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 2017

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 2017, together with the comparative figures for the corresponding year in 2016.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Note	**2017** *RMB'000*	2016 *RMB'000* (restated)
Turnover	3	**150,748**	198,621
Cost of sales		**(110,476)**	(163,658)
Gross profit		**40,272**	34,963
Other income		**2,119**	4,024
Other expenses, gains and losses		**1,375**	(33,153)
Gain on disposals of subsidiaries		**–**	19,940
Impairment loss on loan receivables		**(9,781)**	–
Impairment losses recognised in respect of property, plant and equipment		**–**	(3,776)
Reversal of impairment losses in respect of property, plant and equipment		**–**	7,547
Fair value (loss)/gain on financial assets at fair value through profit or loss		**(16,697)**	62,116
Distribution and selling expenses		**(2,914)**	(3,530)
Administrative and operating expenses		**(103,123)**	(41,879)
Finance costs	4	**(34,171)**	(15,166)
Share of profit of an associate		**4,009**	–
(Loss)/profit before taxation	5	**(118,911)**	31,086
Taxation	6	**(4,082)**	(1,889)

* *For identification purposes only*

	Note	2017 RMB'000	2016 RMB'000 (restated)
(Loss)/profit for the year		**(122,993)**	29,197
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss:			
– exchange differences arising on translation		**(61,830)**	44,911
– share of other comprehensive income of an associate		**(394)**	–
– release of translation reserve upon disposals of subsidiaries		**–**	(1,401)
Total comprehensive (expense)/income for the year, net of income tax		**(185,217)**	72,707
(Loss)/profit for the year attributable to:			
Owners of the Company		**(126,747)**	29,197
Non-controlling interests		**3,754**	–
		(122,993)	29,197
Total comprehensive (expense)/income for the year attributable to:			
Owners of the Company		**(186,638)**	72,707
Non-controlling interests		**1,421**	–
		(185,217)	72,707

	Note	2017 RMB cents	2016 RMB cents
(Loss)/earnings per share			
– Basic and diluted	7	**(2.46)**	0.95

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	Note	**2017** *RMB'000*	2016 *RMB'000*
Non-current assets			
Property, plant and equipment		**49,419**	49,699
Prepaid lease payments		**398**	412
Intangible assets	9	**35,731**	–
Goodwill		**20,274**	–
Deposits for other investments	10	**416,250**	456,567
Deposit for investments in subsidiaries		**–**	7,162
Other deposits		**9,269**	–
Interest in an associate	11	**279,700**	–
		811,041	513,840
Current assets			
Inventories		**109,455**	106,724
Trade and other receivables, deposits and prepayments	12	**313,474**	172,326
Loan receivables	12	**138,349**	138,817
Prepaid lease payments		**14**	14
Financial assets at fair value through profit or loss		**52,413**	201,422
Pledged bank deposits		**38,420**	38,420
Bank balances and cash		**229,914**	27,820
		882,039	685,543
Current liabilities			
Trade and other payables	13	**170,525**	266,843
Bond payables		**63,908**	63,710
Taxation payables		**4,764**	4,277
Government grant		**24**	–
Obligation under finance leases		**188**	658
Short-term bank loans, secured		**113,550**	119,340
Short-term loans from other financial institution, secured		**8,340**	26,647
Other borrowing, unsecured		**31,635**	–
		392,934	481,475
Net current assets		**489,105**	204,068

	Note	2017 RMB'000	2016 RMB'000
Total assets less current liabilities		**1,300,146**	717,908
Non-current liabilities			
Obligation under finance leases		**389**	1,623
Convertible bonds		**–**	26,589
Government grant		**200**	–
Deferred tax liabilities		**855**	–
		1,444	28,212
Net assets		**1,298,702**	689,696
Capital and reserves			
Share capital	14	**616,617**	351,608
Reserves		**640,990**	338,088
Equity attributable to owners of the Company		**1,257,607**	689,696
Non-controlling interests		**41,095**	–
Total equity		**1,298,702**	689,696

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 presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Comparative figures of the consolidated profit or loss in respect of revenue and financial assets at fair value gain through profit or loss in the profit or loss were reclassified to conform with current year's presentation.

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 (the "Listing Rules") and by the Hong Kong Companies Ordinance.

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.

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

a) Adoption of new and revised HKFRSs – effective 1 January 2017

In the current year, the Group has applied, for the first time, the following new and revised standards issued by the HKICPA which are effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2017.

(i) Amendments to HKAS 7 Disclosure Initiative

The amendments to HKAS 7 require an entity to make disclosure that aim to enable users of financial statements to evaluate changes in liabilities arising from financing activities. Reconciliations of various types of the Group's financing liabilities are disclosed in the consolidated financial statements. Other than such additional disclosures, the application of the amendments has not had any material effect on the consolidated financial statements.

(ii) Amendments to HKAS 12 Recognition of deferred Tax Assets for Unrealised losses

The amendments to HKAS 12 clarity when unrealised losses on a debt instrument measured at fair value would give rise to a deductible temporary difference and how to evaluate whether sufficient future taxable profits are available to utilise a deductible temporary difference. The application of the amendments has not had any material effect on the consolidated financial statements.

