深圳控股有限公司
SHENZHEN INVESTMENT LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 604)

2008 INTERIM RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

- In the first half of 2008, net profit attributable to shareholders from continuing operations fell 48.0% from a year earlier to HK$275.5 million;
- Contracted but not booked property sales in the first eight months amounted to HK$1,890.0 million;
- Most of the Group's property completions are scheduled for the second half of 2008;
- While net gearing stood at 69.6% as of 30 June 2008, cash balance was very high at HK$4,321.5 million. About 65.7% of the Group's debts are long-term bank loans;
- Gearing will decline in the second half of 2008 on the back of property sales and disposals of non-core asset.

INTERIM RESULTS

The board of directors (the "Directors") of Shenzhen Investment Limited (the "Company") present the interim condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2008 together with the comparative figures. These interim financial statements have not been audited, but have been reviewed by the Company's audit committee and the auditors, Ernst & Young.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2008

	Notes	For the six months ended 30 June 2008 (Unaudited) HK$'000	2007 (Unaudited) HK$'000
CONTINUING OPERATIONS			
REVENUE	*4*	**646,034**	808,435
Cost of sales		**(434,862)**	(373,271)
Gross profit		**211,172**	435,164
Other income and gains	*5*	**125,489**	165,350
Increase in fair value of investment properties		**447,917**	452,903
Fair value gains/(losses) of financial assets and financial liabilities at fair value through profit or loss, net		**(221,922)**	213,077
Selling and distribution costs		**(55,657)**	(23,093)
Administrative expenses		**(190,182)**	(212,511)
Other expenses		**(52,028)**	(60,490)
Finance costs	*6*	**(92,199)**	(125,434)
Share of profits and losses of associates		**278,851**	183,365
PROFIT BEFORE TAX	*7*	**451,441**	1,028,331
Tax	*8*	**(110,832)**	(369,273)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**340,609**	659,058
DISCONTINUED OPERATIONS			
Profit/(loss) for the period from discontinued operations	*9*	**(2,534)**	175,961
PROFIT FOR THE PERIOD		**338,075**	835,019
ATTRIBUTABLE TO:			
Equity holders of the parent		**293,155**	701,084
Minority interests		**44,920**	133,935
		338,075	835,019

	Notes	For the six months ended 30 June **2008** **(Unaudited)**	2007 (Unaudited)
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*10*		
Basic			
– For profit for the period		**HK9.14 cents**	HK24.59 cents
– For profit from continuing operations		**HK8.59 cents**	HK18.47 cents
Diluted			
– For profit for the period		**HK9.06 cents**	HK23.72 cents
– For profit from continuing operations		**HK8.51 cents**	HK17.82 cents

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

30 June 2008

	Notes	30 June 2008 (Unaudited) HK$'000	31 December 2007 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**293,252**	277,105
Goodwill		**322,591**	322,020
Properties under development		**8,702,490**	7,114,601
Investment properties		**3,940,377**	3,315,710
Interests in associates	*12*	**4,278,638**	3,726,544
Available-for-sale investments		**16,830**	28,987
Deferred tax assets		**127,424**	65,351
Total non-current assets		**17,681,602**	14,850,318
CURRENT ASSETS			
Inventories		**392,930**	372,183
Properties under development for sale		**994,026**	196,486
Trade receivables	*13*	**194,288**	305,941
Prepayments, deposits and other receivables		**459,967**	320,977
Financial assets at fair value through profit or loss		**393,122**	602,990
Derivative financial instruments		**15,683**	–
Amounts due from minority shareholders		**90,509**	82,612
Cash and cash equivalents		**4,321,517**	4,689,828
		6,862,042	6,571,017
Assets of disposal groups classified as held for sale	*9*	**4,357,746**	4,095,563
Total current assets		**11,219,788**	10,666,580

	Notes	30 June 2008 (Unaudited) HK$'000	31 December 2007 (Audited) HK$'000
CURRENT LIABILITIES			
Interest-bearing bank loans		**3,910,609**	3,547,163
Trade and notes payables	*14*	**73,485**	86,965
Other payables and accruals		**2,227,217**	1,240,076
Derivative financial instruments		**8,063**	6,275
Tax payable		**361,308**	490,544
		6,580,682	5,371,023
Liabilities directly associated with the assets classified as held for sale	*9*	**2,560,643**	2,377,543
Total current liabilities		**9,141,325**	7,748,566
NET CURRENT ASSETS		**2,078,463**	2,918,014
TOTAL ASSETS LESS CURRENT LIABILITIES		**19,760,065**	17,768,332
NON-CURRENT LIABILITIES			
Interest-bearing bank loans		**7,504,947**	6,090,445
Deferred tax liabilities		**569,368**	452,939
Total non-current liabilities		**8,074,315**	6,543,384
Net assets		**11,685,750**	11,224,948
EQUITY			
Total equity attributable to equity holders of the parent			
Issued capital		**160,665**	161,417
Reserves		**9,939,435**	9,009,437
Proposed dividend		**96,399**	677,950
		10,196,499	9,848,804
Minority interests		**1,489,251**	1,376,144
Total equity		**11,685,750**	11,224,948

1. Basis of Preparation

The unaudited interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2007.

2. Impact of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include HKASs and interpretations)

The accounting policies adopted in the preparation of the interim 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, except for the adoption of the new interpretations as noted below.

