



COMBEST HOLDINGS LIMITED

康佰控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code : 8190)

Third Quarterly Report 2016/17

* 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 nine months ended 31 March 2017 (the “Period”) are presented as follows:

| | Continuing operations | | Discontinued operations | | Total | |
|--|------------------------|------------------------|-------------------------|------------------------|------------------------|------------------------|
| | 2017 <i>RMB'000</i> | 2016 <i>RMB'000</i> | 2017 <i>RMB'000</i> | 2016 <i>RMB'000</i> | 2017 <i>RMB'000</i> | 2016 <i>RMB'000</i> |
| Revenue | 30,693 | 8,942 | 15,259 | 48,644 | 45,952 | 57,586 |
| Profit/(Loss) for the period attributable to owners of the Company | 60,572 | 3,787 | (6,751) | (9,318) | 53,821 | (5,531) |
| Earnings/(Loss) per share – basic and diluted | 1.76 cents | 0.12 cents | (0.20) cents | (0.29) cents | 1.56 cents | (0.17) cents |

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 nine months ended 31 March 2017 (“Corresponding period in 2016”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | | Unaudited | | | | |
|-------|--|--------------------|----------------|-------------------|----------------|----------------|
| | | Three months ended | | Nine months ended | | |
| | | 31 March | | 31 March | | |
| | | 2017 | 2016 | 2017 | 2016 | |
| Notes | | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | |
| | Continuing operations: | | | | | |
| | Revenue | 3 | <u>3,532</u> | 8,942 | <u>30,693</u> | 8,942 |
| | Other income and gains | 3 | – | – | 37,692 | – |
| | Administrative expenses | | (2,094) | (953) | (5,934) | (3,821) |
| | Finance cost | | (3,582) | (78) | (4,510) | (78) |
| | (Loss)/Profit before income tax | | <u>(2,144)</u> | 7,911 | <u>57,941</u> | 5,043 |
| | Income tax credit/(expense) | 5 | 3,372 | (1,256) | 2,631 | (1,256) |
| | Profit after income tax from continuing operations | | <u>1,228</u> | 6,655 | <u>60,572</u> | 3,787 |
| | Discontinued operations: | | | | | |
| | Loss for the period from discontinued operations | | – | (2,832) | (6,892) | (9,401) |
| | Profit/(Loss) for the period | | <u>1,228</u> | <u>3,823</u> | <u>53,680</u> | <u>(5,614)</u> |

| | | Unaudited | | | |
|-------|---|--------------------------------|----------------|-------------------------------|----------------|
| | | Three months ended 31 March | | Nine months ended 31 March | |
| | | 2017 | 2016 | 2017 | 2016 |
| Notes | | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| | Other comprehensive income for the period: | | | | |
| | Item that may be reclassified subsequently to profit or loss: | | | | |
| | Exchange difference on translation of financial statements of foreign operations | 588 | (296) | (1,879) | 40 |
| | Total comprehensive income for the period | 1,816 | 3,527 | 51,801 | (5,574) |
| | Profit/(Loss) for the period attributable to: | | | | |
| | Owners of the Company | 1,228 | 3,900 | 53,821 | (5,531) |
| | Non-controlling interests | - | (77) | (141) | (83) |
| | | 1,228 | 3,823 | 53,680 | (5,614) |
| | Total comprehensive income attributable to: | | | | |
| | Owners of the Company | 1,816 | 3,604 | 51,942 | (5,490) |
| | Non-controlling interests | - | (77) | (141) | (84) |
| | | 1,816 | 3,527 | 51,801 | (5,574) |
| | Earnings/(Loss) per share for profit attributable to owners of the Company during the period | | | | |
| | - Basic and Diluted (<i>RMB cent(s)</i>) | 0.03 cent | 0.12 cent | 1.56 cent | (0.17) cent |

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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 nine months ended 31 March 2017.

The unaudited condensed consolidated results of the Group are prepared in accordance with Hong Kong Financial Reporting Standards ("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 2016.

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 2016. 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, represents the net invoiced value of goods sold and services rendered, after allowances for return and trade discounts, where applicable and loan interest income. An analysis of the Group's revenue and other income for the nine months ended 31 March 2017 and 2016 is as follows:

| | Unaudited | | | | | |
|----------------------------------|------------------------------------|--------------|-------------------------|---------------|---------------|---------------|
| | For the nine months ended 31 March | | | | | |
| | Continuing operations | | Discontinued operations | | Total | |
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | |
| Revenue | | | | | | |
| Sales of goods | - | - | 15,259 | 48,644 | 15,259 | 48,644 |
| Loan interest income | 12,429 | 1,142 | - | - | 12,429 | 1,142 |
| Advisory services income | 18,264 | 7,800 | - | - | 18,264 | 7,800 |
| | | | | | | |
| Total | <u>30,693</u> | <u>8,942</u> | <u>15,259</u> | <u>48,644</u> | <u>45,952</u> | <u>57,586</u> |
| Other income | | | | | | |
| Bank interest income | - | - | 77 | 115 | 77 | 115 |
| Gain on disposal of subsidiaries | 37,692 | - | - | - | 37,692 | - |

4. Segment information

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

- (a) Money lending represents provision of credit; and
- (b) Advisory services includes provision of consultancy services, and company secretarial services.

