Smart Globe Holdings Limited

竣球控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code:8485

INTERIM REPORT

2018

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

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*The Report, for which the Directors (the "**Directors**") of Smart Globe Holdings Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or the Report misleading.*

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Principal Place of Business in the People's Republic of China ("PRC")
Heyuan Hi-Tech Development Zone
Heyuan, Guangdong Province
PRC

Compliance Adviser
Red Sun Capital Limited
Unit 3303, 33rd Floor, West Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Company Secretary
Mr. Cheung Sum Chin

Authorised Representatives *(for the purposes of the GEM Listing Rules)*
Mr. Lam Tak Ling Derek
Mr. Chan Yee Yeung

Compliance Officer
Ms. Tse Yuen Shan Ivy

Board of Directors
Executive Directors
Mr. Lam Tak Ling Derek *(Chairman)*
Mr. Chan Yee Yeung
Ms. Tse Yuen Shan Ivy

Independent Non-Executive Directors
Mr. Li Chun Hung
Mr. Ong Chor Wei
Mr. Yam Kam Kwong, *JP*

Audit Committee
Mr. Li Chun Hung *(Chairperson)*
Mr. Ong Chor Wei
Mr. Yam Kam Kwong, *JP*

Remuneration Committee
Mr. Ong Chor Wei *(Chairperson)*
Ms. Tse Yuen Shan Ivy
Mr. Li Chun Hung
Mr. Yam Kam Kwong, *JP*

Nomination Committee
Ms. Tse Yuen Shan Ivy *(Chairperson)*
Mr. Li Chun Hung
Mr. Ong Chor Wei
Mr. Yam Kam Kwong, *JP*

Cayman Islands Share Registrar and Transfer Office
Estera Trust (Cayman) Limited
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Hong Kong Share Registrar and Transfer Office
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Auditor
Deloitte Touche Tohmatsu
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Hong Kong

Stock code
8485

FINANCIAL HIGHLIGHTS

— The Group's revenue amounted to approximately HK$47.1 million for the six months ended 30 June 2018 (six months ended 30 June 2017: approximately HK$80.2 million), representing a decrease of approximately 41.3% as compared to the six months ended 30 June 2017.

— The profit attributable to owners of the Company is approximately HK$1.8 million for the six months ended 30 June 2018 (six months ended 30 June 2017: loss of approximately HK$3.3 million), representing an increase of approximately 156.3% as compared to the six months ended 30 June 2017.

— Basic earning per share for the six months ended 30 June 2018 was approximately HK$0.18 cents (six months ended 30 June 2017: basic loss per share was approximately HK$0.46 cents).

— The board of Directors (the "**Board**") does not recommend the payment of any interim dividend for the six months ended 30 June 2018.

OVERVIEW

In view of the uncertain global economy, the Group will strive to launch various credit controls, and further tighten the control over operating expenses, while streamlining production control and improving manufacturing efficiency with advanced machinery to minimise the labour cost and maximise the facility utilisation rate.

Business Review

As one of the leading printing service providers, the Group is engaged in its core business of printing books products and novelty and packaging products. It provides a full suite of services from pre-press to printing to finishing services, as well as producing custom-made and value added printing products.

For the six months ended 30 June 2018, the Group recorded a decrease in its total revenue by approximately 41.3% to approximately HK$47.1 million from approximately HK$80.2 million for the six months ended 30 June 2017. This was mainly due to the decrease in sale in the book product segment in the United States ("**U.S.**"). Profit attributable to owners of the Company was approximately HK$1.8 million, representing an increase of 156.3% from loss attributable to owners of approximately HK$3.3 million for the six months ended 30 June 2017.

For the six months ended 30 June 2018, approximately 81.3% of total revenue was contributed by the book products segment. Revenue contributed by the book products segment was approximately HK$38.3 million, representing a decrease of approximately 49.2% compared to revenue contributed by the same segment for the six months ended 30 June 2017 of approximately HK$75.4 million. The decrease was mainly due to the decrease in orders placed by U.S. customers with the Group.

Outlook

In the year ahead, the Group will continue to explore and capture new business opportunities for potential growth by enhancing our marketing strategy to expand our quality customer base and promote our one-stop printing services to existing and potential customers as well as the Group will strive to further tighten control over its operating expenses and streamline the production processes.

Meanwhile, by leveraging its leading one-stop printing platform, the Group will continue to invest in enhancing its capabilities to improve the overall production efficiency and prepare for any opportunity and potential growth in the future.

The Group will also cautiously explore viable investment and acquisition opportunities that can enhance value of the shareholders of the Company ("**Shareholders**").

As of the date of this Report, there are no identified targets for such opportunities.

