

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.



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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent

 **KINGSTON SECURITIES**

THE PLACING

On 16 February 2017 (after trading hours), the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Placing Agent agreed to place, on a best effort basis, up to 797,184,000 Placing Shares to currently expected not less than six Placees who are Independent Third Parties.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the 797,184,000 Placing Shares under the Placing represent (i) 20.00% of the existing issued share capital of the Company of 3,985,920,000 Shares as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the Placing Shares under the Placing will be HK\$79,718,400.

The Placing Price of HK\$0.2 represents: (i) a discount of approximately 0.99% to the closing price of HK\$0.202 as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a premium of approximately 7.53% to the average closing price of HK\$0.186 in the last 5 trading days prior to the date of the Placing Agreement.

The Placing is conditional upon, among other things, the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares.

The maximum gross proceeds from the Placing will be approximately HK\$159.44 million. The maximum net proceeds from the Placing will amount to approximately HK\$155.22 million which is intended to be utilised for (i) approximately HK\$82 million for the settlement of a promissory note regarding the Million Federal Acquisition; (ii) approximately HK\$65 million for the development of OTT or Apps platforms which involves infrastructure design and development, OTT solutions, technology support, software licensing, cloud computing, content delivery network and set-top box production; and (iii) approximately HK\$8.22 million for general working capital; or for financing any investment opportunities when they arise and/or as the general working capital of the Group. The net proceeds raised per Placing Share will be approximately HK\$0.195 per Share.

Shareholders and potential investors should note that the Placing is subject to conditions under the Placing Agreement to be fulfilled. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

16 February 2017 (after trading hours)

Issuer

The Company

Placing Agent

Kingston Securities Limited

The Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 797,184,000 Placing Shares to independent Placees. The Placing Agent will receive a placing commission of 2.5% of the aggregate amount equal to the Placing Price multiplied by the actual number of Placing Shares successfully placed by the Placing Agent. The terms of the Placing Agreement were arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market condition. The Directors are of the view that the terms of the Placing Agreement are fair and reasonable based on current market conditions.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its associates are Independent Third Parties. As at the date of this announcement, the Placing Agent is not interested in any Shares.

Placees

The Placing Agent will place the Placing Shares to currently expected not less than six Placees (who are independent professional, institutional or other investors), who and whose ultimate beneficial owner(s) are Independent Third Parties.

Number of Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the 797,184,000 Placing Shares under the Placing represent (i) 20.00% of the existing issued share capital of the Company of 3,985,920,000 Shares as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the Placing Shares under the Placing will be HK\$79,718,400.

Ranking of Placing Shares

The Placing Shares under the Placing will rank, upon issue, *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.2 represents: (i) a discount of approximately 0.99% to the closing price of HK\$0.202 as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a premium of approximately 7.53% to the average closing price of HK\$0.186 in the last 5 trading days prior to the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are on normal commercial terms and are fair and reasonable based on the current market conditions. Hence, the Directors consider that the Placing is in the interests of the Company and the Shareholders as a whole.

General Mandate

The Placing Shares will be issued under the Refreshed General Mandate granted to the Directors by resolution of the Shareholders passed at the EGM, subject to the limit up to 20% of the then issued share capital of the Company as at the date of the EGM. Under the Refreshed General Mandate, the Company is authorised to issue up to 797,184,000 new Shares. Up to the date of this announcement, no new Shares have been issued under the Refreshed General Mandate.

Conditions of the Placing

Completion of the Placing is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares; and

- (ii) the obligations of the Placing Agent under the Placing Agreement not being terminated in accordance with the terms of the Placing Agreement, including provisions regarding force majeure events.

Completion of the Placing

Completion of the Placing, in any event, will take place within four business days after the fulfillment of the conditions as set out in the paragraph headed “Conditions of the Placing” above or such other date to be agreed between the Company and the Placing Agent in writing (the “**Completion Date**”). If the above conditions are not satisfied and/or waived (other than condition (i) above, which cannot be waived) in whole or in part by the Placing Agent on or before 5:00 p.m. on 8 March 2017 or such later date to be agreed between the Company and the Placing Agent in writing, the Placing will be terminated and the Placing will not proceed and all obligations and liabilities of the parties under the Placing Agreement will forthwith cease and determine and no party will have any claim against the others (save for any antecedent breaches thereof).

Termination and force majeure

The Placing Agent reserves its right to terminate the Placing Agreement by notice in writing prior to 9:00 a.m. on the Completion Date, if in the absolute opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by any force majeure events:

- (a) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the Placing of the Shares by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in

securities) occurs which affect the success of the Placing (such success being the placing of the Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

If, at or prior to 9:00 a.m. on the Completion Date:

- (a) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or
- (b) any suspension in the trading of the Shares on the Stock Exchange for more than ten consecutive trading days save for the purposes of clearing of the announcement relating to the Placing Agreement or any announcements or circulars relating to the Placing; or
- (c) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate if repeated and the Placing Agent shall determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing;

the Placing Agent shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under the Placing Agreement.

Upon giving of notice pursuant to the paragraph above, all obligations of the Placing Agent under the Placing Agreement shall cease and determine and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Placing Agreement, save for any antecedent breaches.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

Shareholders and potential investors should note that the Placing is subject to conditions under the Placing Agreement to be fulfilled. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in five business streams including (i) processing, printing and sales of finished fabrics; (ii) trading of fabric and clothing; (iii) money lending; (iv) securities investment; and (v) media, cultural, entertainment and advertising industry.

