INTERIM REPORT 2008

協盛協豐控股有限公司*

CO-PROSPERITY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 707

* For identification purpose only

CONTENTS

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2008 (the "period"), the Group is principally engaged in the sale of finished fabrics and provision of fabrics processing subcontracting services ("fabrics business") and the trading of goods ("trading business") to customers.

Operational and Financial Review

The first half of 2008 continued to be a consolidating period for the whole PRC textile industry. Dampened consumer confidence caused by the global economic crisis still persisted and no immediate resurgence in the market demand is visible. Against this backdrop, global textile products market has inevitably slowed down, which seriously hit the sales performance of the Group during the period. The rise in raw material prices and manufacturing overheads and the appreciation of Renminbi also have an adverse impact on the Group's results.

Under such a tough and volatile operating environment, the revenue from both fabrics business and trading business dropped substantially, which resulted in a decline of the Group's total turnover for the period by 47.3% to approximately RMB262.5 million (2007: RMB498.3 million).

The Group registered a gross profit of around RMB50.0 million (2007: RMB111.7 million) for the period, representing an overall profit margin of 19.1% (2007: 22.4%). Distribution and selling expenses reduced by 36.9% to RMB 3.2 million (2007: RMB5.1 million). Corporate social responsibility has always been considered by the Group as one of the important elements of its corporate culture for long-term sustainable development. Thus, in order to help those victims of May 12 earthquake occurred in Sichuan Province and other needy people, the Group donated RMB 3.0 million during the period. Despite the donation, with stringent cost control measures in place, administrative expenses still recorded a 19.2% drop to RMB16.1 million (2007: RMB20.0 million). Finance costs increased by 56.1% to RMB8.7 million (2007: RMB5.6 million), mainly as a result of the higher level of PRC lending interest rate and bank borrowing of the Group during the period. The Group's profit attributable to shareholders decreased by around 73.8% to RMB17.5 million (2007: RMB67.0 million).

As reported previously, to vertically integrate its operation and tap the potential of the upstream yarn market, the Group established a wholly-owned subsidiary, 協盛協豐（泉州）紡織實業有限公司（"Shasing-Shapheng (Quanzhou) Textile Industrial Co., Ltd."）in Shishi City, Fujian Province in March 2007 ("Quanzhou project"). The construction of the plant of Quanzhou project has been implemented as scheduled. Phase I of the plant with an annual production capacity of 11,000 tonnes of high density and high-end yarn is expected to be completed and ready for production in the fourth quarter of 2008.

Market Outlook and Future Prospects

Undoubtedly, the remaining 2008 will still be challenging and players within the industry can hardly stay immune from the prevailing unfavourable operating condition. Such a turmoil has already caused a number of smaller and less efficient players going into the red or even forced some of them out of the market. Nevertheless, the market is not without any good news. The move by the PRC government to increase Value Added Tax rebates for certain textile and garments exports with effect from 1 August 2008 does have seen alleviation on cost pressures faced by some of the players and signaled the country's concerns on one of its pillar industries.

In the face of the current industry uncertainties, the Group firmly believes an enterprise's ultimate success hinges on the long-term survival in the market. The healthy financial position and relatively low gearing of the Group will facilitate its ability to weather the current hard times and position it well for long-term sustainable growth. Besides, the Group will continue to adopt a prudent but proactive financial strategy and react promptly to any possible changes in the external environment. The successful arrangement of a 3-year syndicated loan of HK$160 million in late 2007 and the immediate conversion of the received proceeds into Renminbi have already enabled the Group to continually enjoy both the benefits of the relatively low interest rate environment in Hong Kong and the appreciation of Renminbi during the period.

Going forward, the Group will strive to focus on improving the performance of its core businesses and closely monitor the progress and pace of its new investment with caution. In addition, the expected commencement of production of Quanzhou Project in the fourth quarter of 2008 will further strengthen the profit base of the Group in coming years.

The Board believes the Group's solid foundation and the committed focus of its management team will underpin its performance in the long run and position it well to benefit from the ultimate recovery of the market.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2008, the Group had total assets of approximately RMB1,318.9 million (As at 31 December 2007: RMB1,241.3 million) which were financed by current liabilities of approximately RMB302.4 million (As at 31 December 2007: RMB219.1 million), non-current liabilities of approximately RMB128.1 million (As at 31 December 2007: RMB151.6 million) and shareholders' equity of approximately RMB888.4 million (As at 31 December 2007: RMB870.6 million).