Financial Review

Revenue

Our revenue decreased by approximately 41.3% from approximately HK$80.2 million for the six months ended 30 June 2017 to approximately HK$47.1 million for the six months ended 30 June 2018. This was mainly due to less customer orders received from U.S. in the books products segment compared to the same period of last year.

Gross profit margin

Our overall gross profit margin increased from approximately 29.2% for the six months ended 30 June 2017 to approximately 32.4% for the six months ended 30 June 2018. The slight increase in gross profit margin was mainly due to less discounts were given to customers from U.S. compared to the same period of last year.

Other income

Our other income increased by approximately 20.0% from approximately HK$0.5 million for the six months ended 30 June 2017 to approximately HK$0.6 million in same period of this year. The increase was mainly due to the net effect of increase in interest income and decrease in inspection income received for the period under review.

Other gains and losses

Our other gains and losses decreased by approximately 200.0% from other gains of approximately HK$0.1 million for the six months ended 30 June 2017 to other losses of approximately HK$0.1 million for the six months ended 30 June 2018. This was mainly due to less reversal of impairment loss incurred for the period under review.

Selling and distribution costs

Our distribution costs decreased by approximately 43.9% from approximately HK$4.1 million for six months ended 30 June 2017 to approximately HK$2.3 million for the six months ended 30 June 2018. This was mainly due to the decrease in transportation and freight charges resulting from lower sales volume.

Administrative expenses

Our administrative expenses decreased by approximately 2.7% from approximately HK$11.2 million for the six months ended 30 June 2017 to approximately HK$10.8 million for the six months ended 30 June 2018. No material fluctuation was noted.

Finance costs

Our finance costs decreased by approximately 62.5% from approximately HK$0.8 million for the six months ended 30 June 2017 to approximately HK$0.3 million for the six months ended 30 June 2018. This was mainly due to the settlement of other borrowing and bank borrowings in the six months ended 2018.

Income tax expense

Our income tax expense decreased by approximately 75.0% from approximately HK$2.0 million for the six months ended 30 June 2017 to approximately HK$0.5 million for the six months ended 30 June 2018. It was mainly due to the decrease in assessable profits that was subject to Hong Kong profits tax.

The applicable rate of Hong Kong Profits tax on the estimated assessable profits for the six months ended 30 June 2018 was 16.5% (six months ended 30 June 2017: 16.5%). Tax on overseas profits has been calculated on the estimated assessable profits for six months ended 30 June 2018 at the rates of tax prevailing in the countries in which the Group operates.

Net profit

As a result of the above factors, net profit for the period stood at approximately HK$1.8 million (six months ended 30 June 2017: net loss of approximately HK$3.3 million).

CAPITAL STRUCTURE

The shares of the Company were successfully listed on GEM of the Stock Exchange on 28 December 2017. There has been no change in the capital structure of the Group since then. The share capital of the Group only comprises ordinary shares.

As at 30 June 2018, the Company's issued share capital was HK$10,000,000 and the number of its issued ordinary shares was 1,000,000,000 of HK$0.01 each.

LIQUIDITY AND FINANCIAL RESOURCES

The Group financed its operations with shareholders' equity, cash generated from operations and bank and other borrowings.

The Group maintained bank deposits, bank balances and cash amounting to approximately HK$32.7 million as at 30 June 2018 (as at 31 December 2017: approximately HK$22.4 million), which increased by approximately 46.0% as compared with that as at 31 December 2017.

The Group's non-current assets decreased to approximately HK$34.6 million as at 30 June 2018 (as at 31 December 2017: approximately HK$35.9 million), primarily due to depreciation of property, plant and equipment.

As at 30 June 2018, the Group's current assets amounted to approximately HK$85.5 million, which comprised inventories of approximately HK$12.5 million (as at 31 December 2017: approximately HK$8.6 million), trade and other receivables of approximately HK$37.3 million (as at 31 December 2017: approximately HK$88.5 million), certificates of deposit of approximately HK$3.0 million (as at 31 December 2017: approximately HK$3.0 million) and cash and cash equivalents of approximately HK$32.7 million (as at 31 December 2017: approximately HK$22.4 million).

The Group's current liabilities amounted to approximately HK$33.0 million, which comprised trade and other payables of approximately HK$23.3 million (as at 31 December 2017: approximately HK$35.8 million), taxation payable of approximately HK$1.9 million (as at 31 December 2017: approximately HK$1.5 million), obligations under finance leases of approximately HK$4.8 million (as at 31 December 2017: approximately HK$5.4 million), bank borrowing of approximately HK$3.0 million (as at 31 December 2017: approximately HK$6.7 million) and nil other borrowing (as at 31 December 2017: approximately HK$5.0 million).

