COMBEST HOLDINGS LIMITED
康佰控股有限公司*

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

Interim Report
2017/18

* For identification purposes only

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

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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 2017 (the "Period") are presented as follows:

	Continuing operations		Discontinued operations		Total	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)		(Restated)
Revenue	**50,697**	31,594	**–**	17,459	**50,697**	49,053
(Loss)/Profit for the period attributable to owners of the Company	**(5,022)**	26,973	**–**	41,023	**(5,022)**	67,996
(Loss)/Earnings per share – basic and diluted	**(0.13) cents**	0.82 cents	**N/A**	1.27 cents	**(0.13) cents**	2.09 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 six months ended 31 December 2017 ("corresponding periods in 2016") as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Unaudited			
		Three months ended 31 December		Six months ended 31 December	
		2017	2016	**2017**	2016
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
			(Restated)		(Restated)
Continuing operations:					
Revenue	*3*	**36,690**	5,942	**50,697**	31,594
Staff costs	*5*	**(695)**	(635)	**(1,241)**	(1,120)
Other operating expenses		**(1,663)**	(827)	**(2,870)**	(1,559)
Finance costs		**(14,034)**	(620)	**(27,714)**	(1,080)
Profit before income tax	*5*	**20,298**	3,860	**18,872**	27,835
Income tax (expense)/credit	*6*	**(4,501)**	3,331	**(5,788)**	(862)
Profit after income tax from continuing operations		**15,797**	7,191	**13,084**	26,973
Discontinued operations:					
Profit for the period from discontinued operations	*8*	**–**	46,337	**–**	41,023
Profit for the period		**15,797**	53,528	**13,084**	67,996
Other comprehensive income for the period:					
Item that may be reclassified subsequently to profit or loss:					
Exchange gain/(loss) on translation of financial statements of foreign operations		**116**	(2,916)	**155**	(3,686)
Release of exchange reserve upon disposal of subsidiaries		**–**	(30,569)	**–**	(30,569)
Total comprehensive income for the period		**15,913**	20,043	**13,239**	33,741

	Notes	Unaudited Three months ended 31 December 2017 HK$'000	2016 HK$'000 (Restated)	Six months ended 31 December 2017 HK$'000	2016 HK$'000 (Restated)
Profit/(Loss) for the period attributable to:					
Owners of the Company					
Profit/(Loss) for the period from continuing operations		**1,911**	7,191	**(5,022)**	26,973
Profit for the period from discontinued operations		**–**	46,231	**–**	41,023
		1,911	53,422	**(5,022)**	67,996
Non-controlling interests					
Profit for the period from continuing operations		**13,886**	–	**18,106**	–
Profit for the period from discontinued operations		**–**	106	**–**	–
		15,797	53,528	**13,084**	67,996
Total comprehensive income attributable to:					
Owners of the Company		**1,970**	20,043	**(4,957)**	33,741
Non-controlling interests		**13,943**	–	**18,196**	–
		15,913	20,043	**13,239**	33,741
Earnings/(Loss) per share for profit/(loss) attributable to owners of the Company during the period	*9*				
From continuing and discontinued operations					
– Basic *(HK) cents*		**0.05**	1.61	**(0.13)**	2.09
– Diluted *(HK) cents*		**0.05**	1.61	**(0.13)**	2.09
From continuing operations					
– Basic *(HK) cents*		**0.05**	0.21	**(0.13)**	0.82
– Diluted *(HK) cents*		**0.05**	0.21	**(0.13)**	0.82

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**31 December 2017 HK$'000 (Unaudited)**	30 June 2017 HK$'000 (audited)
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Available-for-sale investment	*10*	**242,107**	242,107
Intangible assets		**1,033**	1,093
Goodwill	*11*	**230,518**	230,518
		473,658	473,718
CURRENT ASSETS			
Account receivables	*12*	**3**	25,523
Loan receivable	*13*	**5,760**	234
Prepayments, deposits and other receivables		**40,000**	80,277
Cash and cash equivalents		**43,046**	5,729
		88,809	111,763
CURRENT LIABILITIES			
Accounts payables	*14*	**–**	10,712
Other payables, deposits and accruals		**1,642**	1,193
Interest-bearing borrowings	*15*	**335,386**	367,483
Tax payables		**9,930**	3,823
		346,958	383,211

	Notes	31 December 2017 HK$'000 (Unaudited)	30 June 2017 HK$'000 (audited)
NET CURRENT LIABILITIES		**(258,149)**	(271,448)
TOTAL ASSETS LESS CURRENT LIABILITIES		**215,509**	202,270
NET ASSETS		**215,509**	202,270
EQUITY			
Equity attributable to owners of the Company			
Share capital	*18*	**38,415**	38,415
Reserves		**154,713**	159,670
		193,128	198,085
Non-controlling interests		**22,381**	4,185
TOTAL EQUITY		**215,509**	202,270

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited For the six months ended 31 December **2017** ***HK$'000***	 2016 *HK$'000*
Net cash inflow/(outflow) from operating activities	**38,438**	(302,780)
Net cash inflow from investing activities	**–**	63,696
Net cash (outflow)/inflow from financing activities	**(1,121)**	512,264
Net increase in cash and cash equivalents	**37,317**	273,180
Cash and cash equivalents at beginning of the period	**5,729**	21,345
	43,046	294,525
Effects of exchange rate changes on the balance of cash held in foreign currencies	**–**	2,971
Cash and cash equivalents at end of the period	**43,046**	297,496
Analysis of the balances of cash and cash equivalents:		
Cash and bank balances	**43,046**	297,496

