NANYANG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 212)

2015 INTERIM RESULTS ANNOUNCEMENT

GROUP FINANCIAL HIGHLIGHTS

	Unaudited Six months ended 30 June		
	2015	2014	**Variance**
	HK$'000	HK$'000	
Revenue and income	**105,539**	103,343	2%
Profit attributable to equity holders of the Company	**118,292**	203,791	(42%)
Profit attributable to equity holders of the Company after deducting:			
– changes in fair value of investment properties and related tax effects	**(54,347)**	(62,512)	(13%)
– share of gain on disposal of a wholly owned subsidiary of a joint venture	**–**	(74,708)	N/A
	63,945	66,571	(4%)
Earnings per share	**HK$3.35**	HK$4.96	(32%)
Earnings per share – after deducting the changes in fair value of investment properties and related tax effects and the share of gain on disposal of a wholly owned subsidiary of a joint venture	**HK$1.81**	HK$1.62	12%

The Board of Directors of Nanyang Holdings Limited announces that the unaudited Group results for the six months ended 30 June 2015 showed a profit after taxation of HK$118.3 million (2014: profit of HK$203.8 million. This included the share of the gain on disposal of the one-third equity interest in the wholly owned subsidiary of a joint venture, totalling HK$74.7 million). The current period's profit comprises the dividend from The Shanghai Commercial & Savings Bank, Ltd., in respect of its 2014 earnings, of approximately HK$41.7 million (after the 20% withholding tax), gains from investment portfolios of HK$11.3 million and the change in fair value of investment properties (including those owned by the joint ventures and an associate) which resulted in a net gain of HK$54.3 million (2014: HK$62.5 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$63.9 million (2014: profit of HK$66.6 million. This excluded the gain on disposal of the one-third equity interest in the wholly owned subsidiary of a joint venture). Earnings per share were HK$3.35 (2014: HK$4.96). Excluding the net effect of revaluing the investment properties at fair value, earnings per share would have been HK$1.81 (2014: HK$1.62. This excluded the gain on disposal of the one-third equity interest in the wholly owned subsidiary of a joint venture.)

The figures in respect of this preliminary announcement of the Group's results for the period ended 30 June 2015 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft unaudited consolidated financial statements for the period ended 30 June 2015. 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 this preliminary announcement.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2015

		Six months ended 30 June	
	Note	**2015**	2014
		HK$'000	HK$'000
Revenue and income	*2*	**105,539**	103,343
Direct costs		**(7,696)**	(6,923)
Gross profit		**97,843**	96,420
Administrative expenses		**(17,712)**	(20,700)
Other operating income		**700**	1,525
Other operating expenses		**(1,092)**	(2,154)
Changes in fair value of investment properties		**51,014**	60,000
Operating profit	*3*	**130,753**	135,091
Finance costs	*4*	**(385)**	(230)
Share of profits of joint ventures	*5*	**5,778**	84,254
Share of loss of an associate		**(12)**	–
Profit before income tax		**136,134**	219,115
Income tax expense	*6*	**(17,842)**	(15,324)
Profit attributable to equity holders of the Company		**118,292**	203,791
Earnings per share (basic and diluted)	*7*	**HK$3.35**	HK$4.96

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015	2014
	HK$'000	HK$'000
Profit for the period	**118,292**	203,791
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Fair value gains on available-for-sale financial assets	**91,073**	28,215
Currency translation differences	**456**	(6,740)
Release of exchange reserve upon return of capital from a joint venture	**–**	(24,439)
Other comprehensive income/(loss) for the period, net of tax	**91,529**	(2,964)
Total comprehensive income for the period attributable to equity holders of the Company	**209,821**	200,827

