CO-PROSPERITY HOLDINGS LIMITED
協盛協豐控股有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 707)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

The Board of Directors (the "Board") of Co-Prosperity Holdings Limited (the "Company") is pleased to present the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2016, together with the comparative figures for the corresponding year in 2015.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December

	Notes	**2016** *RMB'000*	2015 *RMB'000*
Turnover	3	**203,331**	273,301
Cost of sales		**(163,658)**	(311,119)
Gross profit/(loss)		**39,673**	(37,818)
Other income		**4,024**	2,688
Other expenses, gains and losses	4	**(33,153)**	8,852
Gain on disposals of subsidiaries	5	**19,940**	57,199
Impairment losses recognised in respect of property, plant and equipment		**(3,776)**	(4,900)
Reversal of impairment losses in respect of property, plant and equipment		**7,547**	13,100
Fair value gain on financial assets at fair value through profit or loss		**57,406**	–
Distribution and selling expenses		**(3,530)**	(5,540)
Administrative expenses		**(41,879)**	(23,913)
Finance costs	6	**(15,166)**	(14,676)
Profit/(loss) before taxation	7	**31,086**	(5,008)
Taxation	8	**(1,889)**	(1,892)
Profit/(loss) for the year		**29,197**	(6,900)

* *For identification purposes only*

	Notes	**2016** **RMB'000**	2015 RMB'000
Profit/(loss) for the year attributable to the owners of the Company		**29,197**	(6,900)
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss:			
– exchange differences arising on translation		**44,911**	4,663
– release of translation reserve upon disposals of subsidiaries		**(1,401)**	–
Total comprehensive income/(expense) for the year attributable to owners of the Company		**72,707**	(2,237)

		2016 **RMB cents**	2015 RMB cents
Earnings/(loss) per share	9		
– Basic and diluted		**0.95**	(0.38)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December

	Notes	**2016** *RMB'000*	2015 *RMB'000*
Non-current assets			
Property, plant and equipment		**49,699**	59,105
Prepaid lease payments		**412**	426
Deposits for other investments	11(a)	**456,567**	–
Deposit for investments in subsidiaries	11(b)	**7,162**	–
		513,840	59,531
Current assets			
Inventories		**106,724**	85,527
Trade and other receivables, deposits and prepayments	12	**172,326**	112,412
Loan receivables	13	**138,817**	149,871
Prepaid lease payments		**14**	14
Financial assets at fair value through profit or loss	14	**201,422**	–
Pledged bank deposits		**38,420**	40,420
Bank balances and cash		**27,820**	76,196
		685,543	464,440
Assets classified as held for sale		**–**	1,576
		685,543	466,016
Current liabilities			
Trade and other payables	15	**266,843**	57,158
Bond payables		**63,710**	60,470
Taxation payables		**4,277**	4,290
Obligation under finance leases		**658**	–
Short-term bank loans		**119,340**	123,300
Short-term loans from other financial institution		**26,647**	2,000
Financial guarantee contracts	16	**–**	8,349
		481,475	255,567
Liabilities associated with assets held for sale		**–**	–
		481,475	255,567
Net current assets		**204,068**	210,449
Total assets less current liabilities		**717,908**	269,980
Non-current liabilities			
Obligation under finance leases		**1,623**	–
Convertible bonds		**26,589**	–
		28,212	–
Net assets		**689,696**	269,980
Capital and reserves			
Share capital	17	**351,608**	186,229
Reserves		**338,088**	83,751
Total equity		**689,696**	269,980

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman Islands and principal place of business of the Company is Room 2501-14, 25/F, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated. During the year, the board of directors ("Directors") has re-visited the business plan and strategy of the Group. Since the business transactions, in terms of operating, investing and financing activities, of the Company itself are mainly denominated in Hong Kong dollars ("HK$") during the year, the Directors decided that the functional currency of the Company has been changed from RMB to HK$ with effect from 1 January 2016 as the Directors consider HK$ is more appropriate. Exchange difference of approximately HK$55,578,000 (equivalent to RMB47,562,000) was arising from the date of change of functional currency which is recognised as a movement in the "other comprehensive income". The Directors consider such change does not have any other significant financial impact on the consolidated financial statements for the current financial year.

In preparing the consolidated financial statements, the Directors have given careful consideration that the Group recorded current liabilities of approximately RMB481,475,000 as at 31 December 2016, which to be fall due and repayable within 12 months. However, the cash and cash equivalent as at 31 December 2016 was approximately RMB27,820,000. Considering the realisation of other current assets into cash and cash equivalents, such as financial assets at fair value through profit or loss and inventories, would take time, these conditions indicate the existence of uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. And therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The consolidated financial statements have been prepared on a going concern basis and do not include any adjustments that would be required should the Group not able to continue as a going concern as the Directors of the Company are satisfied that the Group will have sufficient internal financial resources, raising of additional equity and support by its substantial shareholder in order to maintain the Group as a going concern, especially taking into account that fund raising by placing of the Company's shares for approximately HK$155,220,000 (equivalent to RMB138,150,000 was completed on 9 March 2017 and Mr. Deng Jun Jie, a substantial shareholder of the Company, has undertaken in favour of the Company by way of a deed of undertaking to provide unsecured facilities to the Group up to HK$500 million (equivalent to RMB448 million) which can be drawn by the Group at any time on or before 19 December 2017.

The consolidated financial statements have been prepared on the historical cost basis, except for financial assets at fair value through profit or loss, which are measured at fair value as explained in the accounting policies set out below.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the preparation of the financial statements for the year ended 31 December 2016, the Group has applied, for the first time, the following new and revised standards issued by the HKICPA.

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and amortisation
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation exception
Amendments to HKFRS 11	Joint Arrangements: Accounting for Acquisitions of Interests
HKFRS 14	Regulatory Deferral Accounts
Annual Improvements Project	Annual Improvements 2012 – 2014 Cycle

The adoption of the above new and revised standards has had no significant effect on the Group's consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs, which have been issued but are not yet effective, in these consolidated financial statements.

