



Overseas ChineseTown (Asia) Holdings Limited

華僑城（亞洲）控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 03366

INTERIM
REPORT

9

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CORPORATE INFORMATION

Registered Office

Clifton House,
PO Box 1350 GT, 75 Fort Street
Grand Cayman, Cayman Islands

Head Office and Principal Place of Business

Suite 3203–3204, Tower 6
The Gateway, Harbour City
Canton Road, Tsim Sha Tsui
Kowloon, Hong Kong

Board of Directors

Executive Directors

Mr. Hou Songrong
(*Chairman*)

Mr. Ni Zheng
(*Chief Executive Officer*)

Ms. Xie Mei

Mr. Zhou Guangneng

Non-Executive Director

Mr. Zheng Fan

Independent Non-executive Directors

Ms. Wong Wai Ling

Mr. Xu Jian

Mr. Lam Sing Kwong Simon

Audit Committee/ Remuneration Committee

Ms. Wong Wai Ling (*Chairman*)

Mr. Xu Jian

Mr. Lam Sing Kwong Simon

Qualified Accountant and Company Secretary

Mr. Fong Fuk Wai (*FCCA, FCCA, ACA*)

Auditors

KPMG

Certified Public Accountants
8/F Prince's Building
10 Chater Road
Central, Hong Kong

Hong Kong Legal Adviser

Loong & Yeung
Suites 2201-2203
22/F, Jardine House, 1 Connaught Place
Central, Hong Kong

Principal Share Registrar and Transfer Office

Appleby Corporate Services
(Cayman) Limited
Clifton House,
PO Box 1350 GT, 75 Fort Street
Grand Cayman, Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor
Services Limited
Shops 1712-16, 17/F, Hopewell Centre
183 Queen's Road East, Hong Kong

Principal Bankers

China Merchants Bank Hong Kong Branch
Standard Chartered Bank (HK) Ltd.

Stock Information

Listing Date: 2 November 2005

Stock Code: 03366

Stock Short Name: OCT (ASIA)

Company's Website: <http://www.oct-asia.com>

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results and Business Review

During the period under review, Overseas Chinese Town (Asia) Holdings Limited (the “Company”), together with its subsidiaries (the “Group”), faced severe challenges from the combination of the global financial crisis, the intensifying competition among the industry peers and the falling market demand. For the six months ended 30 June 2009, the Group recorded a turnover of approximately RMB246 million, representing a decrease of approximately 34.2% over the same period of last year; the gross profit margin was approximately 12.5%, representing an increase by 6 percentage points over that in the same period of 2008, which was mainly attributable to lower cost of sales due to the decline in raw material prices; profits attributable to shareholders were approximately RMB10.34 million, representing a decrease of approximately 33.6% over the same period of last year. The decrease in shareholders profits was mainly attributable to the incurrence of a non-recurring gain in the first half of 2008, which increased the profits attributable to shareholders of the Group for the same period of last year.

During the reporting period, the sluggish general paper packaging industry in China, the shrinking product market and the reduction of production orders from the major customers of the Group have posed tremendous pressure and challenges for the sales of products among various subsidiaries, which inevitably resulted in the decrease in the turnover of the Group during the period under review. In order to maintain a steady development of business, each subsidiary has put in place various measures and shifted the focus of sales expansion to domestic sales so as to minimize the impact due to the decline in sales demand from overseas-market oriented customers. In particular, Shenzhen Huali Packing & Trading Co., Ltd. (“Shenzhen Huali”) recorded over 10% growth rate in its color printed packaging business, which enjoyed a higher gross profit rate than its traditional products, over that in the same period of last year. Moreover, during the period under review, the production facilities of Shenzhen Huali were being relocated to the new production base in Huizhou in phases. At the same time, Shenzhen Huali endeavored to expand the customer base in Huizhou, while strived to optimize the product mix and improve the customer structure. In facing a substantial decrease in the sales orders from overseas-market oriented

customers, Zhongshan Huali Packaging Co., Ltd. actively explored and fostered a diversified customer base and the initiatives were proved to take effect within a short period of time. The construction of the new production base in Huizhou was nearly completed, as acceptance inspection and production facilities installation were all underway.

Chengdu Tianfu OCT Industry Development Co., Ltd. (“Chengdu OCT”), the Company’s investment, was operating smoothly. Aimed to become a major tourist attraction in Southwest China, its theme park – Chengdu Happy Valley, recorded over one million visitors in the first half of the year since its opening on 18 January 2009. Its property project also performed satisfactorily, as all units of Phase I, including the high-rise and low-rise apartments were sold out.

Outlook

As at the date of this report, despite the recovery of the Chinese economy, the domestic demand for paper packaging products remains stagnant while industry competition intensifies, and such conditions are expected to persist in the near future. Looking into the second half of 2009, the Group will strengthen its efforts to enhance the product quality to meet the needs of different customers, make reasonable adjustment to production arrangements in order to reduce production costs, while endeavor to increase the sales of high profit margin products such as color printed packaging products, with a view to maintain the steady development of the Group and to prepare for the economic recovery. At the same time, most of the production facilities of Shenzhen Huali are expected to be relocated to Huizhou by the end of 2009. The Group believes that its competitiveness will be further augmented as Huizhou production base commences production. The management is also confident about the future prospects of Chengdu OCT. Chengdu OCT will successively launch Phase II of the multi-storey and low density residential project, which is believed to generate better investment returns to the Company. The management believes that the recovery of the macro economy will generate opportunities for the sustainable development of the Group. The Group will endeavor to seek suitable investment projects to maximize the returns for the shareholders and to reward the investors’ support for the Group.