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 the above new interpretations has had no material effect on the accounting policies of the Group and the methods of computation in the interim condensed consolidated financial statements except for the adoption of HK (IFRIC) – Int 12 "Service Concession Arrangements" ("IFRIC 12").

Service Concession Arrangements

In previous years, the costs incurred for constructing the related infrastructures for toll roads under the service concession arrangements ("Service Concessions") of the Group with relevant local governments were accounted for as property, plant and equipment of the Group and these expenditures were depreciated on an units-of-usage basis, making reference to the proportion of actual traffic volume achieved for a particular period over the total projected traffic volume throughout the periods within which the Group is granted the rights to operate these toll roads (the "units-of-usage method"). IFRIC 12 requires the Group to account for these Service Concessions under this interpretation from 1 January 2008 onwards. The application of the interpretation results in changes in accounting policies of the Group, which have been applied retrospectively and the comparative figures have been restated accordingly.

The Group has entered into contractual service arrangement with local government authorities for its participation in the development, financing, operation and maintenance of a toll road infrastructure. Under the arrangement, the Group carries out the construction or upgrade work of the toll road for the granting authorities and receives in exchange of a right to operate the toll road concerned and the entitlement to the toll fees collected from users of the toll road services. In accordance with IFRIC 12, the assets under the Service Concessions are classified as intangible assets or financial assets. The assets are classified as intangible assets if the Group receives a right to charge users of the respective toll roads or as financial assets if it is paid by the grantor.

The Group applies the intangible asset model to account for the Service Concessions where the Group is paid by the users of the toll road and the concession grantors (the respective local governments) have not provided any contractual guarantees in respect of the amounts of construction costs incurred to be recoverable. The intangible asset corresponds to the right granted by the respective concession grantors to the Group to charge users of the toll road services.

Intangible assets resulting from the application of IFRIC 12 are recorded in the balance sheet as "Concession intangible assets". Once the underlying infrastructure of the service concessions arrangements is completed, they are amortised, on the "units-of-usage method", as allowed under HK Interpretation 1 (revised June 2006) The Appropriate Accounting Policies for Infrastructure Facilities (HK - Int 1) issued by HKICPA, over the respective concession periods granted.

As the assets and liabilities of the Group's infrastructure segment have been classified as held for sale, the adoption of IFRIC 12 does not have any financial impact on the consolidated balance sheet as at 31 December 2007 and 30 June 2008. However, the assets of discontinued operations have been reclassified as follows:

	Increase/(decrease)	
	30 June 2008	31 December 2007
	HK$'000	*HK$'000*
Property, plant and equipment	**(3,332,727)**	(3,133,406)
Concession intangible assets	**3,332,727**	3,133,406

Details refer to note 9 to the interim condensed consolidated financial statements.

3. Impact of Issued But not yet Effective HKFRSs

The Group has not applied the following new and revised HKFRSs relevant to the interim condensed consolidated financial statements that have been issued but are not yet effective.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards* and HKAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*[3]
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Vesting Conditions and Cancellations*[3]
HKFRS 3 (Revised)	Business Combinations[4]
HKFRS 8	Operating Segments[3]
HKAS 1 (Revised)	Presentation of Financial Statements[3]
HKAS 23 (Revised)	Borrowing Costs[3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[4]
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation and* HKAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*[3]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[1]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate[3]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation[2]

[1] *Effective for financial years beginning on or after 1 July 2008*

[2] *Effective for financial years beginning on or after 1 October 2008*

[3] *Effective for financial years beginning on or after 1 January 2009*

[4] *Effective for financial years beginning on or after 1 July 2009*

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of HKFRS 8 may result in new or amended disclosures, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

4. Segment Information

Segment information is presented by way of the Group's primary segment reporting basis, by business segment. In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets. No further geographical segment information is presented as over 90% of the Group's revenue is derived from customers based in Mainland China, and over 90% of the Group's assets are located in Mainland China.

For the six months ended 30 June 2008	**Continuing operations**					**Discontinued operations**				
	Property development *HK$'000*	**Property investment** *HK$'000*	**Property management** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*	**Infrastructure investment** *HK$'000*	**Transportation services** *HK$'000*	**Manufacturing** *HK$'000*	**Total** *HK$'000*	**Consolidated** *HK$'000*
Segment revenue:										
Sales to customers	**127,716**	**158,144**	**285,104**	**75,070**	**646,034**	**28,685**	**91,576**	**148,984**	**269,245**	**915,279**
Segment results before increase in fair value of investment properties	**(88,495)**	**74,917**	**21,446**	**6,159**	**14,027**	**11,431**	**13,514**	**6,635**	**31,580**	**45,607**
Increase in fair value of investment properties	**–**	**447,917**	**–**	**–**	**447,917**	**–**	**–**	**–**	**–**	**447,917**
Segment results after increase in fair value of investment properties	**(88,495)**	**522,834**	**21,446**	**6,159**	**461,944**	**11,431**	**13,514**	**6,635**	**31,580**	**493,524**
Interest income, dividend income and unallocated gains, net					**99,216**				**36,361**	**135,577**
Unallocated expenses					**(296,371)**				**(1,208)**	**(297,579)**
Finance costs					**(92,199)**				**(67,850)**	**(160,049)**
Share of profits and losses of associates	**57,520**	**38,053**	**881**	**–**	**96,454**	**–**	**2,496**	**–**	**2,496**	**98,950**
Unallocated share of profits of associates					**182,397**				**–**	**182,397**
Profit before tax					**451,441**				**1,379**	**452,820**
Tax					**(110,832)**				**(3,913)**	**(114,745)**
Profit for the period					**340,609**				**(2,534)**	**338,075**

