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# NANYANG HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 212)**

## 2011 FINAL RESULTS ANNOUNCEMENT

### GROUP FINANCIAL HIGHLIGHTS

| | **2011** **HK$'000** | 2010 HK$'000 | Variance |
|---|---|---|---|
| Revenue | **118,900** | 134,559 | (12%) |
| Profit attributable to 2equity holders of the Company before taking into account changes in fair value of investment properties and related tax effects | **52,956** | 67,471 | (22%) |
| Add: Changes in fair value of investment properties and related tax effects | **133,156** | 48,457 | 175% |
| Profit attributable to equity holders of the Company | **186,112** | 115,928 | 61% |
| Total equity | **2,737,187** | 2,455,776 | 11% |
| | **2011** **HK$** | 2010 HK$ | |
| Earnings per share before taking into account changes in fair value of investment properties and related tax effects | **1.28** | 1.61 | (21%) |
| Add: Changes in fair value of investment properties and related tax effects per share | **3.22** | 1.16 | 178% |
| Earnings per share | **4.50** | 2.77 | 62% |
| Final dividend per share | **0.40** | 0.40 | – |
| Special dividend per share | **0.10** | 0.40 | (75%) |
| Dividend per share | **0.50** | 0.80 | (38%) |
| Net asset value per share | **66.30** | 59.36 | 12% |

The Board of Directors of Nanyang Holdings Limited announces that for the year ended 31st December 2011 the Group reported a profit after taxation of HK$186.1 million (2010: profit of HK$115.9 million). The current year's profit includes dividend income from The Shanghai Commercial & Savings Bank, Ltd. of approximately HK$61.5 million and the changes in valuation of investment properties (including that owned by a jointly controlled entity) which resulted in a net gain of HK$133.1 million (2010: gain of HK$48.5 million). Excluding the net effect from revaluing the investment properties at fair value, the net profit for the year would be HK$53.0 million (2010: profit of HK$67.5 million). Earnings per share were HK$4.50 (2010: HK$2.77). The Group's net asset value per share increased by 12%, from HK$59.36 (at 31/12/2010) to HK$66.30 (at 31/12/2011), due mainly to an increase in the value of the newly subscribed shares of The Shanghai Commercial & Savings Bank, Ltd. and investment properties.

The financial information set out in this announcement below does not constitute the Group's consolidated financial statements for the year ended 31st December 2011, but represents an extract from those consolidated financial statements.

**CONSOLIDATED INCOME STATEMENT**
*For the year ended 31st December 2011*

| | *Note* | **2011**<br>**HK$'000** | 2010<br>HK$'000 |
|---|---|---|---|
| Revenue | *2* | **118,900** | 134,559 |
| Direct costs | | **(12,561)** | (11,897) |
| Gross profit | | **106,339** | 122,662 |
| Administrative expenses | | **(39,393)** | (36,346) |
| Other operating income | | **1,676** | 1,031 |
| Other operating expenses | | **(3,439)** | (3,753) |
| Changes in fair value of investment properties | | **155,847** | 56,270 |
| Operating profit | *3* | **221,030** | 139,864 |
| Finance costs | *4* | **(807)** | (352) |
| Share of profits less losses of jointly controlled entities | | **8,553** | (47) |
| Profit before income tax | | **228,776** | 139,465 |
| Income tax charge | *5* | **(42,664)** | (23,537) |
| Profit attributable to equity holders of the Company | | **186,112** | 115,928 |
| Earnings per share (basic and diluted) | *6* | **HK$4.50** | HK$2.77 |
| Dividends | *7* | **20,644** | 33,097 |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31st December 2011*

| | **2011** | 2010 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| **Profit for the year** | **186,112** | 115,928 |
| **Other comprehensive income:** | | |
| Fair value gains on available-for-sale financial assets | **124,030** | 549,196 |
| 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 |
| Share of other reserve of a jointly controlled entity | **3,310** | – |
| Currency translation differences | **2,607** | 7,131 |
| Other comprehensive income for the year, net of tax | **129,947** | 578,687 |
| Total comprehensive income attributable to equity holders of the Company | **316,059** | 694,615 |

