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.

Boshiwa

BOSHIWA INTERNATIONAL HOLDING LIMITED
博士蛙國際控股有限公司

(Provisional Liquidators Appointed)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1698)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2018

Boshiwa International Holding Limited (Provisional Liquidators Appointed) (the "**Company**") announces the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2018 (the "**Period**") and consolidated financial position as at 30 June 2018 with comparative figures as at 31 December 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2018

		Six months ended 30 June	
	Notes	**2018**	2017
		RMB'000	*RMB'000*
		(unaudited)	(audited)
Revenue	*3*	**96,929**	45,981
Cost of sales		**(75,882)**	(37,363)
Gross profit		**21,047**	8,618
Other gains and losses		**(1,147)**	2,386
Distribution and selling expenses		**(3,631)**	(736)
Administrative and general expenses		**(3,221)**	(1,552)
Interest on short-term borrowing from an investor		**(574)**	(306)
Profit before tax		**12,474**	8,410
Income tax expense	*4*	**(3,335)**	(1,611)
Profit and total comprehensive income for the period attributable to owners of the Company	*5*	**9,139**	6,799
Earnings per share			
– Basic and diluted (RMB cents per share)	*7*	**0.44**	0.33

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 June 2018

	Notes	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	8	**190**	221
Current assets			
Inventories		**41,202**	20,499
Trade and other receivables	9	**79,924**	32,183
Bank and cash balances		**1,091**	1,582
		122,217	54,264
Current liabilities			
Trade and other payables	10	**138,754**	84,512
Tax liabilities		**5,486**	1,817
Non-refundable deposit from an investor		**4,219**	4,164
Short-term borrowing from an investor		**18,220**	17,403
		166,679	107,896
Net current liabilities		**(44,462)**	(53,632)
NET LIABILITIES		**(44,272)**	(53,411)
Capital and reserves			
Share capital	11	**904**	904
Reserves		**(45,176)**	(54,315)
TOTAL DEFICIT		**(44,272)**	(53,411)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Attributable to owners of the Company					
	Share capital	**Share premium**	**Capital reserves**	**Share options reserve**	**Accumulated losses**	**Total equity**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2017 (audited)	904	2,357,072	311,779	48,214	(2,790,154)	(72,185)
Total comprehensive income for the period (audited)	–	–	–	–	6,799	6,799
Change in equity for the period (audited)	–	–	–	–	6,799	6,799
Balance at 30 June 2017 (audited)	904	2,357,072	311,779	48,214	(2,783,355)	(65,386)
Balance at 1 January 2018	904	2,357,072	311,779	48,214	(2,771,380)	(53,411)
Total comprehensive income for the period (unaudited)	–	–	–	–	9,139	9,139
Change in equity for the period (unaudited)	–	–	–	–	9,139	9,139
Balance at 30 June 2018 (unaudited)	904	2,357,072	311,779	48,214	(2,762,241)	(44,272)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Net cash used in operating activities	**(472)**	(8,116)
Cash flows from investing activities		
Purchases of property, plant and equipment	**(19)**	(212)
Other investing cash flows (net)	**–**	1
Net cash used in investing activities	**(19)**	(211)
Net cash generated from financing activities	**–**	–
Net decrease in cash and cash equivalents	**(491)**	(8,327)
Cash and cash equivalents at beginning of period	**1,582**	11,091
Cash and cash equivalents at end of period represented by bank and cash balances	**1,091**	2,764

1. BASIS OF PREPARATION

These condensed financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by International Accounting Standards Board and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed financial statements should be read in conjunction with the 2017 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2017 except as stated below.

(a) Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss

Financial assets of the Group are classified as financial assets at amortised cost.

Financial assets at amortised cost.

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

– the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

– the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

(b) Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("lifetime expected credit losses") for trade receivables, contract assets and lease receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables, contract assets and lease receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

(c) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

– the customer simultaneously receives and consumes the benefits provided by the Group's performance;

– the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

– the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

Suspension of trading in shares of the Company

References are made to the Company's announcements dated 15 March 2012 in relation to, among other things, resignation of auditor and delay in publication of annual results and despatch of annual report of the Company and its subsidiaries (collectively "the Group") for the year ended 31 December 2011. At the request of the Company, trading in shares of the Company has been suspended since 15 March 2012.

Appointment of the joint and several liquidators

On 30 January 2015, Ritch & Conolly (as Cayman attorneys-at-Law) on behalf of TB International Limited and Trustbridge Partners II L.P. (as petitioners) filed a winding up petition in the Grand Court of the Cayman Islands against the Company. The petition alleges, amongst other things, that the petitioners have concerns that the board of directors of the Company is not acting in the best interests of the Company and is seeking to have it wound up. On 11 February 2015, on the application of Ritch & Conolly, the Grand Court of the Cayman Islands granted an Order appointing (i) Mr. Stephen Liu Yiu Keung and Mr. David Yen Ching Wai of Ernst & Young Transactions Limited, Hong Kong and (ii) Mr. Keiran Hutchison of Ernst & Young Ltd., Cayman Islands, jointly and severally as the provisional liquidators of the Company (the "JPLs"). The Grand Court of the Cayman Islands has provided the JPLs with restricted powers, which include, among other things, preserve the assets of the Company, take charge of the Company's subsidiaries, access and review the records, books and documents of the Company and convene meetings of shareholders.

On 3 March 2015, the Grand Court of Cayman Islands ordered that, among other things, (1) the winding-up petition against the Company be set down for trial at the first available date after and including 18 September 2015 with a time estimate of 10 days and (2) the JPLs be granted leave to seek recognition in proceedings in the Courts of Hong Kong and in particular recognition of the Orders dated 11 February 2015 and 3 March 2015 (the "Hong Kong Recognition"). On 4 June 2015, the JPLs were informed that the High Court of Hong Kong approved the Hong Kong Recognition on 21 May 2015. A consent order to adjourning the trial of the winding-up petition against the Company was granted by the Grant Court of Cayman Islands on 10 November 2015, among other things, ordering that the said trial of the winding-up petition be adjourned to a date to be fixed.