Appointment and Re-designation of Directors

On 26 May 2009, Mr. Hou Songrong was appointed as executive Director and chairman of the Board, and Mr. Zheng Fan was re-designated from executive Director and chairman of the Board to non-executive Director.

On 14 May 2009, Mr. Chen Xiangdong and Mr. Xiao Yongping respectively resigned from their position of independent non-executive Directors. On the same date, Mr. Xu Jian and Mr. Lam Sing Kwong Simon were appointed as independent non-executive Directors. Mr. Xu Jian and Mr. Lam Sing Kwong Simon were also appointed as the members of the Audit Committee and Remuneration Committee of the Company. As at the date of this report, the Audit Committee and Remuneration Committee of the Company comprise Ms. Wong Wai Ling, Mr. Xu Jian and Mr. Lam Sing Kwong Simon, and both committees are chaired by Ms. Wong Wai Ling.

Employees and Remuneration Policy

As at 30 June 2009, the Group employed approximately 1,700 full-time staff members. The basic remunerations of the employees are mainly determined with reference to the industry remuneration benchmark, the employees' experience and their performance. Salaries of employees are maintained at a competitive level and are reviewed annually. Apart from the basic remunerations and statutory benefits, the Group also provides discretionary bonuses taking into account of the Group's results and individual staff's performance. The Group has adopted a share option scheme with a view to attracting and retaining high calibre personnel.

Financial Review

As at 30 June 2009, the Group's total assets were approximately RMB924 million. Total equity amounted to approximately RMB542 million. The Group's turnover was approximately RMB246 million for the six months ended 30 June 2009, representing a decrease of approximately 34.2% over the same period of 2008, which was mainly attributable to the falling market demand as a result of the global financial crisis; gross profit margin was approximately 12.5% (same period in 2008: 6.5%), representing an increase by 6 percentage points over the same period of 2008, which was mainly attributable to lower cost of sales due to the decrease in raw material prices; profits attributable to shareholders were approximately RMB10.34 million, representing a decrease of approximately 33.6% over the same period of 2008. Excluding the effect of the net gain on the disposal of non-current assets held for sale of RMB35.59 million, relocation cost of RMB15 million during the first half of 2008, and relocation cost of RMB1.23 million in the first half of 2009, the profits attributable to shareholders of the Group increased by RMB12.86 million compared with the same period of last year.

DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES

Distribution costs for the six months ended 30 June 2009 were approximately RMB13.94 million (same period in 2008: approximately RMB17.10 million), representing a decrease of approximately 18.5% over the corresponding period in 2008. The decrease in distribution costs was mainly attributable to lower sales revenue and hence lower transportation costs for the period.

The Group's administrative expenses for the six months ended 30 June 2009 were approximately RMB15.75 million (same period in 2008: approximately RMB30.35 million), representing a decrease of approximately 48.1% over the corresponding period in 2008. The decrease in administrative expenses was mainly attributable to the relocation costs of Shenzhen Huali in the corresponding period of last year. Excluding the relocation costs, the administrative expenses decreased by approximately RMB830,000 over the corresponding period in 2008.

INTEREST EXPENSES

The interest expenses of the Group were approximately RMB1.84 million for the six months ended 30 June 2009, representing an increase of approximately RMB550,000 over the same period of 2008. The increase in interest expenses was mainly due to the increase in the average outstanding loan balance of the period.

DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2009.

INVENTORIES, DEBTORS' AND CREDITORS' TURNOVER

The inventory turnover days of the Group was 65 days for the six months ended 30 June 2009 as compared with 46 days for the year ended 31 December 2008. The increase in inventory turnover days over 2008 was mainly attributable to the decrease in the cost of sales of the Group during the period. The Group's debtors' turnover days was 95 days for the six months ended 30 June 2009 as compared with 80 days for the year ended 31 December 2008. The increase in the debtors' turnover days was mainly attributable to the decrease in sales revenue of the Group during the period. In view of the current severe market

conditions, the management has strengthened its efforts on accounts receivable. The Group's creditors' turnover days was 118 days for the six months ended 30 June 2009 as compared with 74 days for the year ended 31 December 2008. The increase in the creditors' turnover days was mainly due to the decrease in the cost of sales for the period.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The total equity of the Group as at 30 June 2009 was approximately RMB542 million (31 December 2008: approximately RMB537 million). As at 30 June 2009, the Group had current assets of approximately RMB340 million (31 December 2008: approximately RMB380 million) and current liabilities of approximately RMB245 million (31 December 2008: approximately RMB255 million). The liquidity ratio was 1.39 as at 30 June 2009 as compared with 1.49 as at 31 December 2008. The decrease in liquidity ratio was mainly due to the conversion of certain current assets into fixed assets during the period. As at 30 June 2009, the Group had outstanding bank loans of approximately RMB111 million, of which fixed rate loans amounted to nil (as at 31 December 2008: outstanding bank loans of approximately RMB99.48 million, of which fixed rate loans amounted to nil). The interest rates of bank loans of the Group were 0.95% to 2.45% per annum for the six months ended 30 June 2009 (from 1.33% to 6.56% per annum for the year ended 31 December 2008). Part of these bank loans were secured by guarantees provided by certain subsidiaries of the Company. The Group's gearing ratio (being the total borrowings including bills payable and bank loans divided by total assets) increased from approximately 18% as at 31 December 2008 to approximately 19% as at 30 June 2009.

As at 31 December 2008 and 30 June 2009, the Group's total loans were in Hong Kong Dollars. As at 30 June 2009, approximately 65% of the total amount of cash and cash equivalents of the Group was in Renminbi (31 December 2008: 47%), approximately 30% of its cash and cash equivalents was in Hong Kong Dollars (31 December 2008: 33%) and approximately 5% of its cash and cash equivalents was in US Dollars (31 December 2008: 20%).