(iii) Annual Improvements to HKFRSs 2014-2016 Cycle Amendments to a number of HKFRSs

Annual improvements to HKFRSs (2014-2016 cycle) include an amendment to HKFRS 12 that clarifies that, when an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) is classified (or included in a disposal group that is classified) as held for sale in accordance with HKFRS 5 Non-current Assets held for Sale and Discontinued operations, it is not required to disclose summarised financial information for that subsidiary, joint venture or associate, as required by HKFRS 12 Disclosure of Interests in Other Entities. The application of the amendments has not had any material effect on the consolidated financial statements.

b) **Early adoption of HKFRS 15 "Revenue from Contracts with Customers"**

HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15") as issued by the HKICPA is effective for the financial year beginning or after 1 January 2018. The Group has elected to early adopt HKFRS 15, with a date of initial application of 1 January 2017.

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, the Standard 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 (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Revenues are recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

– provides all the benefits received and consumed simultaneously by the customer;

– creates and enhances an asset that the customer controls as the Group performs; or

– do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation:

– direct measurements of the value transferred by the Group to the customer; or

– the Group's efforts or inputs to the satisfaction of the performance obligation.

The Group has applied HKFRS 15 in accordance with the fully retrospective transitional approach without using the practical expedients for completed contracts in HKFRS 15.C5(a), and (b), or for modified contracts in HKFRS 15.C5(c) but using the expedient in HKFRS 15.C5(d) allowing both non-disclosure of the amount of the transaction price allocated to the remaining performance obligations, and an explanation of when it expects to recognise that amount as revenue for all reporting periods presented before the date of initial application, i.e. 1 January 2017.

Apart from providing more extensive disclosures on the Group's revenue transactions, the application of HKFRS 15 has not had a significant impact on the financial position and/or financial performance of the Group. No adjustment has been made following the application of HKFRS 15 for the current and prior years.

Sales of goods

The Group sells finished fabrics to customers. Revenue is recognised when control of the goods is transferred to the customers being when the goods are shipped to the customer's specific location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when onselling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Subcontracting fee

The Group carries out processing, printing and subcontracting services to fabrics provided by customers. Such services are recognised as a performance obligation satisfied over time. Revenue is recognised for these services based on the stage of completion of the contract. The Directors have assessed that the stage of completion determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period is an appropriate measure of progress towards complete satisfaction of these performance obligations under HKFRS 15.

Loan interest income

Loan interest income is recognised on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset. When a loan has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash receipts for the purpose of measuring the impairment loss.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Income from sale of securities

Income from sale of equity and debt securities is recognised on a trade date basis.

Commission income for security brokerage

Commission and brokerage income are recognises at the rate agreed in the contract with the customers at the point when the transaction of securities trading is completed.

Commission income for underwriting and placing

The Group provides placing or public offer underwriting services to customers under which the Group agrees to subscribe or procure subscribers to subscribe for (i) agreed number of shares pursuant to a placing or (ii) shares which are not taken up under public offer. Commission income is recognised at a point in time upon the placing shares and public offer shares has been successfully subscribed by sufficient number of investors. Commission income will be received immediately based on the rate agreed in underwriting agreement with the issuers upon the placing and offering shares subscribed.

Income for securities related handling service

The Group provides securities related handling services on collection of dividends or dividends in kind and physical stock handling for customers' securities under their custody. Handling services income are recognises at the point of time when services provided and fee received based on the listed price of relevant services notified to the customers.

c) New and revised HKFRSs that have been issued but are not yet effective

Except for the early adoption of HKFRS 15, the Group has not early adopted any of the following new and revised HKFRSs, that have been issued but are not yet effective, in these consolidated financial statements:

HKFRS 9	Financial Instruments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[5]
Amendment to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendment to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendment to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendment to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or joint Venture[3]
Amendment to HKAS 40	Transfer of Investment Property[1]
Amendment to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle[4]
HK (IFRIC) Interpretation 22	Foreign Currency Transactions and Advance Consideration[1]
HK (IFRIC) Interpretation 23	Uncertainty over Income Tax Treatments[2]

[1] Effective for annual periods on or after 1 January 2018
[2] Effective for annual periods on or after 1 January 2019
[3] Effective date not yet determined
[4] For those amendments that will become effective for annual periods on or after 1 January 2018
[5] Effective for annual periods on or after 1 January 2021

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. 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.

In the opinion of the Directors, based on the historical experience of the Group, the Group experienced bad debts on outstanding balances with customers and other debtors. Hence, the Directors anticipate that application of the new impairment requirements under HKFRS 9 may results in impairments on the Group's financial assets recognised in earlier accounting period due to the expected loss impairment model. The Group will perform a more detailed analysis upon the application of HKFRS 9.

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 require to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

Amendments to HKFRS 2 Classification and Measurement of Share-based Payment Transactions

The amendments clarify the followings:

– In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments.

