



COMBEST HOLDINGS LIMITED
康佰控股有限公司*

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



INTERIM
REPORT
2015/16

* 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.

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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 2015 (the “Period”) are presented as follows:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Revenue	40,804	49,002
(Loss)/Profit for the period attributable to owners of the Company	(9,431)	1,679
(Loss)/Earnings per share – basic and diluted	(0.29) cent	0.05 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 2015 (“corresponding periods in 2014”) as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Unaudited			
		Three months ended 31 December		Six months ended 31 December	
		2015	2014	2015	2014
Notes		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	Revenue	21,469	18,203	40,804	49,002
	Cost of sales	(12,921)	(11,309)	(26,102)	(30,663)
	Gross profit	8,548	6,894	14,702	18,339
	Other income and gains	12	12	36	28
	Selling and distribution costs	(5,695)	(3,150)	(10,621)	(5,999)
	Administrative expenses	(7,749)	(5,440)	(13,819)	(9,909)
	(Loss)/Profit before income tax	(4,884)	(1,684)	(9,702)	2,459
	Income tax (expense)/credit	(12)	421	265	(636)
	(Loss)/Profit for the period	(4,896)	(1,263)	(9,437)	1,823
	Other comprehensive income for the period:				
	Item that may be reclassified subsequently to profit or loss:				
	Exchange (loss)/gain on translation of financial statements of foreign operations	287	(389)	336	(229)
	Total comprehensive income for the period	(4,609)	(1,652)	(9,101)	1,594

		Unaudited			
		Three months ended		Six months ended	
		31 December		31 December	
		2015	2014	2015	2014
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	(4,906)	(1,293)	(9,431)	1,679
	Non-controlling interests	10	30	(6)	144
		<u>(4,896)</u>	<u>(1,263)</u>	<u>(9,437)</u>	<u>1,823</u>
	Total comprehensive income attributable to:				
	Owners of the Company	(4,619)	(1,682)	(9,094)	1,447
	Non-controlling interests	10	30	(7)	147
		<u>(4,609)</u>	<u>(1,652)</u>	<u>(9,101)</u>	<u>1,594</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>(0.15) cent</u>	<u>(0.04) cent</u>	<u>(0.29) cent</u>	<u>0.05 cent</u>

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31 December 2015	30 June 2015
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Audited)
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,063	2,165
Intangible assets	10	107,808	110,560
		108,871	112,725
CURRENT ASSETS			
Inventories	11	55,780	45,334
Trade receivables	12	1,889	3,900
Prepayments, deposits and other receivables		51,342	51,203
Cash and cash equivalents		5,838	26,296
		114,849	126,733
CURRENT LIABILITIES			
Trade payables	13	6,993	6,477
Other payables and accruals		19,863	24,849
Provision for product warranty		373	373
Tax payables		2,864	4,343
		30,093	36,042
NET CURRENT ASSETS		84,756	90,691
TOTAL ASSETS LESS CURRENT LIABILITIES		193,627	203,416

	<i>Notes</i>	31 December 2015 RMB'000 (Unaudited)	30 June 2015 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Provision for product warranty		297	297
Deferred tax liabilities		26,952	27,640
		27,249	27,937
NET ASSETS			
		166,378	175,479
EQUITY			
Equity attributable to owners of the Company			
Share capital	14	30,860	30,860
Reserves		131,888	140,982
		162,748	171,842
Non-controlling interests		3,630	3,637
TOTAL EQUITY			
		166,378	175,479

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	For the six months ended 31 December	
	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Net cash outflow from operating activities	(20,752)	(27,479)
Net cash outflow from investing activities	(42)	(284)
Net decrease in cash and cash equivalents	(20,794)	(27,763)
Cash and cash equivalents at beginning of the period	26,296	60,113
Effects of exchange rate changes on the balance of cash held in foreign currencies	5,502	32,350
	336	(229)
Cash and cash equivalents at end of the period	5,838	32,121
Analysis of the balances of cash and cash equivalents:		
Cash and bank balances	5,838	32,121

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2015

	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 2015	30,860	419,537	8,268	3,925	(290,748)	171,842	3,637	175,479
Loss for the period	-	-	-	-	(9,431)	(9,431)	(6)	(9,437)
Other comprehensive income Item that may be reclassified subsequently to profit and loss: Exchange difference on translation of financial statements of foreign operation	-	-	-	337	-	337	(1)	336
Total comprehensive income for the period	-	-	-	337	(9,431)	(9,094)	(7)	(9,101)
Balance at 31 December 2015	30,860	419,537	8,268	4,262	(300,179)	162,748	3,630	166,378
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

* These reserve accounts comprise the consolidated reserves of approximately RMB131,888,000 (30 June 2015: RMB140,982,000) 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 2015.

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 2015.

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 2015. 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	
	2015	2014
	RMB'000	RMB'000
Revenue		
Sales of goods	40,804	49,002
Other income		
Interest income	36	28

4. Segment information

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

- (a) 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
- (b) OEM consumer electronic components including RS connectors and transmitters for consumer electronic products.

