

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



KANTONE HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1059)

VOLUNTARY ANNOUNCEMENT
PUBLICATION OF AUDITED CONDENSED CONSOLIDATED
STATEMENT OF ASSETS AND LIABILITIES
AS AT 31 DECEMBER 2017

The board (the “**Board**”) of directors (the “**Directors**”) of Kantone Holdings Limited (the “**Company**”) announced the audited condensed consolidated statement of assets and liabilities of the Company and its subsidiaries (the “**Group**”) as at 31 December 2017. This announcement was made on a voluntary basis, containing the audited condensed consolidated statement of assets and liabilities of the Group as at 31 December 2017 (the “**Audited Condensed Consolidated Statement of Assets and Liabilities**”) in the Appendix. Our independent auditor, Moore Stephens CPA Limited (“**Moore Stephens**”), has performed audit on the condensed consolidated statement of assets and liabilities as at 31 December 2017 in accordance with Hong Kong Standard on Auditing 805 (Revised) Special Considerations — Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement. The Board identified and concluded that there are differences in the Group’s Audited Condensed Consolidated Statement of Assets and Liabilities to the condensed consolidated statement of financial position included in the unaudited interim consolidated results of the Group for the six months ended 31 December 2017 published on 27 February 2018 (the “**Unaudited Interim Results**”), a comparison of which is set out in the table below.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The comparison of the Audited Condensed Consolidated Statement of Assets and Liabilities and the Unaudited Interim Results announced by the Company on 27 February 2018 is as follows:

	<i>Note</i>	As at 31 December 2017		Differences
		<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
		<i>(Note 1)</i>	<i>(Unaudited)</i>	
Inventories	2	26,220	53,589	(27,369)
Net assets		45,512	72,881	(27,369)

Notes:

1. Extracted from the condensed consolidated statement of assets and liabilities of the Group as at 31 December 2017 on which Moore Stephens has issued a special purpose audit report thereon.
2. Although we have made substantial impairment losses on the cultural products in the Unaudited Interim Results, the value of the cultural products have been further impaired based on the final authentication report and evaluation report obtained after the Unaudited Interim Results were announced by the Company, and therefore, further impairment losses amounting to HK\$27,369,000 was recognised to reduce the carrying amount of inventories to HK\$26,220,000 of which HK\$5,098,000 represents the cultural products.

Results of actions to address the disclaimer of opinion for the Annual Report

As disclosed in the annual report for the year ended 30 June 2017 (the “**Annual Report**”), Moore Stephens has a disclaimer of opinion on the Group’s consolidated financial statements for the year ended 30 June 2017 since no sufficient and appropriate audit evidence were available to assess impairment of inventories resulting from downgrading and reclassifications of cultural products by the management of the Group.

Impairment of inventories resulting from downgrading and reclassifications of cultural products by the management of the Group

As mentioned in the Annual Report, as a result of the inconsistencies in the grading and classification of cultural products as at 30 June 2017 and 2016, the current management of the Group resolved to arrange another team of cultural products and jewellery experts (the “**Current Experts**”), being organised by 中國文物信息諮詢中心 “China Cultural Heritage Information and Consulting Center” (the “**Consulting Center**”) and led by Ms. YANG Zhen Hua (楊震華) (“**Ms. Yang**”), who is a renowned expert in the field of jewellery and stones, to conduct a full inspection of the cultural products regarding their grading and classification.

Based on the final authentication report and evaluation report, the carrying amount net of impairment for inventories recognised so far reflected in the Audited Condensed Consolidated Statement of Assets and Liabilities was the best estimate of the recoverable amount of the cultural products.

REVIEW OF OPERATIONS

As disclosed in our 2016/2017 unaudited interim report and the Annual Report, with the change in management, the Group's management has been working on new business plan for its business realignment so as to build a solid market in culture-related businesses.

System Products

For our system products sector, we have started introducing our existing products from our UK arms into the China market and vice-versa. We shall strive to secure some sale contracts as soon as possible. So far, contribution from our system and development products has remained stable.

Cultural Products

Included in finished goods of the Group as at 31 December 2017 were cultural products, including precious stones and artifacts, of HK\$5,098,000 (as at 30 June 2017: HK\$1,638,975,000) which were held for trading and resale in the ordinary course of business.

All of such cultural products, totaled 143 pieces, have been kept in the vault of an independent renowned security company since early December 2017.

