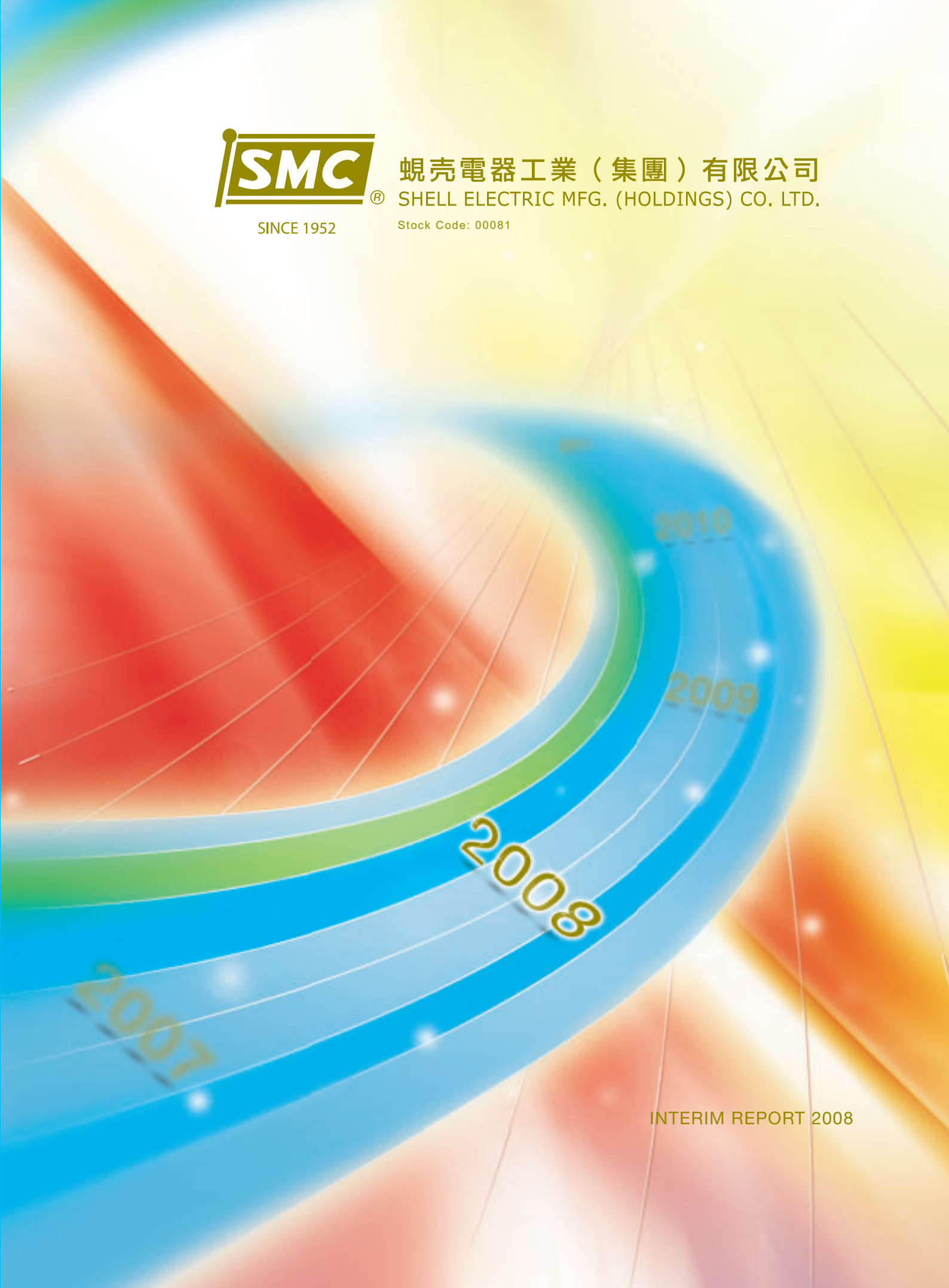




SINCE 1952

蜆壳電器工業（集團）有限公司
SHELL ELECTRIC MFG. (HOLDINGS) CO. LTD.

Stock Code: 00081



INTERIM REPORT 2008

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PROFIT FOR THE FIRST HALF YEAR

The Group's unaudited consolidated profit attributable to the equity holders of the Company for the first half of 2008 amounted to HK\$153,314,000. Basic earnings per share was HK\$0.2918.

INTERIM DIVIDEND

The Board has declared an interim dividend for the six months ended 30th June, 2008 of HK\$0.03 per share (six months ended 30th June, 2007: HK\$0.08 per share) payable to shareholders whose names appear on the Register of Members of the Company on Friday, 10th October, 2008. Dividend warrants will be dispatched to shareholders on Wednesday, 15th October, 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Wednesday, 8th October, 2008 to Friday, 10th October, 2008, both days inclusive, during which period no transfer of the Company's shares will be registered. In order to qualify for the interim dividend, all share certificates with the duly completed transfer forms must be lodged with the Company's Registrars, Tricor Standard Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Monday, 6th October, 2008.

BUSINESS REVIEW

Ceiling Fans

The ceiling fans business in the first half of 2008 was affected by the rapid Renminbi appreciation and high material prices, lowered sales and profits were recorded. Due to the weak US dollar and its slow economy the North America market has receded more severely; the Middle East and Asia markets were stable; and the Australia market has grown. Similar situations are expected to prevail in the whole year. Besides controlling costs and developing new opportunities, the Group continues to develop new fan designs to cater to new markets.

Optics and Imaging EMS Business

Due to slower market demand in the beginning of the year, sales of laser scanner and fuser could not reach its target in the first half of the year. Sales are expected to pick up later in the year with the launch of new models. Full year sales are projected to be similar to last year. The paper handling option project progresses on target and volume production has commenced in the third quarter of 2008.

Electric and Electronics Contract Manufacturing

Due to the global economic slow down and continuing material costs escalations, sales from the contract manufacturing business has dropped by about 10% in the first half of the year. With the production of new projects such as LED spot light, power generator control panel etc. and improvement of production efficiency by "Cell Manufacturing" technology, it is anticipated that sales in the whole year will have a slight increase compared with last year.

Electric Wire and Cable

The electric wire and cable business was affected by the slowing domestic economy, its revenue and profits were lowered compared to the prior period. Sections of the factory were ordered to shut down in June due to heavy rainfall endangering the stability of the nearby slope and an impairment loss on the affected property was made. Effective measures have been taken for the early resumption of production affected by the incident.

Taxi Operation

The taxi company's results in the first half of the year recorded double digit growth compared to the same period last year due to more company-owned vehicles were operating under the new rental operating model. The number of company-owned vehicles will continue to increase in the second half of the year and total revenue for the year is expected to be better than last year's. The company will be hiring more Guangdong province drivers to improve service quality. The next step is to build its own parking facilities and provide repair and maintenance facilities to support its operations.

Real Estate Investment & Development

Rental income from the retail properties of CITIC Plaza in Guangzhou recorded double digit increase for the first half of 2008. The increase is due to new rental agreements signed in 2007 taking full effect in 2008. The Group expects the retail properties rental income for the full year to have a similar increase. The office rental income for the first six months of 2008 was slightly lower than the same period last year as some units were sold for profit. The Group expects the office rental income for the second half of 2008 to remain stable.

The construction of an annex extension funded by the tenant, adding about 1,200 sq. m. or four percent of additional gross floor area to the hi-tech manufacturing facility in Shenzhen has completed. This property continues to provide stable rental contribution to the Group.

BUSINESS REVIEW (continued)**Real Estate Investment & Development** (continued)

During the period under review, the Group's office complex in Livermore, California was able to maintain stable occupancy rate and rental income. With the prolonged sub-prime crisis continues to pose adverse effect on the US property market, the original plan to dispose of this property has been further delayed indefinitely. We expect to maintain stable rental income in the second half of 2008.

The Group holds 70% interest in China Ever Bright Real Estate Development Limited ("EBRE"). During the period, the global economy and financial markets were affected by tightening and deteriorating credits environment set off by the US sub prime mortgage problem and soaring energy prices. The properties demand growth in China has also started to slow down. The series of austerity measures imposed in China and in particular measures in tightening credits for real estates investments and development activities as well as land control policies have curtailed financing channels for property investments. In view of the changes in the markets, EBRE maintains a conservative stance and makes appropriate adjustments in progressing its projects. The economic development in China continues to maintain on a long term growth track and shall provide positive support to properties demand; the Group maintains a positive view on the prospects of EBRE. A review of the activities of EBRE's major projects during the period is as follows:

The Ever Bright World Center Tower 1 in Beijing has 48,000 sq. m. of saleable/leaseable area (and additional 400 underground parking spaces); about 2,400 sq. m. was sold and 11,700 sq. m. were leased. EBRE owns 100% of the project.

The commercial and residential development project located in Haidian district in Beijing has pre-sold about 7,000 sq. m.. EBRE owns 100% of the project.

The low density residential development project located in the northern suburb of Beijing will have its construction delayed to 2009 due to the Olympics. EBRE currently owns 70% of this project.

EBRE owns 67% interest in a primary land development project in the southern suburb of Beijing consisting of approximately 374,000 sq. m.. The relocation process has started and is estimated to take more than one year to complete.

Ninety-eight percent of Guangzhou Ever Bright Garden Phase E were sold and Phase K has pre-sold about 27,000 sq. m.. Phase J is expected to start work in second half of 2008 with pre-sale targeted in the second quarter of 2009. EBRE owns 100% of the project.

The residential and retail shopping mall development project located in Haizhu district in Guangzhou will start construction in the second half of 2008 with completion targeted for 2011. This project is directly connected to an inter-change station of the Guangzhou – Foshan light rail line and the Guangzhou extended Number Two subway line. The station is scheduled to open in 2009. The residential portion (about 67,000 sq. m.) is planned for sale whereas the mall (comprising about 83,000 sq. m.) is planned to be maintained for long term investment. EBRE owns 100% of this project.