As at 30 June 2008, the Group's cash and bank balances was approximately RMB110.7 million (As at 31 December 2007: RMB194.0 million), while pledged bank deposits amounted to approximately RMB26.8 million (As at 31 December 2007: RMB14.4 million). During the period under review, the short-term bank loans increased to approximately RMB157.4 million (As at 31 December 2007: RMB128.2 million).

The Group maintained a healthy liquidity position. The current ratio, being a ratio of total current assets to total current liabilities, was approximately 1.5 (As at 31 December 2007: 2.3). The gearing ratio, being a ratio of borrowings (comprising obligations under finance leases, mortgage loan and short-term and long-term bank loans) to shareholders' equity, kept unchanged at approximately 32.3% (As at 31 December 2007: 32.3%). The Group always adopted a conservative approach in its financial management.

CAPITAL EXPENDITURES

As at 30 June 2008, the Group has capital commitments of approximately RMB103.1 million in respect of purchases of property, plant and equipment (As at 31 December 2007: RMB121.2 million).

CONTINGENT LIABILITIES AND EXCHANGE RISK EXPOSURE

As at 30 June 2008, the Group did not have any significant contingent liabilities (As at 31 December 2007: Nil). The Group's operations, sales and purchases were mainly denominated in Renminbi. The Group does not foresee significant risk in exchange rate fluctuations and no financial instrument has been used for hedging purposes. The Group will consider holding forward exchange contract for hedging purposes if and when appropriate.

EMPLOYMENT

As at 30 June 2008, the Group had about 1,300 employees in Hong Kong and in the PRC (As at 31 December 2007: 1,700 employees). Remuneration packages for the employees are maintained at a competitive level of the jurisdiction within which the employees are employed to attract, retain and motivate the employees. Remuneration packages will be reviewed periodically. In addition, the Group maintains a share option scheme for the purpose of providing incentives and rewards to the eligible participants for their contribution to the Group.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF CO-PROSPERITY HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 8 to 22, which comprise the condensed consolidated balance sheet of Co-Prosperity Holdings Limited as of 30th June, 2008 and the related condensed consolidated income statement, statement of changes in equity and cash flow statement for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

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

Conclusion

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

12th September, 2008

INTERIM RESULTS

The Board of Directors (the "Board") of Co-Prosperity Holdings Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30th June, 2008 (the "period"), which were reviewed by the auditors and the audit committee of the Company, together with the comparative figures for the previous corresponding period as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30TH JUNE, 2008

	NOTES	1.1.2008 to 30.6.2008 RMB'000 (unaudited)	1.1.2007 to 30.6.2007 RMB'000 (unaudited)
Turnover	3	262,495	498,294
Cost of goods sold		(212,456)	(386,548)
Gross profit		50,039	111,746
Other income		992	787
Distribution and selling expenses		(3,198)	(5,069)
Administrative expenses		(16,143)	(19,982)
Finance costs		(8,675)	(5,558)
Profit before taxation		23,015	81,924
Taxation	5	(5,474)	(14,894)
Profit for the period		17,541	67,030
Dividends recognised as distribution during the period			
– interim dividends of 1.5 Hong Kong cents, equivalent to 1.46 RMB cents per share		–	14,119
– final dividends of 1 Hong Kong cent, equivalent to 0.88 RMB cent (2007: 3 Hong Kong cents, equivalent to 2.94 RMB cents) per share paid		8,500	23,750
Earnings per share	7		
– Basic		1.82 RMB cents	8.28 RMB cents
– Diluted		N/A	8.16 RMB cents

CONDENSED CONSOLIDATED BALANCE SHEET

AT 30TH JUNE, 2008

	NOTES	30.6.2008 RMB'000 (unaudited)	31.12.2007 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	8	657,868	539,181
Land use rights		159,903	160,311
Deposits made on acquisition of property, plant and equipment		53,641	29,439
		871,412	728,931
Current assets			
Inventories		156,957	187,956
Trade and other receivables	9	153,069	115,943
Pledged bank deposits		26,800	14,440
Bank balances and cash		110,692	193,984
		447,518	512,323
Current liabilities			
Trade and other payables	10	136,917	84,370
Obligations under finance leases		565	597
Taxation		7,011	5,364
Mortgage loan		527	527
Short-term bank loans		157,412	128,200
		302,432	219,058
Net current assets		145,086	293,265
Total assets less current liabilities		1,016,498	1,022,196

CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

AT 30TH JUNE, 2008

	30.6.2008 RMB'000 (unaudited)	31.12.2007 RMB'000 (audited)
Non-current liabilities		
Obligations under finance leases	–	298
Mortgage loan	2,702	3,182
Long-term bank loans	125,370	148,088
	128,072	151,568
Net assets	888,426	870,628
Capital and reserves		
Share capital	98,855	98,855
Reserves	789,571	771,773
Total equity	888,426	870,628

The interim financial information on pages 8 to 22 was approved and authorised for issue by the Board of Directors on 12th September, 2008 and are signed on its behalf by:

MR. SZE SIU HUNG
CHAIRMAN

MR. SZE CHIN PANG
EXECUTIVE DIRECTOR

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH JUNE, 2008

	Attributable to equity holders of the Company							
	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000	Share options reserve RMB'000	Translation reserve RMB'000	Statutory surplus reserve fund RMB'000	Retained profits RMB'000	Total RMB'000
At 1st January, 2007	82,760	70,305	144,901	–	(700)	46,647	280,283	624,196
Exchange differences arising on translation of foreign operations, recognised directly in equity	–	–	–	–	(3,440)	–	–	(3,440)
Profit for the period	–	–	–	–	–	–	67,030	67,030
Total recognised income and expense for the period	–	–	–	–	(3,440)	–	67,030	63,590
Issue of shares upon subscription	11,728	143,077	–	–	–	–	–	154,805
Issue of shares upon exercise of share options	798	6,608	–	(1,420)	–	–	–	5,986
Expenses incurred in connection with the issue of shares	–	(3,365)	–	–	–	–	–	(3,365)
Recognition of equity-settled share-based payments	–	–	–	7,986	–	–	–	7,986
Distribution to shareholders	–	–	(23,750)	–	–	–	–	(23,750)
	12,526	146,320	(23,750)	6,566	–	–	–	141,662
At 30th June, 2007	95,286	216,625	121,151	6,566	(4,140)	46,647	347,313	829,448

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

FOR THE SIX MONTHS ENDED 30TH JUNE, 2008

	Attributable to equity holders of the Company							
	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000	Share options reserve RMB'000	Translation reserve RMB'000	Statutory surplus reserve fund RMB'000	Retained profits RMB'000	Total RMB'000
At 1st January, 2008	98,855	246,391	107,231	–	84	64,470	353,597	870,628
Exchange differences arising on translation of foreign operations, recognised directly in equity	–	–	–	–	8,757	–	–	8,757
Profit for the period	–	–	–	–	–	–	17,541	17,541
Total recognised income for the period	–	–	–	–	8,757	–	17,541	26,298
Distribution to shareholders	–	–	(8,500)	–	–	–	–	(8,500)
At 30th June, 2008	98,855	246,391	98,731	–	8,841	64,470	371,138	888,426

The special reserve represents the aggregate of the differences between the nominal amount of the shares issued by the Company and the Group's former holding company, Widerlink Group Limited, and the aggregate amount of paid-up capital of the subsidiaries acquired pursuant to the group reorganisation in 2005, net of subsequent distribution to shareholders.

As stipulated by the relevant laws and regulations for foreign investment enterprises in Mainland China (the "PRC"), the Company's PRC subsidiaries are required to maintain a statutory surplus reserve fund which is non-distributable. Appropriation to such reserves are made out of net profit after taxation of the statutory financial statements of the PRC subsidiaries while the amounts and allocation basis are decided by their board of directors annually. The statutory surplus reserve fund can be used to make up prior year losses, if any, and can be applied in conversion into capital by means of a capitalisation issue.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30TH JUNE, 2008

	1.1.2008 to 30.6.2008 RMB'000 (unaudited)	1.1.2007 to 30.6.2007 RMB'000 (unaudited)
Net cash from operating activities	89,796	152,122
Investing activities		
Purchase of property, plant and equipment	(158,025)	(121,671)
Increase in pledged bank deposits	(12,360)	(9,000)
Other investing cash flows	377	368
Net cash used in investing activities	(170,008)	(130,303)
Financing activities		
Proceeds from issue of shares	–	160,791
Expenses paid in connection with the issue of shares	–	(3,365)
Other financing cash flows	(2,828)	(3,176)
Net cash (used in) from financing activities	(2,828)	154,250
Net (decrease) increase in cash and cash equivalents	(83,040)	176,069
Cash and cash equivalents at 1st January	193,984	45,577
Effect of foreign exchange rate changes	(252)	(4,439)
Cash and cash equivalents at 30th June	110,692	217,207
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	110,692	217,207