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2017

	Unaudited							
	Equity attributable to owners of the Company							
	Share capital HK$'000	Share premium* HK$'000	Statutory reserves* HK$'000	Exchange reserve* HK$'000	Accumulated losses* HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 July 2017 (Audited)	**38,415**	**514,346**	**–**	**28**	**(354,704)**	**198,085**	**4,185**	**202,270**
(Loss)/Profit for the period	**–**	**–**	**–**	**–**	**(5,022)**	**(5,022)**	**18,106**	**13,084**
Other comprehensive income								
Item that may be reclassified subsequently to profit and loss:								
Exchange difference on translation of financial statements of foreign operation	**–**	**–**	**–**	**65**	**–**	**65**	**90**	**155**
Total comprehensive income for the period	**–**	**–**	**–**	**65**	**(5,022)**	**(4,957)**	**18,196**	**13,239**
Share premium reduction	**–**	**(514,346)**	**–**	**–**	**514,346**	**–**	**–**	**–**
Transaction with owners	**–**	**(514,346)**	**–**	**–**	**514,346**	**–**	**–**	**–**
Balance at 31 December 2017 (Unaudited)	**38,415**	**–**	**–**	**93**	**154,620**	**193,128**	**22,381**	**215,509**
Balance at 1 July 2016, as restated	32,015	458,371	9,482	33,914	(417,281)	116,501	3,626	120,127
Profit for the year, as restated	–	–	–	–	67,996	67,996	–	67,996
Other comprehensive income, as restated								
Item that may be reclassified subsequently to profit or loss:								
– Exchange loss on translation of financial statements of foreign operations	–	–	–	(3,495)	–	(3,495)	(191)	(3,686)
Release of exchange reserve upon disposal of subsidiaries	–	–	–	(30,569)	–	(30,569)	–	(30,569)
Total comprehensive income for the year, as restated	–	–	–	(34,064)	67,996	33,932	(191)	33,741
Issue of shares upon share placing, net of share placing expenses	6,400	55,975	–	–	–	62,375	–	62,375
Disposal of subsidiaries	–	–	(9,482)	–	9,482	–	(3,435)	(3,435)
Transactions with owners, as restated	6,400	55,975	(9,482)	–	9,482	62,375	(3,435)	58,940
Balance at 31 December 2016, as restated	38,415	514,346	–	(150)	(339,803)	212,808	–	212,808

* *These reserve accounts comprise the consolidated reserves of approximately HK$154,713,000 (31 December 2016: approximately HK$174,393,000 (restated)) 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 2017.

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 2017.

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 2017. 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.

2. Basis of presentation (Continued)

The unaudited condensed consolidated result have been prepared on the going concern basis which assumes the realisation of assets and satisfaction of liabilities in the ordinary course of business notwithstanding that the Group had net current liabilities of approximately HK$258,149,000 as at 31 December 2017. The net current liabilities is mainly due to incur a great amount of the interest-bearing borrowings (approximately HK$335,386,000) which will be expired in December 2018. In the opinion of the Directors, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due in the foreseeable future after taking into the following consideration: (i) the Company will seek further sources of fund to finance the Group's working capital; and (ii) the revenue generate from the operations of the Group including but not limited to the stable fees income generated by the fund management services segment. The Directors, having made appropriate enquiries, consider that the Company has adequate resources to continue its operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the unaudited condensed consolidated financial statements.

The presentation currency of the Company in prior years was Renminbi ("RMB"). The Directors of the Company considered that (i) along with the disposal of Diamond Globe Investments Ltd., and its subsidiaries (the "Diamond Globe Group") and acquisition of Ultra Rich Global Limited and its subsidiaries (the "Ultra Group"), most of the Group's transactions are denominated and settled in Hong Kong Dollars ("HK$"); and (ii) the change in the presentation currency could also reduce the impact of any fluctuations in the exchange rate of the RMB against the HK$, which is not due to the operations and beyond the control of the Group, on the consolidated financial statements of the Group, enabling the shareholders of the Company to have a more accurate picture of the Group's financial performance. The change in presentation currency of the Company has been applied retrospectively in accordance with HKAS 8 "Accounting Policies, Change in Accounting Estimates, and Errors" and the comparative figures as at 1 July 2016 and 31 December 2016 have been retranslated to HK$ and restated accordingly.

Upon the change, the functional currency and the presentation currency of the Company is HK$, the currency of the primary economic environment in which the principal subsidiaries of the Company operates.

3. Revenue

Revenue from continuing operations represents (i) the loan interest income from money lending business; (ii) advisory services income earned from the provision of consultancy services and company secretarial services; and (iii) management fee income from fund management business.

An analysis of the Group's revenue for the six months ended 31 December 2017 and 2016 is as follows:

	Unaudited	
	For the six months ended 31 December Continuing operations	
	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Revenue		
Loan interest income	**2,382**	13,659
Advisory services income	**1,494**	17,935
Management fee income	**46,821**	–
Total	**50,697**	31,594
Discontinued operations		
Sales of goods	**–**	17,459

4. Segment information

The executive Directors have identified the Group's five business lines as reportable segments:

(a) Money lending represents provision of credit;

(b) Advisory service includes provision of consultancy services and company secretarial services;

(c) Fund management business represent the investment management service to investment funds and managed accounts;

(d) 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

(e) OEM consumer electronics products include RS connectors and transmitters for consumer electronics products.

There were no inter-segment sales and transfers during the Period (2016: Nil).

4. Segment information (Continued)

An analysis of the Group's revenue and results by principal activities, in respect of the Group's operations for the six months ended 31 December 2017 is as follows:

	Unaudited											
	Continuing operations						Discontinued operations					
	Money lending		Advisory services		Fund management		Functional healthcare products		OEM consumer electronic products		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)		(Restated)		(Restated)		(Restated)		(Restated)
Revenue												
– From external customers												
Reportable segment revenue	**2,382**	13,659	**1,494**	17,935	**46,821**	–	**–**	14,992	**–**	2,467	**50,697**	49,053
Reportable segment profit/(loss) before tax	**1,766**	13,638	**669**	17,444	**42,534**	–	**–**	(7,404)	**–**	(457)	**44,969**	23,221
Depreciation of property, plant and equipment	**–**	–	**–**	–	**–**	–	**–**	205	**–**	7	**–**	212
Interest expenses on interest-bearing borrowings	**1,453**	932	**–**	–	**2,884**	–	**–**	–	**–**	–	**4,337**	932

	Money lending		Advisory services		Fund management		Functional healthcare products		OEM consumer electronic products		Total	
	31 December 2017	30 June 2017	**31 December 2017**	30 June 2017	**31 December 2017**	30 June 2017	**31 December 2017**	30 June 2017	**31 December 2017**	30 June 2017	**31 December 2017**	30 June 2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
Reportable segment assets	**39,200**	343	**3,119**	67,340	**478,616**	430,977	**–**	–	**–**	–	**520,935**	498,660
Reportable segment liabilities	**841**	86,220	**181**	169	**340,754**	291,988	**–**	–	**–**	–	**341,776**	378,377

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	
	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Reportable segment revenue (Continuing operation)	**50,697**	31,594
Discontinued operation		
– Sales of goods:		
Functional healthcare products and OEM consumer electronic components	**–**	17,459
	50,697	49,053
Reportable segment profit	**44,969**	23,221
Unallocated expenses *(note)*	**(31,825)**	(3,247)
Segment loss before income tax from discontinued operations	**–**	7,861
Profit before income tax from continuing operations	**13,144**	27,835

4. Segment information (Continued)

	31 December 2017 HK$'000 (Unaudited)	30 June 2017 HK$'000 (Audited)
Reportable segment assets	**520,935**	498,660
Other corporate assets	**41,532**	86,821
Group assets	**562,467**	585,481
Reportable segment liabilities	**341,776**	378,377
Tax payables	**3,534**	3,823
Deferred tax liabilities	**–**	–
Promissory notes	**–**	–
Other corporate liabilities	**1,648**	1,011
Group liabilities	**346,958**	383,211

Note: Unallocated expenses mainly include unallocated interest expenses.