Restructuring of the Group

After the appointment of the JPLs, a potential investor was introduced to the Group regarding the restructuring, and an exclusivity agreement was executed between the potential investor and the JPLs on 26 August 2016. Special purpose vehicles of the Group, namely Gold Topper Development Limited (incorporated in Hong Kong) and Golden Stream Enterprises Limited (incorporated in the BVI) were later set up in September 2016 to support the restructuring. On 5 December 2016, a facility agreement was entered into between the potential investor and Gold Topper Development Limited, where the potential investor has agreed to make available to Gold Topper Development Limited a loan facility of up to HK$10 million upon the terms and conditions (the "Facility"). In consideration of the potential investor agreeing to continue to make the Facility available to Gold Topper Development Limited upon the terms and conditions of the facility agreement, it was a condition precedent under the facility agreement that Golden Stream Enterprises Limited, being the sole shareholder of Gold Topper Development Limited, as beneficial owner mortgages, charges and assigns by way of a first legal charge over the shares of Gold Topper Development Limited to the potential investor as a continuing security.

The initial HK$10 million and a further HK$10 million loan facility were drawn down in full in mid December 2016 and mid October 2017 by Gold Topper Development Limited and such amount has been put into use for the development of the Company's business operation in the People's Republic of China (the "PRC").

Listing status of the Company

On 27 January 2016, the Stock Exchange placed the Company in the first delisting stage under Practice Note 17 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and that the Company was required to submit a viable resumption proposal at least 10 business days before 26 July 2016.

On 28 July 2016, as the Company had not submitted any resumption proposal before the expiry of the first delisting stage, the Stock Exchange decided to place the Company into the second delisting stage under Practice Note 17 to the Listing Rules.

On 27 January 2017, the Company did not provide any resumption proposal. Therefore, the Stock Exchange decided on 10 February 2017 to place the Company into the third delisting stage under Practice Note 17 to the Listing Rules.

The Company is required to submit a viable resumption proposal to demonstrate sufficient operations or assets at least 10 business days before the third delisting stage expires (i.e. 4 August 2017) and the Company must:

i. address the matters raised in the resignation letter of the resigned auditors of the Company, dated 13 March 2012 as extracted and disclosed in the announcement of the Company dated 15 March 2012;

ii. demonstrate that there is no regulatory concern about management integrity, which will pose a risk to investors and damage market confidence;

iii. publish all outstanding financial results and address any audit qualifications; and

iv. demonstrate that it has put in place adequate financial reporting procedures and internal control systems to meet obligations under the Listing Rules.

Deconsolidation of subsidiaries

The consolidated financial statements have been prepared based on the books and records maintained by the Group. The Provisional Liquidators were informed that a significant portion of such books and records were maintained in the Group's main building situated in Shanghai. However, access to such books and records was limited because the building has been seized and sealed up by the local court since October 2014 due to a legal proceeding initiated by a secured creditor of the Group. As a result of the resignation of an experienced finance manager and other accounting personnel and limited accounting documents preserved by the Group, the Provisional Liquidators considered that the control over the following subsidiaries had been lost since January 2015. The results, assets, liabilities and cash flows of these subsidiaries were deconsolidated from the consolidated financial statements of the Group since January 2015. The major subsidiaries were deconsolidated as follows:

(1) Kingman Holdings Limited

(2) Pacific Leader International Holdings Limited

(3) Shanghai Rongchen Boshiwa (Group) Co., Ltd.

(4) Boshiwa Enterprise Development Co., Ltd. ("Boshiwa Enterprise")

(5) Shanghai Rongchen Information & Consulting Co., Ltd. ("Shanghai Boshiwa")

(6) Shanghai Desheng Information Technology Limited

(7) 北京博士蛙商貿有限公司

(8) 博士蛙(上海)國際貿易有限公司

(9) 浙江博士蛙企業發展有限公司

(10) 博士蛙(上海)物流發展有限公司

(11) 上海歐紀源健康管理咨詢有限公司

(12) 上海博士蛙貿易有限公司

Going concern basis

As at 30 June 2018, the Group had net current liabilities and net liabilities of RMB44,462,000 and RMB44,272,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The consolidated financial statements have been prepared on a going concern basis on the basis that the proposed restructuring of the Group will be successfully completed, and that, following the restructuring, the Group will continue to meet in full its financial obligations as they fall due in the foreseeable future.

Should the Group be unable to achieve a successful restructuring and to continue its business as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised International Financial Reporting Standards ("IFRSs") that are relevant to its operations and effective for its accounting period beginning on 1 January 2018. IFRSs comprise International Financial Reporting Standards; International Accounting Standards; and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior periods.

The Group has not applied the new and revised IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised IFRSs but is not yet in a position to state whether these new and revised IFRSs would have a material impact on its results of operations and financial position.

3. REVENUE

The chairman and chief operating decision maker of the Group, regularly reviews revenue analysis by major products and the Group's profit/loss for the period based on management accounts prepared in accordance with the relevant accounting principles and financial regulations applicable to enterprises registered in the PRC and which also conform, in material respects, to the IFRSs, to make decisions about resource allocation and performance assessment. No segment information is presented other than entity-wide disclosures as no other discrete financial information is available for the assessment of performance and resources allocation of different business activities.

Substantially all the Group's revenue from external customers is derived from the PRC and the Group's non-current assets are also substantially located in the PRC, the place of domicile of the Group's operating entities.