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30TH JUNE, 2008

1. GENERAL

The Company was incorporated and registered as an exempted company with limited liability under the Companies Laws of the Cayman Islands and acts as an investment holding company. Its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The condensed consolidated financial information has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial information has been prepared under the historical cost basis. The principal accounting policies adopted in the condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2007.

In the current interim period, the Group has applied, for the first time, new interpretations ("new INTs") issued by the HKICPA, which are effective for the financial year beginning on 1st January, 2008.

The adoption of these new INTs had no material effect on the results or financial position for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new Standards or INTs that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of financial statements [1]
HKAS 23 (Revised)	Borrowing costs [1]
HKAS 27 (Revised)	Consolidated and separate financial statements [2]
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation [1]
HKFRS 2 (Amendment)	Vesting conditions and cancellations [1]
HKFRS 3 (Revised)	Business combinations [2]
HKFRS 8	Operating segments [1]
HK(IFRIC) – Int 13	Customer loyalty programmes [3]
HK(IFRIC) – INT 15	Agreements for the construction of real estate [1]
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation [4]

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

[2] Effective for annual periods beginning on or after 1st July, 2009.

[3] Effective for annual periods beginning on or after 1st July, 2008.

[4] Effective for annual periods beginning on or after 1st October, 2008.

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

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

The Group is organised into three operating divisions, namely processing, printing and sales of finished fabrics, manufacture and sales of high density and high-end yarns and trading of goods. The operation of the manufacture and sales of high density and high-end yarns has not commenced where the factory under that segment is still under construction. The aforesaid three divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

– Processing, printing and sales of finished fabrics

– Manufacture and sales of high density and high-end yarns

– Trading of goods: Trading of fabrics and clothing, metallic products and other products

An analysis of the Group's turnover and results by business segments is as follows:

	Turnover		Results	
	1.1.2008 to 30.6.2008 RMB'000	1.1.2007 to 30.6.2007 RMB'000	1.1.2008 to 30.6.2008 RMB'000	1.1.2007 to 30.6.2007 RMB'000
Processing, printing and sales of finished fabrics				
– external sales	245,874	427,945		
– inter-segment sales	12,697	36,254		
	258,571	464,199	36,466	97,518
Trading of goods	16,621	70,349	(629)	1,333
	275,192	534,548	35,837	98,851
Elimination	(12,697)	(36,254)	–	–
	262,495	498,294	35,837	98,851
Interest income			377	368
Unallocated corporate expenses			(4,524)	(11,737)
Finance costs			(8,675)	(5,558)
Profit before taxation			23,015	81,924
Taxation			(5,474)	(14,894)
Profit for the period			17,541	67,030

4. DEPRECIATION

During the period, depreciation of RMB17,232,000 (RMB18,403,000 for the six months ended 30th June, 2007) was charged to the consolidated income statement in respect of the Group's property, plant and equipment.

5. TAXATION

	1.1.2008 to 30.6.2008 RMB'000 (unaudited)	1.1.2007 to 30.6.2007 RMB'000 (unaudited)
The charge comprises:		
PRC income tax	(5,512)	(12,336)
Overprovision of Hong Kong Profits Tax in prior year	38	–
Deferred taxation	–	(2,558)
	(5,474)	(14,894)

Pursuant to the relevant laws and regulations in the People's Republic of China (the "PRC"), certain PRC subsidiaries of the Group are entitled to exemption from PRC income tax for the two years commencing from their first profit making year of operation and thereafter these PRC subsidiaries will be entitled to a 50% relief from PRC income tax for the following three years.

Taxation in the PRC is calculated at the rates prevailing in the PRC jurisdiction. No provision for Hong Kong Profits Tax has been made in the financial statements as the Group's operations in Hong Kong had no assessable profit for the period.