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	
	Continuing operation		Discontinued operation			
	31 December 2017	31 December 2016	**31 December 2017**	31 December 2016	**31 December 2017**	30 June 2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)			**(Unaudited)**	(Audited)
Principal markets						
Hong Kong (City of domicile)	**3,876**	31,594	**–**	1,978	**3,876**	43,273
The PRC	**–**	–	**–**	12,649	**–**	15,187
Cayman Islands	**46,821**	–	**–**	–	**46,821**	12,135
Taiwan	**–**	–	**–**	2,832	**–**	216
Europe	**–**	–	**–**	–	**–**	218
	50,697	31,594	**–**	17,459	**50,697**	71,029

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. Profit before income tax

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

	Unaudited					
	Six months ended 31 December					
	Continuing operations		Discontinued operations			
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)		(Restated)
Cost of inventories sold/services provided	**–**	–	**–**	16,730	**–**	16,730
Depreciation of property, plant and equipment	**–**	–	**–**	212	**–**	212
Staff costs (including Directors' remuneration and retirement scheme contribution)	**1,241**	1,120	**–**	4,071	**1,241**	5,191
Interest income	**–**	–	**–**	88	**–**	88

6. Income tax expense/(credit)

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 2017 and 2016 is as follows:

	Unaudited					
	Six months ended 31 December					
	Continuing operation		Discontinued operation			
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)		(Restated)
Hong Kong	**206**	862	**–**	–	**206**	862
Macau	**5,582**	–	**–**	–	**5,582**	–
PRC income tax	**–**	–	**–**	–	**–**	–
Deferred tax	**–**	–	**–**	–	**–**	–
Total income tax expense	**5,788**	862	**–**	–	**5,788**	862

7. Interim dividends

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

8. 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.

8. Discontinued operations (Continued)

The Group re-presented the results of discontinued operations for the corresponding period in 2016 in accordance with HKFRS 5. An analysis of the results and cash flows of the discontinued operations included in the condensed consolidated financial statement are as follows:

	Unaudited Six months ended 31 December 2016 *HK$'000* (Restated)
Revenue	17,459
Cost of sales	(16,730)
Gross profit	729
Other income and gains	88
Selling costs	(6,202)
Administrative expenses	(2,476)
Loss before income tax	(7,861)
Income tax expense	–
	(7,861)
Gain arising from the disposal of subsidiaries	48,884
Profit for the period from discontinued operations	41,023
Net cash inflow from operating activities	9,665
Net cash outflow from investing activities	–
Net cash outflow from financing activities	–
Net cash inflow from discontinued operations	9,665

9. Earnings/(Loss) per share

Basic

From continuing and discontinued operations

The calculation of basic earnings/(loss) per share from continuing and discontinued operations attributable to owners of the Company is based on the profit/(loss) for the three months and six months ended 31 December 2017 of approximately HK$1,911,000 and HK$(5,022,000), respectively (profit for the three months and six months ended 31 December 2016: HK$53,422,000 and HK$67,996,000, respectively) and the weighted average of the 3,841,500,000 ordinary shares and 3,841,500,000 ordinary shares in issue during the three months and six months ended 31 December 2017 (three months and six months ended 31 December 2016: the weighted average of the 3,312,804,348 ordinary shares and 3,257,152,174 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 December		**Six months ended 31 December**	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)
Profit/(Loss) for the period attributable to owners of the Company	**1,911**	53,422	**(5,022)**	67,996
Less: Profit for the period from discontinued operations attributable to owners of the Company	**–**	(46,231)	**–**	(41,023)
Profit/(Loss) for the period for the purpose of basic earnings/(loss) per share from continuing operations attributable to owners of the Company	**1,911**	7,191	**(5,022)**	26,973

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

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

Basic (Continued)

From discontinued operations

Basic loss per share from the discontinued operations was N/A for the three months and six months ended 31 December 2017 (profit per share of HK$1.40 and HK$1.26 cents per share for the three months and six months ended 31 December 2016), which was calculated based on the loss from the discontinued operations of N/A for the three months and six months ended 31 December 2017 (profit of HK$46,231,000 and HK$41,023,000 for the three months and six months ended 31 December 2016). The denominators used are the same as those detailed above for basic earnings/(loss) per share from continuing and discontinued operations.

Diluted

The diluted (loss)/earning per share are presented for the three and six months ended 31 December 2017 and 2016 were the same as the basic (loss)/earning per share as there are no dilutive ordinary share during the period.

10. Available-for-sale investments

	31 December 2017 ***HK$'000*** **(Unaudited)**	30 June 2017 *HK$'000* (Audited)
Unlisted fund investments, at cost	**242,107**	242,107

The investment objective of the unlisted funds is to invest in debt instruments of financial services vehicles.

Given that the Group has no power to govern or participate in the financial and operating policies of the investment entities so as to obtain benefits from its activities and does not intend to trade for short-term profit, the Directors of the Company designated the unlisted fund investments as available-for-sale investments accordingly.

10. Available-for-sale investments (Continued)

As at 31 December 2017, the funds mentioned above amounting to approximately HK$142,107,000 are under the management of the Group and from which the Group earns fees from the provision of fund management service.

As at the end of the reporting period, the unlisted fund investments classified as available-for-sale investments are stated at cost less impairment because the Directors of the Company are of the opinion that their fair values cannot be measured reliably.

11. Goodwill

	31 December 2017 *HK$'000* **(Unaudited)**	30 June 2017 *HK$'000* (Audited)
Opening	**230,518**	62,740
Business combination	**–**	167,778
Closing net carrying amount	**230,518**	230,518

12. Account receivables

The Group allows a credit period from 30 to 90 days (2016: 30 to 90 days) to its customers from advisory service business and trading business for the period ended 31 December 2017. Management fees receivables from fund management activities are mainly due at the end of the relevant valuation period of the investment funds and managed accounts. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the management.

12. Account receivables (Continued)

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

	31 December 2017 HK$'000 (Unaudited)	30 June 2017 HK$'000 (Audited)
Within one month	3	8,064
One to three months	–	8,485
Three months to one year	–	8,974
	3	25,523

13. Loan receivable

	31 December 2017 HK$'000 (Unaudited)	30 June 2017 HK$'000 (Audited)
Fixed-rate loan receivable		
– On demand or within one year	5,760	234

During the period ended 31 December 2017, the range of interest rate on the Group's loan receivable is 12% to 24% per annum.