Revenue analysed by major products categories are as follows:

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Revenue from:		
Children's apparel and accessories	**69,374**	34,728
Other children's products	**27,555**	11,253
Total revenue	**96,929**	45,981

Information about major customer

Revenue from major customers, each of whom accounted for 10% or more of the total revenue is set out as below:

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Customer A	**28,664**	13,734
Customer B	**18,079**	–

All timing of revenue recognition is at a point in time for the six months ended 30 June 2018 and 2017.

4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Income tax expense	**3,335**	1,611

The applicable income tax rate for the Group is 25% for the period ended 30 June 2018 and 2017.

5. PROFIT FOR THE PERIOD

The Group's profit for the period is stated after charging the following:

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Cost of inventories	**75,882**	37,363

6. DIVIDENDS

During the periods ended 30 June 2018 and 2017, no dividend was declared to the owners of the Company.

7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the followings:

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Profit		
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	**9,139**	6,799
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**2,075,000**	2,075,000

The Company did not have any dilutive potential ordinary sharing during the period ended 30 June 2018 and 2017.

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group acquired property, plant and equipment of approximately RMB19,000 (2017: RMB212,000).

9. TRADE AND OTHER RECEIVABLES

	30 June	31 December
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables	**79,740**	31,812
Other receivables	**184**	371
	79,924	32,183

The aging analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice date at the end of the reporting period is as follows:

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
	(unaudited)	(audited)
0 to 30 days	**19,355**	20,343
31 to 60 days	**20,536**	8,852
61 to 90 days	**8,860**	2,617
91 to 180 days	**30,989**	-
	79,740	31,812

10. TRADE AND OTHER PAYABLES

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade payables	**65,870**	17,755
Payroll payables	**1,521**	1,039
Other payables	**71,363**	65,718
	138,754	84,512

The following is an aged analysis of trade payables at the end of the reporting period:

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
	(unaudited)	(audited)
0 to 30 days	**19,829**	14,904
31 to 60 days	**19,497**	2,814
61 to 90 days	**5,436**	-
Over 90 days	**21,108**	37
	65,870	17,755

11. SHARE CAPITAL

Movements of the share capital of the Company are as follows:

	Number of shares	**Share capital**
	000	*HK$*
Ordinary shares of HK$0.0005 each		
Authorised:		
At 1 January 2017 (audited), 31 December 2017 (audited) and 30 June 2018 (unaudited)	200,000,000	100,000,000
Issued and fully paid:		
At 1 January 2017 (audited), 31 December 2017 (audited) and 30 June 2018 (unaudited)	2,075,000	1,037,500

	As at 30 June 2018	As at 31 December 2017
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Presented in RMB		
Share capital	904	904

12. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, there are certain updates on the Group's business and financial restructuring in progress, and further details of which are stated in note 1 to these condensed consolidated financial statements.

13. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the Board of Directors on 31 August 2018.

RESULT FOR THE SIX MONTHS ENDED 30 JUNE 2018

Business Review

Appointment of the Provisional Liquidators and the Winding-Up Hearing

On 30 January 2015, Ritch & Conolly (as Cayman attorneys-at-Law) on behalf of TB International and Trustbridge Partners II L.P. (as petitioners) filed a winding-up petition in the Grand Court of the Cayman Islands (the "**Cayman Islands Court**") against the Company. The petition alleges, amongst other things, that the petitioners have concerns that the Board is not acting in the best interests of the Company, and are seeking to have it wound up.

On 11 February 2015, under the application of Ritch & Conolly on behalf of TB International and Trustbridge Partners II L.P., the Cayman Islands Court granted an Order appointing (i) Mr. Stephen Liu Yiu Keung and Mr. David Yen Ching Wai of Ernst & Young Transactions Limited, Hong Kong and (ii) Mr. Keiran Hutchison of Ernst & Young Ltd, Cayman Islands jointly and severally as the provisional liquidators of the Company (the "**Provisional Liquidators**"). The Cayman Islands Court provided the Provisional Liquidators with restricted powers, which include, among other things, to preserve the assets of the Company, take charge of the Company's subsidiaries, access and review the records, books and documents of the Company and convene meetings of shareholders of the Company (the "**Shareholders**").

On 3 March 2015, the Cayman Islands Court ordered that, among other things, (1) the winding-up petition against the Company be set down for trial at the first available date after and including 18 September 2015 with a time estimate of 10 days and (2) the Provisional Liquidators be granted leave to seek recognition of proceedings in the Hong Kong Court and in particular recognition of the Orders dated 11 February 2015 and 3 March 2015.

On 21 May 2015, the High Court of Hong Kong (the "**Hong Kong Court**") approved the recognition of the Company's winding-up proceedings in the Hong Kong Court and the Orders dated 11 February 2015 and 3 March 2015.

The consent order to adjourn the trial of the winding-up petition against the Company was granted by the Cayman Islands Court on 10 November 2015, among other things, ordering that the said trial of the winding-up petition be adjourned to a date to be fixed.

Upon the appointment of the Provisional Liquidators and pursuant to the powers conferred to the Provisional Liquidators in the Order, the Provisional Liquidators have sought to obtain information, books and records of the Company from relevant parties including the directors and key employees of the Company, banks and auditors as well as from site visits to the offices and operations in Hong Kong and the PRC. The Provisional Liquidators have sought to identify and secure any assets of the Company including securing the Hong Kong office premises, taking possession of limited books and records in Hong Kong, requesting Statements of Affairs from the directors and seeking to transfer bank balances to the Provisional Liquidators' designated accounts.

Suspension of trading in shares of the Company

Trading in the shares of the Company (the "**Shares**") on the Main Board of the Stock Exchange has been suspended with effect from 1:38 p.m. on 15 March 2012.

