NANYANG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 212)

2017 INTERIM RESULTS ANNOUNCEMENT

GROUP FINANCIAL HIGHLIGHTS

	Unaudited Six months ended 30 June		
	2017	2016	**Variance**
	HK$'000	HK$'000	
Revenue and other income/(loss)	**128,450**	91,976	40%
Profit attributable to equity holders of the Company	**195,049**	63,600	207%
Profit attributable to equity holders of the Company after deducting: – changes in fair value of investment properties and related tax effects	**(83,904)**	(5,020)	1,571%
	111,145	58,580	90%
Earnings per share	**HK$5.55**	HK$1.80	208%
Earnings per share – after deducting the changes in fair value of investment properties and related tax effects	**HK$3.16**	HK$1.66	90%

The Board of Directors of Nanyang Holdings Limited ("the Company") announces that the unaudited Group results for the six months ended 30 June 2017 showed a profit after taxation of HK$195 million (2016 profit of HK$63.6 million). The current period's profit comprises mainly of the dividend receivable from The Shanghai Commercial & Savings Bank, Ltd., in respect of its 2016 earnings, of approximately HK$50 million (after deducting 20% withholding tax), gains from investment portfolios of approximately HK$23.3 million and the revaluation gain of investment properties at fair value (including those owned by joint ventures) which resulted in a net gain of HK$83.9 million (2016: HK$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$111.1 million (2016: profit of HK$58.6 million). Earnings per share were HK$5.55 (2016: HK$1.80). However, if the net effect of revaluing the investment properties at fair value had been excluded, earnings per share would have been HK$3.16 (2016: HK$1.66).

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2017

		Six months ended 30 June	
	Note	**2017**	2016
		HK$'000	HK$'000
Revenue	*2*	**105,168**	96,547
Other income/(loss)	*2*	**23,282**	(4,571)
Revenue and other income/(loss)	*2*	**128,450**	91,976
Direct costs		**(7,658)**	(7,739)
Gross profit		**120,792**	84,237
Administrative expenses		**(19,823)**	(17,896)
Other operating income/(expenses), net		**1,720**	(329)
Changes in fair value of investment properties		**86,210**	7,946
Operating profit	*3*	**188,899**	73,958
Finance income	*4*	**1**	17
Finance expense	*4*	**(259)**	(336)
Share of profits of joint ventures		**4,427**	4,401
Share of profit of an associate		**17,137**	1,033
Profit before income tax		**210,205**	79,073
Income tax expense	*5*	**(15,156)**	(15,473)
Profit attributable to equity holders of the Company		**195,049**	63,600
Earnings per share (basic and diluted)	*6*	**HK$5.55**	HK$1.80

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
Profit for the period	**195,049**	63,600
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Fair value gains/(losses) on available-for-sale financial assets	**246,931**	(84,553)
Share of other comprehensive income of joint ventures and an associate accounted for under equity method	**1,177**	(3,641)
Currency translation differences	**7,110**	1,280
Other comprehensive income for the period, net of tax	**255,218**	(86,914)
Total comprehensive income for the period attributable to equity holders of the Company	**450,267**	(23,314)

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 June 2017

	Note	**30 June 2017 HK$'000**	31 December 2016 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**482**	549
Investment properties		**2,177,290**	2,091,080
Investments in joint ventures		**108,750**	101,081
Investment in an associate		**66,844**	51,772
Available-for-sale financial assets		**1,314,551**	1,056,750
		3,667,917	3,301,232
Current assets			
Trade and other receivables	*8*	**73,391**	11,273
Financial assets at fair value through profit or loss		**287,262**	251,172
Tax recoverable		**23**	–
Derivative financial asset		**129**	–
Cash and bank balances			
– Pledged bank deposits		**22,598**	–
– Cash and cash equivalents		**40,539**	58,896
		423,942	321,341
Total assets		**4,091,859**	3,622,573
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**3,512**	3,523
Other reserves		**1,092,715**	837,486
Retained profits		**2,858,851**	2,703,674
Total equity		**3,955,078**	3,544,683
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**22,279**	21,705
Current liabilities			
Trade and other payables	*9*	**54,645**	55,724
Current income tax liabilities		**14,978**	461
Short term bank loans – secured		**44,879**	–
		114,502	56,185
Total liabilities		**136,781**	77,890
Total equity and liabilities		**4,091,859**	3,622,573

