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NANYANG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 212)

2013 INTERIM RESULTS ANNOUNCEMENT

RESULTS HIGHLIGHTS

	Unaudited Six months ended 30th June	
	2013	2012
	HK$'000	HK$'000
Revenue	**94,133**	91,617
Profit attributable to equity holders of the Company	**98,601**	105,866
Profit attributable to equity holders of the Company – before taking into account changes in fair value of investment properties and related tax effects	**59,058**	50,205
Earnings per share	**HK$2.40**	HK$2.56
Earnings per share – before taking into account changes in fair value of investment properties and related tax effects	**HK$1.44**	HK$1.22

The Board of Directors of Nanyang Holdings Limited announces that the unaudited Group results for the six months ended 30th June 2013 showed a profit after taxation of HK$98.6 million (2012: profit of HK$105.9 million). This profit includes mainly dividend from The Shanghai Commercial & Savings Bank, Ltd., of approximately HK$46.0 million (after netting 20% withholding tax) for its 2012 earnings, gains from the investment portfolios of approximately HK$4.7 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$39.5 million (2012: HK$55.7 million). Excluding the net effect of revaluing the investment properties at fair value, the half year would have shown a profit after tax of HK$59.1 million (2012: profit of HK$50.2 million). Earnings per share were HK$2.40 (2012: HK$2.56).

The financial information set out in this announcement below has been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's unaudited consolidated financial statements for the period ended 30th June 2013. 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.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30th June 2013

	Note	**Six months ended 30th June 2013 HK$'000**	2012 HK$'000
Revenue	*2*	**94,133**	91,617
Direct costs		**(6,569)**	(6,324)
Gross profit		**87,564**	85,293
Administrative expenses		**(17,468)**	(18,368)
Other operating income		**1,844**	806
Other operating expenses		**(893)**	(1,159)
Changes in fair value of investment properties		**44,860**	53,830
Operating profit	*3*	**115,907**	120,402
Finance costs	*4*	**(442)**	(605)
Share of profits less losses of jointly controlled entities		**(1,208)**	2,478
Profit before income tax		**114,257**	122,275
Income tax expense	*5*	**(15,656)**	(16,409)
Profit attributable to equity holders of the Company		**98,601**	105,866
Earnings per share (basic and diluted)	*6*	**HK$2.40**	HK$2.56

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June 2013

	Six months ended 30th June	
	2013	2012
	HK$'000	HK$'000
Profit for the period	**98,601**	105,866
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Fair value (losses)/gains on available-for-sale financial assets	**(9,531)**	69,115
Share of other reserve of a jointly controlled entity	**23,459**	–
Currency translation differences	**6,707**	(1,922)
Other comprehensive income for the period, net of tax	**20,635**	67,193
Total comprehensive income for the period attributable to equity holders of the Company	**119,236**	173,059

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
As at 30th June 2013

	Note	30th June 2013 HK$'000	31st December 2012 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**1,039**	1,119
Investment properties		**1,736,590**	1,691,730
Jointly controlled entities		**237,321**	212,606
Available-for-sale financial assets		**1,337,265**	1,342,745
Deferred income tax assets		**–**	102
		3,312,215	3,248,302
Current assets			
Trade and other receivables	*8*	**62,314**	15,924
Financial assets at fair value through profit or loss		**239,660**	212,093
Cash and cash equivalents		**44,106**	66,722
		346,080	294,739
Total assets		**3,658,295**	3,543,041
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**4,113**	4,129
Other reserves		**1,165,326**	1,144,675
Retained profits		**2,308,600**	2,247,216
Total equity		**3,478,039**	3,396,020
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**24,188**	21,048
		24,188	21,048
Current liabilities			
Trade and other payables	*9*	**42,955**	44,813
Tax payables		**2,113**	1,160
Short term bank loans – secured		**111,000**	80,000
		156,068	125,973
Total liabilities		**180,256**	147,021
Total equity and liabilities		**3,658,295**	3,543,041
Net current assets		**190,012**	168,766
Total assets less current liabilities		**3,502,227**	3,417,068

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 2013 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 2012 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 2012 annual financial statements.