4. Segment information (Continued)

	Unaudited six months ended 31 December					
	Functional healthcare products		OEM consumer electronic components		Total	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Revenue						
– From external customers						
Reportable segment revenue	31,975	46,118	8,829	2,884	40,804	49,002
Reportable segment (loss)/profit	(6,888)	4,934	30	262	(6,858)	5,196
Depreciation	1,119	560	8	8	1,127	568
Amortisation of intangible assets	2,752	3,787	–	–	2,752	3,787
	31 December 2015	30 June 2015	31 December 2015	30 June 2015	31 December 2015	30 June 2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Reportable segment assets	206,749	206,448	4,038	6,695	210,787	213,143
Additions to non-current segment assets during the period	25	411	–	42	25	453
Reportable segment liabilities	24,025	27,962	720	1,952	24,745	29,914

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	
	2015	2014
	RMB'000	<i>RMB'000</i>
Reportable segment (loss)/profit	(6,858)	5,196
Unallocated income	36	28
Unallocated expenses	(2,880)	(2,765)
	(9,702)	2,459
(Loss)/Profit before income tax	(9,702)	2,459

	31 December	30 June
	2015	2015
	RMB'000	<i>RMB'000</i>
	(Unaudited)	(Audited)
Reportable segment assets	210,787	213,143
Other corporate assets	12,933	26,315
	223,720	239,458
Reportable segment liabilities	24,745	29,914
Tax payables	2,864	4,343
Deferred tax liabilities	26,952	27,640
Other corporate liabilities	2,781	2,082
	57,342	63,979
Group liabilities	57,342	63,979

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 2015 <i>RMB'000</i> (Unaudited)	2014 <i>RMB'000</i> (Unaudited)	31 December 2015 <i>RMB'000</i> (Unaudited)	30 June 2015 <i>RMB'000</i> (Audited)
Principal markets				
The PRC (Country of domicile)	34,288	46,168	108,871	112,725
Hong Kong	3,290	1,978	–	–
Europe	3,226	856	–	–
	40,804	49,002	108,871	112,725

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	
	2015	2014
	RMB'000	RMB'000
Cost of inventories sold/services provided	26,102	30,663
Depreciation	1,127	568
Amortisation of intangible assets	2,752	3,787
Staff costs (including directors' remuneration and retirement scheme contribution)	9,813	7,554

6. Income tax (credit)/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 (credit)/expense for the six months ended 31 December 2015 and 2014 is as follows:

	Unaudited	
	Six months ended	
	31 December	
	2015	2014
	RMB'000	RMB'000
PRC income tax	423	1,583
Deferred tax	(688)	(947)
Total income tax (credit)/expense	(265)	636

7. Interim dividends

The Board did not recommend the payment of an interim dividend for the six months ended 31 December 2015 (corresponding period in 2014: Nil).

8. (Loss)/Earnings per share

Basic

The calculation of basic (loss)/earnings per share is based on the loss for the three months and six months ended 31 December 2015 of approximately RMB4,906,000 and RMB9,431,000 respectively ((loss) and profit for the three months and six months ended 31 December 2014: RMB(1,293,000) and RMB1,679,000 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 2015 (three months and six months ended 31 December 2014: 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 2015 and 2014 as there is no dilutive ordinary share.

9. Property, plant and equipment

During the six months ended 31 December 2015, the Group has approximately RMB1,063,000 plant and machinery on hand (as at 30 June 2015: RMB2,165,000).

10. Intangible assets

	Brand names <i>RMB'000</i>	Franchise networks <i>RMB'000</i>	Total <i>RMB'000</i>
Balance at 1 July 2015	93,531	17,029	110,560
Amortisation	—	(2,752)	(2,752)
At 31 December 2015	93,531	14,277	107,808

11. Inventories

	31 December 2015 <i>RMB'000</i> (Unaudited)	30 June 2015 <i>RMB'000</i> (Audited)
Raw materials	11,318	2,926
Work in progress	18,959	19,024
Finished goods	25,503	23,384
	55,780	45,334

12. Trade receivables

The credit period is generally for a period of one to three months, extending up to three to six months for certain 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 2015 RMB'000 (Unaudited)	30 June 2015 RMB'000 (Audited)
Within one month	1,157	1,935
One to three months	722	1,955
Three months to one year	–	1
Over one year	10	9
	1,889	3,900

13. Trade payables

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

	31 December 2015 RMB'000 (Unaudited)	30 June 2015 RMB'000 (Audited)
Within one month	3,412	3,134
One to three months	2,565	2,327
Three months to one year	358	358
Over one year	658	658
	6,993	6,477

14. Share capital

	2015		2014	
	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

15. 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	
	2015	2014
	RMB'000	RMB'000
Purchase of raw material from a related company	—	3,703

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 since 11 April 2012.