14. Accounts payables (Continued)

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

	31 December 2017 *HK$'000* **(Unaudited)**	30 June 2017 *HK$'000* (Audited)
Within one month	**–**	1,972
One to three months	**–**	4,126
Three months to one year	**–**	4,614
	–	10,712

15. Interest-bearing borrowings

	31 December 2017 *HK$'000* **(Unaudited)**	30 June 2017 *HK$'000* (Restated)
Bank overdraft	**37**	22
Other loans: *(note)*		
– Guaranteed	**–**	191,920
– Unsecured	**335,349**	175,541
	335,386	367,483

15. Interest-bearing borrowings (Continued)

	31 December 2017 *HK$'000*	30 June 2017 *HK$'000* (Restated)
On demand or within one year	**335,386**	367,483

Note: Other loans amounting to approximately HK$335,349,000. (2016: HK$367,461,000) have the maturity period of 1 year (2016: 1 year) and with repayment on demand clause are carried at amortised cost and classified under current liabilities. Interest rates of the Group's other loans ranged from 8% to 9% (2016: 5 to 6%) per annum.

As at 31 December 2017, the other loans amounting to approximately HK$335,349,000 were obtained from TAR Opportunities Fund SPC-TAR High Value Fund SP IV which are under the management of the Group and from which the Group earns fees from the provision of fund management services.

As at 30 June 2017, one of the other loans amounting to approximately HK$191,920,000 is guaranteed by the Company.

16. Assets acquisition

On 8 August 2016, the Group acquired 100% equity interest in Create World Enterprises Development Limited ("Create World"), a company engaged in holding a motor vehicle and vehicle registration mark, and Create World is the registered and beneficial owner of motor vehicle and vehicle registration mark. The underlying set of assets acquired was not integrated in forming a business to generate revenues. As such, the Directors are of the opinion that the acquisition of Create World was a purchase of net assets which did not constitute a business combination for accounting purpose.

	Acquiree's carrying amount	**Fair value**
	HK$'000	*HK$'000*
	(Restated)	(Restated)
Property, plant and equipment	110	110
Intangible asset	1,202	1,202
Net assets	1,312	1,312
Net assets acquired		1,312
Satisfied by:		
Cash consideration		1,312
Net cash outflow arising on acquisition:		
Purchase consideration settled in cash		1,312

17. Disposal of subsidiaries

On 28 October 2016, the Group has disposed entire interest in Diamond Globe Investments Limited ("DGI") and its subsidiaries Well Sources Enterprises Ltd., Jie Dong Goldmond Electronics Ltd., Well Wisdom Ltd., Jiedong Combest Healthy Lifestyle Products Co. Ltd., Zhuhai Hengqin Combest Enterprise Management Ltd., Jieyang Combest Enterprises Management Co., Ltd., Shanghai Combest Enterprises Management Co. Ltd., Beijing Combest Corporate Management Co. Ltd., Beijing Century Investment Advisory Co., Ltd., Combest China Group Ltd., Many Well Holdings Ltd., Perfect Crown Enterprises Ltd. (collectively the "DGI Group"), to its substantial shareholder, Mr. Wang Linjia ("Mr. Wang") for a cash consideration of HK$100,000,000. The principal activities of these subsidiaries are the manufacture, trading and sale of functional healthcare products and OEM consumer electronics components.

	28 October 2016 *HK$'000* (Restated)
Net asset disposed of:	
Property, plant and equipment	2,436
Intangible assets	22,767
Cash at banks and in hand	31,642
Trade receivables	2,557
Inventories	58,221
Prepayments, deposits and other receivables	11,392
Trade payables	(8,655)
Other payables, deposits and accruals	(26,238)
Tax payable	(2,965)
Provision of warranty	(642)
Deferred tax liabilities	(5,395)
Non-controlling interests	(3,435)
	81,685
Release of exchange fluctuation reserve upon disposal	(30,569)
Gain on disposal of subsidiaries	48,884
	100,000
Satisfied by:	
Cash	100,000

17. Disposal of subsidiaries (Continued)

An analysis of the net cash inflow arising from disposal of subsidiaries is as follows:

	28 October 2016 HK$'000
Cash consideration	100,000
Cash and cash equivalents disposed of	(31,642)
Net inflow of cash and cash equivalents	68,358

18. Share capital

	31 December 2017		30 June 2017	
	Number of shares ***'000*** **(Unaudited)**	***HK$'000*** **(Unaudited)**	Number of shares *'000* (Audited)	*HK$'000* (Audited)
Authorised:				
Ordinary shares of HK$0.01 each	**20,000,000**	**200,000**	20,000,000	200,000
Issued and fully paid:				
Ordinary shares of HK$0.01 each				
At beginning of the year	**3,841,500**	**38,415**	3,201,500	32,015
Share placing	**–**	**–**	640,000	6,400
At end of the period	**3,841,500**	**38,415**	3,841,500	38,415

On 16 December 2016, the Company placed 640,000,000 placing shares at a price of HK$0.1 per placing shares to not less than 6 Placees under the General Mandate.

19. Related party transactions

(a) In addition to the related parties transactions detailed elsewhere in these unaudited condensed consolidated financial statements, the Group did not have other transactions with related parties.

(b) Compensation of key management personnel

	Unaudited	
	Six months ended 31 December	
	2017	2016
	HK$'000	*HK$'000*
Total remuneration of Directors and other members of key management during the period – short-term employee benefits	**671**	661

BUSINESS AND FINANCIAL REVIEW

We are principally engaged in three business segments, namely (i) money lending represent provision of credits (the "Money Lending Segment") (ii) advisory services include provision of consultancy services and company secretarial services (the "Advisory Services Segment") and (iii) investment management services to investment funds and managed accounts (the "Fund Management Services Segment"). The current status of our business segments is shown as follows:

Continuing operations

During the Period, the Group recorded a revenue of approximately HK$50,697,000 (2016: HK$31,594,000) representing a increase of 60.5% as compared to that in previous corresponding period. The newly acquired Fund Management Service Segment contributed approximately HK$46,821,000 and the Money Lending Segment and the Advisory Services Segment contributed approximately HK$2,382,000 and HK$1,494,000 respectively (2016: HK$13,659,000 and HK$17,935,000). The turnover of the Money Lending Segment and the Advisory Services Segment are decreased because of the decreased interest income and consultancy fee income.

