

吉林奇峰化纖股份有限公司

Jilin Qifeng Chemical Fiber Co., Ltd.

(A Joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 549)

2007 *Interim Report*

2	Financial and Business Summary
3	Management Discussion and Analysis
10	Information of Share Capital and Substantial Shareholders
12	Other Information
13	Condensed Interim Balance Sheet
15	Condensed Interim Income Statement
16	Condensed Interim Statement of Changes in Equity
17	Condensed Interim Cash Flow Statement
18	Selected Notes to the Condensed Interim Financial Information
32	Corporate Information



FINANCIAL SUMMARY

	For the six months ended 30 June		
	2007 RMB million	2006 RMB million	Change %
Revenue	1,017.6	1,060.6	-4.1
Gross profit	78.8	151.9	-48.1
Operating profit	31.8	102.2	-68.9
Share of loss of a jointly controlled entity	(25.2)	(1.1)	>-100
(Loss)/profit attributable to shareholders of the Company	(26.8)	58.2	N/A
(Losses)/earnings per share (RMB per share)	(0.03)	0.09	N/A
Interim dividend per share (RMB per share)	—	—	N/A
Gross profit margin	7.7%	14.3%	-46.2
Net (loss)/profit margin	(2.6)%	5.5%	N/A
	As at 30 June 2007	As at 31 December 2006	
Current ratio	1.08	1.15	-6.1
Gearing ratio	62.4%	55.5%	-12.4

BUSINESS SUMMARY

- Sales volume reached approximately 60,716 tons for the first half of 2007, representing a decrease of approximately 10.2% as compared with the same period in 2006.
- Sales-to-production ratio recorded approximately 91.0% for the first half of 2007, representing a decrease of approximately 6.1% as compared with the same period in 2006.
- In terms of revenue and sales volume, acrylic staple fibre was the best selling product for the first half of 2007. The revenue and sales volume of acrylic staple fibre represented approximately 35.8% and 36.4% of the Company's total revenue and sales volume for the first six months of 2007 respectively.
- The Company produced 8,583 tons of differential acrylic fibre products, representing approximately 12.9% of the total output of the Company in the first half of 2007.
- Production plant was operated at a utilization rate of approximately 98.1% for the first six months of 2007.
- Jimont commenced commercial production in early 2007 and sales volume and production volume reached 29,404 tons and 34,975 tons respectively for the first half of 2007, representing a sales-to-production ratio of 84.1%. The utilization rate of the production plant of Jimont for the first half of 2007 amounted to approximately 70.0%.

MAJOR OPERATIONAL DATA

1. Revenue

	For the six months ended 30 June			
	2007		2006	
	RMB million	%	RMB million	%
Acrylic top	341.8	33.6	415.9	39.2
Acrylic tow	308.1	30.3	369.2	34.8
Acrylic staple fibre	364.7	35.8	270.6	25.5
Others*	3.0	0.3	4.9	0.5
Total	1,017.6	100.0	1,060.6	100.0

* Refer to acrylic fibre scrap which are not counted towards the sales volume.

2. Sales volume

	For the six months ended 30 June			
	2007		2006	
	Tons	%	Tons	%
Acrylic top	19,789	32.6	25,800	38.2
Acrylic tow	18,801	31.0	24,035	35.5
Acrylic staple fibre	22,126	36.4	17,764	26.3
Total	60,716	100.0	67,599	100.0

3

Interim
Report
2007

3. Average selling price and gross profit margin

	For the six months ended 30 June			
	2007		2006	
	Average selling price RMB/ton	Gross profit margin %	Average selling price RMB/ton	Gross profit margin %
Acrylic top	17,274	7.8	16,122	14.3
Acrylic tow	16,388	8.0	15,359	15.4
Acrylic staple fibre	16,485	7.4	15,231	12.8
Overall gross profit margin		7.7		14.3

REVIEW AND OUTLOOK

Market review

According to the National Bureau of Statistics of China, the gross output value of the PRC acrylic fibre industry reached RMB3.87 billion for the first five months of 2007, representing an increase of approximately 33.7% as compared with the same period last year. The acrylic fibre industry, benefiting from the PRC's blossoming economy, continued to grow steadily and contributed to the development of different sectors in the PRC.

In the first half of 2007, the entire acrylic fibre industry in the PRC faced heavy pressure on raw material cost. Persistent shortage of domestic acrylonitrile supply in the PRC was the major reason that significantly drove up the raw material cost. And, with acrylonitrile being a petrochemical product, the continual increase in international crude oil price from approximately US\$50.8 per barrel in January 2007 to approximately US\$72.3 per barrel in June 2007 had also caused the increase in the raw material cost. The average purchase price of acrylonitrile increased from approximately RMB11,239 per ton in the first half of 2006 to approximately RMB13,388 per ton in the same period of 2007, a leap of 19.1%.

The demand for acrylic fibre products in the PRC during the period under review also dropped with the decrease in demand for textile products resulting from the adverse effect brought by the reduction in tax rebate and appreciation of the Renminbi on export sales, and by the unusually warm winter in 2006. Moreover, the commencement of commercial production of Jilin Jimont Acrylic Fiber Co., Ltd. ("Jimont"), a sino-foreign equity joint venture in which the Company has 50% interest, in early 2007 also temporarily impacted the overall supply and demand situation of the entire acrylic fibre market in the PRC in the first half of 2007.

In a nutshell, high raw material cost and stagnant demand for acrylic fibre products hampered growth of the entire acrylic fibre industry in the PRC during the period under review.

Sales review

For the first six months of 2007, the Company recorded sales volume of 60,716 tons, representing a decrease of 10.2% from 67,599 tons for the same period in 2006. Furthermore, the average unit selling price of acrylic fibre products increased only by 7.0% from RMB15,617 in the first half of 2006 to RMB16,712 in the same period of 2007.

To cope with the challenging acrylic fibre market, the Company applied flexible sales and marketing strategies during the period under review, riding on its well established sales network and the sales center in Suzhou city. In addition, the Company strived to provide comprehensive customer services, such as changing product coding based on new product quality specifications to better meet customers' needs.

Operations review

During the first half of 2007, the Company implemented stringent internal control measures and focused on production management.

For production management, the Company implemented six technology innovation and renovation projects for the first six months of 2007 to improve efficiency and cost effectiveness in the areas of production technology and product quality.