HKAS 28 and HKFRS 10 Amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKAS 7 Amendments	Disclosure Initiative[1]
HKAS 12 Amendments	Recognition of Deferred Tax Assets for Unrealised Losses[1]
HKFRS 2 Amendments	Classification and Measurement of Share-based Payment Transactions[2]
HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 15 Amendments	Clarifications of HKFRS 15 Revenue Contracts with Customers[2]
HKFRS 16	Leases[3]

[1] Effective for annual periods beginning on or after 1 January 2017
[2] Effective for annual periods beginning on or after 1 January 2018
[3] Effective for annual periods beginning on or after 1 January 2019
[4] Effective for annual periods beginning on or after a date to be determined

Further information about these HKFRSs that are expected to be applicable to the Group is as follows:

HKFRS 9 – Financial Instruments

HKFRS 9 has introduced new requirements for a) classification and measurement of financial assets, b) impairment of financial assets and c) general hedge accounting.

Specifically, with regard to the classification and measurement of financial assets, HKFRS 9 requires all recognised financial assets that are within the scope of HKFRS 9 to be subsequently measured at amortised cost or fair value. Debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of each of the subsequent accounting periods. Debt investments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income ("FVTOCI"). All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. Further, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 applies) in other comprehensive income, with only dividend income generally recognised in profit or loss and that cumulative fair value changes will not be reclassified to profit or loss upon derecognition of the investment.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

With regard to impairment of financial assets, HKFRS 9 has adopted an expected credit loss model, as opposed to an incurred credit loss model required under HKAS 39. In general, the expected credit loss model requires an entity to assess the change in credit risk of the financial asset since initial recognition at each reporting date and to recognise the expected credit loss depending on the degree of the change in credit risk.

With regard to the general hedge accounting requirements, HKFRS 9 retains the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Group is still in the process of assessing the impact of HKFRS 9. The directors of the Company believe that it is impractical to disclose the impact in these consolidated financial statements until the Group has completed the assessment.

HKFRS 15 – Revenue from Contracts with Customers and the Clarifications to HKFRS 15

HKFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, HKFRS 15 introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

The Group does not expect the adoption of HKFRS 15 would result in significant impact on the amounts reported on the Group' s consolidated financial statements in future. However, there will be additional qualitative and quantitative disclosures upon the adoption of HKFRS 15.

HKFRS 16 Leases

HKFRS 16 will supersede the current lease guidance including HKAS 17 Leases and the related interpretations when it becomes effective.

With regard to lessee accounting, the distinction of operating leases and finance leases, as required by HKAS 17, has been replaced by a model which requires a right-of-use asset and a corresponding liability to be recognised for all leases by lessees except for short-term leases and leases of low value assets. Specifically, the right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any re-measurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments. Furthermore, the classification of cash flows will also be affected as operating lease payments under HKAS 17 are presented as operating cash flows; whereas, under the HKFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

With regard to lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, HKFRS 16 requires extensive disclosures in the financial statements.

The Group expects that the adoption of HKFRS 16 is unlikely to result in significant impact on the Group's result but it is expected that certain portion of these lease commitments will required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

3. TURNOVER AND SEGMENT INFORMATION

Turnover

An analysis of the Group's turnover for the year is summarised as follows:

	2016	2015
	RMB'000	*RMB'000*
Sales of goods from		
– sales of finished fabrics	**49,991**	130,216
– trading of goods	**3,548**	3,632
	53,539	133,848
Subcontracting services	**118,643**	133,557
Entertainment and media services	**713**	–
Loan interest income	**25,726**	5,480
Securities investment	**4,710**	416
	203,331	273,301

Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following five reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Processing, printing and sales of finished fabrics and subcontracting service - People's Republic of China (the "PRC");
- Trading of fabrics and clothing;
- Money lending;
- Securities investment; and
- Media, cultural and entertainment

(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 bases:

Segment assets include non-financial assets and current assets attributable to the activities of the individual segments. Segment liabilities include trade and other payables attributable to the activities of the individual segments and short-term loans 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 most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2016 and 2015 is set out below.

	Processing, printing and sales of finished fabrics and subcontracting service – PRC		Trading of fabrics and clothing – Hong Kong		Money lending – Hong Kong		Securities investment – Hong Kong		Entertainment and media – Hong Kong		Unallocated corporate office		Inter-segment elimination		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from external customers	**168,634**	263,773	**3,548**	3,632	**25,726**	5,480	**4,710**	416	713	–	**–**	–	**–**	–	**203,331**	273,301
Inter-segment	**–**	–	**–**	–	**–**	–	**–**	–	326	–	**26,813**	5,635	**(27,139)**	(5,635)	**–**	–
Total	**168,634**	263,773	**3,548**	3,632	**25,726**	5,480	**4,710**	416	1,039	–	**26,813**	5,635	**(27,139)**	(5,635)	**203,331**	273,301
Reportable segment profit/(loss) (adjusted EBITDA)	**6,246**	20,529	**(228)**	(198)	**3,953**	5,282	**60,293**	125	**(4,247)**	–	**8,254**	(9,425)	**–**	–	**74,271**	16,313
Depreciation and amortisation for the year	**(8,753)**	(11,388)	**(11)**	(19)	**–**	–	**–**	–	**–**	–	**(826)**	(187)	**–**	–	**(9,590)**	(11,594)
Impairment of property, plant and equipment	**(3,776)**	(4,900)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(3,776)**	(4,900)
Reversal of impairment of property, plant and equipment	**7,547**	13,100	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**7,547**	13,100
Additions to non-current segment assets during the year	**574**	1,470	**74**	–	**–**	–	**–**	–	**–**	–	**4,492**	**9**	–	–	**5,140**	1,479

(ii) 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 and prepaid lease payments ("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.