(i) New and revised standards and amendments to standards effective in current accounting period and are relevant to the Group's operations

During the period ended 30th June 2013, the Group has adopted the following new and revised standards and amendments to standards which are relevant to the Group's operations and are mandatory for accounting periods beginning on 1st January 2013:

HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 19 (Amendment)	Employee Benefits
HKAS 27 (Revised 2011)	Separate Financial Statements
HKAS 28 (Revised 2011)	Associates and Joint Ventures
HKFRS 1 (Amendment)	Government Loans
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurements

The adoption of these new and revised standards and amendments to standards 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)*

(b) Significant accounting policies *(Cont'd)*

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

The following new standards and amendments to standards 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 2014 or later periods but have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
HKAS 32 (Amendment)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities	1st January 2014
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date and Transition Disclosure	1st January 2015
HKFRS 9	Financial Instruments	1st January 2015
HK(IFRIC) – Interpretation 21	Levies	1st January 2014
Amendments to HKFRS 10, HKFRS 12 and HKFRS 27 (2011)	Investment Entities	1st January 2014
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets	1st January 2014

The Group has not early adopted these new standards and amendments to standards. 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	
	2013	2012
	HK$'000	HK$'000
Gross rental income from investment properties	**27,238**	23,871
Net realised and unrealised gains on financial assets at fair value through profit or loss	**2,118**	5,086
Dividend income from financial assets at fair value through profit or loss	**1,625**	792
Dividend income from available-for-sale financial assets	**57,509**	56,444
Interest income	**941**	1,079
Management fee income from investment properties	**4,702**	4,345
	94,133	91,617

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

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

Real estate – investment in and leasing of industrial/office premises
Financial 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 2013 are as follows:

	Real estate HK$'000	**Financial investments HK$'000**	**Total HK$'000**
Total revenue	**27,239**	**66,894**	**94,133**
Segment result	**55,709**	**60,198**	**115,907**
Finance costs			**(442)**
Share of losses less profits of jointly controlled entities	**(1,208)**	**–**	**(1,208)**
Profit before income tax			**114,257**
Income tax expense			**(15,656)**
Profit for the period			**98,601**
Depreciation	**(24)**	**(78)**	**(102)**
Fair value gain on investment properties	**44,860**	**–**	**44,860**

The segment results for the six months ended 30th June 2012 are as follows:

	Real estate HK$'000	Financial investments HK$'000	Total HK$'000
Total revenue	23,870	67,747	91,617
Segment result	59,892	60,510	120,402
Finance costs			(605)
Share of profits less losses of jointly controlled entities	2,478	–	2,478
Profit before income tax			122,275
Income tax expense			(16,409)
Profit for the period			105,866
Depreciation	(24)	(78)	(102)
Fair value gain on investment properties	53,830	–	53,830

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.

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

The segment assets and liabilities as at 30th June 2013 are as follows:

	Real estate HK$'000	**Financial investments HK$'000**	**Total HK$'000**
Segment assets	**1,736,887**	**1,684,087**	**3,420,974**
Interests in jointly controlled entities	**237,321**	**–**	**237,321**
			3,658,295
Segment liabilities	**42,625**	**2,441**	**45,066**
Unallocated liabilities			**135,190**
			180,256

The segment assets and liabilities as at 31st December 2012 are as follows:

	Real estate HK$'000	Financial investments HK$'000	Total HK$'000
Segment assets	1,692,621	1,637,712	3,330,333
Interests in jointly controlled entities	212,606	–	212,606
Unallocated assets			102
			3,543,041
Segment liabilities	43,242	2,731	45,973
Unallocated liabilities			101,048
			147,021

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 period ended 30th June is analysed as follows:

	Six months ended 30th June	
	2013	2012
	HK$'000	HK$'000
Hong Kong	**30,590**	27,405
United States of America	**4,346**	4,017
Europe	**751**	2,034
Taiwan	**57,509**	56,417
Other countries	**937**	1,744
	94,133	91,617

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

At 30th June 2013, the total of non-current assets other than financial instruments and deferred income tax assets located/operated in Hong Kong and in other places are as follows:

	30th June 2013 HK$'000	31st December 2012 HK$'000
Hong Kong	**1,736,888**	1,692,028
Mainland China	**238,602**	213,427
	1,975,490	1,905,455

3 OPERATING PROFIT

Operating profit is stated after charging the following:

	Six months ended 30th June	
	2013 HK$'000	2012 HK$'000
Depreciation	**102**	102
Employee benefit expense (including directors' emoluments)	**11,797**	12,367
Fair value losses on derivative financial instruments	**–**	12
Operating leases payments on land and buildings	**1,766**	1,424
Management fee expense in respect of investment properties	**4,867**	4,680

4 FINANCE COSTS

	Six months ended 30th June	
	2013 HK$'000	2012 HK$'000
Interest expenses on short term bank loans	**442**	605

5 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 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	
	2013	2012
	HK$'000	HK$'000
Current income tax		
– Hong Kong profits tax	**953**	463
– Withholding tax	**11,502**	14,757
Deferred income tax	**3,201**	1,189
	15,656	16,409

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 2013 of HK$105,000 (2012: HK$3,384,000).

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	
	2013	2012
Profit attributable to equity holders of the Company (HK$'000)	**98,715**	105,866
Weighted average number of ordinary shares in issue (thousands)	**41,132**	41,287
Earnings per share — basic and diluted (HK$)	**2.40**	2.56

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

7 DIVIDENDS

	Six months ended 30th June	
	2013	2012
	HK$'000	HK$'000
2012 final dividend paid of HK$0.40 (2012: 2011 final dividend paid of HK$0.40) per share	**16,451**	16,515
2012 special dividend paid of HK$0.40 (2012: 2011 special dividend paid of HK$0.10) per share	**16,451**	4,129
	32,902	20,644

The Directors have not declared an interim dividend for the six months ended 30th June 2013 (2012: Nil).

8 TRADE AND OTHER RECEIVABLES

	30th June 2013 HK$'000	31st December 2012 HK$'000
Trade receivables	**79**	243
Prepayments and deposits	**7,707**	7,402
Other receivables	**8,521**	8,279
Dividend receivables	**46,007**	–
	62,314	15,924

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

At 30th June 2013, the aging analysis of trade receivables is as follows:

	30th June 2013 HK$'000	31st December 2012 HK$'000
Within 30 days	**79**	217
31-60 days	**–**	26
	79	243

9 TRADE AND OTHER PAYABLES

	30th June 2013 HK$'000	31st December 2012 HK$'000
Trade payables	**2,111**	2,031
Other payables	**40,844**	42,782
	42,955	44,813

At 30th June 2013, the aging analysis of trade payables is as follows:

	30th June 2013 HK$'000	31st December 2012 HK$'000
Within 30 days	**1,771**	1,691
31–60 days	**340**	340
	2,111	2,031

INTERIM DIVIDEND

The Directors have decided not to declare an interim dividend for the six months ended 30th June 2013 (2012: Nil).

PURCHASE, SALE OR REDEMPTION OF SHARES

During the period, the Company repurchased 159,500 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$
2013				
January	159,500	27.3	26.4	4,315,425

Except 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

Real Estate

Shanghai
Renovation work, converting the previous factory site to offices for rental, at Shanghai Sung Nan Textile Co. Ltd. ("Sung Nan"), the joint venture of which the Group owns 65%, is almost completed. At present, of the total leasable area of 28,153 sq.m., approximately 92.5% is leased. With the completion of these works, Sung Nan should become profitable.