– Where tax law of regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority, i.e. the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

– A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows: the original liability is derecognised. The equity-settled share-based payment is recognised at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date. Any difference between the carrying amount of the liability at the modification date and the amount recognised in equity should by recognised in profit or loss immediately.

The Group does not have any cash-settled share-based payment arrangements or any withholding tax arrangements with tax authorities in relation to share-based payments and hence the Directors do not anticipate that the application of the amendments in the future will have a significant impact on the Group's consolidated financial statements.

Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to HKFRS 10 and HKAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the re-measurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The Group did enter into these transactions in the current year. The Directors anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions aries.

3. TURNOVER AND SEGMENT INFORMATION

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

	2017	2016
	RMB'000	*RMB'000*
		(restated)
Sales of goods from		
– sales of finished fabrics	**42,788**	49,991
– trading of fabrics and garment products	**3,731**	3,548
	46,519	53,539
Subcontracting services income	**68,297**	118,643
Entertainment and media services income	**552**	713
Loan interest income	**14,659**	25,726
Brokerage and related services income	**6,369**	–
Underwriting and placing services income	**8,894**	–
Margin financing interest income	**5,001**	–
Handling services income	**457**	–
	150,748	198,621

Fair value gain on disposed financial assets at fair value through profit or loss was included in turnover for the year ended 31 December 2016. The amount was reclassified as net gain on securities investment to conform with the current year's presentation.

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 six reportable segments. No operating segments have been aggregated to form the following reportable segments.

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

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-current 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 is set out below:

	Processing, printing and sales of finished fabrics – PRC		Trading of fabrics and clothing – Hong Kong		Money lending – Hong Kong		Securities investment – Hong Kong		Entertainment and media – Hong Kong		Securities brokerage services and margin finance – Hong Kong		Unallocated corporate office		Inter-segment elimination		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	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*	***RMB'000***	*RMB'000*
Revenue from external customers	111,085	168,634	3,731	3,548	14,659	25,726	–	–	552	713	20,721	–	–	–	–	–	150,748	198,621
Revenue from inter-segment	–	–	–	–	–	–	–	–	12,641	326	1,824	–	54,708	26,813	(69,173)	(27,139)	–	–
Reportable segment revenue	111,085	168,634	3,731	3,548	14,659	25,726	–	–	13,193	1,039	22,545	–	54,708	26,813	(69,173)	(27,139)	150,748	198,621
Reportable segment (loss)/profit (adjusted EBITDA)	2,963	6,246	(653)	(228)	14,585	3,953	(15,091)	60,293	(46,964)	(4,247)	10,306	–	(35,389)	8,254	–	–	(70,243)	74,271
Depreciation and amortisation for the year	(7,301)	(8,753)	(7)	(11)	–	–	–	–	(326)	–	(118)	–	(973)	(826)	–	–	(8,725)	(9,590)
Impairment of property, plant and equipment	–	(3,776)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(3,776)
Reversal of impairment of property, plant and equipment	–	7,547	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	7,547
Loss on acquisition of a subsidiary	–	–	–	–	–	(14,048)	–	–	–	–	–	–	–	–	–	–	–	(14,048)
Finance costs	(6,384)	(6,775)	–	–	(11,705)	(18,428)	(1,209)	(1,661)	(381)	–	(815)	–	(25,382)	(6,730)	11,705	18,428	(34,171)	(15,166)
Impairment loss on loan receivable	–	–	–	–	(9,781)	–	–	–	–	–	–	–	–	–	–	–	(9,781)	–
Share of profit of an associate																	4,009	–
Others																	–	(8,152)
(Loss)/profit before taxation																	(118,911)	31,086
Additions to non-current segment assets during the year	1,594	574	–	74	–	–	–	–	7,429	–	416	–	1,118	4,492	–	–	10,557	5,140

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, prepaid lease payments, intangible assets, goodwill, deposits for other investments, investments in subsidiaries, deposits paid for acquisition of property, plant and equipment and interest in an associate ("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**	
	2017	2016	**2017**	2016
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
PRC	**111,085**	168,634	**40,527**	46,191
Malaysia	**–**	–	**279,700**	–
Hong Kong	**39,663**	29,987	**490,156**	467,649
	150,748	198,621	**810,383**	513,840

Information about major customers

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

4. FINANCE COSTS

	2017	2016
	RMB'000	*RMB'000*
Interest on bank and other borrowings wholly repayable within five years		
– bank loans	**6,185**	6,775
– other secured loans	**1,209**	1,661
– other unsecured loans	**16,521**	–
	23,915	8,436
Effective interest expense on bond payables	**4,856**	3,919
Effective interest expense on convertible bonds	**1,565**	2,752
Interest expense on finance leases	**60**	59
Other finance costs	**3,775**	–
	34,171	15,166

