



SHENZHEN HIGH-TECH HOLDINGS LIMITED
深圳科技控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 106)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30TH JUNE, 2007

INTERIM RESULTS

The board of directors (the “Board”) of Shenzhen High-Tech Holdings Limited (the “Company”) would like to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30th June, 2007 together with the comparative figures. The unaudited condensed consolidated interim results have been reviewed by the Company’s audit committee (the “Audit Committee”).

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30th June	
		(Unaudited)	
		2007	2006
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<u>Continuing operations</u>			
Turnover	3	13,000	8,411
Cost of sales and services		(2,537)	(2,289)
Allowance for properties held for sale		–	(33,962)
		<hr/>	<hr/>
Gross profit (loss)		10,463	(27,840)
Investment income		11,896	–
Other income		7,665	2,405
Selling and distribution costs		(452)	(8,909)
Administrative expenses		(14,673)	(15,133)
Increase in fair value of investment properties		16,939	–
Loss on disposal of a subsidiary		(1,298)	–
Impairment loss on goodwill arising on acquisition of a subsidiary	5	(5,819)	–
Share of results of associates		3,282	(24,709)
Share of results of jointly controlled entities		–	(72)
		<hr/>	<hr/>
Profit (Loss) before taxation	4	28,003	(74,258)
Taxation	6	(684)	(23)
		<hr/>	<hr/>

		Six months ended 30th June	
		(Unaudited)	
		2007	2006
<i>Notes</i>		HK\$'000	HK\$'000
	Profit (Loss) for the period from continuing operations	27,319	(74,281)
	<u>Discontinued operations</u>		
	Loss for the period from discontinued operations	—	(584)
	Profit (Loss) for the period	27,319	(74,865)
	Attributable to:		
	Equity holders of the Company	27,319	(74,865)
	Earnings (Loss) per share	8	
	– Basic		
	From continuing and discontinued operations	HK2.711 cents	(HK9.875 cents)
	From continuing operations	HK2.711 cents	(HK9.798 cents)
	– Diluted		
	From continuing and discontinued operations	N/A	N/A
	From continuing operations	N/A	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

		30th June, 2007 (Unaudited) HK\$'000	31st December, 2006 (Audited) HK\$'000
	<i>Notes</i>		
Non-current assets			
Investment properties	9	268,000	150,000
Property, plant and equipment	10	2,664	1,894
Prepaid lease payments		3,850	3,900
Interests in associates		–	33,187
Loans receivable		3,000	–
Investments in debt securities	11	15,000	15,000
		<u>292,514</u>	<u>203,981</u>
Current assets			
Properties held for sale	12	264,000	264,000
Trade receivables	13	1,264	–
Other receivables		2,042	2,170
Balance of consideration receivable from disposal of subsidiaries		–	28,500
Prepaid lease payments		100	100
Amounts due from associates		–	21,816
Loans to a related company		12,361	1,201
Loans receivable		59,453	–
Available-for-sale investment		–	40,000
Investment properties classified as held for sale		51,920	–
Investments held for trading		21,662	9,995
Bank balances, deposits and cash		269,657	218,262
		<u>682,459</u>	<u>586,044</u>
Current liabilities			
Other payables, deposits received and accrued charges		29,038	23,638
Taxation payable		2,379	2,499
		<u>31,417</u>	<u>26,137</u>
Net current assets		<u>651,042</u>	<u>559,907</u>
Total assets less current liabilities		<u>943,556</u>	<u>763,888</u>
Non-current liability			
Deferred tax liabilities		1,226	1,226
Net assets		<u>942,330</u>	<u>762,662</u>
Capital and reserves			
Share capital		228,624	172,233
Reserves		713,706	590,429
Total equity		<u>942,330</u>	<u>762,662</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

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

2. Principal accounting policies

The unaudited condensed interim consolidated financial statements have been prepared under the historical cost convention, except for investment properties and certain financial assets, which are measured at fair values.

The accounting policies adopted are consistent with those used in the preparation of the Group’s annual audited financial statements for the year ended 31st December, 2006 except as described below.

