CHINA INVESTMENTS HOLDINGS LIMITED
中國興業控股有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 132)

INTERIM RESULTS FOR 2008

UNAUDITED CONSOLIDATED RESULTS

The Board of Directors (the "Board") of China Investments Holdings Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2008 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2008

		Six months ended 30 June	
		2008	**2007**
		HK$'000	*HK$'000*
	Notes	*(unaudited)*	*(unaudited)*
Turnover	4	215,153	226,840
Cost of sales and services		(196,703)	(168,961)
Gross profit		18,450	57,879
Other incomes	5	29,048	8,229
Selling and distribution costs		(273)	(248)
Administrative expenses		(23,121)	(19,277)
Decrease in fair value on investment properties		(39)	—
Impairment loss in respect of properties held for sale		(4,661)	—
Finance costs		—	(3,429)
Profit before taxation		19,404	43,154
Income tax expense	6	(2,588)	(3,098)
Profit for the period	7	16,816	40,056
Earnings per share	9		
Basic		HK1.42 cents	HK4.05 cents
Diluted		N/A	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2008

	30.6.2008	31.12.2007
	HK$'000	*HK$'000*
	(unaudited)	*(audited)*
Non-current Assets		
Investment properties	10,051	10,090
Property, plant and equipment	263,261	253,001
Land use rights	14,655	13,959
Goodwill	89,880	89,880
	377,847	366,930
Current Assets		
Properties held for sale	87,049	91,710
Inventories	72,622	91,444
Trade and other receivables	29,880	22,318
Financial assets at fair value through profit or loss	409	434
Bank balances and cash	231,955	223,932
	421,915	429,838
Current Liabilities		
Trade and other payables	178,545	195,623
Tax payable	6,353	6,162
Provision for loss in litigation	38,000	38,000
	222,898	239,785
Net Current Assets	199,017	190,053
	576,864	556,983
Capital and Reserves		
Share capital	118,833	118,833
Reserves	458,031	438,150
	576,864	556,983

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2008

1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("the Listing Rules") and with Hong Kong Accounting Standard 34 ("HKAS 34") Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The condensed consolidated interim financial statements have not been audited by the Company's auditors but have been reviewed by the Company's audit committee and auditors.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values or revalued amounts, as appropriate.

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2007.

In the current period, the Group has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2008.

HK(IFRIC) - Int 11	HKFRS 2: Group and Treasury Share Transactions
HK(IFRIC) - Int 12	Service Concession Arrangements
HK(IFRIC) - Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new standards and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards and interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1(Revised)	Presentation of Financial Statements[2]
HKAS 23(Revised)	Borrowing Cost[2]
HKAS 27(Revised)	Consolidated and Separated Financial Statements[3]
HKAS 32 and HKAS 1(Revised)	Financial Instrument: Presentation-Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKFRS 2 (Amendment)	Share-based Payment-Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combination[3]
HKFRS 8	Operating Segments[2]
HK(IFRIC) — Int 13	Customer Loyalty Programmes[1]

[1] Effective for annual periods beginning on or after 1 July 2008

[2] Effective for annual periods beginning on or after 1 January 2009

[3] Effective for annual periods beginning on or after 1 July 2009

3. FINANCIAL RISK MANAGEMENT

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended 31 December 2007.