	Turnover		**Non-current assets**	
	2016	2015	**2016**	2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
PRC	**168,634**	263,773	**46,191**	52,446
Hong Kong and overseas	**34,697**	9,528	**3,920**	7,085
	203,331	273,301	**50,111**	59,531

Information about major customers

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

4. OTHER EXPENSES, GAINS AND LOSSES

	2016	2015
	RMB'000	*RMB'000*
Allowances for bad and doubtful debts of trade receivables	**–**	(92)
Reversal of impairment loss in respect of deposits paid to suppliers	**450**	–
Impairment loss on deposits paid to suppliers	**(10,941)**	(4,050)
Net exchange (loss)/gain	**(10,629)**	383
Loss on disposals of property, plant and equipment	**(1,320)**	–
Loss on acquisition of a subsidiary	**(14,048)**	–
Written-off of interest receivables	**(5,014)**	–
Income from amortisation of financial guarantee contracts	**8,349**	12,611
	(33,153)	8,852

5. DISPOSAL 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, at a total consideration of HK$2,100,000 (equivalent to approximately RMB1,767,000).

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

	2016
	RMB'000
Net assets disposed of:	
– Goodwill, which was classified as "assets classified as held for sale"	1,576
– Amount due to the Company	(3)
	1,573
Amount due to the Company 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 subsidiaries is as follows:

	2016
	RMB'000
Cash consideration	1,767
Cash and bank balances disposed of	–
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	1,767

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

On 25 January 2016, a direct wholly-owned subsidiary of the Company entered into a sale and purchase agreement with an independent third party to dispose 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 approximately RMB25,248,000). Competent Faith was principally engaged in property investment. The transaction was completed on 21 March 2016. The assets and liabilities of Competent Faith at disposal date are disclosed as below:

	2016
	RMB'000
Net assets disposed of:	
– Property, plant and equipment	6,994
– Deposits paid	6
– Other payables	(100)
– Amounts due to the Group	(5,819)
	1,081
Reclassification of cumulative exchange difference from translation reserve to profit or loss	(1,401)
	(320)
Amounts due to the Group disposed of	5,819
Gain on disposal of a subsidiary	19,749
Satisfied by:	
Cash	25,248

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

	2016
	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

6. FINANCE COSTS

	2016	2015
	RMB'000	*RMB'000*
Interest on bank and other borrowings wholly repayable within five years		
– bank borrowings	**6,775**	12,355
– other secured loan	**1,661**	–
– other unsecured loan	**–**	561
	8,436	12,916
Effective interest expense on bond payables	**3,919**	1,760
Effective interest expense on convertible bonds	**2,752**	–
Interest expense on finance leases	**59**	–
	15,166	14,676

7. PROFIT/(LOSS) BEFORE TAXATION

	2016	2015
	RMB'000	*RMB'000*
Profit/(loss) before taxation has been arrived at after charging:		
Directors' remuneration	**6,480**	3,343
Staff's retirement benefits scheme contributions	**5,054**	6,097
Staff costs	**26,193**	24,752
Depreciation of property, plant and equipment	**9,576**	11,456
Auditor's remuneration		
– current year	**698**	755
– under-provision for prior years	**75**	–
Cost of inventories recognised as expenses (including write-down of inventories amounting to RMB18,018,000 (2015: RMB67,317,000))	**163,479**	311,119
Operating lease rentals in respect of		
– prepaid lease payments	**14**	138
– rented premises	**4,691**	151
and after crediting:		
Government rewards and subsidies (including in other income)*	**27**	1,436
Interest income from bank deposits	**2,361**	1,252

* The government rewards and subsidies provided by the PRC government to the Group were paid mainly as an incentive for energy saving and organisational development of the Group. There are no conditions and contingencies attached to the receipt of the government subsidies and they are non-recurring in nature.

8. TAXATION

PRC Enterprise Income Tax is calculated at the rate of 25% prevailing in the PRC jurisdiction for the year ended 31 December 2016 (2015: 25%). No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group's operations in Hong Kong has no assessable profit for both years.

9. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share attributable to owners of the Company is based on the following data:

	2016	2015
	RMB'000	RMB'000
Earnings/(loss) attributable to the owners of the Company		
Earnings/(loss) for the purpose of basic and diluted earnings/(loss) per share	**29,197**	(6,900)

	2016	2015
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings/(loss) per share	**3,072,721**	1,832,056

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

10. DIVIDEND

No interim dividend was paid during the year (2015: Nil). The Board resolved not to declare the payment of any final dividend for the year (2015: Nil).

11. NON-CURRENT DEPOSITS

(a) Deposits for other investments

(i) Balance represents deposits of HK$500,000,000 (equivalent to approximately RMB447,615,000) paid or payable by the Group ("Consideration") for acquisition of 52.42% equity interests in Asia Television Limited ("ATV") and certain debts and its consequential interest provided to ATV (collectively the "Acquisition").

ATV is a company incorporated in Hong Kong with limited liability on 6 April 1973. A petition to wind up ATV was filed at the High Court of Hong Kong (the "Court") on 5 February 2016 and the joint and several provisional liquidators of ATV were appointed by order of the Court on 24 February 2016 (the "Provisional Liquidators"). ATV was engaged in television broadcasting and was the holder of the domestic free television programme service licence (which expired on 1 April 2016) and the non-domestic television programme service licence (which expired on 31 May 2016) in Hong Kong.

As at 31 December 2016, Star Platinum Enterprise Limited ("Star Platinum"), a wholly owned subsidiary of the Group, has paid part of the Consideration of approximately HK$280,000,000. The completion of the Acquisition and the settlement of the remaining balance of HK$220,000,000 were approved by the shareholders of the Company in the extraordinary general meeting of the Company held on 6 January 2017. The completion of the Acquisition is subject to full payment of Consideration and a board meeting to be held by ATV on the shareholder change, as well as the other conditions set out above.

Details of the Acquisition are set out in the circular of the Company dated 19 December 2016 and announcements of the Company dated 23 September 2016, 17 October 2016, 11 November 2016 and 14 November 2016.