5. (LOSS)/PROFIT BEFORE TAXATION

	2017	2016
	RMB'000	*RMB'000*
(Loss)/profit before taxation has been arrived at after charging/ (crediting):		
Directors' remuneration	**6,823**	6,480
Staff's retirement benefits scheme contributions, excluding directors' remuneration	**2,331**	5,054
Staff costs, excluding directors' remuneration	**54,160**	26,193
Depreciation of property, plant and equipment	**8,660**	9,576
Amortisation of intangible asset (included in administrative and operating expenses)	**–**	–
Auditor's remuneration		
– current year	**1,577**	698
– under-provision for prior years	**–**	75
Cost of inventories recognised as expenses (including net write-down of inventories amounting to RMB10,705,000 (2016: RMB1,612,000)	**110,324**	163,479
Net loss/(gain) on securities investment – financial assets at fair value through profit or loss decrease/(increase) in fair value, net:		
– disposed of during the year	**9,311**	(4,710)
– held at the end of the reporting period	**7,386**	(57,406)
	16,697	(62,116)
Operating lease rentals in respect of		
– prepaid lease payments	**14**	14
– rented premises	**8,734**	4,691
Government rewards and subsidies (including in other income)*	**(1,068)**	(27)
Interest income from bank deposits	**(644)**	(2,361)

* The government rewards and subsidies which are included in other income 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.

6. TAXATION

The PRC Enterprise Income Tax is calculated at the rate of 25% prevailing in the PRC jurisdiction for the year ended 31 December 2017 (2016: 25%). Provision for Hong Kong Profits Tax has been provided at the rate of 16.5% (2016: No assessable profit) on the estimated assessable profits arising in Hong Kong during the year.

7. (LOSS)/EARNINGS PER SHARE

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

	2017	2016
	RMB'000	*RMB'000*
(Loss)/earnings attributable to the owners of the Company		
(Loss)/earnings for the purpose of basic and diluted (loss)/ earnings per share	**(126,747)**	29,197

	2017	2016
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted (loss)/earnings per share	**5,154,314**	3,072,721

There was no dilutive effects on the assumed conversion of convertible bonds for the year ended 31 December 2016, hence they were anti-dilutive.

8. DIVIDENDS

No dividend has been paid or declared by the Company during the year (2016: Nil). The Board resolved not to declare the payment of any final dividend for the year (2016: Nil).

9. INTANGIBLE ASSETS

As at 31 December 2017, intangible assets comprised the carrying amounts of film rights and licence fees, trading rights and trademark. Film rights and licence fees represent direct expenditure incurred by the Group until the programmes are available to broadcast on the Over-The-Top ("OTT") platform of the Group's entertainment and media business. Trading rights and trademark are acquired by the Group as part of the acquisition of securities brokerage services and margin finance business. Trading rights represents rights that confer eligibility of the Group to trade on the Stock Exchange and the trademark represents the fair value of trading name of Sincere Securities Limited ("Sincere Securities") which became a subsidiary of the Group after acquisition of securities brokerage services and margin finance business.

10. DEPOSITS FOR OTHER INVESTMENTS

As at 31 December 2017, balance represents deposit of HK$500,000,000 (equivalent to approximately RMB416,250,000) (2016: HK$500,000,000, equivalent to approximately RMB447,615,000) paid or payable by the Group for the acquisition of Asia Television Limited ("ATV") including the sale shares and major debts.

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, 14 November 2016, 25 April 2017, 16 May 2017, 12 December 2017 and 9 January 2018.

11. INTEREST IN AN ASSOCIATE

During the year ended 31 December 2017, the Group has (i) acquired 107 million ordinary shares of Yong Tai Berhad ("Yong Tai"), a company listed on the Main Market of Bursa Malaysia Securities Berhad, at the consideration of approximately Malaysian Ringgit ("RM") 117,700,000 (equivalent to approximately RMB189,016,000) and completed on 9 May 2017; and (ii) subscribed for 43,000,000 new Yong Tai shares at the issue price of RM1.26 (equivalent to approximately HK$2.29) per share with a total consideration of the subscription amounted to RM54,180,000 (equivalent to approximately RMB86,857,000) and completed on 29 December 2017. As at 31 December 2017, the Group has accumulated 21.53% effective equity interest, after effect on Irredeemable Convertible Preference Shares ("ICPS"), of Yong Tai.

12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS AND LOAN RECEIVABLE

	2017	2016
	RMB'000	*RMB'000*
Trade receivables from securities brokerage services and margin finance segment *(note i)*	**57,709**	–
Trade receivables from other segments, net *(note ii)*	**7,471**	18,298
Deposits paid to suppliers, net	**33,518**	36,678
Deposits, prepayments and other receivables	**214,776**	117,350
	313,474	172,326

Notes:

i. All receivables from cash clients, margin clients and clearing house are not past due at the reporting dates for which the management believes that no impairment allowance is necessary as these balances have not been a significant change in credit quality and are considered fully recoverable.

Trading limits are set for customers. The Group seeks to maintain tight control over its outstanding accounts receivable in order to minimise credit risk. Overdue balances are regularly monitored by management.

No aging analysis by invoice date is disclosed for trade receivables from securities brokerage services and margin finance segment as, in the opinion of the Directors, an aging analysis is not meaningful in view of the business nature of securities dealings.