4. SEGMENT INFORMATION

	Six months ended 30 June			
	2008		**2007**	
	Turnover	**Segment results**	**Turnover**	**Segment results**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*
By business segments:				
Fibreboard and veneer	203,229	18,247	213,578	44,689
Hotel operations	11,413	5,012	12,448	3,119
Property investment	511	310	814	597
	215,153	23,569	226,840	48,405
Interest income		1,653		2,370
Unallocated other incomes		4,954		1,499
Unrealised holding loss on financial assets at fair value through profit or loss		(25)		—
Unallocated corporate expenses		(10,747)		(5,691)
Finance costs		—		(3,429)
Profit before taxation		19,404		43,154
Income tax expenses		(2,588)		(3,098)
Profit for the period		16,816		40,056
By geographical segments:				
The People's Republic of China, other than Hong Kong	214,893	23,340	226,284	47,929
Hong Kong	260	229	556	476
	215,153	23,569	226,840	48,405
Interest income		1,653		2,370
Unallocated other incomes		4,954		1,499
Unrealised holding loss on financial assets at fair value through profit or loss		(25)		—
Unallocated corporate expenses		(10,747)		(5,691)
Finance costs		—		(3,429)
Profit before taxation		19,404		43,154
Income tax expenses		(2,588)		(3,098)
Profit for the period		16,816		40,056

5. OTHER INCOMES

Other incomes for the period has been arrived at after crediting:

	Six months ended 30 June	
	2008	**2007**
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Valued added tax refunded	11,258	—
Interest income	1,653	2,370
Exchange gain	16,116	4,502

6. TAXATION

	Six months ended 30 June	
	2008	**2007**
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
The charges comprises:		
Current tax — Provision for PRC enterprises income tax	906	3,098
Prior year under-provision for PRC enterprises income tax	1,682	—
	2,588	3,098

No provision for Hong Kong Profits Tax has been made in the financial statements as the Company and its subsidiaries in Hong Kong have no assessable profits for both periods.

Taxation of subsidiaries in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

One of the Group's PRC subsidiary was in tax holiday and exempted from PRC enterprises income tax for the first two years starting from its first profit-making year followed by a 50% reduction for the next three years.

The tax credit for the period can be reconciled to the profit before taxation per the consolidated income statement as follows:

	Six months ended 30 June	
	2008	**2007**
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Profit before taxation	19,404	43,154
Tax at the domestic income tax rates applicable to profit in the respective country	4,849	15,197
Tax effect of non deductible expenses	1,508	1,666
Tax effect of non taxable revenue	(1,742)	(1,429)
Tax effect of tax deductible not recongised	(44)	(78)
Effect of tax exemptions granted to PRC subsidiaries	(3,665)	(12,258)
Prior year under-provision for PRC enterprises income tax	1,682	—
Tax effect for the period	2,588	3,098

At the balance sheet date, the Group has unused estimated tax losses of HK$14,412,000 (2007: HK$14,412,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the estimated tax losses due to the unpredictability of future profit streams.

The impairment loss for the period arising on the revaluation of properties of the Group does not constitute a timing difference. Therefore, deferred tax has not been recognised in respect of the impairment loss relating to the properties.

7. PROFIT FOR THE PERIOD

Profit from operation has been arrived at after charging:

	Six months ended 30 June	
	2008	**2007**
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Staff cost	17,216	14,686
Retirement benefit scheme contributions	2,097	908
Depreciation of property, plant and equipment	8,430	7,357
Amortisation of land use rights	172	154
Unrealised holding gain on financial assets at fair value through profit or loss	25	—
Impairment loss in respect of property held for sale	4,661	—
Decrease in fair value on investment properties	39	—

8. DIVIDENDS

The Board does not declare any interim dividend for the six months ended 30 June 2008 (2007: Nil).

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit of HK$16,816,000 (30 June 2007: HK$40,056,000) and on 1,188,329,142 ordinary shares (30 June 2007: weighted average number of 988,975,761 ordinary shares) in issue during the period.

No diluted earnings per share has been presented for the period because no diluting event existed during the period.

10. CONTINGENT LIABILITIES AND EVENTS AFTER THE BALANCE SHEET DATE

a. The litigations giving rise to the contingent liabilities as disclosed in the Annual Report of the Company for the year ended 31 December 2007 remain outstanding at the close of business on 30 June 2008.

