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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016

The board (the "**Board**") of directors (the "**Director(s)**") of Co-Prosperity Holdings Limited (the "**Company**") is pleased to announce the unaudited interim condensed consolidated financial statements of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2016 (the "**Period**") together with the comparative figures for the corresponding period in 2015 are as follow:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2016

		Six months ended 30 June	
		2016	2015
	NOTES	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Turnover	3	**100,321**	160,599
Cost of goods sold and services provided		**(74,262)**	(136,899)
Gross profit		**26,059**	23,700
Other income		**1,611**	1,707
Other expenses, gains and losses		**(15,507)**	6,014
Gain on disposals of subsidiaries	6	**20,021**	–
Distribution and selling expenses		**(1,849)**	(3,191)
Administrative expenses		**(16,413)**	(12,920)
Finance costs	4	**(10,107)**	(8,352)
Profit before taxation	5	**3,815**	6,958
Taxation	7	**(738)**	(904)
Profit for the period		**3,077**	6,054

		Six months ended 30 June	
		2016	2015
	NOTES	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Other comprehensive income/(expense)			
– Items that will not be reclassified to profit or loss:			
– exchange differences arising on translation		**–**	692
– Items that will be reclassified subsequently to profit or loss:			
– exchange differences arising on translation		**9,105**	206
– release of translation reserve upon disposals of subsidiaries	6	**(1,401)**	–
Total comprehensive income for the period		**10,781**	6,952
		RMB cents	*RMB cents*
Earnings per share	8		
– Basic		**0.121**	0.360
– Diluted		**0.121**	0.359

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2016

	NOTES	**At 30 June 2016** *RMB'000* **(unaudited)**	At 31 December 2015 *RMB'000* (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**47,564**	59,105
Prepaid lease payments		**417**	426
Loan receivables	11	**261,141**	–
		309,122	59,531
CURRENT ASSETS			
Inventories		**105,428**	85,527
Trade and other receivables	10	**122,408**	112,412
Loan receivables	11	**159,980**	149,871
Prepaid lease payments		**14**	14
Financial assets at fair value through profit or loss		**57,330**	–
Pledged bank deposits		**40,420**	40,420
Bank balances and cash		**23,850**	76,196
		509,430	464,440
Assets classified as held for sale	12	**–**	1,576
		509,430	466,016
CURRENT LIABILITIES			
Trade and other payables	13	**71,901**	57,158
Bond payables		**66,276**	60,470
Taxation payables		**4,123**	4,290
Obligations under finance leases		**584**	–
Short-term bank loans		**120,600**	123,300
Short-term loans from other financial institutions		**15,731**	2,000
Financial guarantee contracts		**4,175**	8,349
		283,390	255,567
Liabilities associated with assets held for sale	12	**–**	–
		283,390	255,567

	NOTES	At 30 June 2016 RMB'000 (unaudited)	At 31 December 2015 RMB'000 (audited)
Net current assets		**226,040**	210,449
Total assets less current liabilities		**535,162**	269,980
NON-CURRENT LIABILITIES			
Obligations under finance leases		**1,870**	–
Convertible bonds	14	**36,721**	–
		38,591	–
Net assets		**496,571**	269,980
CAPITAL AND RESERVES			
Share capital	15	**290,346**	186,229
Reserves		**206,225**	83,751
Total equity		**496,571**	269,980

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

1. GENERAL

The Company was incorporated and registered as an exempted company with limited liability under the Companies Law 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 unaudited interim condensed consolidated financial statements (the "**Interim Financial Statements**") are presented in Renminbi ("**RMB**").

2. PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The Interim Financial Statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2015.

The Interim Financial Statements has been prepared under the historical cost basis, except for financial assets at fair value through profit or loss, which are measured at their fair values. The principal accounting policies adopted in the Interim Financial Statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015, except for the adoption of the new or revised standards, amendments and interpretations (hereinafter collectively referred to as "**new HKFRSs**") issued by the HKICPA which are mandatory for annual periods beginning 1 January 2016 and relevant to the operations of the Group. The adoption of these new HKFRSs had no material effect to the Group's results and financial position for the current and prior accounting periods.

The Group has not early applied any new HKFRSs that have been issued but are not yet effective. The Group is in the process of assessing the impact of such new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results and financial position.

3. SEGMENT INFORMATION

For the Period, the Group was organised into four operating divisions, namely (1) processing, printing and sales of finished fabrics; (2) trading of fabrics and clothing; (3) money lending; and (4) securities investment. The aforesaid four divisions were the basis on which the Group reports its segment information.

For the Period, the Group's operating segments under Hong Kong Financial Reporting Standard ("**HKFRS**") 8 "Operating Segments" were as follows:

– Processing, printing and sales of finished fabrics;

– Trading of fabrics and clothing;

– Money lending; and

– Securities investment.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment assets include all tangible, intangible assets and current assets attributable to the activities of the individual segments. Segment liabilities include trade creditors, accruals and other payables attributable to the activities of the individual segments and bank and other borrowings, obligations under financial leases and convertible bonds managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Information regarding the Group's reportable segments as provided to the Group's senior executive management for the purposes of resource allocation and assessment of segment performance for the period ended 30 June 2016 and 2015 are set out below.

