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CO-PROSPERITY HOLDINGS LIMITED

協盛協豐控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 707)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015

The board (the “**Board**”) of directors (the “**Director(s)**”) of Co-Prosperity Holdings Limited (the “**Company**”) is pleased to announce the unaudited financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2015 (the “**Period**”) together with the comparative figures for the six months ended 30 June 2014 (the “**Prior Period**”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

		1.1.2015 to 30.6.2015 RMB'000 (unaudited)	1.1.2014 to 30.6.2014 RMB'000 (unaudited)
	<i>Notes</i>		
Turnover	3	160,599	151,202
Cost of goods sold and services provided		(136,899)	(125,644)
Gross profit		23,700	25,558
Other income		1,707	1,174
Other expenses, gains and losses		6,014	3,226
Gain in fair value of warrants		—	4,572
Distribution and selling expenses		(3,191)	(3,077)
Administrative expenses		(12,920)	(12,657)
Finance costs		(8,352)	(9,242)
Profit before taxation	4	6,958	9,554
Taxation	5	(904)	(1,248)
Profit for the period		6,054	8,306

		1.1.2015 to 30.6.2015	1.1.2014 to 30.6.2014
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(unaudited)	(unaudited)
Other comprehensive income/(expense)			
– Items that will not be reclassified to profit or loss:			
– exchange differences arising on translation		692	2,747
– Items that may be subsequently reclassified to profit or loss:			
– exchange differences arising on translation		206	(454)
Total comprehensive income for the period		6,952	10,599
		<i>RMB cents</i>	<i>RMB cents</i>
Earnings per share	6		
– Basic		0.360	0.638
– Diluted		0.359	0.373

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

	Notes	30.6.2015 RMB'000 (unaudited)	31.12.2014 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		53,083	55,932
Prepaid lease payments		433	440
Goodwill		1,576	—
Total non-current assets		55,092	56,372
CURRENT ASSETS			
Inventories		146,274	144,297
Trade and other receivables	7	86,018	86,535
Prepaid lease payments		14	14
Pledged bank deposits		30,081	52,111
Bank balances and cash		32,183	25,793
Assets classified as held for sale	8	294,570 223,958	308,750 195,339
		518,528	504,089
CURRENT LIABILITIES			
Trade and other payables	9	46,068	27,569
Amounts due to related parties	10	107	—
Taxation		4,194	4,189
Short-term bank loans		112,500	137,200
Short-term loan from other financial institution		3,500	5,500
Financial guarantee contracts		12,524	16,699
Liabilities associated with assets held for sale	8	178,893 167,500	191,157 151,898
		346,393	343,055
Net current assets		172,135	161,034
Total assets less current liabilities		227,227	217,406
Net assets		227,227	217,406
CAPITAL AND RESERVES			
Share capital	11	158,498	157,233
Reserves		68,729	60,173
Total equity		227,227	217,406

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2015

1. GENERAL

The Company was incorporated and registered as an exempted company with limited liability under the Companies Law of the Cayman Islands and acts as an investment holding company. Its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and with Hong Kong Accounting Standard 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2014.

The condensed consolidated financial statements has been prepared under the historical cost convention. The principal accounting policies adopted in the condensed consolidated financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2014, except for the adoption of the new or revised standards, amendments and interpretations (hereinafter collectively referred to as “**new HKFRSs**”) issued by the HKICPA which are mandatory for annual periods beginning 1 January 2015 and relevant to the operations of the Group. The adoption of these new HKFRSs had no material effect to the Group’s results and financial position for the current and prior accounting periods.

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

3. SEGMENT INFORMATION

For the six months ended 30 June 2015 (the “**period**”), the Group was organised into two operating divisions, namely (1) processing, printing and sales of finished fabrics and (2) trading of goods. The aforesaid two divisions were the basis on which the Group reports its segment information.

