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

•Interim Report•

2009

*For identification purpose only

CONTENTS

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2009 (the "period"), the Group is principally engaged in the sale of finished fabrics and provision of fabrics processing subcontracting services ("fabrics business"), the trading of goods ("trading business") and the manufacture and sales of high density and high-end yarns ("yarn business") to customers.

Operational and Financial Review

Operating environment faced by the whole textile industry has been tough throughout the first half of 2009. The global financial tsunami that broke out in the fourth quarter of 2008 and the rapid deterioration of almost all economic indicators in the first half of 2009 have further weakened market confidence and prompted consumers to cut back on all types of spending. The sales performance of the Group during the period was adversely affected under such a downturn.

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"). Quanzhou Project commenced its production in March 2009 as scheduled.

In the face of the weak market, the Group's turnover fell by 22.0% to RMB204.8 million (2008: RMB262.5 million). Sales from both fabrics business and trading business dropped whereas yarn business started to make its sales contribution during the period.

The Group registered a gross profit of around RMB40.2 million (2008: RMB50.0 million) for the period, representing a decrease of around 19.7% as compared with the corresponding period last year. As a result of enhanced sales mix and strict cost control, the group's overall gross profit margin slightly improved to 19.6% (2008: 19.1%).

Other income increased by 2.6 times to approximately RMB3.6 million (2008: RMB1.0 million), which mainly comprised government rewards of RMB1.8 million for the Group's energy saving and technological advancement, an exchange gain of RMB1.2 million and an interest income of RMB0.6 million. Distribution and selling expenses decreased by 19.7% to RMB2.6 million (2008: RMB3.2 million). Administrative expenses rose by 9.6% to RMB17.7 million (2008: RMB16.1 million). Benefiting from the lower interest rate environment during the period, finance costs dropped by 6.7% to RMB8.1 million (2008: RMB8.7 million).

Market Outlook and Future Prospects

A series of fiscal and monetary stimulus programmes unleashed by governments in major economies seem to start to pay off. There are some signs that the pace of global economic contraction has begun to moderate and market sentiments have improved slightly.

Overall speaking, the outlook seems to be less grim than before. However, the global economy is still fragile and continues to be overcast by considerable uncertainties. It is too soon to predict if the recovery can be sustained and the Group believes it takes time to have full market recovery to come back. The Group remains cautious about the second half of 2009.

The Group has always been keen to look for suitable opportunities to diversify its businesses and strengthen its revenue and profit base. As announced on 18 August 2009, the Company entered into a non-legally binding memorandum of understanding with independent third parties in relation to a possible acquisition by the Company of Enhance Development Limited which is principally engaged in the development of residential properties and office and factory premises in the PRC.

Looking forward, the Group will continue to work relentlessly and to steer its businesses in a prudent and pragmatic manner. With its dedicated management and staff, the Group is well-positioned to ride through the current difficult economic times and to react proactively to future challenges. Despite the short-term difficulties in the operating environment, the Group's solid foundation will enable it to benefit from the ultimate recovery of the market. The Board is optimistic about the Group's future outlook.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2009, the Group had total assets of approximately RMB1,441.2 million (As at 31 December 2008: RMB1,356.6 million) which were financed by current liabilities of approximately RMB446.5 million (As at 31 December 2008: RMB346.2 million), non-current liabilities of approximately RMB72.0 million (As at 31 December 2008: RMB100.3 million) and shareholders' equity of approximately RMB922.7 million (As at 31 December 2008: RMB910.1 million).

As at 30 June 2009, the Group's cash and bank balances was approximately RMB49.3 million (As at 31 December 2008: RMB53.0 million), while pledged bank deposits amounted to approximately RMB57.9 million (As at 31 December 2008: RMB53.0 million). As at 30 June 2009, the mortgage loan and long-term bank loans were variable-rate loans and were denominated in Hong Kong dollars whereas the short-term bank loans were fixed-rate loans and were denominated in Renminbi. As at 30 June, 2009, the Group's borrowings were secured by charges over the equity of some of its subsidiaries, corporate guarantees given by the Company and a subsidiary and certain land use rights, buildings, plant and machinery and bank deposits of the Group.

The Group maintained a healthy liquidity position. The current ratio, being a ratio of total current assets to total current liabilities, was approximately 1.0 (As at 31 December 2008: 1.1). 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, dropped slightly to approximately 31.2% (As at 31 December 2008: 32.5%). The Group always adopted a conservative approach in its financial management.

CAPITAL EXPENDITURES

As at 30 June 2009, the Group has capital commitments of approximately RMB46.0 million in respect of purchases of property, plant and equipment (As at 31 December 2008: RMB50.0 million).