- (b) Compensation of key management personnel

	Unaudited	
	Six months ended 31 December	
	2015	2014
	RMB'000	RMB'000
Total remuneration of directors and other members of key management during the period – short-term employee benefits	1,836	1,512

FINANCIAL REVIEW

For the six months ended 31 December 2015, the Group recorded a revenue of RMB40,804,000 representing a decrease of 16.7% as compared to the corresponding period in 2014.

The Group's profit margin decreases to approximately 36.0% for the six months ended 31 December 2015 as compared to approximately 37.4% for the previous corresponding period. The decrease is due to, amongst other things, the increase in cost of raw materials and the profit margin of some products was been dropped. At the same time, the Group increase a number of promotional and discounts strategies during the period.

(Loss)/Profit attributable to owners of the Company

The unaudited loss attributable to owners of the Company for the six months ended 31 December 2015 amounted to RMB9,431,000, as compared to a profit of RMB1,679,000 for the previous corresponding period. At the same time, the selling expenses increased to RMB10,621,000. This is mainly attributable to the increase in travelling expenses. The administrative expenses increased to RMB13,819,000. 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 2015, the cash and bank balances of the Group amounted to approximately RMB5,838,000 (30 June 2015: RMB26,296,000) and the net current assets of the Group amounted to approximately RMB84,756,000 (30 June 2015: RMB90,691,000).

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

Charge on the Group's assets

As at 31 December 2015, none of the Group's assets were pledged (30 June 2015: Nil).

Gearing ratio

As at 31 December 2015, the gearing ratio as a percentage of other borrowings and amount due to relevant parties over total assets was nil (30 June 2015: 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 2015, the Group's business in manufacturing and trading of functional healthcare products and electronic products 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 2015, the Group and the Company did not have any significant contingent liabilities (30 June 2015: 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 2015, we have a team of 8 professional technical staff engaged in research and development activities (31 December 2014: 8 technical staff).

BUSINESS REVIEW

We are currently principally engaged in four business segments, namely (i) manufacturing and sales of functional healthcare products, (ii) manufacturing and trading of OEM consumer electronic products and components; (iii) money lending, provision of credits; and (iv) and provision of lending consultancy services and company secretarial services.

BUSINESS OUTLOOK

Referring to 4 January 2016's announcement, the Company entered into the sale and purchase agreement, to acquire an investment holding company incorporated in the British Virgin Islands with limited liability and its principal activities are money lending, provision of credits, and provision of lending consultancy services and company secretarial services at a consideration of HK\$70 million. The Board is of the view that the Acquisition will enable the Group to broaden its income base and to tap into the business of money lending and related services, which should be beneficial to the future growth of the Group. As the consideration of the Sale and Purchase Agreement will be satisfied by the issue of the Promissory Notes and taking into account the amounts of the Facility, the Acquisition does not create immediate cash burden for the Company but also can accelerate the business growth of the Target Group in the future. Accordingly, the Directors consider that the terms of the Sale and Purchase Agreement are fair and reasonable and the Acquisition is in the interests of the Company and its shareholders as a whole. The acquisition has been completed on 6 January 2016.

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 2015. As the Group's financial results is still not good, it is considered to write off the intangible asset in the future. Although the performance is not so good, the board will continue to explore the healthcare market in China and OEM consumer electronic business.

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.

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

The Chairman, Mr. Qian Shiyu directly and indirectly holds 168,700,000 ordinary shares, represently 5.27% interests or short positions in any shares, underlying shares or debentures of the Company or any of its associate of corporation (with the meaning of Part XV of the SFO, Cap 571 of the Laws of Hong Kong).

As at 31 December 2015, except for the disclosed above, 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 2015, 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 2015, 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 (Note 1)	Capacity	Approximately percentage to the issued share capital of the Company
Cytech Investment Limited ("Cytech Investment") (Note 3)	164,500,000 ordinary shares	Beneficial owner	5.14%
Benep Management Limited ("Benep") (Note 3)	164,500,000 ordinary shares	Interest of controlled corporation	5.14%
Chinasing Investment Holdings Limited ("Chinasing") (Note 3)	164,500,000 ordinary shares	Interest of controlled corporation	5.14%
Pioneer Idea Finance Limited ("Pioneer") (Note 4)	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)	168,000,000 ordinary shares	Beneficial owner	5.24%
Mr. Qian Shiyu ("Mr. Qian") (Note 2)	168,700,000 ordinary shares	Interest of controlled corporation	5.27%

Notes:

1. It represents the interests in the shares or the underlying shares of the Company.
2. The 168,000,000 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 2015.

CORPORATE GOVERNANCE

For the six months ended 31 December 2015, 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. Qian Shiyu, 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. Qian 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 2015.

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 2015.

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 2015.

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
Qian Shiyu
Chairman

Hong Kong, 5 February 2016

As at the date of this report, the Board is composed of Mr. Qian Shiyu 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.