The primary land development project in Hohhot, Inner Mongolia has obtained government permission to commence work on 1,300 mu of land to be ready for auction in 2009. EBRE owns 80% interest of the primary land development project company.

The property development project company in Hohhot, Inner Mongolia has successfully bid for two parcels of land totaling 170,000 sq. m. of usable land which can be developed into 380,000 sq. m. GFA of residential properties. Construction work is planned for the fourth quarter of 2008. Another project company has also successfully bid for another three parcels of land with usable area of 240,000 sq. m.. EBRE owns 100% interest of these secondary property development project companies.

The R&D office building in the Zhang Jiang High-tech Zone in Shanghai has achieved 80% leasing. EBRE owns 65% interest in this project.

The Guilin project is in preparation stage and preliminary planning is in progress. EBRE owns 65.8% of this project.

EBRE completed the sale of its 50% interest in the Pazhou exhibition centre development project company in Guangzhou in the first quarter of 2008.

The full disposal of the Ever Bright International Plaza project in Heifei was completed in the first quarter of 2008.

BUSINESS REVIEW (continued)

Technology Investment Projects

Enterprise Software Solutions

Appeon continues to operate a profitable business of providing IT outsourcing services and Web development software – Appeon® for PowerBuilder®. The appreciation of the Renminbi and US-led economic slowdown has led to increased operational costs and decreased sales. The company is transitioning from a low-cost IT services provider to a value-added IT services provider and is focusing on expanding its sales channels via partnerships in Europe.

Computing and Data Storage System

During the first half of 2008, Galactic Computing achieved revenue growth compared to the same period of last year. The company offers three major product series: data storage systems, enterprise servers, super-computing products and associated software. It is also developing data storage solutions targeting mid-range customers to increase market penetration and explore export markets. The company expects improvement with break even results by the end of 2008.

Financial Investment

Due to the serious down turn of the Hong Kong stock market in the first half of 2008, the Group's financial investment activities for the six months ended 30th June, 2008 recorded loss of approximately HK\$26,812,000 and the market value of the Group's financial investment holdings amounted to about HK\$64,023,000.

By Order of the Board

BILLY K YUNG

Group Chairman and Chief Executive

Hong Kong, 18th September, 2008

DIRECTORS' INTEREST

(a) Long position in shares of the Company

As at 30th June, 2008, the interests of the directors and their associates in the shares of the Company as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Name of director	Capacity	Nature of interests	Number of ordinary shares held	Aggregate long position	Percentage of aggregate long position in shares to the issued shares capital of the Company
Mr. Billy K Yung	Beneficial owner	Personal	37,190,000	263,519,084	50.15%
	Interest of child under 18 or spouse (Note 1)	Other	216,329,084		
	Interest held jointly with another person (Note 2)	Other	10,000,000		
Dr. The Hon Leo Tung-Hai Lee	Beneficial owner	Personal	3,206,000	3,206,000	0.61%
Mr. Peter Lam	Beneficiary of a trust (Note 3)	Other	1,300,000	1,300,000	0.25%
Madam Yung Ho Wun Ching	Beneficial owner	Personal	53,196,300	63,196,300	12.03%
	Interest of spouse (Note 4)	Family	10,000,000		
Mr. Leung Chun Wah	Beneficial owner	Personal	1,559,400	1,559,400	0.30%
Mr. Simon Yung Kwok Choi	Beneficial owner	Personal	39,147,911	43,577,351	8.29%
	Interest of controlled corporation (Note 5)	Corporate	3,529,440		
	Interest of spouse (Note 6)	Family	900,000		

Notes:

- (1) These shares are held by a trust for the benefit of Mr. Billy K Yung's family members.
- (2) These shares are held jointly with his wife, Madam Vivian Hsu.
- (3) These shares are held by a trust for the benefit of Mr. Peter Lam.
- (4) This interest represents the holding of shares held by the late Dr. Yung Yau.
- (5) These shares are held by Konvex Enterprises Limited, which is wholly-owned by Mr. Simon Yung Kwok Choi.
- (6) This interest represents the holding of shares held by Mr. Simon Yung Kwok Choi's spouse, Madam Chiu Man.

(b) Disclosure of other interest

- (i) Certain directors held shares in subsidiaries as trustees for the Company.
- (ii) Certain directors held the option deeds of Pan China Land (Holdings) Corporation, an indirect 70% owned subsidiary of the company, as trustee for the benefit of Timely Hero Limited, a wholly owned subsidiary of the Company.

Save as disclosed above and the section headed "Share Option Scheme" below, none of the directors or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation as at 30th June, 2008.

DISCLOSURE OF INTERESTS

SHARE OPTION SCHEME

(a) Share option to subscribe Company's shares

At the annual general meeting of the Company held on 11th May, 2005, the shareholders of the Company approved the adoption of a new share option scheme (the "Scheme") for a period of 10 years commencing on the adoption date. Since 11th May, 2005, the board of directors of the Company may, at its discretion, grant share options to any eligible person to subscribe for shares in the Company subject to the terms and conditions as stipulated in the Scheme. No share options were granted during the period since adoption.

(b) Share option to subscribe for shares in Apeon Corporation

Grantee	Date of grant	Period during which options are exercisable	Subscription price per share US\$	Number of share options			
				As at 1.1.2008	Cancelled during the period	Granted during the period	As at 30.06.2008
Mr. Billy K Yung	09.06.2003	09.06.2003 – 10.11.2012	2.50	6,750	–	–	6,750
	09.06.2003	01.10.2003 – 10.11.2012	2.50	3,375	–	–	3,375
	09.06.2003	01.04.2004 – 10.11.2012	2.50	3,375	–	–	3,375
	09.06.2003	01.10.2004 – 10.11.2012	2.50	3,375	–	–	3,375
	09.06.2003	01.04.2005 – 10.11.2012	2.50	3,375	–	–	3,375
	09.06.2003	01.10.2005 – 10.11.2012	2.50	3,375	–	–	3,375
	09.06.2003	01.04.2006 – 10.11.2012	2.50	3,375	–	–	3,375
					<u>27,000</u>	<u>–</u>	<u>–</u>
Other directors of Apeon	25.11.2002	25.11.2002 – 10.11.2012	2.50	562	–	–	562
	25.11.2002	01.04.2003 – 10.11.2012	2.50	563	–	–	563
	25.11.2002	01.10.2003 – 10.11.2012	2.50	562	–	–	562
	25.11.2002	01.04.2004 – 10.11.2012	2.50	563	–	–	563
	25.11.2002	01.10.2004 – 10.11.2012	2.50	562	–	–	562
	25.11.2002	01.04.2005 – 10.11.2012	2.50	563	–	–	563
	25.11.2002	01.10.2005 – 10.11.2012	2.50	562	–	–	562
	25.11.2002	01.04.2006 – 10.11.2012	2.50	563	–	–	563
	02.06.2003	02.06.2003 – 10.11.2012	2.50	2,250	(2,250)	–	–
	02.06.2003	01.10.2003 – 10.11.2012	2.50	1,125	(1,125)	–	–
	02.06.2003	01.04.2004 – 10.11.2012	2.50	1,125	(1,125)	–	–
	02.06.2003	01.10.2004 – 10.11.2012	2.50	1,125	(1,125)	–	–
	02.06.2003	01.04.2005 – 10.11.2012	2.50	1,125	(1,125)	–	–
	02.06.2003	01.10.2005 – 10.11.2012	2.50	1,125	(1,125)	–	–
02.06.2003	01.04.2006 – 10.11.2012	2.50	1,125	(1,125)	–	–	
				<u>13,500</u>	<u>(9,000)</u>	<u>–</u>	<u>4,500</u>
Employees	25.11.2002	25.11.2002 – 10.11.2012	2.50	2,687	–	–	2,687
	25.11.2002	01.04.2003 – 10.11.2012	2.50	2,688	–	–	2,688
	25.11.2002	01.10.2003 – 10.11.2012	2.50	2,687	–	–	2,687
	25.11.2002	01.04.2004 – 10.11.2012	2.50	2,688	–	–	2,688
	25.11.2002	01.10.2004 – 10.11.2012	2.50	2,687	–	–	2,687
	25.11.2002	01.04.2005 – 10.11.2012	2.50	2,688	–	–	2,688
	25.11.2002	01.10.2005 – 10.11.2012	2.50	2,687	–	–	2,687
	25.11.2002	01.04.2006 – 10.11.2012	2.50	2,688	–	–	2,688
	02.06.2003	02.06.2003 – 10.11.2012	2.50	750	–	–	750
	02.06.2003	01.10.2003 – 10.11.2012	2.50	375	–	–	375
	02.06.2003	01.04.2004 – 10.11.2012	2.50	375	–	–	375
	02.06.2003	01.10.2004 – 10.11.2012	2.50	375	–	–	375
	02.06.2003	01.04.2005 – 10.11.2012	2.50	375	–	–	375
	02.06.2003	01.10.2005 – 10.11.2012	2.50	375	–	–	375
	02.06.2003	01.04.2006 – 10.11.2012	2.50	375	–	–	375

SHARE OPTION SCHEME (continued)

(b) Share option to subscribe for shares in Appeon Corporation (continued)

