



COMBEST HOLDINGS LIMITED

康佰控股有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 8190)

Interim **2014/15**
Report

* For identification purposes only

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

This report, for which the directors (the “Directors”) of Combest Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

HIGHLIGHTS

The financial highlights of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 31 December 2014 (the “Period”) are presented as follows:

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Revenue	49,002	72,020
Profit for the period attributable to owners of the Company	1,679	18,170
Earnings per share – basic and diluted	0.05 cent	0.57 cent

RESULTS

The board of Directors (the “Board”) wishes to announce the unaudited results of the Group for the Period, together with the unaudited comparative figures for the three months and six months ended 31 December 2014 (“corresponding periods in 2013”) as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Unaudited			
		Three months ended 31 December		Six months ended 31 December	
		2014	2013	2014	2013
Notes		RMB'000	RMB'000	RMB'000	RMB'000
	Revenue	18,203	43,441	49,002	72,020
	Cost of sales	(11,309)	(20,311)	(30,663)	(35,103)
	Gross profit	6,894	23,130	18,339	36,917
	Other income and gains	12	8	28	22
	Selling and distribution costs	(3,150)	(2,350)	(5,999)	(4,944)
	Administrative expenses	(5,440)	(4,632)	(9,909)	(9,014)
	(Loss)/Profit before income tax	(1,684)	16,156	2,459	22,981
	Income tax credit/(expense)	421	(3,252)	(636)	(4,763)
	(Loss)/Profit for the period	(1,263)	12,904	1,823	18,218
	Other comprehensive income for the period:				
	Item that may be reclassified subsequently to profit or loss:				
	Exchange loss on translation of financial statements of foreign operations	(389)	(279)	(229)	(6)
	Total comprehensive income for the period	(1,652)	12,625	1,594	18,212

		Unaudited			
		Three months ended 31 December		Six months ended 31 December	
		2014	2013	2014	2013
Notes		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Loss)/Profit for the period attributable to:				
	Owners of the Company	(1,293)	12,925	1,679	18,170
	Non-controlling interests	30	(21)	144	48
		<u>(1,263)</u>	<u>12,904</u>	<u>1,823</u>	<u>18,218</u>
	Total comprehensive income attributable to:				
	Owners of the Company	(1,682)	12,646	1,447	18,162
	Non-controlling interests	30	(21)	147	50
		<u>(1,652)</u>	<u>12,625</u>	<u>1,594</u>	<u>18,212</u>
	(Loss)/Earnings per share for (loss)/profit attributable to owners of the Company during the period				
	– Basic and Diluted (<i>RMB cent(s)</i>)	<u>(0.04) cent</u>	<u>0.40 cent</u>	<u>0.05 cent</u>	<u>0.57 cent</u>

8

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31 December 2014	30 June 2014
	<i>Notes</i>	RMB'000	<i>RMB'000</i>
		(Unaudited)	(audited)
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Property, plant and equipment	9	2,035	2,319
Intangible assets	10	149,206	152,993
Goodwill	11	52,162	52,162
		203,403	207,474
CURRENT ASSETS			
Inventories	12	60,272	49,425
Trade receivables	13	589	789
Prepayments, deposits and other receivables		47,165	38,975
Cash and cash equivalents		32,121	60,113
		140,147	149,302
CURRENT LIABILITIES			
Trade payables	14	4,074	4,469
Other payables and accruals		11,411	23,865
Provision for product warranty		239	239
Tax payable		3,257	4,282
		18,981	32,855
NET CURRENT ASSETS		121,166	116,447

	<i>Notes</i>	31 December 2014 RMB'000 (Unaudited)	30 June 2014 RMB'000 (audited)
TOTAL ASSETS LESS CURRENT LIABILITIES		324,569	323,921
NON-CURRENT LIABILITIES			
Provision for product warranty		143	143
Deferred tax liabilities		37,302	38,248
		37,445	38,391
NET ASSETS		287,124	285,530
EQUITY			
Equity attributable to owners of the Company			
Share capital	<i>15</i>	30,860	30,860
Reserves		252,876	251,429
		283,736	282,289
Non-controlling interests		3,388	3,241
TOTAL EQUITY		287,124	285,530