4. Segment information (Continued)

| | Unaudited | | | | | |
|--|----------------------------|----------------|------------------|----------------|----------------|-------|
| | Nine months ended 31 March | | | | | |
| | Money lending | | Advisory Service | | Total | |
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | |
| Revenue | | | | | | |
| – From external customers | | | | | | |
| Reportable segment revenue | 12,429 | 1,142 | 18,264 | 7,800 | 30,693 | 8,942 |
| Reportable segment profit (continuing operations) | 12,409 | 1,137 | 15,474 | 7,612 | 27,883 | 8,749 |

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 | |
|---|----------------------------|----------------|
| | Nine months ended 31 March | |
| | 2017 | 2016 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Reportable segment revenue (Continuing operation) | 30,693 | 8,942 |
| Discontinued operation | | |
| – Sales of goods: | | |
| Functional healthcare products and OEM consumer electronic components | 15,259 | 48,644 |
| | 45,952 | 57,586 |
| Reportable segment profit | 27,883 | 8,749 |
| Unallocated income | 37,692 | – |
| Unallocated expenses | (7,634) | (3,706) |
| Profit before income tax | 57,941 | 5,043 |

5. 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 nine months ended 31 March 2017 and 2016 is as follows:

| | Unaudited | | | | | |
|---------------------------------------|----------------------------|-------------------|------------------------|-------------------|-------------------|-------------------|
| | Nine months ended 31 March | | | | | |
| | Continuing operation | | Discontinued operation | | | |
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Hong Kong | (2,631) | 1,256 | - | - | (2,631) | 1,256 |
| PRC income tax | - | - | - | 427 | - | 427 |
| Deferred tax | - | - | - | (1,032) | - | (1,032) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total income tax (credit)/ expense | (2,631) | 1,256 | - | (605) | (2,631) | 651 |

6. Interim dividends

The Board did not recommend the payment of an interim dividend for the nine months ended 31 March 2017 (corresponding period in 2016: Nil).

7. Discontinued operations

On 28 October 2016, the Group has disposed the entire issued shares capital of Diamond Globe Investments Ltd which composes of functional healthcare products and OEM consumer electronic components to its substantial shareholders for a cash consideration of HK\$100,000,000 (equivalent to RMB86,088,000).

The Group re-presented the results of discontinued operations for the corresponding period in 2017 in accordance with HKFRS 5. An analysis of the results of the discontinued operations included in the condensed consolidated financial statement are as follows:

| | Unaudited | |
|---|---------------------------------------|----------------|
| | Nine months ended 31 March | |
| | 2017 | 2016 |
| | RMB'000 | <i>RMB'000</i> |
| Revenue | 15,259 | 48,644 |
| Cost of sales | (14,621) | (30,079) |
| Gross profit | 638 | 18,565 |
| Other income and gains | 77 | 115 |
| Selling and distribution costs | (5,433) | (13,668) |
| Administrative expenses | (2,174) | (15,018) |
| Loss before income tax | (6,892) | (10,006) |
| Income tax credit | - | 605 |
| Loss for the period from discontinued operations | (6,892) | (9,401) |

8. Earnings/(Loss) per share

Basic

From continuing and discontinued operations

The calculation of basic earnings per share from continuing and discontinued operations attributable to owners of the Company is based on the profit for the three months and nine months ended 31 March 2017 of approximately RMB1,228,000 and RMB53,821,000, respectively (profit for the three months and loss for the nine months ended 31 March 2016: RMB3,900,000 and RMB5,531,000, respectively) and the weighted average of the 3,841,500,000 ordinary shares and 3,449,091,241 ordinary shares in issue during the three months and nine months ended 31 March 2017 (three months and nine months ended 31 March 2016: the weighted average of the 3,201,500,000 ordinary shares and 3,201,500,000 ordinary shares respectively).

From continuing operations

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

| | Unaudited | | | |
|---|--------------------------------|----------------|-------------------------------|----------------|
| | Three months ended 31 March | | Nine months ended 31 March | |
| | 2017 | 2016 | 2017 | 2016 |
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Profit for the period attributable to owners of the Company | 1,228 | 6,655 | 60,572 | 3,787 |
| Less: (Loss) for the period from discontinued operations attributable to owners of the Company | - | (2,755) | (6,751) | (9,318) |
| Profit/(Loss) for the period for the purpose of basic earnings per share from continuing operations attributable to owners of the Company | <u>1,228</u> | <u>3,900</u> | <u>53,821</u> | <u>(5,531)</u> |

The denominators used are the same as those detailed above for basic earnings/(loss) per share from continuing and discontinued operations.