**CONSOLIDATED BALANCE SHEET**
*As at 31st December 2011*

| | Note | 2011<br>HK$'000 | 2010<br>HK$'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | **1,320** | 1,528 |
| Investment properties | | **1,228,440** | 1,081,920 |
| Jointly controlled entities | | **189,716** | 176,455 |
| Available-for-sale financial assets | | **1,386,402** | 1,140,386 |
| Derivative financial assets | | **32** | 145 |
| Deferred income tax assets | | **103** | 506 |
| | | **2,806,013** | 2,400,940 |
| **Current assets** | | | |
| Trade and other receivables | *8* | **13,059** | 9,754 |
| Financial assets at fair value through profit or loss | | **182,534** | 216,636 |
| Tax recoverable | | **821** | 1,357 |
| Cash and cash equivalents | | **78,247** | 55,276 |
| | | **274,661** | 283,023 |
| **Total assets** | | **3,080,674** | 2,683,963 |
| **EQUITY** | | | |
| **Capital and reserves attributable to the Company's equity holders** | | | |
| Share capital | | **4,129** | 4,137 |
| Other reserves | | **1,184,259** | 1,053,958 |
| Retained profits | | **1,548,799** | 1,397,681 |
| **Total equity** | | **2,737,187** | 2,455,776 |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Deferred income tax liabilities | | **178,614** | 152,190 |
| Derivative financial liabilities | | **417** | 337 |
| | | **179,031** | 152,527 |
| **Current liabilities** | | | |
| Trade and other payables | *9* | **46,456** | 45,660 |
| Short-term bank loans | | **118,000** | 30,000 |
| | | **164,456** | 75,660 |
| **Total liabilities** | | **343,487** | 228,187 |
| **Total equity and liabilities** | | **3,080,674** | 2,683,963 |
| **Net current assets** | | **110,205** | 207,363 |
| **Total assets less current liabilities** | | **2,916,218** | 2,608,303 |

## 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 values.

**(b) Standards, interpretations and amendments to standards that are effective in 2011 and are relevant to the Group's operations**

During the year ended 31st December 2011, the Group has adopted the following new or revised standards, interpretations and amendments to standards which are mandatory for accounting periods beginning on 1st January 2011:

| | |
|---|---|
| HKAS 1 (Amendment) | Presentation of Financial Statements |
| HKAS 24 (Revised) | Related Party Disclosure |
| HKAS 27 (Amendment) | Consolidated and Separate Financial Statements |
| HKAS 32 (Amendment) | Classification of Right Issues |
| HKAS 34 (Amendment) | Interim Financial Reporting |
| HKFRS 3 (Amendment) | Business Combinations |
| HKFRS 7 (Amendment) | Financial Instruments: Disclosures |
| HK (IFRIC) – Int 19 | Extinguishing Financial Liabilities with Equity Instruments |

The adoption of these revised standards, interpretations 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 SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

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

The following new or revised standards and amendments have been published which 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 1 (Amendment) | Presentation of Financial Statements | 1st July 2012 |
| HKAS 12 (Amendment) | Income Taxes | 1st January 2012 |
| HKAS 19 (Amendment) | Employee Benefits | 1st January 2013 |
| HKAS 27 (Revised) | Separate Financial Statements | 1st January 2013 |
| HKAS 28 (Revised) | Associates and Joint Ventures | 1st January 2013 |
| HKFRS 7 (Amendment) | Disclosures – Transfer of Financial Assets | 1st July 2011 |
| HKFRS 9 | Financial Instruments | 1st January 2015 |
| 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 the above new or revised standards and amendments in the financial statements for the year ended 31st December 2011. 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, except for HKAS 12 (Amendment).

HKAS 12 (Amendment) provides an exception to the principles in the existing standard for measuring deferred tax assets or liabilities when an investment property is measured at fair value. The amendment introduces a rebuttable presumption that an investment property measured at fair value will be recovered entirely through sale rather than over time through operations. The implication is that deferred tax liabilities are not provided for investment properties in Hong Kong as capital gains upon sale are not taxable in Hong Kong. Accordingly, the Group's deferred income tax liabilities on the fair value gains on investment properties would reverse if the standard had been early adopted for the year ended 31st December 2011. The amendment is effective for the financial periods beginning on or after 1st January 2012 and full retrospective application will be required upon its adoption.