Grantee	Date of grant	Period during which options are exercisable	Subscription price per share US\$	Number of share options			
				As at 1.1.2008	Cancelled during the period	Granted during the period	As at 30.06.2008
Employees (continued)	26.09.2005	01.03.2006 – 10.11.2012	3.00	1,250	–	–	1,250
	26.09.2005	01.09.2006 – 10.11.2012	3.00	1,250	–	–	1,250
	26.09.2005	01.03.2007 – 10.11.2012	3.00	1,250	–	–	1,250
	26.09.2005	01.09.2007 – 10.11.2012	3.00	1,250	–	–	1,250
	26.09.2005	01.03.2008 – 10.11.2012	3.00	1,250	–	–	1,250
	26.09.2005	01.09.2008 – 10.11.2012	3.00	1,250	–	–	1,250
	26.09.2005	01.03.2009 – 10.11.2012	3.00	1,250	–	–	1,250
	26.09.2005	01.09.2009 – 10.11.2012	3.00	1,250	–	–	1,250
				<u>34,500</u>	<u>–</u>	<u>–</u>	<u>34,500</u>
Consultants of Appeon	25.11.2002	25.11.2002 – 10.11.2012	2.50	1,250	–	–	1,250
	25.11.2002	01.04.2003 – 10.11.2012	2.50	1,250	–	–	1,250
	25.11.2002	01.10.2003 – 10.11.2012	2.50	1,250	–	–	1,250
	25.11.2002	01.04.2004 – 10.11.2012	2.50	1,250	–	–	1,250
	25.11.2002	01.10.2004 – 10.11.2012	2.50	1,250	–	–	1,250
	25.11.2002	01.04.2005 – 10.11.2012	2.50	1,250	–	–	1,250
	25.11.2002	01.10.2005 – 10.11.2012	2.50	1,250	–	–	1,250
	25.11.2002	01.04.2006 – 10.11.2012	2.50	1,250	–	–	1,250
	09.06.2003	09.06.2003 – 10.11.2012	0.10	5,106	–	–	5,106
	09.06.2003	01.10.2003 – 10.11.2012	0.10	2,553	–	–	2,553
	09.06.2003	01.04.2004 – 10.11.2012	0.10	2,553	–	–	2,553
	09.06.2003	01.10.2004 – 10.11.2012	0.10	2,553	–	–	2,553
	09.06.2003	01.04.2005 – 10.11.2012	0.10	2,553	–	–	2,553
	09.06.2003	01.10.2005 – 10.11.2012	0.10	2,553	–	–	2,553
	09.06.2003	01.04.2006 – 10.11.2012	0.10	2,554	–	–	2,554
				<u>30,425</u>	<u>–</u>	<u>–</u>	<u>30,425</u>
				<u>105,425</u>	<u>(9,000)</u>	<u>–</u>	<u>96,425</u>
				<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Weighted average exercise price				<u>16.24</u>	<u>19.50</u>	<u>–</u>	<u>15.94</u>

No option was exercised by the grantees during the period.

DISCLOSURE OF INTERESTS

SHARE OPTION SCHEME (continued)

(c) Share option to subscribe for shares in Galactic Computing Corporation

Grantee	Date of grant	Period during which options are exercisable	Subscription price per share US\$	Number of share options			As at 30.06.2008	
				As at 1.1.2008	Cancelled during the period	Granted during the period		
Mr. Billy K Yung	09.06.2003	09.06.2003 – 10.11.2012	0.45	25,000	–	–	25,000	
	09.06.2003	01.12.2003 – 10.11.2012	0.45	25,000	–	–	25,000	
	09.06.2003	01.06.2004 – 10.11.2012	0.45	25,000	–	–	25,000	
	09.06.2003	01.12.2004 – 10.11.2012	0.45	25,000	–	–	25,000	
	09.06.2003	01.06.2005 – 10.11.2012	0.45	25,000	–	–	25,000	
	09.06.2003	01.12.2005 – 10.11.2012	0.45	25,000	–	–	25,000	
	09.06.2003	01.06.2006 – 10.11.2012	0.45	25,000	–	–	25,000	
	09.06.2003	01.12.2006 – 10.11.2012	0.45	25,000	–	–	25,000	
				<u>200,000</u>	<u>–</u>	<u>–</u>	<u>200,000</u>	
Other directors of Galactic	25.11.2002	01.06.2003 – 10.11.2012	0.45	22,500	–	–	22,500	
	25.11.2002	01.12.2003 – 10.11.2012	0.45	22,500	–	–	22,500	
	25.11.2002	01.06.2004 – 10.11.2012	0.45	22,500	–	–	22,500	
	25.11.2002	01.12.2004 – 10.11.2012	0.45	22,500	–	–	22,500	
	25.11.2002	01.06.2005 – 10.11.2012	0.45	22,500	–	–	22,500	
	25.11.2002	01.12.2005 – 10.11.2012	0.45	22,500	–	–	22,500	
	25.11.2002	01.06.2006 – 10.11.2012	0.45	22,500	–	–	22,500	
	25.11.2002	01.12.2006 – 10.11.2012	0.45	22,500	–	–	22,500	
	09.06.2003	09.06.2003 – 10.11.2012	0.45	41,250	(31,250)	–	10,000	
	09.06.2003	01.12.2003 – 10.11.2012	0.45	41,250	(31,250)	–	10,000	
	09.06.2003	01.06.2004 – 10.11.2012	0.45	41,250	(31,250)	–	10,000	
	09.06.2003	01.12.2004 – 10.11.2012	0.45	41,250	(31,250)	–	10,000	
	09.06.2003	01.06.2005 – 10.11.2012	0.45	41,250	(31,250)	–	10,000	
	09.06.2003	01.12.2005 – 10.11.2012	0.45	41,250	(31,250)	–	10,000	
	09.06.2003	01.06.2006 – 10.11.2012	0.45	41,250	(31,250)	–	10,000	
	09.06.2003	01.12.2006 – 10.11.2012	0.45	41,250	(31,250)	–	10,000	
	31.12.2007	01.01.2008 – 10.11.2012	0.45	372,832	–	–	372,832	
	31.12.2007	01.07.2008 – 10.11.2012	0.45	372,832	–	–	372,832	
	31.12.2007	01.01.2009 – 10.11.2012	0.45	372,832	–	–	372,832	
	31.12.2007	01.07.2009 – 10.11.2012	0.45	372,832	–	–	372,832	
	31.12.2007	01.01.2010 – 10.11.2012	0.45	372,832	–	–	372,832	
	31.12.2007	01.07.2010 – 10.11.2012	0.45	372,832	–	–	372,832	
	31.12.2007	01.01.2011 – 10.11.2012	0.45	372,832	–	–	372,832	
	31.12.2007	01.07.2011 – 10.11.2012	0.45	372,831	–	–	372,831	
					<u>3,492,655</u>	<u>(250,000)</u>	<u>–</u>	<u>3,242,655</u>
	Employees	25.11.2002	01.06.2003 – 10.11.2012	0.45	6,250	–	–	6,250
		25.11.2002	01.12.2003 – 10.11.2012	0.45	6,250	–	–	6,250
		25.11.2002	01.06.2004 – 10.11.2012	0.45	6,250	–	–	6,250
25.11.2002		01.12.2004 – 10.11.2012	0.45	6,250	–	–	6,250	
25.11.2002		01.06.2005 – 10.11.2012	0.45	6,250	–	–	6,250	
25.11.2002		01.12.2005 – 10.11.2012	0.45	6,250	–	–	6,250	
25.11.2002		01.06.2006 – 10.11.2012	0.45	6,250	–	–	6,250	
25.11.2002		01.12.2006 – 10.11.2012	0.45	6,250	–	–	6,250	

SHARE OPTION SCHEME (continued)

(c) Share option to subscribe for shares in Galactic Computing Corporation (continued)

Grantee	Date of grant	Period during which options are exercisable	Subscription price per share US\$	Number of share options				
				As at 1.1.2008	Cancelled during the period	Granted during the period	As at 30.06.2008	
Employees (continued)	25.05.2005	25.05.2005 – 10.11.2012	0.60	6,250	–	–	6,250	
	25.05.2005	01.10.2005 – 10.11.2012	0.60	6,250	–	–	6,250	
	25.05.2005	01.04.2006 – 10.11.2012	0.60	6,250	–	–	6,250	
	25.05.2005	01.10.2006 – 10.11.2012	0.60	6,250	–	–	6,250	
	25.05.2005	01.04.2007 – 10.11.2012	0.60	6,250	–	–	6,250	
	25.05.2005	01.10.2007 – 10.11.2012	0.60	6,250	–	–	6,250	
	25.05.2005	01.04.2008 – 10.11.2012	0.60	6,250	–	–	6,250	
	25.05.2005	01.10.2008 – 10.11.2012	0.60	6,250	–	–	6,250	
	31.12.2007	01.01.2008 – 10.11.2012	0.45	335,554	–	–	335,554	
	31.12.2007	01.07.2008 – 10.11.2012	0.45	335,542	(18,641)	–	316,901	
	31.12.2007	01.01.2009 – 10.11.2012	0.45	335,554	(18,642)	–	316,912	
	31.12.2007	01.07.2009 – 10.11.2012	0.45	335,542	(18,641)	–	316,901	
	31.12.2007	01.01.2010 – 10.11.2012	0.45	335,553	(18,642)	–	316,911	
	31.12.2007	01.07.2010 – 10.11.2012	0.45	335,546	(18,641)	–	316,905	
	31.12.2007	01.01.2011 – 10.11.2012	0.45	335,550	(18,642)	–	316,908	
	31.12.2007	01.07.2011 – 10.11.2012	0.45	335,548	(18,642)	–	316,906	
					<u>2,784,389</u>	<u>(130,491)</u>	<u>–</u>	<u>2,653,898</u>
					<u>6,477,044</u>	<u>(380,491)</u>	<u>–</u>	<u>6,096,553</u>
					HK\$	HK\$	HK\$	HK\$
	Weighted average exercise price				<u>3.52</u>	<u>3.51</u>	<u>–</u>	<u>3.52</u>

No option was exercised by the grantees during the period.