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

	2017	2016
	RMB'000	*RMB'000*
0 to 90 days	**5,971**	7,294
91 to 180 days	**144**	4,507
181 to 270 days	**745**	5,023
271 to 365 days	**239**	156
Over 365 days	**372**	1,318
	7,471	18,298

Management closely monitors the credit quality of trade and other receivables and considers trade 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 RMB6,763,000 (2016: RMB17,145,000) 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.

All the loans receivable are entered with contractual maturity within 3 months to 1 year (2016: 3 months to 1 year). The Group seeks to maintain tight control over its loan receivables in order to minimise credit risk by reviewing the borrowers' or guarantors' financial positions.

13. TRADE AND OTHER PAYABLES

	2017	2016
	RMB'000	*RMB'000*
Trade payables from securities brokerage services and margin finance segment *(note i)*	**62,530**	–
Trade payables from other segments *(note ii)*	**26,021**	24,916
Customers' deposits	**17,771**	27,238
Other payables and accruals	**64,203**	214,689
	170,525	266,843

Notes:

i. The trade payable balances arising from the ordinary course of business of securities brokerage services and margin finance are normally settled in two trading days after the trade date except for the money held on behalf of clients at the segregated bank accounts which are repayable on demand. No aging analysis is disclosed as in the opinion of the Directors, an aging analysis is not meaningful in view of the business nature of securities dealings and margin financing.

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

	2017	2016
	RMB'000	*RMB'000*
0 to 90 days	**7,361**	7,864
91 to 180 days	**2,193**	4,953
181 to 270 days	**3,348**	3,162
271 to 365 days	**4,981**	5,455
Over 365 days	**8,138**	3,482
	26,021	24,916

14. SHARE CAPITAL

	Authorised	
	Number of shares	**Amount**
	'000	*HK$'000*
Ordinary shares of HK$0.10 each		
At 1 January 2016	7,000,000	700,000
Increase in authorised share capital *(note i)*	13,000,000	1,300,000
At 31 December 2016 and 31 December 2017	**20,000,000**	**2,000,000**

		Issued and fully paid	
	Number of shares	**Amount**	**Amount**
	'000	*RMB'000*	*HK$'000*
At 1 January 2016	2,036,040	186,229	203,604
Placement of new shares *(note ii)*	600,000	50,076	60,000
Subscription of new shares *(note iii)*	300,000	25,038	30,000
Conversion of convertible bonds *(note iv)*	407,500	34,461	40,750
Placement of new shares *(note v)*	642,380	55,804	64,238
At 31 December 2016	3,985,920	351,608	398,592
Placement of new share *(note vi)*	797,184	70,949	79,718
Placement of new share *(note vii)*	956,620	82,757	95,662
Conversion of convertible bonds *(note viii)*	140,000	11,935	14,000
Placement of new shares *(note ix)*	1,175,944	99,368	117,594
At 31 December 2017	**7,055,668**	**616,617**	**705,566**

Notes:

i. 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.

ii. 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.

iii. 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 Co. 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 at the subscription price of HK$0.20 per share. The share subscription has completed on 5 April 2016.

iv. During the year ended 31 December 2016, an aggregate principal amount of HK$89,650,000 of convertible bonds was converted at the conversion price of HK$0.22. The converted shares ranked pari passu with other shares in issue in all aspect.

v. 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. These shares rank pari passu in all respects with the existing shares.

vi. On 16 February 2017, the Company entered into a 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 ordinary shares has been successfully placed at HK$0.20 per placing share. These shares rank pari passu in all respects with the existing shares.

vii. On 30 June 2017, the Company entered into the placing agreement with Kingston Securities and Sincere Securities (an indirectly non wholly-owned subsidiary). Pursuant to the share placing agreement, Kingston Securities and Sincere Securities has conditionally agreed to place, on a best effort basis, up to an aggregate of 956,620,000 new ordinary shares of the Company to not less than six placees at a price of not less than HK$0.25 per placing share. On 24 July 2017, a total of 956,620,000 shares were successfully placed at HK$0.25 per placing share. These shares rank pari passu in all respects with existing shares.

viii. During the year ended 31 December 2017, an aggregate principal of HK$30,800,00 of convertible bonds was converted at the conversion price of HK$0.22. The converted shares ranked pari passu with other shares in issue in all aspect.

ix. On 24 November 2017, the Company entered into a placing agreement with Kingston Securities. Pursuant to which the Kingston Securities agreed to place 1,175,944,000 new shares under general mandate at the price of HK$0.40 per placing share to not less than six placees based on a best effort basis . On 19 December 2017, a total of 1,175,944,000 shares were successfully placed at HK$0.40 per placing share. These shares rank pari passu in all respects with existing shares.