Resumption conditions

On 31 October 2012, on the basis that trading in the Shares has been suspended since 15 March 2012 due to auditors' resignation and delay in publication of its results for the year ended 31 December 2011, the Listing Division issued a letter to the Company illustrating the requirement on the Company to submit a viable resumption proposal and to satisfy the following resumption conditions:

(i) the Company must conduct an independent forensic investigation on the matters pervasive to the Company's financial statements raised by Deloitte Touche Tohmatsu, the auditors of the Company, in its resignation letter dated 13 March 2012 (the "**Matters**");

(ii) the Company must inform the market of all information about the Matters that is necessary for it to appraise the Group's position, including their implications to the Group's asset, financial and operational position;

(iii) the Company must demonstrate that there is no reasonable regulatory concern about management integrity which will pose a risk to investors and damage market confidence;

(iv) the Company must publish all outstanding financial results and reports, and address any concerns raised by the Company's auditors in their report; and

(v) the Company must demonstrate that it has put in place adequate financial reporting procedures and internal control system to meet obligations under the Listing Rules.

The Company is also required to comply with the Listing Rules and all applicable laws and regulations in Hong Kong and its place of incorporation before resumption. The Stock Exchange may modify any of the above and/or impose further conditions if the situation changes.

First delisting stage

On 27 January 2016, on the basis that the financial position of the Company has been deteriorated, certain premises of the Company have been frozen by the PRC court and the Provisional Liquidators considered that the Group appears to be insolvent (all of which have in turn adversely affected the Group's operations), the Listing Division issued a letter to the Company informing the Company that it has been placed in the first stage of delisting pursuant to Practice Note 17 to the Listing Rules and that the Company was required to submit a viable resumption proposal to demonstrate its compliance with Rule 13.24 of the Listing Rules and to fulfill the resumption conditions previously set out in the letter dated 31 October 2012. The first stage of delisting pursuant to Practice Note 17 expired on 26 July 2016.

Second delisting stage

On 28 July 2016, as the Company had not submitted a resumption proposal before the expiry of the first stage of delisting, the Listing Division issued a further letter to the Company informing that the Listing Division has decided to place the Company in the second stage of delisting under Practice Note 17 to the Listing Rules and that the Company is required to submit a viable resumption proposal as well as to satisfy the following conditions:

(i) the Company must conduct an independent forensic investigation on the Matters;

(ii) the Company must inform the market of all information about the Matters that is necessary for it to appraise the Group's position, including their implications to the Group's asset, financial and operational position;

(iii) the Company must demonstrate that there is no regulatory concern about management integrity, which will pose a risk to investors and damage market confidence;

(iv) the Company must publish all outstanding financial results and address any audit qualifications; and

(v) the Company must demonstrate that the Company has put in place adequate financial reporting procedures and internal control system to meet obligations under the Listing Rules.

Third delisting stage

On 10 February 2017, the Listing Division issued a letter to the Company informing the Company that they have decided to place the Company in the third stage of delisting under Practice Note 17 to the Listing Rules. The third stage of delisting will expire on 21 August 2017 and the Company is required to submit a viable resumption proposal to the Stock Exchange at least 10 business days before the third stage of delisting expires (i.e. 4 August 2017) to address the following resumption conditions:

(i) the Company must address the findings of the investigation into the Matters as defined in the letter dated 31 October 2012;

(ii) the Company must demonstrate that there is no regulatory concern about management integrity, which will pose a risk to investors and damage market confidence;

(iii) the Company must publish all outstanding financial results and address any audit qualifications; and

(iv) the Company must demonstrate that the Company has put in place adequate financial reporting procedures and internal control system to meet obligations under the Listing Rules.

Restructuring of the Group

On 26 August 2016, the Company, the Provisional Liquidators of the Company and China Chengtong Investment Co. Ltd. (the "**Potential Investor**") entered into the exclusivity agreement regarding the restructuring of the Group (the "**Restructuring**"). Upon the completion of the Restructuring, the Company will wholly own a newly formed PRC subsidiary company named Shanghai Jinchengtongbo International Trade Co., Ltd., ("**Shanghai Jincheng**") through two intermediate companies, Golden Stream Enterprises Limited ("**Golden Stream**") which is a company incorporated in the British Virgin Islands and Gold Topper Development Limited ("**Gold Topper**") which is a subsidiary of Golden Stream and incorporated in Hong Kong. The Company together with its new operating subsidiaries (collectively, the "**Restructuring Group**") forms the base for re-building the business of the Group.

On 5 December 2016, Gold Topper and the Potential Investor entered into the facility agreement, pursuant to which the Potential Investor agreed to advance the facility of up to HK$10 million to Gold Topper for the purpose of providing short-term financing to Shanghai Jincheng as general working capital for re-building the business of the Group. The facility was fully utilised on 12 December 2016. On 16 October 2017, the parties entered into a supplemental loan agreement to increase the total facility amount to up to HK$20 million and a further HK$10 million was drawn down by Gold Topper in mid-October 2017.

As disclosed in the announcement of the Company dated 7 August 2017, the Company submitted a resumption proposal (the "**Resumption Proposal**") to the Stock Exchange on 3 August 2017. During the period from 3 August 2017 (date of submission of Resumption Proposal) to up to the date of this announcement, the Company had submitted further information to supplement the Resumption Proposal to the Stock Exchange.

It was further disclosed that in relation to the Resumption Proposal, the Company has also entered into certain agreements (including a subscription agreement for the proposed subscription of Shares by the Potential Investor and an underwriting agreement for a proposed issue of new Shares by way of an open offer to Shareholders, in relation to its business development, debt restructuring and arrangement.

On 3 August 2017, the Potential Investor and the Company entered into an underwriting agreement in connection with the Restructuring. The proposed open offer will issue not less than 103,750,000 offer shares ("**Offer Share(s)**") to the Shareholders at the proposed offer price of HK$0.269 per Offer Share to be allotted and issued under the open offer on the basis of one (1) Offer Share for every two (2) then existing Share held by the qualifying Shareholders on the date which such Shareholders are entitled to the open offer. The gross proceeds will be approximately HK$28 million and will be underwritten by the Potential Investor.