(d) Share option to subscribe for shares in Pan China Land (Holdings) Corporation

The Company announced on 29th November, 2007 that Terborley Limited (the "Grantor"), an indirect non-wholly owned subsidiary of the Company, entered into the option deeds (the "Option Deeds") with an aggregate of 49 individuals (the "Grantees"). Pursuant to the Option Deeds, the Grantor has granted to the Grantees certain options to acquire from the Grantor an aggregate of 116,000 ordinary shares (the "Option Shares") of Pan China Land (Holdings) Corporation ("Pan China"), an investee of the Grantor, at the exercise price specified in the Option Deeds. The options are vested on the date on which the shares of Pan China will be listed on the Stock Exchange (the "Listing Date") and are exercisable for a period of 10 years from the Listing Date (the "Option Period"). Details of these Option Deeds were set out in the announcement of the Company dated 29th November, 2007.

Details of the Grantees and their entitlement to the Option Shares are as follows:

Grantee(s)	Number of option shares to which the Grantees are entitled	Approximate percentage of the total number of option shares
Mr. Billy K Yung	20,000	17.2%
Mr. Eddie Hurip	800	0.7%
Senior staff and other employees of the Group (Note)	95,200	82.1%
Total	<u>116,000</u>	<u>100%</u>

Note: An aggregate of 5,200 Option Shares are held on trust by Mr. Billy K Yung and Mr. Eddie Hurip.

DISCLOSURE OF INTERESTS

SHARE OPTION SCHEME (continued)

(d) Share option to subscribe for shares in Pan China Land (Holdings) Corporation (continued)

The Grantees may exercise the options in whole or in part by giving exercise notice to the Grantor at any time during the Option Period provided that the Grantees shall exercise the options to acquire the Option Shares in accordance with the following vesting schedule:

Vesting schedule	Maximum percentage of Option Shares comprised in an option which may be exercised
On or after the Listing Date	20%
Six months after the Listing Date	40%
Twelve months after the Listing Date	60%
Eighteen months after the Listing Date	80%
Twenty-four months after the Listing Date	100%

SUBSTANTIAL SHAREHOLDERS

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

Name of substantial shareholder	Capacity	Nature of interests	Number of ordinary shares held	Aggregate long position	Percentage of aggregate long position in shares to the issued share capital of the Company
UBS Trustees (BVI) Limited	Trustee of a trust (Note 1)	Other	224,437,334	224,437,334	42.71%
Diamond Key Enterprises Inc.	Beneficial owner (Note 1)	Beneficial	143,612,287	143,612,287	27.33%
On Fat Profits Corporation	Beneficial owner (Note 1)	Beneficial	72,716,797	72,716,797	13.84%
Madam Chiu Man	Beneficial owner Interest of spouse (Note 2)	Personal Family	900,000 42,677,351	43,577,351	8.29%
Madam Vivian Hsu	Interest of spouse Interest held jointly with another person (Note 3)	Family Other	37,190,000 10,000,000	47,190,000	8.98%

Notes:

- (1) 143,612,287 shares and 72,716,797 shares form part of the 224,437,334 shares held by UBS Trustees (BVI) Limited, of which the aggregate of 143,612,287 shares and 72,716,797 shares (i.e. 216,329,084 shares) are disclosed in the section headed "DIRECTORS' INTERESTS" above as being held under a trust with Mr. Billy K Yung's family members as the beneficiaries. None of the directors are directors or employees of On Fat Profits Corporation and Diamond Key Enterprises Inc.
- (2) Madam Chiu Man's shares held under personal interest and family interest are in fact the same block of shares already disclosed respectively under family interest, personal and corporate interests of her husband, Mr. Simon Yung Kwok Choi as disclosed in the section headed "DIRECTORS' INTERESTS" above.
- (3) Madam Vivian Hsu's shares held under family interest and other interest are in fact the same block of shares already disclosed respectively under personal interest and other interests of her husband, Mr. Billy K Yung as disclosed in the section headed "DIRECTORS' INTERESTS" above.

Other than as disclosed above, there was no person, other than the director of the Company, who has an interest or short position in the shares and underlying shares of the Company as recorded in the register of the Company kept under section 336 of the SFO.

REVENUE AND OPERATING RESULTS

During the six months ended 30th June, 2008 the Group reported a revenue of HK\$1,588,404,000, representing an increase of HK\$224,484,000 or 16.5% compared to HK\$1,363,920,000 for the corresponding period last year. Completion of the sales of certain units of Guangzhou Ever Bright Garden Phase E that took place during the period under review accounted for most of the increase in the Group's revenue.

Profit attributable to equity holders for the period ended 30th June, 2008 dipped from HK\$169,020,000 to HK\$153,314,000 representing a mild decline of HK\$15,706,000 or 9.3% over the corresponding period in 2007.

FINANCIAL RESOURCES AND LIQUIDITY

The Group continued to be in a strong financial position with its financial resources and liquidity position consistently maintained in a healthy state throughout the period under review. Given the current economic situation, the Group would constantly re-evaluate its operational and investment status with a view to improving its cash flow and minimising its financial risks.

During the period under review, certain bank loans were put in place totalling RMB1,955,000,000 to finance the Group's property development projects in the PRC.

The banking facilities of the Group were subject to a mix of fixed interest rates and floating interest rates. The U.S. and the PRC long term loans of approximately US\$13,412,000 and RMB565,000,000 respectively were secured by certain assets of the group located in the United States and Mainland China respectively. The Group has converted a short-term loan of HK\$250,000,000 into a three-year term loan during the period under review. More conversion will materialize in the second half of 2008. Apart from the above, all banking facilities of the Group have been arranged on short-term basis.

FOREIGN EXCHANGE EXPOSURE

The Group's borrowings were mainly denominated in Hong Kong dollars, US dollars and Renminbi. The Group continued to conduct its sales mainly in US dollars and Renminbi and make payments either in US dollars, Hong Kong dollars or Renminbi. As the Group conducted its sales, receivables and payables, bank borrowings and expenditures in Renminbi for its PRC property development business, the directors considered that a natural hedge mechanism existed. The Group would, however, closely monitor the volatility of the Renminbi exchange rate. All in all, the directors considered that the Group's risk exposure to foreign exchange rate fluctuations remained minimal.

GEARING RATIO

The Group continued to follow its policy of maintaining a prudent gearing ratio. As at 30th June, 2008, the Group recorded a gearing ratio, expressed as a percentage of total bank borrowings net of cash and pledged deposit to total equity of the Company of 30.5% (31st December, 2007: 28.2%(restated)).

SIGNIFICANT ACQUISITIONS AND DISPOSALS

During the period under review, the Group disposed of its interest in a property development project through the disposal of its entire equity interest in 安徽博鴻房地產開發有限公司 to an independent third party at a cash consideration of RMB121,000,000. The transaction was completed in the first quarter of 2008 and resulted in a gain before tax of HK\$56,115,000.

On 24th April, 2007, the Group entered into a sales and purchases agreement in relation to a disposal of its 50% interest in Guangzhou City Huan Bo Exhibition Company Limited at a consideration (including repayment of shareholder loan) of approximately RMB545,000,000. Completion of the transaction took place in the first quarter of 2008 thus giving rise to a gain of HK\$176,535,000 before tax and minority interests.

Other than the above, there is no significant acquisition and/or disposal during the period and up to the date of this report.

CAPITAL COMMITMENTS AND GUARANTEES

The group had capital commitments and guarantees totalling HK\$2,108,481,000 and HK\$1,127,054,000 respectively during the period under review.

CAPITAL EXPENDITURE AND CHARGES ON ASSETS

The Group had a capital expenditure totalling HK\$9,403,000 during the period under review.

Based on certain real estate in Mainland China, the Group secured certain mortgage loans totalling RMB1,815,000,000 from certain PRC banks during the period under review.

The Group had charges on assets totalling HK\$4,737,000,000 during the period under review.

EMPLOYEES

As at 30th June, 2008, the Group has approximately 4,270 employees. The pay levels of these employees are commensurate with their responsibilities, performance and market condition. In addition, share option schemes are put in place as a longer term incentive to align interests of employees to those of shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30th June, 2008.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Rules Governing the Listing of securities on The Hong Kong Stock Exchange of Hong Kong Limited (the "Listing Rules") as the code of conduct regarding securities transactions by the Directors. Having made thorough enquiry of the Directors, the Company can reasonably confirm that the Directors have complied with the required standard set out in the Model Code throughout the six months ended 30th June, 2008.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed with the management and the auditors of the Company the accounting principles and practices adopted by the Group and discussed the unaudited Interim Financial Statements for the six months ended 30th June, 2008.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is firmly committed to statutory and regulatory corporate governance standards and adheres to the principles of corporate governance emphasizing transparency, independence, accountability, responsibility and fairness.

The Company has adopted the code provisions of the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 of the Listing Rules throughout the six months ended 30th June, 2008 except for the following deviations:

Code Provision A.2.1

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should separate and should not be performed by the same individual. Mr. Billy K Yung is currently the Group Chairman and the Chief Executive of the Company. The Board considers that the present structure is more suitable to the Company because it can better promote the efficient formulation and implementation of the Company's strategies.

Code Provision A.4.1

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Mr. Simon Yung Kwok Choi, the Non-executive Director of the Company, has not been appointed for a specific term but is subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Company's Articles of Association.

Mr. Billy K Yung is the brother of Mr. Simon Yung Kwok Choi. Both of them are the sons of Madam Yung Ho Wun Ching (Executive Director of the Company). Save as disclosed above, during the period, none of the other directors has or maintained any financial, business, family or other material, relevant relationship with any of the other directors.



Member of Grant Thornton International Ltd.

To the Board of Directors of Shell Electric Mfg. (Holdings) Company Limited

蜆壳電器工業(集團)有限公司

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 15 to 32 which comprise the condensed consolidated balance sheet of Shell Electric Mfg. (Holdings) Company Limited (the "Company") and its subsidiaries (collectively, the "Group") as of 30th June, 2008 and the related condensed consolidated income statement, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors are responsible for the preparation and presentation of this interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to express a conclusion on this interim financial report 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 HKICPA. A review of interim financial report consists of making inquiries, 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 report is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34.

