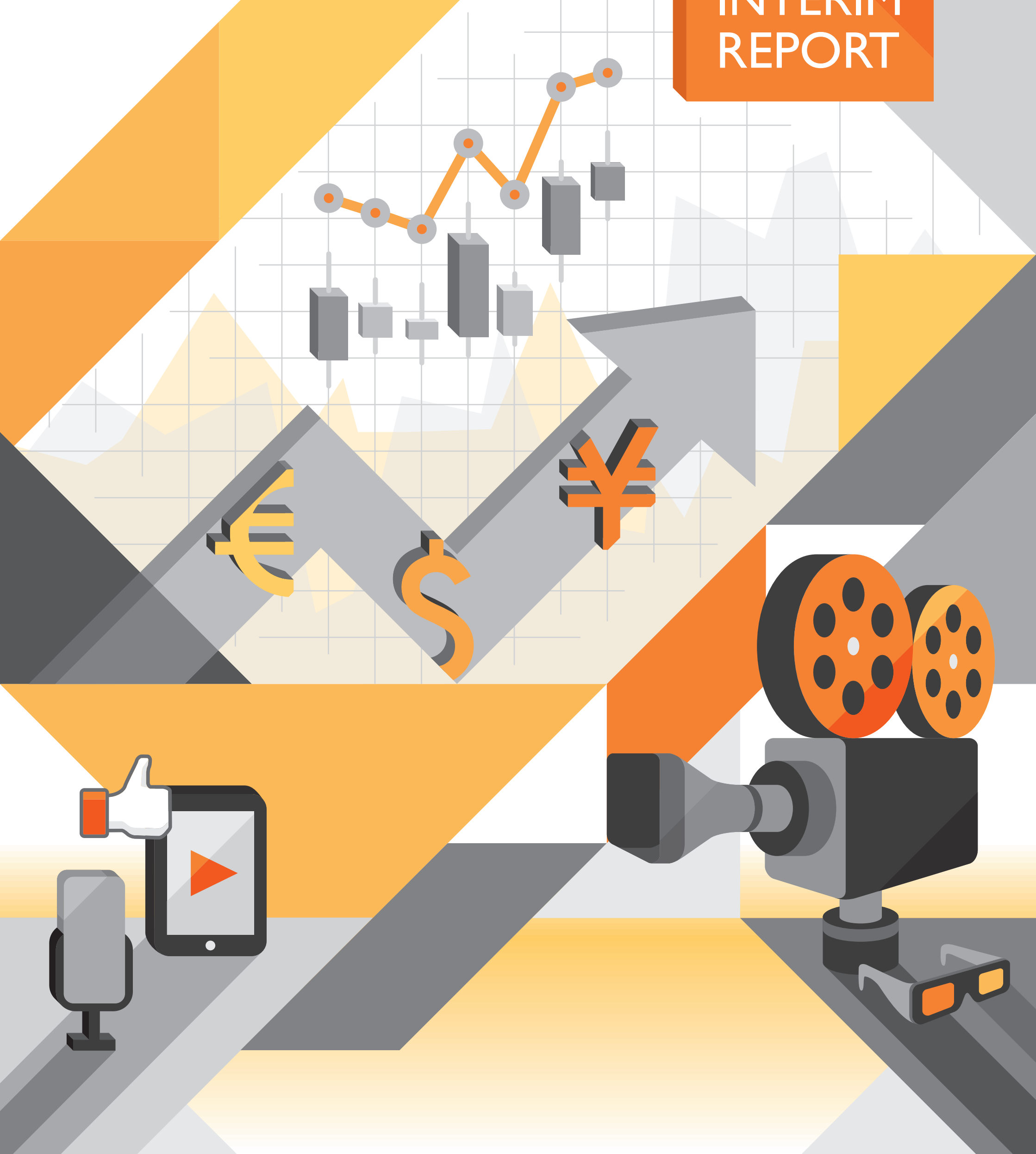
協盛協豐控股有限公司*

CO-PROSPERITY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 707

2016 INTERIM REPORT



* For identification purpose only

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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

In light 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 (1) the advertising, cultural, media and entertainment industry; and (2) securities brokerage, securities advisory, and asset management.

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 also 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 customers 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, a 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 in 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 Films

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, 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.

* *For identification purpose only*

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 Enoki Exclusivity 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 interim report, 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 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 of which 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 ("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）, a company incorporated in PRC which 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 the US$50,000 deposit paid by the Company to Kuma.

