LONKING HOLDINGS LIMITED

中國龍工控股有限公司*

(incorporated in the Cayman Islands with limited liability)

Stock Code : 3339

INTERIM REPORT 2008

*For identification purposes only

CONTENTS

FINANCIAL HIGHLIGHTS

The table below sets forth the consolidated financial summary of Lonking Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred as to the "Group").

Current period	**Six months ended 30 June 2008** *RMB'000*	Six months ended 30 June 2007 *RMB'000*	Change (+/–)
Turnover	**3,990,856**	2,830,788	+ 40.98%
Operating profits:			
– excluding unrealized gain/(loss) on fair value changes in derivatives components of convertible bonds	**654,444**	467,561	+39.97%
– including unrealized gain/(loss) on fair value changes in derivatives components of convertible bonds	**741,084**	369,094	+100.78%
EBITDA:			
– excluding unrealized gain/(loss) on fair value changes in derivatives components of convertible bonds	**695,796**	497,587	+39.83%
– including unrealized gain/(loss) on fair value changes in derivatives components of convertible bonds	**782,436**	399,120	+90.04%
Profit attributable to equity parent	**603,679**	282,598	+113.62%
Per share data	***RMB***	*RMB*	
Basic earnings per share[(1)#]:			
– excluding unrealized gain/(loss) on fair value changes in derivatives components of convertible bonds	**0.48**	0.36	+33.33%
– including unrealized gain/(loss) on fair value changes in derivatives components of convertible bonds	**0.56**	0.27	+107.41%
Net assets per share[(2)#]	**3.02**	2.46	+22.76%

Current period	Six months ended 30 June 2008 %	Six months ended 30 June 2007 %	Change (+/–)
Key performance indicators			
Profitability			
Overall gross margin	**21.16**	24.44	-13.42%
Net profit margin			
– excluding unrealized gain/(loss) on fair value changes in derivatives components of convertible bonds	**12.96**	13.46	-3.71%
– including unrealized gain/(loss) on fair value changes in derivatives components of convertible bonds	**15.13**	9.98	+51.60%
EBITDA margin[3]:			
– excluding unrealized gain/(loss) on fair value changes in derivatives components of convertible bonds	**17.43**	17.58	-0.85%
– including unrealized gain/(loss) on fair value changes in derivatives components of convertible bonds	**19.61**	14.10	+39.08%
Return on equity[4]	**18.41**	10.89	+69.05%
Liquidity and solvency			
Current ratio[5]	**2.52**	2.81	-10.32%
Interest coverage ratio[6]:			
– excluding unrealized gain/(loss) on fair value changes in derivatives components of convertible bonds	**9.16**	12.75	-28.16%
– including unrealized gain/(loss) on fair value changes in derivatives components of convertible bonds	**10.37**	10.06	+3.08%
Gross debt-to-equity ratio[7]	**55.66%**	73.11%	-23.87%
Management efficiency	***days***	*days*	
Inventory turnover days[8]	**94**	90	+4days
Trade and bills payables turnover days[9]	**67**	70	-3 days
Trade and bills receivable turnover days[10]	**41**	62	-21 days

calculated based on the 1,087,099,000 shares outstanding as at 30 June 2008 (30 June 2007: 1,056,299,000).

[1] Net profit attributable to equity holders of the parent for each period divided by the weighted average number of outstanding shares (WANOS) as at the end of each period.

[2] Shareholders' equity divided by the WANOS as at the end of each period.

[3] Earnings before interest, tax, depreciation and amortisation ("EBITDA") divided by turnover for each period.

[4] Net profit attributable to equity holders of the parent for each period divided by equity attributable to equity shareholders of the parent as at the end of each period.

[5] Current assets divided by current liabilities as at the end of each period.

[6] Earnings before interest and income tax expenses ("EBIT") divided by interest expenses.

[7] Interest-bearing debt for each period divided by the total equity as at the end of each period.

[8] Average inventories divided by cost of sales and multiplied by 183 days when turnover days are calculated for half-year periods.

[9] Average trade and bills payables divided by cost of sales and multiplied by 183 days when turnover days are calculated for half-year periods.

[10] Average trade and bills receivables divided by turnover and multiplied by 183 days when turnover days are calculated for half-year periods.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2008

	Notes	Six months ended 30 June 2008 RMB'000 (Unaudited)	Six months ended 30 June 2007 RMB'000 (Unaudited)
Turnover	3	**3,990,856**	2,830,788
Cost of sales		**(3,146,348)**	(2,139,013)
Gross profit		**844,508**	691,775
Interest income		**32,327**	18,327
Other income		**17,362**	7,991
Other gains and losses	4	**193,342**	(108,289)
Administrative expenses		**(90,006)**	(66,388)
Selling and distribution costs		**(250,341)**	(178,764)
Other expenses		**(6,108)**	(1,391)
Finance costs	5	**(71,482)**	(36,683)
Discount on acquisition of a subsidiary		**–**	5,833
Profit before tax		**669,602**	332,411
Income tax expense	6	**(65,791)**	(49,839)
Profit for the period	7	**603,811**	282,572
Attributable to:			
Equity holders of the parent		**603,679**	282,598
Minority interest		**132**	(26)
		603,811	282,572
Dividends paid	8	**116,156**	223,200
Earnings per share – basic *(RMB)*	9	**0.56**	0.27
Earnings per share – diluted *(RMB)*	9	**0.39**	0.27