In the current interim period, the Group has applied, for the first time, a number of new standards, amendments and interpretations (“new HKFRSs”) issued by the HKICPA, which are effective for accounting periods beginning on or after 1st January, 2007. The adoption of the new HKFRSs had no material effect on how the results for the current and prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective. The directors of the Company are currently assessing the impact of these HKFRSs but are not yet in a position to state whether they have material financial impact on the Group’s financial statements.

HKAS 23 (Revised)	Borrowing Costs ¹
HKFRS 8	Operating Segments ¹
HK(IFRIC) – INT 11	HKFRS 2: “Group and Treasury Share Transactions” ²
HK(IFRIC) – INT 12	Service Concession Arrangements ³

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

² Effective for annual periods beginning on or after 1st March, 2007.

³ Effective for annual periods beginning on or after 1st January, 2008.

3. Segment information

Business segments

For management purpose, the Group is organised into four main operating divisions and these divisions form the basis on which the Group reports its primary segment information as follows:

- Property investment
- Property development and trading
- Securities trading
- High-tech computers and servers manufacturing and related business (discontinued on 30th September, 2006)

For the six months ended 30th June, 2007

	Unaudited						Discontinued operations High-tech computers and servers manufacturing and related business	Consolidated
	Continuing operations					Total		
	Property investment	Property development and trading	Security trading	Others	Eliminations			
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
TURNOVER								
External sales	12,012	-	-	988	-	13,000	-	13,000
Inter-segment sales	-	-	-	1,532	(1,532)	-	-	-
Total	12,012	-	-	2,520	(1,532)	13,000	-	13,000
SEGMENT RESULTS	24,292	(105)	11,896	2,159	(1,532)	36,710	-	36,710
Unallocated other income	-	-	-	-	-	7,310	-	7,310
Unallocated corporate expenses	-	-	-	-	-	(12,182)	-	(12,182)
Loss on disposal of a subsidiary	-	-	-	(1,298)	-	(1,298)	-	(1,298)
Impairment loss on goodwill arising on acquisition of a subsidiary	(5,819)	-	-	-	-	(5,819)	-	(5,819)
Share of results of associates	-	-	-	3,282	-	3,282	-	3,282
Share of results of jointly controlled entities	-	-	-	-	-	-	-	-
Profit before taxation						28,003	-	28,003
Taxation						(684)	-	(684)
Profit for the period						27,319	-	27,319

For the six months ended 30th June, 2006

	Unaudited						Discontinued operations High-tech computers and servers manufacturing and related business	Consolidated
	Continuing operations					Total		
	Property investment HK\$'000	Property development and trading HK\$'000	Security trading HK\$'000	Others HK\$'000	Eliminations HK\$'000			
TURNOVER								
External sales	7,655	-	-	756	-	8,411	121,101	129,512
Inter-segment sales	-	-	-	1,562	(1,562)	-	-	-
Total	7,655	-	-	2,318	(1,562)	8,411	121,101	129,512
SEGMENT RESULTS	(4,351)	(36,910)	10	(255)	(1,562)	(43,068)	(265)	(43,333)
Unallocated other income	-	-	-	-	-	2,218	76	2,294
Unallocated corporate expenses	-	-	-	-	-	(8,627)	-	(8,627)
Loss on disposal of a subsidiary	-	-	-	-	-	-	-	-
Impairment loss on goodwill arising on acquisition of a subsidiary	-	-	-	-	-	-	-	-
Share of results of associates	7,227	(35,113)	-	3,177	-	(24,709)	-	(24,709)
Share of results of jointly controlled entities	-	-	-	(72)	-	(72)	-	(72)
Loss before taxation						(74,258)	(189)	(74,447)
Taxation						(23)	(395)	(418)
Loss for the period						(74,281)	(584)	(74,865)

Note: Inter-segment sales are charged at prevailing prices.