A team of cultural products/jewellery experts organised by the Consulting Center and led by Ms. Yang was engaged to perform an inspection on all the 143 pieces of cultural products owned by the Group and, in the middle of January 2018, they came to Hong Kong to do the authentication work on all of the 143 pieces of cultural products and upon completion of their stage 1 field work, they directed us to arrange for scientific examination with the GEM Appraisal Center of Peking University (the "Appraisal Center") of selected representative samples plus certain items on which doubts were casted by them. According to the Current Experts, further downgradings and reclassifications were required to be made on the cultural products as compared to those as of 30 June 2017. Based on the findings concerning the grading and classification of the cultural products, 北京市國宏信價格評估有限公司, another valuer was arranged by the Consulting Center, reassessed the current market values of the inventories as at 31 December 2017. As a result of the final authentication report and evaluation report obtained after the Unaudited Interim Results were announced by the Company, the Company had determined that their net reasonable values were below their costs and the shortfalls resulted in revised impairment loss of HK\$1,633,877,000 for the six months ended 31 December 2017.

The Directors were of the view that, with the detailed exercise performed by the Current Experts, the carrying amount net of impairment recognized so far, reflected in the Audited Condensed Consolidated Statement of Assets and Liabilities, was the best estimate of the recoverable amount of the cultural products.

In view of the disappointing drop in the value of the cultural products, we have to restructure a suitable plan to develop the line of business on cultural products and to proceed along a more realistic approach in selling the cultural products that we have in hand.

Outlook

The management of the Group strived to improve the business operation and financial position of the Group, and also it has been the business strategy of the Group to proactively seek potential investment opportunities in order to enhance value of the Shareholders. For the time being, other than planning the business strategy on our cultural products after obtaining the final authentication report and evaluation from the Appraisal Center, the Directors are also actively seeking a feasible solution to explore China's market for our system products of our subsidiaries in England.

Cultural Artifacts Investment — Shoushan Stone

There are quite a number of artifacts and Shoushan Stone in the Group's inventory. Shoushan Stone is one of the "four famous stones for making seals" in Chinese tradition. It can be found in the Golden Triangle area at the junction of Jin'an District, Luoyuan County and Lianjiang County in the northern suburbs of Fuzhou. Tracking along the ore vein, it can be divided into 3 series, namely "high mountain, flag hill, moon wave". The Shoushan mining area was exploited long time ago. The old saying about "field pit, water pit and mountain pit" referred to those ore mined at the bottom of the fields, along water streams and caves respectively. It is "colorful, oily look, crystal feel, with the moist of jade, soft and easy to carve, is a good natural material for carving." Today, "Shoushan Stone Sculpture" has been approved by the State Council for inclusion in the first batch of state-grade "Intangible Cultural Heritage" category. From 1999 to 2002, after going through 4 years of assessment from the criteria of state stone, Shoushan Stone was officially named as "The State Stone of China".

Shoushan Stone was formed after a prolong period of volcanic hydrothermal alteration, and it has been confirmed to contain various trace-elements and macro-elements that are beneficial to the human body and can play a health-care role on the human body. Therefore, it has been applied towards the regimes of food, cosmetics and medicine. After further processing, Shoushan Stones can become tea pots, candy powder, cosmetic padding material, raw materials for ceramics and pharmaceutical blending materials.

Shoushan Stone is rich in trace-elements, such as calcium, magnesium, zinc, selenium, manganese and other minerals beneficial to the human body, with the heat generated after playing in hands, it would generate far-infrared which is more beneficial to the human body, rendering absorption of beneficial substances and removal of impurities.

Shoushan Stone would produce far-infrared thermal effects which would be absorbed by the human body with resonance, thus generating the following main functions:

1. Activate the activities of biological macromolecules, thereby enhancing the body's oxygen content, so that body cells can restore vitality and improves mental alertness.
2. Would bring the organism molecules to a higher vibration state, thus activating the biological activity of nucleic acid proteins and other molecules, which would render biological macromolecules to regulate body metabolism, immunity and other functions.

3. Far-infrared generated can also promote and improve blood circulation, and enhance metabolism, improve phagocytic function of the body's macrophages, enhance human cellular immunity and is therefore conducive to human health.

Shoushan Stone is also known as the best carrier of Chinese history and culture: its subtle and beautiful look, and its profound cultural and artistic connotation! It is the first choice of beloved traditional culture. It was treasured by the emperors of many dynasties and served as the national stone for ritual sacrifice by Emperor Qianlong of the Qing Dynasty. It has been an incarnation of extravagance for thousands of years, which represents the symbol of power ruling the country!

In assessing the value of Shoushan Stone value, carving is one of the important aspect in addition to its origin, history, stone quality and color. Shoushan stone carvings, especially those of mountain pit types, are most commonly referred to as “color-oriented carvings,” meaning that they are created in accordance with the color of the stone and are very popular for collectors. For a long time, the heat of speculation in the domestic Shoushan Stone sculpture market has kept going up. Good Shoushan Stone sculpture has the following characteristics.