8. Earnings/(Loss) per share (Continued)

Basic (Continued)

From discontinued operations

Basic loss per share from the discontinued operations was nil and RMB0.20 cents per share for the three months and nine months ended 31 March 2017 (loss per share of RMB0.09 and RMB0.29 cents per share for the three months and nine months ended 31 March 2016), which was calculated based on the loss from the discontinued operations of nil and RMB6,751,000 for the three months and nine months ended 31 March 2017 (loss of RMB2,755,000 and RMB9,318,000 for the three months and nine months ended 31 March 2016). The denominators used are the same as those detailed above for basic earnings/(loss) per share from continuing and discontinued operations.

Diluted

No diluted earnings per share are presented for the three months and nine months ended 31 March 2017 and 2016 as there is no dilutive ordinary share.

9. Share capital and reserves

For the nine months ended 31 March 2017

| | Unaudited | | | | | | | |
|---|--|----------------|---------------------|-------------------------------|---------------------|----------|---------------------------|--------------|
| | Equity attributable to owners of the Company | | | | | | | |
| | Share capital | Share premium* | Statutory reserves* | Exchange fluctuation reserve* | Accumulated losses* | Total | Non-controlling interests | Total equity |
| RMB '000 | RMB '000 | RMB '000 | RMB '000 | RMB '000 | RMB '000 | RMB '000 | RMB '000 | RMB '000 |
| Balance at 1 July 2016 | 30,860 | 419,537 | 8,268 | 4,011 | (362,512) | 100,164 | 3,199 | 103,363 |
| Placing of new shares | 5,733 | 51,596 | - | - | - | 57,329 | - | 57,329 |
| Disposal of subsidiaries | - | - | (8,268) | (26,533) | 8,268 | (26,533) | (3,058) | (29,591) |
| Transactions with owners | 5,733 | 51,596 | (8,268) | (26,533) | 8,268 | 30,796 | (3,058) | 27,738 |
| Profit/(Loss) for the period | - | - | - | - | 53,821 | 53,821 | (141) | 53,680 |
| Other comprehensive income | - | - | - | - | - | - | - | - |
| Item that may be reclassified subsequently to profit and loss: | | | | | | | | |
| Exchange difference on translation of financial statements of foreign operation | - | - | - | (1,879) | - | (1,879) | - | (1,879) |
| Total comprehensive income for the period | - | - | - | (1,879) | 53,821 | 51,942 | (141) | 51,801 |
| Balance at 31 March 2017 | 36,593 | 471,133 | - | (24,401) | (300,423) | 182,902 | - | 182,902 |
| 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 | - | - | - | - | (5,531) | (5,531) | (83) | (5,614) |
| Other comprehensive income | - | - | - | - | - | - | - | - |
| Item that may be reclassified subsequently to profit and loss: | | | | | | | | |
| Exchange difference on translation of financial statements of foreign operation | - | - | - | 41 | - | 41 | (1) | 40 |
| Total comprehensive income for the period | - | - | - | 41 | (5,531) | (5,490) | (84) | (5,574) |
| Balance at 31 March 2016 | 30,860 | 419,537 | 8,268 | 3,966 | (296,279) | 166,352 | 3,553 | 169,905 |

FINANCIAL REVIEW

For the nine months ended 31 March 2017, the Group's revenue of continuing operations was approximately RMB30,693,000 which represented an increase of approximately 243% compared to the previous corresponding period.

The unaudited profit attributable to owners of the Company for the nine months ended 31 March 2017 amounted to approximately RMB53,821,000, as compared to loss of approximately RMB5,531,000 for the previous corresponding period. The increase of the revenue and profit derived from the segment of money lending and the segment of advisory services which acquired in January 2016.

BUSINESS REVIEW AND OUTLOOK

We are currently principally engaged in two business segments, namely (i) money lending represents, provision of credits; and (ii) advisory services includes provision of consultancy services and company secretarial services.

Money Lending

Money lending represents, provision of credit, business will continue to be one of the major business segments of the Group and contribute stable interest income to the Group. The Group will further develop this business segment, diversify the customer portfolio and seek new opportunities to cooperate with its business partners.

Advisory Services

The Group has successfully identified a group of corporate clients and has been delivering on-going advisory services includes provision of consultancy services and company secretarial services. With the mission to be one of the prestigious consultancy firms in the industry, the Group strives to help its clients to achieve strategic goals and enhance corporate efficiency, performance and value and to improve its prevailing performance and position.