CONTINGENT LIABILITIES AND EXCHANGE RISK EXPOSURE

As at 30 June 2009, the Group did not have any significant contingent liabilities (As at 31 December 2008: 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.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS AND DISPOSALS

The Group has no significant investment held and has not been involved in any material acquisitions or disposals of subsidiaries and associated companies during the period.

EMPLOYMENT

As at 30 June 2009, the Group had about 1,200 employees in Hong Kong and in the PRC (As at 31 December 2008: 1,600 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 23, which comprises the condensed consolidated statement of financial position of Co-Prosperity Holdings Limited (the "Company") and its subsidiaries as of 30th June, 2009 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows 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 34 "Interim financial reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company 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 inquiries, 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

11th September,2009

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30TH JUNE, 2009

	NOTES	1.1.2009 to 30.6.2009 RMB'000 (unaudited)	1.1.2008 to 30.6.2008 RMB'000 (unaudited)
Turnover		204,838	262,495
Cost of goods sold and service provided		(164,680)	(212,456)
Gross profit		40,158	50,039
Other income		3,577	992
Distribution and selling expenses		(2,569)	(3,198)
Administrative expenses		(17,693)	(16,143)
Finance costs		(8,094)	(8,675)
Profit before taxation	4	15,379	23,015
Taxation	5	(2,817)	(5,474)
Profit for the period attributable to owners of the Company		12,562	17,541
Other comprehensive income – exchange differences arising on translation of foreign operations		58	8,757
Total comprehensive income for the period attributable to owners of the Company		12,620	26,298
Earnings per share – Basic	7	1.30 RMB cents	1.82 RMB cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30TH JUNE, 2009

	NOTES	30.6.2009 RMB'000 (unaudited)	31.12.2008 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	8	772,702	735,252
Prepaid lease payments		176,739	178,604
Deposits made on acquisition of property, plant and equipment		33,564	61,194
		983,005	975,050
Current assets			
Inventories		194,337	145,532
Trade and other receivables	9	152,860	126,306
Prepaid lease payments		3,729	3,729
Pledged bank deposits		57,900	53,000
Bank balances and cash		49,349	52,961
		458,175	381,528
Current liabilities			
Trade and other payables	10	226,355	145,460
Obligations under finance leases		–	281
Taxation		4,347	5,548
Mortgage loan		545	539
Current portion of long-term bank loans		56,525	42,456
Short-term bank loans		158,750	151,891
		446,522	346,175
Net current assets		11,653	35,353
Total assets less current liabilities		994,658	1,010,403

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

AT 30TH JUNE, 2009

	30.6.2009 RMB'000 (unaudited)	31.12.2008 RMB'000 (audited)
Non-current liabilities		
Mortgage loan	2,163	2,440
Long-term bank loans	69,808	97,896
	71,971	100,336
Net assets	922,687	910,067
Capital and reserves		
Share capital	98,855	98,855
Reserves	823,832	811,212
Total equity	922,687	910,067

The interim financial information on pages 8 to 23 was approved and authorised for issue by the Board of Directors on 11th September, 2009 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, 2009

	Attributable to owners of the Company						
	Share capital RMB'000	Share premium RMB'000	Special 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	–	–	–	8,757	–	–	8,757
Profit for the period	–	–	–	–	–	17,541	17,541
Total comprehensive income for the period	–	–	–	8,757	–	17,541	26,298
Distribution to shareholders	–	–	(8,500)	–	–	–	(8,500)
At 30th June, 2008 (unaudited)	98,855	246,391	98,731	8,841	64,470	371,138	888,426
At 1st January, 2009	98,855	246,391	98,731	1,902	76,788	387,400	910,067
Exchange differences arising on translation of foreign operations	–	–	–	58	–	–	58
Profit for the period	–	–	–	–	–	12,562	12,562
Total comprehensive income for the period	–	–	–	58	–	12,562	12,620
At 30th June, 2009 (unaudited)	98,855	246,391	98,731	1,960	76,788	399,962	922,687

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-in 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 reserve is 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 STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2009

	1.1.2009 to 30.6.2009 RMB'000 (unaudited)	1.1.2008 to 30.6.2008 RMB'000 (unaudited)
Net cash from operating activities	57,807	89,796
Investing activities		
Purchase of property, plant and equipment	(41,354)	(158,025)
Increase in pledged bank deposits	(4,900)	(12,360)
Other investing cash flows	642	377
Net cash used in investing activities	(45,612)	(170,008)
Financing activities		
Interest paid	(7,776)	(8,358)
Dividends paid	–	(8,500)
Bank loans raised	137,250	121,818
Repayment of bank loans	(144,728)	(106,700)
Other financing cash flows	(552)	(1,088)
Net cash used in financing activities	(15,806)	(2,828)
Net decrease in cash and cash equivalents	(3,611)	(83,040)
Cash and cash equivalents at 1st January	52,961	193,984
Effect of foreign exchange rate changes	(1)	(252)
Cash and cash equivalents at 30th June	49,349	110,692
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	49,349	110,692