For the six months ended 30 June 2007, the Company's production plant operated at a utilization rate of approximately 98.1%. In particular, the Company produced 8,583 tons of differential acrylic fibre products, representing 12.9% (2006: 7.9%) of the Company's total production volume of 66,696 tons. The continuous development of differential acrylic fibre products is crucial to the future development of the Company and Jimont.

In 2002, the Company obtained ISO 14001 "Environment Management System" and other certifications. These achievements have encouraged the Company to continue to enhance internal control. The annual review for ISO and other certifications covering product quality, environmental protection, and occupational safety and health for the year of 2007 is scheduled for September 2007.

Employees

As at 30 June 2007, the Company had 1,222 employees, the number of which is relatively stable as compared to 1,216 as at 31 December 2006. Staff remuneration packages are determined with reference to prevailing market practices and include a performance-based incentive bonus. The Company also provides continuous training to its staff at all levels. During the six months ended 30 June 2007, the Company provided training in the areas of production technology, product quality control, production safety and environmental protection to its employees.

Outlook

To cope with the challenging conditions in the acrylic fibre market in the PRC in the first half of 2007, the Company adopted flexible sales and marketing strategies to meet customers' changing needs, strengthened internal control to increase cost effectiveness and continuously improved and upgraded its production technology to develop new products. These measures have reinforced the competitive advantages of the Company in terms of quality and pricing of its products and enabled the Company to maintain the leading position in the PRC acrylic fibre market.

Looking forward, the management expects conditions in the PRC acrylic fibre market to remain challenging in the second half of 2007. Nevertheless, the Company sees new opportunities and advances for its business as stated below:

1. Continuous shortage in domestic acrylic fibre supply: With the growing textile industry and textile export business in the PRC, the demand for acrylic fibre products has also been on the rise in recent years. For the first half of 2007, approximately 36% of the domestic demand for acrylic fibre products was met by imported products. The management believes that the deficit in domestic acrylic fibre supply will persist in the foreseeable future, which will work in favour of the development of the Company and Jimont.
2. Continuous development of differential acrylic fibre products: The Company is currently producing five types of differential acrylic fibre products and has been engaging in research and development of various differential acrylic fibre products to satisfy market demands. The Company is also undertaking the research and development of carbon fibre which has wide applications in the PRC from sports rackets to components of aircrafts. It is expected that carbon fibre not only has a higher profit margin than conventional acrylic fibre products, but also very promising market potential. The Company will continue to focus on developing differential acrylic fibre products to increase its proportion in the Company's product mix and in turn improve the overall competitiveness of the Company. The management believes that the development of differential acrylic fibre products will be a major driving force of the acrylic fibre industry in the PRC in the future. The Company is prepared to seize opportunities in the market to boost profitability.

3. Raw material cost to come down: It is expected that the supply and demand situation of raw material would return to a more balanced level with the launch of new acrylonitrile supply on the market. Accordingly, the cost of raw material will eventually come down and profitability of the Company and Jimont will increase.
4. Improvement in profitability of Jimont: As Jimont only commenced commercial production in early 2007, its financial performance for the first half of 2007 was affected by the relatively high unit fixed cost of production during its initial period of production. With production volume and the production plant's utilization rate continue to increase and raw material cost expected to come down, the management anticipates that the financial performance of Jimont will improve in the second half of 2007.

The management of the Company will actively capitalize on the above opportunities to consolidate the leading position of the Company in the PRC acrylic fibre industry and maximize returns to shareholders.

FINANCIAL ANALYSIS

Operation results

For the six months ended 30 June 2007, the Company's revenue amounted to approximately RMB1.02 billion, representing a decrease of approximately 4.1% as compared to approximately RMB1.06 billion for the corresponding period in 2006. The decrease in revenue was mainly due to the 10.2% decrease in sales volume of acrylic fibre products outweighing the increase of 7.0% in average unit selling price of acrylic fibre products as compared with the corresponding period in 2006. The decrease in sales volume of acrylic fibre products for the six months ended 30 June 2007 was mainly due to the adverse effect on the demand for textile products brought by the decrease in export sales resulting from reduction in tax rebate and appreciation of the Renminbi, and by the unusually warm winter in 2006. For the first half of 2007, the total sales volume and production volume were 60,716 tons and 66,696 tons respectively, representing a sales-to-production ratio of 91.0% (Six months ended 30 June 2006: 96.9%).

Loss attributable to shareholders of the Company for the first half of 2007 was approximately RMB26.8 million, versus a profit attributable to shareholders of the Company of approximately RMB58.2 million for the corresponding period in 2006. The net loss incurred for the first half of 2007 was mainly attributable to a decrease in the overall gross profit margin of the Company and the share of loss of RMB25.2 million of Jimont, a 50% owned jointly controlled entity of the Company, which commenced commercial production in early 2007.

The overall gross profit margin of the Company decreased from 14.3% in the first half of 2006 to 7.7% in the corresponding period of 2007. The price of acrylonitrile, the major raw material for the Company, increased by 19.1% for the first six months of 2007 as compared with the same period in 2006 as a result of persistent tight acrylonitrile supply in the PRC. The increase in price of acrylonitrile outweighed the increase of 7.0% in average unit price of acrylic fibre products for the six months ended 30 June 2007. The price differential between the average selling price of the Company's acrylic fibre products and the average purchase price of acrylonitrile for the first half of 2007 was approximately RMB3,324 per ton, representing a decrease of approximately 24.0% as compared to approximately RMB4,371 per ton for the same period in 2006.

Operating expenses

Operating expenses decreased from approximately RMB59.0 million for the six months ended 30 June 2006 to approximately RMB55.0 million for the same period in 2007. The ratio of operating expenses to revenue decreased from 5.6% in the first half of 2006 to 5.4% in the same period of 2007, reflecting the Company's continuous effort in cost control to minimize the adverse impact brought by rising raw material cost.

Finance costs

Finance costs increased moderately from approximately RMB34.3 million for the six months ended 30 June 2006 to approximately RMB34.4 million for the same period in 2007. The increase in interest expense resulted from the increase in bank loan balance and the overall borrowing interest rate during the first half of 2007 was offset by the capitalized interest of RMB5.7 million arisen from bank loans for funding construction of the thermal power plant.