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	For the six months ended 31 December	
	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Net cash (outflow)/inflow from operating activities	(27,479)	2,161
Net cash (outflow)/inflow from investing activities	(284)	886
Net (decrease)/increase in cash and cash equivalents	(27,763)	3,047
Cash and cash equivalents at beginning of the period	60,113	34,970
	32,350	38,017
Effects of exchange rate changes on the balance of cash held in foreign currencies	(229)	(6)
Cash and cash equivalents at end of the period	32,121	38,011
Analysis of the balances of cash and cash equivalents:		
Cash and bank balances	32,121	38,011

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2014

	Unaudited							Total equity RMB'000
	Equity attributable to owners of the Company						Non-controlling interests RMB'000	
	Share capital RMB'000	Share premium* RMB'000	Statutory reserves* RMB'000	Exchange fluctuation reserve* RMB'000	Accumulated losses* RMB'000	Total RMB'000		
Balance at 1 July 2014	30,860	419,537	8,268	4,741	(181,117)	282,289	3,241	285,530
Profit for the period	-	-	-	-	1,679	1,679	144	1,823
Other comprehensive income								
Item that may be reclassified subsequently to profit and loss:								
Exchange difference on translation of financial statements of foreign operation	-	-	-	(232)	-	(232)	3	(229)
Total comprehensive income for the period	-	-	-	(232)	1,679	1,447	147	1,594
Balance at 31 December 2014	30,860	419,537	8,268	4,509	(179,438)	283,736	3,388	287,124
Balance at 1 July 2013	30,860	419,537	8,268	4,654	(194,125)	269,194	3,052	272,246
Profit for the period	-	-	-	-	18,170	18,170	48	18,218
Other comprehensive income								
Item that may be reclassified subsequently to profit and loss:								
Exchange difference on translation of financial statements of foreign operation	-	-	-	(8)	-	(8)	2	(6)
Total comprehensive income for the period	-	-	-	(8)	18,170	18,162	50	18,212
Transfer to statutory reserves	-	-	2,415	-	(2,415)	-	-	-
Balance at 31 December 2013	30,860	419,537	10,683	4,646	(178,370)	287,356	3,102	290,458

* These reserve accounts comprise the consolidated reserves of approximately RMB252,876,000 (30 June 2014: RMB251,429,000) in the condensed consolidated statement of financial position.

Notes:

1. General information

Combest Holdings Limited (the "Company") is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 28 August 2001 and its shares are listed on the Growth Enterprise Market (the "GEM") of the Stock Exchange of Hong Kong Limited (the "SEHK").

2. Basis of presentation

The unaudited condensed consolidated results incorporate those of the Company and its subsidiaries for the six months ended 31 December 2014.

The unaudited condensed consolidated results of the Group have been prepared in accordance with Hong Kong Financial Reporting Standard ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the SEHK (the "GEM Listing Rules").

The principal accounting policies and methods of computation used in the preparation of this set of report are consistent with those used in the annual financial statements for the year ended 30 June 2014.

The Group has adopted a number of new and revised standards, amendments and interpretations which are effective for the Group's accounting periods beginning on or after 1 July 2014. The adoption of these new and revised standards, amendments and interpretations does not have significant impact on the accounting policies of the Group.

All significant inter-company transactions and balances within the Group are eliminated in the preparation of the unaudited condensed consolidated financial statements.

The results of the Company are presented in Renminbi ("RMB"), which is different from the functional currency of the Company, Hong Kong dollars ("HK\$"), as the Directors consider that RMB is the most appropriate presentation currency in view of the most of the underlying transactions of the Group are denominated in RMB.

3. Revenue, other income and gains

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for return and trade discounts, where applicable. Analysis of the Group's revenue and other income is shown as follows:

	Unaudited	
	For the six months ended	
	31 December	
	2014	2013
	RMB'000	RMB'000
Revenue		
Sales of goods	49,002	72,020
Other income		
Interest income	28	22

4. Segment information

The executive directors have identified the Group's two product lines as reportable segments:

- Functional healthcare products includes mattresses, magnetic chairs, pillows, blankets, food supplements, air ionizer products, other bedroom accessories and a range of functional healthcare clothes and accessories; and
- OEM consumer electronic components including RS connectors and transmitters for consumer electronic products.