For the six months ended 30 June 2007	Continuing operations					Discontinued operations				
	Property development *HK$'000*	Property investment *HK$'000*	Property management *HK$'000*	Others *HK$'000*	Total *HK$'000*	Infrastructure investment *HK$'000*	Transportation services *HK$'000*	Manufacturing *HK$'000*	Total *HK$'000*	Consolidated *HK$'000*
Segment revenue:										
Sales to customers	399,251	152,668	212,464	44,052	808,435	25,259	79,358	129,197	233,814	1,042,249
Segment results before increase in fair value of investment properties	183,294	75,155	7,743	(1,980)	264,212	7,928	20,294	(3,030)	25,192	289,404
Increase in fair value of investment properties	–	452,903	–	–	452,903	–	–	–	–	452,903
Segment results after increase in fair value of investment properties	183,294	528,058	7,743	(1,980)	717,115	7,928	20,294	(3,030)	25,192	742,307
Interest income, dividend income and unallocated gains, net					312,132				193,374	505,506
Unallocated expenses					(58,847)				(2,059)	(60,906)
Finance costs					(125,434)				(57,292)	(182,726)
Share of profits and losses of associates	47,058	71,571	1,464	–	120,093	–	2,813	–	2,813	122,906
Unallocated share of profits and losses of associates					63,272				–	63,272
Profit before tax					1,028,331				162,028	1,190,359
Tax					(369,273)				13,933	(355,340)
Profit for the period					659,058				175,961	835,019

5. Other Income and Gains

	For the six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest income	**68,855**	70,758
Rental income	**1,162**	12,329
Gain on disposal of available-for-sale investments	**9,031**	5,942
Exchange gain	**–**	15,545
Others	**46,441**	60,776
	125,489	165,350

6. Finance Costs

	For the six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank loans	**285,164**	186,781
Less: Amounts capitalised under properties development projects	**(192,965)**	(61,347)
	92,199	125,434

7. Profit before Tax

Profit before tax was determined after charging/(crediting) the following:

	For the six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation	**49,034**	36,996
Amortisation of intangible assets	**3,606**	934
Dividend income from financial assets at fair value through profit or loss	**(9,915)**	(3,796)
(Gain)/loss on disposal of items of investment properties	**6,001**	(4,580)
Gain on disposal of items of property, plant and equipment, net	**(331)**	(2,033)
Impairment of trade receivables	**792**	2,435

8. Tax

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the period (2007: Nil). Taxes on profits assessable in Mainland China are calculated at the rates of tax prevailing in the locations in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

Major subsidiaries of the Group operate in Shenzhen, Mainland China, which are subject to the corporate income tax rate of 18% for the year 2008, according to the new PRC Enterprise Income Tax Law which was effective on 1 January 2008.

PRC land appreciation tax ("LAT") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures. LAT of HK$5,007,000 is charged to the consolidated income statement for the six months ended 30 June 2008 (six months ended 30 June 2007: HK$198,215,000).

	For the six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current – Mainland China corporate income tax	**49,766**	98,715
Current – LAT in Mainland China	**5,007**	198,215
Deferred – Mainland China corporate income tax	**56,961**	182,091
Deferred – LAT in Mainland China	**(902)**	(109,748)
Total tax charge for the period	**110,832**	369,273

The share of tax attributable to associates of approximately HK$124,150,000 (six months ended 30 June 2007: HK$28,137,000) is included in "Share of profits and losses of associates" on the face of the interim condensed consolidated income statement.

9. Discontinued operations

On 18 June 2007, the Group entered into preliminary sales and purchase agreements to dispose of its entire equity interests in three subsidiaries, Shenzhen PJLD Securities Products Co., Ltd., Shenzhen Shum Yip Steel Centre Ltd. and Shenzhen Jinghua LCD Ltd. (collectively referred to as the "Manufacturing Group"). On 3 December 2007, the Company announced to dispose of the remaining 51% interests in Huayin Traffic Development Company Limited ("Huayin Traffic") and the entire 80% interests in Shum Yip Shum Kang (Group) Co., Ltd. and its subsidiaries ("Shum Yip Shumkang") (collectively referred to as the "Disposal Groups"). The Disposal Groups engage in the manufacturing and sale of industrial and commercial products, construction and operation of expressway and provision of transportation services and they are separate business segments of the Group's operations. The Group has decided to cease its manufacturing business, infrastructure business and transportation business because it plans to focus its resources on its real estate business. The disposal of the Disposal Groups is expected to be completed in 2008. As at 30 June 2008, final negotiations for the sales were in progress and the Disposal Groups were classified as a disposal group held for sale.

