Co-Prosperity Holdings Limited
協盛協豐控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 707)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

The Board of Directors (the "Board") of Co-Prosperity Holdings Limited (the "Company") is pleased to present the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2008, together with the comparative figures for the corresponding year in 2007 as follows:

* *For identification purposes only*

CONSOLIDATED INCOME STATEMENT

	NOTES	**2008** ***RMB'000***	2007 *RMB'000*
Turnover	3	**593,684**	917,394
Cost of goods sold and service provided		**(488,466)**	(745,488)
Gross profit		**105,218**	171,906
Other income		**9,481**	2,480
Distribution and selling expenses		**(7,015)**	(9,804)
Administrative expenses		**(35,270)**	(39,582)
Finance costs	4	**(19,145)**	(12,164)
Profit before taxation	5	**53,269**	112,836
Taxation	6	**(7,148)**	(21,699)
Profit for the year		**46,121**	91,137
Dividends			
– interim dividends of 1.5 Hong Kong cents, equivalent to 1.44 RMB cents per share, paid		**–**	13,920
– final dividends of 1 Hong Kong cent, equivalent to 0.88 RMB cent (2007: 3 Hong Kong cents, equivalent to 2.94 RMB cents) per share, paid		**8,500**	23,750
		8,500	37,670
– final dividends of 1 Hong Kong cent, equivalent to 0.94 RMB cent per share, proposed		**–**	9,047
Earnings per share	7		
– Basic		**4.78 RMB cents**	10.29 RMB cents
– Diluted		**N/A**	10.21 RMB cents

CONSOLIDATED BALANCE SHEET

	NOTES	**2008** **RMB'000**	2007 RMB'000
Non-current assets			
Property, plant and equipment		**735,252**	539,181
Prepaid lease payments		**178,604**	159,494
Deposits made on acquisition of property, plant and equipment		**61,194**	29,439
		975,050	728,114
Current assets			
Inventories		**145,532**	187,956
Trade and other receivables	8	**126,306**	115,943
Prepaid lease payments		**3,729**	817
Pledged bank deposits		**53,000**	14,440
Bank balances and cash		**52,961**	193,984
		381,528	513,140
Current liabilities			
Trade and other payables	9	**145,460**	84,370
Obligations under finance leases		**281**	597
Taxation		**5,548**	5,364
Mortgage loan		**539**	527
Current portion of long-term bank loans		**42,456**	–
Short-term bank loans		**151,891**	128,200
		346,175	219,058
Net current assets		**35,353**	294,082
Total assets less current liabilities		**1,010,403**	1,022,196
Non-current liabilities			
Obligations under finance leases		**–**	298
Mortgage loan		**2,440**	3,182
Long-term bank loans		**97,896**	148,088
		100,336	151,568
Net assets		**910,067**	870,628
Capital and reserves			
Share capital		**98,855**	98,855
Reserves		**811,212**	771,773
Total equity		**910,067**	870,628

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

These consolidated financial statements have been prepared under the historical cost convention and in accordance with all applicable Hong Kong Financial Reporting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS"s)

In the current year, the Company and its subsidiaries (hereinafter collectively referred to as the "Group") have applied, for the first time, the following new Standard, Amendment and Interpretations ("INTs") ("new HKFRS"s) issued by the Hong Kong Institute of Certified Public Accountants, which are effective for the Group's financial year beginning 1st January, 2008.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of financial assets
HK(IFRIC) – INT 11	HKFRS 2: Group and treasury share transactions
HK(IFRIC) – INT 12	Service concession arrangements
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS"s) (CONTINUED)

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

HKFRSs (Amendments)	Improvements to HKFRSs [1]
HKAS 1 (Revised)	Presentation of financial statements [2]
HKAS 23 (Revised)	Borrowing costs [2]
HKAS 27 (Revised)	Consolidated and separate financial statements [3]
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation [2]
HKAS 39 (Amendment)	Eligible hedged items [3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate [2]
HKFRS 1 (Revised)	First-time adoption of HKFRSs [3]
HKFRS 2 (Amendment)	Vesting conditions and cancellations [2]
HKFRS 3 (Revised)	Business combinations [3]
HKFRS 7 (Amendments)	Improving disclosures about financial instruments [2]
HKFRS 8	Operating segments [2]
HK(IFRIC) – INT 9 & HKAS 39 (Amendments)	Embedded derivatives [4]
HK(IFRIC) – INT 13	Customer loyalty programmes [5]
HK(IFRIC) – INT 15	Agreements for the construction of real estate [2]
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation [6]
HK(IFRIC) – INT 17	Distribution of non-cash assets to owners [3]
HK(IFRIC) – INT 18	Transfers of assets from customers [7]

1 Effective for annual periods beginning on or after 1st January, 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1st July, 2009.