1. a plump look;
2. smooth carving;
3. polished to the right level;
4. no electrically drilled holes;
5. proportional;
6. vivid image;
7. well-designed;
8. flawless;
9. skillful color manipulation;
10. rarity.

When experienced sculptors employed their “Thin Carvings” technique to create new Shoushan Stone sculptures, they would carve with a pictorial mind and meticulously move the picture in their mind into the Shoushan Stone, creating a state of art in each of their masterpiece. The carving and size of each Shoushan Stone determine its grading and value.

The collection of the Group, irrespective of their complexity in carving, all carry the characteristics of being balanced, plump, and having a stereoscopic feel.

Investment Plan In Auction Business

Benefiting from reality TV shows on antique auctioning that have ignited a treasure-hunting fad, the antique auction business is flourishing with buyers flooding into the auction market to hunt their own treasures.

Auction businesses are experiencing a new lease on life, thanks to reality TV shows featuring auctioneers and antique hunters. It's not that auction businesses have ever disappeared from the landscape, but that scores of buyers are waking up to the idea of buying second hand merchandise in an auction environment.

As such, the Group has embarked on plans to recruit industry elites and skilled auction specialists in an effort to develop our auction projects. Meanwhile, the Group will focus on live auction to nurture its development, which in turn will enhance our market share in the antique auction industry.

The Group has planned to recruit elite and skilled auctioneers to develop auction house projects. In addition, the Group considers switching to live auction as one of the ways to improve market share of the project itself.

Smart City — Multitone Electronics PLC (“Multitone”)

The Smart City concept embraces seven main areas, namely, “Intelligent Governance”, “Innovative and Entrepreneurial Service System”, “Natural Disaster Monitoring System (City Operation and Emergency Command Center)”, “Smart Tour”, “Intelligent Education”, “Big Data Bank Center” and “Intelligent Transportation”. The setup of Smart City will enhance the administration and monitoring of urban population, resources, ecological environment and economic development. With the help of advanced information technology such as Internet of Things, big data and mobile internet, it will greatly enhance the city's overall planning, administration services, city management, industrial development, livelihood of people and emergency command.

A Smart City can provide a new impetus for the urban economic restructuring and upgrading, provide new support for urban management services, and inject new vitality into the improvement of people's livelihood and the building of a harmonious society.

In joint hands with Multitone, the Group would focus on marketing and developing the “Natural Disaster Monitoring System (City Operation and Emergency Command Center)” and “Intelligent Education” aspect of the Smart City market.

Strong Rooms & Vaults

The Group intends to match its business plan in auction house by entering into the security industry, with the aim to design and build high security, prefabricated and modular strong rooms for sale and leasing. These high quality, secured structures enable the storage of high-value items away from the risk of theft, attack or hostage taking. The main features of these security systems render that clients' privacy being protected, ensure lowest holding and transaction costs in auction related transactions by enabling direct warehousing before and after auction while taking the advantage of Hong Kong's duty-free policy for most artifacts.

Based on the above cultural artifacts investment, the investment plan in auction business, and the investment in the strong rooms and vault, the Group is confident with the future because the success of these three investments can make the Group's trade-related transactions proceed in bulk trading mode afterwards, while it also allows the public to have a better channel to be involved, so as to pave way for the future of artifacts securitisation.

Communication Systems

Multitone has gained a reputation internationally and has continued to maintain a substantial market share in both UK and Germany. Targeted new markets to be explored include Asia and Eastern Europe. Management in Hong Kong has already started to work in collaboration with Multitone to introduce its products into the China market. Management considers that there is a strong demand for relevant communication systems and equipment in China. On the other hand, the Group's management would work closely with Multitone in identifying high quality electronic products made in China and distribute them through the present well-established distribution channel in Europe and we are optimistic in this marketing direction.

Internal Control

Since a reliable and cost efficient internal control system is fundamental to the successful operation and day-to-day running of a business and in achieving its business objectives, the new management has engaged a professional internal control consultant to continue the review and scrutiny of the Group's (excluding those of Multitone) overall operations, which, based on new management's own observations and studies, the current operations are found to be reliable and effective. The Board is implementing the recommendations suggested by this consultant to improve the overall internal control of the Group and to prevent recurrence of previous deficiencies.

As stated in our 2016/2017 Interim Report, the Group would seek this consultant's advice to incorporate and implement better internal control over the strategic, governance and management processes, covering the company's entire range of activities and operations on top of those directly related to financial operations and reporting. Our long-term target aims to cover not only those aspects of a business that could broadly be defined as compliance matters, but extends also to the performance aspects of the business.

The management understands that good internal controls need to be responsive to the specific nature and needs of the business. Hence, the Group would seek to reflect sound business practice, remain relevant over time in the continuously evolving business environment and enable the Group to respond to the specific needs of the business and industry.