The staff costs for the Period were approximately HK$1,241,000 (2016: HK$1,120,000), representing an increase of approximately 10.8%.

The other operating expenses for the Period are approximately HK$2,870,000 (2016: HK$1,559,000), representing an increase of approximately 84.1%. The increase is due to the increase in other operating expenses incurred from the newly acquired Fund Management Service Segment.

The Group recorded approximately HK$27,714,000 finance costs for the six month ended 31 December 2017 (2016: HK$1,080,000). The increase in finance costs was mainly due to the increase in cost of borrowings of the Group as the Group required such borrowings to finance the acquisition of the Fund Management Services Segment in April 2017 and for expansion of Money Lending Segment.

Discontinued Operations

The Group recorded a profit of approximately HK$41,023,000 for the six months ended 31 December 2016.

Profit for the Period

As a cumulative effect of the foregoing factors, the Group recorded a profit before income tax from continuing operations of approximately HK$18,872,000 for the six months ended 31 December 2017 (2016: profit of approximately HK$27,835,000).

In line with the increase in taxable profit, income tax expenses from continuing operations increased to approximately HK$5,788,000 for the six month ended 31 December 2017 (2016: approximately HK$862,000).

As a result, the Group had recorded a profit after tax from continuing operations of approximately HK$13,084,000 for the six months ended 31 December 2017 (2016: profit of approximately HK$26,973,000).

Liquidity and financial resources

The Group generally finances its operation with internally generated cash flow and the revolving loans obtained. As at 31 December 2017, the cash and bank balances of the Group amounting to approximately HK$43,046,000 (30 June 2017: HK$5,729,000) and the net current liabilities of the Group amounted to approximately HK$258,149,000 (30 June 2017: net current liabilities HK$271,448,000).

The net current liabilities is mainly due to incur a great amount of the interest-bearing borrowings (approximately HK$335,386,000) which will be expired in December 2018. In the opinion of the Directors, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due in the foreseeable future after taking into the following consideration: (i) the Company will seek further sources of fund to finance the Group's working capital; and (ii) the revenue generate from the operations of the Group including but not limited to the stable fees income generated by the fund management services segment.

As at 30 June 2017, the Company acted as a guarantor for one of its subsidiaries, Amble Precious Holdings Limited, and entered into a loan agreement for a revolving loan facility in the principal sum of HK$450,000,000. The carrying amounts under this loan has been fully settled in December 2017.

Going Concern

The Directors, having made appropriate enquiries, consider that the Company has adequate resources to continue its operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

Charges on the Group's Asset

As at 31 December 2017, the Group did not have any charges on its assets. (2016: the shares of one of the subsidiaries, Giant Goal Limited, was pledged to Grand Castle Limited as a collateral of promissory notes issued in respect of the disclosable transaction published on 4 January 2016 and the shares of one of the subsidiaries, Gold Smart Finance Limited was pledged to the lender as a collateral in order to obtain the loan for expanding the money lending business (collectively, the "Pledge"). The Company has settled the said promissory notes and loan in January 2017. The Pledge has been released, reassigned and discharged completely in January 2017).

Interest-bearing Borrowings

As at 31 December 2017, the Group had total borrowings of approximately HK$335,386,000 (2016: HK$367,483,000) which were repayable within 1 year and expiring in December 2018.

Gearing Ratio

The Group expresses its gearing ratio as a percentage of other borrowings and long term debts over total assets. As at 31 December 2017, the gearing ratio as a percentage of other borrowings over total assets was 59.63% (30 June 2017: 62.8%).

Treasury policies and capital structure

Any surplus funds derived from operating activities will be placed in bank accounts which secures the Group's liquidity position in meeting its daily operating needs.

Exposure to exchange rate risks

For the period ended 31 December 2017, the Group's principal business from the continuing operations was transacted in HK$, and in order to minimise the impact of fluctuations of exchange rate of RMB against HK$ the Board had changed the functional currency and presentation currency of the Company from RMB to HK$ this year.

Contingent liabilities

As at 31 December 2017, the Group and the Company did not have any significant contingent liabilities (30 June 2017: 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 information

For the period ended 31 December 2017, there are around 10 staff and the staff cost, excluding directors' remuneration, amounted to HK$570,000 (2016: HK$450,000) from the continuing operations. 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.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL

Disposal

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 of subsidiaries. The Company, as vendor, and Dream Star International Limited, which is wholly-owned by Mr. Wang Linjia, a substantial shareholder of the Company entered into a sale and purchase agreement, pursuant to which the Company has conditionally agreed to dispose of and Dream Star International Limited, which is wholly-owned by Mr. Wang Linjia, a substantial shareholder of the Company has conditionally agreed to acquire all Shares of Diamond Globe Investments Ltd., the wholly-owned subsidiary of the Company, and its subsidiaries (the "Diamond Globe Group") and the entire amount due from the Diamond Globe Group to the Company at completion of the Disposal (the "Sale Loan") at the Consideration of HK$100,000,000 (the "Disposal"). The Disposal has been completed on 28 October 2016.

Acquisitions

(I) Acquisition of Giant Goal

Referring to 4 January 2016's announcement, the Company entered into a sale and purchase agreement, to acquire the Target Group and its principal activities are money lending, provision of credits, and provision of 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.

Grand Castle Limited, being the vendor of Giant Goal Limited (the "Giant Goal") and its ultimate beneficial owner was Mr. Wong Tin Lung ("Mr. Wong"). Mr. Wong is a business acquaintance of Mr. Lee Man To, an executive Director ("Mr. Lee") and Mr. Wong was introduced by Mr. Lee to the Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquires, Grand Castle Limited and its ultimate beneficial owner (the "Giant Goal Vendor") are Independent Third Parties. The consideration for the Acquisition of Giant Goal was reached based on arm's length negotiation between the Company and the Giant Goal Vendor by reference to the business prospects and historical profitability of Giant Goal and its subsidiaries (the "Giant Goal Group") and the amounts of the facility of HK$200 million for 12 months provided to the Giant Goal Group arranged by Giant Goal Vendor upon completion. According to the then management accounts as provided by the Giant Goal Vendor, the unaudited profit before and after taxation of the Giant Goal Group were approximately HK$2.25 million and HK$1.88 million respectively for the year ended 31 December 2014, while the unaudited profit before and after taxation of the Giant Goal Group were approximately HK$16.35 million and HK$13.65 million respectively for the year ended 31 December 2015. The unaudited net assets of the Giant Goal Group amounted to approximately HK$15.53 million as at 31 December 2015. The consideration of HK$70 million paid represented an implied price to earnings ratio of approximately 5.13 for the year ended 31 December 2015. Even though no direct comparable companies have been identified in the market, the Company identified that some profitable companies principally engaged in provision of advisory services which were listed on the Stock Exchange and the Singapore Exchange (which were not exhaustive) were traded at price to earnings higher than 5.13, hence, the Directors consider that the single digit price to earnings ratio of 5.13 were acceptable. Also, the consideration was paid by way of issue of promissory notes without any interest and there was no immediate cash outflow as a result of the acquisition.