	Six months ended 30 June 2016 (unaudited)				
	Processing, printing and sales of finished fabrics – PRC	**Trading of fabrics and clothing – Hong Kong**	**Money lending – Hong Kong**	**Securities investment – Hong Kong**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	**84,347**	**520**	**15,346**	**108**	**100,321**
Reportable segment revenue	**84,347**	**520**	**15,346**	**108**	**100,321**
Reportable segment profit/(loss) (adjusted EBITDA)	**8,342**	**158**	**10,398**	**(13,667)**	**5,231**
Depreciation and amortisation for the period	**(2,033)**	**(6)**	**–**	**–**	**(2,039)**
Write-off of interest receivables	**–**	**–**	**(4,908)**	**–**	**(4,908)**
	At 30 June 2016 (unaudited)				
Reportable segment assets	**277,011**	**757**	**421,129**	**57,330**	**756,227**
Additions to non-current segment assets during the period	**559**	**–**	**261,141**	**–**	**261,700**
Reportable segment liabilities	**188,092**	**3,292**	**425,356**	**15,731**	**632,471**

	Six months ended 30 June 2015 (unaudited)				
	Processing, printing and sales of finished fabrics – PRC	Trading of fabrics and clothing – Hong Kong	Money lending – Hong Kong	Securities investment – Hong Kong	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	158,114	2,485	–	–	160,599
Reportable segment revenue	158,114	2,485	–	–	160,599
Reportable segment profit (adjusted EBITDA)	25,889	59	–	–	25,948
Depreciation and amortisation for the period	(6,427)	(12)	–	–	(6,439)
	At 31 December 2015 (audited)				
Reportable segment assets	271,395	672	149,872	54,693	476,632
Additions to non-current segment assets during the period	1,470	–	–	–	1,470
Reportable segment liabilities	186,231	3,522	144,366	–	334,119

(ii) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Revenue		
Reportable segment revenue and consolidated revenue	**100,321**	160,599
Profit		
Reportable segment profit	**5,231**	25,948
Other income	**1,611**	1,707
Depreciation and amortisation	**(2,230)**	(6,644)
Finance costs	**(10,107)**	(8,352)
Gain on disposals of subsidiaries	**20,021**	–
Elimination/unallocated	**(10,711)**	(5,701)
Consolidated profit before taxation	**3,815**	6,958

	At 30 June 2016	At 31 December 2015
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Assets		
Reportable segment assets	**756,227**	476,632
Elimination/unallocated	**62,325**	48,915
Consolidated total assets	**818,552**	525,547
Liabilities		
Reportable segment liabilities	**632,471**	334,119
Current tax liabilities	**4,123**	4,290
Elimination/unallocated	**(314,613)**	(82,842)
Consolidated total liabilities	**321,981**	255,567

(iii) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers; and (ii) the Group's property, plant and equipment, prepaid lease payments and loan receivables (the "**Specified Non-Current Assets**"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the Specified Non-Current Assets is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation to which they are allocated.

	Turnover		**Non-current assets**	
			At	At
	Six months ended 30 June		**30 June**	31 December
	2016	2015	**2016**	2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(unaudited)	(unaudited)	**(unaudited)**	(audited)
PRC	**84,347**	158,114	**44,099**	52,446
Hong Kong and overseas	**15,974**	2,485	**265,023**	7,085
	100,321	160,599	**309,122**	59,531

Information about major customers

There are no customers who individually contribute over 10% of the total sales of the Group.

4. FINANCE COSTS

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interests on bank and other borrowings wholly repayable within five years		
– bank borrowings	**3,722**	8,012
– other loans	**496**	340
	4,218	8,352
Effective interest expense on bond payables	**4,393**	–
Effective interest expense on convertible bonds	**1,468**	–
Interest expense on finance leases	**28**	–
	10,107	8,352

5. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit before taxation was arrived at after charging:		
Cost of inventories recognised as expenses	**74,262**	136,899
Depreciation on property, plant and equipment	**2,229**	6,531
Less: Depreciation included in research and development costs	**–**	(146)
	2,229	6,385
Operating lease rentals in respect of prepaid lease payments	**1,221**	113
Written off of interest receivables	**4,908**	–

6. DISPOSALS OF SUBSIDIARIES

(a) Gain on disposal of Shifen Development Limited ("Shifen")

On 16 December 2015, the Group entered into an agreement with an independent third party (the "**Purchaser**") pursuant to which the Group conditionally agreed to sell, and the Purchaser conditionally agreed to acquire the entire issued share capital of Shifen and its subsidiary, 深圳前海世眾融資租賃有限公司 (collectively referred to as the "**Shifen Group**") and a loan, being the entire amount of the shareholder's loan owing by Shifen to the Company (the "**Sales Loan**"), at a total consideration of Hong Kong Dollar ("**HK$**") 2,100,000 (equivalent to RMB1,767,000 approximately).

The disposal was completed on 15 January 2016. The assets and liabilities of the Shifen Group at disposal date are disclosed as below:

	RMB'000
Net assets disposed of:	
Goodwill	1,576
Shareholder's loan	(3)
	1,573
Shareholder's loan receivables disposed of	3
Gain on disposal of subsidiaries	191
Satisfied by:	
Cash	1,767

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of Shifen Group is as follows:

	RMB'000
Cash consideration	1,767
Cash and bank balances disposed of	–
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	1,767

(b) Gain on disposal of Competent Faith Limited ("Competent Faith")

On 25 January 2016, a direct wholly-owned subsidiary of the Company entered into a sale and purchase agreement with an independent third party to disposal of the entire issued share capital of Competent Faith and shareholders' loan due from Competent Faith at the consideration of HK$30,000,000 (equivalent to RMB25,248,000 approximately). The transaction was completed on 21 March 2016. The assets and liabilities of Competent Faith at disposal date are disclosed as below:

	RMB'000
Net assets disposed of:	
Property, plant and equipment	6,913
Deposits paid	6
Other payables	(100)
Shareholders' loan	(5,819)
	1,000
Reclassification of cumulative exchange difference from translation reserve to profit or loss	(1,401)
Shareholders' loan receivables disposed of	5,819
Gain on disposal of a subsidiary	19,830
Satisfied by:	
Cash	25,248

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of Competent Faith is as follows:

	RMB'000
Cash consideration	25,248
Cash and bank balances disposed of	–
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	25,248

7. TAXATION

The charge represents the People's Republic of China (the "**PRC**") income tax calculated at the rates prevailing in the PRC jurisdiction. Hong Kong Profits Tax is calculated at 16.5% (2015: 16.5%) to the estimated assessable profit for the Period. No provision for Hong Kong Profits Tax has been made in the Interim Financial Statements as the Group's operations in Hong Kong had no assessable profit for the Period.