The open offer is conditional upon fulfillment of other conditions precedent which forms part of the restructuring. Therefore, the open offer may or may not proceed.

On 29 June 2018, the Potential Investor and the Company entered into relevant supplemental agreements to extend the long stop date of the relevant agreements in connection with the restructuring to 31 December 2018.

Please note that the above-mentioned Resumption Proposal submission and restructuring do not necessarily indicate that trading in the Shares will be resumed.

Financial Review

As disclosed above, pursuant to the Restructuring, the Restructuring Group which comprises of the new subsidiaries of the Group, namely Shanghai Jincheng, Golden Stream and Gold Topper, formed the base for re-building the business of the Group. With the support of working capital from the Potential Investor, the Restructuring Group revamped its business operation by expanding its sales and distribution channels since December 2016. The Group re-engineered its business in developing and retailing of children's products of its own brands and third parties' brands of other children products.

The own brands of the Group are Boshiwa Baby 2 and Dr. Frog. The Group established a platform with Shanghai Xinlianfang Import and Export Limited to constantly enable the outstanding domestic and foreign designers to develop its own brand products. Furthermore, the Group cooperated with a licensed brand Blue Seven whose products are designed for 0 to 12 years old children to provide quality apparels and accessories. The Group also acted as distributors to distribute some third-party brands' products include Kao, NUBY, AVENT, Pigeon and Combi etc.

The Group sold the products through retailing, wholesale distribution and online stores. The Group conducted the sales either through self-managed retail outlets or on wholesale basis to authorised dealers and distributors for resale in baby product stores and supermarkets. During the six months ended 30 June 2018, the Group has expanded from 130 retail outlets as at 31 December 2017 to 162 retail outlets as at 30 June 2018. The number of the Group's self-operated retail outlets and those operated by third parties increased significantly from 28 and 84 as at 31 December 2017 to 30 and 109 as at 30 June 2018 respectively. In light with the rapid growth of online retail market, the Group has also managed to develop its online retail platform on a prudent approach. As at 30 June 2018, there were 23 online stores and 2 of them were managed directly by the Group while the rest was operated by authorized dealers.

Revenue

For the Period, the Group has achieved a significant growth. Revenue of the Group amounted to approximately RMB96.9 million representing an increase of almost approximately 110.8% as compared to revenue of approximately RMB46.0 million for the correspondent period last year. Substantial growth in revenue was mainly attributable to expansion of sales network. Total number of stores increased from 94 stores as at 30 June 2017 to 162 stores as at 30 June 2018 due to availability of working capital and support from the Potential Investor restoring the confidence of both the suppliers and the business partners on the Group. Revenue derived from retail channels, including both retail outlets and online stores, and wholesale distribution amounted to approximately RMB70.7 million representing 73.0% and approximately RMB26.2 million representing approximately 27.0% of the total revenue respectively. Retail channels accounted for a larger portion of revenue for the Period, mainly due to the Company's strategy which focused on retail sales and gradual opening up of new retail stores.

The table below sets forth the revenue by distribution channels for the periods indicated:

	Six months ended 30 June				
	2018		2017		
	Revenue	**% of Revenue**	Revenue	% of Revenue	Growth Rate (%)
	RMB'000		*RMB'000*		
By Sales Channels					
Retail outlets					
Self-managed	**6,774**	**7.0%**	1,061	2.3%	538.5%
Operated by authorised dealers	**44,780**	**46.2%**	14,778	32.1%	203.0%
Wholesale distributors	**26,216**	**27.0%**	23,590	51.3%	11.1%
Online stores					
Self-managed	**4,051**	**4.2%**	1,244	2.7%	225.6%
Operated by authorised dealers	**15,108**	**15.6%**	5,308	11.6%	184.6%
Total	**96,929**	**100.0%**	45,981	100.0%	110.8%

The revenue was mainly contributed by the sales of children's apparel, footwear and accessories of approximately 71.6% and remaining are other children's products of approximately 28.4%.

The table below sets forth the revenue by product category for the periods indicated:

	Six months ended 30 June				
	2018		2017		
	Revenue	**% of Revenue**	Revenue	% of Revenue	Growth Rate (%)
	RMB'000		*RMB'000*		
By Product Category					
Children's apparel, footwear and accessories	**69,374**	**71.6%**	34,728	75.5%	99.8%
Other children's products	**27,555**	**28.4%**	11,253	24.5%	144.9%
Total	**96,929**	**100.0%**	45,981	100.0%	110.8%

Shanghai Jincheng continues to innovate its own brands of the children's apparel including Boshiwa, Baby2 and Dr. Frog. In addition, Shanghai Jincheng with a licensed brand Blue Seven whose products mainly designed for children of 0 to 12 years old, of which the revenue of licenced brands increased from approximately RMB11.3 million to approximately RMB27.8 million for the six months ended 30 June 2017 and 2018 respectively. It also acted as distributors to distribute some third-party brand products, such as Kao, NUBY, AVENT, Pigeon and Combi etc., through its sales channels.

The following table sets forth a breakdown of the Group's revenue by brand for the periods indicated:

	Six months ended 30 June				
	2018		2017		
	Revenue *RMB'000*	**% of Revenue**	Revenue *RMB'000*	% of Revenue	Growth Rate (%)
By Brand					
Self-brands (Boshiwa, Baby2 and Dr. Frog)	**69,127**	**71.3%**	34,728	75.5%	99.1%
Licenced brands	**27,802**	**28.7%**	11,253	24.5%	147.1%
Total	**96,929**	**100.0%**	45,981	100.0%	110.8%

Gross Profit and Gross profit Margin

Due to the development of business, gross profit of the Group increased from approximately RMB8.6 million for the six months ended 30 June 2017 to approximately RMB21.1 million for the six months ended 30 June 2018, with the gross profit margin increased from approximately 18.7% to approximately 21.7% due to increase in sale revenue during the Period.