4. Profit(Loss) before taxation

	Six months ended 30th June (Unaudited)					
	Continuing operations		Discontinued operations		Consolidated	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Profit (Loss) before taxation has been arrived at after charging:						
Allowance for inventories	-	196	-	-	-	196
Allowance to amounts due from associates	-	2,942	-	-	-	2,942
Amortisation of prepaid lease payments	50	50	-	-	50	50
Depreciation of property, plant and equipment	617	1,194	-	1,207	617	2,401
Minimum lease rentals in respect of rented premises	238	-	-	-	238	-
Decrease in fair value of investments held for trading	2,887	-	-	-	2,887	-
Decrease in fair value of properties held for sale	-	33,962	-	-	-	33,962
and after crediting:						
Gross rental income	8,310	4,563	-	-	8,310	4,563
Less: Outgoings	(2,447)	(1,522)	-	-	(2,447)	(1,522)
Net rental income	5,863	3,041	-	-	5,863	3,041
Bank interest income	3,134	1,724	-	76	3,134	1,800
Loan interest income	1,741	565	-	-	1,741	565
Increase in fair value of investment properties	16,939	-	-	-	16,939	-
Reversal of the allowance on the amount due from a jointly controlled entity	115	-	-	-	115	-
Increase in fair value of investments held for trading	-	10	-	-	-	10

5. Impairment loss on goodwill arising on acquisition of a subsidiary

With reference to the strict measures by the government authorities against the property investments held by non-domestic investors, the directors of the Company has reviewed the carrying value of goodwill arising on the acquisition of a subsidiary, Twente Company Limited, the ultimate holding company holding certain investment properties in Beijing, the People's Republic of China (the "PRC"). An impairment loss of HK\$5,819,000 for the six months ended 30th June, 2007 has been recognised in the condensed consolidated income statement.

6. Taxation

Six months ended 30th June (Unaudited)					
Continuing operations		Discontinued operations		Consolidated	
2007	2006	2007	2006	2007	2006
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000

The taxation charge
comprises:

The Company and
subsidiaries:

The PRC Enterprises

Income Tax in
current period

684	23	–	395	684	418
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No provision for Hong Kong profits tax has been provided as the Group has no assessable profit arising in Hong Kong for both periods. Taxes on profits assessable outside Hong Kong have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates based on the existing legislation, interpretations and practices in respect thereof.

No deferred tax asset has been recognised relating to tax losses and other deductible temporary differences of the subsidiaries as the recoverability of these potential deferred tax assets is uncertain.

7. Discontinued operations

On 29th May, 2006, the Group entered into the agreement with 天津曙光計算機產業有限公司 ("Tianjin Dawning"), to dispose of its 100% interest in 北京曙光天演信息技術有限公司 ("Beijing Dawning"), 曙光信息產業(北京)有限公司 ("Dawning Information") and 62.5% of its 83.1% interest in 北京曙光創新科技有限公司 ("Beijing Dawning Novotech") (collectively referred to as the "Disposal Group" or the "Discontinued operations"), which are engaged in high-tech computers and servers manufacturing and the related business, for the consideration of RMB95,000,000 (HK\$91,346,000 equivalent). Upon completion of the disposal, Beijing Dawning Novotech became the 20.6% associate. This transaction was completed on 30th September, 2006.

The result of the Discontinued operations for the six months ended 30th June, 2006 is analysed as follow:

	Six months ended 30th June, 2006 (Unaudited) <i>HK\$'000</i>
Turnover	121,101
Cost of sales	<u>(92,091)</u>
Gross profit	29,010
Other income	983
Selling and distribution costs	(19,266)
Administrative expenses	(10,877)
Finance costs	<u>(39)</u>
Loss before taxation	(189)
Taxation	<u>(395)</u>
Loss for the period	<u><u>(584)</u></u>

8. Earnings (Loss) per share

From continuing and discontinued operations

The calculation of the basic earnings (loss) per share attributable to the equity holders of the Company is based on the following data:

	Six months ended 30th June (Unaudited)	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit (Loss)		
Profit (Loss) for the purpose of basic earnings (loss) per share	<u>27,319</u>	<u>(74,865)</u>

Six months ended 30th June
(Unaudited)

2007	2006
'000	'000

Number of shares

Weighted average number of ordinary shares for
the basic earnings (loss) per share

1,007,663	758,099
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Note : The above weighted average numbers of ordinary shares for the calculation of the basic loss per share for the six months ended 30th June, 2006 have been adjusted to take into account of the consolidation of shares of the Company approved by the shareholders of the Company in the special general meeting held on 12th February, 2007.