At the end of the period, the Group has deductible temporary differences of approximately RMB63,244,000 (31 December 2015: RMB63,244,000). No deferred tax asset has been recognised in relation to deductible temporary difference because it is not probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Under the Enterprise Income Tax Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the Interim Financial Statements in respect of temporary differences attributable to retained profits of the relevant PRC subsidiaries amounting to approximately RMB116,073,000 (31 December 2015: RMB120,271,000) 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.

8. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Earnings attributable to the owners of the Company		
Earnings for the purpose of basic earnings per share	**3,077**	6,054
Effect of dilutive potential ordinary share arising from:		
– Effective interest expense in relation to convertible bonds	**N/A**	–
Earnings for the purpose of diluted earnings per share	**N/A**	6,054

	Six months ended 30 June	
	2016	2015
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,542,317,560**	1,681,300,552
Effect of dilutive potential ordinary shares arising from:		
– Conversion of convertible bonds	**N/A**	–
– Exercise of share options	**–**	4,041,839
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**N/A**	1,685,342,391

There are no dilutive effects on the conversion of convertible bonds as they are anti-dilutive.

9. DIVIDEND

The Board do not recommend the payment of an interim dividend for the Period (2015: Nil).

10. TRADE AND OTHER RECEIVABLES

	At 30 June 2016	At 31 December 2015
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables	**26,701**	25,359
Less: Impairment loss recognised	**(2,397)**	(2,397)
	24,304	22,962
Deposits paid to suppliers	**55,434**	63,426
Deposits paid for acquisitions of subsidiaries	**11,463**	–
Deposit paid*	**25,686**	25,131
Other receivables	**169**	184
Value-added tax recoverable	**956**	3
Other debtors, deposits and prepayments	**4,396**	706
	122,408	112,412

* On 18 September 2015, the Company entered into a memorandum (the "**Memorandum**") with China Culture Media International Holdings Limited ("**CCMI**") to set out the framework for negotiation on cooperation (the "**Cooperation**") in certain projects in relation to the remaking of several television dramas based on the Target Programmes (as defined below), as well as to film or develop movies, comics and mobile games relating thereto. On 21 September 2015, an advance of HK$30 million was paid to CCMI pursuant to the Memorandum. On 23 October 2015, the Company entered into the programme cooperation Agreement with CCMI setting out detailed terms of the Cooperation. On 13 December 2015, the Company entered into a supplemental agreement with CCMI in which the Company selected 1,010.75 hours television drama programmes of Asia Television Limited (the "**Target Programmes**").

The agreed consideration of the royalty fee of becoming the global authorised agent of the Target Programmes (the "**Royalty Fee**") was HK$30 million. Accordingly, the advance of HK$30 million paid by the Company to CCMI on 21 September 2015 was used to settle the Royalty Fee in respect of the Target Programmes. On 30 April 2016, a deed of assignment was entered into between CCMI and Star Platinum Enterprises Limited ("**Star Platinum**"), pursuant to which all rights and obligations on the part of CCMI under the programme cooperation agreement (as supplemented by the Supplemental Programme Cooperation Agreement) was assigned to Star Platinum. Details of the transactions were set out in the Company's announcements dated 30 April 2016, and 18 September 2015 and the circular dated 22 February 2016.

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

The following is an aged analysis of trade receivables presented based on the invoice date and net of impairment at the end of the reporting period:

	At 30 June 2016 *RMB'000* **(unaudited)**	At 31 December 2015 *RMB'000* (audited)
0 to 90 days	**11,571**	15,043
91 to 180 days	**3,184**	6,700
181 to 270 days	**9,164**	47
271 to 365 days	**183**	41
Over 365 days	**202**	1,131
	24,304	22,962

11. LOAN RECEIVABLES

The carrying amount of the loan principal as at 30 June 2016 amounted to approximately RMB410,113,000 million (31 December 2015: RMB144,168,000). Interest receivables that mainly derived from the money lending business of the Group as at 30 June 2016 was approximately RMB11,008,000 (31 December 2015: RMB5,703,000).

As at 30 June 2016, the largest debtor of Rende Finance Limited ("**Rende**") was Star Platinum with an aggregate principal of approximately RMB261,141,000 (equivalent to HK$305,000,000). As at 27 July 2016, the total accrued interest due from Star Platinum was approximately RMB8,060,000 which was overdue and payable to Rende. However, Star Platinum did not make any interest payment to Rende which constituted an event of default. Star Platinum was, at the relevant time, an independent third-party company incorporated in the British Virgin Islands. Rende exercised its right over the share charge against 99% shareholding of Star Platinum on 29 July 2016. As such, Star Platinum became a direct wholly-owned subsidiary of Rende on 29 July 2016 as a result of the default of interest payment by Star Platinum and its guarantor. For details, please refer to the Company's announcement dated 29 July 2016.

The Company is currently assessing the affair value of Star Platinum by way of a valuation to be conducted by a professional valuer, and shall take all appropriate actions to protect the interests of the investors of the Company and make proper disclosure when and if appropriate. Subject to the result of the valuation by the professional valuer, the Company shall make appropriate adjustment to its financial statements, such as impairment, if necessary and appropriate.

The loan receivables are entered with contractual maturity from 3 months to 3 years, and are interest-bearing at rates ranging from 10.05% to 22% (31 December 2015: 19.5% to 22%) per annum. The Group shall continue to maintain a balanced and good credit control over its loan portfolio.

12. ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE

On 16 December 2015, the Group entered into an agreement with the Purchaser pursuant to which the Group conditionally agreed to sell, and the Purchaser conditionally agreed to acquire the entire issued share capital of Shifen Group and the Sales Loan. Details of the disposal of Shifen Group is set out in note 6(a).