For the Period, the gross profit margin of children's apparels, footwear and accessories amounted to approximately 26.2% as compared to gross profit margin of approximately 10.7% for the other children's products.

The table below sets forth our gross profit and gross profit margin by product category for the periods indicated:

	Six months ended 30 June				
	2018		2017		
	Gross Profit	**Gross Profit Margin**	Gross Profit	Gross Profit Margin	Growth Rate (%)
	RMB'000		*RMB'000*		
By Product Category					
Children's apparel, footwear and accessories	**18,198**	**26.3%**	7,542	21.7%	141.3%
Other children's Products	**2,849**	**10.2%**	1,076	9.6%	164.8%
Total	**21,047**	**21.7%**	8,618	18.7%	144.2%

Shanghai Jincheng adopted different pricing strategy among sales channels including self-managed retail outlets and online shops, authorised dealers of retail outlets and online shops and wholesale distributors. Thus, there are different gross profit margin among sales channels.

The table below sets forth the gross profit and gross profit margin by sales channels:

	Six months ended 30 June				
	2018		2017		
	Gross Profit	**Gross Profit Margin%**	Gross Profit	Gross Profit Margin%	Growth Rate (%)
	RMB'000		*RMB'000*		
By Sales Channels					
Retail outlets					
Self-managed	**2,856**	**42.2%**	430	40.5%	564.2%
Operated by authorised dealers	**8,958**	**20.0%**	3,364	20.8%	166.3%
Wholesale distributors	**3,391**	**12.9%**	2,698	11.4%	25.7%
Online stores					
Self-managed	**1,538**	**38.0%**	639	51.4%	140.7%
Operated by authorised dealers	**4,304**	**28.5%**	1,487	28.0%	189.5%
Total	**21,047**	**21.7%**	8,618	18.7%	144.2%

Gross profit generated from self-brands products amounted to approximately RMB18.2 million (2017: RMB7.5 million) and gross profit margin of approximately 26.2% (2017: 21.7%) during the Period. Increase in gross profit for the Period was mainly attributable to significant increase in sales revenue through the expansion of sales channels.

The following table sets forth gross profit and gross profit margin by brand:

	Six months ended 30 June				
	2018		2017		
	Gross Profit *RMB'000*	**Gross Profit Margin%**	Gross Profit *RMB'000*	Gross Profit Margin%	Growth Rate (%)
By Brand					
Self-brands (Boshiwa, Baby2 and Dr. Frog)	**18,076**	**26.2%**	7,542	21.7%	139.7%
Licenced brands	**2,971**	**10.7%**	1,076	10.7%	176.1%
Total	**21,047**	**21.7%**	8,618	18.7%	144.2%

Other Gains and Losses

The Group recorded net losses of approximately RMB1.1 million for the Period as compared to net gains of approximately RMB2.4 million for the six months ended 30 June 2017. The losses were mainly caused by the loss in translation from our reporting currency to Renminbi ("**RMB**").

Distribution and Selling Expenses

Distribution and selling expenses for the Period were approximately RMB3.6 million (2017: RMB0.7 million) whilst the distribution and selling expenses to revenue ratio was approximately 3.7% (2017: 1.6%). It mainly comprised rental expenses of approximately RMB0.8 million; advertising and promotion of approximately RMB0.6 million (2017: RMB0.1 million); storage and transportation of approximately RMB0.8 million (2017: RMB0.3 million); and salaries and benefits of approximately RMB0.8 million (2017: RMB0.2 million). The significant increase in distribution and selling expenses to revenue ratio was mainly due to the Group's continuous expansion of its sales network that led rental expenses, advertising and promotion and others expenses increased significantly.

The table below sets forth a breakdown of our selling and distribution expenses for the periods indicated:

	Six months ended 30 June				
	2018		2017		
	Expenses	**% of Revenue**	Expenses	% of Revenue	Growth Rate (%)
	RMB'000		*RMB'000*		
Promotional event and advertisement	**627**	**0.6%**	83	0.2%	655.4%
Salaries and benefits	**774**	**0.8%**	243	0.5%	218.5%
Storage and transportation	**774**	**0.8%**	333	0.7%	132.4%
Rental	**814**	**0.8%**	–	–	–
Others	**642**	**0.7%**	77	0.2%	733.8%
Total	**3,631**	**3.7%**	736	1.6%	393.3%

Administrative Expenses

Administrative expenses mainly comprised salaries and benefits for managerial personnel and administrative personnel, depreciation and amortization expenses, rental expenses, professional fees and others. Administrative expenses increased from approximately RMB1.6 million for the six months ended 30 June 2017 to approximately RMB3.2 million for the Period, mainly due to the increase in rental expenses for the Period. Salaries and benefits was the major item for the Period representing approximately 45.9% of total administrative expenses.

The table below sets forth a breakdown of our administrative expenses for the periods indicated:

	Six months ended 30 June				
	2018		2017		
	Expenses	**% of Revenue**	Expenses	% of Revenue	Growth Rate (%)
	RMB'000		*RMB'000*		
Salaries and benefits	**1,479**	**1.5%**	1,081	2.4%	36.8%
Depreciation and amortization	**168**	**0.2%**	–	–	–
Rental expenses	**770**	**0.8%**	78	0.2%	887.2%
Professional fees	**577**	**0.6%**	224	0.5%	157.6%
Others	**227**	**0.2%**	169	0.3%	34.3%
Total	**3,221**	**3.3%**	1,552	3.4%	107.5%

Finance Costs

Since the Group is under provisional liquidation and no external financing arrangement is available except for the short-term borrowing from the Potential Investor. Thus, the Group incurred the finance costs of approximately RMB0.6 million for the Period (2017: RMB0.3 million).