## 2 REVENUE AND SEGMENT INFORMATION

Revenue recognised during the year comprises the following:

| | **2011** **HK$'000** | 2010 HK$'000 |
|---|---|---|
| Gross rental income from investment properties | **45,409** | 46,807 |
| Net realised and unrealised (losses)/gains on financial assets at fair value through profit or loss | **(16,575)** | 16,299 |
| Dividend income from financial assets at fair value through profit or loss | **1,882** | 1,787 |
| Dividend income from available-for-sale financial assets | **77,544** | 59,260 |
| Interest income | **2,059** | 2,155 |
| Management fee income from investment properties | **8,347** | 8,024 |
| Other | **234** | 227 |
| | **118,900** | 134,559 |

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 2011 are as follows:

| | **Textile** **HK$'000** | **Property** **HK$'000** | **Investments** **HK$'000** | **Group** **HK$'000** |
|---|---|---|---|---|
| Segment revenue | **–** | **53,756** | **65,144** | **118,900** |
| Operating profit | **–** | **183,228** | **37,802** | **221,030** |
| Finance costs | | | | **(807)** |
| Share of (losses)/profits of jointly controlled entities *(Note)* | **(412)** | **8,965** | **–** | **8,553** |
| Profit before income tax | | | | **228,776** |
| Income tax charge | | | | **(42,664)** |
| Profit attributable to equity holders of the Company | | | | **186,112** |
| Capital expenditure | **–** | **10** | **–** | **10** |
| Depreciation | **–** | **50** | **168** | **218** |
| Revaluation gain on investment properties | **–** | **155,847** | **–** | **155,847** |

## 2 REVENUE AND SEGMENT INFORMATION *(Cont'd)*

The segment results for the year ended 31st December 2010 are as follows:

| | Textile HK$'000 | Property HK$'000 | Investments HK$'000 | Group HK$'000 |
|---|---|---|---|---|
| Segment revenue | – | 54,831 | 79,728 | 134,559 |
| Operating profit | – | 64,099 | 75,765 | 139,864 |
| Finance costs | | | | (352) |
| Share of (losses)/profits of jointly controlled entities | (4,475) | 4,428 | – | (47) |
| Profit before income tax | | | | 139,465 |
| Income tax charge | | | | (23,537) |
| Profit attributable to equity holders of the Company | | | | 115,928 |
| Capital expenditure | – | 12 | – | 12 |
| Depreciation | – | 118 | 146 | 264 |
| Revaluation gain on investment properties | – | 56,270 | – | 56,270 |

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 which are managed on a central basis.

The segment assets and liabilities as at 31st December 2011 are as follows:

| | **Textile HK$'000** | **Property HK$'000** | **Investments HK$'000** | **Total HK$'000** |
|---|---|---|---|---|
| Segment assets | **–** | **1,229,227** | **1,661,628** | **2,890,855** |
| Interests in jointly controlled entities *(Note)* | **41,744** | **147,972** | **–** | **189,716** |
| Unallocated assets | | | | **103** |
| | | | | **3,080,674** |
| Segment liabilities | **–** | **44,375** | **2,498** | **46,873** |
| Unallocated liabilities | | | | **296,614** |
| | | | | **343,487** |

## 2 REVENUE AND SEGMENT INFORMATION *(Cont'd)*

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 |
| | | | | 2,683,963 |
| Segment liabilities | – | 43,609 | 2,388 | 45,997 |
| Unallocated liabilities | | | | 182,190 |
| | | | | 228,187 |

*Note:* Pursuant to the board resolution signed on 16th September 2011, the board of directors of Shanghai Sung Nan Textile Co., Ltd., a jointly controlled entity of the Group, decided to lease its existing site to third parties for rental income. Renovation at the site was ongoing as at 31st December 2011 and is expected to be finalised in 2012. The business operation would be changed to property segment once the renovation is completed.