There were no inter-segment sales and transfers during the Period (corresponding periods in 2013: Nil).

4. Segment information (Continued)

	Unaudited six months ended 31 December					
	Functional healthcare products		OEM consumer electronic components		Total	
	2014	2013	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue						
– From external customers						
Reportable segment revenue	46,118	66,264	2,884	5,756	49,002	72,020
Reportable segment profit	4,934	25,354	262	138	5,196	25,492
Depreciation	560	734	8	8	568	742
Amortization of intangible assets	3,787	3,933	–	–	3,787	3,933
	31 December 2014	30 June 2014	31 December 2014	30 June 2014	31 December 2014	30 June 2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Reportable segment assets	287,974	290,492	5,455	6,171	293,429	296,663
Additions to non-current segment assets during the period	284	55	–	–	284	55
Reportable segment liabilities	16,338	20,695	829	5,957	17,167	26,652

4. Segment information (Continued)

The total represented for the Group's operation segments reconcile to the Group's key financial figures as presented in the financial statements as follows:

	Unaudited six months ended	
	31 December	
	2014	2013
	RMB'000	<i>RMB'000</i>
Reportable segment profit	5,196	25,492
Unallocated income	28	22
Unallocated expenses	(2,765)	(2,533)
Profit before income tax	2,459	22,981
	31 December	30 June
	2014	2014
	RMB'000	<i>RMB'000</i>
	(Unaudited)	<i>(Audited)</i>
Reportable segment assets	293,429	296,663
Other corporate assets	54,121	60,113
Group assets	347,550	356,776
Reportable segment liabilities	13,167	26,652
Tax payables	3,257	4,282
Deferred tax liabilities	37,302	38,248
Other corporate liabilities	2,700	2,064
Group liabilities	56,426	71,246

4. Segment information (Continued)

The Group's revenue from external customers and its non-current assets are divided into the following geographical areas:

	Revenue from external customers		Non-current assets	
	31 December 2014 <i>RMB'000</i> (Unaudited)	2013 <i>RMB'000</i> (Unaudited)	31 December 2014 <i>RMB'000</i> (Unaudited)	30 June 2014 <i>RMB'000</i> (Audited)
Principal markets				
The PRC (Country of domicile)	46,168	68,401	203,403	207,474
Hong Kong	1,978	2,902	–	–
Europe	856	717	–	–
	49,002	72,020	203,403	207,474

The Group's revenue by geographical location is determined based on locations of customers. The Group's specified non-current assets by geographical locations are determined based on physical location of the assets or location of operation in case of goodwill.

5. (Loss)/Profit before income tax

The Group's (loss)/profit before income tax is arrived at after charging:

	Unaudited	
	Six months ended	
	31 December	
	2014	2013
	RMB'000	RMB'000
Cost of inventories sold/services provided	30,663	35,103
Depreciation	568	742
Amortization of intangible assets	3,787	3,933
Staff costs (including directors' remuneration and retirement scheme contribution)	7,554	6,301

6. Income tax expense

Taxes on assessable profits have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

An analysis of the Group's income tax expense for the six months ended 31 December 2014 and 2013 is as follows:

	Unaudited	
	Six months ended	
	31 December	
	2014	2013
	RMB'000	RMB'000
PRC income tax	1,583	5,746
Deferred tax	(947)	(983)
Total income tax expense	636	4,763

7. Interim dividends

The Board did not recommend the payment of an interim dividend for the six months ended 31 December 2014 (corresponding period in 2013: Nil).

8. (Loss)/Earnings per share

Basic

The calculation of basic (loss)/earnings per share is based on the (loss)/profit for the three months and six months ended 31 December 2014 of approximately RMB(1,293,000) and RMB1,679,000 respectively (profit for the three months and six months ended 31 December 2013: RMB12,925,000 and RMB18,170,000 respectively) and the weighted average of the 3,201,500,000 ordinary shares in issue during the three months and six months ended 31 December 2014 (three months and six months ended 31 December 2013: the weighted average of the 3,201,500,000 ordinary shares).