(ii) On 4 November 2016, the Group had entered into a sale and purchase agreement (the "Agreement") with Star Raise Holdings Limited ("Star Raise") and a guarantor, pursuant to which Star Raise has conditionally agreed to sell and transfer and the Group agreed to acquire and accept, 10% of the issued share capital of the Star Gaze Entertainment Group Limited ("Star Gaze") at the consideration of HK$30,000,000, which will be satisfied by cash, together with a call option granted by Star Raise to acquire additional 20% of the issued share capital of Star Gaze at the Group's discretion. On the same date, the deposit in the amount of HK$10,000,000 (equivalent to approximately RMB8,952,000) was paid to Star Raise upon the execution of and in accordance with the terms of the Agreement, which shall be entirely refundable to the Group upon written request to Star Raise prior to the completion. The acquisition was not yet completed as at the date of this announcement. Details of the transaction were set out in the Company's announcement dated 7 November 2016.

(b) Deposit for investments in subsidiaries – Million Federal International Limited ("Million Federal")

On 23 May 2016, the Group had entered into a sale and purchase agreement with Sincere Finance Holding Limited ("Sincere Finance"), pursuant to which the Group has conditionally agreed to acquire and Sincere Finance has conditionally agreed to sell the sale shares, representing 60% of the entire issued share capital of Million Federal, at the consideration of HK$90,000,000 subjected to the terms and conditions of the sale and purchase agreement, in which HK$8,000,000 of which shall be satisfied by cash and HK$82,000,000 of which shall be satisfied by the issue of promissory note. On 1 November 2016, HK$8,000,000 (equivalent to RMB7,162,000) were paid as deposit for the above acquisition.

Subsequent to the year end, on 15 March 2017, the above acquisition has been completed. Million Federal becomes a subsidiary of the Company (note 18).

Details of the transaction were set out in the Company's announcements dated 23 May 2016 and 15 March 2017.

12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2016	2015
	RMB'000	*RMB'000*
Trade receivables	**20,844**	25,359
Less: Allowances for bad and doubtful debts	**(2,546)**	(2,397)
	18,298	22,962
Deposits paid to suppliers	**53,219**	69,476
Less: Allowances for bad and doubtful debts	**(16,541)**	(6,050)
	36,678	63,426
Refundable deposits paid for acquisitions *(note i)*	**3,581**	–
Deposit paid *(note ii)*	**–**	25,131
Prepayment for acquisition of financial assets at fair value through profit or loss *(note iii)*	**40,688**	–
Other receivables due from ATV *(note iv)*	**61,037**	–
Other receivables and prepayments	**10,034**	387
Other deposits	**1,962**	503
Value-added tax recoverable	**3**	3
Amount due from a director *(note v)*	**45**	–
	172,326	112,412

Notes:

i. On 12 April 2016, the Group entered into a non-legally binding memorandum of understanding (the "MOU") in relation to the acquisition of 20% shareholding of Big Noble Limited. Pursuant to the MOU, a refundable deposit of HK$5,000,000 shall be paid by the Group after the signing of the MOU. The MOU was terminated during the year and the refundable deposit will be fully refunded by instalments. Details of the transaction were set out in the Company's announcement dated 12 April 2016.

ii. On 18 September 2015, the Company entered into a memorandum (the "Memorandum") with China Culture Media International Holdings Limited ("China Culture Media") to set out the framework for negotiation on cooperation (the "Cooperation") in certain projects in relation to the remaking of several television drama titles, 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 China Culture Media pursuant to the Memorandum. On 23 October 2015, the Company entered into the Programme Cooperation Agreement with China Culture Media setting out detailed terms of the Cooperation. On 13 December 2015, the Company entered into a supplemental agreement with China Culture Media in which the Company selected 1,010.75 hours of television drama programmes as the target programmes. The agreed consideration of the agency rights in respect of the target programmes was HK$30 million as at 13 December 2015. Accordingly, the advance of HK$30 million paid by the Company to China Culture Media on 21 September 2015 was used to settle the royalty fee in respect of the target programmes. Details of the transaction were set out in the Company's announcement dated 18 September 2015 and the circular dated 22 February 2016.

    On 30 April 2016, Star Platinum, thereafter become the wholly-owned subsidiary of the Group in July 2016, entered into a deed of assignment (the "Deed") with China Culture Media which China Culture Media agrees to assign or procure the assignment to Star Platinum and Star Platinum agrees to accept, by way of assignment, China Culture Media's rights under the Programme Cooperation Agreement upon the terms and conditions set out in the Deed. China Culture Media, as the legal and beneficial owner, irrevocably and unconditionally assigns to Star Platinum all its rights, titles, benefits and interests under the Programme Cooperation Agreement free and clear from all liens, claims, securities, charges, encumbrances or third-party rights of whatsoever nature and to hold the same unto Star Platinum absolutely. As a result, the deposit has been transferred to the "Deposit for other investments".

iii. On 29 December 2016, the Group had prepaid HK$45,450,000 (equivalent to approximately RMB40,688,000) in relation to the acquisition of financial assets at fair value through profit or loss. The transaction was completed on 3 January 2017.

iv. Other receivables due from ATV represented (i) debts previously owed to the ex-employees and ex-independent contractors of ATV in the aggregate amount of approximately HK$34,934,000 (equivalent to RMB31,274,000)(including mandatory provident fund contributions and surcharge for ex-employees of ATV in Hong Kong and social security insurance contributions and surcharge for ex-employees of ATV in PRC) which have been assigned to Star Platinum during the year; and (ii) amounts advanced to ATV for maintaining its operation of approximately HK$33,246,000 (equivalent to approximately RMB29,763,000).

v. The amount due from a director is unsecured, interest-free and repayable on demand.

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

	2016	2015
	RMB'000	*RMB'000*
0 to 90 days	**7,294**	15,043
91 to 180 days	**4,507**	6,700
181 to 270 days	**5,023**	47
271 to 365 days	**156**	41
Over 365 days	**1,318**	1,131
	11,004	7,919
	18,298	22,962

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

Included in the Group's trade receivable balances were debtors with aggregate carrying amount of approximately RMB11,004,000 (2015: RMB7,919,000) which were past due at the reporting date for which the Group has not provided allowance because those debtors have good credit records. The Group does not hold any collateral over these balances.