For the period, the Group’s operating segments under Hong Kong Financial Reporting Standard 8 “Operating Segments” were as follows:

- Processing, printing and sales of finished fabrics
- Trading of goods: Trading of fabrics and clothing

The following is an analysis of the Group's turnover and results by operating segment:

	For the six months ended 30 June 2015 (unaudited)			For the six months ended 30 June 2014 (unaudited)		
	Processing, printing and sales of finished fabrics <i>RMB'000</i>	Trading of goods <i>RMB'000</i>	Total <i>RMB'000</i>	Processing, printing and sales of finished fabrics <i>RMB'000</i>	Trading of goods <i>RMB'000</i>	Total <i>RMB'000</i>
Turnover						
– external sales	158,114	2,485	160,599	148,708	2,494	151,202
– inter-segment sales	–	–	–	–	–	–
Total	<u>158,114</u>	<u>2,485</u>	<u>160,599</u>	<u>148,708</u>	<u>2,494</u>	<u>151,202</u>
Segment Results	<u>10,809</u>	<u>(75)</u>	<u>10,734</u>	<u>10,974</u>	<u>(137)</u>	<u>10,837</u>
Interest income			828			961
Gain in fair value of warrants			–			4,572
Unallocated corporate income			3,748			2,426
Finance costs			(8,352)			(9,242)
Profit before taxation			<u>6,958</u>			<u>9,554</u>

Segment results for the period represent the result of each segment without allocation of interest income, unallocated corporate income and finance costs. This is the measure reported to the chief operating decision maker, the executive directors of the Company, for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

	As at 30 June 2015 (unaudited)			As at 31 December 2014 (audited)		
	Processing painting and sales of finished fabrics RMB'000	Trading of goods RMB'000	Total RMB'000	Processing painting and sales of finished fabrics RMB'000	Trading of goods RMB'000	Total RMB'000
Segment assets	<u>497,321</u>	<u>2,034</u>	499,355	<u>470,434</u>	<u>958</u>	471,392
Unallocated assets			<u>74,265</u>			<u>89,069</u>
			<u>573,620</u>			<u>560,461</u>
Segment liabilities	<u>97,862</u>	<u>4,316</u>	102,178	<u>62,421</u>	<u>3,743</u>	66,164
Tax payable			4,194			4,272
Other unallocated liabilities			<u>240,021</u>			<u>272,619</u>
			<u>346,393</u>			<u>343,055</u>

For the purposes of monitoring segment performances and allocating resources between segments by the chief operating decision maker, the executive directors:

- all assets are allocated to operating segments other than leasehold land and buildings in Hong Kong, goodwill, certain other receivables, bank balances and cash and pledged bank deposits; and
- all liabilities are allocated to operating segments other than certain other payables, taxation payables, short-term bank loans, short-term loan from other financial institution and financial guarantee contracts.

Geographical information

Over 90% of the Group's revenue is derived from sales of goods and rendering of services in the PRC and over 90% of the Group's assets are located in the PRC. Accordingly, no further disclosures by reportable segments based on geographical segment were made.

Information about major customers

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

4. PROFIT BEFORE TAXATION

	1.1.2015 to 30.6.2015 (unaudited) RMB'000	1.1.2014 to 30.6.2014 (unaudited) RMB'000
Profit before taxation was arrived at after charging:		
Depreciation on property, plant and equipment	6,531	5,457
Less: Depreciation included in research and development costs	(146)	(145)
	<u>6,385</u>	<u>5,312</u>
Operating lease rentals in respect of prepaid lease payments	113	113
Allowances for doubtful debts		
– trade receivable	–	1,662
	<u>–</u>	<u>1,662</u>

5. TAXATION

The charge represents Mainland China (the “PRC”) income tax calculated at the rates prevailing in the PRC jurisdiction. No provision for Hong Kong Profits Tax has been made in the financial statements as the Group’s operations in Hong Kong had no assessable profit for the period.

At the end of the period, the Group has deductible temporary differences of RMB370,027,000 (31 December 2014 RMB370,027,000). No deferred tax asset has been recognised in relating to deductible temporary difference because it is not probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Under the Enterprise Income Tax Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the financial statements in respect of temporary differences attributable to retained profits of the relevant PRC subsidiaries amounting to RMB152,232,000 (31 December 2014: RMB144,243,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