On 14 August 2008, Shenzhen Development Bank Company Limited Foshan Branch (the "Bank") issued a letter to Foshan City Nanhai Kang Sheng Timber Company Limited(" Kang Sheng"), an indirect wholly-owned subsidiary of the Company, to the effect that the Bank would agree to enter into a proposed debt assignment agreement (the "Proposed Debt Assignment Agreement") within 75 days upon the Company having obtained the approval of the shareholders of the Company for the transactions contemplated by the Proposed Debt Assignment Agreement. On 15 August 2008, Kang Sheng issued a reply letter to the Bank to the effect that Kang Sheng would agree to enter into the Proposed Debt Assignment Agreement.

Under the Proposed Debts Assignment Agreement, the Bank will agree to sell and Kang Sheng will agree to buy certain debts (the "Debts") at a consideration of RMB80,000,000 (equivalent to approximately HK$90,960,773). The Debts comprised of all the rights of the Bank to certain debtors in relation to certain loan contracts and guarantees, which include all the rights of the Bank in relation to the claims (the "Claims") as stated in the Annual Report of the Company for the year ended 31 December 2007.

Completion of the Assignment of the Debts shall be, in respect of the portion of the Debts relating to the Claims, on the respective effective dates of the adjudication orders approving the withdrawal of the relevant Claims (准予撤訴裁定書) or the mediation orders (民事調解書) dismissing the relevant Claims issued by the PRC High Court or the PRC Intermediate Court (as the case may be), and in respect of the remaining portion of the Debts, upon the transfer of all original documents relating to such portion of the Debts to Kang Sheng.

Upon completion of the Assignment of the Debts, the Group is considered to have settled the Claims once and for all and the contingent liabilities arising from the Claims will extinguish.

Details relating to the Proposed Debt Assignment Agreement were set out in the announcement of the Company dated 15 August 2008.

b. As noted in the Annual Report of the Company for the year ended 31 December 2007, the Group had a maximum contingent consideration of HK$48,000,000 in respect of the acquisition of the entire issued share capital of Can Manage in 2002. Due to the various events which had happened, the Directors considered that the Group is not liable to pay any of this contingent consideration. However, as the vendor is not contactable up to the date of this report, the Directors decide to reflect this amount as a contingent liability.

c. Subsequent to the balance sheet date, on 17 July 2008, the Group entered into a sale and purchase agreement with an independent third party, Nanhai Heng Yi Timber Company Limited Liquidation Committee, for acquisition of landed properties at a consideration of RMB52,492,400 (equivalent to approximately HK$59,991,314).

The landed properties consist of a total site area of 124.11 Chinese acres (equivalent to approximately 82,742.62 square metres) of land in Huan Qiu Industrial Estate, Shatou, Nanhai District, Foshan City, Guangdong Province together with the buildings and structures thereon with a total gross floor area of 43,172.16 square metres, including without limitation, factory buildings, warehouse, staff dormitory buildings and villas. A major portion of these buildings and structures is already in use by Kang Sheng under lease.

Details relating to the acquisition of the landed properties were set out in the announcement of the Company dated 18 July 2008 and the circular to shareholders of the Company dated 4 August 2008.

RESULTS

For the six months ended 30 June 2008, the Group has recorded a turnover of HK$215,153,000, representing a decrease of 5% over the same period last year. The Group's operating profit amounted to HK$16,816,000, representing a decrease of 58% over the same period last year.

BUSINESS REVIEW

Fibreboard Operations

The continual slowdown of the global economy and the property market imposed an adverse impact on the sales of medium density fibreboards. What's worse, the snow storm disaster in South China and the Sichuan earthquake, both of which occurred in the first half of the year, resulted in a tighter supply of raw materials and soaring prices. As a result of the various unfavourable situations, operating profit from the fibreboard operations for the first six months of the year decreased by 59% to HK$18,247,000 from that of the same period last year. Total sales volume of medium density fibreboards was 153,000 cubic metres and total sales amounted to HK$203,229,000, representing decrease of 5% and 5% over the same period last year respectively.