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2008

	Notes	30 June 2008 RMB'000 (Unaudited)	31 December 2007 RMB'000
Non-curent assets			
Property, plant and equipment	10	**1,346,364**	1,116,542
Lease premium for land – Non current portion		**205,934**	202,616
Finance lease receivables		**74,012**	35,120
Deposit paid for acquisition of property, plant and equipment		**340,415**	–
Deferred tax assets	11	**91,341**	65,791
		2,058,066	1,420,069
Current assets			
Lease premium for land – Current portion		**4,510**	4,402
Inventories		**1,741,517**	1,491,346
Finance lease receivables		**664,915**	303,679
Trade receivables	12	**713,637**	350,171
Bill receivables	13	**211,397**	522,362
Other receivables and prepayments	12	**648,236**	391,240
Other financial assets		**653,160**	1,450,000
Pledged bank deposits		**159,810**	109,053
Bank balances and cash		**299,703**	478,064
		5,096,885	5,100,317
Current liabilities			
Trade payables	14	**635,495**	697,510
Bill payables	14	**594,639**	387,925
Other payables and accruals		**335,812**	259,140
Provision		**166,993**	128,296
Amounts due to related parties	15	**10,631**	12,875
Tax payable		**63,736**	45,585
Derivative financial instruments	17	**218,821**	305,461
		2,026,127	1,836,792
Net current assets		**3,070,758**	3,263,525
		5,128,824	4,683,594

	Notes	30 June 2008 RMB'000 (Unaudited)	31 December 2007 RMB'000
Capital and reserves			
Share capital	16	**112,619**	113,009
Reserves		**3,167,190**	2,703,478
Equity attributable to equity holders of the parent		**3,279,809**	2,816,487
Minority interests		**1,085**	953
Total equity		**3,280,894**	2,817,440
Non-current liabilities			
Long term payables		**29,164**	16,563
Convertible loan notes	17	**1,797,109**	1,843,920
Deferred tax liabilities	11	**21,657**	5,671
		1,847,930	1,866,154
		5,128,824	4,683,594

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June 2008

	Attributable to equity holders of the parent							
	Share capital	**Share premium**	**Special reserve**	**Statutory reserve**	**Retained profits**	**Total**	**Minority interests**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2007	107,886	455,206	355,335	156,069	702,418	1,776,914	1,065	1,777,979
Profit for the period and total recognised income for the period	–	–	–	–	282,598	282,598	(26)	282,572
Dividends paid	–	–	–	–	(223,200)	(223,200)	–	(223,200)
Shares issued	5,123	771,002	–	–	–	776,125	–	776,125
Transaction costs attributable to issue of shares	–	(17,013)	–	–	–	(17,013)	–	(17,013)
Acquisition of a subsidiary	–	–	–	–	–	–	55	55
At 30 June 2007	113,009	1,209,195	355,335	156,069	761,816	2,595,424	1,094	2,596,518
At 1 January 2008	113,009	1,209,195	355,335	270,721	868,227	2,816,487	953	2,817,440
Profit for the period and total recognised income for the period	–	–	–	–	603,679	603,679	132	603,811
Dividends paid	–	–	–	–	(116,156)	(116,156)	–	(116,156)
Shares repurchased and cancelled	(390)	(23,811)	–	–	–	(24,201)	–	(24,201)
At 30 June 2008	**112,619**	**1,185,384**	**355,335**	**270,721**	**1,355,750**	**3,279,809**	**1,085**	**3,280,894**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2008

	Six months ended	
	30 June 2008	30 June 2007
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
OPERATING CASH FLOWS BEFORE MOVEMENTS IN WORKING CAPITAL	**570,030**	447,054
Increase in inventories	**(251,995)**	(175,228)
Increase in trade, bill and other receivables	**(312,306)**	(548,493)
Increase in finance lease receivables	**(400,128)**	–
Increase in trade, bill and other payables	**221,371**	520,081
Other working capital items	**49,054**	42,965
Cash generated from operations	**(123,974)**	286,379
Income tax paid	**(57,204)**	(24,235)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	**(181,178)**	262,144
INVESTING ACTIVITIES		
Interest received	**31,686**	18,327
Deposit paid for purchase of property, plant and equipment	**(340,415)**	–
Purchase of property, plant and equipment	**(276,277)**	(121,411)
Increase in pledged bank deposits	**(50,757)**	(121,209)
Settlement of other financial assets	**950,000**	(300,000)
Purchase of other financial assets	**(150,000)**	–
Acquisition of a subsidiary	**–**	(71,515)
Other investing activities	**(51)**	(2,485)
NET CASH FROM (USED IN) INVESTING ACTIVITIES	**164,186**	(598,293)

	Six months ended	
	30 June 2008	30 June 2007
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
FINANCING ACTIVITIES		
Dividends paid	**(116,156)**	(223,200)
Shares repurchased and cancelled	**(24,201)**	–
Interest paid	**(3,702)**	(12,389)
Repayment of bank borrowings	**–**	(266,869)
New bank borrowings raised	**–**	48,718
Proceeds on issue of convertible loan notes	**–**	2,157,304
Proceeds on issue of new shares	**–**	759,112
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(144,059)**	2,462,676
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(161,051)**	2,126,527
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**478,064**	129,439
EFFECT ON FOREIGN EXCHANE RATE CHANGES	**(17,310)**	–
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, REPRESENTING BANK BALANCES AND CASH	**299,703**	2,255,966

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2008

1. BASIS OF PRESENTATION

The condensed consolidated 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 "Stock Exchange") and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2000 Revision) Chapter 22 of the Cayman Islands on 11 May 2004 and its shares have been listed on the Main Board of the Stock Exchange since 17 November 2005. In the opinion of the directors, the immediate and ultimate holding company of the Company is China Longgong Group Holdings Limited, a limited liability company incorporated in the British Virgin Islands.

Pursuant to a special resolution passed at an extraordinary general meeting held on 25 June 2008, the name of the Company was changed from "China Infrastructure Machinery Holdings Limited" to "Lonking Holdings Limited" and the existing Chinese name, being "中國龍工控股有限公司" which was adopted for identification purposes only, remains unchanged.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values.

The accounting policies used in the condensed consolidated 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 interim period, the Group has adopted the accounting policies on repurchase of equity instruments as follow:

Repurchase of equity instruments

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sales, issue, or cancellation of the Company's own equity instruments.