6. EARNINGS PER SHARE

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

	1.1.2015 to 30.6.2015 RMB'000 (unaudited)	1.1.2014 to 30.6.2014 RMB'000 (unaudited)
<u>Earnings attributable to the owners of the Company</u>		
Earnings for the purpose of basic earnings per share	6,054	8,306
Effect of dilutive potential ordinary shares arising from:		
– gains in relation to warrants	–	(3,429)
– currency realignment of warrants	–	167
Earnings for the purpose of diluted earnings per share	6,054	5,044
	1.1.2015 to 30.6.2015 (unaudited)	1.1.2014 to 30.6.2014 (unaudited)
<u>Number of shares</u>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,681,300,552	1,301,030,387
Effect of dilutive potential ordinary shares arising from:		
– warrants	–	48,761,452
– share options	4,041,839	3,247,233
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,685,342,391	1,353,039,072

7. TRADE AND OTHER RECEIVABLES

	30.6.2015 RMB'000 (unaudited)	31.12.2014 RMB'000 (audited)
Trade receivables	20,667	11,970
Deposit paid to suppliers	64,279	72,807
Value-added tax recoverable	3	1,300
Other debtors and prepayments	1,069	458
	<u>86,018</u>	<u>86,535</u>

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

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

	30.6.2015 RMB'000 (unaudited)	31.12.2014 RMB'000 (audited)
Age		
0 to 90 days	19,275	9,072
91 to 180 days	85	2,669
181 to 270 days	922	131
271 to 365 days	385	39
Over 365 days	–	59
	<u>20,667</u>	<u>11,970</u>

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

On 17 March 2015, the Company entered into an agreement with an independent third party (the “Purchaser”) pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire in aggregate 3,000 shares in the share capital of Top Vast Holdings Limited (representing 100% of its entire then issued share capital) at a total consideration of RMB43,800,000. The principal assets of Top Vast Holdings Limited is its 100% interest in Shasing Shapheng Dyeing Co. Ltd. As at the date of the announcement dated 17 March 2015, the Group provided corporate guarantees in favour of several banks in respect of the loans granted to Shasing Shapheng Dyeing Co., Ltd. up to an aggregate amount of RMB62,000,000. Upon the completion of the disposal of Top Vast Holding Limited, the continuance of the corporate guarantee will constitute provision of financial assistance by the Group to third parties. Details of the disposal and provision of financial assistance are set out in the Company’s announcement dated 17 March 2015 and the Company’s circular dated 30 June 2015.

The directors determine the disposal is highly probable and this, the relevant assets and liabilities of Top Vast Holdings Limited and Shasing Shapheng Dyeing Co. Ltd. are classified to assets classified as held for sale and liabilities associated with assets classified as held for sale respectively in accordance with HKFRS 5 “Non-current assets held for sale and discontinued operations”. Details of the relevant assets and liabilities of Top Vast Holdings Limited and Shasing Shapheng Dyeing Co. Ltd. as at 30 June 2015 are follows:

	30.06.2015 RMB'000 (unaudited)	31.12.2014 RMB'000 (audited)
Assets classified as held for sale		
Property, plant and equipment	38,638	41,784
Prepaid lease payments	8,585	8,691
Inventories	138,314	101,398
Trade and other receivables (<i>note a</i>)	35,164	39,735
Pledged bank deposits	3,000	3,200
Bank balances and cash	257	531
	223,958	195,339
	=====	=====
Liabilities associated with assets held for sale		
Trade and other payables (<i>note b</i>)	60,541	39,404
Taxation payables	–	83
Short-term bank loans	96,000	97,800
Financial guarantee contracts	10,959	14,611
	167,500	151,898
	=====	=====

Notes:

- (a) The following is an analysis of the trade and other receivables of Top Vast Holdings Limited and Shasing Shapheng Dyeing Co. Ltd.:

	30.06.2015 RMB'000 (unaudited)	31.12.2014 RMB'000 (audited)
Trade receivables	18,460	18,345
Deposits paid to suppliers	16,375	20,061
Other receivables	329	1,323
Other debtors and prepayments	–	6
	35,164	39,735
	=====	=====

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

	30.06.2015 <i>RMB'000</i> (unaudited)	31.12.2014 <i>RMB'000</i> (audited)
0 to 90 days	13,116	15,172
91 to 180 days	1,438	354
181 to 270 days	1,189	387
271 to 365 days	297	1,032
Over 365 days	2,420	1,400
	18,460	18,345

- (b) The following is an analysis of the trade and other payables of Top Vast Holdings Limited and Shasing Shapheng Dyeing Co. Ltd.:

	30.06.2015 <i>RMB'000</i> (unaudited)	31.12.2014 <i>RMB'000</i> (audited)
Trade payables	18,956	18,393
Bills payables	10,000	4,000
Customers' deposits	16,815	16,528
Other payables and accruals	14,770	483
	60,541	39,404

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

	30.06.2015 <i>RMB'000</i> (unaudited)	31.12.2014 <i>RMB'000</i> (audited)
0 to 90 days	5,533	4,744
91 to 180 days	787	6,830
181 to 270 days	553	1,521
271 to 365 days	6,785	1,678
Over 365 days	5,298	3,620
	18,956	18,393

9. TRADE AND OTHER PAYABLES

	30.06.2015 <i>RMB'000</i> (unaudited)	31.12.2014 <i>RMB'000</i> (audited)
Trade payables	21,650	8,068
Bills payables – secured	–	625
	21,650	8,693
Customers' deposits	13,915	17,714
Other payables and accruals	10,503	1,162
	46,068	27,569

The normal credit periods on purchases of goods are from 90 days to 180 days.

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

	30.06.2015 <i>RMB'000</i> (unaudited)	31.12.2014 <i>RMB'000</i> (audited)
Age		
0 to 90 days	14,280	4,188
91 to 180 days	3,195	1,007
181 to 270 days	1,032	506
271 to 365 days	689	95
Over 365 days	2,454	2,897
	21,650	8,693

10. RELATED PARTY TRANSACTIONS

The directors of the Company represented key management of the Group. During the period, directors' remuneration of approximately RMB1,262,000 (30 June 2014: RMB648,000) was charged to the profit or loss.

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

	30.6.2015 RMB'000 (unaudited)	31.12.2014 RMB'000 (audited)
<u>Short-term bank loans</u>		
Mr. Cai Chaodun ⁽¹⁾	22,000	31,000
Mr. Qiu Fengshou ⁽²⁾	22,000	22,000
Joint guarantee ⁽³⁾	30,000	30,000
Joint guarantee ⁽⁴⁾	27,000	27,000
Joint guarantee ⁽⁵⁾	45,000	45,000
	146,000	155,000
<u>Short-term loan from other financial institution</u>		
Joint guarantee ⁽⁴⁾	10,000	10,000
	156,000	165,000

(1) Mr. Cai Chaodun is the deputy general manager of the Group and a brother-in-law of Mr. Sze Siu Hung.

(2) Mr. Qiu Fengshou is a former executive director of the Company.

(3) The credit facility was jointly guaranteed by Mr. Cai Chaodun, Mr. Qiu Fengshou and Mr. Fu Jianhua. Mr. Fu Jianhua is the deputy general manager of the Group.

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

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

11. SHARE CAPITAL

Upon the exercise of share options in April and June 2015, 16,000,000 ordinary shares of HK\$0.10 each have been issued during the six months ended 30 June 2015.

Upon the exercise of warrants in March 2014 and share placement in November 2014, 227,000,000 and 279,700,000 ordinary shares, respectively, of HK\$0.10 each were issued during the year ended 31 December 2014.

12. CAPITAL COMMITMENTS

As at 30 June 2015, the Group did not have any capital commitments (31 December 2014: Nil).

13. EVENT AFTER THE REPORTING PERIOD

Share placement of new shares

Subsequent to 30 June 2015, 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 “**placing price**”). On 31 July 2015, a total of 338,840,000 new shares were successfully placed at the placing price with a gross proceed of approximately HK\$152 million and a net proceed of approximately HK\$148 million. The proceeds therefrom would be used as working capital of the Group.

INTERIM DIVIDEND

The Board resolved not to declare an interim dividend in respect of the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2015 (the “**period**”), Co-Prosperity Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) was principally engaged in the sale of finished fabrics and provision of fabrics processing subcontracting services (“**fabrics business**”) and the trading of goods (“**trading business**”).

Operational and Financial Review

For the first half of 2015, the competition was still acute amongst the participants in the textile industry and the Group remained facing fierce operating conditions.

The Group recorded a consolidated net profit for the period of approximately RMB6.1 million, representing a decrease by RMB2.2 million as compared to a consolidated net profit of approximately RMB8.3 million for the six months ended 30 June 2014.