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

	2016	2015
	RMB'000	*RMB'000*
0 to 90 days	**4,507**	6,700
91 to 180 days	**5,023**	47
181 to 270 days	**156**	41
Over 270 days	**1,318**	1,131
	11,004	7,919

The Group has provided allowances for certain trade and other receivables, as the directors of the Company consider the recoverability of these debts are low based on historical experience.

Movement in the allowances for bad and doubtful debts

	Trade receivables		**Deposits paid to suppliers**	
	2016	2015	**2016**	2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
At 1 January	**2,397**	2,305	**6,050**	2,000
Allowances made during the year	**–**	92	**10,941**	4,050
Reversals of allowances during the year	**–**	–	**(450)**	–
Exchange realignment	**149**	–	**–**	–
At 31 December	**2,546**	2,397	**16,541**	6,050

During the year ended 31 December 2016, the allowances amounted to RMB450,000 (2015: Nil) were reversed because the related debts were settled during the year. The Group does not hold any collateral over these balances.

13. LOAN RECEIVABLES

The credit quality analysis of the loans receivable is as follows:

	2016	2015
	RMB'000	*RMB'000*
Neither past due nor impaired – Unsecured loans		
– principal	**129,515**	144,168
– interest	**9,302**	5,703
	138,817	149,871

The Group's loan receivables, which arise from the money lending business in Hong Kong, were denominated in Hong Kong dollars. The carrying value of the loan principal and interest receivables in original currency as at 31 December 2016 amounted to approximately HK$144,672,000 (2015: HK$172,100,000) and approximately HK$10,390,000 (2015: HK$6,808,000) respectively.

As at 31 December 2016, loan receivables were neither impaired nor overdue. The maximum exposure to credit risk at each reporting dates is the carrying value of the loans receivable.

Loan receivables as at 31 December 2016 are unsecured and interest-bearing at rates ranging from 8.0% to 24.0% (2015: 19.5% to 22.0%) per annum.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016	2015
	RMB'000	*RMB'000*
Equity securities listed in Hong Kong, at fair value	**114,789**	–
Unlisted investment fund, at fair value	**86,633**	–
	201,422	–

The above equity investments at 31 December 2016 were classified as held for trading.

15. TRADE AND OTHER PAYABLES

	2016	2015
	RMB'000	*RMB'000*
Trade payables	**24,916**	28,940
Customers' deposits	**27,238**	20,588
Other payables and accruals *(note i)*	**213,424**	7,630
Amount due to a director *(note ii)*	**1,265**	–
	266,843	57,158

Notes:

i. Included in other payables, there was an amount of HK$220,000,000 (equivalent to RMB196,951,000) representing the outstanding consideration payable for the Acquisition (note 11(a)(i)).

ii. The amount due to a director is unsecured, interest-free and repayable on demand.

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

	2016	2015
	RMB'000	*RMB'000*
0 to 90 days	**7,864**	14,824
91 to 180 days	**4,953**	5,260
181 to 270 days	**3,162**	4,329
271 to 365 days	**5,455**	1,584
Over 365 days	**3,482**	2,943
	24,916	28,940

16. FINANCIAL GUARANTEE CONTRACTS

As at 31 December 2013, the Group provided corporate guarantees to a bank in respect of short-term bank borrowings granted to Shasing-Shapheng (Quanzhou) Textile Industrial Co., Ltd. ("Shasing-Shapheng Quanzhou") amounting to RMB150,000,000 out of the total outstanding amount of RMB200,000,000. Pursuant to the corporate guarantee agreements, the Group has provided a guarantee amounting to the extent of RMB150,000,000. The relevant financial guarantee contracts were initially measured at their fair values as at 31 December 2013 by an Independent valuer, 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 the same day 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 the same day, 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. Accordingly, in respect of the financial guarantee contracts, an amortisation of approximately RMB8,349,000 was credited to the profit or loss for the year (2015: RMB12,611,000).

During the year, the Group granted several corporate guarantees to certain bank in respect of certain credit facilities granted to Shasing-Shapheng (Quanzhou). The fair value of the financial guarantee issued at initial recognition was immaterial.

17. SHARE CAPITAL

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

	Issued and fully paid		
	Number of shares	Amount	Amount
	'000	*RMB'000*	*HK$'000*
Shares in the consolidated statement of financial position			
At 1 January 2015	1,678,200	157,233	167,820
Exercise of share options *(note ii)*	19,000	1,502	1,900
Placement of new shares *(note iii)*	338,840	27,494	33,884
At 31 December 2015	2,036,040	186,229	203,604
Placement of new shares *(note iv)*	600,000	50,076	60,000
Subscription of new shares *(note v)*	300,000	25,038	30,000
Conversion of convertible bonds *(note vi)*	407,500	34,461	40,750
Placement of new shares *(note vii)*	642,380	55,804	64,238
At 31 December 2016	**3,985,920**	**351,608**	**398,592**

Notes:

i. 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.

ii. 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.

iii. 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.

iv. 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.

v. 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.

vi. During the year, an aggregate principal amount of HK$89,650,000 of convertible bonds was converted at the conversion price of HK$0.22. These shares ranked pari passu with other shares in issue in all aspect.

vii. On 28 September 2016, the Company entered into a placing agreement with a placing agent pursuant to which the placing agent agreed to place 642,380,000 new shares under general mandate at the price of HK$0.22 per placing share (the "2016 Placing Price"). On 20 October 2016, a total of 642,380,000 new shares were successfully placed at the 2016 Placing Price. Accordingly, 642,380,000 shares of HK$0.1 each were issued at a premium of HK$0.12 each. The premium on issue of shares of approximately HK$73,553,000 net of transaction cost of approximately HK$3,533,000 was credited to the share premium account. These shares rank pari passu in all respects with the existing shares.