The Group's liquidity position remains stable and the Group possesses sufficient cash and banking facilities to meet its commitments, working capital requirements and future investments for expansion. The Group's transactions and monetary assets are principally denominated in Renminbi, Hong Kong Dollars or United States Dollars. The Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates for the period up to 30 June 2009. As at 30 June 2009, the Group did not employ any financial instrument for hedging purposes.

CONTINGENT LIABILITIES

The Group has no contingent liabilities as at 30 June 2009.

DIRECTORS' INTERESTS

As at 30 June 2009, interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) held by the Directors and chief executives of the Company which have been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") are as follows:

Long Positions in Ordinary Shares of the Company

Name of Directors	Number of ordinary shares held	Capacity	Nature of interest	Approximate % of issued share capital of the Company
Ni Zheng	600,000	Beneficial owner	Personal	0.21%
Zhou Guangneng	510,000	Beneficial owner	Personal	0.18%

Long Positions in Underlying Shares of the Company

Name of Directors	Number of underlying shares	Capacity	Nature of interest	Approximate % of issued share capital of the Company
Ni Zheng (<i>Note 1</i>)	1,400,000	Beneficial owner	Personal	0.49%
Zhou Guangneng (<i>Note 2</i>)	1,190,000	Beneficial owner	Personal	0.41%

Notes:

- (1) Ni Zheng is taken to be interested as a grantee of options to subscribe for 1,400,000 shares under the share option scheme of the Company.
- (2) Zhou Guangneng is taken to be interested as a grantee of options to subscribe for 1,190,000 shares under the share option scheme of the Company.

Save as disclosed above, as at 30 June 2009, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 30 June 2009, as far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Long Position in the Ordinary Shares of the Company

Name	Capacity/ Nature	No. of shares held	Approximate shareholding percentage
Substantial Shareholders			
Pacific Climax Limited ("Pacific Climax") (Note 1)	Beneficial owner	196,620,000	68.26%
Overseas Chinese Town (HK) Company Limited ("OCT (HK)")	Interest of a controlled corporation (Note 2)	196,620,000	68.26%
Shenzhen OCT Holding Co. Ltd. ("OCT Holding")	Interest of a controlled corporation (Note 3)	196,620,000	68.26%
Overseas Chinese Town Enterprises Company ("OCT Group")	Interest of a controlled corporation (Note 4)	196,620,000	68.26%
Others			
Polyfairz Group Limited	Beneficial owner	15,630,000	5.43%
Zhang Zhilin	Interest of a controlled corporation (Note 5)	15,630,000	5.43%
Tang Qinmei	Interest of spouse (Note 6)	15,630,000	5.43%

Notes:

- (1) Mr. Ni Zheng and Mr. Zhou Guangneng, both of them are Directors, are also directors of Pacific Climax.
- (2) OCT (HK) is the beneficial owner of all the issued share capital in Pacific Climax. Therefore OCT (HK) is deemed, or taken to be interested in those shares for the purpose of the SFO. Mr. Hou Songrong, Mr. Zheng Fan and Mr. Ni Zheng, all of them are Directors, are also directors of OCT (HK).
- (3) OCT Group entered into the State-assets Transfer Agreement on 6 June 2008 with OCT Holding, pursuant to which OCT Group conditionally agreed to sell, and OCT Holding conditionally agreed to purchase, inter alia, the entire issued share capital of OCT (HK). The State-assets Transfer Agreement is yet to be completed. For the purposes of the SFO, OCT Holding is deemed, or taken to be, interested in the 196,620,000 shares which are beneficially owned by Pacific Climax. OCT Holding is a company incorporated in the PRC, the shares of which are listed on the Shenzhen Stock Exchange. As advised by OCT Group, OCT Holding is a subsidiary of OCT Group. Mr. Zheng Fan, a Director, is also a director of OCT Holding.
- (4) OCT Group is the beneficial owner of all the issued shares in OCT (HK) (OCT Group holds 454,999,998 shares in OCT (HK) in its own name. Mr. Zheng Fan, a non-executive Director, and Mr. Guo Yubin hold one share each in OCT (HK) on trust for OCT Group) and which is in turn the beneficial owner of all the issued share capital in Pacific Climax and therefore OCT Group is deemed, or taken to be, interested in the 196,620,000 shares which are beneficially owned by Pacific Climax for the purposes of the SFO.
- (5) Polyfairz Group Limited (formerly known as Polyfair Limited) is beneficially owned as to 90% by Mr. Zhang Zhilin and thus a controlled corporation of Mr. Zhang Zhilin, and Mr. Zhang Zhilin is deemed, or taken to be, interested in the 15,630,000 shares which are beneficially owned by Polyfairz Group Limited for the purpose of the SFO.
- (6) Ms. Tang Qinmei is the spouse of Mr. Zhang Zhilin. Therefore, Ms. Tang Qinmei is deemed, or taken to be, interested in all the shares in which Mr. Zhang Zhilin is interested for the purpose of the SFO.

Save as disclosed above, no other interests required to be recorded in the register kept under section 336 of the SFO have been notified to the Company.

SHARE OPTION SCHEME

The Company has a share option scheme which was adopted on 12 October 2005 whereby the Directors are authorised to, at their absolute discretion and on such terms as they may think fit, grant an employee (full-time or part-time), a director, consultant and adviser of the Group, or any substantial shareholder of the Group, options to subscribe for shares of the Company. The purpose of the share option scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants and advisers of the Group and to promote the success of the Group. The share option scheme shall be valid and effective for a period of ten years ending on 11 October 2015, unless terminated earlier by shareholders of the Company in general meetings.