Share of loss of a jointly controlled entity

Jimont commenced commercial production in early 2007. The share of loss of RMB25.2 million for the first half of 2007 represented the 50% share of interest of the Company under the equity method in Jimont. The net loss of Jimont was mainly due to high raw material cost and high unit fixed cost of production during the initial production period.

Financial resources, liquidity and liability position

For the six months ended 30 June 2007, the Company maintained a healthy financial position by adopting prudent financial policies.

As at 30 June 2007, the Company's total assets and total liabilities were RMB2.98 billion and RMB1.86 billion, respectively. As at 30 June 2007, the Company's net current assets amounted to RMB76.9 million, or a current ratio of 1.08 (31 December 2006: 1.15). In addition, the Company had cash at bank and in hand of RMB174.9 million as at 30 June 2007.

Total bank loans of the Company as at 30 June 2007 amounted to RMB1.30 billion, of which short-term bank loans were RMB543.0 million and long-term bank loans were RMB760.0 million. The bank loans were mainly used for the expansion of production facilities in previous years and construction of the thermal power plant.

All bank loans of the Company were arranged on a floating interest rate basis. As all of the Company's bank loans are denominated in RMB, the management believes the Company is exposed to minimal foreign exchange risks thus has not made any foreign currency hedging arrangement.

As at 30 June 2007, the Company's gearing ratio, calculated by dividing total liabilities by total assets, was 62.4% (31 December 2006: 55.5%). The increase in gearing ratio of the Company was mainly due to the net increase in bank loans of RMB100.4 million for the first half of 2007 to meet working capital requirements.

Status of investments

Jimont

Jimont was established on 21 December 2005 and commenced commercial production in early 2007. It is jointly owned by the Company as to 50%, Montefibre S.p.A. as to 39.64% and SIMEST S.p.A as to 10.36%. Jimont is principally engaged in the manufacture and sales of acrylic fibre products and currently has an annual production capacity of approximately 100,000 tons. The total annual production capacity of Jimont can be increased to approximately 150,000 tons. Nevertheless, at present, the Company did not have any concrete timetable for capacity expansion plan of Jimont.

For the first half of 2007, the sales volume and production volume of Jimont reached 29,404 tons and 34,975 tons respectively, representing a sales-to-production ratio of 84.1%. The utilization rate of production plant was 70.0%. The net loss of Jimont for the first half of 2007 amounted to RMB50.4 million was mainly due to high raw material cost and the relatively high unit fixed cost of production during the initial period of production.

The management anticipates the operating results of Jimont to improve in the second half of 2007 owing to the lowering of unit production cost as the utilization rate of its production plant continues to increase and raw material cost is expected to come down when the tight supply of acrylonitrile eases with the launch of new acrylonitrile supply on the market.

Thermal power plant

The thermal power plant commenced production in late 2006 with a total investment of approximately RMB492.6 million. As set out in the announcement of the Company dated 8 August 2007, the utilities production and treatment facilities will, upon the approval of independent shareholders of the Company in the forthcoming extraordinary general meeting on 25 October 2007, be consolidated under the Jilin Chemical Fiber Group Co., Ltd. ("JCF Groupco") Power Company ("Power Company"), a wholly-owned subsidiary of JCF Groupco without separate legal person status. Under the consolidation arrangement of utilities resources, the thermal power plant and waste water station will be leased to the Power Company for management and operation and in return, the Power Company will supply the utilities to the Company and Jimont for meeting their production requirements. The cost of utilities of the Company and Jimont would be reduced under this arrangement as a result of the increase in cost effectiveness brought about by the consolidation of resources. The resulting savings in utilities costs would help to lower production cost and thus, enhance profitability of both the Company and Jimont.

Entrusted deposits and matured time deposits

As at 30 June 2007, the Company did not hold any deposits under trusts in any financial institutions in the PRC. All of the Company's cash was held in commercial banks in the PRC in accordance with applicable laws and regulations. The Company had no bank deposits which cannot be withdrawn upon maturity.

Pledged assets

As at 30 June 2007, certain property, plant and equipment and land use rights of net book value amounted to RMB680.4 million and RMB8.3 million respectively (31 December 2006: RMB768.1 million and RMB23.9 million respectively) were pledged as securities for bank loans of RMB320.0 million (31 December 2006: RMB342.6 million).

Contingent liabilities

The Company had no material contingent liabilities as at 30 June 2007.

Interim dividend

The board of directors of the Company has resolved not to declare any interim dividend for the six months ended 30 June 2007 (30 June 2006: Nil).



INFORMATION OF SHARE CAPITAL AND SUBSTANTIAL SHAREHOLDERS

SHARE CAPITAL

As at 30 June 2007, there was a total issued share capital of 866,250,000 shares of the Company (the “Shares”) which include:

	Number of Shares	Approximate percentage of share capital of the Company
Domestic Shares	437,016,596	50.45%
Non-H Foreign Shares	169,358,404	19.55%
H Shares	259,875,000	30.00%
	<hr/>	<hr/>
Total	866,250,000	100.00%
	<hr/> <hr/>	<hr/> <hr/>

SUBSTANTIAL SHAREHOLDER

As at 30 June 2007, the following persons (not being director, supervisor or chief executive of the Company), so far as are known to any director, supervisor and chief executive of the Company have an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (“SFO”):

Name of shareholders	Number of Shares directly and indirectly held	Class of Shares	Approximate percentage in relevant class of Shares (%)			Approximate percentage in total issued share capital (%)		
			Direct interests	Indirect interests	Aggregate interests	Direct interests	Indirect interests	Aggregate interests
吉林化纖集團有限責任公司 (Jilin Chemical Fiber Group Co., Ltd.)	433,229,558	Domestic Shares	99.13	—	99.13	50.01	—	50.01
吉林市金泰投資（控股） 有限責任公司 (Jilin City Jintai Investment (Holdings) Co., Ltd.)	433,229,558 ⁽¹⁾	Domestic Shares	—	99.13	99.13	—	50.01	50.01
Ronsace Company Limited	94,841,726	Non-H Foreign Shares	56.00	—	56.00	10.95	—	10.95
Bank of China Group Investment Limited	94,841,726 ⁽²⁾	Non-H Foreign Shares	—	56.00	56.00	—	10.95	10.95
Bank of China Limited	94,841,726 ⁽²⁾	Non-H Foreign Shares	—	56.00	56.00	—	10.95	10.95