In the current interim period, the Group has applied, for the first time, the following new interpretations ("new Interpretations") issued by 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 Arranagements
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

The adoption of these new Interpretations 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 and revised standards or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 32&1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK (IFRIC)-Int 13	Customer Loyalty Programmes[3]
HK (IFRIC)-Int 15	Agreements for the Construction of Real Estate[1]
HK (IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation[4]

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 July 2009
[3] Effective for annual periods beginning on or after 1 July 2008
[4] Effective for annual periods beginning on or after 1st October 2008

The adoption of HKFRS 3 (Revised) may affect the accounting treatment for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for change in parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new or revised standards or interpretation will have no material impact on the results and the financial position of the Group.

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

For management purpose, the Group is currently organised into two operating divisions: manufacturing and sales of construction machinery in the People's Republic of China (the "PRC"), and the finance lease of construction machinery in the PRC. These divisions are the basis on which the Group reports its primary segment information. As the Group's principal activities for the corresponding period was solely on the manufacturing and sales of construction machinery in the PRC, no comparative figures of business and geographical segments are presented for the prior period.

Segment information about these businesses is presented below:

	Manufacturing and sales of construction machinery *RMB'000*	Finance lease of construction machinery *RMB'000*	Total *RMB'000*
Six months ended 30 June 2008			
REVENUE			
Sales of goods	3,978,348	–	3,978,348
Interest income	–	12,508	12,508
Total	3,978,348	12,508	3,990,856

	Six months ended 30 June 2008 *RMB'000*
RESULT	
Segment result	
– Sales of construction machinery	513,815
– Finance lease of construction machinery	18,427
	532,242
Unallocated corporate income	222,617
Unallocated corporate expenses	(13,775)
Finance costs	(71,482)
Profit before tax	669,602
Income tax expense	(65,791)
Profit for the period	603,811

4. OTHER GAINS AND LOSSES

	Six months ended	
	30 June 2008	30 June 2007
	RMB'000	*RMB'000*
Gain (loss) on disposal of property, plant and equipment	**386**	(1,843)
Exchange realignment from convertible loan notes	**114,591**	25,196
Foreign exchange losses	**(11,435)**	(33,175)
Change in fair value of derivative financial instruments	**86,640**	(98,467)
Change in fair value of other financial assets	**3,160**	–
	193,342	(108,289)

5. FINANCE COSTS

	Six months ended	
	30 June 2008	30 June 2007
	RMB'000	*RMB'000*
Interest on bank loans, overdraft and other borrowings wholly paid within five years	**3,702**	12,389
Effective interest expense on convertible loan notes	**67,780**	24,294
	71,482	36,683

6. INCOME TAX EXPENSE

	Six months ended	
	30 June 2008	30 June 2007
	RMB'000	*RMB'000*
The charge comprises:		
Current tax		
PRC Enterprise Income Tax	**75,563**	54,384
Over provision in prior year		
PRC Enterprise Income Tax	**(208)**	(265)
Deferred tax		
Current period	**(9,564)**	(4,280)
Income tax expense	**65,791**	49,839

6. INCOME TAX EXPENSE *(continued)*

The tax charge for each of the six months ended 30 June 2008 and 2007 can be reconciled to the profit before tax in the condensed consolidated income statement as follows:

	Six months ended			
	30 June 2008		30 June 2007	
	RMB'000	***%***	*RMB'000*	*%*
Profit before tax	**669,602**		332,411	
Tax at the domestic tax rate of 25% (2007: 33%)	**167,400**	**25.00**	109,696	33.00
Effect of tax exemptions granted to PRC subsidiaries	**(92,620)**	**(13.83)**	(95,046)	(28.59)
Tax effect of expenses not deductible for tax purposes	**333**	**0.05**	32,579	9.80
Tax effect of income not taxable for tax purposes	**(21,660)**	**(3.24)**	–	–
Over provision in prior year	**(208)**	**(0.03)**	(265)	(0.08)
Tax effect of deferred tax assets not recognised	**946**	**0.14**	–	–
Tax effect of tax losses not recognised	**706**	**0.11**	2,875	0.86
Recognition of deferred tax assets on tax losses previously not recognized	**(4,584)**	**(0.69)**	–	–
Utilisation of tax losses previously not recognised	**(508)**	**(0.07)**	–	–
Effect of withholding tax	**15,986**	**2.39**	–	–
Tax charge and effective tax rate for the period	**65,791**	**9.83**	49,839	14.99

On 16 March 2007, the People's Republic of China (the "PRC") promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulation of the New Law. The New Law and the Implementation Regulation have changed the tax rate from 33% to 25% for the Group's subsidiaries from 1 January 2008.

The New Law also imposes a withholding tax on dividend distributed from the Group's subsidiaries in the PRC to the holding companies located off-shore. The management anticipated that 30% of the Group's PRC subsidiaries' profit will be distributed while the remaining 70% will be retained to finance the operation of these PRC subsidiaries. Accordingly, withholding taxes are accrued on 30% of the PRC subsidiaries profit at a rate of 10%.

7. PROFIT FOR THE PERIOD

	Six months ended	
	30 June 2008	30 June 2007
	RMB'000	*RMB'000*
Profit for the period has been arrived at after charging:		
Staff costs, including directors' remuneration salaries and allowances	**142,461**	98,249
Contributions to retirement benefit scheme	**5,195**	5,361
Total staff costs	**147,656**	103,610
Allowance for bad and doubtful debts	**3,449**	2,631
Allowance for inventories	**1,824**	20
Amortisation of lease land premium	**2,115**	1,684
Cost of inventories recognised as expenses	**3,146,348**	2,139,013
Depreciation of property plant and equipment	**41,352**	28,342
Loss on disposal of property, plant and equipment	**–**	1,843
Research and development expenditures	**8,420**	4,105
and after crediting:		
Interest income on bank deposit	**4,011**	3,100
Interest income on loan receivable from financial institutions	**28,316**	15,227
Government subsidy	**1,600**	3,336
Discount on acquisition	**–**	5,833
Gain on disposal of property, plant and equipment	**386**	–

8. DIVIDENDS PAID

During the six month ended 30 June 2008, the Company declared and paid final dividends of RMB116,156,000 representing HK$0.12 per ordinary share for the year of 2007. The board of directors has proposed an interim dividend of HK$0.13 per ordinary share for the six months ended 30 June 2008.