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by each grantee of options to the Company on acceptance of the offer for the grant of options is HK\$1.00.

The subscription price of a share in respect of any particular option granted under the share option scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the options; (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the options; and (iii) the nominal value of the shares on the date of grant of the options.

The Company shall be entitled to issue options, provided that the total number of shares which may be issued upon exercise of all options to be granted under the share option scheme does not exceed 10% of the shares in issue at the date of approval of the share option scheme. The Company may at any time refresh such limit, subject to the shareholders' approval and the issuance of a circular in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, provided that the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under all the share option schemes of the Company does not exceed 30% of the shares in issue at the time.

As at 30 June 2009, the total number of outstanding options available for issue under the share option scheme was 700,000 options, which represented approximately 0.24% of the total issued share capital of the Company as at 30 June 2009. As at 30 June 2009, the total number of shares available for issue under the options already granted under the share option scheme was 13,510,000 shares, which represented approximately 4.69% of the issued share capital of the Company as at 30 June 2009. The total number of shares issued and to be issued upon exercise of options granted to any grantee (including both exercised and outstanding options) under the share option scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Company's shares in issue.

An option may be exercised in accordance with the terms of the share option scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

The status of the share options granted up to 30 June 2009 is as follows:

Name and category of participants	As at 1 January 2009	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	As at 30 June 2009	Date of grant of share options*	Exercise period of share options	Exercise as	Share price
								options**	of the Company at the date of grant of share options***
								HK\$	HK\$
Directors									
Ni Zheng	1,400,000	-	-	-	1,400,000	7 February 2006	7 February 2006 to 6 February 2016	1.41	1.41
Zhou Guangneng	1,190,000	-	-	-	1,190,000	7 February 2006	7 February 2006 to 6 February 2016	1.41	1.41
	<u>2,590,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,590,000</u>				
Other Employees	10,920,000	-	-	-	10,920,000	7 February 2006	7 February 2006 to 6 February 2016	1.41	1.41
	<u>13,510,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,510,000</u>				
Total	<u>13,510,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,510,000</u>				

- * Under the Company's share option scheme, there is no vesting period of the share options.
- ** The exercise price of the share options was subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.
- *** The share price of the Company disclosed as at the date of the grant of the share options was the closing price as quoted on the Stock Exchange of the trading day immediately prior to the date of the grant of the share options.

The details of the model and significant assumptions used to estimate the fair value of the share options granted by the Company to the eligible participants during the period are set out under Note 13 on the interim financial report.

Apart from the foregoing, at no time during the period prior to the date of this interim report was the Company, any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

CORPORATE GOVERNANCE

For the six months ended 30 June 2009, the Company complied with all the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Securities Trading by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 of the Listing Rules ("Model Code"). The Board confirms that, having made specific enquiry of all Directors, the Directors have complied with the required standards set out in the Model Code and its own code of conduct regarding the Directors' securities transactions.

Audit Committee

The Audit Committee of the Company and the management have reviewed the unaudited interim report of the Group for the six months ended 30 June 2009 and have discussed the internal control, accounting principles and practices adopted by the Group.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company or any of its subsidiaries has not redeemed any of its shares during the six months ended 30 June 2009. During the same period, neither the Company nor any of its subsidiaries has purchased or sold any of the shares of the Company.

POST BALANCE SHEET EVENT

On 20 July 2009, a total of 1,380,000 shares were issued and allotted to the grantees of options at HK\$1.41 per share under the share option scheme of the Company.

By order of the Board
Hou Songrong
Chairman

Hong Kong, 1 September 2009

INTERIM FINANCIAL REPORT

CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2009 (unaudited)

(Expressed in Renminbi)

		Six months ended 30 June	
	Note	2009 RMB'000	2008 RMB'000
Turnover	3	245,730	374,408
Cost of sales		(215,071)	(350,158)
Gross profit		30,659	24,250
Other revenue		8,273	13,451
Other net gain	4	852	30,987
Distribution costs		(13,941)	(17,104)
Administrative expenses		(15,753)	(30,346)
Other operating expenses		(1,125)	(895)
Profit from operations		8,965	20,343
Finance costs	5	(1,843)	(1,285)
Share of profit/(loss) from an associate		5,373	(1,122)
Profit before taxation	5	12,495	17,936
Income tax	6	(2,156)	(2,367)
Profit for the period		10,339	15,569
Attributable to:			
Equity shareholders of the Company		10,339	15,569
Profit for the period		10,339	15,569
Earnings per share (RMB)	7		
Basic		0.036	0.063
Diluted		0.036	0.061

The notes on pages 23 to 38 form part of this interim financial report.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2009 (unaudited)

(Expressed in Renminbi)

	Six months ended 30 June	
	2009 RMB'000	2008 RMB'000
Profit for the period	10,339	15,569
Other comprehensive income for the period (after tax and reclassification adjustments):		
Exchange differences on translation of:		
– financial statements of overseas subsidiaries	260	(841)
Total comprehensive income for the period	10,599	14,728
Attributable to:		
Equity shareholders of the Company	10,599	14,728
Total comprehensive income for the period	10,599	14,728

The notes on pages 23 to 38 form part of this interim financial report.