Eventually, the Group's management hopes to see that business opportunities are maximised and potential losses associated with unwanted events minimised.

Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

By order of the Board
KANTONE HOLDINGS LIMITED
WONG MAN WINNY
Chairman

Hong Kong, 30 April 2018

As at the date of this announcement, the executive directors of the Company are Ms. Wong Man Winny and Mr. Liu Ka Lim; the non-executive director of the Company is Ms. To Yin Fong Cecilica; and the independent non-executive directors of the Company are Mr. Leung Man Fai, Ms. Chung Sau Wai Ada and Mr. Clayton Ip.

APPENDIX

附錄

看通集團有限公司 KANTONE HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF KANTONE HOLDINGS LIMITED (INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)

致看通集團有限公司(於開曼群島註冊成立之有限公司)董事之獨立核數師報告

OPINION

We have audited the condensed consolidated statement of assets and liabilities of Kantone Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 31 December 2017 set out on pages 6 to 14.

In our opinion, the accompanying condensed consolidated statement of assets and liabilities presents fairly, in all material respects, the financial position of assets and liabilities of the Group as at 31 December 2017 in accordance with the basis of preparation described in note 1 to the condensed consolidated statement of assets and liabilities. The condensed consolidated statement of assets and liabilities is solely prepared for the purpose described in note 1 to the condensed consolidated statement of assets and liabilities.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Our responsibilities under those standards are further described in the AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONDENSED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

意見

吾等已審核載於第6頁至第14頁看通集團有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)於二零一七年十二月三十一日之簡明綜合資產負債表。

就吾等之意見，隨附簡明綜合資產負債表按簡明綜合資產負債表附註1所述之編製基準於所有重大方面公允地呈列 貴集團於二零一七年十二月三十一日資產及負債之財務狀況。簡明綜合資產負債表僅按簡明綜合資產負債表附註1所述之用途編製。

意見之基準

吾等已根據香港會計師公會頒佈之香港審計準則《香港審計準則》進行審計。吾等在該等準則下承擔之責任已在本報告「核數師就審計簡明綜合資產負債表承擔之責任」部分中作進一步闡述。根據香港會計師公會頒佈之《專業會計師道德守則》(以下簡稱「守則」)，吾等獨立於 貴集團，並已履行守則中之其他專業道德責任。吾等相信，吾等所獲得之審計憑證能充足及適當地為吾等之審計意見提供基礎。

看通集團有限公司

KANTONE HOLDINGS LIMITED

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONDENSED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

Management is responsible for the preparation and fair presentation of the condensed consolidated statement of assets and liabilities in accordance with the basis of preparation described in note 1 to the condensed consolidated statement of assets and liabilities, and for such internal control as management determines is necessary to enable the preparation of the condensed consolidated statement of assets and liabilities that is free from material misstatement, whether due to fraud or error.

In preparing the condensed consolidated statement of assets and liabilities, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors of the Company either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

管理層和治理層對簡明綜合資產負債表之責任

管理層負責按照簡明綜合資產負債表附註1所述之編製基準編製簡明綜合資產負債表，並讓管理層釐定必要之內部控制，以使簡明綜合資產負債表之編製不存在由於舞弊或錯誤導致之重大錯報。

在編製簡明綜合資產負債表時，貴公司董事負責評估貴集團持續經營之能力，並在適用情況下披露與持續經營有關之事項，以及使用持續經營為會計基礎，除非貴公司董事有意將貴集團清盤或停止經營，或別無其他實際之代替方案。

治理層須負責監督貴集團之財務報告過程。

看通集團有限公司 KANTONE HOLDINGS LIMITED

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONDENSED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

Our objectives are to obtain reasonable assurance about whether the condensed consolidated statement of assets and liabilities as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility forwards or accept liability to any other person for the content of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this condensed consolidated statement of assets and liabilities.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the condensed consolidated statement of assets and liabilities, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

核數師就審計簡明綜合資產負債表承擔之責任

吾等之目標，是對簡明綜合資產負債表整體是否不存在由於欺詐或錯誤而導致之重大錯誤陳述取得合理保證，並出具包括吾等按委聘條款協定之意見之核數師報告。吾等不會就本報告之內容向任何其他人士負上或承擔任何責任。合理保證是高水平之保證，但不能保證按照《香港審計準則》進行之審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或滙總起來可能影響簡明綜合資產負債表使用者依賴簡明綜合資產負債表所作出之經濟決定，則有關之錯誤陳述可被視作重大。