Rental activities at the commercial building in Jingan District, Shanghai, which is 33% owned by the Group, continued to be satisfactory. Of the total leasable area of 23,500 sq.m., presently, approximately 91.3% is leased.

Shenzhen
Southern Textile Company Limited ("Southern"), the Group's 45% joint venture, continued to perform satisfactorily. In May, Southern received approval for the extension of the land use right of the factory building for another 20 years to 2033. Correspondingly, its joint venture period has also been extended for 21 years to 2034. Of the total leasable area of 18,300 sq.m., presently, approximately 99.5% is leased.

Hong Kong
Pursuant to the additional measures taken by the government to cool off the property market, sales of properties has slowed down substantially. Rental rates at Nanyang Plaza, however, continued to improve. Of the 290,000 sq.ft. of industrial/office space we hold, 94.1% is leased.

BUSINESS REVIEW AND PROSPECTS *(Cont'd)*

Financial Investments

Major equity markets which trended upward since the beginning of 2013, became volatile and uncertain in late May, with the anticipation of the eventual tapering off of asset purchases in the United States. Our portfolios grew steadily for the first five months of 2013 but fell by more than 3 percent in June. For the six months ended 30th June 2013, the portfolios showed a positive return of 1.36%, and at the end of the period the value of the portfolios stood at US$35.0 million or approximately HK$271.4 million.

Recent data show that the US economy continues to grow modestly and that major European economies are coming out of recession. As at 21st August 2013, the portfolios have increased by 3.8% since the year end, representing US$1.3 million or approximately HK$10.0 million, and have almost regained the level achieved in April. As at 21st August 2013, the value of the portfolios stood at US$35.9 million or approximately HK$278.0 million. Equities comprised 59.3% (of which 39.8% was in US equities), 17.8% was in bonds, 2.7% in alternative investments, 6.6% in commodities and 13.6% in cash.

For the rest of the year, we expect markets to remain volatile. However, as the low interest rate environment may continue for a while and Europe is slowly recovering, we are cautiously optimistic regarding the performance of our investment portfolios.

The Group's investment in the shares of The Shanghai Commercial & Savings Bank, Ltd. ("SCSB"), with a holding of approximately 4% of the total issued share capital of SCSB, continued to perform well. During this period, SCSB has been nominated by Global Banking & Finance Review as the 'Best Commercial Bank in Taiwan' and by The Asian Banker as 'The Best Managed Bank in Taiwan'.

On 27th November 2012, SCSB became a public company in Taiwan, but is not listed. The unaudited net income of SCSB for the three months ended 31st March 2013 was approximately NT$2,549.6 million (2012 same period: net income of approximately NT$2,162.5 million), representing an increase of 17.9%. Total shareholders equity at 31st March 2013 was approximately NT$96,455.0 million (31/3/2012: approximately NT$90,349.8 million), an increase of 6.8%. (These figures were extracted from the SCSB's website at http://www.scsb.com.tw).

FINANCIAL POSITION

The Group's investment properties with a value of HK$1,637.6 million (31/12/2012: HK$1,603.0 million) have been mortgaged to a bank to secure general banking facilities of which HK$111.0 million has been drawn down (31/12/2012: HK$80.0 million).

EMPLOYEES

The Group employed 15 employees as at 30th June 2013. 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 2013, in compliance with the code provisions set out in the Corporate Governance Code as stated 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 2013.

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 unaudited consolidated financial statements for the period ended 30th June 2013 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 2013 Interim Results Announcement.

By Order of the Board
John Barr
Company Secretary

Hong Kong, 28th August 2013

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

Executive Directors:
Hung Ching Yung, JP *(Managing Director)*
Lincoln C. K. Yung, JP *(Deputy Managing Director)*
Jennie Chen *(Financial Controller)*

Independent Non-Executive Directors:
Rudolf Bischof *(Chairman)*
James J. Bertram
Robert T. T. Sze

Non-Executive Director:
John Con-sing Yung