The Company is incorporated in Bermuda and is domiciled in Hong Kong. The Group's revenue from Hong Kong and from other countries for the year ended 31st December is analysed as follows:

| | **2011 HK$'000** | 2010 HK$'000 |
|---|---|---|
| Hong Kong | **49,473** | 58,003 |
| United States of America | **(239)** | 11,975 |
| Europe | **(3,295)** | (521) |
| Southeast Asia | **(3,315)** | 3,108 |
| Taiwan | **76,911** | 59,076 |
| Other countries | **(635)** | 2,918 |
| | **118,900** | 134,559 |

## 3 OPERATING PROFIT

| | **2011 HK$'000** | 2010 HK$'000 |
|---|---|---|
| Operating profit is stated after charging depreciation | **218** | 264 |

## 4 FINANCE COSTS

| | 2011 HK$'000 | 2010 HK$'000 |
|---|---|---|
| Interest on bank loans and overdrafts | **807** | 352 |

## 5 INCOME TAX CHARGE

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profit for the year. 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.

The amount of taxation charged to the consolidated income statement represents:

| | 2011 HK$'000 | 2010 HK$'000 |
|---|---|---|
| Current income tax | | |
| Hong Kong profits tax | **261** | 369 |
| Withholding tax | **15,655** | 12,080 |
| (Over)/underprovision in prior years | **(1)** | 59 |
| | **15,915** | 12,508 |
| Deferred income tax | **26,749** | 11,029 |
| | **42,664** | 23,537 |

## 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 year.

| | 2011 | 2010 |
|---|---|---|
| **Earnings (HK$'000)** | | |
| Earnings for the purpose of calculating the basic and dilutive earnings per share *(Note)* | **186,112** | 115,928 |
| **Number of shares** | | |
| Weighted average number of ordinary shares in issue (thousands) | **41,350** | 41,855 |
| **Earnings per share (HK$)** | | |
| Basic and dilutive | **4.50** | 2.77 |

*Note:* The Company has no dilutive potential ordinary shares.

## 7 DIVIDENDS

| | 2011<br>HK$'000 | 2010<br>HK$'000 |
|---|---|---|
| 2011 proposed final dividend paid of HK$0.40 (2010: HK$0.40) per share | **16,515** | 16,548 |
| 2011 proposed special dividend paid of HK$0.10 (2010: HK$0.40) per share | **4,129** | 16,549 |
| | **20,644** | 33,097 |

## 8 TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables of HK$737,000 (2010: HK$30,000).

The Group does not grant any credit term to customers. At 31st December 2011, the aging analysis of the trade receivables is as follows:

| | 2011<br>HK$'000 | 2010<br>HK$'000 |
|---|---|---|
| Within 30 days | **737** | 30 |

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$2,189,000 (2010: HK$1,769,000).

At 31st December 2011, the aging analysis of the trade payables is as follows:

| | 2011<br>HK$'000 | 2010<br>HK$'000 |
|---|---|---|
| Within 30 days | **1,849** | 1,429 |
| 31 – 60 days | **340** | 340 |
| | **2,189** | 1,769 |

## DIVIDEND

The Directors recommend the payment of a final dividend of HK$0.40 per share and a special dividend of HK$0.10 per share, representing a total dividend distribution of approximately HK$20.6 million (2010: final dividend of HK$0.40 per share and a special dividend of HK$0.40 per share, representing a total dividend distribution of HK$33.1 million). The final and special dividends will be payable on 31st May 2012. These proposed dividends are not reflected as dividends payable in the financial statements for the year ended 31st December 2011, but will be reflected as appropriations of retained profits for the year ending 31st December 2012.

The register of members of the Company will be closed from 24th May 2012 to 25th May 2012, 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 Wednesday, 23rd May 2012.

## PURCHASE, SALE OR REDEMPTION OF SHARES

During the year, the Company repurchased 84,000 of its shares on The Stock Exchange of Hong Kong Limited, all of which have been cancelled. The Directors believe that share buybacks will be beneficial to the shareholders as the shares are traded at a discount to the net asset value per share. Details of the shares repurchased are as follows:

| Month of repurchase | Number of shares purchased | Price per share Highest HK$ | Price per share Lowest HK$ | Aggregate price HK$ |
|---|---|---|---|---|
| 2011 | | | | |
| September | 65,000 | 18.5 | 18.4 | 1,197,300 |
| October | 19,000 | 18.6 | – | 353,400 |
| | 84,000 | | | 1,550,700 |

Except as disclosed above, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

## BUSINESS REVIEW AND PROSPECTS

### Textile Operations

In 2011, Shanghai Sung Nan Textile Co., Ltd. ("Sung Nan"), the Group's 65% joint venture, received the balance of the assignment fee for the Taicang project. After a Sung Nan board meeting held in September, an executive from our PRC partner was appointed as the general manager and is responsible for leasing the existing premises to third parties for the balance of the joint venture term. He has previous experience of converting industrial sites to offices for rental.