在根據香港審計準則進行審計之過程中，吾等運用了專業判斷，保持了專業懷疑態度。吾等亦：

- 識別和評估由於欺詐或錯誤而導致簡明綜合資產負債表存在重大錯誤陳述之風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當之審計憑證，作為吾等意見之基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致之重大錯誤陳述之風險高於未能發現因錯誤而導致之重大錯誤陳述之風險。
- 了解與審計相關之內部控制，以設計適當之審計程序，但目的並非對 貴集團內部控制之有效性發表意見。

看通集團有限公司 KANTONE HOLDINGS LIMITED

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the condensed consolidated statement of assets and liabilities or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the condensed consolidated statement of assets and liabilities, including the disclosures, and whether the condensed consolidated statement of assets and liabilities represent the underlying transactions and events in a manner that achieves fair presentation.
- 評價董事所採用會計政策之恰當性及作出會計估計和相關披露之合理性。
- 對董事採用持續經營會計基礎之恰當性作出結論。根據所獲取之審計憑證，確定是否存在與事項或情況有關之重大不確定性，從而可能導致對 貴集團之持續經營能力產生重大疑慮。如果吾等認為存在重大不確定性，則有必要在核數師報告中提請使用者注意簡明綜合資產負債表中之相關披露。假若有關之披露不足，則吾等應當發表非無保留意見。吾等之結論是基於核數師報告日止所取得之審計憑證。然而，未來事項或情況可能導致 貴集團不能持續經營。
- 評價簡明綜合資產負債表之整體列報方式、結構和內容，包括披露，以及簡明綜合資產負債表是否中肯反映交易和事項。

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

除其他事項外，吾等與治理層溝通了計劃之審計範圍、時間安排、重大審計發現等，包括吾等在審計中識別出內部控制之任何重大缺陷。

看通集團有限公司
KANTONE HOLDINGS LIMITED

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that many reasonably be thought to bear on our independence, and where applicable, related safeguards.

Moore Stephens CPA Limited

Certified Public Accountants

Cheung Sai Kit

Practising Certificate Number: P05544

Hong Kong, 30 April 2018

吾等還向治理層提交聲明，說明吾等已符合有關獨立性之相關專業道德要求，並與彼等溝通有可能合理地被認為會影響吾等獨立性之所有關係和其他事項，以及在適用的情況下，相關的防範措施。

大華馬施雲會計師事務所有限公司

執業會計師

張世杰

執業證書號碼：P05544

香港，二零一八年四月三十日

看通集團有限公司
KANTONE HOLDINGS LIMITED

CONDENSED CONSOLIDATED STATEMENT
OF ASSETS AND LIABILITIES

As at 31 December 2017

簡明綜合資產負債表

於二零一七年十二月三十一日

		Notes 附註	As at 31 December 2017 於二零一七年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Non-current assets	非流動資產		
Property, plant and equipment	物業、廠房及設備	2	32,245
Development costs for systems and networks	系統及網絡開發成本		—
			32,245
Current assets	流動資產		
Inventories	存貨	3	26,220
Trade and other receivables	應收貿易及其他賬款	4	31,368
Cash and cash equivalents	現金及現金等額		73,380
			130,968
Current liabilities	流動負債		
Trade and other payables	應付貿易及其他賬款	5	51,105
Warranty provision	保養撥備		1,178
Amounts due to directors	應付董事款項	6	3,680
Bank borrowing — amount due within one year	銀行借貸 — 一年內到期		1,907
			57,870
Net current assets	流動資產淨值		73,098

看通集團有限公司
KANTONE HOLDINGS LIMITED

**CONDENSED CONSOLIDATED STATEMENT
OF ASSETS AND LIABILITIES** *(continued)*

As at 31 December 2017

簡明綜合資產負債表(續)

於二零一七年十二月三十一日

		As at 31 December 2017 於二零一七年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Total assets less current liabilities	資產總值減流動負債	105,343
Non-current liabilities	非流動負債	
Retirement benefit obligations	退休福利承擔	59,831
		59,831
Net assets	資產淨值	45,512

The condensed consolidated statement of assets and liabilities on pages 6 to 14 was approved and authorised for issue by the board of directors on 30 April 2018 and signed on its behalf by:

第6頁至第14頁之簡明綜合資產負債表已於二零一八年四月三十日獲董事會批准及授權刊發，並由下列董事代表簽署：

WONG MAN WINNY

黃敏
Chairman
主席

LIU KA LIM

廖嘉濂
Director
董事

The notes on pages 8 to 14 form part of the condensed consolidated statement of assets and liabilities.

第8至14頁之附註構成簡明綜合資產負債表之一部份。

看通集團有限公司

KANTONE HOLDINGS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

As at 31 December 2017

1. BASIS OF PREPARATION

The condensed consolidated statement of assets and liabilities of the Group, being Kantone Holdings Limited (the "Company") and its subsidiaries, as of 31 December 2017 has been prepared by management of the Group solely for the purpose of assisting the Board of Directors in reviewing and analysing the financial position of the Group as of 31 December 2017.