15. EVENTS AFTER THE REPORTING PERIOD

a) On 9 January 2018, Full Winning Developments Limited, a direct wholly-owned subsidiary of the Company, entered into an agreement with Jade Stones Group Limited ("Jade Stone"), while the sole director and the sole shareholder of Jade Stones and its associates, are also the directors and ultimate beneficial owners of a substantial shareholder of a partial owned subsidiary of the Group, Million Federal International Limited ("Million Federal"), holding approximately 36.88% of the total issued share capital of Million Federal, to acquire 60,000,000 number of ICPS of Yong Tai, representing approximately 27.77% of the entire issued ICPS of Yong Tai at the consideration of RM66,000,000. The acquisition was completed on 17 January 2018.

b) At the extraordinary general meeting ("EGM") of the Company on 16 March 2018, the proposed change of existing English name of the Company from "Co-Prosperity Holdings Limited" to "Asia Television Holdings Limited" and the adoption of the Chinese name of "亞洲電視控股有限公司" as the dual foreign name in Chinese of the Company in place of its existing Chinese name "協盛協豐控股有限公司" which has been used for identification purposes only, has been approved in the EGM. The change of the name will be completed upon the completion of the remaining procedures with the relevant authorities.

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 2017 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 2017.

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 2017, 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 2017, the Group (1) deposits for other investments of HK$500,000,000 (equivalent to approximately RMB416,250,000) for an investment in Asia Television Limited ("ATV"), as detailed in note 21(i) in the Consolidated Financial Statements and (2) receivables due from ATV of approximately RMB90,006,000, as detailed in note 26(d)(iii) to the Consolidated Financial Statements. We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the recoverability of these deposits and receivables as at 31 December 2017 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.

ATV was undergoing provision liquidation proceedings, as detailed in notes 12(a) and 21(i) to the Consolidated Financial Statements, and the provisional liquidator was discharged by the court on 24 April 2017. Although the Group has access to certain financial information or other information in relation to the assets and liabilities of ATV since then, the records of ATV made available to the Group were considered as incomplete for the Group to determine the recoverability of the deposits and receivables. 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 Enterprises Limited ("Star Platinum") as detailed in note 12(a) to the Consolidated Financial Statements, which was incomplete as at the end of twelve months after the date of acquisition 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 qualified opinion.

CHAIRMAN'S STATEMENT

2017 Review – Further transformation of the Group's operations

In order to deal with the on-going challenges of the PRC textile industry and pressures on margin and profitability, we have decided to diversify from a pure textile company into a multi-businesses enterprise after a careful review of our long-term business plans and strategic direction. Less competitive textile operations of the Group were streamlined and rationalised or even divested. We have also gradually expanding into the robust financial service sector in Hong Kong. During 2015, we have obtained a money lender licence and have also started to invest and manage a portfolio of marketable securities listed in Hong Kong and overseas. The acquisition of the 60% equity interests indirectly in Sincere Securities was completed on 15 March 2017. Both money lending and securities brokerage business have both delivered positive pre-tax earnings since they have been consolidated in the Group.

The successful rescue and relaunch of ATV

Since late 2015, we have got involved into the rescue of the financially distressed ATV. Interested in the long-term prospect of the digital media and entertainment business, we entered into a sale and purchase agreement to acquire 52.42% equity interests of ATV in April 2016 and signed the debts transfer agreements of ATV with its controlling shareholder, and its affiliates and ex-employees. Despite of the drag of the trading of fabrics and clothing business ("Fabrics and Trading Business"), the Group has recorded some rapid growth in money lending and securities brokerage businesses.

With our on-going efforts to rescue ATV, the provisional liquidators have been discharged by the Court effective 24 April 2017. Through an indirectly wholly-owned subsidiary, Star Platinum, we proceeded with the application of the scheme of arrangement to be proposed to the creditors of ATV. We have expanded the management team and actively recruited talents to prepare for the relaunch of the Hong Kong's first TV broadcaster. By 12 September 2017, the scheme of arrangement was approved in the ATV's creditors meeting and subsequently sanctioned by the Court on 12 December 2017. Our mobile application was launched recently, which allows audiences to watch its streaming contents on mobile phones and tablets. We have renovated and revamped the existing facilities at Taipo and have acquired new digital production and editing equipment, started to remaster and digitalise existing program library and archives, developed a digital broadcasting and distribution platform, and invested in new content production and licenced contents. An OTT platform was also launched on 29 January 2018 and home viewers could watch our contents on TV through OTT set-top boxes.

Diversification into the Malaysia property and leisure industry

On 9 May 2017, we also entered into a sale and purchase agreement to acquire 24.56% equity interests of Yong Tai at the consideration of RM117.7 million (equivalent to RM1.10 per share). Yong Tai is a fast-growing developer listed on the Main Market of the Bursa Malaysia Securities Berhad, and its existing property projects are strategically located within the heritage city centre of Melaka, one of the fastest growing states in Malaysia. The existing property projects are easily accessible as they are located on prime locations with proximity to commercial districts, hotels, amenities and just 1.5 km away from the historical and cultural heritage, the UNESCO, World Heritage site of Melaka. Yong Tai's growth is also expected to be underpinned by its Impression City Project, which will include the iconic performance theatre – Encore Melaka, shopping malls, a culture village, resort and incomes from multi-year residential development projects.

On 2 August 2017, the Group has entered into a subscription agreement with Yong Tai to purchase a further 43 million newly issued Yong Tai shares at the issued price of RM1.26 per share. Upon the completion on 29 December 2017, we have increased our equity interests of Yong Tai to 31.21% of its total ordinary share capital. On 9 January 2018, the Group has entered into another sales and purchase agreement to acquire 60 million issued ICPS of Yong Tai at the consideration of RM66.0 million (equivalent to RM1.10 per ICPS).