From continuing operations

The calculation of the basic earnings (loss) per share from the continuing operations attributable to the equity holders of the Company is based on the following data:

Six months ended 30th June
(Unaudited)

2007	2006
HK\$'000	HK\$'000

Profit (Loss) for the period attributable to
equity holders of the Company

27,319	(74,865)
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Less: Loss for the period from Discontinued operations,
net of minority interests

—	(584)
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Profit (Loss) for the purpose of the basic earnings (loss) per share
from continuing operations

27,319	(74,281)
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From discontinued operations

Basic loss per share for the discontinued operations was HK0.077 cent per share, based on the loss for the period from 1st January, 2006 to 30th June, 2006 from the Discontinued operations of HK\$584,000.

The computation of the diluted loss per share for the six months ended 30th June, 2006 did not assume the exercise of the outstanding share options as its exercise would result in a decrease in the loss per share for the period.

No diluted earnings per share has been presented because the exercise price of the Company's options was higher than the average market price for shares for the period ended 30th June, 2007.

9. Investment properties

The directors of the Company are of the opinion that the carrying amount of investment properties approximates to its fair value as at 30th June, 2007, after having compared with the properties of their comparable grade and quality at their proximities. For the six months ended 30th June, 2007, certain investment properties with the fair value of HK\$105,000,000 were acquired as a result of the acquisition of further 51% interests in the issued share capital of Twente Company Limited, which thereafter has become a wholly owned subsidiary of the Company.

10. Property, plant and equipment

During the period, the Group acquired property, plant and equipment of approximately HK\$1,387,000 (six months ended 30th June, 2006: HK\$1,875,000).

11. Investments in debt securities

These represents the unlisted debt securities in the PRC, with the effective interest rate ranging between 5.25% and 5.52% (six months ended 30th June, 2006: 5.25%) per annum. The directors considered that the carrying amount of the investments in debt securities approximates to its fair value.

12. Properties held for sale

The balance comprises the leasehold properties situated in Beijing, the PRC under long term leases.

13. Trade receivables

A defined credit policy is maintained within the Group. The general credit terms range between one and three months, except for certain well-established customers, where the terms are further extended to a maximum of one year. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are regularly reviewed by senior management.

The ageing analysis of trade receivables at the balance sheet date, based on invoice date, net of allowance, is as follows:

	30th June, 2007 (Unaudited) HK\$'000	31st December, 2006 (Audited) HK\$'000
Within 30 days	760	–
31 to 90 days	504	–
	<hr/> 1,264 <hr/>	<hr/> – <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The turnover of the continuing operations of the Group for the six months ended 30th June, 2007 amounted to approximately HK\$13,000,000, representing an increase of approximately 54.6% compared to approximately HK\$8,411,000 in the corresponding period last year. There has been no turnover attributable to the discontinued operations of the Group for the six months ended 30th June, 2007, as compared to approximately HK\$121,101,000 recorded in the corresponding period last year.

For the six months ended 30th June, 2007, the continuing operations of the Group contributed a gross profit of approximately HK\$10,463,000 (corresponding period in 2006: gross loss of approximately HK\$27,840,000). The gross loss of continuing operations in the corresponding period last year was mainly due to the provision by the Group of allowance of approximately HK\$33,962,000 for the properties held for sale as a result of the austerity control in the PRC. For the six months ended 30th June, 2007, there was no gross contribution from the discontinued operations, as compared with gross profit of approximately HK\$29,010,000 in the corresponding period last year.

During the period under review, the Group's consolidated net profit was approximately HK\$27,319,000, entirely contributed from the continuing operations (corresponding period in 2006: the net losses from continuing and discontinued operations were approximately HK\$74,281,000 and HK\$584,000 respectively, totalling approximately HK\$74,865,000).