The completion of such disposal took place on 15 January 2016; the relevant assets and liabilities of Shifen Group were classified to assets classified as held for sale and liabilities associated with assets held for sale respectively in accordance with HKFRS 5 "Non-current assets held for sale and discontinued operations". Details of the relevant assets and liabilities of Shifen Group as at 31 December 2015 were as follows:

	RMB'000 (audited)
Goodwill	1,576
Total assets classified as held for sale	1,576
Total liabilities associated with assets held for sale	–

13. TRADE AND OTHER PAYABLES

	At 30 June 2016 *RMB'000* (unaudited)	At 31 December 2015 *RMB'000* (audited)
Trade payables	**27,210**	28,940
Customers' deposits	**27,356**	20,588
Other payables and accruals	**17,335**	7,630
	71,901	57,158

The following is an aged analysis of trade and bills payables presented based on the invoice date at the end of the reporting period:

	At 30 June 2016 *RMB'000* (unaudited)	At 31 December 2015 *RMB'000* (audited)
0 to 90 days	**10,362**	14,824
91 to 180 days	**6,652**	5,260
181 to 270 days	**2,823**	4,329
271 to 365 days	**2,110**	1,584
Over 365 days	**5,263**	2,943
	27,210	28,940

14. CONVERTIBLE BONDS

On 23 October 2015, the Company entered into a conditional placing agreement (as supplemented by the supplemental CB Placing agreements dated 13 December 2015 and the second supplemental CB placing agreement dated 1 February 2016) (collectively, the "**CB Placing Agreements**") with China Everbright Securities ("**China Everbright**") in relation to the placing of the bonds in accordance with the terms of the CB Placing Agreements (the "**Placing Bond**"). On 15 April 2016, the Placing Bond with an aggregate principal amount of HK$120,450,000 has been successfully placed by China Everbright to not less than six CB investors. Details of the Placing Bond were set out in the Company's announcements dated 15 April 2016, 8 April 2016, 1 February 2016 and 14 December 2015 and the circular dated 22 February 2016.

The conversion option of the convertible bonds is accounted for as equity instrument and is determined after deducting the fair value of the liability component from the total fair value amount of the convertible bonds at the date of issuance. The residual amount represents the value of the conversion option, which is credited directly to equity as convertible bond equity reserve of the Group. The valuation of the fair value liability component at the date of issuance was carried out by an external independent valuer by using discounted cash flow method.

During the Period, an aggregate principal amount of HK$75,650,080 of the convertible bonds was converted into 343,864,000 ordinary shares at the conversion price of HK$0.22 per conversion share.

The convertible bonds is bifurcated into a liability component and an equity component for accounting purpose. The following tables summarise the movements in the liability and equity components of the Company's convertible bonds during the Period:

	At 30 June 2016
	RMB'000
	(unaudited)
Liability component	
At the date of issue	96,033
Interest expense	1,468
Interest paid and payable	(1,257)
Conversion during the period	(61,006)
Currency realignment	1,483
At the end of the reporting period	36,721
Equity component (included in convertible bonds equity reserve)	
At the date of issue	4,578
Conversion during the period	(2,876)
At the end of the reporting period	1,702

The liability component of the convertible bonds is classified as a non-current liability on the amortised cost basis until extinguished on conversion or redemption.

15. SHARE CAPITAL

	Authorised	
	Number of shares	**Amount**
	'000	*HK$'000*
Ordinary shares of HK$0.10 each:		
At 1 January 2015 and 31 December 2015	7,000,000	700,000
Increase in authorised share capital *(note a)*	13,000,000	1,300,000
At 30 June 2016	20,000,000	2,000,000

	Issued and fully paid		
	Number of shares	**Amount**	**Amount**
	'000	*RMB'000*	*HK$'000*
Ordinary shares of HK$0.10 each:			
At 1 January 2015 (audited)	1,678,200	157,233	167,820
Exercise of warrants *(note b)*	19,000	1,502	1,900
Placement of new shares *(note c)*	338,840	27,494	33,884
At 31 December 2015 (audited)	2,036,040	186,229	203,604
Placement of new shares *(note d)*	600,000	50,076	60,000
Subscription of new shares *(note e)*	300,000	25,038	30,000
Conversion of convertible bonds *(note f)*	343,864	29,003	34,386
At 30 June 2016 (unaudited)	3,279,904	290,346	327,990

Notes:

(a) On 9 March 2016, an ordinary resolution was passed at an extraordinary general meeting by which the authorised number of ordinary share of the Company was increased from 7 billion to 20 billion by creation of additional 13 billion ordinary shares of HK$0.1 each.

(b) For the year ended 31 December 2015, 19,000,000 share options were exercised at the exercise price of HK$0.227. These shares ranked pari passu with other shares in issue in all aspect.

(c) On 13 July 2015, the Company entered into a placing agreement with a placing agent pursuant to which the placing agent agreed to place 338,840,000 new shares under general mandate at the price of HK$0.45 per placing share (the "**2015 Placing Price**"). On 31 July 2015, a total of 338,840,000 new shares were successfully placed at the 2015 Placing Price. Accordingly, 338,840,000 shares of HK$0.1 each were issued at a premium of HK$0.35 each. The premium on issue of shares of approximately HK$114,632,000 net of transaction cost of approximately HK$3,962,000, was credited to the share premium account. These shares rank pari passu in all respects with the existing shares.

(d) On 23 October 2015, the Company entered into a share placing agreement (as subsequently supplemented by the Supplemental Share Placing Agreement dated 13 December 2015 and the Second Supplemental Share Placing Agreement dated 1 February 2016) (collectively, the "**Share Placing Agreements**") with Haitong International Securities Company Limited ("**Haitong Securities**"). Pursuant to the Share Placing Agreements, Haitong Securities conditionally agreed to place, on a best effort basis, up to an aggregate of 600,000,000 new ordinary shares of the Company to not less than six placees at a price of not less than HK$0.20 per placing share. On 1 April 2016, the Share Placing has been successfully placed at HK$0.20 per placing share.

(e) On 23 October 2015, the Company entered into a share subscription agreement (as subsequently supplemented by the Supplemental Share Subscription Agreement and the Second Supplemental Share Subscription Agreement) (collectively the "**Share Subscription Agreements**") with Honghu Capital Limited ("**Honghu Capital**"). Pursuant to the Share Subscription Agreements, the Company conditionally agreed to allot and issue and Honghu Capital conditionally agreed to subscribe for 300,000,000 subscription shares (the "**Share Subscription**") at the subscription price of HK$0.20 per share. On 5 April 2016, the Share Subscription has been completed.