18. EVENTS AFTER THE REPORTING PERIOD

(a) Placing of new shares under general mandate ("Share Placing")

On 16 February 2017, the Company entered into a share placing agreement (the "Share Placing Agreement") with Kingston Securities Limited ("Kingston Securities"). Pursuant to the Share Placing Agreement, Kingston Securities has conditionally agreed to place, on a best effort basis, up to an aggregate of 797,184,000 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 9 March 2017, 797,184,000 new ordinary shares were placed at HK$0.2 per placing share to independent third parties. The net proceeds from the Share Placing were approximately HK$155.22 million is intended to be utilised for acquisition of Million Federal, the development of over-the-top ("OTT") or apps platforms and for the general working capital of the Group.

(b) Completion on acquisition of Million Federal

On 23 May 2016, the Group, through a wholly-owned subsidiary, had entered into a conditional sale and purchase agreement to acquire 60% of the entire issued share capital of Million Federal from a vendor, who is an independent third party to the Group, at a total consideration of HK$90 million, of which HK$8 million will be settled by cash and HK$82 million will be settled by the issue of promissory note. The acquisition has been completed during March 2017.

19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT BY INDEPENDENT AUDITORS

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2016 as set out in the preliminary announcement have been agreed by the Group's auditor, Moore Stephens CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Moore Stephens CPA Limited in respect of this announcement did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Moore Stephens CPA Limited on this announcement.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

The followings are extracted from the independent auditor's report on the consolidated financial statements of the Group for the year ended 31 December 2016.

Qualified Opinion Arising from Limitation of Scope

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the Consolidated Financial Statements give a true and fair view of the financial position of the Group as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirement of the Hong Kong Companies Ordinance.

Basis for Qualified Opinion

As at 31 December 2016, the Group has (i) deposits for other investments of approximately RMB447,615,000 (equivalent to HK$500,000,000) for an investment in Asia Television Limited ("ATV"), as detailed in note 21(a)(i) in the Consolidated Financial Statements and (ii) receivables due from ATV of approximately RMB61,037,000 (equivalent to HK$68,180,000), as detailed in note 23 to the Consolidated Financial Statements. We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the nature and recoverability of these deposits and receivables as at 31 December 2016 because the management of the Group was unable to access certain financial information or other information in relation to the assets and liabilities of ATV, which was undergoing provisional liquidation proceedings, as detailed in note 21(a)(i) to the consolidated financial statements. Consequently, we were unable to determine whether any adjustments or impairment to these amounts were necessary.

In addition, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the purchase price allocation on acquisition of Star Platinum Enterprise Limited ("Star Platinum"), as detailed in note 12 to the Consolidated Financial Statements, was incomplete due to the reason as stated above. Consequently, we were unable to determine whether any adjustment to the assets and liabilities obtained from the acquisition of Star Platinum was necessary.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

BUSINESS AND FINANCIAL REVIEW

During the year ended 31 December 2016, the Group engaged in four business streams including (i) the processing, printing and sales of finished fabrics and subcontracting service and the trading of fabric and clothing business ("Fabrics and Trading Business"); (ii) the money lending business; (iii) securities investment business; and (iv) media, cultural and entertainment business.

Fabrics and Trading Business

The Group continued to engage in the Fabrics and Trading Business during the financial year. As the global economy and political environment had gone through dramatic changes in the past year, the outlook of the manufacturing sector in the PRC appeared to be under more pressure when the labour and other costs have been surging together with the exchange rate fluctuations and fierce competition. With the decreasing demand from emerging markets and the increasingly robust environmental protection requirements applicable in the manufacturing processes, the Group has actively utilised existing resources to improve operating efficiency to better manage costs, and take appropriate measures including the disposal of loss making operation and write down of slow-moving inventory.

For the year 2016, the turnover contributed by the Fabrics and Trading Business was approximately RMB172.2 million (2015: RMB267.4 million), representing a decrease of 35.6% from the previous year. The decrease in turnover as compared to last year was due to the impact of weakening global demand in the clothing and textile industry. We anticipate the fabric manufacturing and trading industry will undergo a process of consolidation and we will adopt stringent cost control measures to counteract the adverse impact.

Money Lending Business

The Group obtained a money lender license in Hong Kong under the Money Lenders Ordinance. As at 31 December 2016, the loan balances were approximately RMB139 million (2015: RMB149 million) with terms of 40 days to one year at effective interest rates ranging from 8.0% to 24.0% (2015: 19.5% to 22%) per annum.

The Money Lending segment has stepped into a period of steady growth since the commencement of business in 2015. The Money Lending business has gradually grown at a stable pace into a significant loan portfolio. All the borrowers have been carefully evaluated by the Group on, among other things, their repayment capability, professional and financial status, and securities provided, if any. For the year of 2016, the turnover contributed by the money lending business was approximately RMB25.7 million (2015: RMB5.5 million) with a profit (adjusted EBITDA) of approximately RMB4.0 million (2015: RMB5.3 million). We will continue to develop money lending business as it will provide opportunities for the Company to increase the turnover and profit for the Group.

Securities Investment Business

During the year under review, the overall performance of the Group's securities investment business was satisfactory when compared against the overall performance of the stock market. Notwithstanding the stock market rebounded drastically in late of 2016, the Group had recorded an overall realised and unrealised fair value gain of approximately RMB62.1 million from the securities investment (2015: RMB0.4 million), as the Group's investment portfolio had outperformed the stock market.

As at 31 December 2016, the Group managed a portfolio of securities listed in Hong Kong and traded in the Stock Exchange and interest in an equity fund aggregately of approximately RMB201 million. In the light of the substantially improving performance of the investments, the Group is considering expanding this business and expediting the development of this sector to generate more income and contribute to the total profit of the Group.

Media, cultural and entertainment business

The Company has continuously reviewed its business strategy and development plan, and make appropriate adjustments to achieve its business objectives and cope with the changes in market condition. There have been dramatic changes in the media and entertainment market in Hong Kong and China, and the Company has responded quickly to cope with such changes. In early 2016, the Group got involved in the rescue plan and, subsequently, the acquisition of ATV. A petition to wind up ATV was filed with the High Court of Hong Kong and the Provisional Liquidators have been appointed by order of the High Court of Hong Kong in 2016.