Other than impairment loss on a goodwill of HK\$5,819,000 arising on the acquisition of 51% interests in the equity of Twente Company Limited during the period, the loss of approximately HK\$1,298,000 on disposal of a subsidiary and the fair value of the 48,900,000 share options granted in February, 2007 amounting to approximately HK\$5,598,000, the total expenses of the Group during the period were greatly reduced, as a consequence of the realignment of the operating strategy in respect of the property business in the PRC.

BUSINESS REVIEW AND PROSPECTS

Property Business

The major property projects currently invested in the PRC by the Group include Shun Jing Yuan in Beijing, a high-end residential apartment project, and Dawning Tower in Shenzhen, a property for industrial and commercial uses.

Located in Chaoyang District in Beijing, Shun Jing Yuan is an European-style luxury residential apartment project with large unit design, targeting at high-end customers. The regulating and administering policies by the state over high-ended residential project have an impact on Shun Jing Yuan project. Under these unfavourable conditions, the Group focused on the fundamental works of the current projects and imposed strict requirements on the particulars and improved it continuously, pending for the reversal of market conditions. Meanwhile, the Group also adjusted its sales agents and strategies to save costs.

The Dawning Tower, located in Shenzhen, the PRC, continued to secure a high occupancy rate. Accordingly, the Group has realized an income of approximately HK\$8,387,000 during the period, representing an increase of approximately 9.6% over the previous year.

The Group will continue to enhance the management quality of Dawning Tower and maintain good cooperation with its customers to maintain the prestigious status of Dawning Tower among commercial buildings and to ensure a high occupancy rate with the building. It is expected that the building's occupancy rate will maintain at a high level in the second half of this year. Dawning Tower has secured a steady future rental income. The Company, however, will continue to increase its income and control the expenses in anticipation of further improving the earnings and revenue from Dawning Tower.

In January 2007, the Group has acquired a further 51% equity interest in Twente Company Limited, the ultimate holding company holding certain properties located at levels 4 and 5 of Beijing East Gate Plaza, the PRC. After the acquisition, the Group has increased its investment properties in Beijing by approximately 5,100 square metres, generating rental income of approximately HK\$2,575,000 to the Group during the period.

In March 2007, the Group purchased certain units in Admiralty Centre, Tower 1, Queensway, Hong Kong as investment property in anticipation of a steady rental income.

The Company will continue specialising in the PRC and Hong Kong property investment and trading in anticipation of the steady return. Apart from the property market, the Company will continue looking for suitable investment opportunities in other area with stable returns, i.e. projects characterised by stable cash inflows and simple management mechanism.

Capital Market Investment and Financial Services

The Group has diversified its investment portfolio to accommodate more current assets with higher liquidity, including securities and debt securities, in order to enhance the return of current assets.

In the first half of 2007, the financial and capital markets in Hong Kong as well as the PRC continued rallying. The Group achieved the profit of approximately HK\$11,896,000 from its capital market investment. The financial services of the Group maintained a modest operation, providing short to medium term loans to the business associates and partners. In view of sufficient working capital in the current period, as well as in the future, the foregoing lending activities contribute a higher return to the Group than the bank savings interest.

Manufacturing of High-tech Computers and Servers and Related Business

Jingke Information

Wuhan Jingke Information Industry Co., Ltd. (“Jingke Information”) is mainly engaged in the manufacturing of quartz oscillators (semi-finished products) used in the production of various electronic products, resonators (final products), SMD and related devices. Sales revenue for the six months ended 30th June, 2007 was HK\$11,740,000, representing a slight increase of approximately 5.2% over the corresponding period of last year.

An agreement was entered into between the Group and Jingke Information on 1st March, 2004, pursuant to which the Group granted a non-revolving secured loan up to RMB15,000,000 (equivalent to approximately HK\$14,151,000). The loan was secured by each of the shareholders of Jingke Information by charging their respective equity interests in Jingke Information to the Group. In addition, Jingke Information also owed to the Group an amount of RMB8,000,000 (approximately HK\$8,000,000).