Diluted

No diluted earnings per share are presented for the three months and six months ended 31 December 2014 and 2013 as there is no dilutive ordinary share.

9. Property, plant and equipment

During the six months ended 31 December 2014, the Group has approximately RMB2,035,000 plant and machinery on hand (as at 30 June 2014: RMB2,319,000).

10. Intangible assets

	Brand names <i>RMB'000</i>	Franchise networks <i>RMB'000</i>	Total <i>RMB'000</i>
Balance at 1 July 2014	121,140	31,853	152,993
Amortisation	—	(3,787)	(3,787)
At 31 December 2014	<u>121,140</u>	<u>28,066</u>	<u>149,206</u>

11. Goodwill

	31 December 2014 <i>RMB'000</i> (Unaudited)	30 June 2014 <i>RMB'000</i> (Audited)
Opening and closing net carrying amount	<u>52,162</u>	<u>52,162</u>

12. Inventories

	31 December 2014 RMB'000 (Unaudited)	30 June 2014 RMB'000 (Audited)
Raw materials	8,167	4,835
Work in progress	19,805	12,517
Finished goods	32,300	32,073
	60,272	49,425

13. Trade receivables

The credit period is generally for a period of one to three months, extending up to three to six months for major customers. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the management.

An aging analysis of the trade receivables as at the respective reporting date, based on invoice dates and net of provision, are as follows:

	31 December 2014 RMB'000 (Unaudited)	30 June 2014 RMB'000 (Audited)
Within one month	533	190
One to three months	40	583
Three months to one year	-	-
Over one year	16	16
	589	789

14. Trade payables

An aging analysis of the trade payables, based on invoice dates, is as follows:

	31 December 2014 RMB'000 (Unaudited)	30 June 2014 RMB'000 (Audited)
Within one month	2,460	2,982
One to three months	727	349
Three months to one year	646	435
Over one year	241	703
	4,074	4,469

15. Share capital

	2014		2013	
	Number of shares '000	RMB'000	Number of shares '000	RMB'000
<i>Authorised:</i>				
Ordinary shares of HK\$0.01 each	20,000,000	210,000	20,000,000	210,000
<i>Issued and fully paid:</i>				
Ordinary shares of HK\$0.01 each	3,201,500	30,860	3,201,500	30,860

16. Related party transactions

- (a) In addition to the transactions detailed elsewhere in these interim financial statements, the Group had the following transactions with related parties during the period:

	Unaudited	
	Six months ended	
	31 December	
	2014	2013
	RMB'000	RMB'000
Purchase of raw material from a related company	3,703	7,818

Note:

The purchases were made from 揭東康保磁, which is indirectly wholly-owned by Mr. Wang, a substantial shareholder of the Company and Mr. Yong Kee Poh, a common director of the Company and 揭東康保磁 since 11 April 2012.

- (b) Compensation of key management personnel

	Unaudited	
	Six months ended	
	31 December	
	2014	2013
	RMB'000	RMB'000
Total remuneration of directors and other members of key management during the Period – short-term employee benefits	1,512	1,512

FINANCIAL REVIEW

For the six months ended 31 December 2014, the Group recorded a revenue of RMB49,002,000 representing a decrease of 32% as compared to the corresponding period in 2013.

The Group's profit margin decreases to approximately 37.4% for the six months ended 31 December 2014 as compared to approximately 51.3% for the previous corresponding period. The decrease is due to, amongst other things, the increase in cost of raw materials. At the same time, the Group stepped up a number of promotional and discounts strategies during the period.

Profit attributable to owners of the Company

The unaudited profit attributable to owners of the Company for the six months ended 31 December 2014 amounted to RMB1,679,000, as compared to a profit of RMB18,170,000 for the previous corresponding period. The decrease is due to, amongst other things, a lower gross profit margin. At the same time, the selling expenses increased by RMB1,055,000 to RMB5,999,000. This is mainly attributable to the increase in travelling expenses. The administrative expenses increased by RMB895,000 to RMB9,909,000. This is mainly attributable to an increase of staff's salary.