The Group's condensed consolidated statement of assets and liabilities as of 31 December 2017 is a single statement which comprises a condensed consolidated statement of assets and liabilities of the Group as at 31 December 2017 only.

The condensed consolidated statement of assets and liabilities of the Group as of 31 December 2017 has been prepared using the same accounting policies in respect of classification and measurement of assets and liabilities adopted by the Group when it prepared its annual financial statements for the year ended 30 June 2017.

The condensed consolidated statement of assets and liabilities has been prepared on the historical cost basis. This condensed consolidated statement of assets and liabilities is presented in Hong Kong dollar ("HK\$") and all values are rounded to the nearest thousand except when otherwise indicated.

The following amendments to the Hong Kong Financial Reporting Standards (the "Amendments") are effective for annual periods beginning on or after 1 January 2017:

簡明綜合資產負債表附註

於二零一七年十二月三十一日

1. 編製基準

本集團(即看通集團有限公司(「本公司」)及其附屬公司)截至二零一七年十二月三十一日之簡明綜合資產負債表乃由本集團管理層僅就協助董事會審閱及分析本集團截至二零一七年十二月三十一日之財務狀況而編製。

本集團截至二零一七年十二月三十一日之簡明綜合資產負債表僅為包括本集團於二零一七年十二月三十一日簡明綜合資產負債表之單獨報表。

本集團截至二零一七年十二月三十一日之簡明綜合資產負債表乃使用本集團編製其截至二零一七年六月三十日止年度之年度財務報表所採用有關資產及負債分類及計量之相同會計政策而編製。

簡明綜合資產負債表乃按歷史成本編製。簡明綜合資產負債表以港元(「港元」)列示，而所有金額均四捨五入至最接近千位。

香港財務報告準則之下列修訂本(「該等修訂本」)於二零一七年一月一日或之後開始之年度期間生效：

看通集團有限公司
KANTONE HOLDINGS LIMITED

**NOTES TO THE CONDENSED
CONSOLIDATED STATEMENT OF ASSETS
AND LIABILITIES** *(continued)*

As at 31 December 2017

1. BASIS OF PREPARATION *(continued)*

- HKAS 7 Amendments Disclosure Initiative
- HKAS 12 Amendments Recognition of Deferred Tax Assets for Unrealised Losses
- HKFRSs Amendments Annual Improvements to HKFRSs 2014 – 2016 Cycle

For the purposes of the preparation of the condensed consolidated statement of assets and liabilities, none of the Amendments have had a material effect on how the Group's financial position as at 31 December 2017. The Group has not applied any new standard or interpretation that is not yet effective for the purpose of this condensed consolidated statement of assets and liabilities.

2. PROPERTY, PLANT AND EQUIPMENT

簡明綜合資產負債表附註(續)

於二零一七年十二月三十一日

1. 編製基準(續)

- 香港會計準則 披露計劃
第7號修訂本
- 香港會計準則 就未變現虧損確認遞延
第12號修訂 稅項資產
本
- 香港財務報告 二零一四年至二零一
準則修訂本 六年週期之香港財務
報告準則年度改進

就簡明綜合資產負債表而言，概無該等修訂本對本集團於二零一七年十二月三十一日之財務狀況有重大影響。本集團並無於簡明綜合資產負債表應用任何尚未生效之任何新訂準則或詮釋。

2. 物業、廠房及設備

		Amount 金額 HK\$'000 千港元
Carrying value at 1 July 2017 (Audited)	於二零一七年七月一日之賬面值 (經審核)	31,366
Currency realignment	匯兌調整	1,575
Additions	添置	3,510
Depreciation	折舊	(4,195)
Disposals	出售	(11)
Carrying value at 31 December 2017 (Audited)	於二零一七年十二月三十一日之 賬面值(經審核)	32,245

As at 31 December 2017, property, plant and equipment of the Group with the aggregate carrying amounts of HK\$11,716,000 have been pledged as securities for the defined benefit retirement scheme of certain subsidiaries operated in UK.