CONSOLIDATED BALANCE SHEET

at 30 June 2009 (unaudited)

(Expressed in Renminbi)

	Note	At 30 June 2009 RMB'000	At 31 December 2008 RMB'000
Non-current assets			
Property, plant and equipment	8	156,277	165,753
Construction in progress		103,592	59,386
Goodwill		24,937	24,937
Lease prepayments		69,833	70,671
Interest in an associate		219,270	213,673
Deferred tax assets		10,762	10,579
		<u>584,671</u>	<u>544,999</u>
Current assets			
Inventories	9	76,568	84,853
Trade and other receivables	10	134,628	167,371
Cash and cash equivalents	11	128,692	127,307
		<u>339,888</u>	<u>379,531</u>
Current liabilities			
Trade and other payables	12	193,699	204,907
Bank loans		49,193	42,199
Current taxation		1,878	7,948
		<u>244,770</u>	<u>255,054</u>
Net current assets		<u>95,118</u>	<u>124,477</u>
Total assets less current liabilities		<u>679,789</u>	<u>669,476</u>

The notes on pages 23 to 38 form part of this interim financial report.

CONSOLIDATED BALANCE SHEET (CONTINUED)

at 30 June 2009 (unaudited)

(Expressed in Renminbi)

		At	At
		30 June	31 December
		2009	2008
	Note	RMB'000	RMB'000
Non-current liabilities			
Other payables to intermediate holding company		74,494	73,198
Bank loans		61,756	57,279
Deferred tax liability		1,203	2,183
		<u>137,453</u>	<u>132,660</u>
NET ASSETS		<u>542,336</u>	<u>536,816</u>
CAPITAL AND RESERVES			
Share capital	13	28,976	28,976
Reserves	13	513,360	507,840
Total equity attributable to equity shareholders of the Company		<u>542,336</u>	<u>536,816</u>
TOTAL EQUITY		<u>542,336</u>	<u>536,816</u>

The notes on pages 23 to 38 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2009 (unaudited)

(Expressed in Renminbi)

	Attributable to equity shareholders of the Company									
	Registered/ issued capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000	Merger reserve RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	General reserve RMB'000	Enterprise expansion fund RMB'000	Retained profits RMB'000	Total RMB'000
Balance at										
1 January 2008	25,260	174,960	147,711	24,757	25,386	(1,776)	33,697	5,366	75,457	510,818
Changes in equity for the six months ended 30 June 2008:										
Dividend approved in respect of the previous year (note 13(a))	-	-	-	-	-	-	-	-	(12,618)	(12,618)
Issue of shares (note 13(b))	520	8,181	-	-	(1,367)	-	-	-	-	7,334
Total comprehensive income for the period	-	-	-	-	-	(841)	-	-	15,569	14,728
Balance at 30 June 2008 and 1 July 2008	25,780	183,141	147,711	24,757	24,019	(2,617)	33,697	5,366	78,408	520,262
Changes in equity for the six months ended 31 December 2008:										
Issue of shares (note 13(b))	3,196	15,340	-	-	-	-	-	-	-	18,536
Total comprehensive income for the period	-	-	-	-	-	(3,003)	-	-	1,021	(1,982)
Transfer between reserves	-	-	-	-	-	-	2,494	-	(2,494)	-
Balance at 31 December 2008	<u>28,976</u>	<u>198,481</u>	<u>147,711</u>	<u>24,757</u>	<u>24,019</u>	<u>(5,620)</u>	<u>36,191</u>	<u>5,366</u>	<u>76,935</u>	<u>536,816</u>

The notes on pages 23 to 38 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

for the six months ended 30 June 2009 (unaudited)

(Expressed in Renminbi)

	Attributable to equity shareholders of the Company									
	Registered/ issued capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000	Merger reserve RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	General reserve RMB'000	Enterprise expansion fund RMB'000	Retained profits RMB'000	Total RMB'000
Balance at 1 January 2009	28,976	198,481	147,711	24,757	24,019	(5,620)	36,191	5,366	76,935	536,816
Changes in equity for the six months ended 30 June 2009:										
Dividend approved in respect of the previous year (note 13(a))	-	-	-	-	-	-	-	-	(5,079)	(5,079)
Total comprehensive income for the period	-	-	-	-	-	260	-	-	10,339	10,599
Balance at 30 June 2009	<u>28,976</u>	<u>198,481</u>	<u>147,711</u>	<u>24,757</u>	<u>24,019</u>	<u>(5,360)</u>	<u>36,191</u>	<u>5,366</u>	<u>82,195</u>	<u>542,336</u>

The notes on pages 23 to 38 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2009 (unaudited)

(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2009 RMB'000	2008 RMB'000
Cash generated from/(used in) operations		52,766	(58,545)
Tax paid		(9,389)	(4,854)
Net cash generated from/(used in) operating activities		43,377	(63,399)
Net cash (used in)/generated from investing activities		(48,203)	38,810
Net cash generated from financing activities		6,392	7,314
Net increase/(decrease) in cash and cash equivalents		1,566	(17,275)
Cash and cash equivalents at 1 January	11	127,307	119,292
Effect of foreign exchange rate changes		(181)	(3,742)
Cash and cash equivalents at 30 June	11	128,692	98,275

The notes on pages 23 to 38 form part of this interim financial report.

NOTES TO THE INTERIM FINANCIAL REPORT (UNAUDITED)

(Expressed in Renminbi)

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 1 September 2009.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2008 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2009 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2008 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

The interim financial report is unaudited and not reviewed by the auditors, but has been reviewed by the Audit Committee of the Company.