The Group’s turnover was risen by approximately RMB9.4 million to RMB160.6 million (2014: RMB151.2 million). The increase in turnover was mainly attributed by the fabrics business.

The Group registered a gross profit of approximately RMB23.7 million (2014: RMB25.6 million), representing a slight drop by RMB1.9 million over that in the corresponding period last year. The gross profit margin from both fabrics business and trading business dropped slightly.

Other income was up by around 1.4 times to approximately RMB1.7 million (2014: RMB1.2 million), which was composed of government rewards and subsidies of RMB0.9 million and an interest income of RMB0.8 million. Other expenses, gains and losses increased by nearly 2 times to approximately RMB6.0 million (2014: RMB3.2 million), which comprised research and development costs of RMB0.7 million and exchange loss of RMB1.0 million together with the income from amortization of financial guarantee contracts of RMB7.8 million.

The distribution and selling expenses and the administrative expenses increased slightly by about 4% and 2%, respectively, to approximately RMB3.2 million (2014: RMB3.1 million) and approximately RMB12.9 million (2014: RMB12.7 million). The finance costs continued to drop by around 10% to approximately RMB8.4 million (2014: RMB9.2 million) as a result of the effort made by the Group to lowering the level of bank and other interest-bearing loans during the period.

Market Outlook and Future Prospects

The roll-out of various macro-economic policies by governments in major countries has led to the overall moderate recovery of the global economy in the first half of 2015. Yet, looking into the remaining 2015, the economic performance around the world is still overcast by lots of uncertainties and risks.

In spite of the current challenging economic environment, the Group will continue to adhere to its proactive but pragmatic operating style. To further improve the profit margins of its products, it will strive to enhance its products and broaden its customer base. It will remain committed on its sustainable long-term growth and continue to exercise great caution in allocating its resources and controlling its operating costs.

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

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2015, the Group had total assets of approximately RMB573.6 million (As at 31 December 2014: RMB560.5 million) which were financed by current liabilities of approximately RMB346.4 million (As at 31 December 2014: RMB343.1 million) and shareholders' equity of approximately RMB227.2 million (As at 31 December 2014: RMB217.4 million).

As at 30 June 2015, the Group's cash and bank balances was approximately RMB32.4 million (As at 31 December 2014: RMB26.3 million), while pledged bank deposits amounted to approximately RMB33.1 million (As at 31 December 2014: RMB55.3 million). As at 30 June 2015, short-term bank loans and short-term loan from other financial institution were fixed-rate loans and were denominated in Renminbi. The Group's borrowings were secured by land use rights, certain of property, plant and equipment and certain 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 1.5 (As at 31 December 2014: 1.5). The gearing ratio, being a ratio of borrowings (comprising short-term bank loans and short-term loan from other financial institution) to shareholders' equity, was approximately 93.3% (As at 31 December 2014: 110.6%). The Group has always been adopting a conservative approach in its financial management.

CAPITAL STRUCTURE

During the six months ended 30 June 2015, details of movements in share options granted under the Share Option Scheme of the Company adopted on 15 March 2006 and refreshed on 23 February 2010 were as follows:

Name or category of participant	Number of share option					At 30 June 2015	Date of grant	Vesting date	Exercise period	Exercise price per share HK\$
	At 1 January 2015	Granted during the period (Note 1)	Exercised during the period	Cancelled during the period (Note 1)	Lapsed during the period					
(A) Directors										
Mr. Sze Siu Bun	2,000,000	-	-	-	-	2,000,000	27 July 2011	27 July 2011	27 July 2011 to 26 July 2021	0.227
Mr. Sze Chin Pang	1,200,000	-	(1,200,000)	-	-	-	27 July 2011	27 July 2011	27 July 2011 to 26 July 2021	0.227
Mr. Lui Siu Keung (Note 2)	1,000,000	-	-	-	(1,000,000)	-	27 July 2011	27 July 2011	27 July 2011 to 26 July 2021	0.227
Professor Zhao Bei	500,000	-	-	-	-	500,000	27 July 2011	27 July 2011	27 July 2011 to 26 July 2021	0.227
Professor Zeng Qingfu	500,000	-	-	-	-	500,000	27 July 2011	27 July 2011	27 July 2011 to 26 July 2021	0.227
(B) Other employees in aggregate	14,800,000	-	(14,800,000)	-	-	-	27 July 2011	27 July 2011	27 July 2011 to 26 July 2021	0.227
Total	<u>20,000,000</u>	<u>-</u>	<u>(16,000,000)</u>	<u>-</u>	<u>(1,000,000)</u>	<u>3,000,000</u>				

Notes:

1. No share options were granted or cancelled during the period.
2. The share options were lapsed upon resignation of Mr. Lui Siu Keung as director of the Company on 10 March 2015.