In addition, the Giant Goal Vendor granted a loan facility to the Giant Goal Group in the amount of HK$200 million for 12 months with interest rate of 1% for the business development of the Giant Goal Group. The facility was expected to be fully utilized for the development of money lending business and generate interest income from loans with average interest rate of 18% per annum. As a result, in the event that the Giant Goal Group such facility was fully utilized to generate interest income, the maximum interest income would be amounted to approximately HK$36 million with borrowing cost of just HK$2 million. Hence, a substantial portion of the consideration would be recovered. Taking into account all the factors above, the Directors considered that the consideration of HK$70 million paid is justifiable and reasonable.

Upon completion of the Acquisition of Giant Goal, the then Directors, based on the completion account of Giant Goal Group received by the Company on 6 January 2016, first became aware that a dividend of HK$15 million was distributed by the Giant Goal Group to its shareholder prior to the completion of the Acquisition of Giant Goal. The then Directors considered that, even though the net assets of Giant Goal Group were decreased, the basis of consideration was primarily based on the business prospects and historical profitability of Giant Goal Group and the expected return to be generated from the facility of HK$200 million, the Acquisition of Giant Goal is fair and reasonable, and is in the interests of the Company and the Shareholders as a whole.

(II) Acquisition of Ultra Rich Global

Reference is made to the announcement of the Company dated 2 April 2017. The Company and Novel Shine Limited, a company incorporated in the British Virgin Islands with limited liabilities entered into a sale and purchase agreement, pursuant to which the Company has conditionally agreed to purchase, and Novel Shine Limited has conditionally agreed to sell 51% of shares of the Ultra Rich Global Limited at a consideration of HK$170,000,000. The principal activity of the Ultra Rich Global Limited and its subsidiaries is to be conducted by TAR Fund Management (Cayman) Limited, a fund investment manager which derives income from fund management fees, consultancy fee, administration fee and/or performance fee. The transactions has been completed on 12 April 2017.

Novel Shine Limited, being the vendor of Ultra Rich Global Limited and its ultimate beneficial owner was Mr. Lee Chi Hwa, Joshua ("Mr. J Lee"). Mr. J Lee is a business acquaintance of Mr. Liu Tin Lap, an executive Director ("Mr. Liu") and Mr. J Lee was introduced by Mr. Liu to the Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquires, Novel Shine Limited and its ultimate beneficial owner (the "Ultra Rich Global Vendor") are Independent Third Parties. According to the consolidated management accounts as provided by the Ultra Rich Global Vendor, the unaudited profit before and after taxation of Ultra Rich Global Limited and its subsidiaries (the "Ultra Rich Global Group") were approximately US$544,000 (representing approximately HK$4,243,200) and US$544,000 (representing approximately HK$4,243,200) respectively for the year ended 31 December 2015, while the unaudited profit before and after taxation of the Ultra Rich Global Group were approximately US$1,294,000 (representing approximately HK$10,093,200) and US$1,294,000 (representing approximately HK$10,093,200) respectively for the year ended 31 December 2016. The unaudited net assets of the Ultra Rich Global Group amounted to approximately US$14,663,000 (representing approximately HK$114,371,400) as at 31 March 2017. The assets of Ultra Rich Global Group comprised (i) an available for sale investment in Tap Growth Fund SP II of approximately US$12,821,000 (equivalent to approximately HK$100,003,800); and (ii) a goodwill of approximately US$14,103,000 (equivalent to approximately HK$110,003,400) and was arisen from previous transfer of ownerships of the members of the Ultra Rich Global Group. As the consideration for the Acquisition of Ultra Rich Global was reached based on arm's length negotiation between the Company and the Ultra Rich Global Vendor by reference to the historical profitability and business prospects of the Ultra Rich Global Group and the profit guarantee mechanism of not less than HK$30 million for period from 1 January 2017 to 31 December 2017, the Directors consider that, even though the net assets of Ultra Rich Global Group comprised a goodwill, the Acquisition of Ultra Rich Global is fair and reasonable, and is in the interests of the Company and the Shareholders as a whole.

According to Hong Kong Financial Reporting Standard 3 ("HKFRS 3"), goodwill is not regarded as identifiable net assets (the "Identifiable Net Assets"). Based on the consolidated management accounts as provided by the Ultra Rich Global Vendor, in accordance with HKFRS 3, the Identifiable Net Assets (which excluded the goodwill of US$14,103,000) of the Ultra Rich Group were, therefore, approximately US$560,000 as at 31 March 2017 (equivalent to approximately HK$4,368,000), which is similar to the figures as shown in the note 32 "Business Combination" of the annual report for the year ended 30 June 2017 of the Company on completion.

Moreover, a goodwill should be calculated as a result of the acquisition of the Ultra Rich Global Group (the "Ultra Rich Acquisition") on completion in accordance with HKFRS 3, taking into account factors such as business prospect of the Ultra Rich Global Group and the consideration of the Ultra Rich Acquisition, the goodwill was calculated and increased to approximately HK$167,778,000 (or approximately US$21,510,000) for the 51% stake in the Ultra Rich Global Group, which was set out in note 32 "Business Combination" of the annual report for the year ended 30 June 2017 of the Company.

The operation of the Ultra Rich Global Group is conducted by TAR Fund Management (Cayman) Limited which is a wholly owned subsidiary of Ultra Rich Global Limited.

Investment

Reference is made to the announcement of the Company dated 2 May 2017. A wholly-owned subsidiary of the Company entered into a subscription agreements with the TAR Opportunities Fund SPC, an exempted company incorporated a limited liabilities and registered as a segregated portfolio company under Company Law of the Cayman Islands to subscribe for the participation shares in the funds amounting HK$140,000,000. The funds are under the management of the Group and from which the Group earns fees from the provision of fund management services. The subscription has been completed on 5 May 2017.

After the disposal and acquisition of business mentioned above, we are currently principally engaged in three business segments, namely (i) money lending; (ii) advisory services including provision of consultancy services and company secretarial services; and (iii) investment management services to investment funds and managed accounts.