Honghu Capital was interested in 645,100,000 ordinary shares, representing approximately 21.97% of the total issued share capital of the Company at the date of the completion of the Share Subscription and thus was a substantial shareholder of the Company. Therefore, Honghu Capital was a connected person under Chapter 14A of the Listing Rules. Accordingly, the Share Subscription constituted a non-exempt connected transaction for the Company under the Listing Rules and was subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(f) During the Period, an aggregate principal amount of HK$75,650,080 of convertible bonds have been converted at the conversion price of HK$0.22. These shares ranked pari passu with other shares in issue in all aspect.

16. RELATED PARTY TRANSACTIONS

The Directors represented key management of the Group. During the Period, Directors' remuneration of approximately RMB2,343,000 (2015: RMB1,262,000) was charged to the profit or loss.

At the end of the reporting date, the short-term loan from other financial institution and certain of the short-term bank loans are guaranteed by the following related parties with respective maximum guarantees:

	At 30 June 2016 *RMB'000* **(unaudited)**	At 31 December 2015 *RMB'000* (audited)
Short-term bank loans		
Joint guarantee[(1)]	**22,500**	30,000
Joint guarantee[(2)]	**32,000**	–
Joint guarantee[(3)]	**45,000**	45,000
	99,500	75,000
Short-term loan from other financial institution		
Joint guarantee[(2)]	**–**	35,000
	99,500	110,000

(1) The credit facility was jointly guaranteed by Mr. Cai Chaodun, Mr. Qiu Fengshou and Mr. Fu Jianhua. Mr. Cai Chaodun is the deputy general manager of the Group and a brother-in-law of Mr. Sze Siu Hung (former director of the Company, resigned on 9 October 2015). Mr. Qiu Fengshou (resigned on 9 October 2015) is a former chairman and former executive director of the Company. Mr. Fu Jianhua is the deputy general manager of the Group.

(2) The credit facility was jointly guaranteed by Mr. Cai Chaodun and Mr. Qiu Fengshou.

(3) The credit facility was jointly guaranteed by Mr. Cai Chaodun and his wife, Ms. Wang Yuee.

17. OPERATING LEASE COMMITMENTS

At 30 June 2016 and 31 December 2015, the Group had total future minimum lease payment under non-cancellable operating leases falling due as follows:

	At 30 June 2016 ***RMB'000*** **(unaudited)**	At 31 December 2015 *RMB'000* (audited)
Operating Lease Commitments		
Within 1 year	**4,852**	1,173
In the second to fifth years, inclusive	**5,958**	2,151
	10,810	3,324

The Group's operating leases are for teams of 1 to 3 years (2015: 3 years).

18. EVENT AFTER THE REPORTING PERIOD

Secured loans receivable from Star Platinum

As at 27 July 2016, the total accrued interest arising from the security loans due from Star Platinum approximately of RMB8,060,000 was overdue and unsettled, which constituted an event of default. Rende exercised its right over the share charge against 99% shareholding of Star Platinum on 29 July 2016. As such, Star Platinum became a direct wholly-owned subsidiary of Rende on 29 July 2016 as a result of the default of interest payment by Star Platinum and its guarantor.

Details of the secured loans with Star Platinum was set out in the Company's announcements dated 29 July 2016.

INTERIM DIVIDEND

The Board resolved not to declare an interim dividend for the Period (2015: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2016 (the "**Period**"), Co-Prosperity Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") engaged in four business streams including (i) processing, printing and sales of finished fabrics; (ii) trading of fabric and clothing; (iii) money lending; and (iv) securities investment.

OPERATIONAL REVIEW

Taking into consideration of the global economic trend and fierce competition in the market, the Group has taken appropriate streamlining measures including consolidation of existing businesses and exploring new opportunities in the advertising, cultural, media and entertainment industry.

Processing, Printing and Sales of Finished Fabrics

As a result of the slowdown of the global economy, the impact brought by the increasing stringent environmental protection requirements applicable during the manufacturing process, coupled with the surging costs in the manufacturing sector in the People's Republic of China (the "**PRC**"), the overall outlook of the finished fabrics sector remains rather challenging. In this connection and subsequent to the disposal of a non-performing business unit of the Company namely Shasing Shapheng Dyeing Co. Limited ("**Shasing Shapheng**") on 31 July 2015 which mainly engaged in the sales of finished fabrics and the provision of fabrics subcontracting services. Revenue generated from the processing, printing and sales of finished fabric declined to Renminbi ("**RMB**") 84.3 million. The segment gross profit ratio slightly decreased to 12.3% (2015: 14.7%).

Trading of Fabric and Clothing

The trading of fabric and clothing business has been impacted by the challenges derived from the slowdown of economy and fierce competition. As a result, the revenue from trading of fabrics and clothing from external customer decreased significantly by 79.1% to approximately RMB520,000 (2015: RMB2,485,000). Nevertheless, the segment profit improved to approximately RMB158,000 (2015: RMB59,000).

Money Lending

The money lending business is conducted through Rende Finance Limited ("**Rende**"), an indirect wholly-owned subsidiary of the Company. Rende is a licensed money lender in Hong Kong under the Money Lenders Ordinance.

Since its commencement of business in October 2015, Rende has grown with a significant loan portfolio. Up to the reporting date, Rende has maintained a loan portfolio of approximately RMB421.1 million (31 December 2015: RMB149.9 million) with interest rates ranging from 10.05% to 22% per annum. The largest loan, with an aggregate principal of approximately RMB261.1 million (HK$305,000,000), was granted to Star Platinum Enterprises Limited ("**Star Platinum**") during the Period. Star Platinum was, at the relevant time, an independent third-party company incorporated in the British Virgin Islands. Rende exercised its right over the share charge against 99% shareholding of Star Platinum on 29 July 2016. As such, Star Platinum became a direct wholly-owned subsidiary of Rende on 29 July 2016 as a result of the default of interest payment by Star Platinum and its guarantor. For details, please refer to the Company's announcement dated 29 July 2016.