Grant Thornton

Certified Public Accountants

13/F Gloucester Tower

The Landmark

15 Queen's Road Central

Hong Kong

18th September, 2008

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June, 2008

	Notes	Six months ended 30th June,	
		2008 (Unaudited) HK\$'000	2007 (Unaudited) (Restated) HK\$'000
Revenue	3	1,588,404	1,363,920
Cost of sales		(1,028,157)	(1,184,052)
Gross profit		560,247	179,868
Other income	5	23,034	20,964
Distribution and selling expenses		(45,872)	(22,147)
Administrative expenses		(181,915)	(97,521)
Other operating expenses		(54,637)	(13,965)
Other gains/(losses)			
Gain/(Loss) on disposal of a subsidiary	26	56,115	(3,955)
Fair value gain on investment properties		17,387	26,743
Fair value (loss)/gain on investments held for trading		(27,367)	27,250
Reversal of impairment of financial assets		1,716	21,008
Reversal of unutilised provision	23	67,309	–
Impairment loss on property, plant and equipment		(5,948)	–
Others		12,861	91
Operating profit	6	422,930	138,336
Finance costs	7	(48,480)	(21,413)
Share of results of associates		41,324	33,324
Share of results of jointly controlled entities		(130)	5,006
Gain on disposal of an associate		–	45,913
Gain on disposal of a jointly controlled entity	27	176,533	–
Profit before income tax		592,177	201,166
Income tax expense	8	(361,442)	(25,071)
Profit for the period		230,735	176,095
Attributable to:			
Equity holders of the Company		153,314	169,020
Minority interests		77,421	7,075
		230,735	176,095
Dividends	9	15,765	42,039
		HK Cents	HK Cents
Earnings per share	10		
– Basic		29.18	32.16
– Diluted		28.06	32.16

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30th June, 2008

		30th June, 2008 (Unaudited) HK\$'000	31st December, 2007 (Audited) HK\$'000
	Notes		
Non-current assets			
Investment properties	11	815,038	791,956
Property, plant and equipment	12	191,178	180,936
Prepaid lease rental on land		21,218	20,592
Goodwill	13	87,144	106,173
Other intangible assets		243,390	230,813
Interests in associates	14	414,001	366,962
Interests in jointly controlled entities	15	245,238	232,591
Available-for-sale financial assets		7,990	7,990
Loans receivable		141,609	152,668
Deposit paid for acquisition of other investment	16	–	77,496
		<u>2,166,806</u>	<u>2,168,177</u>
Current assets			
Inventories of properties	17	4,933,488	4,946,397
Other inventories		96,669	113,789
Trade and other receivables, prepayments and deposits	18	1,341,616	1,058,792
Prepaid lease rental on land		521	489
Loans receivable		2,101	3,853
Amounts due from associates		359	6,535
Amounts due from jointly controlled entities		74,912	177,140
Amounts due from investees		7,946	6,717
Amount due from a related party		–	1,367
Amounts due from minority shareholders		51,099	44,448
Investments held for trading	19	64,023	48,381
Tax prepaid		2,061	–
Pledged cash deposits	28	816,039	876,858
Restricted cash and deposits	20	182,401	116,288
Cash and cash equivalents	21	859,702	704,716
		<u>8,432,937</u>	<u>8,105,770</u>
Assets classified as held for sale		–	434,442
		<u>8,432,937</u>	<u>8,540,212</u>
Current liabilities			
Trade and other payables	22	2,061,464	2,165,436
Sales deposits received		481,355	776,671
Amounts due to jointly controlled entities		–	2,044
Amounts due to minority shareholders		164,168	164,000
Amounts due to related parties		291	474,439
Consideration payable on acquisition of subsidiaries		197,835	290,473
Provisions	23	–	64,733
Taxation liabilities		518,172	215,696
Derivative financial instruments		4,410	6,738
Bank and other borrowings	24	1,839,169	1,885,688
		<u>5,266,864</u>	<u>6,045,918</u>
Net current assets		<u>3,166,073</u>	<u>2,494,294</u>
Total assets less current liabilities		<u><u>5,332,879</u></u>	<u><u>4,662,471</u></u>

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30th June, 2008

		30th June, 2008 (Unaudited) HK\$'000	31st December, 2007 (Audited) HK\$'000
	Notes		
Capital and reserves			
Share capital	25	262,742	262,742
Share premium and reserves		2,965,111	2,745,913
		<hr/>	<hr/>
Equity attributable to equity holders of the Company		3,227,853	3,008,655
Minority interests		572,203	460,234
		<hr/>	<hr/>
Total equity		3,800,056	3,468,889
		<hr/>	<hr/>
Non-current liabilities			
Bank and other borrowings	24	996,576	673,652
Loan from a minority shareholder		3,295	3,005
Deferred tax liabilities		532,952	516,925
		<hr/>	<hr/>
		1,532,823	1,193,582
		<hr/>	<hr/>
		5,332,879	4,662,471
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June, 2008

Attributable to equity holders of the Company

	Share capital	Share premium	Share option reserve of a subsidiary	Capital redemption reserve	Translation reserve	Assets revaluation reserve	Dividend reserve	Statutory reserves	Retained profits	Total	Minority interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January, 2007	262,742	640,099	-	43,822	49,271	1,534	42,039	8,525	1,395,499	2,443,531	270,762	2,714,293
Exchange difference arising on translation of overseas subsidiaries	-	-	-	-	28,131	48	-	-	-	28,179	2,595	30,774
Exchange difference arising on translation of overseas associates and jointly controlled entities	-	-	-	-	1,975	-	-	-	-	1,975	-	1,975
Exchange effect on deferred tax	-	-	-	-	(430)	-	-	-	-	(430)	-	(430)
Net income recognised directly in equity	-	-	-	-	29,676	48	-	-	-	29,724	2,595	32,319
Net profit for the period	-	-	-	-	-	-	-	-	169,020	169,020	7,075	176,095
Total recognised income and expense for the period	-	-	-	-	29,676	48	-	-	169,020	198,744	9,670	208,414
Deemed acquisition of subsidiaries	-	-	-	-	-	148,003	-	-	-	148,003	207,483	355,486
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	74,624	74,624
Interim dividend declared	-	-	-	-	-	-	42,039	-	(42,039)	-	-	-
Dividend paid	-	-	-	-	-	-	(42,039)	-	-	(42,039)	-	(42,039)
At 30th June, 2007 (Unaudited)	<u>262,742</u>	<u>640,099</u>	<u>-</u>	<u>43,822</u>	<u>78,947</u>	<u>149,585</u>	<u>42,039</u>	<u>8,525</u>	<u>1,522,480</u>	<u>2,748,239</u>	<u>562,539</u>	<u>3,310,778</u>
At 1st January, 2008	262,742	640,099	4,913	43,822	118,415	142,368	63,058	15,377	1,717,861	3,008,655	460,234	3,468,889
Exchange difference arising on translation of overseas subsidiaries	-	-	-	-	97,653	-	-	-	-	97,653	30,294	127,947
Exchange difference arising on translation of overseas associates and jointly controlled entities	-	-	-	-	14,530	-	-	-	-	14,530	-	14,530
Net income recognised directly in equity	-	-	-	-	112,183	-	-	-	-	112,183	30,294	142,477
Net profit for the period	-	-	-	-	-	-	-	-	153,314	153,314	77,421	230,735
Total recognised income and expense for the period	-	-	-	-	112,183	-	-	-	153,314	265,497	107,715	373,212
Release upon disposal of properties	-	-	-	-	-	(12,717)	-	-	-	(12,717)	(8,379)	(21,096)
Appropriations	-	-	-	-	-	-	-	29,019	(29,019)	-	-	-
Interim dividend declared	-	-	-	-	-	-	15,765	-	(15,765)	-	-	-
Recognition of share-based payments	-	-	29,476	-	-	-	-	-	-	29,476	12,633	42,109
Dividend paid	-	-	-	-	-	-	(63,058)	-	-	(63,058)	-	(63,058)
At 30th June, 2008 (Unaudited)	<u>262,742</u>	<u>640,099</u>	<u>34,389</u>	<u>43,822</u>	<u>230,598</u>	<u>129,651</u>	<u>15,765</u>	<u>44,396</u>	<u>1,826,391</u>	<u>3,227,853</u>	<u>572,203</u>	<u>3,800,056</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th June, 2008

	Six months ended 30th June,	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Net cash (used in)/generated from operating activities	<u>(67,905)</u>	<u>835,587</u>
Investing activities		
Interest received	13,330	8,408
Dividend received from a jointly controlled entity	1,756	–
Refund of deposit paid for/(Deposit paid for) other investment	85,905	(77,496)
Acquisitions of subsidiaries	(92,638)	(407,947)
Deemed acquisition of interest in a subsidiary	–	175,761
Additions to property, plant and equipment	(9,403)	(13,840)
Proceeds on disposal of property, plant and equipment	–	350
Proceeds on disposal of a subsidiary	94,384	–
Proceeds on disposal of an associate	–	177,302
Proceeds on disposal of a jointly controlled entity	27,760	–
Loan repayment from an associate	14,391	–
Increase in pledged cash deposits and restricted cash and deposits	(5,294)	(420,828)
Other investing activities	(3,479)	22,668
Net cash generated from/(used in) investing activities	<u>126,712</u>	<u>(535,622)</u>
Financing activities		
New bank and other borrowings	1,360,643	821,557
Repayment of bank and other borrowings	(1,205,631)	(695,243)
Dividends paid	(63,058)	(42,039)
Interest paid	(33,558)	(23,024)
Net cash generated from financing activities	<u>58,396</u>	<u>61,251</u>
Net increase in cash and cash equivalents	117,203	361,216
Cash and cash equivalents at beginning of the period	704,716	488,753
Effect of foreign exchange rate change	37,783	12,588
Cash and cash equivalents at end of the period	<u><u>859,702</u></u>	<u><u>862,557</u></u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th June, 2008

1. GENERAL INFORMATION

Shell Electric Mfg. (Holdings) Company Limited (the "Company") is a limited liability company incorporated in the Hong Kong Special Administrative Region ("Hong Kong") of the People's Republic of China (the "PRC") and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the Company's registered office and principal place of business is Shell Industrial Building, 12 Lee Chung Street, Chai Wan Industrial District, Hong Kong.