BUSINESS UPDATES AND OUTLOOK

Money Lending Segment

The Money Lending Segment is operated under Gold Smart Finance Limited (the "Gold Smart") and it holds a Money Lenders License under the Money Lenders Ordinance. It is principally engaged in provision of credit in Hong Kong. With 4 experienced staff and management serving this industry for not less than 6 years, this segment has been serving loan customers who are either corporate or individual with interest rate of 18% per annum on average and term of loans ranged from 2 months to 16 months in general. During the year ended 30 June 2016, through the business network of the staff and management, Gold Smart identified 6 borrowers with the total loan portfolio of approximately HK$209 million, 83% of the total loan portfolio were loans to corporate customers. While during the year ended 30 June 2017, there were 11 borrowers and the total loan portfolio amounted to approximately HK$287 million, 91% of the total loan portfolio were loans to corporate customers. During the period ended 31 December 2017, there were 3 borrowers and the total loan portfolio of approximately HK$34 million, 66.7% of the loan portfolio were loans to corporate customers. The borrowers included both private and public companies and with industries covering manufacturing, money lending, property project development and hotel entertainment management.

The interest income increased by approximately 245.7% from approximately HK$4.2 million for the year ended 30 June 2016 to approximately HK$14.7 million for the year ended 30 June 2017. As at 30 June 2017, the outstanding loan receivable balance amounted to approximately HK$234,000 due from a corporate customer. The interest income decreased by approximately 82.6% from approximately HK$13.7 million from the period ended 31 December 2016 to approximately HK$2.4 million for the period ended 31 December 2017. As at 31 December 2017, the outstanding loan receivable balance amounted to approximately HK$5,760,000 due from an individual.

To strictly control the potential credit and default risks in our loans and interest receivables, the segment continued to apply a tight credit policy when granting loans to our customers and to rebalance and adjust our loan portfolio by providing more loan products to our high net worth customers with sound quality and credit history. As a result, the segment has so far not recorded any impairment on its loans and interest receivables.

Under the current low interest rate environment, the Group is optimistic that this segment will generate positive cash flow from its operations. To cope with the keen competition with about 2,000 money lenders license in the market as at 31 December 2017 (according to the list of existing money lenders license), the Company will continue to cooperate with new and more business partners diversify clients' portfolio and explore new business opportunities.

Compliance with Money Lenders Ordinance

Our Group is required to and has, at all time, strictly complied with all relevant laws and regulations. In the opinion of our Directors, in addition to the Listing Rules, Money Lending Ordinance ("MLO") constituted a significant influence on our Group's money lending business during the year.

The MLO is the principal statute which governs the money lending business in Hong Kong. Our money lending business has been conducted through the subsidiaries of our Company, Gold Smart. Since the first granting of money lenders licence to Gold Smart, we have never received any objection from and have never been investigated by the Registrar of Money Lenders nor the Commissioner of Police regarding the renewal of the money lenders licence. During the year, the money lenders licence of Gold Smart Finance Limited. was successfully renewed on 20 November 2017, and subsequent to 20 November 2018.

To the best of our knowledge, our Group has complied with the MLO in all material aspects, and that our Directors did not aware of any matter that might come to their attention that our money lenders licence would be suspended, terminated or would not be renewed in foreseeable future.

Since 1 December 2016, to combat the problem of illegal and unreasonable fees charged to borrowers by fraudsters who claim themselves as financial intermediaries for money lending, the Hong Kong Government has imposed additional licensing conditions on money lenders to (i) facilitate effective enforcement of the statutory ban on separate fee charging by money lenders and their connected parties; (ii) ensure better protection of privacy of the intending borrowers; (iii) enhance transparency and disclosure; and (iv) promote the importance of prudent borrowing.

Unlike other market players in money lending industry, we do not place substantial reliance on financial intermediaries to refer loan business to our Group. Further, to the best of our knowledge, our Group has complied with these additional licensing conditions in all material aspects, and that our Directors were not aware of any matter that might come to their attention that our money lenders licence would be suspended, terminated or would not be renewed in the foreseeable future because of these additional licensing conditions.

We have also assessed and are of the view that these new additional licensing conditions in connection with financial intermediaries have created minimal impact on our money lending business. Even when financial intermediaries were to be appointed, we would carefully and cautiously select these financial intermediaries and we would strictly follow those requirements under the new additional licensing conditions so that we could provide reliable and legal loan products to our customers. Our Group will continue to co-operate with the government and other authorities in order to fight against such illegal financial intermediaries and to uphold the reputation of financial institutions and money lenders.

Last but not least, to finance our money lending business, we shall continue to source different financial resources to maintain our cost of funding and net interest margin at a justifiable level. We are confident in our business diversification and expansion and the growth of interest income and its yield that will create sound financial results and performance for our shareholders and stakeholders in years to come.

Advisory Services Segment

The Advisory Services Segment was operated under Jianghe Capital Limited (the "Jianghe"), which has a group of corporate clients and has been delivering on-going advisory services includes provision of consultancy services and company secretarial services with 4 experienced staff and management serving the industry for more than 10 years and their well-established business networks and reputation. With the mission to be one of the prestigious consultancy firms in the industry, this segment strives to help its clients to achieve strategic goals and enhance corporate efficiency, performance and value and to improve its prevailing performance and position. Jianghe mainly provides company secretarial advisory services, provision of management and strategic consultancy advisory services, provision of agency services for business transactions and provision of accounting and taxation advisory services.

During the year ended 30 June 2016, through the business network of the staff and management, Jianghe identified 6 corporate clients, while during the year ended 30 June 2017, there were 6 corporate clients, which included both private and public companies with industries covering manufacturing, money lending, property project development and hotel entertainment management. The management of Jianghe has business relationship history with its existing clients ranged from 1 to 4 years. The fees income from provision of advisory services was stable and recorded approximately HK$26.8 million for the year ended 30 June 2017 and approximately HK$27.3 million for the year ended 30 June 2016.

During the period ended 31 December 2017, this segment recorded revenue of approximately HK$1.5 million (2016: HK$17.9 million) from 4 corporate clients. The decrease in revenue was due to decrease in large scale projects identified by the Group, therefore the consultancy fees income has decreased accordingly.

Despite an uncertain start of 2016, the global economy has been recovering steadily leading by the economic rebound of the United States. Under the PRC's "One Belt One Road" strategy, we expect more cross-border business activities to arise. The Board believes that it will booster the demands for our provision of consultancy services and company secretarial services in Hong Kong, which is a bridge connecting the PRC and the world with well-established stock exchange and financial infrastructure. As the Group has the required resources and expertise in this aspect, the Board is confident that its provision of consultancy services and company secretarial services business can take advantage of this situation and receive a stable grow in the coming years.