The financial information relating to the financial year ended 31 December 2008 that is included in the interim financial report does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2008 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 23 March 2009.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued one new HKFRS, a number of amendments to HKFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following of these developments are relevant to the Group's financial statements:

- HKAS 1 (revised 2007), Presentation of financial statements
- HKFRS 8, Operating segments
- Improvements to HKFRSs (2008)
- Amendments to HKAS 27, Consolidated and separate financial statements – cost of an investment in a subsidiary, jointly controlled entity or associate
- HKAS 23 (revised 2007), Borrowing costs

The amendments to HKAS 23 have had no material impact on the Group's financial statements as the amendments and interpretations were consistent with policies already adopted by the Group.

HKFRS 8 has no material impact on the Group's financial statements. The Group does not present segment information because the Group's chief executive management consider the Group operates within one segment and manage the Group as a whole.

The impact of the remainder of these developments is as follows:

- As a result of the adoption of HKAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

- The amendments to HKAS 27 have removed the requirement that dividends out of pre-acquisition profits should be recognised as a reduction in the carrying amount of the investment in the investee, rather than as income. As a result, as from 1 January 2009 all dividends receivable from subsidiaries and associates, whether out of pre-or post-acquisition profits, will be recognised in the Company's profit or loss and the carrying amount of the investment in the investee will not be reduced unless that carrying amount is assessed to be impaired as a result of the investee declaring the dividend. In such cases, in addition to recognising dividend income in profit or loss, the Company would recognise an impairment loss. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any dividends receivable in the current or future periods and previous periods have not been restated.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 TURNOVER

The principal activity of the Group is the manufacture and sale of paper boxes and products. Turnover represents the sales value of goods supplied to customers, net of value-added tax.

4 OTHER NET GAIN

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
Net gain on disposal of property, plant and equipment (note)	295	35,391
Exchange gain/(loss)	246	(5,130)
Others	311	726
	852	30,987

Note: Included in the net gain on disposal of property, plant and equipment in 2008 was a net gain on disposal of non-current assets held for sale of RMB35,592,000.

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

		Six months ended 30 June	
		2009	2008
		RMB'000	RMB'000
(a)	Finance costs:		
	Interest on bank loans	713	1,285
	Other interest expense	1,130	–
		<u>1,843</u>	<u>1,285</u>
(b)	Other items:		
	Amortisation of lease prepayments	838	843
	Depreciation of property, plant and equipment	13,987	14,000
	Impairment losses made on trade and other receivables	1,794	423
	Inventory (write-down reversal)/ write-down and losses	(695)	472
	Provision for relocation expenses (note)	1,230	15,000
		<u>1,230</u>	<u>15,000</u>

Note: The Group is in the progress of moving its production plant in Shenzhen to Huizhou and provided the relevant costs in relation to the relocation.

6 INCOME TAX

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
Current tax – Provision for PRC income tax		
Provision for the period	2,339	6,370
Deferred tax		
Origination and reversal of temporary differences	(183)	(4,003)
	2,156	2,367

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands during the period (2008: Nil).

No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profits subject to Hong Kong Profits Tax during the period (2008: Nil).

Pursuant to the income tax rules and regulations of the PRC, taxation for PRC subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant cities in the PRC, which range between 20% – 25% (2008: 18% – 25%). Certain subsidiaries are entitled to a tax concession period in which it is fully exempted from PRC income tax for 2 years starting from its first profit-making year, followed by a 50% reduction in the PRC income tax for the next 3 years (“two years free and three years half”).

On 16 March 2007, the Fifth Plenary Session of the Tenth National People’s Congress passed the Corporate Income Tax Law of the PRC (“new tax law”) which takes effect on 1 January 2008. Thereafter, the State Council passed Circular 39 on 26 December 2007, to clarify the grandfathering treating for existing enterprises that are entitled to preferential tax treatments. As a result of new tax law and Circular 39, the income tax rate of certain PRC subsidiaries are reduced from 33% to 25% from 1 January 2008; the tax rate of certain PRC subsidiaries gradually increases from 15% to 25% over a five-year transitional period (being 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012 and thereafter).

6 INCOME TAX (CONTINUED)

Pursuant to the new tax law, a 10% withholding tax is levied on dividends declared to foreign investors from the PRC effective from 1 January 2008. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and jurisdiction of the foreign investors. According to the tax treaty between Hong Kong Special Administrative Region and PRC for avoidance of double taxation and prevention of tax evasion, dividends declared from PRC subsidiaries to Hong Kong holding companies are subject to 5% withholding income tax from 1 January 2008 and onwards.

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB10,339,000 (six months ended 30 June 2008: RMB15,569,000) and the weighted average of 288,040,000 ordinary shares (2008: 248,207,238 shares) in issue during the interim period.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB10,339,000 (six months ended 30 June 2008: RMB15,569,000) and the weighted average number of ordinary shares (diluted) of 288,040,000 (2008: 255,707,644 shares).

8 PROPERTY, PLANT AND EQUIPMENT

Acquisitions and disposals

During the six months ended 30 June 2009, the Group acquired items of plant and machinery with a cost of RMB4,484,000 (six months ended 30 June 2008: RMB2,833,000).

Items of property, plant and machinery with nil net book value were disposed of during the six months ended 30 June 2009 (six months ended 30 June 2008: RMB13,973,000), resulting in a gain on disposal of RMB295,000 (six months ended 30 June 2008: RMB35,391,000).

9 INVENTORIES

During the six months ended 30 June 2009, provision for inventory of RMB695,000 has been reversed in profit or loss during the period, being the amount of reversal of a write-down of inventories to estimated net realisable value. This reversal arose due to an increase in the estimated net realisable value of certain paper cartons as a result of a change in customer preferences.