For the Period, the Group recorded a gross interest income from the loan portfolio of approximately RMB15.3 million (2015: Nil).

Securities Investment

As at 30 June 2016, the Group managed a portfolio of securities listed and traded in The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") of approximately RMB57.3 million. The Group recorded a realised gain and unrealised loss from the portfolio of securities of approximately RMB0.1 million and RMB13.4 million respectively for the Period (2015: Nil).

Financial Review

The Group recorded an interim unaudited consolidated net profit of approximately RMB3.1 million for the Period, as compared to a net consolidated profit of approximately RMB6.1 million for the six months ended 30 June 2015, decrease of approximately 49.2%.

The Group's turnover significantly declined by approximately 37.5% to RMB100.3 million. The decrease in turnover was mainly due to the disposal of Shasing Shapheng which was loss-making. Nevertheless, the net effect was partially offset by the interest income of approximately RMB15.3 million generated from the money lending business (2015: Nil).

The Group recorded a gross profit of approximately RMB26.1 million (2015: RMB23.7 million), representing a moderate increase by RMB2.4 million. However, excluding the money lending income, the gross profit margin of the Group would have resulted a moderate decrease to 12.3% (2015: 14.7%).

Other income was slightly down by 5.6% to approximately RMB1.6 million (2015: RMB1.7 million), which was mainly attributed to the reversal of legal and professional fee of approximately RMB1.1 million. The Group recorded other expenses, gains and losses of approximately RMB15.5 million (2015: RMB6.0 million), which mainly comprised (i) loss of disposal of fixed assets of approximately RMB1.3 million; (ii) unrealised loss of financial assets at fair value through profit or loss of approximately RMB13.4 million; (iii) written-off of interest receivables of approximately RMB4.9 million; and (iv) income from the amortisation of financial guarantee contracts of approximately RMB4.2 million.

During the Period, the Group has disposed of two subsidiaries and recognised a gain of approximately RMB20.0 million, out of which approximately RMB19.8 million was gain from the disposal of Competent Faith Limited, a property investment company, at a cash consideration of approximately RMB25.2 million.

The distribution and selling expenses decreased significantly by approximately 42.1% to approximately RMB1.8 million (2015: RMB3.2 million) which was in line with the shrinkage in turnover, while the administrative expenses stood at approximately RMB16.4 million, representing an increase of 27.0% as compared to the corresponding period (2015: RMB12.9 million). Finance costs increased by about 21.0% to approximately RMB10.1 million (2015: RMB8.4 million) as a result of the increase in obligations under finance leases, coupon interest expense arising from convertible bonds and the credit facilities of margin financing from other financial institution in relation to securities investment during the Period.

Business Development

Acquisition of Sincere Securities

On 23 May 2016, Co-Prosperity Investment (International) Limited ("**Co-Pro Investment**") (previously known as Top Vast Investment Group Limited), an indirect wholly-owned subsidiary of the Company entered into a sale and purchase agreement (the "**SPA-Sincere**") with Sincere Finance Holding Limited ("**Sincere Finance**") to acquire 60% of the entire issued share capital of Million Federal International Limited ("**Million Federal**") which is legally and beneficially owned as to 92.87% by Sincere Finance, at the consideration of approximately RMB77.1 million (HK$90 million). Sincere Securities Limited ("**Sincere Securities**"), a wholly-owned subsidiary of Million Federal, is licensed to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities.

Co-Pro Investment has paid to Million Federal a sum of approximately RMB6.8 million (HK$8 million) as deposit.

The completion of the acquisition of Million Federal is subject to and conditional upon satisfaction of conditions precedent as stipulated in the SPA-Sincere and in particular, the approval of the Securities and Futures Commission. Details of the above acquisition was set out in the Company's announcements dated 23 May 2016 and 19 April 2016.

Possible Acquisition – Enoki Film

On 7 April 2016, the Company entered into a non-legally binding memorandum of understanding (the " **Enoki MOU**") with Enoki Films Co., Ltd* (エノキフイルム株式会社) ("**Enoki Films**") in respect of the Company's proposed acquisition of the entire equity interest of Enoki Films (the "**Enoki Acquisition**").

Enoki Films has over 40 years history and had distributed more than 96 animated television series and animated feature films worldwide until 2010, with masterpieces appealing to a wide audience including "Captain Tsubasa" (足球小將) series, "Slayers" (秀逗魔法師) series, "Prince Mackaroo" also known as "Ojaru-Maru" (反斗小王子) and "Giant Killing".

Details of the Enoki Acquisition was set out in the Company's announcement dated 7 April 2016.

Pursuant to the Enoki MOU dated 7 April 2016 and the subsequent extension agreement dated 7 July 2016, Enoki Films granted an exclusivity period (the "**Enoki Exclusivity Period**") to the Company and agreed that it will not negotiate with or solicit offers from any other parties in relation to acquisition within the agreed period. During the period, the Company shall conduct due diligence review on Enoki Films. The main assets of Enoki Films are intellectual property rights ("**IP Rights**") in respect of a number of animated characters, animated television series and feature films pertaining, but not limited to, publication, production, licensing, merchandising and other related copy rights and IP rights worldwide. As advised by our legal advisor in Japan, the ownership and use of IP rights in Japan are unique and complex. As such, the due diligence exercise is more complicated and time-consuming than anticipated. Although the Enoki Exclusivity Period was agreed to be extended once, at the date of this announcement there remains a number of issues concerning various IP Rights unresolved. The Enoki Exclusivity Period expired on 6 August 2016 and was not further extended. Nevertheless, the negotiation between the Company and Enoki Films is on-going. The Company shall make further disclosure if and when as appropriate.

