	–	281,477
	–	41,192	2,909	325,578

2 Revenue and segment information (Continued)

The segment assets and liabilities as at 31st December 2010 are as follows:

	Textile HK\$'000	Property HK\$'000	Investments HK\$'000	Total HK\$'000
Segment assets	–	1,083,191	1,423,811	2,507,002
Interests in jointly controlled entities	41,492	134,963	–	176,455
Unallocated assets	–	–	–	506
	<u>41,492</u>	<u>1,218,154</u>	<u>1,423,811</u>	<u>2,683,963</u>
Segment liabilities	–	43,609	2,388	45,997
Unallocated liabilities	–	–	–	182,190
	<u>–</u>	<u>43,609</u>	<u>2,388</u>	<u>228,187</u>

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

	Revenue	
	Six months ended 30th June	
	2011	2010
	HK\$'000	HK\$'000
Hong Kong	27,473	26,938
United States of America	7,054	(2,265)
Europe	(659)	(104)
Southeast Asia	(1,119)	1,460
Taiwan	77,061	59,091
Other countries	3,182	(6,460)
	<u>112,992</u>	<u>78,660</u>

At 30th June 2011, 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 follows:

	30th June	31st December
	2011	2010
	HK\$'000	HK\$'000
Hong Kong	1,160,937	1,082,303
Mainland China	184,808	177,600
	<u>1,345,745</u>	<u>1,259,903</u>

3 Operating profit

Operating profit is stated after charging the following:

	Six months ended 30th June	
	2011	2010
	HK\$'000	HK\$'000
Depreciation	115	167
Employee benefit expense (including directors' emoluments)	14,119	12,816
Fair value losses on derivative instruments	157	513
Loss on disposal of an investment property	287	–
Operating leases – land and building	1,400	1,381

4 Finance costs

	Six months ended 30th June	
	2011	2010
	HK\$'000	HK\$'000
Interest expenses on short-term bank loans	242	211

5 Share of profits less losses of jointly controlled entities

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

	Six months ended 30th June	
	2011	2010
	HK\$'000	HK\$'000
Fair value gain on investment properties, net of tax	2,360	1,423
Other operating results	4,032	(443)
Total	6,392	980

6 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profit for the period. Withholding tax on dividends receivable from overseas investments including jointly controlled entities has been calculated at the rates of taxation prevailing in the countries in which the investments operate.

	Six months ended 30th June	
	2011	2010
	HK\$'000	HK\$'000
Current income tax		
– Hong Kong profits tax	410	336
– Withholding tax	15,412	11,947
Deferred income tax	14,273	3,513
	30,095	15,796

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 2011 of HK\$2,844,000 (2010: HK\$1,515,000).

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	
	2011	2010
Profit attributable to equity holders of the Company (HK\$'000)	148,544	64,399
Weighted average number of ordinary shares in issue (thousands)	41,371	42,025
Basic earnings per share (HK\$)	3.59	1.53

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

8 Dividends

	Six months ended 30th June	
	2011	2010
	HK\$'000	HK\$'000
2010 final dividend paid of HK\$0.40 (2010: 2009 final dividend paid of HK\$0.40) per share	16,549	16,810
2010 special dividend paid of HK\$0.40 (2010: 2009 special dividend paid of HK\$0.15) per share	16,548	6,304
	33,097	23,114

The Directors have not declared an interim dividend for the six months ended 30th June 2011 (2010: Nil).

9 Trade and other receivables

	30th June	31st December
	2011	2010
	HK\$'000	HK\$'000
Trade receivables	23	30
Prepayments and deposits	7,285	7,066
Other receivables	2,726	2,658
	10,034	9,754

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

At 30th June 2011, the aging analysis of trade receivables is as follows:

	30th June	31st December
	2011	2010
	HK\$'000	HK\$'000
Within 30 days	23	30

10 Trade and other payables

	30th June 2011 HK\$'000	31st December 2010 HK\$'000
Trade payables	1,913	1,769
Other payables	41,306	43,825
	43,219	45,594

At 30th June 2011, the aging analysis of trade payables is as follows:

	30th June 2011 HK\$'000	31st December 2010 HK\$'000
Within 30 days	1,573	1,429
31-60 days	340	340
	1,913	1,769

INTERIM DIVIDEND

The Directors have decided not to declare an interim dividend for the six month ended 30th June 2011 (2010: 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

In 2010, Shanghai Sung Nan Textile Company Limited (“Sung Nan”), the Group’s 65% joint venture, reached an agreement with the Taicang government authorities to assign the industrial project in Taicang, Jiangsu Province, to another investor. Sung Nan received the balance of the proceeds from the assignment in 2011. We are currently in discussion with our PRC partner regarding the future plan for the existing site.

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

The recent turbulence experienced by the global equity markets affected business sentiments and the take up rate and rental levels of grade 'A' offices leveled off. Occupancy at our building is affected by competition from new office buildings in the Kwun Tong area. We are offering attractive packages with incentives for new tenants. Of the 290,000 sq.ft. of industrial/office space the Group holds at Nanyang Plaza, 88.3% is presently leased.

Leasing activities of the commercial property in the Jingan District, Shanghai, which is 33% owned by the Group, continue to be satisfactory. Of the total leasable area of 23,500 sq.m., 93.2% is presently leased.

Financial Investments

In the first half of 2011, the US equities market trended higher. For the six months ended 30th June 2011, the portfolios showed a positive return of 2.62%. At the end of that period, the value of the portfolios stood at US\$34.8 million or approximately HK\$271.2 million.

Since the beginning of August, triggered by the downgrade of U.S. long term debt and the financial crisis of certain European countries, equity markets worldwide were in turmoil. Despite the increased volatility, our portfolios performed better than benchmarks. As at 19th August 2011, the portfolios were down by 3.76% and the value stood at US\$32.6 million or approximately HK\$254.0 million. Equities comprised 46.3% (of which 32.3% was in US equities), 25.4% was in bonds, 4.0% in alternative investments, 8.3% in commodities and 16.0% in cash.

At the moment, the outlook of the world economy is uncertain as the recovery appears to be losing its momentum. The U.S. Congress has to come to some consensus on balancing the budget before year end. During this period, financial markets are expected to be volatile which will affect the performance of our portfolios.

On 13th March 2011, 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 May 2011, the shareholders present, except connected parties, unanimously approved the grant to the Directors of power to subscribe in full for the pro-rata shares totaling 43,013,706 shares in the pro-rata tranche ("Pro-Rata Shares"), and for not more than 16,000,000 excess SCSB shares in the excess application tranche ("Excess Shares"). On 19th May 2011, the Group subscribed for the Pro-Rata Shares in full for a total consideration of approximately HK\$116.1 million and on 28th July 2011, the Group subscribed for 2,743,123 Excess Shares for a consideration of approximately HK\$7.5 million. This acquisition represented a good opportunity to make a sound investment.

FINANCIAL POSITION

The Group's investment properties with a value of HK\$1,096 million (31/12/2010 : HK\$1,016 million) have been used to secure general banking facilities of which HK\$2.0 million (31/12/2010: HK\$5.0 million) is being utilised as a guarantee to a jointly controlled entity and HK\$115.0 million (31/12/2010 : HK\$30.0 million) has been drawn down.

EMPLOYEES

The Group employed 18 employees as at 30th June 2011. 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 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 2011, 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 2011.

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 2011 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 2011 Interim Results Announcement.

By Order of the Board
John Barr
Company Secretary

Hong Kong, 26th August 2011

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