The results of the discontinued operation for the period are presented below:

	Infrastructure For the six months ended 30 June		**Information Technology For the six months ended 30 June**		**Transportation For the six months ended 30 June**		**Manufacturing For the six months ended 30 June**		**Total For the six months ended 30 June**	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue	**28,685**	25,259	**–**	–	**91,576**	79,358	**148,984**	129,197	**269,245**	233,814
Cost of sales	**(13,628)**	(11,584)	**–**	–	**(53,470)**	(41,499)	**(114,067)**	(110,891)	**(181,165)**	(163,974)
Other income and gains	**41**	448	**–**	190,131	**34,696**	7,744	**1,737**	3,946	**36,474**	202,269
Selling and distribution costs	**(224)**	–	**–**	–	**(97)**	–	**(7,290)**	(9,980)	**(7,611)**	(9,980)
Administrative expenses	**(3,407)**	(5,057)	**–**	–	**(23,995)**	(20,346)	**(20,993)**	(11,584)	**(48,395)**	(36,987)
Other expenses	**(35)**	(802)	**–**	–	**(1,639)**	(4,236)	**(141)**	(3,597)	**(1,815)**	(8,635)
Finance costs	**(62,374)**	(52,779)	**–**	–	**(4,694)**	(977)	**(782)**	(3,536)	**(67,850)**	(57,292)
Share of profits and losses of associates	**–**	–	**–**	–	**2,496**	2,813	**–**	–	**2,496**	2,813
Profit/(loss) before tax from discontinued operations	**(50,942)**	(44,515)	**–**	190,131	**44,873**	22,857	**7,448**	(6,445)	**1,379**	162,028
Tax	**–**	47,991	**–**	(30,585)	**(3,082)**	(3,305)	**(831)**	(168)	**(3,913)**	13,933
Profit/(loss) for the period from discontinued operations	**(50,942)**	3,476	**–**	159,546	**41,791**	19,552	**6,617**	(6,613)	**(2,534)**	175,961

The major classes of assets and liabilities of the Disposal Groups were classified as held for sale as at the balance sheet date as follows:

	Infrastructure		**Information Technology**		**Transportation**		**Manufacturing**		**Total**	
	30 June 2008	31 December 2007	**30 June 2008**	31 December 2007	**30 June 2008**	31 December 2007	**30 June 2008**	31 December 2007	**30 June 2008**	31 December 2007
	(Unaudited)	(Audited and restated)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited and restated)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Assets										
Property, plant and equipment	**13,531**	14,733*	**–**	–	**186,272**	180,430	**52,316**	53,393	**252,119**	248,556*
Concession intangible assets	**3,332,727**	3,133,406*	**–**	–	**–**	–	**–**	–	**3,332,727**	3,133,406*
Intangible assets	**–**	–	**–**	–	**99,379**	96,749	**–**	–	**99,379**	96,749
Prepaid land lease payment	**–**	–	**–**	–	**4,310**	3,987	**–**	–	**4,310**	3,987
Goodwill	**99,926**	99,926	**–**	–	**–**	–	**–**	–	**99,926**	99,926
Interests in associates	**–**	–	**–**	–	**222,547**	197,470	**3,453**	3,526	**226,000**	200,996
Available-for-sale investments	**–**	–	**–**	–	**–**	620	**–**	–	**–**	620
Inventories	**–**	–	**–**	–	**2,241**	2,258	**36,607**	43,970	**38,848**	46,228
Trade receivables	**871**	1,139	**–**	–	**12,628**	6,992	**53,945**	58,094	**67,444**	66,225
Prepayments, deposits and other receivables	**3,094**	3,249	**–**	–	**83,267**	67,102	**13,260**	10,238	**99,621**	80,589
Cash and cash equivalents	**36,255**	55,012	**–**	–	**58,757**	34,800	**42,360**	28,469	**137,372**	118,281
Assets classified as held for sale	**3,486,404**	3,307,465	**–**	–	**669,401**	590,408	**201,941**	197,690	**4,357,746**	4,095,563
Liabilities										
Interest-bearing bank loans *(note 15(b))*	**1,815,769**	1,705,805	**–**	–	**101,129**	103,911	**24,543**	27,656	**1,941,441**	1,837,372
Trade payables	**61,005**	28,436	**–**	–	**1,186**	1,180	**29,121**	36,358	**91,312**	65,974
Other payables, and accruals	**39,967**	77,880	**–**	–	**217,643**	161,758	**109,122**	73,401	**366,732**	313,039
Deferred tax liabilities	**161,158**	161,158	**–**	–	**–**	–	**–**	–	**161,158**	161,158
Liabilities directly associated with the assets classified as held for sale	**2,077,899**	1,973,279	**–**	–	**319,958**	266,849	**162,786**	137,415	**2,560,643**	2,377,543
Net assets directly associated with assets classified as held for sale	**1,408,505**	1,334,186	**–**	–	**349,443**	323,559	**39,155**	60,275	**1,797,103**	1,718,020

* *Restated to reflect the reclassification of a toll road from property, plant and equipment to concession intangible assets upon the adoption of HK(IFRIC) – Int 12 "Service Concession Arrangements".*

The net cash flows from the discontinued operations are as follows:

	Infrastructure For the six months ended 30 June		Information Technology For the six months ended 30 June		Transportation For the six months ended 30 June		Manufacturing For the six months ended 30 June		Total For the six months ended 30 June	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Operating activities	**43,617**	(7,476)	**–**	–	**(17,910)**	(570)	**17,785**	(7,005)	**43,492**	(15,051)
Investing activities	**–**	–	**–**	151,533	**49,343**	–	**–**	73,126	**49,343**	224,659
Financing activities	**(62,374)**	(52,799)	**–**	–	**(7,476)**	10,498	**(3,894)**	4,116	**(73,744)**	(38,185)
Net cash inflow/(outflow)	**(18,757)**	(60,275)	**–**	151,533	**23,957**	9,928	**13,891**	70,237	**19,091**	171,423