Income Tax Expenses

The income tax expenses incurred for the Period was approximately RMB3.3 million while the income tax expenses for last corresponding period was approximately RMB1.6 million.

Profit for the Period

The Group recorded a profit attributable to owners of the Company of approximately RMB9.1 million or RMB0.44 cent for basic and diluted profit per Share for the Period (2017: gain of approximately RMB6.8 million or RMB0.33 cent for loss per Share). The significant increase in profit was mainly due to the rapid development of business operation and focus on the expansion of its sales channels that led the sales revenue increased significantly for the Period. Besides, the Group recorded other net losses from exchange of approximately RMB1.1 million for the Period. (2017: other net gains of approximately RMB2.4 million.)

Liquidity and Financial Resources

Total Deficit

As at 30 June 2018, total deficit was approximately RMB44.3 million, representing a decrease of approximately 17.0%, as compared to approximately RMB53.4 million as at 31 December 2017.

Financial Position

Current assets of the Group increased significantly from RMB54.3 million as at 31 December 2017 to RMB122.2 million as at 30 June 2018. It was mainly due to the increase in both inventories and trade receivables. As at 30 June 2018, total current liabilities amounted to approximately RMB166.7 million (31 December 2017: RMB107.9 million) and net current liabilities amounted to approximately RMB44.5 million (31 December 2017: RMB53.6 million).

Cash and Cash Equivalents

As at 30 June 2018, the Group had cash and cash equivalents of approximately RMB1.1 million as compared to approximately RMB1.6 million at 31 December 2017.

Inventory

Inventory generally consisted of finished goods and raw materials (including the packaging materials) only. Total inventory as at 30 June 2018 was approximately RMB41.2 million as compared to approximately RMB20.5 million as at 31 December 2017, representing a significant increase of inventory level of approximately 101.0%. Average inventory turnover days as at 30 June 2018 was around 98 days (31 December 2017: 72 days).

A substantial increase in inventory and turnover days during the period was mainly due to the continuing business expansion of the Group.

Trade Receivables

Trade receivables primarily consisted of receivables from authorized dealers operating retail outlets and the receivables from wholesalers engaging in wholesale and distribution business. Trade receivables increased significantly from approximately RMB31.8 million as at 31 December 2017 to approximately RMB79.7 million as at 30 June 2018. It was mainly due to the rapid increase in the number of retail outlets. Average trade receivables turnover days was approximately 148 days (31 December 2017: 89 days). The trade receivables of the Group is comprised of the receivables from the concessions of the department stores, and the receivables from authorised dealers and wholesalers.

The Group strived to exercise due care in managing credit exposure. The Group adopted a series of policies and measures for managing the recovery of trade receivables, including the implementation of more stringent credit standards, credit inspection and close monitoring of outstanding trade receivables. The trade receivables balances are reviewed regularly by the senior management. With the comprehensive credit control system, the Group seeks to maintain strict control over and closely monitor the outstanding receivables to minimize credit risk.

Other Receivables

As at 30 June 2018 and 31 December 2017, the other receivables net of provision for doubtful debts were approximately RMB0.2 million and approximately RMB0.4 million, respectively. The other receivables of the Group was mainly comprised of advance payment to suppliers.

Trade Payables

As at 30 June 2018 and 31 December 2017, the trade payables were approximately RMB65.9 million and approximately RMB17.8 million respectively. Average trade payables turnover days was approximately 157 days (31 December 2017: 62 days). A substantial increase in the average trade payable turnover days was mainly attributable to rapid expansion of business.

Other Payables

As at 30 June 2018 and 31 December 2017, the other payables were approximately RMB71.4 million and RMB65.7 million, respectively. The other payables of the Group mainly comprised of outstanding professional fees and other creditors.

Overall Liquidity

The net current liabilities of the Group decreased from approximately RMB53.6 million as at 31 December 2017 to approximately RMB44.5 as at 30 June 2018. Net current liabilities position was mainly attributable to huge amount of long outstanding other payables. The net liabilities value per Share was approximately RMB0.021 as at 30 June 2018 (31 December 2017: RMB0.026 per Share).

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 30 June 2018 and 31 December 2017.

Capital Commitments

The Group did not have any significant capital commitments as at 30 June 2018 and 31 December 2017.

Pledge of Assets

Golden Stream which is one of the subsidiaries of the Group has mortgaged, charged and assigned the wholly-owned shares of its subsidiary company named Gold Topper to the Potential Investor by a deed dated 5 December 2016 to secure the short term borrowing from the Potential Investor.

As at 30 June 2018, the Group's buildings were sealed and preserved by order of the PRC court of Jing'an District of Shanghai.

Employment and Remuneration Policy

As at 30 June 2018, the Group had a total of 36 employees (31 December 2017: 32) including 3 directors, 21 sales and marketing staffs (31 December 2017: 19).

For the Period, the total salaries and related costs (including directors' fees) amounted to approximately RMB2.3 million (30 June 2017: RMB1.3 million). The Company maintained a share options scheme with the aim of providing eligible parties with incentives and allowances for their contribution to the Group.

Coping with the expansion of business, the Group has to recruit more sales and marketing and administrative staff.

The Group regards human capital as vital for its continuous growth and profitability and remains committed to improving the quality, competence and skills of all employees. The Group provided job related training throughout the organization. The Group will continue to offer competitive remuneration packages and bonuses to eligible staff, based on the performance of the individual employee.

Exposure to fluctuations in exchange and interest rates and related hedge

Most business transactions of the Group are settled in RMB since the operations of the Group are mainly carried out in PRC, and the major subsidiaries of the Group are operating in a RMB environment and the functional currency of the major subsidiaries is RMB. The reporting currency of the Group is RMB.

The Group's cash and bank deposits are predominantly in RMB. Based on the aforesaid, the Group does not enter into any agreement to hedge against the foreign exchange risk. The Company will pay dividends in Hong Kong dollars if dividends are declared and it will continue to monitor the fluctuation of RMB closely and will introduce suitable measures as and when appropriate.