Liquidity and financial resources

The Group generally finances its operation with internally generated cash flow. As at 31 December 2014, the cash and bank balances of the Group amounted to approximately RMB32,121,000 (30 June 2014: RMB60,113,000) and the net current assets of the Group amounted to approximately RMB121,166,000 (30 June 2014: RMB116,447,000).

With such resources, the Company has adequate financial resources for its operations.

Charge on the Group's assets

As at 31 December 2014, none of the Group's assets were pledged (30 June 2014: Nil).

Gearing ratio

As at 31 December 2014, the gearing ratio as a percentage of other borrowings and amount due to relevant parties over total assets was nil (30 June 2014: Nil).

Treasury policies and capital structure

Any surplus funds derived from operating activities will be placed in savings accounts and short term time deposits with original maturity of less than three months which secures the Group's liquidity position in meeting its daily operating needs.

Exposure to exchange rate risks

For the six months ended 31 December 2014, the Group's business in manufacturing and trading of functional healthcare products and electronic products and other borrowings were transacted in HK\$, US dollar and RMB. The Board considers that the Group did not have significant exposure to foreign exchange fluctuation as the management monitors the related foreign currency closely and will consider hedging significant foreign currency exposure, if necessary.

Contingent liabilities

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

Details of future plans for material investment or capital assets

The Group does not have any plan for material investment or capital assets.

Employee and remuneration policies

The employee remuneration was commensurate with individual performance and experience and subject to the periodic review of the senior management of the Company.

In order to maintain the standard of the Group's services and for purpose of staff development, the Group provided comprehensive training programs for its staff.

RESEARCH AND DEVELOPMENT

As at 31 December 2014, we have a team of 8 professional technical staff engaged in research and development activities (31 December 2013: 8 technical staff).

BUSINESS REVIEW

We are currently principally engaged in two business segments, namely (i) manufacturing and sales of functional healthcare products, and (ii) manufacturing and trading of OEM consumer electronic products and components. As at the date of this report, as the Board considers that the maintenance of Customer Service Centres (CSCs) will not be financially effective and after considering the concerns and worries raised by some franchisees, the Group restructures the Customer Service Centres programme. We have shutdown approximately 10 self-managed CSCs in various cities in China that could not effectively benefit the Group. After the restructuring, there are no self-managed CSCs now.

BUSINESS OUTLOOK

Despite the difficult business environment encountered in the last financial year due to the continuing slowdown of the domestic economy and the company making a loss for the three months ended 31 December 2014, the Board will continue to explore the healthcare market in China which the Board believes will continue to expand in the long run.

To strengthening our presence in the PRC market, we will continue to expand our franchise stores in order to increase our overall market share in this unique magnetic healthcare products market. It has always been one of the focuses of the Company to enhance the Combest brand image.

For further expansion, given the uniqueness of our magnetic healthcare products, the Board considers to expand into overseas markets, especially into other ASEAN countries, by way of franchising and agency model. In the long run, the Board hopes to achieve a well balance of business volume between China and overseas segment.

Apart from expanding markets, we will also continue to commit our resources and efforts in product innovation and magnetic healthcare treatment technology. This is to ensure us to stay as market leader and there will always be a steady stream of supply of competitive and attractive products to be launched every year to the markets.

The Board believes that with the right products, right sales channels, committed franchisees and diversified markets both domestic and overseas, the Group is well positioned to regain its momentum to achieve new height in the near term.

On 14 October 2014, the Company withdrew the application to the Stock Exchange for the transfer of listing of all shares of the Company (the “Shares”) from the GEM to the Main Board of the Stock Exchange (the “Transfer of Listing”) under Chapter 9A of the Listing Rules as the profit test under Rule 8.05(1) of the Listing Rules could no longer be met by the Company.