As set out in the Company's circular and announcement dated 19 December 2016 and 6 January 2017 respectively, Star Platinum has been granted the approval of the Shareholders of the Company at an extraordinary general meeting of the Company held on 6 January 2017 in relation to the Acquisition of ATV. Star Platinum together with the Provisional Liquidators will propose Scheme of Arrangements to the creditors of ATV by which all liabilities of ATV shall be assumed by Star Platinum. As a result, ATV shall be debt-free and given a fresh start upon the completion of the Scheme of Arrangements.

Being a major part of the media, cultural and entertainment business plan of the Group, ATV-related projects have been granted substantial resources by the Group in the past year. The new team leading the media, cultural and entertainment business of the Group has been continuously exploring various means of development and how to best utilise the assets acquired, including but not limited to renovating the existing facilities of ATV and its production equipment, remastering and digitalizing of programme library and archives, developing broadcasting platforms, producing, and investing in television programmes and films, and purchasing licensed contents. The Group anticipates to take advantage of the trend within the market, make best use of the access to the in-depth experience and know-how of the new management team to expedite the Group's development and diversification into the media, cultural and entertainment business.

Details of the Acquisition of ATV were set out in the Company's circulars or announcements dated 22 February 2016, 30 April 2016, 29 July 2016, 23 September 2016, 11 November 2016, 19 December 2016 and 6 January 2017. The Company will disclose any further progress on the acquisition and related business as and when appropriate.

FUTURE PROSPECTS

Apart from the existing businesses, the Group has looked into and will continue to explore business opportunities in various segments and enhance the interests of shareholders. Furthermore, the Group will continue to adhere to its proactive operating style to improve profit margin of the Fabrics and Trading business.

The year under review was a year full of changes and unexpected events over the globe. Since 2015, the Company has noticed the remarkable potential growth of media, cultural and entertainment sector and has commenced to look into related development opportunities. During 2016, the Group has reached out to a number of potential partners and vendors for acquisition and cooperation opportunities.

The Group got involved into the rescue and acquisition of ATV. ATV is Hong Kong's first television broadcaster with nearly 60 years of history, having produced many successful programmes including dramas series, variety shows and news programmes over the years. ATV has been a part of the collective memory of Hong Kong and its legendary history has played a significant role in the development of Cantonese pop-culture. The Directors believe that the potential intrinsic value of ATV can be realised if the plan to rescue ATV is successful.

Through cooperation with the leaders of the media and entertainment sector in Hong Kong, China and the overseas, the Group shall have access to extensive experience, know-hows and talents, all of which will expedite the Company's development and diversification into the media, cultural and entertainment sector.

The Group has recently expanded its management team and recruited talents with unique expertise and proven track-record in the media and entertainment industry. In addition, a number of experts from leading media and entertainment companies have newly joined the Group. The recruitment of the new management team of different functions enables the Group to develop new visions and strive a big step forward in content production, OTT and Apps development. As a result, the Group anticipates a significantly faster growth than previously anticipated.

The Group has been granted access and usage of certain assets of ATV which shall enable ATV to continue to operate and act as a production house in Hong Kong taking advantage of its 50,000 square-meter production facility, and its film library and archives. Given ATV's brand presence in Hong Kong and the PRC, it is believed that the Acquisition of ATV will complement the Group's strategic goals to expand into the media and entertainment related sector.

For the money lending business, the Group expects it will generate stable interest income for the Group. And the Group has monitored the credit risks and application procedures pursuant to the applicable laws and regulations.

For the securities investment business, the local stock market was further hindered by concerns over global economic slowdown and potential interest rate hike by the U.S. Federal Reserve. The Group recognizes the uncertainty and volatility in the global stock markets and will continue to exercise due professional care in selecting investment targets.

The Group has recently expanded its business in securities dealing and asset management following its acquisition of 60% issued share capital of Million Federal and completed in March 2017 at the consideration of HK$90 million. Sincere Securities Limited, 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. The Group plans to further develop the acquired business to become an integrated security house offering sales and trading, investment advisory, discretionary account and asset management services and to use it as its initial platform in establishing its financial services.

With the concerted efforts of the management and the staff of the Group, we are fully confident and optimistic about the Group's future growth and outlook.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2016, the Group had total assets of approximately RMB1,199.4 million (2015: RMB525.5 million) which were financed by current liabilities of approximately RMB481.5 million (2015: RMB255.6 million), non-current liabilities of approximately RMB28.2 million (2015: Nil) and shareholders' equity of approximately RMB689.7 million (2015: RMB269.9 million).

As at 31 December 2016, the Group's cash and bank balances was approximately RMB27.8 million (2015: RMB76.2 million), while pledged bank deposits amounted to RMB38.4 million (2015: RMB40.4 million). As at 31 December 2016, the secured bonds were fixed-rate and were denominated in Hong Kong dollars, the 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 maintained a healthy liquidity position. The current ratio, being a ratio of total current assets to total current liabilities, was approximately 1.4 (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 as at 31 December 2016) to shareholders' equity, was 34.6% (2015: 68.8%). The Group continues to adopt a conservative approach in its financial management.

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 31 December 2016, the Company's authorised share capital was HK$2,000,000,000 divided into 20,000,000,000 shares of HK$0.1 each, of which 3,985,920,000 ordinary shares were in issue and fully paid.

Issue of shares under share option scheme

During the year ended 31 December 2016, no share options were issued, lapsed and exercised.

Placing of shares under specific mandate

On 1 April 2016, the Company had issued and allotted 600,000,000 ordinary shares at the placing price of HK$0.20 each to not less than six placees. The net proceeds of approximately HK$117.6 million were received by the Company which were utilised for money lending business.

Subscription of new shares under specific mandate

On 5 April 2016, the Company had issued and allotted 300,000,000 ordinary shares at the subscription price of HK$0.20 each to Honghu Capital Co. Limited. The net proceeds of approximately HK$59.29 million were received by the Company which were utilised for money lending business.