2017 was a key milestone for the transformation of the Group into a multiple business conglomerate with operations in textiles, properties, securities investment and brokerage services, money lending as well as media and entertainment in Hong Kong, China and Southeast Asia.

Business and Financial Review

During the year ended 31 December 2017, the Group had engaged in four business streams including (i) the processing, printing and sales of finished fabrics and subcontracting service and the Fabrics and Trading Business; (ii) the money lending business; (iii) securities investment and brokerage services 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. The overall business environment remained tough in 2017. Demand from emerging markets remained weak and the substantial increases in cotton prices and fuel costs continued to put pressure on gross profit margin. Labour and other costs have been surging amid a backdrop of material exchange rate fluctuations in recent quarters. The fierce competition also made it difficult to pass on various cost increases to customers, along with increasingly demanding environmental standard and requirements applicable in the manufacturing processes. As a result, the Group has focused to improve operating efficiency and cut costs last year. We also take other appropriate strategic and operational measures to deal with operational challenges.

For the year 2017, the turnover contributed by the Fabrics and Trading Business was approximately RMB114.8 million (2016: RMB172.2 million), representing a decrease of 33.3% from the previous year. Gross profit from the operation has dropped from RMB8.5 million from 2016 to RMB4.2 million current year, representing a 50.6% year-over-year decline. The decrease in revenue and segment gross profit were primarily due to the fact that (i) the Group was unable to pass on all the increased costs (such as labour costs and stringent environmental protection requirements) to customers owing to fierce competition and the average selling price of the fabric reduced; (ii) most of the production cost of fabric increased dramatically including the cotton price and yarn price showed an upward trend during the period; (iii) the economy of the PRC remained challenging due to the slowdown of economic growth in the PRC, driven by the structural adjustment in the domestic economy and structural reform on the supply side. Besides, operating environment was unfavourable owing to the volatile global economy and weak demand from customers. We anticipate the fabric manufacturing and trading industry will undergo a process of consolidation and we will continue to adopt stringent cost control measures to counteract the operational headwind.

Money Lending Business

The money lending business is conducted through Rende Finance Limited ("Rende"), a locally licenced money lender under the Money Lenders Ordinance. As at 31 December 2017, the loan balances were approximately RMB138.3 million (2016: RMB139.0 million) with terms of 3 months to 1 year at effective interest rates ranging from 10.0% to 24.0% (2016: 8.0% to 24.0%) per annum.

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. For the year of 2017, the interest income contributed by the money lending business was approximately RMB14.7 million (2016: RMB25.7 million) with a segment result of approximately RMB14.6 million (2016: RMB4.0 million), the significant decrease in interest income was due to a large portion of loan approximately RMB261.1 million was granted to Star Platinum Enterprises Limited ("Star Platinum") at 30 June 2016 and Star Platinum was still an independent third party of the Group which contributed a large portion of interest income to the Group in last period. On 29 July 2016, Rende exercised its right over the share charge against 99% shareholding, of Star Platinum. As such, Star Platinum became a directly wholly-owned subsidiary of Rende as a result of the default of interest payment by Star Platinum and its guarantor. For details, please refer to the Company's announcement dated 29 July 2016.

As a matter of risk management exercise, we will not further enlarge the exposure of the money lending business. We will remain selective in our credit approval process and exercise restraints in screening applications.

Securities Investment and Brokerage Service Business

During the year under review, the overall performance of the Group's securities investment business was less than satisfactory. Notwithstanding the stock market rebounded drastically in late of 2017, the Group had recorded an overall fair value loss of approximately of RMB16.7 million from the securities investment business (2016: fair value gain of RMB62.1 million). The significant decrease in fair value change was due to a large portion of unrealised fair value gain during 2016 was contributed from Tiger Capital Fund SPC- Tiger Global SP ("Tiger Fund"), which was weakened during the year.

As at 31 December 2017, the aggregate amount of the Group's financial assets at fair value through profit or loss is approximately RMB52.4 million (31 December 2016: RMB201.4 million). The Group managed a portfolio of securities listed in Hong Kong and overseas. The huge decrease in the securities investment profolio was mainly due to the disposal of the entire investment in Tiger Fund. The Group has invested approximately RMB86.6 million into an unlisted investment fund during 2016, and subsequently disposed the entire investment in Tiger Fund during the year.

Finally, the revenue generated from the new securities brokerage service was approximately RMB20.7 million (2016: nil) since the completion of acquisition of Million Federal together with its subsidiary Sincere Securities in March 2017. On the back of an improving Hong Kong and China economy, stronger corporate earnings momentum, as well as the influx of mainland liquidity through the Stock Connect, the Hong Kong stock market has performed well in 2017 and the market turnover has also recovered significantly compared to a year ago. 2017 segment result from the division was RMB10.3 million (2016: nil) and we continue to expect operational improvement from our securities services as well as high level of market turnover. As a result, we expect further revenue upsides from rising brokerage commission, increase in revenue from corporate finance as well as margin lending business.