於二零一七年十二月三十一日，本集團之總賬面值為11,716,000港元之物業、廠房及設備已質押，作為若干於英國營運之附屬公司之定額福利退休計劃之抵押品。

看通集團有限公司
KANTONE HOLDINGS LIMITED

NOTES TO THE CONDENSED
CONSOLIDATED STATEMENT OF ASSETS
AND LIABILITIES *(continued)*

As at 31 December 2017

3. INVENTORIES

簡明綜合資產負債表附註(續)

於二零一七年十二月三十一日

3. 存貨

		As at 31 December 2017 於二零一七年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Raw materials	原料	8,150
Work in progress	在製品	5,001
Finished goods <i>(note (i) and (ii))</i>	製成品(附註(i)及(ii))	13,069
		26,220

Notes:

- (i) Included in finished goods are cultural products, including precious stones and artifacts, of HK\$5,098,000 which are held for trading and resale in the ordinary course of business.
- (ii) As at 31 December 2017, all cultural products of the Group were stored in a warehouse run by a worldwide security solution company, which is an independent third party to the Group.

附註：

- (i) 製成品包括於日常業務過程中持作買賣及轉售之文化產品(包括寶石及藝術品)價值為5,098,000港元。
- (ii) 於二零一七年十二月三十一日，本集團之所有文化產品存放於一間全球安全解決方案公司之倉庫，其為本集團獨立第三方。

NOTES TO THE CONDENSED
CONSOLIDATED STATEMENT OF ASSETS
AND LIABILITIES (continued)

As at 31 December 2017

3. INVENTORIES (continued)

For the purpose of preparing the consolidated financial statements for the year ended 30 June 2017, the Group had engaged cultural product/jewellery experts to perform an inspection on the inventories of cultural products. According to these experts, downgradings and reclassifications were required to be made on a number of inventory items of cultural products. The Group therefore engaged an independent valuer, Hilco Global Greater China Limited, to reassess the current market values of the inventories as at 30 June 2017 based on the findings of the cultural product/jewellery experts concerning the grading and classification of the cultural products. As a result of the assessment, the management of the Group had determined that the net realisable values of a number of the inventory items of cultural products were lower than their costs and that the shortfalls amounted to an aggregate amount of HK\$1,740,108,000. Accordingly, the Group recognised an impairment loss of HK\$1,740,108,000 for the year ended 30 June 2017.

For the purpose of preparing the condensed consolidated statement of assets and liabilities as at 31 December 2017, the Group had arranged another team of cultural product and jewellery experts (the "Current Experts") from "China Cultural Heritage Information and Consulting Center" (the "Consulting Center") being led by Ms. YANG Zhen Hua (楊震華), to perform a more detailed authentication on all of the cultural products regarding their grading and classification. According to the Current Experts, further downgradings and reclassifications were required to be made on the cultural products as compared to those as of 30 June 2017. The Consulting Center has arranged another valuer, 北京市國宏信價格評估有限公司, to reassess the current market values of the inventories as at 31 December 2017 based on their findings concerning the grading and classification of the cultural products. As a result of the final authentication report and evaluation report, the management of the Group had determined that their net realisable values were below their costs and the shortfalls resulted in further impairment loss of HK\$1,633,877,000 being made for the six months ended 31 December 2017.

The directors of the Company were of the view that, with the detailed exercise performed by the Current Experts, the carrying amount net of impairment recognised so far, reflected in the condensed consolidated statement of assets and liabilities, was the best estimate of the recoverable amount of the cultural products.

簡明綜合資產負債表附註(續)

於二零一七年十二月三十一日

3. 存貨(續)

就編製截至二零一七年六月三十日止年度之綜合財務報表而言，本集團已聘請文物產品／玉石專家就文化產品存貨進行鑑證。根據該等專家之意見，需要對部份文化產品存貨項目進行品位下調及重新分類。因此，本集團已聘請獨立估值師 Hilco Global Greater China Limited 按照文物產品／玉石專家就該等文化產品之品位及分類之結論，重估存貨於二零一七年六月三十日之現時市場價值。因上述評估關係，本集團管理層判定部份文化產品存貨項目之可變現淨值低於其成本，差額合共達 1,740,108,000 港元。故此，本集團於截至二零一七年六月三十日止年度確認減值虧損 1,740,108,000 港元。

就編製於二零一七年十二月三十一日之簡明綜合資產負債表而言，本集團已安排由楊震華女士率領來自「中國文物信息諮詢中心」(「諮詢中心」)之另一隊文物產品／玉石專家團隊(「現有專家」)對所有文化產品的評級及分類進行更詳細鑑證。根據現有專家之意見，相比截至二零一七年六月三十日之結果，需要對文化產品作出進一步品位下調及重新分類。諮詢中心已安排另一名估值師北京市國宏信價格評估有限公司按照該等文化產品之品位及分類之結論，重估存貨於二零一七年十二月三十一日之現時市場價值。根據最終鑑證報告及評估報告，本集團管理層判定其可變現淨值低於該等成本，該等差額導致須於截至二零一七年十二月三十一日止六個月作出進一步減值虧損 1,633,877,000 港元。