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 June 2015

	Note	**30 June 2015 HK$'000**	31 December 2014 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**929**	1,033
Investment properties		**1,996,400**	1,945,200
Investments in joint ventures		**108,825**	104,736
Investment in an associate		**76,739**	75,412
Available-for-sale financial assets		**1,456,426**	1,366,156
Deferred income tax assets		**593**	593
		3,639,912	3,493,130
Current assets			
Trade and other receivables	*9*	**72,098**	22,811
Financial assets at fair value through profit or loss		**253,608**	246,963
Tax recoverable		**–**	594
Cash and bank balances			
– Pledged bank deposits		**37,126**	35,831
– Cash and cash equivalents		**45,153**	47,511
		407,985	353,710
Total assets		**4,047,897**	3,846,840
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**3,526**	3,526
Other reserves		**1,272,537**	1,181,008
Retained profits		**2,567,340**	2,491,362
Total equity		**3,843,403**	3,675,896
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**20,923**	19,819
Current liabilities			
Trade and other payables	*10*	**50,620**	52,549
Current income tax liabilities		**16,237**	93
Short term bank loans – secured		**116,714**	98,483
		183,571	151,125
Total liabilities		**204,494**	170,944
Total equity and liabilities		**4,047,897**	3,846,840
Net current assets		**224,414**	202,585
Total assets less current liabilities		**3,864,326**	3,695,715

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 30 June 2015 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 2014 annual financial statements, which have been prepared in accordance with HKFRS.

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 2014 annual financial statements.

(i) Amendments to standards and interpretation effective in current accounting period and are relevant to the Group's operations

During the period ended 30 June 2015, the Group has adopted the following amendments to standards and interpretation which are relevant to the Group's operations and are mandatory for accounting periods beginning on 1 January 2015:

HKAS 19 (Amendment)	Defined benefit plans
Annual improvements	Annual Improvements 2010-2012 Cycle
Annual improvements	Annual Improvements 2011-2013 Cycle

The adoption of these amendments to standards and interpretation 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** *(Continued)*

b. **Significant accounting policies** *(Continued)*

(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 1 July 2015 or later periods but have not been early adopted by the Group:

HKAS 16 and HKAS 38 (Amendment)(1)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendment)(1)	Agriculture for Bearer Plants
HKAS 27 (Amendment)(1)	Equity Method in Separate Financial Statements
HKFRS 14(1)	Regulatory Deferral Accounts
HKFRS 11 (Amendment)(1)	Accounting for Acquisitions of Interest in Joint Operations
Annual improvements(1)	Annual Improvements 2012-2014 Cycle
HKFRS 10 and HKAS 28 (Amendment)(1)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
HKFRS 15(2)	Revenue from Contracts with Customers
HKFRS 9 (2014)(3)	Financial Instruments

(1) Effective for annual periods beginning on or after 1 January 2016
(2) Effective for annual periods beginning on or after 1 January 2017
(3) Effective for annual periods beginning on or after 1 January 2018

The Group has already commenced an assessment of the impact of the above new standards and amendments to standards but is not yet in a position to state whether these new standards and amendments to standards would have a significant impact to its results of operations and financial position.

2 **REVENUE AND INCOME AND SEGMENT INFORMATION**

Revenue mainly comprises rental income, dividend income from listed investments and available-for-sale financial assets, and interest income. Income represents net realised and unrealised gains on financial assets at fair value through profit or loss. Revenue and income (representing the Group's turnover) recognised during the period comprises the following:

	Six months ended 30 June	
	2015	2014
	HK$'000	HK$'000
Gross rental income from investment properties	**30,719**	29,074
Net realised and unrealised gains on financial assets at fair value through profit or loss	**10,352**	9,234
Dividend income from financial assets at fair value through profit or loss	**1,756**	2,152
Dividend income from available-for-sale financial assets	**56,881**	57,333
Interest income	**690**	728
Management fee income from investment properties	**5,141**	4,822
	105,539	103,343

2 REVENUE AND INCOME AND SEGMENT INFORMATION *(Continued)*

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 30 June 2015 are as follows:

	Real estate HK$'000	**Financial investments HK$'000**	**Total HK$'000**
Revenue and income	**36,856**	**68,683**	**105,539**
Segment result	**64,412**	**66,341**	**130,753**
Finance costs			**(385)**
Share of profits of joint ventures	**5,778**	**–**	**5,778**
Share of loss of an associate	**(12)**	**–**	**(12)**
Profit before income tax			**136,134**
Income tax expense			**(17,842)**
Profit for the period			**118,292**
Other items			
Depreciation	**(58)**	**(78)**	**(136)**
Fair value gain on investment properties	**51,014**	**–**	**51,014**