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Programme Cooperation Agreement

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 23 October 2015, the Company entered into the programme cooperation agreement ("Programme Cooperation Agreement") with CCMI and Asia Television Limited ("ATV") setting out detailed terms of the Cooperation.

In respect of the Programme Cooperation Agreement, a deed of assignment dated 30 April 2016 (the "Deed of Assignment") was entered into between 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 make further disclosure if any material progress has been made in respect of the Programme Cooperations Agreement and as and when appropriate.

Market Outlook and Future Prospects

The growth of gross domestic product in the People's Republic of China (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 its competitive advantage, enhance profit margin and create 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 brokerage, securities advisory and asset management 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 revenue to the Group for the Period. The Group will continue to adhere to its stringent credit policies and monitor the loan portfolio in order to mitigate credit risk.

Apart from the existing businesses, the Group has noticed remarkable growth in the advertising, 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 advertising, 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 and 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 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 of the Company were issued and fully paid.

Placing of shares under specific mandate

On 1 April 2016, the Company allotted and issued 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 were received by the Company which were 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 Co. Limited ("Honghu Capital"). The net proceeds of approximately HK$59.29 million were received by the Company which were 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 carry 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 were 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 loans to Star Platinum for its acquisition of the debts and equity interest in ATV. 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 19 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 Share 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 denominated 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 within the jurisdiction where the employees are employed for attractor, retainment and motivation. 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.

DISCLOSURE OF ADDITIONAL INFORMATION

INTERIM DIVIDEND

The board of directors ("Board") of the Company resolved not to declare an interim dividend for the Period (2015: Nil).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2016, none of the directors of the Company (the "Directors") and chief executive of the Company or their associates had any interests and/or short positions in the ordinary share of the Company (the "Share(s)"), the underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "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 (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2016, to the best knowledge and information of the Company, the following persons (other than Directors or chief executive of the Company) had, or were deemed or taken to have interests and/or short positions in the shares or underlying shares of the Company, which would fall to be disclosed to the Company and the Stock Exchange pursuant to Part XV of the SFO:

Name of shareholders	Capacity	Number of issued ordinary shares held	Approximate percentage of the issued share capital of the Company (%)
Deng Jun Jie	Interest of controlled corporation	645,100,000 (L)	19.67
Honghu Capital Co. Ltd	Beneficial owner	645,100,000 (L)	19.67

Notes:

1. The letters "L" and "S" denote long position and short position in the shares of the Company respectively.

2. Honghu Capital Co. Ltd is wholly-owned and beneficially owned by Mr. Deng Jun Jie.

NEW SHARE OPTION SCHEME

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who work for the interests of the Group.

A new share option scheme (the "New Share Option Scheme") was adopted at the annual general meeting of the Company (the "AGM") on 15 June 2016. The New Share Option Scheme became valid and effective for a period of ten years commencing from the date of the AGM. Directors are authorised to grant options and to allot, issue and deal in the Shares pursuant to the exercise of any options granted and to take all such steps as they may consider necessary or expedient to implement the New Share Option Scheme. The total number of Shares that may be granted under the New Share Option Scheme was 321,190,400 Shares which are equivalent to 10% of 3,211,904,000 Shares of the Company in issue as at the date of the AGM.

Summary of the New Share Option Scheme:

(a) The total number of shares that may be issued upon exercise of share options that may be granted (including exercised, cancelled and outstanding options) under the New Share Option Scheme of the Group to each participant in any 12-month period shall not exceed 1% of the total issued shares of the Company for the time being. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting with the relevant eligible participant and its associates abstain from voting on such resolution;

(b) The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the grant of the share options or other expiry date(s) stipulated in the New Share Option Scheme, whichever is the earlier;

(c) The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK$1 by the grantee; and

(d) The exercise price of the share options is determinable by the directors but may not be less than the higher of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (ii) the average closing price of the Company's shares as stated in daily quotation sheets of the Stock Exchange for the 5 business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

There was no change in any terms of the New Share Option Scheme during the Period. No share options were granted, cancelled or lapsed during the Period, and no outstanding share options throughout the Period.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Period was the Company or any of its subsidiaries a party to any arrangement to enable the Director or the chief executive of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, and neither the Director nor the chief executive, nor any of their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or any had exercised any such right.