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	Six months ended	
	30 June 2008	30 June 2007
	RMB'000	*RMB'000*
Earnings		
Earnings for the purposes of basic earnings per share	**603,679**	282,598
Effect of dilutive potential ordinary shares:		
Interest on convertible loan notes	**67,780**	24,294
Exchange realignment	**(114,591)**	(25,196)
Change in fair value of derivative financial instruments	**(86,640)**	98,467
Earnings for the purposes of diluted earnings per share	**470,228**	380,163

	Six months ended	
	30 June 2008	30 June 2007
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**1,087,099**	1,056,299
Effect of dilutive potential ordinary shares:		
Convertible loan notes	**110,272**	36,970
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**1,197,372**	1,093,269

The convertible loan notes were anti-dilutive for the six months period ended 30 June 2007.

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment of approximately RMB61,407,000 (2007: RMB39,347,000). In addition, the Group spent approximately RMB215 million (2007: RMB82.1million) on the construction of its new office premises and additions to manufacturing plant in the PRC, in order to upgrade its manufacturing capabilities.

The Group disposed of certain property, plant and equipment with a carrying amount of RMB1,068,000 (2007: RMB3,259,000) for proceeds of RMB1,454,000 (2007: RMB1,416,000), resulting in a gain of disposal of RMB386,000 (2007: loss of RMB1,843,000) for the period.

11. DEFERRED TAXATION

The following are the major deferred tax assets and liabilities recognised and movements thereon during the current and prior periods:

Deferred tax assets:

	Allowance for bad and doubtful debts *RMB'000*	Provision for products warranty *RMB'000*	Allowance for inventories *RMB'000*	Unrealised profit in inventory *RMB'000*	Accrued sales promotion cost *RMB'000*	Tax losses *RMB'000*	Total *RMB'000*
At 1 January 2007	2,394	3,496	715	6,894	11,232	–	24,731
Credit to income statement for the period	345	5,249	(118)	1,663	(2,859)	–	4,280
At 30 June 2007	2,739	8,745	597	8,557	8,373	–	29,011
Credit to income statement for the period	2,429	20,264	1,217	8,210	19,579	–	51,699
Effect of change in tax rate	(253)	(5,518)	(429)	(1,943)	(6,776)	–	(14,919)
At 31 December 2007	4,915	23,491	1,385	14,824	21,176	–	65,791
Credit (charge) to income statement for the period	454	10,211	615	5,703	3,983	4,584	25,550
At 30 June 2008	**5,369**	**33,702**	**2,000**	**20,527**	**25,159**	**4,584**	**91,341**

Deferred tax liabilities:

	Fair value adjustment on land and bulidings *RMB'000*	Withholding taxes *RMB'000*	Total *RMB'000*
At 1 January 2007	–	–	–
Charge to income statement for the period	5,671	–	5,671
At 30 June 2007 and 31 December 2007	5,671	–	5,671
Charge to income statement for the period	–	15,986	15,986
At 30 June 2008	**5,671**	**15,986**	**21,657**

11. DEFERRED TAXATION *(continued)*

Deferred tax assets recognised during the period represent the tax effect of the temporary differences expected to be utilised in the period following the period that the subsidiaries enjoy full exemption from taxation.

At the balance sheet date, certain subsidiaries of the Group have unused tax losses of RMB23.8 million (2007: RMB23 million) available for offset against future profits. A deferred tax asset has been recognised in respect of RMB18.3 million (2007: Nil) of such losses. No deferred tax asset has been recognised in respect of the remaining RMB5.5 million (2007: RMB23 million) due to the unpredictability of future profit streams of these subsidiaries. The tax losses will be expired in 2012.

12. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

The Group allows an average credit periods ranging from 0 to 90 days to its trade customers other than some customers with good credit history and relationships, with whom longer credit terms will be agreed.

The aged analysis of trade receivables is as follows:

	30 June 2008 *RMB'000*	31 December 2007 *RMB'000*
0 – 90 days	**682,493**	302,626
91 – 180 days	**25,162**	39,263
181 – 270 days	**5,982**	2,565
271 days to 1 year	**–**	5,717
	713,637	350,171

The breakdown of major items in other receivables and prepayments of the Group is as follows:

	30 June 2008 *RMB'000*	31 December 2007 *RMB'000*
Deposits for purchase of supplies and raw materials	**518,410**	314,573
Value-added tax recoverable	**119,261**	54,035
Interest receivable from financial institutions	**641**	16,268
Others	**9,924**	6,364
	648,236	391,240

13. BILL RECEIVABLES

The Bill receivables are aged within six months at both balance sheet dates.

14. TRADE PAYABLES AND BILL PAYABLES

The aged analysis of trade payables is as follows:

	30 June 2008 *RMB'000*	31 December 2007 *RMB'000*
0 – 180 days	**508,800**	650,895
181 days – 1 year	**118,785**	41,678
1 to 2 years	**7,770**	4,845
2 to 3 years	**140**	92
	635,495	697,510

The bill payables are aged within six months from the respective balance sheet dates.

15. AMOUNTS DUE TO RELATED PARTIES

The amounts represent:

	30 June 2008 *RMB'000*	31 December 2007 *RMB'000*
Non-trade		
Shanghai Longgong Machinery Co., Ltd. *(note a)*	**1,848**	1,848
China Longgong Group Holdings Limited	**4,852**	5,168
Trade		
Longyan City Jinlong Machinery Company Limited *(note b)*	**3,931**	5,359
Sichuan Deying Bonding Company Limited *(note c)*	**–**	500
	10,631	12,875

Note a: Mr. Li San Yim, chairman of the Company, and his spouse, Madam Ngai Ngan Ying, are the controlling shareholders of this company.