	For the six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
Earnings per share:		
Basic, from the discontinued operations	**HK0.55 cents**	HK6.12 cents
Diluted, from the discontinued operations	**HK0.55 cents**	HK5.90 cents

The calculations of basic and diluted earnings per share amounts from the discontinued operations are based on:

	For the six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit/(loss) for the period from discontinued operations	**(2,534)**	175,961
Results attributable to minority interests	**20,177**	(1,445)
Profit attributable to ordinary equity holders of the parent from the discontinued operations	**17,643**	174,516
Number of shares as at the balance sheet date	**3,213,295,090**	2,981,718,090
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**3,208,650,751**	2,850,743,335
Weighted average number of ordinary shares used in the diluted earnings per share calculation	**3,235,867,468**	2,955,485,319

10. Earnings Per Share Attributable to Ordinary Equity Holders of the Parent

The calculation of basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the period.

The calculation of diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share amounts are based on:

		For the six months ended 30 June	
		2008	2007
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
Earnings			
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation			
From continuing operations		**275,512**	526,568
From discontinued operations	*9*	**17,643**	174,516
		293,155	701,084

	For the six months ended 30 June	
	2008	2007
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**3,208,650,751**	2,850,743,335
Effect of dilution – weighted average number of ordinary shares:		
Share options	**27,216,717**	104,741,984
	3,235,867,468	2,955,485,319

11. Dividend

At a meeting of the board of directors held on 22 September 2008, the directors resolved to pay an interim dividend to shareholders of HK3.00 cents per share (six months ended 30 June 2007: HK8.00 cents per share).

12. Interests in Associates

Particulars of the principal associates are as follows:

Name of associates	Business structure	Place of establishment/ incorporation and operations	Nominal value of issued and fully paid-up capital/ registered capital	Percentage of ownership interest attributable to the Group		Principal activities
				2008	2007	
				%	%	
Road King Infrastructure Ltd. ("Road King")*	Corporate	Bermuda	HK$69,008,000	**22.06**	22.06	Investment and management of toll roads and property development
Shenzhen Tianan Cyber Park Co., Ltd.	Corporate	PRC	US$18,000,000	**37.53**	37.53	Property investment and development
Coastal Greenland Limited	Corporate	Bermuda	HK$221,290,000	**21.71**	21.71	Property development and investment

* *Road King is a limited liability company incorporated in Bermuda and its ordinary shares with a nominal value of HK$0.10 each are listed on the Main Board of The Stock Exchange of Hong Kong Limited. The principal location of Road King's business is Mainland China.*

During 2007, Road King through its 88.46% owned subsidiary, acquired the entire equity interests in two companies established in the People's Republic of China (collectively referred to as the "Investee Companies") at a consideration of RMB563,180,000 (equivalent to HK$625,756,000).

After completion of the acquisition in July 2007, Road King was not able to obtain effective control over the Investee Companies despite the fact that the board of directors of the Investee Companies was appointed by Road King as the former management of the Investee Companies have not yet allowed the representatives of Road King to access the office of the Investee Companies, and have not yet handed over the official seals, the books and records as well as other relevant documents of the Investee Companies. Without such access to the official seals and books and records, Road King has not yet effectively obtained control of the Investee Companies.

Despite the fact that Road King has taken steps with a view to obtaining effective control over the Investee Companies, Road King has not yet obtained effective control or exercise significant influence over the operating and financing policies of the Investee Companies. In view of this, the Investee Companies are not currently considered to be subsidiaries or associates of Road King and therefore they are accounted for as available-for-sale investments. Based on the impairment review on the investments in the Investee Companies, in the opinion of the directors of Road King, no impairment on the investment cost of HK$625,756,000 (31 December 2007: HK$592,821,000) (the amount attributable to the Group: HK$138,042,000 (31 December 2007: HK$130,776,000)) in the Investee Companies is considered as necessary.

Road King commenced legal proceedings in the Tianjin Nankai District People's Court in October 2007 to enforce its rights and to assume effective control over the Investee Companies. However, the legal proceedings against the former management of the Investee Companies were temporarily suspended during the current interim period and Road King have been taking steps to uplift the suspension of the legal proceedings, which, if successful, will result in the effective continuation of Road King's legal proceedings against the former management of the Investee Companies. The directors of Road King, based on advice of Road King's PRC legal advisor, are of the belief that the court ruling will be favourable to Road King and accordingly, Road King can assume effective control over the Investee Companies in the foreseeable future.

At 30 June 2008, Road King provided guarantees in favour of banks to provide credit facilities to the Investee Companies amounting to HK$333,333,000 (31 December 2007: HK$315,789,000) as at 30 June 2008 (the amount attributable to the Group: HK$73,533,000 (31 December 2007: HK$69,663,000)). The bank loans are pledged by the properties including land and properties under development for sale held by the Investee Companies.