The principal activities of the Company and its subsidiaries (collectively, the "Group") comprise manufacturing and marketing of electric fans and other electrical household appliances and EMS business, investment holding, property investment and development and trading of and investments in securities.

The unaudited condensed consolidated financial statements for the six months ended 30th June, 2008 (the "Interim Financial Statements") have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange. The Interim Financial Statements do not include all of the information required for annual financial statements and thereby they should be read in conjunction with the Group's annual financial statements for the year ended 31st December, 2007.

The Interim Financial Statements are unaudited, but have been reviewed by the Audit Committee of the Company. The Interim Financial Statements were approved for issue on 18th September, 2008.

2. PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Statements have been prepared under the historical cost basis except for certain properties, financial assets and financial liabilities, which are measured at fair values. Disposal groups and non-current assets held for sale (other than investment properties which are stated at fair values) are stated at the lower of their carrying amounts and fair values less costs to sell.

The accounting policies used in preparing the Interim Financial Statements are consistent with those followed in the Group's annual financial statements for the year ended 31st December, 2007 with the addition of certain standards and interpretations of Hong Kong Financial Reporting Standards ("HKFRSs") issued and became effective in the current interim period as described below.

2.1 Impact of new and revised HKFRSs which are effective during the current interim period

In the current interim period, the Group has adopted, for the first time, all the new and revised HKFRSs which are effective for annual periods beginning on or after 1st January, 2008 and are relevant to the Group. The adoption of these new and revised HKFRSs did not result in significant changes in the Group's accounting policies and had no significant financial impact on the Group's financial statements. Accordingly, no prior period adjustment has been recognised.

2.2 Impact of new and revised HKFRSs which are issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but not yet effective in the current interim period:

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	Puttable Financial Instruments and Obligations Arising on Liquidation ³
HKFRS 2 Amendment	Share-based Payment – Vesting Conditions and Cancellations ³
HKFRS 3 (Revised)	Business Combinations ⁴
HKFRS 8	Operating Segments 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 annual periods beginning on or after 1st July, 2008

² Effective for annual periods beginning on or after 1st October, 2008

³ Effective for annual periods beginning on or after 1st January, 2009

⁴ Effective for annual periods beginning on or after 1st July, 2009

The revised HKFRS 3 and HKAS 27 shall be applied prospectively and will affect future acquisition and transactions with minority interests. The Group is in the process of assessing the impact of the other new or revised HKFRSs upon initial application. The Group anticipates that these new and revised HKFRSs are unlikely to have material impact on the Group's financial statements except for HKAS 1 (Revised) which would affect the presentation of financial statements as disclosed in the Group's annual financial statements for the year ended 31st December, 2007.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th June, 2008

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.3 Other changes in last financial year

In light of the conclusion of the Financial Reporting Standards Committee of HKICPA on the scope of HKAS 12 "Income Taxes" and the nature of PRC land appreciation tax, the directors have in last financial year decided that it is more appropriate to account for and present PRC land appreciation tax as income tax. As a result of this new policy in last financial year, PRC land appreciation tax amounting to HK\$20,531,000 has been reclassified from cost of sales to income tax in the comparatives of the condensed consolidated income statement of the current period. This change has no net impact on results for the period ended 30th June, 2007.

3. REVENUE

Breakdown of revenue is as follows:

	Six months ended 30th June,	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Sales of goods	548,276	731,283
Sales of properties	948,109	578,534
Property management fee income	24,123	4,262
Property rental income	50,352	39,575
Taxi licence fee income	17,544	10,266
Total revenue	<u>1,588,404</u>	<u>1,363,920</u>

4. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

The Group's primary format for reporting segment information is business segments. An analysis of the Group's revenue and results for the period by business segments is as follows:

	Six months ended 30th June, 2008 (Unaudited)									
	Electrical household appliances*	Manu- facturing and trading of electric cables	Leasing of properties	Property investment and development	Trading of securities	Taxi rental operation	Development and trading of computer hardware and software	Direct investments	Others	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE AND RESULTS										
Segment revenue**	<u>524,217</u>	<u>13,196</u>	<u>50,352</u>	<u>972,232</u>	<u>-</u>	<u>17,544</u>	<u>10,863</u>	<u>-</u>	<u>-</u>	<u>1,588,404</u>
Segment results	<u>26,045</u>	<u>(773)</u>	<u>51,200</u>	<u>385,019</u>	<u>(26,812)</u>	<u>11,985</u>	<u>(2,872)</u>	<u>9,578</u>	<u>-</u>	<u>453,370</u>
Corporate and other unallocated income and expenses										<u>(30,440)</u>
Finance costs										<u>422,930</u>
Share of results of associates	-	-	40,477	-	-	-	-	847	-	<u>(48,480)</u>
Share of results of jointly controlled entities ("JCE")	-	-	139	(1,036)	-	-	767	-	-	<u>41,324</u>
Gain on disposal of a JCE										<u>(130)</u>
Profit before income tax										<u>176,533</u>
Income tax expense										<u>592,177</u>
Profit for the period										<u><u>361,442</u></u>
										<u><u>230,735</u></u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th June, 2008

4. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Business segments (continued)

	Six months ended 30th June, 2007 (Unaudited)									Consolidated HK\$'000
	Electrical household appliances* HK\$'000	Manufacturing and trading of electric cables HK\$'000	Leasing of properties HK\$'000	Property investment and development HK\$'000	Trading of securities HK\$'000	Taxi rental operation HK\$'000	Development and trading of computer hardware and software HK\$'000	Direct investments HK\$'000	Others HK\$'000	
REVENUE AND RESULTS										
Segment revenue**	702,455	14,139	39,575	582,796	-	10,266	7,188	-	7,501	1,363,920
Segment results (restated)	41,715	1,194	56,872	13,400	26,155	8,791	(14,340)	20,995	6,924	161,706
Corporate and other unallocated income and expenses										(23,370)
Finance costs										138,336
Share of results of associates	-	-	31,620	-	-	-	-	1,704	-	(21,413)
Share of results of JCE	-	-	-	5,006	-	-	-	-	-	33,324
Gain on disposal of an associate										5,006
Profit before income tax										45,913
Income tax expense (restated)										201,166
Profit for the period										(25,071)
										176,095

* The business segment of electrical household appliances consists of manufacturing and marketing of electric fans, vacuum cleaners and other electrical household appliances, and EMS business.

** There were no inter-segment sales between different business segments for the six months period ended 30th June, 2008 and 2007.

Geographical segments

An analysis of the Group's revenue for the period by geographical markets, irrespective of the origin of the goods, is as follows:

	Six months ended 30th June,	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Hong Kong	12,379	12,172
Other regions of the PRC	1,299,134	923,129
Asia, other than the PRC	36,433	35,805
North America (mainly in the United States)	162,381	256,237
Europe (mainly in Belgium and the United Kingdom)	35,547	73,078
Others	42,530	63,499
	1,588,404	1,363,920

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th June, 2008

5. OTHER INCOME

	Six months ended 30th June,	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Interest income on financial assets stated at amortised cost:		
Bank deposits	5,878	4,534
Loans to investees	993	578
Others, including loans receivables	2,033	3,248
	<hr/>	<hr/>
Total interest income	8,904	8,360
Dividends from listed equity securities	672	939
Other rental income	1,773	1,523
Handling fee income	4,066	1,885
Sundry income	7,619	8,257
	<hr/>	<hr/>
	23,034	20,964
	<hr/> <hr/>	<hr/> <hr/>

6. OPERATING PROFIT

	Six months ended 30th June,	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Operating profit is arrived at after charging/(crediting):		
Amortisation:		
Prepaid lease rental on land	283	226
Other intangible assets [#]	2,219	2,051
Depreciation of property, plant and equipment	10,256	8,104
	<hr/>	<hr/>
Total amortisation and depreciation	12,758	10,381
Less: Amount capitalised as development cost	(93)	(19)
	<hr/>	<hr/>
	12,665	10,362
	<hr/>	<hr/>
Impairment losses on loans and receivable*	38,152	4,601
Net foreign exchange gains [^]	(12,108)	(841)
Loss on disposal of property, plant and equipment	–	497
Allowance for inventories/(Reversal of allowance for inventories)	747	(13,588)
Professional fee **	10,540	210
Donation **	16,758	1,368
Equity-settled share-based payments**	42,109	–
	<hr/> <hr/>	<hr/> <hr/>

[#] included in "cost of sales" on the face of the condensed consolidated income statement

* included in "other operating expenses" on the face of the condensed consolidated income statement

** included in "administrative expenses" on the face of the condensed consolidated income statement

[^] included in "other gains/(losses) – others" on the face of the condensed consolidated income statement

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th June, 2008

7. FINANCE COSTS

	Six months ended 30th June,	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest charges on:		
Bank loans and overdrafts		
– wholly repayable within five years	42,229	26,203
– wholly repayable over five years	2,624	3,879
Other loans wholly repayable within five years	2,820	1,725
	<hr/>	<hr/>
Total interest expense on financial liabilities stated at amortised cost	47,673	31,807
Bank charges	1,495	1,033
	<hr/>	<hr/>
Total borrowing costs	49,168	32,840
Less: amount capitalised in properties under development	(688)	(11,427)
	<hr/>	<hr/>
	48,480	21,413
	<hr/> <hr/>	<hr/> <hr/>

8. INCOME TAX EXPENSE

	Six months ended 30th June,	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	(Restated) HK\$'000
Income tax expenses comprise:		
Current tax for the period:		
Hong Kong profits tax	1,431	6,929
Other regions of the PRC		
– Enterprise income tax	224,487	29,120
– Land appreciation tax (note 2.3)	134,522	20,531
	<hr/>	<hr/>
	360,440	56,580
	<hr/>	<hr/>
(Over)/Under provision in prior years:		
Hong Kong	(117)	506
Other regions of the PRC	12,810	30
	<hr/>	<hr/>
	12,693	536
	<hr/>	<hr/>
Deferred tax	(11,691)	(32,045)
	<hr/>	<hr/>
	361,442	25,071
	<hr/> <hr/>	<hr/> <hr/>

Hong Kong profits tax is calculated at 16.5% (six months ended 30th June, 2007: 17.5%) of the estimated assessable profits for the period. Enterprise income tax arising from other regions of the PRC is calculated at 10% – 25% (six months ended 30th June, 2007: 15% – 33%) of the estimated assessable profits.