The fair value interest rate risk relates primarily to the Group's short-term borrowings. For the cash flow, interest rate risk relates primarily to the variable-rate bank deposits. The Group currently has not entered interest rate swaps to hedge against the exposure for changing in the fair values of the borrowings. Currently, the Group does not have a specific policy to manage the interest rate risk, but the Group intends to closely monitor the interest rate risk exposure in the future. In the opinion of the Directors, the Group did not have significant exposure to cash flow interest rate risk as at 30 June 2018 and 31 December 2017 as a 100-basis point change in the variable rate bank deposits as at those dates would not have had any significant financial impact of the Group.

Prospect

The Group achieved rapid development in the Period. Looking forward, the Group will continue its business development in sales of the children's apparel and accessories and other children products through a variety of sales channels. Upon the completion of the subscription and the open offer proposed in the Resumption Proposal, the Group is going to use the proceeds to expand its self-managed and third-party authorized dealers' retail outlets comprising department stores' concessions, Boshiwa 365 shops and street shops. Coping with the changes in customers' purchasing behavior leading to fast growth of e-commerce development in the recent years, the Group also plans to rapidly expand its online sales shops by operating its self-managed stores as well as third-party operating online stores. The Group recognizes the importance of information technology and will adopt big data analysis to devise the appropriate business development strategy in order to achieve growth in the long run.

The Group targets to adjust the sales channel mix in order to maximise its profits and market segment. It targets to open more self-managed retail outlets, expand its e-commerce and invites more authorised dealers for both online or retail outlets to join the business of Boshiwa.

The Group believes that the two-child policy in PRC will boost the growth in demand for children products. The Group has accordingly developed a comprehensive plan and strategies to take maximum advantage of the anticipated change in the policy.

CODE ON CORPORATE GOVERNANCE PRACTICE

To the best knowledge of the Provisional Liquidators and based on limited available information due to prolonged suspension in trading of the Shares on the Stock Exchange and certain books and records of the Company could not be located, the Company has not complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report in Appendix 14 of the Listing Rules (the "**CG Code**") throughout the Period. For the purpose of maintaining good corporate governance and to ensure future compliance with the requirements of the CG Code and the Listing Rules, the Company has engaged an internal control consultant to review the internal control systems and procedures of the Group. The Group will continue to monitor, review and improve its corporate governance practices and standards to ensure that its business activities and decision making processes, financial reporting procedures, systems and controls are regulated in a proper and prudent manner.

DIRECTORS' SECURITIES TRANSACTIONS

Due to the limitation of incomplete books and records, the Provisional Liquidators were unable to ascertain whether the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules for securities transactions during the reporting period.

Based on the information made available to the Provisional Liquidators, the Provisional Liquidators were not able to confirm whether all directors of the Company have complied with, or whether there has been any non-compliance with, the required standards set out in the Model Code.

AUDIT COMMITTEE

The audit committee of the Company (the "**AC**") was vacant as at 30 June 2018.

With reference to the announcement of the Company dated 8 October 2014 in relation to the list of directors and their roles and functions, the AC was comprised of three independent non-executive Directors, namely Mr. Chong Cha Hwa ("**Mr. Chong**"), Dr. Jiang Chang Jian ("**Dr. Jiang**") and Mr. Li Zhi Qiang ("**Mr. Li**"). Mr. Chong, Dr. Jiang and Mr. Li subsequently resigned as independent non-executive Directors on 27 October 2014, 11 October 2014 and 13 October 2014 respectively and ceased to act as members of the AC with effect from the same dates. As a result, the AC is vacant since 27 October 2014. Therefore, this report was not reviewed by the AC and this did not comply with the requirements of the CG Code and Listing Rules.

Due to the limitation of incomplete books and records, the above information was disclosed based on the information available to the Provisional Liquidators. The Provisional Liquidators were unable to ascertain the accuracy and completeness of such information.

PURCHASE, SALE AND REDEMPTION OF THE SHARES

During the Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

REVIEW OF THIS CONSOLIDATED FINANCIAL STATEMENTS

The board of directors of the Company has reviewed with the management the accounting principles and policies as adopted by the Company, the practices of the Group and the consolidated financial statements for the Period.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is available for viewing on the website of the Stock Exchange at http://www.hkexnews.hk. The 2018 interim report will be available on the website of the Stock Exchange at the earliest practicable opportunity.

The Provisional Liquidators have presented in these financial statements the financial information prepared by the Company's management and based on all available information to the extent provided to them in their capacity as Provisional Liquidators subsequent to their appointment on 11 February 2015. The Provisional Liquidators note that the historical information in respect of the Company prior to such appointment date as provided to them may not be complete and sufficient to establish an accurate and reliable view of the historical transactions, trading and financial position and may contain errors. The Provisional Liquidators provide no assurance for the financial statements, financial position and results contained herein which are presented solely for the purpose of meeting the listing requirements. The Provisional Liquidators do not accept or assume responsibility for these financial statements for any purpose or to any person to whom these financial statements are shown or into whose hands they may come.

CONTINUED SUSPENSION OF TRADING

Trading in the Shares on the Stock Exchange will remain suspended until further notice.

Further announcement(s) will be made by the Company to update the Shareholders on the development of the Company as and when appropriate pursuant to the requirements of the Listing Rules.

For and on behalf of
Boshiwa International Holding Limited
(Provisional Liquidators Appointed)
Stephen Liu Yiu Keung
David Yen Ching Wai
Keiran Hutchison
Joint Provisional Liquidators
who act without personal liabilities

Hong Kong, 31 August 2018

As at the date of this announcement, the executive directors of the Company are Mr. Zhong Zheng Yong, Ms. Chen Li Ping and Mr. Chen Pei Qi.