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 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 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 an executive Director and co-chairman of the Company on 20 May 2016.

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.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available and within the knowledge of the Directors, it is confirmed that there is sufficient public float of the Company's issued shares i.e. more than 25 percent, at the latest practicable date (i.e. 26 August 2016) prior to the issue of this interim report.

APPRECIATION

On behalf of the Board, I would like to express our appreciation to all our shareholders, employees, customers and suppliers for their continuing support.

On behalf of the Board
Co-Prosperity Holdings Limited
Tang Hong Kwo
Co-Chairman

Hong Kong, 26 August 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 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

	NOTES	Six months ended 30 June 2016 RMB'000 (unaudited)	2015 RMB'000 (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	10	47,564	59,105
Prepaid lease payments		417	426
Loan receivables	12	261,141	–
		309,122	59,531
CURRENT ASSETS			
Inventories		105,428	85,527
Trade and other receivables	11	122,408	112,412
Loan receivables	12	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	13	–	1,576
		509,430	466,016
CURRENT LIABILITIES			
Trade and other payables	14	71,901	57,158
Bond payables		66,276	60,470
Taxation payables		4,123	4,290
Obligations under finance leases	15	584	–
Short-term bank loans	16	120,600	123,300
Short-term loans from other financial institutions	16	15,731	2,000
Financial guarantee contracts	17	4,175	8,349
		283,390	255,567
Liabilities associated with assets held for sale	13	–	–
		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	15	1,870	–
Convertible bonds	18	36,721	–
		38,591	–
Net assets		496,571	269,980
CAPITAL AND RESERVES			
Share capital	19	290,346	186,229
Reserves		206,225	83,751
Total equity		496,571	269,980

The interim financial information on pages 18 to 49 was approved and authorised for issue by the Board of Directors on 26 August 2016 and are signed on its behalf by:

Tang Hong Kwo
CO-CHAIRMAN

Lam Chi Keung
EXECUTIVE DIRECTOR

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000 Note (i)	Share option reserve RMB'000	Convertible bond equity reserve RMB'000	Translation reserve RMB'000	Statutory surplus reserve fund RMB'000 Note (ii)	Accumulated losses RMB'000	Total RMB'000
At 1 January 2016 (audited)	186,229	442,929	98,731	–	–	10,416	29,843	(498,168)	269,980
Profit for the period	–	–	–	–	–	–	–	3,077	3,077
Other comprehensive income for the period									
Exchange differences arising on translation	–	–	–	–	–	9,105	–	–	9,105
Release of translation reserve upon disposals of subsidiaries	–	–	–	–	–	(1,401)	–	–	(1,401)
Total comprehensive income for the period	–	–	–	–	–	7,704	–	3,077	10,781
Issue of shares under share placing (Note 19)	50,076	50,076	–	–	–	–	–	–	100,152
Issue of shares under share subscription (Note 19)	25,038	25,038	–	–	–	–	–	–	50,076
Issue of convertible bonds (Note 18)	–	–	–	–	4,578	–	–	–	4,578
Issue of shares upon conversion of convertible bonds (Note 18)	29,003	34,877	–	–	(2,876)	–	–	–	61,004
	104,117	109,991	–	–	1,702	–	–	–	215,810
At 30 June 2016 (unaudited)	290,346	552,920	98,731	–	1,702	18,120	29,843	(495,091)	496,571
At 1 January 2015 (audited)	157,233	346,423	98,731	1,669	–	5,753	98,539	(490,942)	217,406
Profit for the period	–	–	–	–	–	–	–	6,054	6,054
Other comprehensive income for the period									
Exchange differences arising on translation	–	–	–	–	–	898	–	–	898
Total comprehensive income for the period	–	–	–	–	–	898	–	6,054	6,952
Issue of shares upon exercise of share options	1,265	2,940	–	(1,336)	–	–	–	–	2,869
Lapse of share options	–	–	–	(83)	–	–	–	83	–
	1,265	2,940	–	(1,419)	–	–	–	83	2,869
At 30 June 2015 (unaudited)	158,498	349,363	98,731	250		6,651	98,539	(484,805)	227,227

Notes:

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

(ii) As stipulated by the relevant laws and regulations for foreign investment enterprises in the People's Republic of 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 30 June 2016

	Six months ended 30 June	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Net cash (used in)/generated from operating activities	(321,230)	19,232
Net cash generated from investing activities	25,517	20,944
Net cash generated from/(used in) financing activities	242,325	(33,983)
Net (decrease)/increase in cash and cash equivalents	(53,388)	6,193
Cash and cash equivalents at 1 January	76,196	26,324
Effect of foreign exchange rate changes	1,042	(77)
Cash and cash equivalents at 30 June	23,850	32,440
Less: Cash and cash equivalents included in assets classified as held for sale	–	(257)
	23,850	32,183
Analysis of the balance of cash and cash equivalents		
bank balances and cash	23,850	32,183

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.