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2009

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 statements have 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 statements have been prepared under the historical cost convention. The principal accounting policies adopted in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2008, except that the Group has adopted the following accounting policy in respect of government grants, which has become material to the Group during the current interim period.

Government grants

Government grants are recognised as income over the periods necessary to match them with the related costs. Grants related to expense items are recognised in the same period as those expenses are charged in the income statement and are reported separately as "other income".

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1st January, 2009.

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. Hong Kong Financial Reporting Standard ("HKFRS") 8 is a disclosure Standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor Standard, HKAS 14 "Segment reporting", required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 (see note 3).

In previous periods, the Group expensed all borrowing costs that were directly attributable to the acquisition, construction or production of a qualifying asset when they were incurred. HKAS 23 (Revised 2007) removes the option available under the previous version of the Standard to recognise all borrowing costs as expenses immediately and requires all such borrowing costs to be capitalised as part of the cost of the qualifying asset. The Group has applied the transitional requirements in HKAS 23 (Revised 2007) and applied the revised accounting policy to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1st January, 2009. As the revised accounting policy has been applied prospectively since 1st January, 2009, the change has had no impact on amounts reported in prior accounting periods.

The adoption of the new and revised HKFRSs has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008 [1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 [2]
HKAS 27 (Revised 2008)	Consolidated and separate financial statements [1]
HKAS 39 (Amendment)	Eligible hedged items [1]
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters [3]
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions [3]
HKFRS 3 (Revised 2008)	Business combinations [1]
HK(IFRIC) – Int 17	Distributions of non-cash assets to owners [1]
HK(IFRIC) – Int 18	Transfers of assets from customers [4]

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

[2] Amendments that are effective for annual periods beginning on or after 1st July, 2009 or 1st January, 2010, as appropriate.

[3] Effective for annual periods beginning on or after 1st January, 2010.

[4] Effective for transfers on or after 1st July, 2009.

The adoption of HKFRS 3 (Revised 2008) may affect the Group's accounting for business combinations for which the acquisition dates are on or after 1st January, 2010. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating segments" with effect from 1st January, 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. In contrast, the predecessor Standard (HKAS 14, "Segment reporting") required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

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 aforesaid three divisions are the basis on which the Group reports its segment information.

The Group's reportable segments under HKFRS 8 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

The following is an analysis of the Group's turnover and results by reportable segment for the period under review:

Information regarding these segment is presented below.

	Turnover		Results	
	1.1.2009 to 30.6.2009 RMB'000	1.1.2008 to 30.6.2008 RMB'000	1.1.2009 to 30.6.2009 RMB'000	1.1.2008 to 30.6.2008 RMB'000
Processing, printing and sales of finished fabrics				
– external sales	194,336	245,874		
– inter-segment sales	6,982	12,697		
	201,318	258,571	30,966	36,466
Manufacture and sales of high density and high-end yarns	1,936	–	(4,004)	–
Trading of goods	8,566	16,621	(955)	(629)
	211,820	275,192	26,007	35,837
Elimination	(6,982)	(12,697)	–	–
	204,838	262,495	26,007	35,837
Interest income			605	377
Unallocated corporate expenses			(3,139)	(4,524)
Finance costs			(8,094)	(8,675)
Profit before taxation			15,379	23,015

Segment results represent the result of each segment without allocation of interest income, unallocated corporate expenses and finance costs. This is the measure reported to the chief operating decision maker, the Board of Directors, for the purposes of resource allocation and performance assessment.

4. PROFIT BEFORE TAXATION

	1.1.2009 to 30.6.2009 RMB'000 (unaudited)	1.1.2008 to 30.6.2008 RMB'000 (unaudited)
Profit before taxation has been arrived at after charging:		
Depreciation on property, plant and equipment		
– owned by the Group	27,446	17,017
– held under finance lease	191	215
	27,637	17,232
Less: Depreciation included in research and development costs	(260)	(362)
	27,377	16,870
Allowance for doubtful debts	1,069	–
Operating lease rentals in respect of prepaid lease payments	1,865	408
and after crediting:		
Government rewards and subsidies*	1,780	500

* The government rewards and subsidies provided by Mainland China (the "PRC") government to the Group were paid as an incentive for energy saving and product development achievements made by the Group. There are no conditions and contingencies attached to the receipt of the government subsidies and they are non-recurring in nature.