The segment results for the six months ended 30 June 2014 are as follows:

	Real estate HK$'000	Financial investments HK$'000	Total HK$'000
Revenue and income	33,896	69,447	103,343
Segment result	73,094	61,997	135,091
Finance costs			(230)
Share of profits of joint ventures	84,254	–	84,254
Profit before income tax			219,115
Income tax expense			(15,324)
Profit for the period			203,791
Other items			
Depreciation	(42)	(78)	(120)
Fair value gain on investment properties	60,000	–	60,000

2 REVENUE AND INCOME AND SEGMENT INFORMATION *(Continued)*

Reportable segments' assets and liabilities are reconciled to total assets and liabilities below. Segment assets exclude investments in joint ventures, investment in an associate 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 30 June 2015 are as follows:

	Real estate HK$'000	**Financial investments HK$'000**	**Total HK$'000**
Segment assets	**1,996,895**	**1,864,845**	**3,861,740**
Investments in joint ventures	**108,825**	**–**	**108,825**
Investment in an associate	**76,739**	**–**	**76,739**
Unallocated assets			**593**
			4,047,897
Segment liabilities	**42,728**	**24,129**	**66,857**
Unallocated liabilities			**137,637**
			204,494

The segment assets and liabilities as at 31 December 2014 are as follows:

	Real estate HK$'000	Financial investments HK$'000	Total HK$'000
Segment assets	1,946,384	1,719,715	3,666,099
Investments in joint ventures	104,736	–	104,736
Investment in an associate	75,412	–	75,412
Unallocated assets			593
			3,846,840
Segment liabilities	44,191	8,451	52,642
Unallocated liabilities			118,302
			170,944

2 REVENUE AND INCOME AND SEGMENT INFORMATION *(Continued)*

The Company is incorporated in Bermuda and is domiciled in Hong Kong. The Group's revenue and income from Hong Kong and from other countries for the period ended 30 June is analysed as follows:

	Six months ended 30 June	
	2015	2014
	HK$'000	HK$'000
Hong Kong	**40,525**	33,686
United States of America	**2,182**	7,792
Europe	**5,127**	3,956
Taiwan	**56,880**	57,333
Other countries	**825**	576
	105,539	103,343

At 30 June 2015, the total of non-current assets other than financial instruments and deferred income tax assets located/operated in Hong Kong and in Mainland China are as follows:

	30 June	31 December
	2015	2014
	HK$'000	HK$'000
Hong Kong	**1,945,881**	1,945,721
Mainland China	**185,998**	180,660
	2,131,879	2,126,381

3 OPERATING PROFIT

Operating profit is stated after charging the following:

	Six months ended 30 June	
	2015	2014
	HK$'000	HK$'000
Depreciation	**136**	120
Employee benefit expense (including directors' emoluments)	**12,331**	12,018
Operating leases payments on land and buildings	**1,900**	1,891
Management fee expense in respect of investment properties	**5,322**	4,953

4 FINANCE COSTS

	Six months ended 30th June	
	2015	2014
	HK$'000	HK$'000
Interest expenses on bank loans	**385**	230

5 SHARE OF PROFITS OF JOINT VENTURES

Included in share of profits of joint ventures for the six months ended 30 June 2014, there was a gain amounted to HK$74.7 million related to the disposal of the entire equity interest of Changyu (Shanghai) Real Estate Management Co., Limited by a joint venture of the Company. The disposal was completed during April 2014 upon the fulfillment of the pre-completion conditions.

6 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the period. Withholding tax on dividends receivable from overseas investments including joint ventures has been calculated at the rates of taxation prevailing in the countries in which the investments operate.