本公司董事認為，經現有專家進行詳細測試後，於簡明綜合資產負債表反映之現時扣除已確認減值之賬面值為文化產品可收回金額之最佳估算。

看通集團有限公司
KANTONE HOLDINGS LIMITED

NOTES TO THE CONDENSED
CONSOLIDATED STATEMENT OF ASSETS
AND LIABILITIES (continued)

As at 31 December 2017

4. TRADE AND OTHER RECEIVABLES

簡明綜合資產負債表附註(續)

於二零一七年十二月三十一日

4. 應收貿易及其他賬款

		As at 31 December 2017 於二零一七年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Trade receivables	應收貿易賬款	19,911
Other receivables	應收其他賬款	11,457
		31,368

The Group has credit policy regarding its trade customers depending on their credit worthiness, nature of services and products, industry practice and condition of the market with credit period ranging from 30 days to 180 days.

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

本集團就其貿易客戶實行信貸政策。根據彼等之信用、服務及貨品之性質、行內規範及市場情況而給予客戶介乎30日至180日之信貸期。

應收貿易賬款於報告期末時根據發票日期之賬齡分析呈列如下：

		As at 31 December 2017 於二零一七年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
0 — 60 days	0 — 60日	15,998
61 — 90 days	61 — 90日	2,625
91 — 180 days	91 — 180日	1,288
		19,911

看通集團有限公司
KANTONE HOLDINGS LIMITED

**NOTES TO THE CONDENSED
CONSOLIDATED STATEMENT OF ASSETS
AND LIABILITIES** *(continued)*

As at 31 December 2017

4. TRADE AND OTHER RECEIVABLES *(continued)*

Note: Other receivables mainly represented a loan to third party of HK\$6,031,500, rental deposits and sundry deposits. The loan to third party was a one-year short-term loan advancing on 16 January 2017. The loan is unsecured and interest bearing at 10% per annum. In the opinion of the directors of the Company, appropriate action was taken by the management and the loan will be settled within 12 months from the end of the reporting period.

5. TRADE AND OTHER PAYABLES

Trade payables
Other payables *(note (i))*
Amount due to a fellow subsidiary
(note (iii))
Amount due to holding company
(note (ii))

簡明綜合資產負債表附註(續)

於二零一七年十二月三十一日

4. 應收貿易及其他賬款(續)

附註： 其他應收賬款主要指向第三方提供6,031,500港元貸款、租金按金及雜項按金。向第三方提供之貸款為於二零一七年一月十六日借出之一年期短期貸款。該貸款為無抵押，年利息10%計息。本公司董事認為，管理層已作出適當行動，而該貸款將於報告期末12個月內結付。

5. 應付貿易及其他賬款

應付貿易賬款
應付其他賬款 *(附註 (i))*
應付一間同系附屬公司款項
(附註 (ii))
應付控股公司款項
(附註 (ii))

**As at
31 December
2017**
於二零一七年
十二月三十一日
HK\$'000
千港元
(Audited)
(經審核)

2,266
45,322
2,900
617

51,105

The credit period for purchases of goods ranged from 30 days to 60 days.

購買貨品之信貸期介乎30日至60日。

看通集團有限公司
KANTONE HOLDINGS LIMITED

NOTES TO THE CONDENSED
CONSOLIDATED STATEMENT OF ASSETS
AND LIABILITIES (continued)

As at 31 December 2017

5. TRADE AND OTHER PAYABLES (continued)

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

		As at 31 December 2017 於二零一七年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
0 — 60 days	0 — 60 日	1,990
91 — 180 days	91 — 180 日	276
		2,266

Notes: (i) Other payables mainly represented receipts in advance from customers of HK\$14,628,000 and other accrued expenses.

(ii) These amounts are unsecured, non-interest bearing and repayable on demand.

6. AMOUNTS DUE TO DIRECTORS

The amounts due to directors of the Company are unsecured, non-interest bearing and repayable on demand.

As at 31 December 2017, one of the directors of the Company owned 7.14% indirect beneficiary interest in the Company.

簡明綜合資產負債表附註(續)

於二零一七年十二月三十一日

5. 應付貿易及其他賬款(續)

應付貿易賬款於報告期末時根據發票日期之賬齡分析呈列如下：

As at
31 December
2017
於二零一七年
十二月三十一日
HK\$'000
千港元
(Audited)
(經審核)

1,990
276

2,266

附註：(i) 應付其他賬款主要為預收客戶款項14,628,000港元及其他預提費用。

(ii) 該等款項為無抵押、不計息及須按要求償還。

6. 應付董事款項

應付本公司董事款項乃無抵押、不計息及須按要求償還。

於二零一七年十二月三十一日，本公司其中一名董事擁有本公司7.14%之間接受益人權益。