Subscription of convertible bonds under specific mandate

On 15 April 2016, the Company had completed the placing of convertible bonds with principal amount of approximately HK$120 million to not less than six investors with a minimum conversion price of HK$0.22 and carry interest of 8% per annum and wholly or partly convertible to ordinary shares of the Company within 3 years. The net proceeds of approximately HK$118.64 million were received by the Company which were utilised for money lending business.

Placing of shares under general mandate

On 20 October 2016, the Company had issued and allotted 642,380,000 ordinary shares at the placing price of HK$0.22 each to not less than six placees. The net proceeds of approximately HK$137.79 million were received by the Company which were utilised for money lending and securities trading business, development of media and entertainment business and general working capital of the Group.

On 9 March 2017, the Company had issued and allotted 797,184,000 ordinary shares at the placing price of HK$0.20 each to not less than six placees. The net proceeds of approximately HK$155.22 million were received by the Company which were utilised for the acquisition of 60% of the total issued share capital of Million Federal, development of media and entertainment business and general working capital of the Group.

Increase in authorised share capital

On 9 March 2016, an ordinary resolution relating to the authorised share capital of the Company was increased from HK$700,000,000 to HK$2,000,000,000 by the creation of additional 13,000,000,000 new shares of HK$0.1 each.

CHARGES ON ASSETS

As at 31 December 2016, the Group's borrowings were secured by assets with a total carrying value of approximately RMB165.7 million (2015: RMB167.5 million).

Save for disclosed above, the Group does not have other charges on the Group assets.

CAPITAL EXPENDITURES

As at 31 December 2016, the Group has no capital commitments (2015: Nil) in respect of purchases of property, plant and equipment.

CONTINGENT LIABILITIES AND EXCHANGE RISK EXPOSURE

As at 31 December 2016, the Group had contingent liabilities of approximately RMB80 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.

Most of the Group's assets and liabilities are denominated in Hong Kong dollars and Renminbi, which are the functional currencies of the respective group companies. The Group has not entered into any instruments on the foreign exchange exposure. The Group will closely monitor exchange rate movement and will take appropriate action to reduce the exchange risk.

MATERIAL ACQUISITIONS AND DISPOSALS OF THE GROUP

During 2016, the Group has advanced a loan to Star Platinum. The loan was secured by the entire issued share capital of Star Platinum. Star Platinum defaulted in repayment of principal and loan interest and thus, the Group has exercised its rights enforcing the share pledge. Accordingly, Star Platinum become a subsidiary of the Group.

As at the date of acquisition of Star Platinum, Star Platinum has entered into a sale and purchase agreement with six independent vendors on 30 April 2016 relating to the acquisition of approximately 52.42% of the entire issued share capital of ATV and the all related debts provided to ATV by the vendors, at a total consideration of HK$500 million. Details are set out in note 11 to this announcement.

On 25 January 2016, Widerlink Group Limited ("Widerlink"), a wholly-owned subsidiary of the Company and Smart Right Global Investment Limited, an independent third party, entered into a share sale agreement pursuant to which Widerlink disposed of the entire share capital of Competent Faith, a wholly owned subsidiary of Widerlink, at a cash consideration of HK$30 million. Competent Faith owned an office premises in Hong Kong with a total gross floor area of approximately 5,300 sq. ft. For details, please refer to the Company's announcement dated 25 January 2016. The disposal was completed on 21 March 2016.

Co-Prosperity Investment (International) 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. The total consideration for the acquisition of Million Federal was HK$90 million. On 15 March 2017, the Group completed the acquisition of Million Federal and Million Federal becomes a subsidiary of the Company.

EMPLOYMENT

As at 31 December 2016, the Group had about 750 employees (2015: 700 employees) in Hong Kong and in the PRC.

Remuneration packages for the employees were maintained at a competitive level of the jurisdiction within which the employees were employed to attract, retain and motivate the employees and were reviewed periodically.

In addition, during the year the Group maintained a share option scheme and a new share option scheme for the purpose of providing incentives and rewards to the eligible participants for their contributions to the Group. The share option scheme was expired in March 2016. The new share option scheme was adopted at the annual general meeting of the company on 15 June 2016.

EVENTS AFTER THE REPORTING PERIOD

Details of events after the reporting period are set out in note 18 to this announcement.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the reporting period ended 31 December 2016, neither the Company, nor any of its subsidiaries, had repurchased, sold or redeemed any of its listed shares.

DIVIDEND

The Board does not recommend any payment of final dividend (2015: Nil) for the year.

DIRECTORS' COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiries, all Directors confirmed that they have complied with the required standard set out in the Model Code.

CORPORATE GOVERNANCE

The Company is committed to maintaining good corporate governance standard and procedures to ensure the integrity, transparency and quality of disclosure in the interest of its shareholders. The corporate governance principles of the Company emphasise a quality board, transparency and accountability to all shareholders of the Company (the "Shareholders").

The Directors are in the opinion that the Company has complied with the applicable code provisions in the Corporate Governance Code as set out in Appendix 14 of the Listing Rules (the "CG Code") during the year ended 31 December 2016 except the following deviations:

In respect of code provisions E.1.2 and 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 at that time, 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.

AUDIT COMMITTEE

The audit committee of the Company ("Audit Committee") comprised three independent non-executive director, Mr. Cheung Ngai Lam, Ms. Han Xingxing and Mr. Li Yu. Mr. Cheung Ngai Lam is the chairman of the Audit Committee. The Audit Committee has adopted terms of reference which are in line with the CG Code. The Group's consolidated financial statements for the year ended 31 December 2016 have been reviewed by the Audit Committee.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation in respect of his/her independence during the year under review pursuant to rule 3.13 of the Listing Rules. All the independent non-executive Directors continue to be independent.

APPRECIATION

Finally, on behalf of the Board, the Company would like to take this opportunity to express it's sincere gratitude to the Directors and all the staff who have contributed their time and efforts to the Group's business operation and to the Shareholders for their supports to the Company.

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

Hong Kong, 29 March 2017

As at the date of this announcement, the Board comprises Mr. Tang Hon Kwo, 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.