10 TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are debtors and bills receivable (net of impairment losses for bad and doubtful debts) with the following ageing analysis as of the balance sheet date:

	At	At
	30 June	31 December
	2009	2008
	RMB'000	RMB'000
Current	108,254	150,802
Less than 3 months past due	18,710	11,883
3 to 6 months past due	498	179
	<hr/>	<hr/>
Trade debtors and bills receivable, net of impairment losses	127,462	162,864
Prepayment, deposits and other receivables	7,166	4,507
	<hr/>	<hr/>
	134,628	167,371
	<hr/> <hr/>	<hr/> <hr/>

The Group normally allows a credit period ranging from 30 days to 90 days to its customers. Subject to negotiation, extended credit terms are available for certain customers with established trading records.

11 CASH AND CASH EQUIVALENTS

	At	At
	30 June	31 December
	2009	2008
	RMB'000	RMB'000
Cash at bank and in hand	128,692	127,307
	<hr/> <hr/>	<hr/> <hr/>

12 TRADE AND OTHER PAYABLES

Included in trade and other payables are trade creditors and bills payable with the following ageing analysis as of the balance sheet date:

	At	At
	30 June	31 December
	2009	2008
	RMB'000	RMB'000
Due within 3 months or on demand	117,406	114,051
Due after 3 months but less than 1 year	22,167	22,267
Due after 1 year	36	34
	<hr/>	<hr/>
Total creditors and bills payable	139,609	136,352
Other creditors and accrued charges	54,090	68,555
	<hr/>	<hr/>
	193,699	204,907
	<hr/> <hr/>	<hr/> <hr/>

13 RESERVES AND DIVIDENDS**(a) Dividends**

Dividends attributable to the previous financial year, approved and paid during the interim period:

	Six months	
	ended 30 June	
	2009	2008
	RMB'000	RMB'000
Final dividend in respect of the financial year ended 31 December 2008, approved and paid during the following interim period, of HK\$2 cents per share (equivalent RMB1.76 cents per share) (year ended 31 December 2007: HK\$5.70 cents per share (equivalent RMB5.207 cents per share))	5,079	12,618
	<hr/>	<hr/>

The directors do not propose the payment of an interim dividend for the six months ended 30 June 2009 (2008: Nil).

13 RESERVES AND DIVIDENDS (CONTINUED)**(b) Issue of shares**

On 21 April 2008, 5,790,000 share options of the Company at par value of HK\$0.1 were exercised at exercise price of HK\$1.41 per share. The excess of the exercise price over the par value of the shares issued has been credited to the share premium account of the Company.

On 2 December 2008, the Company issued and allotted 36,250,000 shares at par value of HK\$0.1 to its holding Company, Overseas Chinese Town (HK) Company Limited or its nominee(s), as part of the consideration for acquiring 51% shareholding of OCT Investments Limited.

(c) Transfer to reserve

There was no transfer to reserve for the six months period ended 30 June 2009.

General reserve fund can be used to make good previous years' losses, if any, and may be converted into paid up capital provided that the balance of the general reserve fund after such conversion is not less than 25% of the registered capital.

(d) Equity settled share-based transactions

On 7 February 2006, 5,400,000 and 13,900,000 share options were granted to directors and employees of the Company respectively under the Company's share option scheme. Each option gives the holder the right to subscribe for one ordinary share of HK\$0.1 each of the Company which will be settled by physical delivery of shares. These share options vested immediately from the date of grant, and then be exercisable within a period of ten years. The exercise price is HK\$1.41, as specified in the rules governing the share option scheme, being the higher of (i) the closing price of the shares of the Company on the Stock Exchange on the date of the grant of the options, (ii) the average of the closing prices of the shares on the Stock Exchange for the five business days immediately preceding the date of the grant of the options and (iii) the nominal value of the Company's share of the date of grant of the option. No option was forfeited or expired during the period.

On 21 April 2008, 5,790,000 share options were exercised. The remaining options granted above were outstanding and exercisable at 30 June 2009 with a remaining contractual life of 6 years and 7 months.

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the service received is measured based on Black-Scholes option pricing model.

14 CAPITAL COMMITMENTS OUTSTANDING NOT PROVIDED FOR IN THE INTERIM FINANCIAL REPORT

	At	At
	30 June	31 December
	2009	2008
	RMB'000	RMB'000
Contracted for	54,491	46,337
Authorised but not contracted for	72,355	126,718
	126,846	173,055

15 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with other state-controlled entities:

The Company is a state-controlled entity and operates in an economic regime currently dominated by entities directly or indirectly controlled by the PRC government ("state-controlled entities") through its government authorities, agencies, affiliations and other organisations.

Other than those disclosed in note 15(b), transactions with other state-controlled entities include but are not limited to the following:

- Utility supplies; and
- Financial services arrangement.

These transactions are conducted in the ordinary course of the Group's business on terms comparable to those with other entities that are not state-controlled. The Group has established its buying, pricing strategy and approval process for purchases and sales of products and services. Such buying, pricing strategy and approval processes do not depend on whether the counterparties are state-controlled entities or not.