Possible Acquisition – Legend of Emperors

On 12 April 2016, Eastern Culture International Limited ("**Eastern Culture**"), an indirect wholly-owned subsidiary of the Company, and Jade Dynasty Holdings Limited ("**Jade Dynasty**") entered into a non-legally binding memorandum of understanding ("**Big Noble MOU**") in relation to the proposed acquisition of 20% equity interest of Big Noble Limited ("**Big Noble**"), a company wholly-owned by Jade Dynasty, which has been granted the exclusive intellectual property rights in the Legend of Emperors ("**天子傳奇**"). The consideration was approximately RMB17.1 million (HK$ 20 million) and Eastern Culture had paid Jade Dynasty a refundable deposit of approximately RMB4.3 million (HK$5 million).

The negotiation for the terms and conditions for the proposed acquisition with Jade Dynasty is at the final stage, and a formal sale and purchase agreement is expected to be executed soon.

Pursuant to the Big Noble MOU, Eastern Culture will share its relevant benefits and interest in Big Noble and enjoy the priority right to invest in all relevant projects relating to Legend of Emperors, including but not limited to, (in all languages) production of electronic game (online and single player), animated motion picture, animated television, filming of movie and television, stage show, development and production of related merchandises and peripheral products. For further details, please refer to the Company's announcement dated 12 April 2016.

Possible Acquisition – *Century Galaxy International Limited*

On 25 June 2016, the Company and Century Galaxy Holdings Plc entered into a memorandum of understanding in respect of a proposed acquisition of 20% of the entire issued share capital of Century Galaxy International Ltd (the "**Century Galaxy**"), which indirectly holds the entire equity interest in Shenzhen Qianhai Galaxy Century Financial Service Co., Ltd.* (深圳前海銀河世紀金融服務有限公司), principally engaged in investment consulting, enterprise management consulting and the development of network software system technology. The Company is currently conducting due diligence on Century Galaxy and its subsidiaries. For details, please refer to the Company' s announcement dated 27 June 2016.

Discontinue Possible Acquisition – Kuma

On 7 April 2016, the Company entered into a non-legally binding memorandum of understanding with Kuma Ltd.* (有限会社九魔) ("**Kuma**") in connection with the Company's proposed acquisition of the entire equity interest of Kuma. However, upon review of the report of due diligence conducted by our legal advisor in Japan and after further consideration, the Company has decided to discontinue this acquisition. A request has been made for the refund of US$50,000 deposit paid by the Company to Kuma.

Programme Cooperation Agreement

In respect of Programme Cooperation Agreement, a deed of assignment (the "**Deed of Assignment**") dated 30 April 2016 was entered into between China Culture Media International Holdings Limited ("**CCMI**") and Star Platinum, pursuant to which all rights and obligations on the part of CCMI under the Programme Cooperation Agreement (as supplemented by the Supplemental Programme Cooperation Agreement) was assigned to Star Platinum.

For details of the Programme Cooperation Agreement and the Deed of Assignment, please refer to the Company's circular and announcement dated 22 February 2016 and 30 April 2016 respectively.

The Company will publish further disclosure if any material progress has been made and as and when appropriate.

Market Outlook and Future Prospects

The growth of gross domestic product in the PRC has been moderate with market forecast down to 6.3% for the year 2016 coupled with economic deleveraging, destocking and rebalancing. Under such economic circumstance, the operating environment of the textile industry faced by the Group is expected to remain very challenging. Nevertheless, the Group will continue to adhere to its proactive operating style to improve competitive advantage, the profit margin and creating value to its customers.

On the other hand, the continuous globalisation of the PRC financial market and its integration with the Hong Kong financial market, for example the upcoming launch of Shenzhen-Hong Kong Stock Connect program in December 2016, will offer ample opportunities for the Group to expand in the securities business along with the expected completion of the acquisition of Sincere Securities.

Regarding the money lending business, it has grown rapidly since its commencement in the second half of 2015 and has contributed approximately RMB15.3 million to the revenue of the Group for the Period. The Group will continue to adhere to the stringent credit policies and monitor the loan portfolio in order to mitigate credit risk.

Apart from the conventional businesses, the Group has noticed the rapid development and remarkable growth in the cultural, media and entertainment related industry, particularly in the PRC market. In order to actualise the potential opportunities in these markets and to enhance the interests of shareholders, the Group has started exploring new business opportunities in the cultural, media and entertainment industry.

With the concerted efforts of the management and staff of the Group, we are confident and optimistic about the Group's prospect.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2016, the Group had total assets of approximately RMB818.6 million (31 December 2015: RMB525.5 million) which were financed by total liabilities and shareholders' equity of approximately RMB322.0 million and RMB496.6 million respectively (31 December 2015: RMB255.6 million and RMB270.0 million respectively).

As at 30 June 2016, the Group's cash and bank balances was approximately RMB23.9 million (31 December 2015: RMB76.2 million), while pledged bank deposits amounted to approximately RMB40.4 million (31 December 2015: RMB40.4 million). As at 30 June 2016, short-term bank loans were fixed-rate loans denominated in RMB whereas short-term loans from other financial institution were fixed-rate loan and denominated in Hong Kong dollar. The Group's borrowings were secured by land use rights, certain of property, plant and equipment, certain listed securities, and pledged bank deposits of the Group.

The Group strives to maintain a healthy liquidity position by adopting a conservative approach in its financial management. The current ratio, being a ratio of total current assets to total current liabilities, was approximately 1.8 (31 December 2015: 1.8). The gearing ratio, being a ratio of borrowings (comprising obligations under finance leases, bond payables, short-term bank loans, short-term loans from other financial institution and convertible bonds) to shareholders' equity, was approximately 48.7% (31 December 2015: 68.8%).

CAPITAL STRUCTURE

On 9 March 2016, an ordinary resolution was passed at an extraordinary general meeting by which the authorised number of ordinary shares of the Company was increased from 7 billion to 20 billion by the creation of additional 13 billion ordinary shares of HK$0.1 each. As at 30 June 2016, 3,279,904,000 ordinary shares were issued and fully paid.

Placing of shares under specific mandate

On 1 April 2016, the Company allotted 600,000,000 ordinary shares at a price of HK$0.20 to not less than six investors (the "**Share Placing**"). The net proceeds of approximately HK$117.6 million was received by the Company which was utilised for the money lending business.