Reference is made to the Company's announcement dated 23 May 2016, whereby it was disclosed that Co-Prosperity Investment (International) Limited (formerly known as Top Vast Investment Group Limited) (as purchaser), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement dated 23 May 2016 with Sincere Finance Holding Limited (as vendor) in relation to the acquisition of 60% of the total issued share capital of Million Federal International Limited (the "**Million Federal Acquisition**"), which in turn owns Sincere Securities Limited, a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571, as amended, of the Law of Hong Kong). The total consideration for the Million Federal Acquisition was HK\$90 million, of which HK\$82 million has been satisfied by issue of a promissory note with a maturity date on the completion date of the Million Federal Acquisition, and HK\$8 million has been paid prior to the date of this announcement.

The Board constantly reviews its development strategy and business plan and makes appropriate adjustments to expedite business developments and cope with the changes of the market condition. For the development of media, cultural, entertainment and advertising businesses, the Group has been evaluating the over-the-top ("**OTT**") and mobile apps technology proposed by various vendors.

The maximum gross proceeds from the Placing will be approximately HK\$159.44 million. The maximum net proceeds from the Placing will amount to approximately HK\$155.22 million which is intended to be utilised for (i) approximately HK\$82 million for the settlement of a promissory note regarding the Million Federal Acquisition; (ii) approximately HK\$65 million for the development of OTT or apps platforms which involves infrastructure design and development, OTT solutions, technology support, software licensing, cloud computing, content delivery network and set-top box production; and (iii) approximately HK\$8.22 million for general working capital; or for financing any investment opportunities when they arise and/or as the general working capital of the Group. The net proceeds raised per Placing Share will be approximately HK\$0.195 per Share.

The Directors consider that it is necessary to conduct the Placing to raise additional capital and further strengthen the cash flow position of the Group whilst the Group can enhance its ability to diversify its business development into the financial services, media, cultural, advertising and entertainment sectors.

The Directors have considered various ways of raising funds and believe that the Placing represents an opportunity to raise capital for the Group while broadening its Shareholder and capital base. Accordingly, the Directors are of the view that the Placing is in the best interest of the Company and its Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Apart from the fund raising activities mentioned below, the Company had not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement:

Date of announcement	Completion date	Fund raising activity	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds
13 December 2015	1 April 2016	(i) Placing of new shares under specific mandate	HK\$117.60 million	Grant of the Loan	Used as intended
13 December 2015	5 April 2016	(ii) Subscription of new shares under specific mandate	HK\$59.29 million	Grant of the Loan	Used as intended
13 December 2015	15 April 2016	(iii) Placing of convertible bonds under specific mandate	HK\$118.04 million	Grant of the Loan	Used as intended
28 September 2016	20 October 2016	(iv) Placing of new shares under general mandate	HK\$137.79 million	(i) HK\$60 million for acquisition of Century Galaxy International Limited; (ii) HK\$20 million for production of film, drama, TV programmes, development of media and entertainment business; (iii) HK\$51 million for the money lending and securities trading business; (iv) HK\$6 million for general working capital of the Group and/or for financing any investment opportunities when they arise	Approximately (i) HK\$51 million was utilised for money lending and securities trading business; (ii) HK\$20 million was utilised for development of media and entertainment business; (iii) HK\$6 million was utilised for general working capital; and (iv) as a result of the termination of the acquisition and subscription shares of Century Galaxy International Limited as disclosed in the announcement of the Company dated 15 February 2017, the Board resolved to allocate the intended utilization approximately HK\$60 million for acquisition of Century Galaxy International Limited to the granting new loans for the money lending business and the acquisition of securities for the securities investment business.

EFFECTS ON SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing (assuming the Placing Shares are placed in full and there will be no other change in the issued share capital of the Company between the date of this announcement and completion of the Placing) is set out as below:

Shareholders	At the date of this announcement		Immediately upon the completion of the Placing	
	No. of Shares '000	Approximate %	No. of Shares '000	Approximate %
Honghu Capital Co. Ltd. (Note 1)	645,100	16.18	645,100	13.48
Placees	–	–	797,184	16.67
Other public Shareholders	3,340,820	83.82	3,340,820	69.85
Total	<u>3,985,920</u>	<u>100.00</u>	<u>4,783,104</u>	<u>100.00</u>

Notes:

1. Honghu Capital Co. Ltd. is beneficially and wholly-owned by Mr. Deng Jun Jie.
2. The percentages are subject to round figures.

GENERAL

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

DEFINITIONS

The following terms shall have the following meanings ascribed to them respectively in this announcement unless the context otherwise requires:

“Board”	the board of Directors
“Company”	Co-Prosperity Holdings Limited (協盛協豐控股有限公司), a company incorporated in Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange (Stock Code: 707)
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company held on 6 January 2017 to approve the Refreshed General Mandate

“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of, not connected or acting in concert (as defined in the Hong Kong Code on Takeovers and Mergers) with any directors, chief executive or substantial shareholder(s) of the Company or its subsidiaries and their respective associates (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any professional, institutional or other investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the placing of 797,184,000 Placing Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry on business in Type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 16 February 2017 in relation to the Placing
“Placing Price”	HK\$0.2 per Placing Share
“Placing Share(s)”	up to 797,184,000 new Shares to be placed pursuant to the Placing Agreement
“Refreshed General Mandate”	the mandate granted to the Directors by the Shareholders at the EGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the EGM
“Shareholder(s)”	holder(s) of the Share(s)

“Share(s)”	ordinary share(s) of HK\$0.1 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 16 February 2017

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

* *For identification purpose only*