Note b: Mr Ngai Ngan Gin, the brother of Madam Ngai Ngan Ying, is the controlling shareholder of this company. The amount due to Longyan City Jinlong Machinery Limited are aged within two months at each balance sheet dates.

Note c: Mr. Chen Jie, the son-in-law of Mr. Li San Yim, holds beneficial interest in this company. The amount due to Sichuan Deying Bonding Company Limited represents deposits for finance lease of wheel loaders.

All the amounts are unsecured, non-interest bearing and repayable on demand.

16. SHARE CAPITAL

Ordinary shares of HK$0.10 each
Issued and fully paid

	Number of shares *'000*	Share capital *HK$'000*
At 1 January 2007	1,037,050	103,705
Increase on 13 April 2007	52,000	5,200
At 30 June 2007 and 31 December 2007	1,089,050	108,905
At 1 January 2008	1,089,050	108,905
Shares repurchased and cancelled	(4,314)	(431)
At 30 June 2008	**1,084,736**	**108,474**

Shown in the consolidated financial statements as:

	Share capital *RMB'000*
At 30 June 2007 and 31 December 2007	113,009
At 30 June 2008	**112,619**

In April 2008, the Company repurchased and cancelled 4,314,000 shares of HK$0.10 for a consideration of HK$26,889,983 (equivalent to RMB24,200,984).

17. CONVERTIBLE LOAN NOTES AND DERIVATIVE FINANCIAL INSTRUMENTS

Convertible loan notes of US$287 million were issued by the Company on 30 April 2007 at an issue price of US$10,000 per Convertible Loan Note of US$10,000. The Convertible Loan Notes are listed on the Singapore Exchange Securities Trading Limited. Each Convertible Loan Note entitles the holder to convert to one ordinary share of the Company of HK$0.10 each at the conversion price of HK$20.4525 (the "Conversion Price"), but will be subject to anti-dilutive adjustment as stated in the offering circular dated 27 April 2007 ("Offering Circular").

In accordance with terms and conditions of the convertible loan notes, the Conversion Price has been adjusted from HK$20.4525 to HK$19.9845 with effect from 15 May 2008 as a result of the payment of the Dividend by the Company.

17. CONVERTIBLE LOAN NOTES AND DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

The movement of the liability component and derivative component of the Convertible Loan Notes for the period is set out below:

	Liability component *RMB'000*	Derivative component *RMB'000*	Total *RMB'000*
Convertible Loan Notes:			
At date of issue on 30th April 2007 net proceeds	1,846,790	310,514	2,157,304
Exchange realignment	(98,642)	–	(98,642)
Effective interest expense charged during the period	95,772	–	95,772
Changes in fair value	–	(5,053)	(5,053)
On 31 December 2007	1,843,920	305,461	2,149,381
Exchange realignment	(114,591)	–	(114,591)
Effective interest expense charged during the period	67,780	–	67,780
Changes in fair value	–	(86,640)	(86,640)
On 30 June 2008	1,797,109	218,821	2,015,930

18. CAPITAL COMMITMENTS

	30 June 2008 ***RMB'000***	31 December 2007 *RMB'000*
Capital expenditure contracted for but not provided in the financial statements in respect of acquisition of property, plant and equipment	**527,824**	98,848

19. RELATED PARTY TRANSACTIONS

Except for related party balances set out in note 15, the following related party transactions took place during the period:

Name of related party	**Nature of transactions**	**Six months ended 30 June 2008** *RMB'000*	30 June 2007 *RMB'000*
Longyan City jinlong Machinery Company Limited	Purchase of goods	**15,725**	–

Compensation of key management personnel

The remuneration of directors and other members of key management during the period were as follows:

	Six months ended 30 June 2008 *RMB'000*	30 June 2007 *RMB'000*
Short-terms employee benefits	**2,235**	2,085
Post-employment benefits	**13**	12
	2,248	2,097

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trend.

INDEPENDENT INTERIM REVIEW REPORT

TO THE BOARD OF DIRECTORS OF
LONKING HOLDINGS LIMITED
(FORMERLY KNOWN AS "CHINA INFRASTRUCTURE MACHINERY HOLDINGS LIMITED")
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 5 to 23, which comprises the condensed consolidated balance sheet of Lonking Holdings Limited (formerly known as "China Infrastructure Machinery Holdings Limited") (the "Company") as of 30 June 2008 and the related condensed consolidated income statement, statement of changes in equity and cash flow statement for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
8 September 2008

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS AND BUSINESS REVIEW

For the six months ended 30 June 2008, the Group recorded revenue of RMB3,991 million, representing a substantial increase of 40.98% as compared to approximately RMB2,831 million over the same period of 2007. Profit attributable to equity shareholders for the period was approximately RMB604 million, representing a significant increase of 113.43% as compared to the same period in 2007 Six months ended 30 June 2007: approximately RMB283 million. Return on equity has increased to 18.41% accordingly (Six months ended 30 June 2007: 10.89%). The increase in shareholders' return was mainly attributed to (i) there was a dramatic increase in turnover for the six months ended 30 June 2008; (ii) the Group increased the product unit price this year for its principal product series ZL50 and ZL30 for nearly 4.93% and 5.60% respectively, which had a positive and significant effect on overall gross profit margin; (iii) though the Group's gross profit for the period has been adversely affected by the continuous increase in steel cost, the exporting revenue have increased to approximately RMB250 million, representing a sharp increase of 71.23% as compared to the corresponding period last year (six months ended 30 June 2007: RMB146 million) which contributed a higher gross margin as compared to domestic sales; (iv) Improvement in product quality resulted in lower repairing cost; (v) the change in fair value of derivative component of the convertible loan notes resulting in other gains of approximately RMB87 million; (vi) the continuous appreciation of Renminbi Exchange Rate resulted in other gains of RMB47 million (net of exchange gains against effective interest expense on CB) for the convertible loan notes (the"CB") of US$287 million issued by the Company on 30 April 2007.