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

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

4 Effective for annual periods ending on or after 30th June, 2009.

5 Effective for annual periods beginning on or after 1st July, 2008.

6 Effective for annual periods beginning on or after 1st October, 2008.

7 Effective for transfers on or after 1st July, 2009.

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1st July, 2009. HKAS 27 (Revised) 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 Standards, Amendments or INTs will have no material impact on the results and the financial position of the Group.

3. TURNOVER AND SEGMENT INFORMATION

Turnover

Turnover represents the fair value of the consideration received or receivable from third parties and is summarised as follows:

	2008	2007
	RMB'000	*RMB'000*
Sales of goods from		
– sales of finished fabrics	**457,165**	781,233
– trading of goods	**30,555**	69,197
	487,720	850,430
Subcontracting services	**105,964**	66,964
	593,684	917,394

Business segments

The Group is organised into three operating divisions, namely processing, printing and sales of finished fabrics, manufacture and sales of high density and high-end yarns and trading of goods. As at 31st December, 2008, the operation of the manufacture and sales of high density and high-end yarns segment has not commenced and the factory under that segment is still under construction. The aforesaid three divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

– Processing, printing and sales of finished fabrics

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

– Trading of goods: Trading of fabrics and clothing

3. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

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

	Turnover		Results	
	2008	2007	**2008**	2007
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Processing, printing and sales of finished fabrics				
– external sales	**563,129**	781,701		
– inter-segment sales*	**20,794**	66,496		
	583,923	848,197	**78,020**	140,200
Trading of goods	**30,555**	135,693	**(1,680)**	1,327
	614,478	983,890	**76,340**	141,527
Elimination	**(20,794)**	(66,496)	**–**	–
	593,684	917,394	**76,340**	141,527
Interest income			**1,444**	1,024
Exchange gain			**7,238**	1,112
Unallocated corporate expenses			**(12,608)**	(18,663)
Finance costs			**(19,145)**	(12,164)
Profit before taxation			**53,269**	112,836
Taxation			**(7,148)**	(21,699)
Profit for the year			**46,121**	91,137

* Inter-segment sales are charged at the prevailing market rates.

3. **TURNOVER AND SEGMENT INFORMATION (CONTINUED)**

(ii) Analysis of the Group's balance sheet by business segments is as follows:

	2008	2007
	RMB'000	*RMB'000*
ASSETS		
Segment assets		
– processing, printing and sales of finished fabrics	**770,675**	820,668
– manufacture and sales of high density and high-end yarns	**454,162**	187,285
– trading of goods	**18,226**	17,312
	1,243,063	1,025,265
Unallocated corporate assets	**113,515**	215,989
	1,356,578	1,241,254
LIABILITIES		
Segment liabilities		
– processing, printing and sales of finished fabrics	**128,793**	73,353
– manufacture and sales of high density and high-end yarns	**7,575**	14
– trading of goods	**7,314**	7,793
	143,682	81,160
Taxation	**5,548**	5,364
Unallocated corporate liabilities	**297,281**	284,102
	446,511	370,626

(iii) Other information

	2008	2007
	RMB'000	*RMB'000*
Capital additions		
– processing, printing and sales of finished fabrics	**22,145**	131,211
– manufacture and sales of high density and high-end yarns	**237,843**	159,579
– trading of goods	**12**	85
	260,000	290,875
Depreciation		
– processing, printing and sales of finished fabrics	**38,657**	35,960
– trading of goods	**631**	694
– corporate level	**275**	169
	39,563	36,823

3. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

Geographical segments

The Group's turnover is derived from customers located in the PRC and overseas including Hong Kong.

The following table provides an analysis of the Group's sales based on geographical location of customers:

	Turnover	
	2008	2007
	RMB'000	*RMB'000*
The PRC	**565,884**	781,950
Hong Kong and overseas	**27,800**	135,444
	593,684	917,394

The following is an analysis of the carrying amount of segment assets, and capital additions, analysed by the geographical areas in which the assets are located:

	Carrying amount of segment assets		**Capital additions**	
	2008	2007	**2008**	2007
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
The PRC	**1,225,137**	1,017,641	**259,989**	290,807
Hong Kong and overseas	**17,926**	7,624	**11**	68
	1,243,063	1,025,265	**260,000**	290,875