15 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)**(a) Transactions with other state-controlled entities: (continued)**

Having considered the potential for transactions to be impacted by related party relationships, the Group's pricing strategy, buying and approval processes, and what information would be necessary for an understanding of the potential effect of the relationship on the financial statements, the directors are of the opinion that the following transactions with other state-controlled entities require disclosure:

(i) Transactions with other state-controlled entities in the PRC:

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
Interest income	535	438
Interest expenses	<u>595</u>	<u>977</u>

(ii) Balances with other state-controlled entities in the PRC:

	At 30 June 2009	At 31 December 2008
	RMB'000	RMB'000
Cash at bank	127,720	120,800
Bank loans	<u>87,807</u>	<u>73,021</u>

15 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)**(b) The Group has a related party relationship with the following parties:**

Name of party	Relationship with the Group
Overseas Chinese Town Enterprises Corporation ("OCT Group")	Ultimate holding company
Overseas Chinese Town (HK) Company Limited ("OCT (HK)")	Intermediate holding company
Shanghai Huiyang Industry Co., Ltd. ("Shanghai Hui Yang") (note 1)	An entity majority-owned by an equity shareholder who has significant influence over the Company
Shanghai Meiling Central Air Conditioner Company Limited ("Meiling Air-Conditioner") (note 1)	Subsidiary of Shanghai Hui Yang
Shanghai Pudong Xiamei Plastics Co., Ltd. ("Shanghai Xiamei") (note 1)	Subsidiary of Shanghai Hui Yang
Shenzhen Overseas Chinese Town Real Estate Company Limited	Subsidiary of OCT Group
Konka Group Company Limited, its subsidiaries and associates ("Konka Group") (note 2)	Common director

Note 1: Shanghai Huiyang and its two subsidiaries, Meiling Air-Conditioner and Shanghai Xiamei ceased to be related parties of the Group upon Mr. Zhang Zhilin's resignation as a director from Shanghai Huali Packaging Co., Ltd., a subsidiary of the Group. However, as Mr. Zhang was a director of Shanghai Huali Packaging Co., Ltd. within the preceding 12 months, these three companies are still connected persons of the Group under the Listing Rules as Mr. Zhang's associates.

Note 2: Due to the change in the chairman of the Group, Konka Group became a related party of the Group under HKAS 24, Related Party Disclosures from 26 May 2009. However, the chairman of the Group and his family do not have any equity interest in Konka Group and do not control the composition of a majority of the board of directors of Konka Group. Therefore Konka Group is not considered a connected person under the Listing Rules.

15 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)**(b) The Group has a related party relationship with the following parties:***(continued)***Recurring transactions**

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
Sales of goods to:		
Konka Group (note)	4,413	–
OCT Group, its subsidiaries and associates	143	461
Meiling Air-Conditioner	4,450	4,926
	9,006	5,387
Purchase of goods from:		
OCT Group, its subsidiaries and associates	90	45
Interest expense:		
OCT (HK)	1,130	–
Rental paid to:		
OCT Group, its subsidiaries and associates	2,441	1,122
Shanghai Xiamei	100	90
	2,541	1,212
Utility expenses paid to:		
OCT Group, its subsidiaries and associates	1,701	1,856
Sales of land use right and factory buildings to:		
Shenzhen Overseas Chinese Town Real Estate Company Limited	–	50,600

Note: The amount for the period ended 30 June 2009 represents transactions occurred after 26 May 2009 when Konka Group was regarded as a related party of the Group.

The directors of the Company are of the opinion that the above transactions with related parties were conducted in the ordinary course of business, on normal commercial terms and in accordance with the agreements governing such transactions.

15 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)**(b) The Group has a related party relationship with the following parties:***(continued)***Balances with related parties**

Amounts due from/(to) related parties are as follows:

		At	At
		30 June	31 December
		2009	2008
	Notes	RMB'000	RMB'000
Trade receivable from fellow subsidiaries	(i)	22	90
Trade receivable from other related companies	(i)	12,377	702
Trade payable to fellow subsidiaries	(ii)	(72)	(2)
Other receivables from fellow subsidiaries	(iii)	820	820
Other payables to other related companies	(iii)	(146)	(493)
Other payables to intermediate holding company	(iv)	(74,494)	(73,198)
		<u>(74,494)</u>	<u>(73,198)</u>

Notes:

- (i) The trade receivable balances are unsecured, non-interest bearing and are expected to be recovered within six months. These refer to receivables in respect of sales of paper cartons and paper boxes to related parties.
- (ii) The trade payable balances are unsecured, non-interest bearing and are expected to be settled within three months. These refer to payables in respect of purchases of raw materials from related parties.
- (iii) Other receivables and payables are unsecured, non-interest bearing, and repayable on demand.
- (iv) Other payables to intermediate holding company is unsecured, bearing an interest at HIBOR+1% and is repayable in two years.

15 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)**(c) Key management personnel compensations**

Key management personnel receive compensations in the form of fees, salaries, housing and other allowances, benefits in kind, discretionary bonuses, share options and retirement scheme contribution.

Total compensation of the Group received by key management personnel, including amounts paid to the Company's directors and certain of the highest paid employees, is summarised as follows:

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
Short-term employee benefits	1,596	1,403
Post employment benefits	43	40
	1,639	1,443

(d) Contributions to post-employment benefit plans

Pursuant to the relevant labour rules and regulations in the PRC, the Group participates in defined contribution retirement benefit schemes (the "Schemes") organised by the relevant local government authorities in Shenzhen, Zhongshan, Shanghai, Anhui and Huizhou whereby the Group is required to make contributions to the Schemes at a rate ranging from 10% to 22% of the eligible employees' salaries. The local government authorities are responsible for the entire pension obligations payable to the retired employees.

The Group also operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$20,000. Contributions to the plan vest immediately.

The Group has no other material obligation for the payment of pension benefits associated with those schemes beyond the annual contributions described above.

16 NON-ADJUSTING POST BALANCE SHEET EVENTS

On 20 July 2009, 1,380,000 share options of the Company at par value of HK\$0.1 were issued and allotted to the grantees of options at HK\$1.41 per share.

17 COMPARATIVE FIGURES

As a result of the application of HKAS 1 (revised 2007), Presentation of Financial Statements, certain comparative figures have been adjusted to conform to current period's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2009. Further details of these developments are disclosed in note 2.