

CORPORATE PROFILE

Co-Prosperity Holdings Limited (the “Company” and together with its subsidiaries, the “Group”) was incorporated with limited liability in the Cayman Islands on 26 January 2005 and was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 30 March 2006.

The Company is a large-scale dyeing enterprise in Mainland China (“the PRC”) which has three major wholly-owned subsidiaries in the PRC, namely, Xuesheng (Shishi) Printing & Knitting Industry Co., Ltd. (“Xuesheng”), Xiefeng (Fujian) Printing & Dyeing Co., Ltd. (“Xiefeng”) and Shasing Shapheng Dyeing Co., Ltd. FJ (“Shasing-Shapheng”), principally engaged in the sale and processing of fabrics, with mission to provide high quality finished fabrics and comprehensive services at one stop to its customers.

After years of operations, the Group has established its reputation among the major fabrics suppliers in the PRC and has been granted numerous awards from various industry associations and government bodies. For examples, the Group was awarded “國際名牌發展企業” (Enterprise of International Brand Cultivation) in June 2005, “2004年度中國印染行業競爭力前十強” (Top 10 Most Competitive Enterprises in the PRC Printing and Dyeing Industry for the Year 2004) and “2004年度中國印染行業銷售收入前五十名” (Top 50 Enterprises in Sales in the PRC Printing and Dyeing Industry for the Year 2004) in August 2005 and “2004年度中國印染行業協會十佳企業” (Top Ten Best Enterprises in the PRC Printing and Dyeing Industry Association for the Year 2004) and “2005-2008年度中國質量、服務、信譽AAA級企業” (AAA Grade Quality, Service, Reputation Enterprises in the PRC for the period 2005 to 2008) in September 2005.

The Group's production facilities are located in Shishi City, Fujian Province, the PRC. Enjoying worldwide fame as the capital of casual wears and a major casual wear manufacturing center in the PRC, Shishi City owns a complete production chain from weaving, printing and dyeing, to garment manufacturing and volume fabrics trading. As a sizeable dyeing and printing enterprise of surface fabrics for garments, the Group has geographical advantage in benefiting from the production chain. Currently, the Group occupies a total gross floor area of approximately 98,000 sq.m, and has about 1,700 employees in the PRC working on 22 processing lines, 2 printing lines and 4 washing lines, capable of producing 21,200 tons of knitted fabrics and 66.99 million metres of woven fabrics a year. Having regard to the business potential and the increasing growth in its turnover, the Group is planning to further expand its production capacity through acquisition of existing printing and dyeing plants and/or purchase of more advanced computerised printing and dyeing machinery and equipment in the coming year.

The Group's operations consist of sales of finished fabrics and provision of fabrics processing subcontracting services. For the sales of finished fabrics, the Group would source raw fabrics and purchases for the customers, make its own design for the products, and make decision for the dyeing and processing for the products. Such kind of business has offered value-added quality products to the customers and has striven for a more ideal profit margin for the Group. The other type of business is the provision of fabrics processing subcontracting services for the customers in which the customers would provide their raw fabrics, their design and processing requirements to the Group for processing subcontracting services, the Group will then elaborate potential of the equipment, strive for economics of scale, receive the subcontracting fees, and also broaden accessibility among downstream vendors through such the business.

The Group commits to stringent and comprehensive quality control procedures throughout the production process from purchase of raw materials to product packaging and has ascertained national certification and industry recognition. In March 2005, Shasing-Shapheng, Xiefeng and Xuesheng were accredited with ISO9001:2000 by 中國質量認證中心 (China Quality Certification Center). In August 2005, Shasing-Shapheng was the first enterprise in Fujian Province accredited with ISO14024 by 中國質量認證中心 (China Quality Certification Center) which had paved the way for the Group's products to enter into the European markets.

The Group is renowned for innovative high quality products and services. The Group has its own in-house research and development team which has successfully developed hundreds of new products and has the ability to lead the market. With their effort, the Group's tencel-like processing technique was accredited as "China Brand Quality Product (中國名優產品)" in September 2004, which has met the stringent 「天絲全球」 standard, qualifying the Group as a core dyeing and processing enterprise for 「天絲全球」 in the PRC. In December 2004., Shasing-Shapheng was awarded 高新技術企業認定證書 (High and New Technology Enterprise Certificate) by 福建省科學技術廳 (Fujian Province Science Technology Bureau) and in June 2005, Shasing-Shapheng was awarded "國際名牌發展企業" (Enterprise of International Brand Cultivation). Besides the star strength tencel-like processing technique, the Group has adopted a comprehensive set of fabrics processing techniques such as synthetic, non-iron, combined fabrics, static electricity resistance and fire resistance processing, net printing, polyurethane pasting, colouring and pattern pressing, embossing and sanding to increase the value of the finished fabrics.

The Company's diverse client base has given it a special edge. It has built a 3-tier client base : with well-known brand name enterprises on top, mid-scale enterprises in the middle and basic clients the remaining. For the over 30 well-known brand name enterprises in the top tier, the Group serves their needs by closely monitoring their demands to explore market fashion. Seeing the over 200 enterprises in the middle tier as its most important customer group, the Group put major effects into growing them which is instrumental in helping it to minimize market risks. The Group's basic clientele comprises of 300 strong and small enterprises and they are an important market tuner. This 3-tier client base allows the Group to diversify risks effectively, fortify the Group's foundation in the market and stay abreast of market trends and guarantees its stable development. Leveraging its high quality products, unparallel industry expertise and advanced technology, the Group has become an important force in the global fabric processing industry.