Fund Management Services Segment

The Fund Management Service Segment is conducted by TAR Fund Management (Cayman) Limited (the "Investment Manager"). The Investment Manager and its 3 staff and management has extensive experiences on fund operation, assets management and investment analysis. The funds managed by the Investment Manager have been honored with various awards in 2015, including "Best Fund in Asia" at the Alternative Investment Awards, "Leading Fund Manager of the Year" at the ACQ Global Awards, and "Best Asia Pacific Focused Long/Short Equity Fund" at the Corporate LiveWire Global Fund Awards.

Major funds managed by the Investment Manager include (i) TAR Private Equity Fund L.P.; (ii) TAR Capital Fund SPC and (iii) TAR Opportunities Fund SPC. The purpose of these funds is to carry on the business of investing, holding, monitoring and realizing investments made with the principal objective of achieving a high rate of return through capital appreciation through investments identified by their directors that operate in or derive significant business opportunities from the financial services, natural resources and/or property investments sectors. The investment can be in form of equity investments and/or debt instruments including but not limited to convertible or exchangeable bonds, notes and debentures.

Further information on each of the funds managed by the Investment Manager has been set out in the announcement of the Company dated 1 April 2017.

(i) TAR Private Equity Fund L.P.

TAR Private Equity Fund L.P. is an exempted limited partnership established in accordance with the Exempted Limited Partnership Law, 2014 of the Cayman Islands.

The purpose of TAR Private Equity Fund L.P. is to carry on the business of investing, holding, monitoring and realizing investments made with the principal objective of achieving a high rate of return through capital appreciation through investments identified by its general partner that operate in or derive significant business opportunities from the financial services, natural resources and/or property investments sectors with parameters as set out in the relevant limited partnership agreement. The investment can be in form of equity investments and/or debt instruments.

(ii) TAR Capital Fund SPC

TAR Capital Fund SPC is an exempted company with limited liability and registered as a segregated portfolio company in the Cayman Islands. TAR Capital Fund SPC currently establishes a segregated portfolio called TAR Growth Fund SP.

The purpose of TAR Growth Fund SP is to achieve capital appreciation over time, primarily through long and short investments in stocks, futures and options contracts on global equity and derivatives markets. TAR Growth Fund SP relies on a structured investment process that utilises proprietary stock screening tools, a specialised knowledge database, rigorous company analysis through customised financial models and strict risk management guidelines.

(iii) TAR Opportunities Fund SPC

TAR Opportunities Fund SPC is an exempted company incorporated with limited liability and registered as a segregated portfolio company in the Cayman Islands. TAR Opportunities Fund SPC currently establishes three segregated portfolios called TAR High Value Fund SP, TAR High Value Fund SP II, TAR High Value Fund SP III and TAR High Value Fund SP IV.

The purpose of TAR High Value Fund SP is to carry on the business of investing, holding, monitoring and realizing investments made with the principal objective of achieving a high rate of return through capital appreciation through investments identified by its directors that operate in or derive significant business opportunities from the financial services, natural resources and/or property investments sectors. The investment can be in form of equity investments and/or debt instruments including but not limited to convertible or exchangeable bonds, notes and debentures.

The purpose of TAR High Value Fund SP II, TAR High Value Fund SP III and TAR High Value Fund SP IV is to carry on the business of investing, holding, monitoring and realizing private debt investments made to entities identified by their directors, which are engaged in financial services, natural resources and/or property investment and development, with the objective of seeking fixed income returns with a reasonable degree of security. The investments may be secured or unsecured and may be in the form of loans originated by the portfolio, existing loans or interests therein purchased by the portfolio, or may also be in form of debt instruments including but not limited to bonds (including convertible or exchangeable bonds), notes and debentures.

For the year ended 30 June 2017 and the period ended 31 December 2017, these funds mainly invested in property and debt instruments. The Investment Manager derives income from fund management fees, consultancy fee, administration fee and/or performance fee. For the year ended 30 June 2017, the fees income from this segment recorded approximately HK$12.1 million. For the period ended 31 December 2017, this segment recorded fees income of approximately HK$46.8 million. This segment was newly acquired in April 2017 and no comparison figures can be provided. As at the year ended 30 June 2017 and the period ended 31 December 2017, the total asset under management (the "AUM") was approximately HK$2,300,000,000 and HK$1,775,000,000 respectively. The decrease in AUM was the net effect of the close of TAR Private Equity Fund L.P. with AUM amounting HK$975,000,000 in December 2017 in which the Company received a performance bonus amounting approximately US$2,873,000 (equivalent to approximately HK$22,409,400) upon the close of the fund and the open of a new fund, TAR Opportunities Fund SPC – TAR High Value Fund SP IV with AUM amounting HK$450,000,000 in September 2017.

Conclusion

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 profit and will generate positive cash flow from operations.

Hong Kong is a major regional fund management centre with a large concentration of international fund managers in Asia. Hong Kong's fund management industry has developed a strong expertise of investing in Asia, in particular the Chinese Mainland. The Board believes that the market of fund management is very large. Many investors shop around different multi-asset solutions to meet their needs. The Company is planning to offer more diversified investments products in the future and give more product varieties to the market in order to attract more potential investors. Moreover, based on the track records and extensive experience of the Investment Manager mentioned above, the Board believes that the segment will be able to capture investment opportunities and potential investment returns and broaden the Group's income base.

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.

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

As at 31 December 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 December 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)*	877,685,714 ordinary shares	Beneficial owner	22.85%
Kiyuhon Limited ("Kiyuhon") *(Note 1)*	877,685,714	Interest of controlled corporation	22.85%
Mr. Wang Linjia ("Mr. Wang") *(Note 1)*	877,685,714 ordinary shares	Interest of controlled corporation	22.85%

Notes:

1. The 877,685,714 shares are registered in the name of Dream Star, which are wholly owned by Mr. Wang. Accordingly, Mr. Wang is deemed to be interested in all the shares in which Dream Star, 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 December 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 six months ended 31 December 2017.

CORPORATE GOVERNANCE

For the six months ended 31 December 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 six months ended 31 December 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 six months ended 31 December 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 six months ended 31 December 2017.

AUDIT COMMITTEE

The Audit Committee has been established with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules, The audit committee which comprises three independent non-executive Directors, Mr. So Pak Kei, Mr. Tsui Kin Fung and Dr. Cheng Chak Ho. Mr. So Pak Kei 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, 13 February 2018

As at the date of this report, the Board is composed of Mr. Liu Tin Lap and Mr. Lee Man To as executive Directors, Mr. So Pak Kei, Mr. Tsui Kin Fung and Dr. Cheng Chak Ho as independent non-executive Directors.