4. FINANCE COSTS

	2008	2007
	RMB'000	*RMB'000*
Interest on bank loans		
– wholly repayable within five years	**(18,367)**	(11,840)
– not wholly repayable within five years	**(122)**	(208)
	(18,489)	(12,048)
Amortised transaction costs in relation to long-term bank loans	**(656)**	(116)
	(19,145)	(12,164)

5. PROFIT BEFORE TAXATION

	2008	2007
	RMB'000	*RMB'000*
Profit before taxation has been arrived at after charging:		
Directors' remuneration	**3,757**	1,175
Other staff's retirement benefits scheme contributions	**552**	891
Other staff's share-based payments	**–**	7,986
Other staff costs	**24,832**	30,520
	29,141	40,572
Less: Staff costs included in research and development costs	**(595)**	(919)
	28,546	39,653
Depreciation on property, plant and equipment		
– owned by the Group	**39,132**	36,364
– held under finance leases	**431**	459
	39,563	36,823
Less: Depreciation included in research and development costs	**(724)**	(1,037)
	38,839	35,786
Auditor's remuneration	**1,685**	1,695
Loss on disposal of property, plant and equipment	**–**	36
Operating lease rentals in respect of		
– prepaid lease payments	**2,273**	801
– rented premises	**140**	148
Research and development costs	**2,905**	4,180
and after crediting:		
Exchange gain	**7,238**	1,112
Interest income	**1,444**	1,024

6. TAXATION

	2008	2007
	RMB'000	*RMB'000*
The charge comprises:		
PRC income tax	**(7,186)**	(19,473)
Hong Kong Profits Tax	**38**	–
	(7,148)	(19,473)
Deferred taxation	**–**	(2,226)
	(7,148)	(21,699)

On 16th March, 2007, the People's Republic of China promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6th December, 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations changed the tax rate to 25% for the Company's certain PRC subsidiaries since 1st January, 2008.

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. There are three PRC subsidiaries entitled to this exemption commenced in 2008, while this exemption to another PRC subsidiary expired at the end of 2008. For the subsidiaries under this exemption, such exemption is still applicable under transitional arrangement of the New Law.

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 year.

The credit in 2008 represents overprovision of Hong Kong Profits Tax made in prior years.

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 consolidated 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.

7. EARNINGS PER SHARE

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

	2008	2007
	RMB'000	*RMB'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**46,121**	91,137
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**965,000,000**	885,487,671
Effect of dilutive potential ordinary shares		
– share options		7,033,120
Weighted average number of ordinary shares for the purpose of diluted earnings per share		892,520,791

No diluted earnings per share was presented in 2008 as there were no potential dilutive shares during the year.

8. TRADE AND OTHER RECEIVABLES

	2008	2007
	RMB'000	*RMB'000*
Trade receivables		
– a related company	**1,383**	–
– others	**35,135**	35,719
	36,518	35,719
Bills receivables	**–**	1,456
	36,518	37,175
Deposits paid to suppliers	**87,357**	73,467
Other receivables and prepayments	**2,431**	5,301
	126,306	115,943

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

8. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	2008	2007
	RMB'000	*RMB'000*
Age		
0 to 90 days	**24,126**	31,313
91 to 180 days	**5,390**	5,289
181 to 270 days	**1,444**	573
271 to 365 days	**4,448**	–
Over 365 days	**1,110**	–
	36,518	37,175

Management closely monitors the credit quality of trade and other receivables and considers trade and other receivables that are neither past due nor impaired to be of a good credit quality.

Included in the Group's trade receivable balances are debtors with aggregate carrying amount of RMB12,392,000 (2007: RMB5,862,000) which are past due at the reporting date for which the Group has not provided for allowance. The Group does not hold any collateral over these balances.

The following is an aged analysis of trade receivables which are past due but not impaired:

	2008	2007
	RMB'000	*RMB'000*
Age		
91 to 180 days	**5,390**	5,289
181 to 270 days	**1,444**	573
271 to 365 days	**4,448**	–
Over 365 days	**1,110**	–
	12,392	5,862

Based on the historical experience of the Group, trade receivables that are past due are generally recoverable and as a result, no allowance was made for trade receivables at the balance sheet date.