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 2017 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 2016 annual financial statements, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("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 2016 annual financial statements, except for the adoption of the amendments to HKFRS effective for the year ending 31 December 2017.

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

During the period ended 30 June 2017, the Group has adopted the following amendments to standards which are relevant to the Group's operations and are mandatory for accounting periods beginning on 1 January 2017:

HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses
HKAS 7 (Amendments)	Disclosure Initiative
HKFRS 12 (Amendment)	Disclosure of Interest in Other Entities

The adoption of these amendments to standards does not have any 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 mandatory for the Group's accounting periods beginning on or after 1 January 2018 or later periods but have not been early adopted by the Group:

HKAS 28 (Amendments)	Investments in Associates and Joint Ventures [1]
HKAS 40 (Amendments)	Transfers of Investment Properties [1]
HKFRS 1 (Amendment)	First Time Adoption of HKFRS [1]
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions [1]
HKFRS 4 (Amendments)	Insurance Contracts [1]
HKFRS 9	Financial Instruments [1]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [3]
HKFRS 15	Revenue from Contracts with Customers [1]
HKFRS 16	Leases [2]
HK (IFRIC) 22	Foreign Currency Transactions and Advance Consideration [1]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2019
[3] Effective date is to be determined

HKFRS 9, 'Financial instruments'

The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

While the Group has yet to undertake a detailed assessment of the classification and measurement of financial assets, equity instruments currently classified as available-for-sale (AFS) financial assets for which a fair value through other comprehensive income (FVOCI) election is available and hence there will be no change to the accounting for these assets.

The other financial assets held by the Group include equity investments currently measured at fair value through profit or loss (FVPL) which would likely continue to be measured on the same basis under HKFRS 9.

Accordingly, the Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

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 *(Continued)*

HKFRS 9, 'Financial instruments' (Continued)

The Group does not expect a significant impact under the new hedge accounting rules as the Group does not have any such hedging.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. The Group does not expect the new guidance to have a significant impact on the Group's financial statements.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

HKFRS 9 must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed HKFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The Group does not intend to adopt HKFRS 9 before its mandatory date.

HKFRS 15, 'Revenue from contracts with customers'

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

HKFRS 15 is mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

The Group does not expect any significant impact of HKFRS 15 as its major source of revenue is rental income which is excluded from the scope of the new standard.

HKFRS 16, 'Leases'

HKFRS 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

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 *(Continued)*

HKFRS 16, 'Leases' (Continued)

The standard will affect primarily the accounting for Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK$5,919,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

2 REVENUE AND OTHER INCOME/(LOSS) AND SEGMENT INFORMATION

Revenue mainly comprises rental income, dividend income from available-for-sale financial assets and management fee income from investment properties. Other income/(loss) represents net realised and unrealised gains/(losses) on financial assets at fair value through profit or loss. Revenue and other income/(loss) recognised during the period comprises the following:

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
Revenue		
Gross rental income from investment properties	**35,100**	31,885
Dividend income from available-for-sale financial assets	**62,447**	57,333
Management fee income from investment properties	**5,390**	5,180
Other	**2,231**	2,149
	105,168	96,547
Other income/(loss)		
Net realised and unrealised gains/(losses) on financial assets at fair value through profit or loss	**23,282**	(4,571)
Revenue and other income/(loss)	**128,450**	91,976

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.