INFORMATION OF SHARE CAPITAL AND SUBSTANTIAL SHAREHOLDERS

Name of shareholders	Number of Shares directly and indirectly held	Class of Shares	Approximate percentage in relevant class of Shares (%)			Approximate percentage in total issued share capital (%)		
			Direct interests	Indirect interests	Aggregate interests	Direct interests	Indirect interests	Aggregate interests
Sanlink Investments Limited	44,029,105	Non-H Foreign Shares	26.00	—	26.00	5.08	—	5.08
China Insurance Group Investment Limited	44,029,105 ⁽³⁾	Non-H Foreign Shares	—	26.00	26.00	—	5.08	5.08
China Life Insurance Company Limited	44,029,105 ⁽³⁾	Non-H Foreign Shares	—	26.00	26.00	—	5.08	5.08
Halesfield Investment Limited	30,487,573	Non-H Foreign Shares	18.00	—	18.00	3.52	—	3.52
Huang Jia Lin	30,487,573 ⁽⁴⁾	Non-H Foreign Shares	—	18.00	18.00	—	3.52	3.52
Huang Jia Yuan	30,487,573 ⁽⁴⁾	Non-H Foreign Shares	—	18.00	18.00	—	3.52	3.52
全國社會保障基金理事會 (The National Social Security Fund of the PRC)	23,625,000	H Shares	9.09	—	9.09	2.73	—	2.73

Notes:

1. 433,229,558 Shares are deemed corporate interests under the SFO indirectly held through Jilin Chemical Fiber Group Co., Ltd.
2. 94,841,726 Shares are deemed corporate interests under the SFO indirectly held through Ronsace Company Limited.
3. 44,029,105 Shares are deemed corporate interests under the SFO indirectly held through Sanlink Investments Limited.
4. 30,487,573 Shares are deemed corporate interests under the SFO indirectly held through Halesfield Investment Limited.

Save as disclosed above, so far as is known to the directors, supervisors and chief executive of the Company, as at 30 June 2007, there was no other person who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

INTERESTS OF DIRECTORS AND SUPERVISORS

As at 30 June 2007, the directors, supervisors and chief executive of the Company did not have any interests and short positions in the shares, the underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) and required to be entered in the register maintained by the Company pursuant to section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (for this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the Supervisors).

AUDIT COMMITTEE

The Audit Committee reviewed with management the accounting principles and practices adopted by the Company and discussed auditing, internal control and financial report matters including the review of the unaudited interim report for the six months ended 30 June 2007.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2007, the Company had not redeemed any of its shares. Neither the Company nor its jointly controlled entity has purchased or sold any of the listed securities of the Company during the six months ended 30 June 2007.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained sufficient public float as required under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") during the six months ended 30 June 2007 and up to the date of this report.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the six months ended 30 June 2007, to the best knowledge of the directors of the Company, the Company has complied with all the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS (THE "MODEL CODE")

During the six months ended 30 June 2007, pursuant to specific enquiries made with all directors and supervisors of the Company, all directors and supervisors of the Company confirmed that they met the standards of the Model Code as set out in Appendix 10 of the Listing Rules regarding the securities transactions by the directors and supervisors of the Company.

CONDENSED INTERIM BALANCE SHEET

	<i>Note</i>	As at 30 June 2007 Unaudited RMB'000	As at 31 December 2006 Audited RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,594,104	1,563,730
Land use rights	5	31,403	32,344
Intangible assets	5	53,340	57,443
Interest in a jointly controlled entity	6	192,932	218,003
Deferred income tax assets		14,221	13,383
		<u>1,886,000</u>	<u>1,884,903</u>
Current assets			
Inventories		374,210	248,335
Trade and other receivables	7	543,516	323,334
Current income tax prepayment		1,893	1,222
Cash at bank and in hand		174,876	216,469
		<u>1,094,495</u>	<u>789,360</u>
Total assets		<u><u>2,980,495</u></u>	<u><u>2,674,263</u></u>
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital	8	866,250	866,250
Other reserves		176,650	176,650
Retained earnings			
Proposed Dividend		—	43,313
Others		78,452	105,232
Total equity		<u>1,121,352</u>	<u>1,191,445</u>

CONDENSED INTERIM BALANCE SHEET

	<i>Note</i>	As at 30 June 2007 Unaudited RMB'000	As at 31 December 2006 Audited RMB'000
LIABILITIES			
Non-current liabilities			
Long-term bank loans	9	760,000	710,000
Deferred income on government grants		81,544	84,556
		<u>841,544</u>	<u>794,556</u>
Current liabilities			
Trade and other payables	10	431,286	195,617
Short-term bank loans	9	263,000	240,000
Current portion of long-term bank loans	9	280,000	252,645
Dividends payable		43,313	—
		<u>1,017,599</u>	<u>688,262</u>
Total liabilities		<u>1,859,143</u>	<u>1,482,818</u>
Total equity and liabilities		<u>2,980,495</u>	<u>2,674,263</u>
Net current assets		<u>76,896</u>	<u>101,098</u>
Total assets less current liabilities		<u>1,962,896</u>	<u>1,986,001</u>

CONDENSED INTERIM INCOME STATEMENT

		Unaudited	
		Six months ended 30 June	
	<i>Note</i>	2007	2006
		RMB'000	RMB'000
Revenue	4	1,017,631	1,060,551
Cost of sales	12	(938,823)	(908,626)
Gross profit		78,808	151,925
Other gains - net	11	7,962	9,242
Operating expenses	12	(54,963)	(59,009)
Operating profit		31,807	102,158
Finance costs		(34,384)	(34,270)
Share of loss of a jointly controlled entity		(25,207)	(1,131)
(Loss)/profit before income tax		(27,784)	66,757
Income tax credit/(expense)	13	1,004	(8,599)
(Loss)/profit attributable to shareholders of the Company		(26,780)	58,158
(Losses)/earnings per share for (loss)/profit attributable to shareholders of the Company (expressed in RMB per share)			
- basic and diluted	14	(0.03)	0.09
Dividends	15	—	—

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

	Share capital	Unaudited Other reserves	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2006	630,000	24,867	102,835	757,702
Profit for the half year	—	—	58,158	58,158
Dividends relating to 2005	—	—	(44,100)	(44,100)
Issuance of new shares	236,250	142,384	—	378,634
	<u>866,250</u>	<u>167,251</u>	<u>116,893</u>	<u>1,150,394</u>
Balance at 30 June 2006	866,250	176,650	148,545	1,191,445
Loss for the half year	—	—	(26,780)	(26,780)
Dividends relating to 2006	—	—	(43,313)	(43,313)
	<u>866,250</u>	<u>176,650</u>	<u>78,452</u>	<u>1,121,352</u>
Balance at 30 June 2007	866,250	176,650	78,452	1,121,352