Media, cultural and entertainment business

The Group has noticed the potential growth of media, cultural and entertainment sector and has commenced to look into related development opportunities. During the year, the turnover of the entertainment and media business was approximately RMB0.6 million (2016: 0.7 million).

In early 2016, the Group got involved in the rescue plan and, subsequently, the acquisition of ATV. On 24 April 2017, the provisional liquidators of ATV have been discharged by the Court. We then proceeded with the application of the scheme of arrangement to be proposed to ATV's creditors. By 12 September 2017, the scheme of arrangement was approved in the ATV's creditors meeting and, subsequently has also been sanctioned by the Court on 12 December 2017. As a result, ATV has become free from previous debts and given a fresh start upon the completion of the scheme of arrangement of ATV.

Over the past few months, we have expanded its management team, and have actively recruited talents to prepare for the relaunch of the new ATV. We have renovated and revamped the existing facilities at Taipo and have acquired new digital production and editing equipment, started to remaster and digitalise existing program library and archives, developed a digital broadcasting and distribution platform, and invested in new content production and licenced contents. Our mobile application was launched recently, which allows audiences to watch its streaming contents on mobile phones and tablets. An OTT platform was also launched on 29 January 2018 and home viewers can watch our contents on TV through OTT set-top boxes. We have also planned to revive popular contents such as "Who want to be a Millionaire?" and "Miss Asia Pageant", along with our new programs in 2018.

FINANCIAL REVIEW

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2017, the Group had total assets of approximately RMB1,693.1 million (2016: RMB1,199.4 million) which were financed by current liabilities of approximately RMB392.9 million (2016: RMB481.5 million), non-current liabilities of approximately RMB1.4 million (2016: 28.2 million) and shareholders' equity of approximately RMB1,257.6 million (2016: RMB689.7 million).

As at 31 December 2017, the Group's cash and bank balances were approximately RMB229.9 million (2016: RMB27.8 million), while pledged bank deposits amounted to RMB38.4 million (2016: RMB38.4 million). As at 31 December 2017, 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 and other borrowing 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 2.2 (2016: 1.4). The gearing ratio, being a ratio of borrowings (comprising obligation under finance leases, bond payables, short-term bank loans (secured), short-term loans from other financial institution (secured) and other borrowing (unsecured) as at 31 December 2017) to shareholders' equity, was 17.3% (2016: 34.6%). The Group continues to adopt a conservative approach in its financial management.

CHARGES ON ASSETS

As at 31 December 2017, the Group's borrowings were secured by assets with a total carrying values of approximately RMB161.2 million (2016: RMB165.7 million).

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

CAPITAL EXPENDITURES

As at 31 December 2017, the Group has no capital commitments (2016: Nil) in respect of purchases of property, plant and equipment.

CONTINGENT LIABILITIES AND EXCHANGE RISK EXPOSURE

As at 31 December 2017, the Group did not have any material contingent liability.

As at 31 December 2016, the Group had provided corporate guarantee to a bank in respect of certain credit facilities granted to Shasing-Shapheng (Quanzhou) Textile Industrial Co., Ltd. ("Shasing-Shapheng Quanzhou") of which RMB55,000,000 was drawn down and was subsequently cancelled in 2017. The total amounts to be guaranteed by the Group should not exceed RMB80,000,000. The effective period of the guarantee should be from 31 August 2016 to 30 August 2021. No provision for the Group's obligation under the guarantee contract had been made as the directors of the Company considered the possibility that Shasing-Shapheng Quanzhou would not meet their obligations to the bank is remote, and it was not probable that a claim will be made against the Group under the guarantee contract.

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.

EMPLOYMENT

As at 31 December 2017, the Group had about 740 employees (2016: 750 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 new share option scheme for the purpose of providing incentives and rewards to the eligible participants for their contributions to the Group. 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 15 to this announcement.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the reporting period ended 31 December 2017, 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 (2016: Nil) for the year.

CORPORATE GOVERNANCE

The Company is committed to maintain 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 2017 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, was unable to attend the extra-ordinary general meeting held on 6 January 2017 (the "2017 1st EGM") due to other commitments. Mr. Li Wenfeng, being a non-executive director was unable to attend the 2017 1st EGM and the annual general meeting held on 2 June 2017 (the "2017 AGM") due to other commitments. Ms. Tao Feng, being an independent non-executive director at that time, was unable to attend the 2017 1st EGM. Ms. Han Xingxing, being an independent non-executive director was unable to attend the 2017 1st EGM, the 2017 AGM and the extra-ordinary general meeting held on 10 November 2017 (the "2017 2nd EGM") due to other commitments. Mr. Li Yu, being an independent non-executive director was unable to attend the 2017 AGM and the 2017 2nd EGM 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 directors, 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 2017 have been reviewed by the Audit Committee.

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, 27 March 2018

As at the date of this announcement, the Board comprises Mr. Tang Hon Kwo, Mr. Sze Siu Bun, Mr. Law Kin Fat 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.