Geographical Analysis

Northern region of the PRC again remained as the Company's principal marketing area for the period ended on 30 June 2008. The turnover of this region accounted for more than 30% of the Group's total turnover. The turnover of Northern and Northern Eastern showed an obvious increase of 65% and 88% respectively. We attributed such increase to the PRC government's encouraging policy to the infrastructure and mining industry which resulted in a strong demand in these areas. The turnover of Middle and Southern China increased nearly 48% due to china snowstorm earlier this year and earthquake in May this year which resulted in an increasing demand of construction and mining machinery in these regions.

The exporting sales represent approximately 6.72% of our total turnover as compared to only 5.16% in the corresponding period last year, the directors' believe that our overseas market will continuously develop and expand in the coming years.

Segment Information

Wheel Loaders

The revenue attributed to three principal series of wheel loaders, the ZL30, ZL40 and ZL50 series, amounted to RMB3,445 million (for the six months ended on 30 June 2007: RMB2,644 million), or 86.59% of the Group's revenue. Among whiches, revenue generated from ZL50 and ZL30 showed a stable increase of 33.31% and 14.86% respectively, or 76.14% and 10.03% of total revenue respectively. The Group committed to deepen the research and development ("R&D") facility of these series to insure the competitive edge in the same industry. The revenue generated from ZL40 represented only 0.42% of total Group's revenue, decreasing 32.11% as compared with the corresponding period of last year. The directors expected a limited demand of this series in both overseas and domestic market and have reduced production of this series.

Excavators

The company recorded 359 units sales in excavator series, amounting to approximately RMB108 million (1.1.2007 to 30.6.2007: 1 unit and RMB0.26 million). Excavators series was launched in 2007 for the first time, and then saw a very optimistic increase in 2008 sales. It is expected a continuous and strong increase in sales of this series as a result of economic scale of production and sales.

Other Construction Machineries and Components

The other major products include fork lifts, harvester, mini wheel loader, road rollers and so on. Among whiches, fork lifts and harvester showed a massive increase of 321.62% and 301.13% respectively in sales; mini wheel loaders and road rollers also recorded 112.56% and 101.26% respectively increase in revenue.

The sales generated from components amounted to approximately RMB127 million for the period, representing 3.19% of our total turnover for the period, among which, Fujian Longyan Longgog Machinery Coponents Co., Ltd contributed nearly 98% in approximately RMB124 million.

FINANCIAL REVIEW

The Group financed its operations from internally generated cash flow, bank borrowings and accumulated retained earning. The Group adopts a prudent finance strategy in managing Group's financing needs. The Group believes that it cash holding, cash flow from operation, future revenue and available banking facilities will be sufficient to fund its working capital requirements.

Capital Structure

During the period, the Company repurchased and cancelled 4,314,000 shares under the general mandate granted to the Directors at the annual general meeting granted to the Directors at the annual general meeting of the Company held on 26 April 2007, of HK$0.10 for a consideration of approximately HK$27 million (Equivalent to approximately RMB24 million).

In view of the conditions of stock market, the Directors believe that it was in the best interest of the Company and the shareholders for the Directors to had a general authority from the shareholders to enable the Company to repurchase shares in the market. The Directors consider that the exercise of the Repurchase Mandate did not have a material adverse impact on the working capital or gearing level of the Company.

As at 30 June 2008, the Gross Debt to Equity ratio, defined as total Non-current liabilities (excluding deferred tax liability) over total equity was approximately 55.66% (as at 30 June 2007: 73.11%).

Capital Expenditure

The Group acquired property, plat and equipment approximately 61 million (1.1.07-30.6.2007: RMB39 million) and invested approximately RMB215 million (1.1.07-30.06.2007: RMB82 million) in acquisition of its new equipment and addition to manufacturing plant in the PRC, in order to upgrade its manufacturing capability. The general increase in capital expenditure was in line with the Group's strategy of expansion. These capital expenditures were fully financed by the convertible loan notes, share placing and internal resources of the Group.

Liquidity and Financial Resources

As at 30 June 2008, the Group had bank balances and cash of approximately RMB300 million (31 December 2007: approximately RMB478 million) and pledged bank deposit of approximately RMB160 million (31 December 2007: approximately RMB109 million). Compared with last year, the cash and bank balance decreased about RMB178 million, which was generated as a result of net cash outflow of ground RMB181 million from operating activities, net cash inflow of RMB164 million from investing activities, net cash outflow of RMB144 million from financing activities and RMB17 million loss of foreign exchange rate changes.

The pledged deposit balance at 30 June 2008 increased approximately RMB51 million was mainly due to the Group used Banker's Bill widely and popularly for payment as a result of increase of raw materials and importing equipment purchase.

The current ratio of the Group at 30 June 2007 was 2.52 (30.6.2007: 2.81). The inventory turnover increased to 94 days (30.6.2007: 90 days) as the Group increased the raw materials closing balance to set off the future loss of increasing steel cost. The trade and bill receivable turnover and trade and bill payables turnover reduced to 41 days and 67 days respectively (30.6.2007: 62 days and 70 days respectively) because the Company speeded up collection of receivables by effective policy and also payment of payables to keep a long term and trusted relationship with the suppliers.

The Directors believed that the group will be in a strong and healthy position and has sufficient resources in support of its working capital requirement and meet its foreseeable capital expenditure.

Capital Commitment

As at 30 June 2008, the Group had contracted but not provided in the financial statements in respect of acquisition of property, plant and equipment amounted to approximately RMB527,824,000 (31 December 2007: approximately RMB266,281,000).

Contingent Liability

As at 30 June 2008, the Group had issued corporate guarantees to the extent of approximately RMB509,100,000 (31.12.2007: RMB628,700,000) to the banks to secure certain banking facilities of the Group's sales agents, for their issuance bills solely to the Group. The amount of such facilities being utilized as at 30 June 2008 amounted RMB366,898,000 (31 December 2007: RMB370,290,000).