The conclusion of the review report of the Group's interim financial information for the six months ended 30 June 2008 issued by the auditors, Ernst & Young has been modified in connection with the captioned issue and is extracted as follow:

Without qualifying our review conclusion we draw attention to note 12 to the interim financial information. One of the Group's associates (the "Associate") currently has not obtained effective control over two of the Associate's investee companies established in the People's Republic of China (collectively referred to as the "Investee Companies") despite the fact that the board of directors of the Investee Companies was appointed by the Associate, due to the circumstances described in note 12. The Associate has commenced legal proceedings against the former management of the Investee Companies with a view to obtaining effective control over these companies. However, the legal proceedings against the former management of the Investee Companies are temporarily suspended and the Associate is taking steps to uplift the suspension of the legal proceedings, which, if successful, will result in the effective continuation of the Associate's legal proceedings against the former management of the Investee Companies. As the timing of re-opening of the court hearing and the eventual outcome of the court proceedings cannot be determined with certainty, there exist significant uncertainties which may affect the following:

- *the Associate being unable to obtain effective control over the Investee Companies or otherwise realise the underlying properties of the Investee Companies, thereby impacting the recoverability of the Associate's investments in these companies, of which the amount attributable to the Group is HK$138,042,000 as at 30 June 2008.*

- *the banks seeking payment from the Associate in relation to credit facilities to the Investee Companies, of which the amount attributable to the Group is HK$73,533,000 as at 30 June 2008 which has been guaranteed by the Associate as described in note 12, in the event that the Investee Companies are not in a position to repay the credit facilities by the maturity date in June 2009.*

13. Trade Receivables

Under normal circumstances, the Group does not grant any credit terms to its customers. The Group seeks to maintain strict control over its outstanding receivables and to minimise credit risk. Overdue balances are regularly reviewed by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the balance sheet date, based on the contract date, net of provision for impairment, is as follows:

	30 June 2008 (Unaudited) ***HK$'000***	31 December 2007 (Audited) *HK$'000*
Within one year	**193,214**	300,902
One to two years	**1,074**	3,426
Two to three years	**–**	1,613
Total	**194,288**	305,941

14. Trade and Notes Payables

An aged analysis of the trade and notes payable as at the balance sheet date, based on the payment due date, is as follows:

	30 June 2008 (Unaudited) ***HK$'000***	31 December 2007 (Audited) *HK$'000*
Within one year	**22,194**	46,285
One to two years	**10,570**	2,825
Two to three years	**2,931**	2,792
Over three years	**37,790**	35,063
Total	**73,485**	86,965

15. Pledge of Assets

As at the balance sheet date, the Group's bank loans were secured by the following:

(a) Bank loans amounting to HK$194,994,000 (31 December 2007: HK$132,531,000) were secured by:

(i) certain of the Group's properties under development with a net book value of approximately HK$364,979,000 (31 December 2007: HK$368,290,000); and

(ii) certain of the Group's completed properties for sale with a net book value of approximately HK$16,945,000 (31 December 2007: HK$15,919,000).

(b) Bank loans included in the Disposal Groups of HK$1,941,441,000 (31 December 2007: HK$1,710,614,000) were secured by:

(i) concession intangible assets with a net book value of approximately HK$3,332,727,000 (31 December 2007: HK$3,133,406,000); and

(ii) land and buildings which have an aggregate net book value of approximately HK$6,852,000 (31 December 2007: HK$6,437,000).

16. Capital Commitments

	30 June 2008 (Unaudited)	31 December 2007 (Audited)
	HK$'000	*HK$'000*
Commitments in respect of acquisition of land and buildings, and development costs attributable to properties under development:		
Contracted, but not provided for	**3,727,698**	2,106,952

In addition, the Group's share of the associates' own capital commitment at the balance sheet date, which is not included above, was as follows:

	30 June 2008 (Unaudited)	31 December 2007 (Audited)
	HK$'000	*HK$'000*
Contracted, but not provided for	**353,310**	104,928

17. Contingent Liabilities

At 30 June 2008, the Group has given guarantees to a maximum extent of approximately HK$1,361,148,000 (31 December 2007: HK$1,040,309,000) to banks for housing loans extended by the banks to the purchasers of the Group's properties.

Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible for paying the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal title of the related properties. The Group's guarantee period commences from the dates of grant of the relevant mortgage loans and ends after the buyer obtained the individual property ownership certificate or up to a maximum of two years after the full repayment of the mortgaged loans by the purchasers of the Group's properties.

The directors consider that in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage loans together with any accrued interest and penalty and therefore no provision has been made in connection with the guarantees.

18. Comparative Amounts

The comparative condensed consolidated income statement has been restated as if the operations discontinued during the current period had been discontinued at the beginning of the comparative period *(note 9)*.

MANAGEMENT DISCUSSIONS AND ANALYSIS

Business review

In the first half of 2008, the Group achieved sales revenue of HK$646.0 million in its continuing operations, 20% below the same period of last year. Pre-tax profit amounted to HK$451.4 million, down 56% from the same period of last year. Net profit attributable to shareholders was HK$293.2 million, down 58% from a year earlier. Stripping out discontinued operations, net profit attributable to shareholders in the first half of 2008 amounted to HK$275.5 million, a decline of 48% from a year earlier.

Excluding the impact of revaluation of financial assets and investment property, net profit attributable to shareholders in the Group's continuing operations would amount to HK$204.5 million, an increase of 500% from a year earlier. This was mainly due to a volatile stock market, the market value of the Group's holdings of stocks and other financial assets fell sharply in the period, hurting its net profit.

Property development

In the period concerned, the Group completed 27,000 square meters in its property development business, of which 14,000 square meters were in its subsidiaries, and the rest was in its associated companies (but excluding Road King and Coastal Greenland).

As most of the Group's property projects are scheduled for completion in the second half of 2008, property completion in the first half of the year was mainly left-over units of old projects. In the first six months, completed property sales revenue amounted to HK$127.7 million, a decline of 68% from a year earlier.