No liability has been recognised in respect of the temporary differences associated with undistributed earnings of subsidiaries in the PRC because the directors are of the opinion that the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

6. DIVIDENDS

The directors do not recommend the payment of an interim dividend.

7. EARNINGS PER SHARE

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

	1.1.2008 to 30.6.2008 RMB'000	1.1.2007 to 30.6.2007 RMB'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share	17,541	67,030
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	965,000,000	809,591,160
Effect of dilutive potential ordinary shares		
– share options		12,282,053
Weighted average number of ordinary shares for the purpose of diluted earnings per share		821,873,213

No diluted earnings per share is presented in 2008 as there were no potential ordinary shares outstanding during the period.

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred RMB136,456,000 (2007: RMB121,025,000) on additions to property, plant and equipment to expand and upgrade its manufacturing capabilities.

9. TRADE AND OTHER RECEIVABLES

	30.6.2008 RMB'000 (unaudited)	31.12.2007 RMB'000 (audited)
Trade receivables	77,690	35,719
Bill receivables	–	1,456
	77,690	37,175
Deposits paid to suppliers	73,374	73,467
Other receivables	2,005	5,301
	153,069	115,943

Payment terms with customers are mainly on credit together with deposits. Invoices are normally payable within 90 days of issuance.

The following is an aged analysis of trade and bill receivables at the balance sheet date:

	30.6.2008 RMB'000 (unaudited)	31.12.2007 RMB'000 (audited)
Age		
0 to 90 days	57,573	31,313
91 to 180 days	8,343	5,289
181 to 270 days	10,001	573
271 to 365 days	1,701	–
Over 365 days	72	–
	77,690	37,175

10. TRADE AND OTHER PAYABLES

	30.6.2008 RMB'000 (unaudited)	31.12.2007 RMB'000 (audited)
Trade payables	21,451	7,340
Bill payables	83,810	39,828
	105,261	47,168
Customers' deposits	21,358	24,630
Payables for acquisition of property, plant and equipment	5,244	2,611
Other payables and accruals	5,054	9,961
	136,917	84,370

The following is an aged analysis of trade and bill payables at the balance sheet date:

	30.6.2008 RMB'000 (unaudited)	31.12.2007 RMB'000 (audited)
Age		
0 to 90 days	60,991	43,954
91 to 180 days	35,635	3,049
181 to 270 days	8,450	72
271 to 365 days	154	4
Over 365 days	31	89
	105,261	47,168

11. CAPITAL COMMITMENTS

	30.6.2008 RMB'000 (unaudited)	31.12.2007 RMB'000 (audited)
Capital expenditure contracted for but not provided in the financial statements in respect of acquisition of property, plant and equipment	103,059	121,241

12. PLEDGE OF ASSETS

At 30th June, 2008 and 31st December, 2007, certain borrowings are secured by charges over all the shares of a direct wholly-owned subsidiary of the Company, Widerlink Group Limited, and certain interests of its PRC subsidiaries, and certain land use rights, buildings, plant and machinery, motor vehicles, and bank deposits of the Group.

13. RELATED PARTY TRANSACTION

The directors of the Company represented key management of the Group. During the period, directors' remuneration of RMB1,775,000 (RMB538,000 for the six months ended 30th June, 2007) was charged to the consolidated income statement.

DISCLOSURE OF ADDITIONAL INFORMATION

INTERIM DIVIDEND

The Board resolved not to declare an interim dividend for the six months ended 30 June 2008 (For the six months ended 30 June 2007: HK 1.50 cents per share).

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2008, the interests and/or short positions of the Directors and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"), were as follows:

Name of Director	Nature of Interest	Total number of Shares held	Approximate percentage of the issued share capital of the Company (%)
Mr. Sze Siu Hung	Corporate interest and founder of trust *(Note 1)*	571,948,720 long position	59.27
	Corporate interest *(Note 2)*	28,051,280 long position	2.91
	Beneficial interest *(Note 3)*	2,000,000 long position	0.20
Madam Cai Peilei	Corporate interest and beneficiary of trust *(Note 1)*	571,948,720 long position	59.27
	Corporate interest *(Note 2)*	28,051,280 long position	2.91
	Family interest (Note 3)	2,000,000 long position	0.20

Notes:

1. As at 30 June 2008, about 59.27% of shareholding of the Company is owned by Famepower Limited, which is owned as to 100% by Federal Trust Company Limited, a trust company in its capacity as the trustee of The Sze Trust which was a discretionary trust, the founder (as defined in the SFO) of which is Mr. Sze Siu Hung ("Mr. Sze") and the discretionary objects of which are family members of Mr. Sze (including Madam Cai Peilei and excluding Mr. Sze himself). Accordingly, Mr. Sze and Madam Cai Peilei are both deemed to be interested in the relevant Shares under the SFO.