	Six months ended 30 June	
	2015	2014
	HK$'000	HK$'000
Current income tax		
– Hong Kong profits tax	**1,570**	1,387
– Withholding tax	**15,168**	13,378
Deferred income tax	**1,104**	559
	17,842	15,324

The share of profits less losses of joint ventures and an associate in the condensed consolidated income statement includes the share of income tax attributable to joint ventures and an associate for the six months ended 30 June 2015 of HK$3,799,000 (2014: HK$21,390,000).

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 30 June	
	2015	2014
Earnings (HK$'000)		
Profit attributable to equity holders of the Company	**118,292**	203,791
Number of shares (thousands)		
Weighted average number of ordinary shares in issue	**35,262**	41,128
Earnings per share (HK$)		
Basic and diluted *(Note)*	**3.35**	4.96

Note:

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 30 June	
	2015	2014
	HK$'000	HK$'000
2014 final dividend paid of HK$0.60 (2014: 2013 final dividend paid of HK$0.40) per share	**21,157**	16,451
2014 special dividend paid of HK$0.60 (2014: 2013 special dividend paid of HK$0.50) per share	**21,157**	20,564
	42,314	37,015

The Directors have not declared an interim dividend for the six months ended 30 June 2015 (2014: Nil).

9 TRADE AND OTHER RECEIVABLES

	30 June 2015	31 December 2014
	HK$'000	HK$'000
Trade receivables *(Note)*	**108**	82
Prepayments and deposits	**6,805**	8,372
Other receivables	**8,304**	14,357
Dividend receivables	**56,881**	–
	72,098	22,811

Note:

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

At 30 June 2015, the aging analysis of trade receivables is as follows:

	30 June 2015	31 December 2014
	HK$'000	HK$'000
Within 30 days	**69**	82
31-60 days	**39**	–
	108	82

10 TRADE AND OTHER PAYABLES

	30 June 2015 HK$'000	31 December 2014 HK$'000
Trade payables	**2,856**	2,402
Other payables	**47,764**	50,147
	50,620	52,549

At 30 June 2015, the aging analysis of trade payables is as follows:

	30 June 2015 HK$'000	31 December 2014 HK$'000
Within 30 days	**2,516**	2,062
31-60 days	**340**	340
	2,856	2,402

INTERIM DIVIDEND

The Directors have not declared an interim dividend for the six months ended 30 June 2015 (2014: 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

Real Estate

Hong Kong
The local property market has seen lower volume due to the uncertainty caused by the volatile equity market. Rental rates at our building, however, continued to improve. Of the 290,000 sq.ft. of industrial/office (I/O) space the Group holds at Nanyang Plaza, in Kwun Tong, 93.6% is presently leased.

Shanghai
Earnings at Shanghai Sung Nan Textile Co. Ltd., the joint venture of which the Group owns 65%, continued to be steady. The total leasable area of 28,142 sq.m. is fully leased to third parties.

The Group's investment, a 16.7% interest in HSL China Metropolitan Fund ("Fund") which holds a service apartment located in Shanghai, is classified as an associate. The result of the Fund was break even in the first six months during the period. In July 2015, the General Partner proposed to the investment committee of the Fund to sell the units by strata-title.

Shenzhen
Performance at the Group's 45% joint-venture, Southern Textile Company Limited, continued to be satisfactory. Of the total leasable area of 18,300 sq.m., presently 100% is leased. The land use right of the factory building has been extended for 20 years to 2033.

Financial Investments

In the first half of 2015, most major equity markets (except the United States) performed satisfactorily. During this period we increased Japanese and emerging market equities, bond holdings, European currency hedges and reduced commodities and alternative investments. For the six months ended 30 June 2015, the portfolios showed a positive return of approximately 4.2%. The value of the portfolios, at the end of the period, stood at US$38.6 million or approximately HK$299.2 million.

BUSINESS REVIEW AND PROSPECTS *(Continued)*

Financial Investments *(Continued)*

However, in June the crisis in Greece, and subsequently the sharp correction of the Chinese equities due to the slowing of the Chinese economy and the expected interest rate rise in the United States created severe volatility in the equity markets. As at 21 August 2015, the latest practicable date, the portfolios have decreased slightly by approximately 0.7% for the year to date and the value stood at US$36.7 million or approximately HK$284.4 million. Equities comprised 61.6% (of which 35.4% was in U.S. equities), bonds 23.1%, commodities 2.7% and cash 12.6%.