The Board believes that the money lending industry will provide the Group an opportunity to obtain a higher return under the current low interest rate environment and will generate satisfactory revenue for the Group. The Group is optimistic that the money lending and advisory services business will have positive gross profit and will generate positive cash flow from operations.

Reference is made to the announcements of the Company dated 20 September 2016 and the circular dated 6 October 2016 in relation to the Disposal. The Company, as vendor, and Mr. Wang Linjia, the substantial shareholder entered into the Sale and Purchase Agreement, pursuant to which the Company has conditionally agreed to dispose of and Mr. Wang Linjia, the substantial shareholder has conditionally agreed to acquire all Shares of Diamond Globe Investments Ltd., the wholly-owned subsidiary of the Company, and its subsidiaries and the Sale Loan due from the DGI Group to the Company at completion of the Disposal at the Consideration of HK\$100,000,000.

Reference is made to the announcements of the Company dated 1 December 2016. The Company has placed 640,000,000 new placing shares at a price of HK\$0.1 per placing shares to not less than 6 places under the general mandate. The net proceeds will be used for Group's business development and/or working capital and general corporate purposes.

On 6 January 2017, the Company has re-paid HK\$70,000,000 and HKD\$180,000,000 with accrued interests respectively to settle the promissory notes and the loans under a loan facility created from the acquisition of subsidiaries related to money lending and consultancy service business on 6 January 2016.

Reference is made to the announcements of the Company dated 2 April 2017. The Company and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Company has conditionally agreed to purchase, the Vendor has conditionally agreed to sell 51% of shares of the Ultra Rich Global Ltd which acts as an investment manages at a consideration of HK\$170,000,000. The transactions has been completed on 12 April 2017.

Reference is made to the announcements of the Company dated 2 May 2017. A wholly-owned subsidiary of the Company entered into the Subscription Agreements with the Fund Company which is an indirect non-wholly-owned subsidiary of the Company to subscribe for the Participation Shares in the Funds amounting HK\$140,000,000. The subscription has been completed on 5 May 2017.

Future Plans for Material Investment or Capital Assets

It is the Group's corporate mission to continue to explore ways to improve its financial performance, to diversify its operations into new and more profitable businesses and to broaden the sources of revenue within acceptable risk level. Hence, the Company does not rule out the possibility of investing in or changing to other profitable business as long as it is in the interest of the Company and the Shareholders as a whole. Also, as part of its routine exercise, the Company reviews the performance of its existing investment portfolio and evaluating the investment potentials of other investment opportunities available to the Company from time to time. Subject to the results of such reviews, the Company may make suitable investment decisions according to the then circumstance and information available which may involve the disposal of the whole or part of its existing investment portfolio and/or change of the asset allocation of its investment portfolio and/or expanding its investment portfolio with a view of realising and/or optimizing the expected return and minimising the risks. Meanwhile, the Company does not preclude the possibility that the Company may implement debt and/or equity fund raising plan(s) to satisfy the financing needs arising out of any business development of the Group as well as to improve its financial position in the event that suitable fund raising opportunities arise, as the Company has from time to time been approached by investors for potential investment projects.

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

As at 31 March 2017, 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 March 2017, 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 | 12.35% |
| Famous Kindway Limited ("Famous Kindway") (Note 1) | 299,770,000 ordinary shares | Beneficial owner | 7.80% |
| Kiyuhon Limited ("Kiyuhon") (Note 1) | 103,630,000 | Beneficial owner | 2.70% |
| | 774,055,714 | Interest of controlled corporation | 20.15% |
| Mr. Wang Linjia ("Mr. Wang") (Note 1) | 877,685,714 ordinary shares | Interest of controlled corporation | 22.85% |

Notes:

1. The 474,285,714, 299,770,000 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.

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

As at 31 March 2017, 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.

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 nine months ended 31 March 2017.

CORPORATE GOVERNANCE

For the nine months ended 31 March 2017, 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. Liu Tin Lap, being the Chairman and 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. Liu 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 nine months ended 31 March 2017.

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 nine months ended 31 March 2017.

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 nine months ended 31 March 2017.

AUDIT COMMITTEE

As required by Rules 5.28 of the GEM Listing Rules, the Company has established an audit committee which comprises three independent non-executive directors, Mr. Chan Ngai Sang, Kenny, Mr. Nguyen Van Tu Peter and Dr Cheng Chak Ho. 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
Liu Tin Lap
Chairman

Hong Kong, 12 May 2017

As at the date of this report, the Board is composed of Mr. Liu Tin Lap and Mr. Lee Man To as the executive Directors of the Company, and Mr. Chan Ngai Sang, Kenny, and Mr. Nguyen Van Tu, Peter, and Dr. Cheng Chak Ho as an independent non-executive Directors.