Earnings at Southern Textile Company Limited ("Southern"), the Group's 45% joint venture in Shenzhen, continued to be satisfactory. As the current joint venture agreement and the land use right of its main asset, a factory building, are due to expire at the beginning of 2013, Southern's management is applying to the local government for an extension of the existing lease. Presently, the building which is leased to third parties has an occupancy rate of 97%.

### Real Estate

The financial turmoil in Europe and the uncertain economic outlook in the US affected business sentiment. The take up rate of Grade 'A' offices and rental levels declined as international corporations slowed expansion plans. Demand for space at our building has also been subdued. In order to attract new tenants, we are offering basic fit-out as an incentive. Of the 290,000 sq.ft. of industrial/office space the Group holds at Nanyang Plaza, 91.7% is leased.

Leasing activities at the commercial property in the Jingan District, Shanghai, owned 33% by the Group, are satisfactory. Of the total leasable area of 23,500 sq.m., 95.5% is leased.

### Financial Investments Review and Prospects

In the second half of 2011, world equity markets other than the US, declined substantially as the debt crisis which began with certain European countries spread to other major economies in Europe. During this time, we reduced equity holdings especially in Europe. For the year ended 31st December 2011, the investment portfolios declined by 5.6% and at the year end the market value of the portfolios was US$32.0 million or approximately HK$248.3 million.

Since the beginning of 2012, an improvement in the US economy and measures taken by the European Central Bank seem to have calmed global financial markets. With ample money supply and low interest rates, world equity markets rebounded. As at 15th March 2012, the value of the portfolios was up by 6.2% at US$34.0 million or approximately HK$263.5 million. Equities comprised 39.6% of the investment portfolios (of which 31.1% was in US equities), 26.6% was in bonds, 3.0% in alternative investments, 7.3% in commodities and the balance in cash. At this time the portfolio has recovered from last year's decline.

Looking ahead, in 2012, there are elections in many major countries. With an unclear outcome of the debt crisis in Europe and rising tension in the Middle East, we expect financial markets would react to these events. The increase in volatility would have an impact on our portfolio's performance.

## BUSINESS REVIEW AND PROSPECTS *(Cont'd)*

### Financial Investments Review and Prospects *(Cont'd)*

On 13th March 2011, The Shanghai Commercial & Savings Bank, Ltd., a licensed bank in Taiwan ("SCSB"), proposed a rights issue for all its existing shareholders at an offer price of NT$10 per share. At the Special General Meeting held on 11th May 2011, the shareholders present, except connected parties who had to abstain from voting, unanimously approved the grant to the Directors of power to subscribe in full for the pro-rata shares totaling 43,013,706 SCSB 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. These subscriptions represented a good opportunity to make a sound investment.

## FINANCIAL POSITION

The Group's investment properties with a value of HK$1,161.8 million (31/12/2010: HK$1,016.0 million) have been used to secure general banking facilities of which HK$118.0 million was utilised as at 31st December 2011 (31/12/2010: HK$30.0 million). At the end of the year, the Group had net current assets of HK$110.2 million (31/12/2010: HK$207.4 million). The decrease is due to the increase in borrowings for the subscriptions for the SCSB shares.

## EMPLOYEES

The Group employed 18 employees as at 31st December 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 year ended 31st December 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 standard set out in the Model Code throughout the year ended 31st December 2011.

## AUDIT COMMITTEE AND REVIEW OF RESULTS

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 2011 with the management.

The financial information in respect of this results announcement of the Group's results for the year ended 31st December 2011 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

## 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 Final Results Announcement.

By Order of the Board
**John Barr**
*Company Secretary*

Hong Kong, 21st March 2012

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

*Executive Directors:*
Yun Cheng Wang *(Senior Managing Director)*
Hung Ching 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