3. SEGMENT INFORMATION – continued

(i) Segment results, assets and liabilities – continued

	Six months ended 30 June 2016 (unaudited)				
	Processing, printing and sales of finished fabrics – PRC RMB'000	Trading of fabrics and clothing – Hong Kong RMB'000	Money lending – Hong Kong RMB'000	Securities investment – Hong Kong RMB'000	Total 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 31 December 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

3. SEGMENT INFORMATION – continued

(i) Segment results, assets and liabilities – continued

	Six months ended 30 June 2015 (unaudited)				
	Processing, printing and sales of finished fabrics – PRC RMB'000	Trading of fabrics and clothing – Hong Kong RMB'000	Money lending – Hong Kong RMB'000	Securities investment – Hong Kong RMB'000	Total 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

3. SEGMENT INFORMATION – continued

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

	Six months ended 30 June	
	2016 (unaudited) RMB'000	2015 (unaudited) RMB'000
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

3. SEGMENT INFORMATION – continued

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

	At 30 June 2016 RMB'000 (unaudited)	At 31 December 2015 RMB'000 (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

3. SEGMENT INFORMATION – continued

(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 RMB'000 (unaudited)	2015 RMB'000 (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 RMB'000 (unaudited)	2015 RMB'000 (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 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

6. DISPOSALS OF SUBSIDIARIES – continued

(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 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 RMB'000 (unaudited)	2015 RMB'000 (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

8. EARNINGS PER SHARE – continued

	Six months ended 30 June	
	2016 (unaudited)	2015 (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 does not recommend the payment of an interim dividend for the Period (2015: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group incurred approximately RMB4,526,000 (2015: RMB538,000) on additions to property, plant and equipment.

As at 30 June 2016, the Group's leasehold land and buildings and plant and machinery with aggregate carrying values of approximately RMB18,706,000 (31 December 2015: RMB26,917,000) were pledged to certain banks to secure credit facilities granted to the Group. The Group's motor vehicles held under finance leases were secured with a net carrying amount of approximately RMB2,856,000 (31 December 2015: Nil).

11. TRADE AND OTHER RECEIVABLES

	At 30 June 2016 RMB'000 (unaudited)	At 31 December 2015 RMB'000 (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 ("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.

11. TRADE AND OTHER RECEIVABLES – continued

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

12. LOAN RECEIVABLES

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

13. 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 as assets held for sale and as 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	–

14. 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

15. OBLIGATIONS UNDER FINANCE LEASES

The Group leased three of its motor vehicles under finance leases. The lease term is 4 to 5 years. Interest rate underlying all obligations under finance leases are fixed at contract rate between 1.33% and 1.60% per annum. No arrangement has been entered into for contingent rental payments.

As at 30 June 2016, the total future minimum leases payments under finance leases and their present values were as follows:

	Minimum lease payments At 30 June 2016 RMB'000 (unaudited)	Minimum lease payments At 31 December 2015 RMB'000 (audited)	Present value of minimum lease payments At 30 June 2016 RMB'000 (unaudited)	Present value of minimum lease payments At 31 December 2015 RMB'000 (audited)
Amounts payable:				
Within one year	644	–	584	–
In the second year to fifth years, inclusive	1,952	–	1,870	–
Total minimum finance lease payments	2,596	–	2,454	–
Future finance charges	(142)	–		
Total net finance lease payables	2,454	–		
Portion classified as current liabilities	(584)	–		
Non-current portion	1,870	–		

The Group's obligations under finance leases are secured by the lessor's title to the leased assets.