DIRECTORS’ AND CHIEF EXECUTIVES’ INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2014, none of the Directors or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which would have required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO) or which were required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standards of dealings by Directors of the Company.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITION IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

A. Substantial shareholders

So far as is known to the Directors, as at 31 December 2014, the persons, other than a director or chief executive of the Company, who had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO and who were, directly or indirectly, interested in 10% or more of the shares were as follows:

Name	Number and class of securities	Capacity	Approximate percentage to the issued share capital of the Company
Dream Star International Limited ("Dream Star") (Note 1)	474,285,714 ordinary shares	Beneficial owner	14.81%
Famous Kindway Limited ("Famous Kindway") (Note 1)	299,980,000 ordinary shares	Beneficial owner	9.37%
Kiyuhon Limited ("Kiyuhon") (Note 1)	103,630,000	Beneficial owner	3.24%
	774,265,714	Interest of controlled corporation	24.18%
Mr. Wang Linjia ("Mr. Wang") (Note 1)	877,895,714 ordinary shares	Interest of controlled corporation	27.42%
Shing Lee Holding Limited ("Shing Lee") (Note 2)	650,000,000 ordinary shares	Beneficial owner	20.30%
Diamond Highway Limited ("Diamond Highway") (Note 2)	39,714,286 ordinary shares	Beneficial owner	1.24%
Mr. Zeng Pei Hui ("Mr. Zeng") (Note 2)	689,714,286 ordinary shares	Interest of controlled corporation	21.54%

Notes:

1. The 474,285,714, 299,980,000 and 103,630,000 shares are registered in the name of Dream Star, Famous Kindway and Kiyuhon which are wholly owned by Mr. Wang. Accordingly, Mr. Wang is deemed to be interested in all the shares in which Dream Star, Famous Kindway and Kiyuhon are interested pursuant to the SFO.
2. The 650,000,000 and 39,714,286 shares are registered in the name of Shing Lee and Diamond Highway respectively. Both are wholly owned by Mr. Zeng. Accordingly, Mr. Zeng is deemed to be interested in all the shares in which each of Shing Lee and Diamond Highway is interested pursuant to the SFO.

B. Other persons whose interests are recorded in the register required to be kept under Section 336 of the SFO

As at 31 December 2014, the Company has not been notified of any other person (other than a director or the chief executive of the Company) having an interest or short position in the shares or the underlying shares of Company representing 5% or more of the issued share capital of the Company save as below:

Name	Number and class of securities <i>(Note 1)</i>	Capacity	Approximately percentage to the issued share capital of the Company
Cytech Investment Limited ("Cytech Investment") <i>(Note 3)</i>	164,500,000 ordinary shares	Beneficial owner	5.14%
Benep Management Limited ("Benep") <i>(Note 3)</i>	164,500,000 ordinary shares	Interest of controlled corporation	5.14%
Chinasing Investment Holdings Limited ("Chinasing") <i>(Note 3)</i>	164,500,000 ordinary shares	Interest of controlled corporation	5.14%
Pioneer Idea Finance Limited ("Pioneer") <i>(Note 4)</i>	164,500,000 ordinary shares	Interest of controlled corporation	5.14%

Name	Number and class of securities (Note 1)	Capacity	Approximately percentage to the issued share capital of the Company
Mr. Huang Quan ("Mr. Huang") (Note 4)	164,500,000 ordinary shares	Interest of controlled corporation	5.14%
Mr. Li Jiahui	243,360,000 ordinary shares	Beneficial owner	7.60%
Brow Crown International Limited ("Brow Crown") (Note 2)	174,000,000 ordinary shares	Beneficial owner	5.43%
Mr. Qian Shiyu ("Mr. Qian") (Note 2)	176,000,000 ordinary shares	Interest of controlled corporation	5.50%

Notes:

1. It represents the interests in the shares or the underlying shares of the Company.
2. The 174,000,000 shares are registered in the name of Brow Crown, which is wholly owned by Mr. Qian. Accordingly, Mr. Qian is deemed to be interested in all the shares in which Brow Crown is interested pursuant to the SFO.
3. The 164,500,000 shares are registered in the name of Cytech Investment. Cytech Investment is a wholly-owned subsidiary of Benep, which is in turn a wholly-owned subsidiary of Chinasing, a company whose shares are listed on the Main Board of the Singapore Exchange Securities Trading Limited. Accordingly, each of Chinasing and Benep is deemed to be interested in all the shares in which Cytech Investment is interested pursuant to the SFO.
4. The issued share capital of Chinasing is owned as to approximately 57.77% by Pioneer. The issued share capitals of Pioneer are wholly-owned by Mr. Huang. Accordingly, each of Pioneer and Mr. Huang is deemed to be interested in all the shares in which Chinasing is interested pursuant to the SFO.