In order to collect most of the above two receivables, an application has been made to the Wuhan Intermediate People’s Court in respect of a litigation against Jingke Information to recover the equivalent amount due to the Group, and the Intermediate People’s Court has decided judicially to treat the related assets of Jingke Information as the seized properties by legal authority. After the granting of judgment in favour of the Group and the recognition of mediation between the Group and Jingke Information by Intermediate People’s Court, the Group shall follow the proper procedures to recover the whole or part of the receivables from realisation of the seized properties.

Yunnan Green-Land

On 21st March, 2007, the Company has disposed of its entire interests in Treasure Land Enterprises Limited, a wholly-owned subsidiary of the Company, the only asset of which is the holding of 11,187,456 shares in the share capital of Yunnan Green-Land Biological and Science Company Limited (“Yunnan Green-Land”), at a consideration of approximately RMB40,051,000. Yunnan Green-Land is mainly engaged in the sale, design and project contracting of horticultural plants. Details of the disposal have been set out in the circular dated 4th April, 2007 to the Company’s shareholders.

Dawning – Discontinued operations

On 30th September 2006, the Group completed the disposals of manufacturing of high-tech computers and servers and the related business. Details of the disposals were set out in the circular to all shareholders of the Company dated 30th June, 2006.

During the six months ended 30th June 2006, turnover of manufacturing of high-tech computers and servers and related business was approximately HK\$121,101,000, whilst the net loss after taxation of approximately HK\$584,000.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group managed to maintain its liquidity at a healthy level, with the Group's cash and bank deposits totaling HK\$269,657,000 as at 30th June, 2007 (31st December, 2006: approximately HK\$218,262,000). The Group exercised strict credit control on its accounts receivable. As at 30th June, 2007, accounts receivable of the Group amounted to HK\$1,264,000 (31st December, 2006: Nil). The current ratio as at 30th June, 2007 was 21.72 while that as at 31st December 2006 was 22.42. For the six months ended 30th June, 2007, the Group did not raise any bank loan. As at 30th June, 2007 and 31st December, 2006, the Group did not have any outstanding bank loan. As at 30th June, 2007 and 31st December, 2006, the Group's gearing ratio (on the basis of total borrowings divided by shareholders' equity) was maintained at a level of zero.

Treasury Management

In respect of financial resources management, the Group continued diversification of its investment portfolio to accommodate more current assets with higher liquidity, including securities, in order to enhance the return of current assets. The aggressive and yet prudent financial resources management policy would be continued to maximize investments return within a reasonable risk level.

Subscription of new shares and use of proceeds

Pursuant to the subscription agreement dated 7th June 2007, Glory Faith Holdings Limited, an independent third party, subscribed 110,000,000 new ordinary shares of HK\$0.2 each of the Company at a subscription price of HK\$0.62 per share. After deducting the related expenses, the net proceeds from the issuance of new shares were approximately HK\$68,100,000. Further details of this subscription of shares were set out in the announcement of the Company dated 7th June, 2007.

The net proceeds arising from the subscription of new shares are intended to be used to invest in some other suitable investment opportunities to be identified by the Company.

Pledge of Assets

As of 30th June, 2007, the Group had not pledged any of its assets and bank deposits in order to obtain general banking facilities or short term bank borrowings.

Employees' Remuneration and Benefits

The Group had about 330 employees including managerial, executive and technical staffs and production labour in Hong Kong and the PRC as at 30th June, 2007 (31st December, 2006: about 330). The level of remuneration, the promotion and the magnitude of remuneration adjustment are justified according to their job duties, working performance and professional experience. All staff and executive directors in Hong Kong office have participated in the mandatory provident fund scheme. Other employees' benefits include the granting of share options by the Board of the Group under the share option scheme adopted by the Company.

Foreign Exchange and Currency Risk

All income and funds applied to the purchases of raw materials, spare parts and equipment and the payments of salaries were dominated in Hong Kong dollars and Renminbi; therefore, it was not necessary to use any financial instruments for hedging purpose, and the Group's exposure to the fluctuation of the exchange risk was minimal. During the period under review, the Group has not engaged in any hedging activities. As of 30th June, 2007, cash in hand and bank balances of the Group were mainly denominated in Hong Kong dollars, US dollars and Renminbi.