PRC land appreciation tax 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 expenditure including cost of land use rights and development and construction expenditure.

9. DIVIDENDS

On 18th September, 2008, the directors declared an interim dividend of HK\$0.03 (six months ended 30th June, 2007: HK\$0.08) per share, amounting to HK\$15,765,000 (six months ended 30th June, 2007: HK\$42,039,000), to be paid to the shareholders of the Company whose names appear in the Register of Members on Friday, 10th October, 2008.

During the period, a dividend of HK\$0.12 (six months ended 30th June, 2007: HK\$0.08) per share, amounting to HK\$63,058,000 (six months ended 30th June, 2007: HK\$42,039,000) was paid to shareholders as the final dividend for the immediate preceding financial year end.

10. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the period attributable to the equity holders of the Company of HK\$153,314,000 (six months ended 30th June, 2007: HK\$169,020,000) and the weighted average number of ordinary shares in issue during the period of 525,485,000 (six months ended 30th June, 2007: 525,485,000).

The calculation of diluted earnings per share is based on the following data:

	Six months ended 30th June,	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Earnings		
Earnings used in calculating basic earnings per share	153,314	169,020
Adjustment to the share of profit of a subsidiary based on dilution of its earnings per share	(5,843)	–
	<u>147,471</u>	<u>169,020</u>
Earnings for the purpose of calculating diluted earnings per share	<u>147,471</u>	<u>169,020</u>

The calculation of diluted earnings per share does not assume conversion or exercise of potential ordinary shares that would have an anti-dilutive effect on earnings per share.

The denominators for the calculation of diluted earnings per share are the same as those used for the basic earnings per share i.e. the weighted average number of ordinary shares in issue during the period of 525,485,000 (30th June, 2007: 525,485,000).

11. INVESTMENT PROPERTIES

The Group's investment properties were revalued as at 30th June, 2008 on open market basis by qualified property valuers. The fair value gain during the current interim period of HK\$17,387,000 (six months ended 30th June, 2007: HK\$26,743,000) is recognised in the condensed consolidated income statement of the current interim period.

Certain investment properties of a subsidiary with carrying value of HK\$65,142,000 as at 31st December, 2007 had been impounded by the court of the PRC government. During the current period, the Group received a court order regarding the release of those properties as further detailed in note 23.

At 30th June, 2008, certain investment properties were pledged as further explained in note 28.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30th June, 2008, the Group incurred capital expenditure of approximately HK\$2,001,000 (six months ended 30th June, 2007: HK\$2,753,000) in plant and machinery, approximately HK\$5,259,000 (six months ended 30th June, 2007: HK\$10,262,000) in motor vehicles and approximately HK\$2,143,000 (six months ended 30th June, 2007: HK\$4,178,000) in furniture, fixtures and office equipment.

Certain properties of a subsidiary with carrying value of HK\$4,798,000 as at 31st December, 2007 had been impounded by the court of the PRC government. During the current period, the Group received a court order regarding the release of the properties as further detailed in note 23.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th June, 2008

13. GOODWILL

	Six months ended 30th June,	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Carrying amount at 1st January	106,173	66,643
Acquisitions of subsidiaries	–	6,699
Elimination on disposals of indirectly held subsidiary and jointly controlled entity	(21,232)	–
Translation adjustment	2,203	–
	<u>87,144</u>	<u>73,342</u>
Carrying amount at 30th June	<u><u>87,144</u></u>	<u><u>73,342</u></u>

14. INTERESTS IN ASSOCIATES

	30th June,	31st December,
	2008	2007
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Share of net assets	413,151	366,112
Goodwill on acquisition of an associate	850	850
	<u>414,001</u>	<u>366,962</u>
	<u><u>414,001</u></u>	<u><u>366,962</u></u>

15. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	30th June,	31st December,
	2008	2007
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Share of net assets	216,565	205,650
Goodwill on acquisition of a jointly controlled entity	28,673	26,941
	<u>245,238</u>	<u>232,591</u>
	<u><u>245,238</u></u>	<u><u>232,591</u></u>

16. DEPOSIT PAID FOR ACQUISITION OF OTHER INVESTMENT

On 26th April, 2007, the Company entered into an agreement with third parties to subscribe for convertible and non-convertible notes in an aggregate principal amount of S\$17,000,000 (equivalent to approximately HK\$87,635,000) in cash (the "Subscription"). Pursuant to the agreement, the Company paid a deposit of S\$2,000,000 (equivalent to approximately HK\$10,139,000) to the third parties and another deposit of S\$15,000,000 (equivalent to approximately HK\$77,496,000) under an escrow account.

As at 31st December, 2007, the Company has already subscribed for the underlying convertible notes in respect of the S\$2,000,000 deposit paid which are accounted for as available-for-sale financial assets. However, certain conditions for subscribing the underlying convertible and non-convertible notes in respect of the S\$15,000,000 deposit were not fulfilled by the third parties up to the fulfilment date and management has during the interim period decided to terminate the subscription. The deposit of S\$15,000,000 was returned to the Company during the current interim period.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th June, 2008

17. INVENTORIES OF PROPERTIES

	30th June, 2008 (Unaudited) HK\$'000	31st December, 2007 (Audited) HK\$'000
Properties under development, at cost	3,949,170	3,614,855
Properties held for sale, at cost	984,318	1,331,542
	<u>4,933,488</u>	<u>4,946,397</u>

Certain inventories of properties of a subsidiary with carrying value of HK\$77,427,000 as at 31st December, 2007 had been impounded by the court of the PRC government. During the current period, the Group received a court order regarding the release of the properties as further detailed in note 23.

At 30th June, 2008, certain inventories of properties were pledged as further explained in note 28.

18. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	30th June, 2008 (Unaudited) HK\$'000	31st December, 2007 (Audited) HK\$'000
Trade receivables	230,381	212,645
Less: allowance for doubtful debts	(13,741)	(13,805)
Trade receivables, net	216,640	198,840
Prepayments and deposits	728,255	537,061
Other receivables	396,721	322,891
	<u>1,341,616</u>	<u>1,058,792</u>

The aged analysis (based on invoice date) of the trade receivables net of allowance for doubtful debts of the Group as at the balance sheet date is as follows:

	30th June, 2008 (Unaudited) HK\$'000	31st December, 2007 (Audited) HK\$'000
30 days or below	98,394	86,339
31 – 60 days	76,099	71,379
61 – 90 days	20,599	13,722
91 – 180 days	7,318	21,592
181 – 360 days	12,172	2,292
Over 360 days	2,058	3,516
	<u>216,640</u>	<u>198,840</u>

The Group maintains a defined credit policy. For sales of goods, the Group normally allows a credit period of 45 days or 60 days to its trade customers. Rentals receivable from tenants and service income receivable from customers are payable on presentation of invoices. The credit terms in connection with sales of properties granted to the buyers are set out in the sale and purchase agreements and vary from different agreements.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th June, 2008

19. INVESTMENTS HELD FOR TRADING

	30th June, 2008 (Unaudited) HK\$'000	31st December, 2007 (Audited) HK\$'000
Equity securities, at fair value		
Listed in Hong Kong	51,614	30,531
Listed outside Hong Kong	12,409	17,850
	<u>64,023</u>	<u>48,381</u>

The fair values of the listed equity securities are based on quoted market prices available on the relevant stock exchanges. As at 30th June, 2008, certain equity securities were pledged as further detailed in note 28.

20. RESTRICTED CASH AND DEPOSITS

In accordance with the relevant documents issued by the PRC State-Owned Land and Resources Bureau, certain property development companies of the Group are required to place in designated bank accounts certain amount of pre-sale proceeds of properties as guarantee deposits for constructions of related properties. The deposits can only be used for purchases of construction materials and payments of construction fee of the relevant property projects when approval from the PRC State-Owned Land and Resource Bureau is obtained. Such guarantee deposits will only be released after completion of related pre-sold properties or issuance of the real estate ownership certificate, whichever is the earlier. The amount of cash restricted for such purpose as at 30th June, 2008 was HK\$182,401,000 (At 31st December, 2007: HK\$99,890,000).

Other than the above, cash balance placed with certain security brokers amounting to HK\$16,398,000 as at 31st December, 2007 was restricted for the purpose of trading securities. Cash balance deposited with the security brokers as at 30th June, 2008 is not subject to such restriction and is therefore included in cash and cash equivalents.