9. TRADE AND OTHER PAYABLES

	2008	2007
	RMB'000	*RMB'000*
Trade payables	**3,350**	7,340
Bills payables		
– secured	**53,000**	14,440
– unsecured	**36,940**	25,388
	93,290	47,168
Customers' deposits	**28,093**	24,630
Payables for acquisition of property, plant and equipment	**14,935**	2,611
Other payables and accruals	**9,142**	9,961
	145,460	84,370

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

	2008	2007
	RMB'000	*RMB'000*
Age		
0 to 90 days	**53,897**	43,954
91 to 180 days	**38,114**	3,049
181 to 270 days	**254**	72
271 to 365 days	**431**	4
Over 365 days	**594**	89
	93,290	47,168

The average credit period on purchases of goods is 90 days. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

10. CAPITAL COMMITMENTS

	2008	2007
	RMB'000	*RMB'000*
Capital expenditure contracted for but not provided in the financial statements in respect of the acquisition of property, plant and equipment	**49,960**	121,241

BUSINESS OVERVIEW

The deepening of the US subprime mortgage crisis and credit crunch since September 2008 has evolved rapidly into a financial tsunami sweeping across the globe. Consumer confidence and economic sentiment have unavoidably deteriorated at an unprecedented speed. Under such an unfavourable operating environment, the whole textile industry continually suffered from substantial decline in consumer spending, which translated into serious blow to the Group's business performance as well. The relatively higher raw material prices and manufacturing overheads and the appreciation of Renminbi during the year also dragged down the Group's results.

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"). Phase I of the plant with an annual production capacity of 11,000 tonnes of high density and high-end yarn was originally scheduled to be completed and ready for production in the fourth quarter of 2008. However, in view of the volatile and uncertain market in the second half of 2008, the Group has reassessed its overall risk exposures and finally decided to re-adjust its pace of developing the project. As a result, Quanzhou project was postponed to commence production in March 2009.

Strictly adhering to its prudent and focused management principle, the Board is pleased to report that, during the year, the Group has not invested or made speculations in any structured investment products, foreign exchange contracts and listed securities.

With its proactive financial management measures in place, the Group successfully arranged a 3-year syndicated loan of HK$160 million in late 2007 and the immediate conversion of the received proceeds into Renminbi has enabled the Group to capture both the benefits of the relatively low interest rate environment in Hong Kong and the appreciation of Renminbi during the year.

Corporate social responsibility has always been considered by the Group as one of the important elements of its corporate culture for long-term sustainable development. Thus, in order to help those victims of the earthquake occurred in Sichuan Province in May last year and other needy people, the Group donated RMB3.0 million during the year.

OPERATIONAL AND FINANCIAL REVIEW

In 2008, the Group is principally engaged in the sale of finished fabrics ("fabrics sales business'), the provision of fabrics processing subcontracting services ("processing business") and trading of goods ("trading business") to customers.

The Group's total turnover dropped by 35.3% to approximately RMB593.7 million for the year (2007: RMB917.4 million). During the year, the revenue from processing business rose whereas those from fabrics sales business and trading business fell. Taking advantage of its relatively advanced production technology, the Group achieved an encouraging growth in its processing business with increases in both sales quantity and average unit price.

The Group registered a gross profit of approximately RMB105.2 million for the year (2007: RMB171.9 million), representing a decrease of approximately 38.8% as compared with last year. The Group's overall gross profit margin for the year was approximately 17.7% (2007: 18.7%), which was lower than that of last year. During the year, the gross profit margin from fabrics sales business and processing business declined whereas that from trading business rose. For both fabrics sales business and processing business, the rising material and manufacturing costs ate into the margins, hence causing a fall in gross profit margin. For trading business, the enhancement in sales mix with higher margins during the year led to the increase in gross profit margin.

Other income increased by 2.8 times to approximately RMB9.5 million (2007: RMB 2.5 million) which was primarily composed of an exchange gain of around RMB7.2 million (2007: RMB1.1 million) and an interest income of RMB1.4 million (2007: RMB1.0 million) for the year.

Distribution and selling expenses reduced by 28.4% to approximately RMB7.0 million (2007: RMB9.8 million). Administrative expenses fell by 10.9% to approximately RMB35.3 million (2007: RMB39.6 million), which included RMB3.0 million (2007: Nil) donated to those victims of earthquake occurred in Sichuan Province in May last year and other needy people. Excluding the effect of aforesaid donation, administrative expenses effectively dropped by 18.5% during the year on account of stringent cost control measures in place. Finance costs for the year were up by 57.4% to RMB19.1 million (2007: 12.2 million) as a result of the higher level of average bank borrowings of the Group during the year.

FUTURE PROSPECTS

The year of 2009 has emerged in an environment of drastic slowdown in business activities, with most of the major economies of the world suffering from negative economic growth. Looking ahead to the remaining 2009, the Group considers the market environment to remain acute and challenging.

Given the severity and the widespread influence of the current economic downturn across the world, it would be early to expect any imminent recovery. The dismal economic environment will continue to overshadow, among others, the whole textile industry. Such a turbulence will also expedite the process of eliminating under-performed industry players.