Disposals and Acquisitions

On 23rd January, 2007, Asset Partners Group Limited, a wholly-owned subsidiary of the Company, completed the acquisition of 51% equity interest in Twente Company Limited, which was an associate of the Group as at 31st December, 2006, at a consideration of HK\$63,000,000. The consideration was satisfied by the issuance of new shares of the Company. Further details were set out in the circular to the shareholders of the Company dated 15th January, 2007.

In March 2007, the Company completed its acquisition of 100% equity interests in and the shareholder's loan to Sharp World Investments Limited ("Sharp World") from Lucy Tin Chua at a consideration of HK\$17,500,000 which was satisfied by the issuance of new shares of the Company. On completion, the Company provided with Sharp World a loan as the balance payment of certain units in Admiralty Centre, Tower 1, by Sharp World. Further details of this were set out in the circular to the shareholders of the Company dated 13th March, 2007.

On 16th March, 2007, the Company entered into the sale and purchase agreement with Agricultural Technology (Hongkong) Holdings Limited to sell its 100% equity interests in Treasure Land Enterprises Limited for RMB40,051,000 (equivalent to HK\$40,051,000). Further details of this disposal were set out in the circular to the shareholders of the Company dated 4th April, 2007.

On 25th May, 2007, Stadium Holdings Limited, a wholly-owned subsidiary of the Company, and Cheers Top Limited, an independent third party, entered into the agreement to sale and purchase respectively properties situated at suites 04, 05, and 06 on 19th Floor, Harbour Centre, No. 25 Harbour Road, Wanchai, Hong Kong for HK\$51,920,000. The disposal was completed on 20th August, 2007.

Save as disclosed above, the Group had not participated in any substantial acquisition and disposal during the period under review.

Contingent Liabilities

The Group had no material contingent liability as at 30th June, 2007.

OTHER INFORMATION

Interim dividend

The Board resolved not to declare the payment of interim dividend for the six months ended 30th June, 2007 (six months ended 30th June, 2006: nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions.

The Company confirms that, having made specific enquiry of all the directors, all directors have complied with the required standards set out in the Model Code during the six months ended 30th June, 2007.

CORPORATE GOVERNANCE

The Company has adopted the code provisions of the Code of Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules as its own code of corporate governance practices. The Company has also complied with all the code provisions under the CG Code except for the deviations from code provisions A.2.1. and A.4.1. which are explained in the following relevant paragraphs.

Under the code provision A.2.1., the responsibilities between the chairman and chief executive officer should be divided. Currently, the office of chief executive director is vacant. The roles and functions of the chief executive officer have been performed by the Board of the Company and the Directors believed that such arrangement enables different talents and expertise of the Directors to be best utilized to the benefits of the Group.

Under the code provision A.4.1., non-executive directors should be appointed for a specific term and subject to re-election. Non-executive directors of the Company are not appointed for a specific term but they are subject to the retirement by rotation at least once every three years in accordance with the bye-laws of the Company.

Save as those mentioned above and in the opinion of the Directors, the Company has met the code provisions set out in the CG Code for the six months ended 30th June, 2007.

AUDIT COMMITTEE

The Audit Committee of the Company comprises three independent non-executive directors, including Mr. Liu Sing Piu, Chris, Mr. Lee Kuo Ching, Stewart, and Miss Chong Kally. The principal duties of the Audit Committee include the review of the Company's financial reporting procedure, internal controls and results of the Group. The unaudited condensed consolidated interim financial statements have been reviewed by the Audit Committee.

By order of the Board
Shenzhen High-Tech Holdings Limited
Wong Chung Tak
Chairman

Hong Kong, 17th September, 2007

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Wong Chung Tak and Mr. Tse Kam Fai, one non-executive Director, namely Mr. Wong Ngo, Derick, and three independent non-executive Directors, namely Mr. Liu Sing Piu, Chris, Mr. Lee Kuo Ching, Stewart and Miss Chong Kally.