CONDENSED INTERIM CASH FLOW STATEMENT

	Unaudited	
	Six months ended 30 June	
	2007	2006
	RMB'000	RMB'000
Cash flows from operating activities - net	(96,778)	22,464
Cash flows from investing activities - net	(45,170)	(139,256)
Cash flows from financing activities - net	100,355	310,232
Net (decrease)/increase in cash at bank and in hand	(41,593)	193,440
Cash at bank and in hand at 1 January	216,469	227,047
Cash at bank and in hand at 30 June	174,876	420,487

1. GENERAL INFORMATION

The Company was established as a sino-foreign equity joint venture enterprise in the People's Republic of China (the "PRC") on 12 December 1995 and became a joint stock limited company on 23 May 2005 by converting its net assets as at 30 September 2004 into 630 million shares of RMB1.00 each. The Company is principally engaged in a single business segment, the production and sales of acrylic fibre.

The address of the Company's registered office is Block 4, Zone D, Hengshan West Road, Jilin New and High Technology Development Zone, Jilin City, Jilin Province, the PRC.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited.

This condensed interim financial information was approved for issue on 31 August 2007.

2. BASIS OF PREPARATION

This condensed interim financial information for the half year ended 30 June 2007 has been prepared in accordance with HKAS 34, 'Interim financial reporting'. The condensed interim financial report should be read in conjunction with the annual financial statements for the year ended 31 December 2006.

3. ACCOUNTING POLICIES

The accounting policies used in the preparation of the unaudited condensed interim financial information are consistent with those of the annual financial statements for the year ended 31 December 2006.

The following new standards, amendments to standards and interpretations are mandatory for financial year ending 31 December 2007.

- HKFRS 7, "Financial instruments: Disclosures", effective for annual periods beginning on or after 1 January 2007. HKAS 1, "Amendments to capital disclosures", effective for annual periods beginning on or after 1 January 2007. The Company assessed the impact of HKFRS 7 and the amendment to HKAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and capital disclosures required by the amendment of HKAS 1. Full disclosures as required by HKFRS 7 and HKAS 1 will be disclosed in the annual financial statements;
- HK(IFRIC)-Int 7, "Applying the Restatement Approach under HKFRS 29", effective for annual periods beginning on or after 1 March 2006. This interpretation is not relevant to the Company;
- HK(IFRIC)-Int 8, "Scope of HKFRS 2", effective for annual periods beginning on or after 1 May 2006. This interpretation is not relevant to the Company;
- HK(IFRIC)-Int 9, "Reassessment of Embedded Derivatives", effective for annual periods beginning on or after 1 June 2006. Management believes that this interpretation does not have a significant impact on the reassessment of embedded derivatives as the Company already assessed if embedded derivative should be separated using principles consistent with HK(IFRIC)-Int 9;
- HK(IFRIC)-Int 10, "Interim financial reporting and impairment", effective for annual periods beginning on or after 1 November 2006. This interpretation has no impact to the Company since there was no non-reversal of impairment of goodwill and impairment of investments in equity instruments or in financial assets carried at cost since the date at which the Company first applied HKAS 36 and HKAS 39 respectively.

3. ACCOUNTING POLICIES – *continued*

The following new standards, amendments to standards and interpretations have been issued but are not effective for 2007 and have not been early adopted:

- HKFRS 8, “Operating Segments”, effective for annual periods beginning on or after 1 January 2009. Management is currently assessing the impact of HKRS 8 on the Company’s operations;
- Amendment to HKAS 23, “Borrowing costs”, effective for annual periods beginning on or after 1 January 2009. The revised HKAS 23 requires management to capitalize borrowing costs attributable to qualifying assets. Qualifying assets are assets that take a substantial time to get ready for their intended use or sale. Management is currently assessing the impact of HKAS 23 on the Company’s operations.
- HK(IFRIC)-Int 11, “Group and Treasury Share Transactions”, effective for annual periods beginning on or after 1 March 2007. Management does not expect the standards to be relevant to the Company; and
- HK(IFRIC)-Int 12, “Service Concession Agreements”, effective for annual periods beginning on or after 1 January 2008. Management is currently assessing the impact of HK(IFRIC)-Int 12 on the Company’s operations.

4. SEGMENT INFORMATION

The Company is principally engaged in a single business segment, the production and sales of acrylic fibre and all of its operations and assets are located in the PRC. No sales were related to overseas customers. Therefore, no business segment or geographical segment is presented.

5. CAPITAL EXPENDITURE

	Property, plant and equipment	Land use rights	Technical know-how and licences
	RMB'000	RMB'000	RMB'000
Six months ended 30 June 2006			
Opening net book amount as at 1 January 2006	1,358,804	42,446	65,729
Additions	89,954	—	—
Disposals	(311)	—	—
Transfer to a jointly controlled entity as capital contribution	(5,971)	(8,327)	—
Depreciation/amortization change (<i>Note 12</i>)	(55,623)	(917)	(4,183)
Closing net book amount as at 30 June 2006	<u>1,386,853</u>	<u>33,202</u>	<u>61,546</u>
Six months ended 30 June 2007			
Opening net book amount as at 1 January 2007	1,563,730	32,344	57,443
Additions	87,047	—	—
Depreciation/amortization change (<i>Note 12</i>)	(56,673)	(941)	(4,103)
Closing net book amount as at 30 June 2007	<u>1,594,104</u>	<u>31,403</u>	<u>53,340</u>

6. INTEREST IN A JOINTLY CONTROLLED ENTITY

	As at	
	30 June 2007 RMB'000	31 December 2006 RMB'000
Interest in a jointly controlled entity	<u>192,932</u>	<u>218,003</u>

The Company has 50% interest in a jointly controlled entity Jilin Jimont Acrylic Fiber Co., Ltd. ("Jimont"), incorporated in the PRC, which manufactures and sells acrylic fibre. The following amounts represent the Company's 50% share of the assets and liabilities, and results of the jointly controlled entity. Investments in jointly controlled entities are accounted for using the equity method of accounting and are initially recognized at cost.