Yet there are still good news to the existing economic strain. After all, central banks around the world have been flooding financial markets with cash and governments, including China, have launched their own monumental fiscal spending programmes in order to revive their economies. Besides, the several moves by the PRC government to increase Value Added Tax rebates for certain textile and garment exports since August 2008 and the softening of raw material prices in the second half of the year have eased the cost pressures faced by some of the industry players. The current low interest rate environment globally will also benefit and facilitate the future economic recovery. All these actions, however, will take time to have an impact.

Facing the current economic uncertainties, the Group firmly believes an enterprise's ultimate success hinges on the long-term survival in the market. The Group's healthy financial position and relatively low gearing will enable it to live through the current hard times and be poised for long-term sustainable growth.

Going forward, the Group will continue to work tirelessly on improving its business performance. The Board believes the Group's solid foundation and the committed focus of its management team will underpin its performance in the long run. The Group is well-prepared for the challenges and opportunities ahead and remains confident on its future outlook.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2008, the Group had total assets of approximately RMB1,356.6 million (2007: RMB1,241.3 million) which were financed by current liabilities of approximately RMB346.2 million (2007: RMB219.1 million), non-current liabilities of approximately RMB100.3 million (2007: RMB151.6 million) and shareholders' equity of approximately RMB910.1 million (2007: RMB870.6 million).

As at 31 December 2008, the Group's cash and bank balances was approximately RMB53.0 million (2007: RMB194.0 million), while pledged bank deposits amounted to approximately RMB53.0 million (2007: RMB14.4 million). During the year, the aggregate of short-term bank loans and the current portion of long-term bank loan increased to approximately RMB194.3 million (2007: RMB128.2 million).

The Group maintained a healthy liquidity position. The current ratio, being a ratio of total current assets to total current liabilities, was approximately 1.1 (2007: 2.3). The gearing ratio, being a ratio of borrowings (comprising obligations under finance leases, mortgage loan and short-term and long-term bank loans) to shareholders' equity, slightly increased to approximately 32.5% (2007: 32.3%). The Group always adopted a conservative approach in its financial management.

CHARGES ON GROUP ASSETS

As at 31 December 2008, the Group's borrowings were secured by certain land use rights, buildings, plant and machinery, motor vehicles, bank deposits of the Group with a total carrying value of approximately RMB187.9 million (2007: RMB170.6 million), corporate guarantees given by the Company and a subsidiary and charges over the equity of some of its subsidiaries.

CAPITAL EXPENDITURES

As at 31 December 2008, the Group has capital commitments of approximately RMB50.0 million (2007: RMB121.2 million) in respect of purchases of property, plant and equipment.

CONTINGENT LIABILITIES AND EXCHANGE RISK EXPOSURE

As at 31 December 2008, the Group did not have any significant contingent liabilities (2007: Nil).

The Group's operations, sales and purchases were mainly denominated in Renminbi. The Group does not foresee significant risk in exchange rate fluctuations and no financial instruments have been used for hedging purposes. The Group will consider to have forward exchange contract for hedging purposes if and when appropriate.

EMPLOYMENT

As at 31 December 2008, the Group had about 1,600 employees (2007: 1,700 employees) in Hong Kong and in the PRC.

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 and are 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 contributions to the Group.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor its subsidiaries has purchased, redeemed or sold any of the Company's listed shares during the year.

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 year ended 31 December 2008.

DIVIDEND

The Board does not recommend any payment of final dividend (2007: HK1 cent) for the year.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Monday, 1 June 2009 to Friday, 5 June 2009 (both days inclusive), during which period no transfer of shares can be registered. In order to qualify for attending and voting at the forthcoming annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrar in Hong Kong, Tricor Investor Services Limited, not later than 4:30 p.m. on 29 May 2009. Tricor Investor Services Limited is located at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

DIRECTORS' COMPLIANCE WITH THE MODEL CODE

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.

CORPORATE GOVERNANCE

The Directors are in the opinion that the Company has complied with the Code on Corporate Governance Practices as set out in appendix 14 of the Listing Rules throughout the year ended 31 December 2008.

REVIEW OF ACCOUNTS

This financial results including the accounting principles and practices adopted by the Group have been reviewed and approved by the Audit Committee.

By order of the Board
Co-Prosperity Holdings Limited
Sze Siu Hung
Chairman

Hong Kong, 17 April 2009

As at the date of this announcement, Mr. Sze Siu Hung, Mr. Qiu Fengshou, Madam Cai Peilei and Mr. Sze Chin Pang are the executive Directors; and Professor Zeng Qingfu, Professor Zhao Bei and Mr. Lui Siu Keung are the independent non-executive Directors.