As end of August 2008, the Group had 7 projects at the pre-sale stage. A total of 241,000 square meters of property had been pre-sold but not booked, amounting to contracted sales of approximately HK$1,890 million, of which 150,000 square meters (and a contract sales amount of HK$1,379 million) came from the Group's subsidiaries. They will all be booked in the second half of 2008.

Property under construction and land reserves

In the period concerned, the Group had 25 property projects under construction, with a total gross floor area of 3,067,000 square meters. These projects were progressing smoothly. A total of 5 projects will enter the pre-sale stage in the fourth quarter of 2008, with a total gross floor area of 142,000 square meters.

At present, the Group has gross land reserves of 16,682,000 square meters (in gross floor areas), and the attributable figure is 12,088,000 square meters. These figures do not include those at Road King and Coastal Greenland. In the period concerned, the Group did not acquire any land reserves.

Property investment

In the first half of 2008, the Group's investment property continued to perform well. With a total rental property of 720,000 square meters, it achieved a rental income of HK$158.1 million, the same as a year earlier. The Group recorded a revaluation gain of HK$447.9 million in its investment property which had already been booked in the profit under the period.

Returns of Property Investment

	As at 30 June 2008	As at 30 June 2007
Total gross floor area *(sqm)*	**717,000**	702,609
Attributable gross floor area *(sqm)*	**652,000**	543,841
Fair value of investment property *(HK$'000)*	**3,940,377**	3,249,491
Total assets of the Group at end of period *(HK$'000)*	**28,901,390**	21,205,885
Net assets of the Group at end of period *(HK$'000)*	**10,196,499**	7,213,314
Ratio of investment property to total assets at end of period *(%)*	**13.6**	15.3
Ratio of investment property to net assets at end of period *(%)*	**38.6**	45.0

	For the six months ended 30 June	
	2008	2007
Rental income *(HK$'000)*	**158,144**	152,668
Segment results before change in fair value *(HK$'000)*	**74,917**	75,155
Increase in fair value during the period *(HK$'000)*	**447,917**	452,903
Segment results including change in fair value *(HK$'000)*	**522,834**	528,058

Performance by associated companies

In the period under review, the Group's investment in a listed associated company, Road King Infrastructure Ltd, performed well as which Road King made a net profit contribution to the Group of HK$102 million, up 48% from a year earlier. Another listed associated company Coastal Greenland Limited, made a net profit contribution of HK$80.3 million to the Group, compared to a net loss share of HK$5.8 million a year earlier. In the meantime, Shenzhen Tianan Cyber-city Limited made a net profit contribution of HK$86.5 million to the Group, an increase of 20% from a year earlier.

Discontinued operations

On 3 December 2007, the Group signed a letter of intent to sell the 80% stake in ShumYip Shengang (Group) Company Limited. At present, this disposal is still in progress, and we therefore reported related assets under "Discontinued operations".

On 18 June 2007, the Group signed letters of intent to sell some industrial assets. At present, these disposals are still in progress, and we therefore report related assets under "Discontinued operations".

In June 2008, the Group completed the disposal of the 100% stake in Shum Yip Transportation Company Limited. Details of the transaction have been set out in the Company's announcement dated 18 December 2007.

On 5 March 2008, the Group signed an agreement to sell the remaining 51% stake in Hubei Shum Yip Huayin Traffic Development Company (hereinafter referred to as "Hubei Huayin"). In August 2008, Hubei Huayin has been granted a new business license. On 29 August 2008, the Group received the remaining balance of the sales consideration. Details of the transaction have been set out in the circular of the Company dated 18 April 2008.

Financial conditions

As of 30 June 2008, the Group's cash balance was HK$4,321.5 million (31 December 2007: HK$4,689.8 million), of which 79% and 21% was in the form of renminbi and other currencies (mainly in US$ and HK$), respectively. While the renminbi is not a freely convertible currency, the Group has been authorized to convert renminbi into other currencies via banks authorized to conduct foreign exchange business. The Group's cash balance figure does not include the consideration received in August 2008 from the disposal of Hubei Huayin.

On 30 June 2008, the Group's total bank loans amounted to HK$11,415.5 million (31 December 2007: HK$9,637.6 million), of which HK$5,623 million were floating-rate loans (31 December 2007: HK$3,724.0 million), and the rest was fixed-rate loans. Of all the loans, long-term loans amounted to HK$7,504.9 million (31 December 2007: HK$6,090.4 million), and short-term loans were HK$3,910.6 million (31 December 2007: HK$3,547.2 million).

As of 30 June 2008, the Group had net assets (after minority interests) of HK$10,196.5 million (31 December 2007: HK$9,848.8 million), and therefore, the ratio of net debts to net assets stood at 69.6% (31 December 2007: 50.2%). In the second-half of 2008, the Group's gearing will decline on the back of property pre-sales and the proceeds from the disposal of Hubei Huayin.

The Group's main operating cash flows are in renminbi, while its assets and debts are in the form of renminbi and the US dollar, respectively. In the near term, exchange rate movements have benefited the Group. In the period under review, the Group did not hedge its financial exposure.

Shareholding structure

In the period under review, the Group granted 24 million stock options to directors at exercise prices of HK$3.85 and HK$3.49, and a total of 19,823,000 stock options were exercised. Also in the period, the Group bought back a total of 34,860,000 shares from the open market.

As of 30 June 2008, the Group had a total number of outstanding shares of 3,213,295,090 (31 December 2007: 3,228,332,090).