BOARD PRACTICES AND PROCEDURES

The Company has complied with Board Practices and Procedures as set out in Rule 5.34 of the GEM Listing Rules for the six months ended 31 December 2014.

CORPORATE GOVERNANCE

For the six months ended 31 December 2014, the Company complied with the provisions set out in Appendix 15 of the Code on Corporate Governance Practice of the Rules Governing the Listing of Securities on the GEM (“GEM Listing Rules”) of the Stock Exchange, save as the following deviation.

Chairman and Chief Executive Officer

The Company has not yet adopted A.2.1. Under the code provision A.2.1 of the CG Code, the roles of Chairman and CEO should be separated and would not be performed by the same individual. The division of responsibilities between the Chairman and CEO should be clearly established and set out in writing.

The Company does not presently have any officer with the title CEO. At present, Mr. Yong Kee Poh, being the Chairman and Chief Executive Director of the Company, is responsible for the strategic planning, formulation of overall corporate development policy and running the business of the Group as well as the duties of Chairman. The Board considers that, due to the nature and extent of the Group’s operations, Mr. Yong is the most appropriate chief executive because he is experienced in management as well as mergers and acquisitions and other key corporate matters and will be able to help the sustainable development of the Group. Notwithstanding the above, the Board will review the current structure from time to time. When at the appropriate time and if candidate with suitable leadership, knowledge, skills and experience can be identified within or outside the Group, the Company may make the necessary amendments.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a Code of Conduct for Securities Transactions by directors of the Company (“Code of Conduct”) on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry, all the directors have confirmed that they have complied with such Code of Conduct regarding securities transaction by the directors throughout the six months ended 31 December 2014.

Specific employees who are likely to be possession of unpublished price-sensitive information of the Group are also subject to compliance with the same Code of Conduct. No incident of non-compliance was noted by the Company for the six months ended 31 December 2014.

COMPETING BUSINESS

None of the Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) has an interest in a business which competes or may compete with the business of the Group.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended 31 December 2014.

The share option scheme of the Company (“Post-IPO Scheme”) was approved and adopted on 24 January 2002. The principal purpose of the Post-IPO Scheme is to enable the Company to grant options to selected persons as incentives and rewards for their contribution to the Group. The Post IPO Scheme is expired. No option has been granted or agreed to be granted under the Post-IPO Scheme.

AUDIT COMMITTEE

As required by Rules 5.28 of the GEM Listing Rules, the Company has established an audit committee which comprises four members, three independent non-executive directors, Mr. Chan Ngai Sang, Kenny, Mr. Nguyen Van Tu Peter and Mr. Liu Wei Zhong and one non-executive Director, Mr. Chan Kin Sang. Mr. Chan Ngai Sang, Kenny was appointed as the Chairman of the audit committee. The audit committee meets with the Group's senior management and external auditors to review the effectiveness of the internal control systems. This report has been reviewed and approved by the audit committee of the Company which was of the opinion that the preparation of such results complied with applicable accounting standards and the requirements and that adequate disclosures have been made.

By Order of the Board
Combest Holdings Limited
Yong Kee Poh
Chairman

Hong Kong, 13 February 2015

As at the date of this report, the Board is composed of Mr. Yong Kee Poh and Mr. Lee Man To as the executive Directors of the Company, Mr. Chan Kin Sang as non-executive Director, and Mr. Chan Ngai Sang, Kenny, Mr. Nguyen Van Tu, Peter and Mr. Liu Wei Zhong as independent non-executive Directors.