16. SHORT-TERM BANK LOANS/SHORT-TERM LOANS FROM OTHER FINANCIAL INSTITUTIONS

	At 30 June 2016 RMB'000 (unaudited)	At 31 December 2015 RMB'000 (audited)
Short-term bank loans		
– secured	102,900	105,300
– unsecured	17,700	18,000
	120,600	123,300
Short-term loans from other financial institutions		
– secured	3,779	–
– unsecured	11,952	2,000
	15,731	2,000

The short-term loans were secured by the property, plant and equipment, prepaid lease payments financial assets at fair value through profit or loss and pledged bank deposits with carrying values of approximately RMB18,706,000 (31 December 2015: RMB26,917,000), RMB431,000 (31 December 2015: RMB440,000), RMB3,779,000 (31 December 2015: Nil) and RMB40,420,000 (31 December 2015: RMB40,420,000) respectively.

The short-term loans are fixed-rate loans and carried interest at a range between 4.57% and 11.00% (31 December 2015: 4.60% to 10.5%) per annum.

17. FINANCIAL GUARANTEE CONTRACTS

As at 31 December 2013, the Group provided corporate guarantees totalling RMB150,000,000 to a bank in respect of short-term bank borrowings granted to Shasing-Shapheng (Quangzhou) Textile Industrial Co., Ltd.. The relevant financial guarantee contracts were initially measured at their fair values valued by American Appraisal China Limited using present values techniques amounted to RMB46,965,000 which has been accounted for as financial liability in accordance with Hong Kong Accounting Standard 39 "Financial instruments: recognition and measurement" ("HKAS 39") after taking into consideration of the original corporate guarantee agreements being expired effectively on 2 January 2014 and were subsequently renewed on 2 January 2014 with maturity on 1 January 2017. In addition, a counter-indemnity in favour of the Group is executed by the buyer of Shasing-SHapheng Quanzhou (the "Buyer") on 2 January 2014, pursuant to which the Buyer undertakes to indemnify the Group the liabilities arising from the above loan facilities.

Financial guarantee contracts are subsequently measured in accordance with the accounting policies in note 2. Accordingly, in respect of the financial guarantee contracts, an amortisation of approximately RMB4,174,000 was credited to the profit or loss for the Period (30 June 2015: RMB7,827,000)

18. 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 had 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.

19. SHARE CAPITAL

	Authorised	
	Number of shares '000	Amount 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 '000	Amount RMB'000	Amount 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

19. SHARE CAPITAL – continued

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 the 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 had 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 were converted at the conversion price of HK$0.22. These shares ranked pari passu with other shares in issue in all aspect.

20. 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 loans from other financial institutions and certain short-term bank loans were 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 loans from other financial institutions		
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.

21. 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).

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The following table presents financial assets measured at fair value at the reporting date in accordance with fair value hierarchy. The hierarchy groups financial assets into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets. The fair value hierarchy has the following levels:

– Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;

– Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS – continued

The financial assets measured at fair value in the interim condensed consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	At 30 June 2016 (unaudited)			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	57,330	–	–	57,330

During the Period, there were no transfer of fair value measurements between Level 1 and Level 2, or transfers into or out of Level 3 (2015: Nil).

23. EVENT AFTER THE REPORTING PERIOD

Secured loans receivable from Star Platinum

As at 27 July 2016, the total accrued interest arising from the secured loans due from Star Platinum of approximately 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. Consequently, 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 announcement dated 29 July 2016.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Tang Hon Kwo *(Co-Chairman)*
Mr. Li Wenfeng *(Co-Chairman, appointed on 20 May 2016)*
Mr. Lam Chi Keung *(Chief Executive Officer, appointed on 20 May 2016)*
Mr. Ip Ka Po
Mr. Ma Zhi
Mr. Sze Siu Bun

Independent Non-Executive Directors

Mr. Cheung Ngai Lam
Ms. Han Xingxing
Ms. Tao Feng

AUDIT COMMITTEE

Mr. Cheung Ngai Lam *(Chairman of committee)*
Ms. Han Xingxing
Ms. Tao Feng

REMUNERATION COMMITTEE

Ms. Tao Feng *(Chairman of committee)*
Ms. Han Xingxing
Mr. Cheung Ngai Lam

NOMINATION COMMITTEE

Ms. Han Xingxing *(Chairman of committee)*
Ms. Tao Feng
Mr. Cheung Ngai Lam

COMPANY SECRETARY

Mr. Li Kwok Fat *(Appointed on 20 May 2016)*
Mr. Lam Chi Keung *(Resigned on 20 May 2016)*

AUDITOR

Moore Stephens CPA Limited

REGISTERED OFFICE

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111, Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
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