21. CASH AND CASH EQUIVALENTS

	30th June, 2008 (Unaudited) HK\$'000	31st December, 2007 (Audited) HK\$'000
Cash at bank, in hand and deposited with security brokers	1,858,142	1,697,862
Less: restricted cash and deposits classified under current assets (note 20)	(182,401)	(116,288)
Less: pledged cash deposits classified under current assets (note 28)	(816,039)	(876,858)
	<u>859,702</u>	<u>704,716</u>

As at 30th June, 2008, cash balance denominated in Renminbi ("RMB") amounted to approximately HK\$1,619,735,000 (At 31st December, 2007: HK\$1,313,796,000). The RMB is not freely convertible into other currencies.

22. TRADE AND OTHER PAYABLES

	30th June, 2008 (Unaudited) HK\$'000	31st December, 2007 (Audited) HK\$'000
Trade payables	1,150,925	1,290,662
Temporary receipts	33,638	33,651
Deferred income	21,226	23,672
Other payable and accruals	855,675	817,451
	<u>2,061,464</u>	<u>2,165,436</u>

22. TRADE AND OTHER PAYABLES (continued)

The aged analysis of the trade payables of the Group as at the balance sheet date is as follows:

	30th June, 2008 (Unaudited) HK\$'000	31st December, 2007 (Audited) HK\$'000
30 days or below	98,642	381,047
31 – 60 days	35,256	43,480
61 – 90 days	31,245	18,597
91 – 180 days	5,156	453,855
181 – 360 days	313,060	1,655
Over 360 days	667,566	392,028
	<u>1,150,925</u>	<u>1,290,662</u>

23. PROVISIONS

	Provision for claim HK\$'000	Guarantee HK\$'000	Total HK\$'000
At 1st January, 2007	–	23,478	23,478
Recognised on acquisition of a subsidiary	16,000	60,277	76,277
	<u>16,000</u>	<u>83,755</u>	<u>99,755</u>
At 30th June, 2007 and 1st July, 2007 (unaudited)	16,000	83,755	99,755
Translation adjustment	–	2,464	2,464
Provision utilised	(16,000)	–	(16,000)
Reversal of unutilised provision	–	(23,478)	(23,478)
Additional provision	–	1,992	1,992
	<u>–</u>	<u>64,733</u>	<u>64,733</u>
At 31st December, 2007 (audited)	–	64,733	64,733
Translation adjustment	–	2,576	2,576
Reversal of unutilised provision (note)	–	(67,309)	(67,309)
	<u>–</u>	<u>–</u>	<u>–</u>
At 30th June, 2008 (unaudited)	<u>–</u>	<u>–</u>	<u>–</u>

Note:

The guarantee provision was made in respect of the maximum amount of guarantee of RMB50 million issued by a subsidiary in favour of a former equity holder of the subsidiary as security for the loans granted by a bank in the PRC to the former equity holder. Since the former equity holder could not repay the loans, the bank claimed the subsidiary for repayment on behalf of the former equity holder. Pursuant to a court order issued by the PRC government prior to 31st December, 2007, the subsidiary is liable to the claim and certain properties of the subsidiary including investment properties, property, plant and equipment and inventories of properties with carrying value of HK\$65,142,000, HK\$4,798,000 and HK\$77,427,000, respectively, as at 31st December, 2007 had been impounded by the court. The amount of provision of HK\$64,733,000 as at 31st December, 2007 comprises the maximum amount of guarantee issued and the interest accrual for the loans.

Pursuant to the subsequent court order issued by the PRC government on 17th June, 2008, settlement agreement has been made between the former equity holder and the bank and, based on the request from the bank, legal proceeding against the subsidiary was withdrawn and the impounded properties were released. Accordingly, the directors of the Company consider that there is no financial impact arising from the guarantee issued by the subsidiary and full amount of the provision was reversed in this interim period.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th June, 2008

24. BANK AND OTHER BORROWINGS

	30th June, 2008 (Unaudited) HK\$'000	31st December, 2007 (Audited) HK\$'000
Bank loans and other borrowings		
Secured	2,576,663	1,993,605
Unsecured	259,082	565,735
	<u>2,835,745</u>	<u>2,559,340</u>
The maturity of borrowings is as follows:		
Bank loans		
Due within one year	1,839,169	1,885,688
Due more than one year, but not exceeding two years	645,649	573,728
Due more than two years, but not exceeding five years	261,720	11,720
Due more than five years	86,187	88,204
	<u>2,832,725</u>	<u>2,559,340</u>
Other loans		
Due more than two years, but not exceeding five years	3,020	–
	<u>2,835,745</u>	<u>2,559,340</u>
Less: Amounts due within one year included in current liabilities	(1,839,169)	(1,885,688)
Amounts due after one year included in non-current liabilities	<u>996,576</u>	<u>673,652</u>

The carrying amounts of the bank and other borrowings are denominated in the following currencies:

	30th June, 2008 (Unaudited) HK\$'000	31st December, 2007 (Audited) HK\$'000
Hong Kong Dollar	392,959	378,403
RMB	2,225,073	1,886,979
US Dollar	217,713	293,958
	<u>2,835,745</u>	<u>2,559,340</u>

Among the amount of bank loans as at 30th June, 2008, HK\$1,131,244,000 (At 31st December, 2007: HK\$1,217,406,000) were arranged at fixed interest rates which are ranged from 1.90% to 8.47% (2007: 5.27% to 8.02%) per annum and the remaining balance of bank loans of HK\$1,701,481,000 (At 31st December, 2007: HK\$1,341,934,000) are arranged at floating rates which are ranged from 3.22% to 9.83% (2007: 3.55% to 9.71%) per annum.

The amount of other loans as at 30th June, 2008 was unsecured and arranged at fixed rate of 1% per annum.

25. SHARE CAPITAL

	30th June, 2008 (Unaudited)		31st December, 2007 (Audited)	
	Number of shares '000	Nominal value HK\$'000	Number of shares '000	Nominal value HK\$'000
Authorised:				
<i>Ordinary shares of HK\$0.50 each</i>				
Balance at beginning and end of the period/year	<u>900,000</u>	<u>450,000</u>	<u>900,000</u>	<u>450,000</u>
Issued and fully paid:				
<i>Ordinary shares of HK\$0.50 each</i>				
Balance at beginning and end of the period/year	<u>525,485</u>	<u>262,742</u>	<u>525,485</u>	<u>262,742</u>

26. GAIN ON DISPOSAL OF A SUBSIDIARY

During the current period, the Group disposed of its interest in a property development project through the disposal of its entire equity interest in a subsidiary, 安徽博鴻房地產開發有限公司, to an independent third party at a cash consideration of RMB121 million. The transaction was completed in March 2008 and a gain on disposal of the subsidiary of HK\$56,115,000 is recorded in the current period. The gain on the disposal net of tax is HK\$38,839,000.

27. GAIN ON DISPOSAL OF A JOINTLY CONTROLLED ENTITY

During the current period, 中國光大房地產開發有限公司, an indirect 70% owned subsidiary of the Company, disposed of its 50% equity interest in a jointly controlled entity, 廣州市環博展覽有限公司 ("Guangzhou Huan Bo"), to another joint venture partner of Guangzhou Huan Bo at a cash consideration of RMB469 million. Deposit of RMB444 million was received by the Group from the joint venture partner in last financial year and the remaining amount of the consideration of RMB25 million was received in the current period. The transaction was completed in March 2008 and a gain on disposal of the jointly controlled entity of HK\$176,533,000 is recorded in the current period. The gain on the disposal net of tax is HK\$53,279,000.

28. PLEDGE OF ASSETS

As at 30th June, 2008, the carrying amount of the assets pledged by the Group to secure general banking and other loan facilities granted to the Group are analysed as follows:

	30th June, 2008 (Unaudited) HK\$'000	31st December, 2007 (Audited) HK\$'000
Pledged cash deposits	816,039	876,858
Investment properties	331,328	331,500
Inventories of properties	3,574,643	2,262,800
Investments held for trading	<u>14,769</u>	<u>5,652</u>
	<u>4,736,779</u>	<u>3,476,810</u>

The Group has also pledged its 100% interest of the issued share capital of its subsidiary, Full Revenue Inc, to a bank to secure for the banking facilities granted to the Group.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th June, 2008

29. COMMITMENTS

As at the balance sheet date, the Group had significant commitments as follows:

	30th June, 2008 (Unaudited) HK\$'000	31st December, 2007 (Audited) HK\$'000
Contracted for but not provided in the financial statements:		
Property development	2,108,481	1,747,632
Property, plant and equipment	–	2,547
	<u>2,108,481</u>	<u>1,750,179</u>

In addition, the Group's share of the jointly controlled entities' own capital commitments in respect of property development, which are contracted but not provided for and are not included in the above, is HK\$418,000 (At 31st December 2007: HK\$835,000).

30. GUARANTEES

As at the balance sheet date, the Group had issued the following significant guarantees:

	30th June, 2008 (Unaudited) HK\$'000	31st December, 2007 (Audited) HK\$'000
Guarantees given to:		
A supplier of an associate, to secure the repayment of balance due by the associate to the supplier	13,525	13,525
Banks for credit facilities granted to		
– an associate	22,400	22,400
– a jointly controlled entity	45,464	48,056
Banks for mortgage loans granted to purchasers of certain subsidiaries' properties	<u>1,045,665</u>	<u>1,014,623</u>
	<u>1,127,054</u>	<u>1,098,604</u>

In the opinion of the directors, the financial impact arising from providing financial guarantees by the Group is insignificant and accordingly, they are not accounted for in these financial statements.

31. RELATED PARTY TRANSACTIONS

Total staff costs include compensations to the key management personnel (including directors), the details of which are as follows:

	Six months ended 30th June, 2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Short-term employee benefits	26,235	6,305
Post-employment benefits	<u>107</u>	<u>159</u>
	<u>26,342</u>	<u>6,464</u>

Save as disclosed above, the Group did not enter into any significant related party transactions during the current period.