5. TAXATION

	1.1.2009 to 30.6.2009 RMB'000 (unaudited)	1.1.2008 to 30.6.2008 RMB'000 (unaudited)
The charge comprises:		
PRC income tax	(2,817)	(5,512)
Overprovision of Hong Kong Profits Tax in prior year	–	38
	(2,817)	(5,474)

Pursuant to the relevant laws and regulations in 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.

Under the new law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1st January, 2008 onwards. Deferred taxation has not been provided for in the financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

6. DIVIDENDS

	1.1.2009 to 30.6.2009 RMB'000 (unaudited)	1.1.2008 to 31.12.2008 RMB'000 (audited)
Dividends recognised as distribution during prior period – final dividends of 1 Hong Kong cent, equivalent to 0.88 RMB cent per share paid	–	8,500

The directors do not recommend the payment of an interim dividend for the period (2008: Nil).

7. EARNINGS PER SHARE

The calculation of the basic earnings per share for the six months ended 30th June, 2009 is based on the consolidated profit for the period attributable to owners of the Company of RMB12,562,000 (2008: RMB17,541,000) and 965,000,000 shares in issue during the period.

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

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred RMB65,083,000 (2008: RMB136,456,000) on additions to property, plant and equipment to expand and upgrade its manufacturing capabilities.

9. TRADE AND OTHER RECEIVABLES

	30.6.2009 RMB'000 (unaudited)	31.12.2008 RMB'000 (audited)
Trade receivables		
– a related company	–	1,383
– others	46,074	35,135
	46,074	36,518
Deposits paid to suppliers	104,072	87,357
Other receivables and prepayments	2,714	2,431
	152,860	126,306

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 receivables at the end of the reporting period:

	30.6.2009 RMB'000 (unaudited)	31.12.2008 RMB'000 (audited)
Age		
0 to 90 days	16,422	24,126
91 to 180 days	6,103	5,390
181 to 270 days	8,997	1,444
271 to 365 days	13,845	4,448
Over 365 days	707	1,110
	46,074	36,518

10. TRADE AND OTHER PAYABLES

	30.6.2009 RMB'000 (unaudited)	31.12.2008 RMB'000 (audited)
Trade payables	24,106	3,350
Bill payables		
– secured	57,900	53,000
– unsecured	32,244	36,940
	114,250	93,290
Customers' deposits	30,785	28,093
Payables for acquisition of property, plant and equipment	11,034	14,935
Other payables and accruals	70,286	9,142
	226,355	145,460

The following is an aged analysis of trade and bill payables at the end of the reporting period:

	30.6.2009 RMB'000 (unaudited)	31.12.2008 RMB'000 (audited)
Age		
0 to 90 days	97,591	53,897
91 to 180 days	5,058	38,114
181 to 270 days	2,374	254
271 to 365 days	2,569	431
Over 365 days	6,658	594
	114,250	93,290

The normal credit period on purchases of goods is 90 days.

11. CAPITAL COMMITMENTS

	30.6.2009 RMB'000 (unaudited)	31.12.2008 RMB'000 (audited)
Capital expenditure contracted for but not provided in the financial statements in respect of acquisition of property, plant and equipment	45,880	49,960

12. RELATED PARTY TRANSACTIONS

The directors of the Company represented key management of the Group. During the period, directors' remuneration of RMB1,725,000 (2008: RMB1,775,000) was charged to the statement of comprehensive income.

DISCLOSURE OF ADDITIONAL INFORMATION

INTERIM DIVIDEND

The Board resolved not to declare an interim dividend for the six months ended 30 June 2009 (For the six months ended 30 June 2008: Nil).

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

As at 30 June 2009, 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 2009, 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 2009, 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 2009, 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 2009, 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 2009.

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 2009. The details of the terms of the Share Option Scheme have been disclosed in the 2008 annual report.

No share options were granted, exercised, cancelled or lapsed during the period. There were no outstanding share options as at 30 June 2009.

PURCHASE, SALE OR REDEMPTION OF LISTING SECURITIES OF THE COMPANY

During the six months ended 30 June 2009, 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 auditor, to approve the remuneration and terms of engagement of the external auditor, to review and monitor the external auditor's 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, 11 September 2009

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

HSBC Trustee (Cayman) Limited
P.O. Box 484
HSBC House
68 West Bay Road
Grand Cayman, KY1-1106
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

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