2 REVENUE AND OTHER INCOME/(LOSS) AND SEGMENT INFORMATION *(Continued)*

The segment results for the six months ended 30 June 2017 are as follows:

	Real estate HK$'000	Financial investments HK$'000	Total HK$'000
Revenue and other income/(loss)	**40,610**	**87,840**	**128,450**
Segment result	**102,150**	**86,749**	**188,899**
Finance income			**1**
Finance expense			**(259)**
Share of profits of joint ventures	**4,427**	**–**	**4,427**
Share of profit of an associate	**17,137**	**–**	**17,137**
Profit before income tax			**210,205**
Income tax expense			**(15,156)**
Profit attributable to equity holders of the Company			**195,049**
Other items			
Depreciation	**(55)**	**(12)**	**(67)**
Fair value gain on investment properties	**86,210**	**–**	**86,210**

The segment results for the six months ended 30 June 2016 are as follows:

	Real estate HK$'000	Financial investments HK$'000	Total HK$'000
Revenue and other income/(loss)	37,064	54,912	91,976
Segment result	21,535	52,423	73,958
Finance income			17
Finance expense			(336)
Share of profits of joint ventures	4,401	–	4,401
Share of profit of an associate	1,033	–	1,033
Profit before income tax			79,073
Income tax expense			(15,473)
Profit attributable to equity holders of the Company			63,600
Other items			
Depreciation	(56)	(79)	(135)
Fair value gain on investment properties	7,946	–	7,946

Reportable segments' assets and liabilities are reconciled to total assets and liabilities below. Segment assets exclude investments in joint ventures and investment in an associate and segment liabilities exclude deferred income tax liabilities and short term bank loans which are managed on a central basis.

2 REVENUE AND OTHER INCOME/(LOSS) AND SEGMENT INFORMATION *(Continued)*

The segment assets and liabilities as at 30 June 2017 are as follows:

	Real estate HK$'000	Financial investments HK$'000	Total HK$'000
Segment assets	**2,179,484**	**1,736,781**	**3,916,265**
Investments in joint ventures	**108,750**	**–**	**108,750**
Investment in an associate	**66,844**	**–**	**66,844**
			4,091,859
Segment liabilities	**47,424**	**22,199**	**69,623**
Unallocated liabilities			**67,158**
			136,781

The segment assets and liabilities as at 31 December 2016 are as follows:

	Real estate HK$'000	Financial investments HK$'000	Total HK$'000
Segment assets	2,092,062	1,377,658	3,469,720
Investments in joint ventures	101,081	–	101,081
Investment in an associate	51,772	–	51,772
			3,622,573
Segment liabilities	47,415	8,770	56,185
Unallocated liabilities			21,705
			77,890

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

	Six months ended 30 June	
	2017 HK$'000	2016 HK$'000
Hong Kong	**48,827**	34,459
United States of America	**6,497**	2,377
Europe	**8,079**	(2,126)
Taiwan	**62,447**	57,333
Other countries	**2,600**	(67)
	128,450	91,976

2 REVENUE AND OTHER INCOME/(LOSS) AND SEGMENT INFORMATION *(Continued)*

At 30 June 2017, the total of non-current assets other than financial instruments located/operated in Hong Kong and in other places are as follows:

	30 June 2017 HK$'000	31 December 2016 HK$'000
Hong Kong	**2,179,567**	2,091,412
Mainland China	**173,799**	153,070
	2,353,366	2,244,482

3 OPERATING PROFIT

Operating profit is stated after charging the following:

	Six months ended 30 June	
	2017 HK$'000	2016 HK$'000
Depreciation	**67**	135
Employee benefit expense (including directors' emoluments)	**13,889**	12,322
Operating lease payments on land and buildings	**1,915**	1,890
Management fee expense in respect of investment properties	**5,395**	5,396

4 FINANCE INCOME/(EXPENSE)

	Six months ended 30 June	
	2017 HK$'000	2016 HK$'000
Finance income		
Bank interest	**1**	17
Finance expense		
Net exchange loss on financing activities	**(181)**	(122)
Interest expense on bank loans	**(78)**	(214)
	(259)	(336)

5 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit for the period. Withholding tax on dividends receivable from overseas investments including joint ventures and an associate has been calculated at the rates of taxation prevailing in the countries in which the investments operate.

	Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
Current income tax		
– Hong Kong profits tax	**2,093**	1,523
– Withholding tax	**12,489**	12,995
Deferred income tax	**574**	955
	15,156	15,473

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 30 June	
	2017	2016
Earnings (HK$'000)		
Profit attributable to equity holders of the Company	**195,049**	63,600
Number of shares (thousands)		
Weighted average number of ordinary shares in issue	**35,116**	35,252
Earnings per share (HK$)		
Basic and diluted (Note)	**5.55**	1.80

Note:

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 30 June	
	2017	2016
	HK$'000	HK$'000
2016 final dividend paid of HK$0.60 (2016: 2015 final dividend paid of HK$0.60) per share	**21,070**	21,150
2016 special dividend paid of HK$0.40 (2016: 2015 special dividend paid of HK$0.40) per share	**14,046**	14,100
	35,116	35,250

The Directors have not declared an interim dividend for the six months ended 30 June 2017 (2016: Nil).

8 TRADE AND OTHER RECEIVABLES

	30 June 2017 HK$'000	31 December 2016 HK$'000
Trade receivables	**830**	830
Prepayments and deposits	**7,706**	6,892
Other receivables	**603**	1,825
Dividend receivables	**62,446**	–
Amount due from joint ventures	**1,806**	1,726
	73,391	11,273

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

At 30 June 2017, the aging analysis of the trade receivables were as follows:

	30 June 2017 HK$'000	31 December 2016 HK$'000
Within 30 days	**830**	830

9 TRADE AND OTHER PAYABLES

	30 June 2017 HK$'000	31 December 2016 HK$'000
Trade payables	**3,562**	3,735
Other payables	**51,083**	51,989
	54,645	55,724

At 30 June 2017, the aging analysis of trade payables were as follows:

	30 June 2017 HK$'000	31 December 2016 HK$'000
Within 30 days	**3,222**	3,188
31-60 days	**340**	547
	3,562	3,735

INTERIM DIVIDEND

The Directors have not declared an interim dividend for the six months ended 30 June 2017 (2016: Nil).

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2017, the Company repurchased 110,000 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$
2017				
February	110,000	43.40	43.10	4,755,575

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

Hong Kong
Improvement in local business sentiment enhanced leasing activities. We were able to achieve a high occupancy rate at our building. Of the 290,000 sq.ft. of industrial/office space the Group holds at Nanyang Plaza, in Kwun Tong, presently it is 98.8% leased. As the building is over 20 years old, certain major capital works were required to rectify the deteriorating condition of various building systems. The total cost is approximately HK$18 million. Upon completion, this should enhance the value of the building.

Shanghai
Shanghai Sung Nan Textile Co. Ltd. (owned 65% by the Group), continued to perform satisfactorily. Of the total leasable area of 28,142 sq.m., presently it is fully leased to third parties. Business of the anchor tenant (of 21,202 sq.m. or 75.3%), which is in the wedding banquet business, is steady.

The Group's investment, a 16.7% interest in HSL China Metropolitan Fund ("Fund") which holds a service apartment in Shanghai, has been classified as an "Associate". The sale of the apartment units by strata-title has progressed well. In late June, the Fund manager has signed a Memorandum of Understanding to dispose of the retail podium and the rest of the unsold units and car park spaces. It is expected that the Sales and Purchase Agreement would be signed some time end of August 2017.

BUSINESS REVIEW AND PROSPECTS *(Continued)*

Real Estate *(Continued)*

Shenzhen

Performance of the Group's 45% joint venture in Shenzhen, Southern Textile Company Limited, continues to be good. Since beginning of 2017, Southern's management installed new electrical wiring and repaired the old sprinkler system of the factory building. At present, they are replacing the cargo lift, which is over 30 years old. Of the total leasable floor area of approximately 18,400 sq.m., presently it is 100% leased.