	As at			
	30 June 2007		31 December 2006	
	Jimont RMB'000	50% share by the Company RMB'000	Jimont RMB'000	50% share by the Company RMB'000
Non-current assets				
Land use rights	25,862	12,931	26,127	13,064
Property, plant and equipment	1,048,726	524,363	990,973	495,486
Intangible assets	34,048	17,024	34,964	17,482
	<u>1,108,636</u>	<u>554,318</u>	<u>1,052,064</u>	<u>526,032</u>
Current assets				
Inventories	204,892	102,446	202,360	101,180
Trade and other receivables	220,458	110,229	77,098	38,549
Cash at bank and in hand	16,942	8,471	87,131	43,565
	<u>442,292</u>	<u>221,146</u>	<u>366,589</u>	<u>183,294</u>
Total assets	<u>1,550,928</u>	<u>775,464</u>	<u>1,418,653</u>	<u>709,326</u>

6. INTEREST IN A JOINTLY CONTROLLED ENTITY – *continued*

	30 June 2007		31 December 2006	
	Jimont RMB'000	50% share by the Company RMB'000	Jimont RMB'000	50% share by the Company RMB'000
Equity				
Paid-in capital	450,000	225,000	450,000	225,000
Accumulated losses	(54,034)	(27,017)	(3,619)	(1,810)
	<u>395,966</u>	<u>197,983</u>	<u>446,381</u>	<u>223,190</u>
Non-current liabilities				
Long-term bank loans	<u>700,000</u>	<u>350,000</u>	<u>650,000</u>	<u>325,000</u>
Current liabilities				
Trade and other payables	294,962	147,481	232,272	116,136
Current portion of long-term bank loans	<u>160,000</u>	<u>80,000</u>	<u>90,000</u>	<u>45,000</u>
	<u>454,962</u>	<u>227,481</u>	<u>322,272</u>	<u>161,136</u>
Total liabilities	<u>1,154,962</u>	<u>577,481</u>	<u>972,272</u>	<u>486,136</u>
Total equity and liabilities	<u><u>1,550,928</u></u>	<u><u>775,464</u></u>	<u><u>1,418,653</u></u>	<u><u>709,326</u></u>



6. INTEREST IN A JOINTLY CONTROLLED ENTITY – *continued*

	For the six months ended 30 June			
	2007		2006	
	Jimont RMB'000	50% share by the Company RMB'000	Jimont RMB'000	50% share by the Company RMB'000
Revenue	477,427	238,714	—	—
Cost of sales	(477,278)	(238,639)	—	—
Gross profit	149	75	—	—
Other gains – net	80	40	—	—
Operating expenses	(23,352)	(11,677)	(2,261)	(1,131)
Operating loss	(23,123)	(11,562)	(2,261)	(1,131)
Finance costs – net	(27,292)	(13,646)	—	—
Loss before income tax	(50,415)	(25,208)	—	—
Income tax expense	—	—	—	—
Loss for the period attributable to the shareholders of Jimont	(50,415)	(25,208)	(2,261)	(1,131)
Proportionate interest in the jointly controlled entity's commitments	2,650	1,325	739,906	369,953

The jointly controlled entity did not have contingent liabilities as at 30 June 2007.

7. TRADE AND OTHER RECEIVABLES

	As at	
	30 June 2007 RMB'000	31 December 2006 RMB'000
Trade receivables	168,771	86,736
Less: provisions for impairment of receivables	(3,283)	(3,283)
Trade receivables - net	165,488	83,453
Notes receivables	191,458	133,879
Prepayments	43,389	26,161
Other receivables	39,885	18,028
Due from fellow subsidiaries (<i>Note 17</i>)	496	3,953
Due from a jointly controlled entity (<i>Note 17</i>)	102,800	55,797
Prepaid expenses	—	2,063
	<u>543,516</u>	<u>323,334</u>

The Company normally offers credit terms to its customers ranging from cash on delivery to 30 days. As at 30 June 2007 and 31 December 2006, the aging analysis of the trade receivables were as follows:

	As at	
	30 June 2007 RMB'000	31 December 2006 RMB'000
0-30 days	162,915	56,283
31-60 days	1,158	23,642
91-365 days	984	2,297
Over 365 days	3,714	4,514
	<u>168,771</u>	<u>86,736</u>

Given the majority of maturities of the financial assets are within one year, the carrying amount approximates the fair value.

8. SHARE CAPITAL

	RMB'000
Six months ended 30 June 2006	
Paid-in capital as at 1 January 2006 (a)	630,000
Issuance of new shares (b)	236,250
Share capital as at 30 June 2006	<u>866,250</u>
Six months ended 30 June 2007	
Paid-in capital as at 1 January 2007 and 30 June 2007	<u>866,250</u>

(a) Upon the approval of the conversion to a joint stock company and as at 31 December 2005, the authorized, issued and fully paid capital of the Company amounted to RMB630,000,000, divided into 630,000,000 shares at a par value of RMB1.00 per share.

(b) On 21 June 2006, the Company successfully offered 236,250,000 H shares and listed on The Stock Exchange of Hong Kong Limited.

9. BANK LOANS

	As at	
	30 June 2007	31 December 2006
	RMB'000	RMB'000
Non-current		
Long-term loans	1,040,000	962,645
Less: Current portion of long-term loans	(280,000)	(252,645)
	<u>760,000</u>	<u>710,000</u>
Current		
Short-term loans	263,000	240,000
Current portion of long-term loans	280,000	252,645
	<u>543,000</u>	<u>492,645</u>
Total bank loans	<u><u>1,303,000</u></u>	<u><u>1,202,645</u></u>
Representing:		
- unsecured	983,000	860,000
- secured	320,000	342,645
	<u><u>1,303,000</u></u>	<u><u>1,202,645</u></u>

Movements in bank loans are analyzed as follows:

	RMB'000
Six months ended 30 June 2006	
Opening amount as at 1 January 2006	1,157,957
New bank loans drawn down	270,000
Repayments of bank loans	(254,878)
Closing amount as at 30 June 2006	<u><u>1,173,079</u></u>
Six months ended 30 June 2007	
Opening amount as at 1 January 2007	1,202,645
New bank loans drawn down	363,000
Repayments of bank loans	(262,645)
Closing amount as at 30 June 2007	<u><u>1,303,000</u></u>

9. BANK LOANS – *continued*

The exposure of the Company's bank loans to interest rate changes and the contractual repricing dates are as follows:

	As at	
	30 June 2007	31 December 2006
	RMB'000	RMB'000
Within 6 months	90,000	251,322
Between 6 and 12 months	1,213,000	951,323
	<u>1,303,000</u>	<u>1,202,645</u>

The maturity of bank loans is as follows:

	As at	
	30 June 2007	31 December 2006
	RMB'000	RMB'000
Within 1 year	543,000	492,645
Between 1 and 2 years	280,000	90,000
Between 2 and 5 years	480,000	620,000
	<u>1,303,000</u>	<u>1,202,645</u>

The effective interest rates of the bank loans was 6.45% per annum for six months ended 30 June 2007 (2006: 6.00%).