2. As at 30 June 2008, about 2.91% of shareholding of the Company is owned by Peilei Charitable Limited ("PCL"), a company incorporated in the British Virgin Islands and the entire issued share capital of which is owned as to 50% by Mr. Sze and as to 50% by Madam Cai Peilei. Mr. Sze and Madam Cai Peilei intend to use the Shares held by PCL for charitable purpose.

3. As at 30 June 2008, 2,000,000 Shares, representing 0.20% of shareholding of the Company, are beneficially owned by Mr. Sze. Madam Cai Peilei is the spouse of Mr. Sze and is deemed to be interested in 2,000,000 Shares.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2008, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed in the section headed "Directors' interests and short positions in shares, underlying shares and debentures" above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2008.

SHARE OPTION SCHEME

A Share Option Scheme (the "Share Option Scheme") was adopted by the shareholders' written resolution of the Company dated 15 March 2006. There was no change in any terms of the Share Option Scheme during the six months ended 30 June 2008. The details of the terms of the Share Option Scheme have been disclosed in the 2007 annual report.

No share options were granted, exercised, cancelled or lapsed during the period. There were no outstanding share options as at 30 June 2008.

PURCHASE, SALE OR REDEMPTION OF LISTING SECURITIES OF THE COMPANY

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

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

No contract of significance, to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the period.

DIRECTORS' COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

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 securities transactions by the Directors. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the period and they all confirmed having fully complied with the required standard set out in the Model Code.

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

Reference is made to a HK$160 million 3-year syndicated loan agreement ("loan agreement") signed on 25 October 2007. There is a provision ("provision") in the loan agreement requiring the Company to ensure that Mr. Sze Siu Hung ("Mr. Sze"), an executive Director and chairman of the Company, to remain as the chairman and managing director of the Company and to maintain management control of the Company and that Mr. Sze and his family members shall jointly maintain, directly or indirectly, not less than 50% of the issued voting share capital of the Company. The provision has been duly complied with for the period under review.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules during the period.

AUDIT COMMITTEE REVIEW

The Group's audit committee comprises three members, namely Professor Zeng Qingfu, Professor Zhao Bei and Mr. Lui Siu Keung, who are independent non-executive Directors of the Company. The Chairman of the Audit Committee is Mr. Lui Siu Keung. The primary duties of the Audit Committee are to review the financial reporting system and internal control procedures of the Group, to make recommendations to the Board on the appointment, reappointment and removal of the external auditors, to approve the remuneration and terms of engagement of the external auditors, to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, and to review the financial information and accounting policies of the Group. This unaudited interim results including the accounting principles and practices adopted by the Group have been reviewed and approved by the Audit Committee.

On behalf of the Board
Sze Siu Hung
Chairman

Hong Kong, 12 September 2008

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Sze Siu Hung *(Chairman)*
Mr. Qiu Fengshou
Madam Cai Peilei
Mr. Sze Chin Pang

Independent Non-Executive Directors

Professor Zeng Qingfu
Professor Zhao Bei
Mr. Lui Siu Keung

AUDIT COMMITTEE

Mr. Lui Siu Keung
(Chairman of committee)
Professor Zeng Qingfu
Professor Zhao Bei

REMUNERATION COMMITTEE

Mr. Lui Siu Keung
(Chairman of committee)
Professor Zeng Qingfu
Professor Zhao Bei

NOMINATION COMMITTEE

Mr. Lui Siu Keung
(Chairman of committee)
Professor Zeng Qingfu
Professor Zhao Bei

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Mr. Chan Hon Hung
BA (Hons.), CPA, ACA, FCCA, ACS, ACIS

AUDITOR

Deloitte Touche Tohmatsu

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

6th Floor, Comweb Plaza
12 Cheung Yue Street
Lai Chi Kok
Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Bank of Bermuda (Cayman) Limited
P.O. Box 513 GT
Strathvale House
North Church Street, George Town
Grand Cayman, British West Indies

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

STOCK CODE

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