Hotel Operations

Due to a series of natural disasters in the PRC and the Tibet Incident, the number of customers in the domestic tourism market significantly decreased. Restriction on the visa application procedures for foreigners imposed due to the opening of the Beijing Olympics further decreased the number of foreign tourists. As such, average occupancy rate of hotels in first half of the year decreased to 64%, representing a decrease of 5% over the same period last year. The continued rise in food and energy prices and the implementation of the new labor law of the PRC resulted in a significant increase of 12% in the operating cost of hotels, with an operating loss of HK$2,478,000 for the first half of the year. However, due to the exchange gain of HK$7,490,000 arising as a result of the appreciation of Renminbi, the entire hotel operations contributed a profit of HK$5,012,000 for the Group.

Property Investment

The Group's overall rental incomes in the first half of the year amounted to HK$511,000, representing an increase of 37% over the same period last year.

Financial Position

As at 30 June 2008, the Group had total assets of HK$799,762,000 (31 December 2007: HK$796,768,000) and no bank loans or other long-term debts (31 December 2007: nil). Net assets amounted to HK$576,864,000 (31 December 2007: HK$556,983,000). The gearing ratio was 0 (31 December 2007: 0). Net assets per share was HK48.54 cents (31 December 2007: HK46.87 cents).

The Group's net current assets amounted to HK$199,017,000 (31 December 2007: HK$190,053,000), current ratio (being current assets divided by current liabilities) was approximately 1.89 times (31 December 2007: 1.79 times), while bank deposits and cash amounted to HK$231,955,000 (31 December 2007: HK$223,932,000), which is sufficient to meet the capital requirements for the Group's future operations and developments.

FOREIGN EXCHANGE EXPOSURE

The Group mainly earned revenue and incurred cost in Renminbi and Hong Kong Dollar. The effect of exchange rate fluctuation on revenue and cost would be offset in the business operation of the Group. For the past few years, the exchange rates of Renminbi against Hong Kong Dollars kept on increasing. The Board is of the view that this rising trend of Renminbi's exchange rate will continue and will have a favorable effect on our Group's net Renminbi monetary assets. Therefore, the Group currently does not have any specific foreign exchange risk hedging need for this matter.

OUTLOOK

It is expected that the global economy will continue to slow down in the second half of 2008 and the operating environment will continue to be adversely affected by the uncertainties in the global economy. The Group will continue to prudently and proactively face the various challenges, closely monitor each part of its production and operation process, maintain the continual and healthy development of its operations and use its best effort to tide over every single difficult situation.

INTERIM DIVIDENDS

The Board does not declare interim dividend for the six months ended 30 June 2008 (2007: Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

EMPLOYEES

The total number of employees of the Group is approximately 1,115. The remuneration of each employee of the Group is determined on the basis of his or her responsibility and performance. The Group provides education allowances to the employees.

CORPORATE GOVERNANCE

The Company placed great emphasis in corporate governance, and reviewed and strengthened measures in corporate governance from time to time. The Company has adopted all the code provisions under the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules as its own code on corporate governance practices. The Company has complied with all the code provisions under the Code during the six months ended 30 June 2008.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. On specific enquiries made, all Directors have confirmed that, in respect of the six months ended 30 June 2008, they have complied with the required standard as set out in the Model Code.

AUDIT COMMITTEE

The audit committee comprising the three independent non-executive Directors of the Company has reviewed with the management the accounting principles and practices adopted by the Group, and discussed auditing, internal control and financial reporting matters, including review of the unaudited interim results for the six months ended 30 June 2008.

By Order of the Board
Leung Siu Fai
Chairman

Hong Kong, 3 September 2008

As at the date of this announcement, the board of directors of the Company comprised four executive directors, namely Mr. Leung Siu Fai, Mr. You Guang Wu, Mr. Kam Hung Chung and Mr. Wang Jin Yuan and three independent non-executive directors, namely Mr. Chan Kwok Wai, Mr. Chen Da Cheng and Mr. Deng Hong Ping.