The carrying amounts of the bank loans are denominated in the following currencies:

	As at	
	30 June 2007	31 December 2006
	RMB'000	RMB'000
RMB	1,303,000	1,180,000
US dollar	—	22,645
	<u>1,303,000</u>	<u>1,202,645</u>

Bank loans of approximately RMB 320,000,000 as at 30 June 2007 (31 December 2006: RMB342,645,000) were secured by the property, plant and equipment of the Company with the net book value amounted to approximately RMB680,418,525 (31 December 2006: RMB768,052,000), and by the land use rights of the Company with the net book value amounted to approximately RMB8,310,581 (31 December 2006: RMB23,940,000).

10. TRADE AND OTHER PAYABLES

	As at	
	30 June 2007 RMB'000	31 December 2006 RMB'000
Trade payables	157,741	51,151
Notes payables	59,990	—
Advance from customers	23,737	16,284
Payable for property, plant and equipment	73,187	37,483
Other payables	42,629	47,400
Due to ultimate holding company (Note 17)	1,632	3,529
Due to fellow subsidiaries (Note 17)	33,508	4,332
Provision for staff welfare	38,862	35,438
	<u>431,286</u>	<u>195,617</u>

As at 30 June 2007 and 31 December 2006, the aging analysis of the trade payables were as follows:

	As at	
	30 June 2007 RMB'000	31 December 2006 RMB'000
0-30 days	138,174	39,955
31-90 days	7,380	5,037
91-365 days	9,610	3,696
Over 365 days	2,577	2,463
	<u>157,741</u>	<u>51,151</u>

Given the majority of maturities of the financial liabilities are within one year, the carrying amount approximates the fair value.

11. OTHER GAINS - NET

	For the six months ended 30 June	
	2007 RMB'000	2006 RMB'000
Net realized and unrealized fair value gains on other financial assets at fair value through profit or loss	—	905
Amortization of deferred income on government grants	3,012	2,904
Gain attributable to equity interests of the joint venture	137	4,642
Foreign exchange (loss)/gain	(916)	531
Net gains on sales of raw materials and other composite service	5,729	260
	<u>7,962</u>	<u>9,242</u>

12. EXPENSES BY NATURE

	For the six months ended 30 June	
	2007 RMB'000	2006 RMB'000
Changes in inventories of finished goods and work in progress	(87,709)	(57,204)
Raw materials and consumables used	962,095	861,001
Depreciation	56,673	55,623
Amortization of land use rights	941	917
Amortization of intangible assets	4,103	4,183
Employee benefit expense	22,031	19,976
Provision for impairments of trade and other receivables	—	418
Legal and professional fee	253	1,361
Stamp duty	1,292	1,372
Transportation expenses	26,481	29,455
Other expenses	7,626	50,533
Total cost of sales and operating expenses	<u>993,786</u>	<u>967,635</u>

13. INCOME TAX CREDIT/(EXPENSE)

Income tax credit/(expense) is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

The applicable enterprise income tax rate is 30% and the local income tax rate is 3%, resulting in an aggregate tax rate of 33%. The Company is not subject to local income tax prior to 2010. The Company is requalified as an advanced technology company on 1 February 2005, and was entitled to an additional three year 50% tax reduction commencing from 1 January 2005. The effective tax rate applied to the Company for the six months ended 30 June 2007 was 15% (Six months ended 30 June 2006: 15%).

No provision for Hong Kong profits tax has been made as the Company did not carry out any business or generate any assessable profits in Hong Kong.

	For the six months ended 30 June	
	2007 RMB'000	2006 RMB'000
Current income tax		
- PRC Corporate Income Tax	—	(7,331)
Deferred income tax	1,004	(1,268)
	<u>1,004</u>	<u>(8,599)</u>

The new Corporate Income Tax Law provides that further detailed measures and regulations on the determination of taxable profit, tax incentives and grandfathering provision will be issued by the State Council in due course. As and when the State Council announces the additional regulations, the Company will assess their impact, if any.

14. (LOSSES)/EARNINGS PER SHARE

Basic (losses)/earnings per share is calculated by dividing the (loss)/profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

	For the six months ended 30 June	
	2007 RMB'000	2006 RMB'000
(Loss)/profit attributable to shareholders of the Company	(26,780)	58,158
Weighted average number of ordinary shares in issue (thousands)	866,250	641,813
Basic (losses)/earnings per share (RMB per share)	<u>(0.03)</u>	<u>0.09</u>

The basic and diluted (losses)/earnings per share are equivalent as Company has no dilutive potential ordinary shares during the six months ended 30 June 2006 and 2007.

15. DIVIDENDS

The board of directors of the Company has resolved not to declare any interim dividend in respect of the six months ended 30 June 2007 (Six months ended 30 June 2006: Nil).

16. COMMITMENTS

	As at	
	30 June 2007 RMB'000	31 December 2006 RMB'000
Capital commitments for property, plant and equipment		
- Contracted but not provided for	<u>—</u>	<u>63,220</u>

17. RELATED PARTY TRANSACTIONS

The Company is controlled by Jilin Chemical Fiber Group Co., Ltd. (JCF Groupco, the ultimate holding company), which owns 50.01% of the Company's shares.

The ultimate holding company itself is a state-owned enterprise controlled by the PRC government. In accordance with HKAS 24, "Related Party Disclosures", state-owned enterprises and their subsidiaries directly or indirectly controlled by the PRC government are also defined as related parties of the Company.

The directors are of the view that the significant related party transactions as summarized below were entered into in the ordinary course of business between the Company and its related parties during the six months ended 30 June 2007 and 2006. The balances arising from related party transactions as at 30 June 2007 and 31 December 2006 are also indicated below.