PROSPECTS

The Group strive to become a leading manufacturer in the global construction machinery industry. Particularly, the Group has been ranked No. 40 of Global Construction Machinery 50 Rank 2007 by China Construction Machinery Association. The Directors recognized globalization as the core strategy in future development. Since 2006, the Group has built up a mature distribution network in more than 47 countries and strengthened its after-sales service. The Group will continue to expand its business in overseas market. The directors expect that after the year 2010, the revenue from overseas market will represent at lease 20% of the total revenue.

Looking ahead, the global inflation pressure will continue to affect the business environment. The Group intends to expand its production capacity and benefit from the scale of economic. The Group will also commit to strengthen its production and cost efficiency.

The Group also enhanced the research and development (R&D) competence to maintain its technical competitiveness. The directors are very confident that the cost and quality of in-house produced components will be controlled effectively and efficiently by the continuous efforts made in the R&D field.

The directors believe that diversifying the products lines will effectively reduced the potential marketing risk and also generate a higher profit margin. The company have already developed more than 30 new models of wheel loader and developed diversified models of fork lift, excavator and road roller since 2006. These products showed significant increases since launch. The Group will continuously follow its philosophy of products diversification and generate good returns to the Company's shareholders in the future.

CORPORATE GOVERNANCE REPORT

To become a company which enjoys the continuously growing trust of its shareholders and all other stakeholders by maximizing its corporate value, the Company is working to improve its management efficiency, advocate corporate ethics and ensure sound management on a Group-wide basis.

To further improve the transparency of the management to shareholders and investors, the Company will disclose information in a fair and timely manner and actively engage in investor relations activities by holding meetings in the PRC and Hong Kong to explain its business results and operations.

The Company will endeavor to comply with the laws and regulations of the place of operation of the Company and the requirements and guidelines of the Stock Exchange of Hong Kong Limited and local regulatory bodies.

Compliance with the Code on Corporate Governance Practices (the "Code")

In the opinion of the directors, the Company had during the Period ended 30 June 2008 complied with all the applicable code provisions of the Code as set out in Appendix 14 to the Listing Rules

Compliance with the Model Code for Securities Transactions by directors of the Company

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as the code of conduct regarding directors' securities transactions. Specific enquiry has been made to all directors, who have confirmed that they had complied with the required standard set out in the Model Code for the six months ended 30 June 2008.

The Board will continue to review and foster its own Code of Corporate Governance Practices from time to time. The Company will seek to improve its management and raise its control level to enhance the Company's competitiveness and operating efficiency, to ensure its sustainable development and to generate greater returns for the shareholders.

Improvements in Internal Control Systems

Additional measures and improvements for the internal control systems of the Company during the six months ended 30 June 2008

The Company focused on the details of its internal control system and made the following enhancements:

1. Improved the Group's supply chain management in purchasing, supplying, warehousing, manufacturing and sales so as to expand its channels and achieve better coordination, and to enhance the quality and competitive strength of our products.

2. Further optimized the establishment of our control system and information management with check and balance as well as mutual supervision among different departments, achieving systematic, regulated and standardized operation of the Company.

3. Further revised and improved the effectiveness of our decision-making, management and balance of authority mechanisms.

   (i) Improved the investor relationship system to safeguard the interests and right of information of public shareholders effectively.

   (ii) Strengthened our financial control and arranged professionals to conduct comprehensive review on the Company for at least every six months, and supervised the execution of duties by the directors and senior management.

   (iii) Established and further refined the assessment procedures of our management team so as to carry out effective supervision and set up a performance evaluation and assessment mechanism.

INVESTOR RELATIONS MANAGEMENT

Information disclosures

The Company regards effective communication as the core of investor relations, and believes that a high transparent organization and promptly dissemination of information to our investors are important ingredients to the success of a company.

During the first half year of 2008, the Company maintained its good relationship with the international capital markets through the announcement of annual results, participation in global or international investors' forums, non-deal roadshows and reverse roadshows.

Other Stakeholders' interests

While dedicated to maximizing shareholders' value, the Company is also committed to its customers, in terms of provision of quality products and services, and to the staff, by making available opportunities to them for career development. The Company had a strong commitment to shareholders, investors, staff, customers, suppliers and the community at large and always acting in good faith and with integrity. The Company believed that the sustainable development of a company cannot be achieved in isolation from a healthy environment. The Company pledges to contribute to the community while pursuing profit growth, by managing the business within the bounds of relevant laws and environmental regulations, improving standard of corporate governance and enhancing corporate transparency and actively participating in social charities and contribute to the local social development.

Contact

Investor Relations
Ms. Wong Zhen

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DISCLOSURE OF INTERESTS

Directors' and chief executive's interests in shares and underlying shares

As at 30 June 2008, the interests of the directors and chief executive of the Company in the shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"))as recorded in the register to be kept by the Company pursuant to Section 352 of Part XV of the SFO, or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code were as follows:

(1) Long positions in shares and underlying shares of the Company
Ordinary shares of HK$0.10 each of the Company

Name of directors	Capacity	Number of shares held	Percentage of issued share capital as at 30 June 2008
Li San Yim and Ngai Ngan Ying *(Note 1)*	held by controlled corporation *(Note 2)*	328,014,690	30.24%
Li San Yim and Ngai Ngan Ying *(Note 1)*	beneficial owner	261,332,690	24.09%
		589,347,380	54.33%

Note 1: Mr. Li San Yim and Ms. Ngai Ngan Ying are husband and wife to each other and are deemed to be interested in each other's interest.

Note 2: These shares were held through China Longgong Group Holdings Limited, a company that was wholly owned by Mr. Li, San Yim and Ms. Ngai Ngan Ying as to 55% and 45% respectively, is the registered shareholder of these 328,014,690 shares.