Save as disclosed in the above and notes 11 and 13 of this interim results announcement, there were no changes in the capital structure of the Company during the period.

CHARGES ON ASSETS

As at 30 June 2015, the Group's leasehold land and buildings and plant and machinery, prepaid lease payments and the pledged bank deposits (including those classified as assets held for sale) with aggregate carrying value of approximately RMB46,203,000 (31 December 2014: RMB54,957,000), RMB9,032,000 (31 December 2014: RMB9,145,000) and RMB33,081,000 (31 December 2014: RMB55,311,000) respectively were pledged to certain banks to secure credit facilities granted to the Group.

CAPITAL COMMITMENTS

As at 30 June 2015, the Group did not have any capital commitments (31 December 2014: Nil).

CONTINGENT LIABILITIES

As at 30 June 2015, the Group did not have any contingent liabilities (31 December 2014: Nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2015, the Group had about 1,000 employees in Hong Kong and in the PRC (As at 31 December 2014: 1,100 employees). Remuneration packages for the employees are maintained at a competitive level of the jurisdiction within which the employees are employed to attract, retain and motivate the employees. Remuneration packages will be reviewed periodically. In addition, the Group maintains a share option scheme for the purpose of providing incentives and rewards to the eligible participants for their contribution to the Group.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in note 8 of this interim results announcement, the Group has no other significant investment held and did not have any material acquisitions or disposals of subsidiaries and associated companies during the period.

PURCHASE, SALE OR REDEMPTION OF LISTING SECURITIES OF THE COMPANY

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

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

No contract of significance, to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the period.

CORPORATE GOVERNANCE

The Company has complied with the applicable code provisions in the Corporate Governance Code as set out in Appendix 14 of the Listing Rules during the period, except as stated below. The Group had made endeavour effort and had eventually got in contact with Professor Zeng Qingfu in June 2015. In respect of code provision A.6.7 of the Corporate Governance Code, Mr. Sze Siu Hung, being an executive director and chairman of the Company, and Professor Zeng Qingfu and Professor Zhao Bei, both being independent non-executive directors were unable to attend the annual general meeting held on 12 June 2015 due to other commitments. The Company will make endeavour effort and communicate with the directors to ensure their attendance to the annual general meeting.

DIRECTORS' COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the six months ended 30 June 2015 and they all confirmed having fully complied with the required standard set out in the Model Code.

AUDIT COMMITTEE REVIEW

The Group's audit committee comprises three members, namely Professor Zeng Qingfu, Professor Zhao Bei and Mr. Chan Chiu Hung Alex, who are independent non-executive Directors of the Company. The Chairman of the Audit Committee is Mr. Chan Chiu Hung Alex. The primary duties of the Audit Committee are, among others, to review the financial reporting system and internal control procedures of the Group, to make recommendations to the Board on the appointment, reappointment and removal of the external auditor, to approve the remuneration and terms of engagement of the external auditor, to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, and to review the financial information and accounting policies of the Group. This unaudited interim results including the accounting principles and practices adopted by the Group have been reviewed and approved by the Audit Committee.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

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

By order of the Board
Co-Prosperity Holdings Limited
Sze Siu Hung
Chairman

Hong Kong, 27 August 2015

As at the date of this announcement, the Board comprises five executive directors, namely, Mr. Sze Siu Hung, Mr. Sze Siu Bun, Mr. Sze Chin Pang, Mr. Chan Chi Yuen and Mr. Chen Jiang; and three independent non-executive directors, namely, Professor Zeng Qingfu, Professor Zhao Bei and Mr. Chan Chiu Hung Alex.

* *For identification purpose only*