17. RELATED PARTY TRANSACTIONS – *continued*

i) Related party transactions

	For the six months ended 30 June	
	2007 RMB'000	2006 RMB'000
Sales of goods:		
— A promoter of the Company (“A promoter”)	180,071	242,275
— Other state-owned enterprises	51,650	57,191
Sales of raw materials to:		
— A jointly controlled entity	43,385	2,351
Interest income:		
— Bank of China	50	66
— Other state-owned banks	301	659
Sales of utilities:		
— Fellow subsidiaries	380	—
— A jointly controlled entity	38,188	—
Other composite service income:		
— Fellow subsidiaries	73	—
— A jointly controlled entity	5,544	—
Purchases of raw materials from:		
— A promoter	1,334	—
— A jointly controlled entity	1,867	—
— Fellow subsidiaries	837	806
— Other state-owned enterprises	849,653	700,141
Utilities charges paid to:		
— Fellow subsidiaries	2,875	70,694
— Other state-owned enterprises	19,968	—
Engineering maintenance fee paid to:		
— Fellow subsidiaries	1,012	1,660
Other composite service fee paid to:		
— Fellow subsidiaries	407	343
— Other state-owned enterprises	462	—
Interest expense:		
— Bank of China	31	1,769
— Other state-owned banks	34,683	31,124
Drawdown of bank loans from:		
— Other state-owned banks	163,000	170,000

JCF Groupco granted a right to the Company to use the “Baishan” trademark at nil consideration during the six months ended 30 June 2007.

The Company permitted JCF Groupco to use the Company’s premises free of rent to operate its staff canteen. The Company is not required to bear the cost of the canteen’s operation.

17. RELATED PARTY TRANSACTIONS— *continued*

ii) Related party balances

	As at	
	30 June 2007 RMB'000	31 December 2006 RMB'000
Bank deposits		
— Bank of China	18,691	34,598
— Other state-owned banks	85,846	123,359
Trade receivables		
— State-owned enterprises	3,088	1,696
Other receivable and Prepayments		
— Due from fellow subsidiaries	496	3,953
— Due from a jointly controlled entity	102,800	55,797
— Other state-owned enterprises	1,991	9,918
Trade payables		
— A promoter	639	3,173
— Other state-owned enterprises	91,171	3,179
Other payables and accruals		
— A promoter	6,436	—
— Due to ultimate holding company	1,632	3,529
— Due to fellow subsidiaries	33,508	4,332
— Other state-owned enterprises	157	3,715
Short-term bank loans		
— Other state-owned banks	163,000	140,000
Long-term bank loans		
— Other state-owned banks	660,000	710,000
Current portion of long-term bank loans		
— Bank of China	—	22,645
— Other state-owned banks	280,000	230,000

Apart from bank deposits and bank loans, the amounts receivable and payable are unsecured, interest free and have no fixed terms of repayment as at 30 June 2007 and 31 December 2006. At 30 June 2007, the balance of the Company's provision for impairment of receivables from related parties is RMB16,000 (31 December 2006: RMB16,000). The Company's provision for impairment of receivables from related parties charged to the income statement for the six months ended 30 June 2007 and 2006 are nil.

17. RELATED PARTY TRANSACTIONS— *continued*

iii) Key management compensation

	For the six months ended 30 June	
	2007 RMB'000	2006 RMB'000
Salaries and other short-term employee benefits	1,785	1,858
Post-employment benefits	25	34
	<u>1,810</u>	<u>1,892</u>

18. EVENT AFTER THE BALANCE SHEET DATE

As set out in the announcement of the Company dated 8 August 2007, the utilities production and treatment facilities will, upon approval of independent shareholders of the Company in the forthcoming extraordinary general meeting on 25 October 2007, be consolidated under the Jilin Chemical Fiber Group Co., Ltd. (“JCF Groupco”) Power Company (“Power Company”), a wholly-owned subsidiary of JCF Groupco without separate legal person status. Under the consolidation arrangement of utilities resources, the thermal power plant and waste water station will be leased to the Power Company for management and operation and in return, the Power Company will supply the utilities to the Company and Jimont for meeting their production requirements.

DIRECTORS

Executive Directors

Mr. Wang Jinjun (*Chairman*)
Mr. Ma Jun
Mr. Wang Changsheng
Mr. Yang Dexin (retired on 28 June 2007)

Non-executive Directors

Mr. Hao Peijun
Mr. Gong Jianzhong
Mr. Chen Jinkui
Mr. Jiang Junzhou* (appointed on 28 June 2007)
Mr. Zhang Yuchen (appointed on 28 June 2007)
Mr. Chen Shuguo (retired on 28 June 2007)

Independent Non-executive Directors

Mr. Ye Yongmao*
Mr. Mao Fengge
Mr. Lee Ka Chung, *J.P.**

* Members of Audit Committee

SUPERVISORS

Mr. Jiang Yanfeng
Ms. Sun Yujing
Mr. Liu Mingzhe
Mr. Meng Xiangui
Ms. Feng Shuhua

JOINT COMPANY SECRETARIES

Ms. Liu Xiangmei
Mr. Tam Chun Chung *CPA, FCCA*

QUALIFIED ACCOUNTANT

Mr. Tam Chun Chung *CPA, FCCA*

AUTHORISED REPRESENTATIVES

Mr. Wang Changsheng
Mr. Tam Chun Chung *CPA, FCCA*

PRC REGISTERED OFFICE

Block 4, Zone D,
Hengshan West Road,
Jilin New and High Technology Development Zone,
Jilin City, Jilin Province,
The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

39/F Gloucester Tower,
The Landmark, 11 Pedder Street,
Central, Hong Kong

AUDITORS

PricewaterhouseCoopers

COMPLIANCE ADVISOR

SBI E2-Capital (HK) Limited

LEGAL ADVISOR AS TO HONG KONG LAWS

Coudert Brothers
in association with Orrick Herrington & Sutcliffe LLP

PRINCIPAL BANKERS

China Construction Bank
Jilin City Commercial Bank
Agricultural Bank of China
Bank of Communications

H SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Rooms 1712-1716, 17th Floor,
Hopewell Centre, 183 Queen's Road East,
Hong Kong

INVESTOR RELATIONS CONSULTANT

Strategic Financial Relations (China) Limited