Staff numbers and remunerations

As of 30 June 2008, the Group had a total staff number of 12,855, of which 42 were stationed in Hong Kong (mainly managerial and finance-related personnel), and the rest were in China.

The Group's staff remuneration is based on individual performance, industry experience and labour market trends. The Group reviews regularly its compensation policies and the performance of its employees.

Staff compensation includes salary, allowances, medical insurance and compulsory retirement benefits. The Group also issues bonuses and grants stock options to employees based on individual performance as well the Group's overall performance.

Business outlook

In 2008, inflation and natural disasters posed severe challenges to the Chinese economy. An economic slowdown, and credit tightening aimed at the property sector have combined to cause sharp declines in property prices and transaction volumes, particularly in the Pearl-River Delta. In the long term, however, we believe that the fundamental factors underpinning the property sector's healthy growth remain intact. We believe that the rational correction in the property market should be followed by more sustainable growth and more opportunities to the Group.

On that basis, the Group will continue to accelerate property pre-sales and cash inflows in the second half of 2008 when a total of 12 property projects are scheduled for pre-sales. These projects are mainly in city proper, such as Tianan Golf-Seaview, Shumyip Coast, and Purple Kylin Hill. These projects are located in prime areas with convenient transportation and comprehensive facilities.

The Groups aims at improving products quality in boosting its sales. We will continue to make efforts in improving the quality of our projects as core objective, enhance construction progress, product quality and management services. The purpose is to build up our brand image in enlarging more market share.

By controlling product costs, the Group will ensure stable earnings. Facing increases in raw material prices, the Group will improve its operation efficiency and lower its overall costs through strengthening cost and operation control and this will ensure a stable profitability level.

The Group believes that after getting through these tough market sentiments, our enterprise will become healthier, stronger and more competitive.

Expected Completion in the second half of 2008

Project	Location	Type	GFA	% of interest held	Attributable GFA
			sqm		*sqm*
Noah Mountain Forest Phase II	Changsha	Residential	68,225	80%	54,580
Wanlin Lake Phase II	Huizhou	Residential	117,806	100%	117,806
Garden Hill Phase I	Huizhou	Residential	41,500	100%	41,500
Wuhan Nanhu Rose Bay Phase I	Wuhan	Residential	152,539	52.5%	80,083
Water Pine Building	Shenzhen	Industrial	32,600	75%	24,450
Longgang Purple Kylin Hill Phase I	Shenzhen	Residential	63,795	100%	63,795
Shumyip Coast Phase III (Part 1)	Shenzhen	Residential, commercial	170,000	100%	170,000
Tian An Golf Seaview Garden Phase III	Shenzhen	Residential	151,838	37.5%	56,939
Total			798,303		609,153

INTERIM DIVIDEND

The board of directors of the Company have resolved to declare an interim dividend of HK3.00 cents per share for the six months ended 30 June 2008 (2007: HK8.00 cents). The total amount of the dividend will be HK$96,398,853 (2007: HK$238,537,000). The dividend will be payable on Thursday 23rd October, 2008 to shareholders whose names appear on the Register of Members on Wednesday, 15th October, 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 13th October 2008, to Wednesday, 15th October 2008 (both dates inclusive), during which period no transfers of shares will be registered. In order to qualify for the interim dividend, all completed transfers, accompanied by the relevant share certificates, must be lodged with the Company's Registrar, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong no later than 4:00 p.m. on Friday, 10th October 2008.

CORPORATE GOVERNANCE

The Company has adopted all the code provisions in the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules ("Code") as its own code on corporate governance practices. During the six months ended 30 June 2008, the Company has complied with the code provisions set out in the Code and there have been no material deviations from the Code.

The Audit Committee comprises three independent non-executive directors namely Mr. LI Wai Keung, Mr. WONG Po Yan and Mr. WU Wai Chung, Michael. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including the review of the unaudited interim results for the six months ended 30 June 2008.

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. Having made specific enquiry of all directors of the Company, the Company confirmed that all directors have complied with the required standard set out in the Model Code.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the period, the Company repurchased and subsequently cancelled the following shares of the Company on the Stock Exchange:

Date of Repurchase	Number of shares repurchased HK$0.05 each	Highest price paid per share	Lowest price paid per share	Aggregate consideration paid
		HK$	*HK$*	*HK$*
24/01/2008	9,972,000	4.00	3.55	37,873,500.00
25/01/2008	3,470,000	3.95	3.78	13,459,640.00
28/01/2008	5,000,000	3.80	3.70	18,703,940.00
29/01/2008	6,706,000	3.80	3.74	25,249,760.00
30/01/2008	5,000,000	3.79	3.47	18,100,360.00
31/01/2008	4,712,000	3.58	3.41	16,597,580.00

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities during the period.

APPRECIATION

On behalf of the Board, I would like to extend my gratitude to all shareholders, the public and employees of the Group for their unfailing support, assistance, service and dedication.

By Order of the Board
HU Aimin
Chairman

Hong Kong, 22 September 2008

As at the date of this announcement, the Board comprises 9 directors, of which Mr. HU Aimin, Mr. ZHANG Yijun, Mr. ZHAO Gesheng, Mr. LIU Weijin and Mr. TAM Ping Lung are the executive directors of the Company, Dr. WU Jiesi is the non-executive director of the Company and Mr. WONG Po Yan, Mr. LI Wai Keung and Mr. WU Wai Chung, Michael are the independent non-executive directors of the Company.