Financial Investments

The major equity markets performed well, in the first half of 2017. Investor confidence improved and emerging markets also showed favourable returns. Furthermore, economic data from the PRC showed resilience after a period of slower growth. During this period, we increased equities and reduced cash and commodities. For the six months ended 30 June 2017, the portfolios increased by 7.93%. The value of the portfolios, at the end of the period, stood at US$41.7 million or approximately HK$325.7 million.

Since the beginning of July, equity markets continued to rise. As at 21 August 2017, the latest practicable date, the portfolios increased by 9.04% year-to-date and their value stood at approximately US$41.8 million or approximately HK$326.9 million. Equities comprised 66.7% (of which 34.1% was in U.S. equities), bonds 21.5%, commodities 0.2% and cash 11.6%.

Going forward, volatility in the markets may increase due to geopolitical events and any possible political mis-steps. However, economic data reported so far continues to indicate modest growth. Business investments in the U.S. may rise if the proposed tax reform could be implemented and prospects in the Eurozone are improving. Together with the recent measures taken by the PRC financial regulators to address risks, these developments are positive for the markets. Barring unforeseen circumstances, we look forward to 2017 with guarded optimism.

The Group's investment in The Shanghai Commercial & Savings Bank, Ltd. ("SCSB") in Taiwan, which is stated at fair value, has been classified under non-current assets as an available-for-sale financial asset, as there is no intention to dispose of it within 12 months of this report date. The holding represents approximately 4% of the total issued share capital of SCSB. At the beginning of August, the Group received a net cash dividend of approximately HK$50 million (after deducting 20% withholding tax).

SCSB has 69 branches in Taiwan, one in Hong Kong, one in Vietnam and one in Singapore. They have three representative offices, one in Jakarta, Indonesia, one in Bangkok, Thailand and one in Phnom Peng, Cambodia. SCSB also holds a 57.6% interest in Shanghai Commercial Bank Limited ("SCB") in Hong Kong. SCB has 43 branches in Hong Kong, three in China and four branches overseas. The unaudited net income of SCSB for the three months ended 31 March 2017 was approximately NT$2,717.4 million (2016 same period: net income of approximately NT$2,620.1 million). Total shareholders equity at 31 March 2017 was approximately NT$120,987.6 million (31/3/2016: approximately NT$117,223.0 million). (These figures were extracted from SCSB's website at http://www.scsb.com.tw.)

FINANCIAL POSITION

The Group's investment properties with an aggregate value of HK$2,024 million (31/12/2016: HK$1,942 million) have been mortgaged to a bank to secure general banking facilities. As at 30 June 2017, HK$36 million (31/12/2016: Nil) was utilized. The Group also borrowed Euro1 million (approximately HK$8.9 million as at 30 June 2017) collatorized by a portion of the investment portfolio, to hedge its Euro exposure.

EMPLOYEES

The Group employed 13 employees as at 30 June 2017. 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 fund.

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 2017, in compliance with the code provisions of 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 as set out in Appendix 10 of the Listing Rules (the "Model Code"). Having made specific enquiry of all directors, the Company's directors confirmed that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2017.

AUDIT COMMITTEE AND REVIEW OF RESULTS

The Audit Committee of the Company has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls, risk management and financial reporting matters including a review of the unaudited condensed consolidated financial statements for the six months ended 30 June 2017 with the management. The unaudited interim financial statements of the Group for the six months ended 30 June 2017 have been reviewed by the Group's external auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditors of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF DETAILED RESULTS ANNOUNCEMENT

Please refer to the website of The Stock Exchange of Hong Kong Limited and the Company's website at http://www.nanyangholdingslimited.com for details of the 2017 Interim Results Announcement.

By Order of the Board
Lee Sheung Yee
Company Secretary

Hong Kong, 25 August 2017

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, 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
Wong Chi Kwong Patrick