(2) Long positions in shares and underlying shares of the associated corporation of the Company, Longgong (Shanghai) Machinery Co., Ltd.
Ordinary shares of HK$0.10 each of the Company

Name of directors	Capacity	Registered share capital	Percentage of issued share capital as at 30 June 2008
Mr. Li San Yim	corporate *(Note 1)*	480,000	0.11%
Ms. Ngai Ngan Ying	corporate *(Note 1)*	480,000	0.11%

Note 1: The 0.11% interest of Longgong (Shanghai) Machinery Co., Ltd, is held by Shanghai Longgong Machinery limited, which is owned by Mr. Li San Yim and Ms. Ngai Ngan Ying as to 39.5% and 60.5% respectively.

Save as disclosed above as at 30 June 2008, none of the directors, chief executives of the Company or any of their associates, had registered any interests or short positions in any shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded and kept in the register by the Company in accordance with the Section 352 of the SFO, or any interests required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial shareholders' and other person's interests in shares and underlying shares

As at 30 June 2008, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of directors and chief executives, the following shareholders had notified the Company of the relevant interests in the issued share capital of the Company.

Long positions
ordinary shares of HK$0.10 each of the Company

Name of shareholder	Capacity	Number of ordinary shares interested	Percentage of issued share capital as at 30 June 2008
China Longgong Group Holdings Ltd *(Note 1)*	beneficial owner	328,014,690	30.24%
UBS AG	beneficial owner	76,654,971	7.07%
Horseman Global Fund Limited	beneficial owner	72,540,000	6.69%
Cazenove Asia Limited	beneficial owner	60,414,000	5.57%
JPMorgan Cazenove Limited *(Note 2)*	held by controlled corporation	60,414,000	5.57%
JPMorgan Cazenove Holdings *(Note 3)*	held by controlled corporation	60,414,000	5.57%
Cazenove Holdings Limited *(Note 4)*	held by controlled corporation	60,414,000	5.57%
Government of Singapore Investment Corporation Pte Ltd.	beneficial owner	55,428,000	5.11%
Deutsche Bank Aktiengesellschaft	beneficial owner	54,254,880	5.00%

Note 1: Mr. Li and Mrs. Li own 55% and 45%, respectively, of the issued shares in the share capital of China Longgong Group Holdings Limited.

Note 2: These shares were held through Cazenove Asia Limited, a wholly owned subsidiary of JPMorgan Cazenove Limited.

Note 3: These shares were held through Cazenove Asia Limited, a wholly owned subsidiary of JPMorgan Cazenove Limited, which is in return wholly owned by JPMorgan Cazenove Holdings.

Note 4: These shares were held through Cazenove Asia Limited, a wholly owned subsidiary of JPMorgan Cazenove Limited, which is in return wholly owned by JPMorgan Cazenove Holdings. JPMorgan Cazenove Holdings is owned by Cazenove Holdings Limited as to 49.99%.

Saved as disclosed above, as at 30 June 2008, the Company has not been notified of any other interests or short positions in the issued share capital of the Company as recorded and kept under Section 336 of the SFO as having an interest of 5% or more in the issued share capital of the Company.

OTHER INFORMATION

Interim dividend

The Board has resolved to recommend payment of an interim dividend of HK$13 cents (30 June 2007: HK$12 cents) per share for the six months ended 30 June 2008.

Purchase, sale or redemption of the Company's listed securities

During the six months ended 30 June 2008, the Company repurchased 4,314,000 ordinary shares of the Company in total on the Stock Exchange for a consideration of HK$26,889,983 (including expenses of HK$96,192 and equivalent to RMB24,200,984).

Trading Date	Number of ordinary shares repurchased	Repurchase price per ordinary share		Total Paid (Including expenses)
		Highest	Lowest	
		HK$	*HK$*	*HK$*
1 April 2008	1,627,000	5.8	5.73	9,448,289
2 April 2008	148,000	6	6	891,188
10 April 2008	936,000	6.5	6.45	6,095,887
15 April 2008	748,000	6.5	6.48	4,878,451
16 April 2008	188,000	6.5	6.5	1,226,387
18 April 2008	667,000	6.5	6.48	4,349,781
Total	4,314,000			26,889,983

These repurchased shares were cancelled during the period and the issued share capital of the Company was reduced by the par value thereof. The above repurchases were effected by the Directors pursuant to the repurchase mandate granted to them the benefit of the Company and the its shareholders as a whole in enhancing the net assets and earnings per share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries purchases, sold or redeemed any of the Company's shares during the period.

Review of accounts by audit committee

The audit committee, together with the management and the external auditors, has reviewed constantly the accounting principles and practices adopted by the Group, discussed auditing, internal control and financial reporting matters and reviewed the financial results of the Group.

The interim results for the six months ended 30 June 2008 have been reviewed by the audit committee of the Company.

By Order of the Board
Li San Yim
Chairman

26 September 2008

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive directors

Mr. Li San Yim *(Chairman)*
Mr. Qiu Debo *(Chief Executive Officer)*
Mr. Luo Jianru
Dr. Mou Yan Qun
Mr. Chen Chao
Mr. Lin Zhong Ming

Non-executive directors

Ms. Ngai Ngan Ying
Ms. Fang De Qin

Independent non-executive directors

Prof. Wang Fanghua
Dr. Qian Shizheng
Mr. Han Xuesong

AUDIT COMMITTEE

Dr. Qian Shizheng *(Chairman)*
Prof. Wang Fanghua
Ms. Fang De Qin

REMUNERATION COMMITTEE

Mr. Han Xuesong *(Chairman)*
Dr. Qian Shizheng
Ms. Ngai Ngan Ying

EXECUTIVE COMMITTEE

Mr. Qiu Debo *(Chairman)*
Mr. Li San Yim
Mr. Luo Jianru
Dr. Mou Yan Qun
Mr. Chen Chao
Mr. Lin Zhong Ming

QUALIFIED ACCOUNTANTS AND COMPANY SECRETARY

Mr. Lam Yiu Pang
HKICPA, ACA (Aust)

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