Subscription of new shares under specific mandate

On 5 April 2016, the Company allotted and issued 300,000,000 ordinary shares at subscription price of HK$0.20 per share (the "**Share Subscription**") to Honghu Capital Limited ("**Honghu Capital**"). The net proceeds of approximately HK$59.29 million were received by the Company which was utilised for the money lending business.

Subscription of convertible bonds under specific mandate

On 15 April 2016, the Company issued convertible bonds with a principal amount of HK$120,450,000 to not less than six investors. The convertible bonds bear a conversion price of HK$0.22 per conversion share and carried interest of 8% per annum and wholly or partly convertible to ordinary shares of the Company within 3 years (the "**CB Placing**"). The net proceeds recorded by the Company were approximately HK$118.64 million which was utilised for the money lending business.

The net proceeds of the aforesaid Share Placing, Share Subscription and CB Placing in aggregate of approximately HK$295.53 million were used for the grant of the loans to Star Platinum for its acquisition of the debts and equity interest in Asia Television Limited. For details, please refer to the Company's announcements dated 15 April 2016, 8 April 2016, 5 April 2016, 1 April 2016, 9 March 2016 and the circular dated 22 February 2016.

As a result of the abovementioned Share Placing, Share Subscription and the conversion of convertible bonds of the CB Placing, 1,243,864,000 new ordinary shares were issued by the Company during the Period, representing 37.92% of the enlarged share capital of the Company as at 30 June 2016.

Details of the Share Placing, the Share Subscription and the CB Placing were set out in note 15 to the unaudited interim condensed consolidated financial statements, the Company's announcements dated 9 March 2016, 17 February 2016, 1 February 2016, 25 January 2016, 13 December 2015, 26 October 2015, 16 October 2015 and the circular dated 22 February 2016. The Share Placing, the Subscription and the CB Placing were completed on 1 April 2016, 5 April 2016 and 15 April 2016 respectively.

CHARGES ON ASSETS

As at 30 June 2016, the Group's borrowings were secured by assets with a total carrying value of approximately RMB66.2 million (31 December 2015: RMB67.8 million).

CAPITAL COMMITMENTS

As at 30 June 2016, the Group did not have any capital commitments (31 December 2015: Nil).

CONTINGENT LIABILITIES

As at 30 June 2016, the Group had contingent liabilities of approximately RMB4.2 million (31 December 2015: RMB8.3 million) in respect of corporate guarantees given to a bank for short-term bank borrowings granted to Shasing-Shapheng (Quanzhou) Textile Industrial Co., Ltd., a former indirect wholly-owned subsidiary of the Company which was disposed of on 31 December 2013.

EXCHANGE RISK EXPOSURE

The Group's business transactions were mainly carried out in RMB and Hong Kong dollar. The Group currently does not have any established hedging policies in place. Management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure by using appropriate financial instruments and adopting appropriate hedging policies to control the risks, when the need arises. The Group was not engaged in any hedging contracts with respect to the foreign exchange risks.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2016, the Group had about 750 employees in PRC and Hong Kong (31 December 2015: 700 employees). Remuneration packages for the employees are maintained at a competitive level of the jurisdiction within which the employees are employed to attract, retain and motivate the employees. Remuneration packages will be reviewed periodically. In addition, the Group maintains a share option scheme for the purpose of providing incentives and rewards to the eligible participants for their contribution to the Group.

PURCHASE, SALE OR REDEMPTION OF LISTING SECURITIES OF THE COMPANY

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

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.

CORPORATE GOVERNANCE

The Company has complied with the applicable code provisions in the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities of the Stock Exchange (the "**Listing Rules**") during the Period, except as stated below. In respect of code provision A.6.7 of the Corporate Governance Code, Mr. Tang Hon Kwo, being an executive director and chairman of the Company, and Ms. Han Xingxing and Ms. Tao Feng, both being independent non-executive directors were unable to attend the annual general meeting held on 15 June 2016 due to other commitments. The Company shall continue to communicate with the directors and make best effort to ensure their availabilities to attend general meetings and avoid time conflict.

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 all directors confirmed that they have fully complied with the required standard set out in the Model Code.

AUDIT COMMITTEE REVIEW

The Group's audit committee comprises three members, namely Ms. Tao Feng, Ms. Han Xingxing and Mr. Cheung Ngai Lam, who are independent non-executive Directors of the Company. The Chairman of the Audit Committee is Mr. Cheung Ngai Lam. The primary duties of the Audit Committee are, among others, 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.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to the disclosure requirement under Rule 13.51B of the Listing Rules, the changes in information of the Directors are as follows:

Li Wenfeng – was appointed as executive director and co-chairman of the Company.

Lam Chi Keung ("**Mr. Lam**") – was appointed as the executive Director and chief executive officer of the Company. Mr. Lam retired as an independent non-executive director of Convoy Global Holdings Limited ("**Convoy**") (stock code: 1019) and ceased to be the member of each the audit committee, the remuneration committee and the nomination committee of Convoy on 22 June 2016.

Save for the above, there is no other change in information of the Directors during the Period.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim report of the Group for the Period, which contains the detailed results and other information of the Group for the Period required pursuant to Appendix 16 of the Listing Rules, will be despatched to the Shareholders and published on the Stock Exchange's website at www.hkexnews.hk and the Company's designated website at www.capitalfp.com.hk/eng/index.jsp?co=707 in due course. This announcement can also be accessed on the above websites.

By order of the Board
Co-Prosperity Holdings Limited
Tang Hon Kwo
Chairman

Hong Kong, 26 August 2016

As at the date of this announcement, the Board comprises Mr. Tang Hon Kwo, Mr. Li Wenfeng, Mr. Lam Chi Keung, Mr. Ip Ka Po, Mr. Sze Siu Bun and Mr. Ma Zhi, as executive Directors and Ms. Tao Feng, Ms. Han Xingxing and Mr. Cheung Ngai Lam as independent non-executive Directors.

* *For identification purpose only.*