For the rest of the year, the investment environment will be very challenging. The devaluation of the RMB has created uncertainty and anxiety as to whether further devaluations will follow. The direction of the Chinese economy, being the second largest in the world, will have a great impact on global trade, commodities and financial markets. It appears at this moment that global investors have become pessimistic and all markets have declined sharply. However, the low interest rates environment and the determination of central banks to maintain a policy environment that facilitates economic growth, should cushion any severe downturn. We will look for opportunities to enter the market.

The Group's investment in The Shanghai Commercial & Savings Bank, Ltd. ("SCSB") in Taiwan, which has been classified under non-current assets as an available-for-sale financial asset and stated at fair value, has performed well in the first half. The holding represents approximately 4% of the total issued share capital of SCSB. The Group received a cash dividend of approximately HK$41.7 million, after deducting 20% withholding tax, in August, and will receive a stock dividend of 7,666,911 shares in September.

The recent market turmoil has affected the Taiwan market and the SCSB share price. Together with the devaluation of the New Taiwan dollar, as at 21 August 2015, the valuation of the SCSB shares has resulted in a decline of approximately HK$226 million or 15.6% since 30 June 2015. The decline in value has no impact on the profit of the Group and the fair value of the SCSB shares remains far above its historical cost.

In June 2015, SCSB celebrated its 100th year anniversary since its founding in Shanghai, in 1915, and its 50th year since its establishment in Taiwan. Last year, SCSB was rated by Global Banking & Finance Review as the Best Trade Finance Bank in Taiwan. SCSB has 69 branches in Taiwan, one in Hong Kong and one in Vietnam. SCSB has a representative office in Bangkok, Thailand and one in Cambodia. They have also received approval from the Taiwan authorities to open a branch in Singapore and a representative office in Indonesia. SCSB also holds a 57% interest in Shanghai Commercial Bank Limited ("SCB") in Hong Kong. SCB has 44 branches in Hong Kong, one in Shenzhen, two in Shanghai and four branches overseas including New York, San Francisco, Los Angeles and London. The unaudited net income of SCSB for the three months ended 31 March 2015 was approximately NT$2,771.7 million (2014 same period: net income of approximately NT$2,585.6 million), representing an increase of 7.2%. Total shareholders equity at 31 March 2015 was approximately NT$110,218.6 million (31/3/2014: approximately NT$102,635.3 million), an increase of 7.4%. (These figures were extracted from the SCSB's website http://www.scsb.com.tw).

FINANCIAL POSITION

The Group's investment properties with a value of HK$1,865.0 million (31/12/2014: HK$1,823.0 million) have been mortgaged to a bank to secure general banking facilities of which HK$95 million has been drawn down as at 30 June 2015 (31/12/2014: HK$75 million). The Group also borrowed Euro 2.5 million (approximately HK$21.7 million as at 30 June 2015) collatorized by a portion of the investment portfolio, to hedge its Euro exposure.

EMPLOYEES

The Group employed 14 employees as at 30 June 2015. 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 30 June 2015, in compliance with the code provisions set out in the Corporate Governance Code and Corporate Governance Report 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 30 June 2015.

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 30 June 2015 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 2015 Interim Results Announcement.

MR. JAMES J. BERTRAM

We are saddened by the passing away of one of our Independent Non-Executive Directors (INED), Mr. James J. Bertram ("Mr. Bertram") in June 2015. Mr. Bertram had been an INED since August 2003 and had made invaluable contributions to the Company.

The Board is now identifying a suitable candidate for the position of INED. We will appoint an additional INED as soon as practicable in order to comply with the relevant requirements under the Listing Rules. The Company will make a further announcement as and when appropriate.

By Order of the Board
John Barr
Company Secretary

Hong Kong, 26 August 2015

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

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

Non-Executive Director:
John Con-sing Yung

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