As at 30 June 2018, the net current assets of the Group decreased by approximately HK$15.6 million or approximately 22.9% to approximately HK$52.5 million (as at 31 December 2017: approximately HK$68.1 million).

The Group had total bank borrowings, other borrowing and obligations under finance leases of approximately HK$11.3 million as at 30 June 2018 (as at 31 December 2017: approximately HK$38.7 million).

As at 30 June 2018, the Group's borrowings were secured by (i) corporate guarantee provided by the Company, (ii) letters of undertaking from its subsidiary, namely CP Printing Limited ("**CP Printing**"); and (iii) pledging of certain plant and machinery, certificates of deposit and assignment of trade receivables.

The Group's gearing ratio, which was calculated as total interest-bearing liabilities divided by total equity as at the relevant reporting date was approximately 13.5% (as at 31 December 2017: approximately 47.0%). The Group's current ratio, which was calculated as current assets divided by current liabilities as at the relevant reporting date stood at approximately 2.6 as at 30 June 2018 (as at 31 December 2017: approximately 2.3).

TREASURY POLICIES

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the period under review. To manage the Group's liquidity risk, the management monitors the Group's liquidity position and maintains sufficient cash and cash equivalents within the Group, as well as ensuring the availability of funding through an adequate amount of committed credit facilities and the ability to settle the payables of the Group.

CHARGES ON GROUP ASSETS

As at 30 June 2018, the assets of the Group pledged are certain plant and machinery, certificates of deposit and assignment of trade receivables.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

As its revenue is mainly denominated in United States dollars ("**US$**") and Hong Kong dollars ("**HK$**"), and HK$ is pegged to US$, the Group's exposure to fluctuations in exchange rate in relation to the Group's revenue is relatively low.

The Group is also exposed to foreign exchange risks as the Group's production is mainly in the PRC. Any appreciation of Renminbi ("**RMB**") may lead to an increase of the Group's cost of production. During the six months ended 30 June 2018, the Group had not entered into any financial instrument for hedging purposes or other hedging instruments to hedge against foreign exchange rate risks. The Group will keep on reviewing and monitoring the exchange fluctuation between RMB and HK$, and will consider entering into hedging arrangement as and when appropriate.

CAPITAL EXPENDITURE

During the six months ended 30 June 2018, the Group had acquired property, plant and equipment of approximately HK$0.7 million.

CAPITAL COMMITMENTS

As at 30 June 2018 and 31 December 2017, the Group had no significant capital commitments.

CONTINGENT LIABILITIES

As at 30 June 2018 and 31 December 2017, the Group had no material contingent liabilities.

DIVIDENDS

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2018. For the six months ended 30 June 2017, total dividend of HK$2,000,000 was declared and distributed by CP Printing to its then shareholders.

USE OF PROCEEDS

On 28 December 2017, the Company's shares were listed (the "**Listing**") on GEM and 250,000,000 new shares of HK$0.01 each were issued at HK$0.25. The net proceeds from the Listing was approximately HK$36.4 million after payment of transaction costs and listing expenses. The Group intends to utilise such net proceeds as disclosed in the section headed "Future Plans and Use of Proceeds" of the prospectus (the "**Prospectus**") of the Company. As at the date of this Report, utilisation of the net proceeds from the Listing is as follows:

	Planned utilisation per Prospectus *HK$'000*	**Utilisation** *HK$'000*	**Balance** *HK$'000*
Expansion of production capacity	12,755	436	12,319
Loan repayment	10,933	10,933	—
Expansion of sale and distribution network	5,466	222	5,244
Potential investment	3,644	—	3,644
General working capital	3,644	3,644	—

MATERIAL INVESTMENTS

The Group had not made any significant investments during the six months ended 30 June 2018.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in "Future Plans and Use of Proceeds" of the Prospectus, the Group did not have other plans for material investments or capital assets.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During six months ended 30 June 2018, the Group had not made any significant acquisition or disposal of subsidiaries, associates and joint ventures.

EMPLOYEES' INFORMATION AND EMOLUMENT POLICIES

Our employees are based in Hong Kong and He Yuan, Guangdong Province, the PRC. As at 30 June 2018, there were 329 (as at 31 December 2017: 377) employees in the Group. The total staff costs, including directors' emoluments, amounted to approximately HK$15.5 million during the six months ended 30 June 2018 (six months ended 30 June 2017: approximately HK$21.4 million). Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical insurance, and grants discretionary incentive bonuses to eligible staff based on their performance and contributions to the Group.

The workers working at our production site located at Heyuan Hi-Tech Development Zone, Heyuan, Guangdong Province, the PRC ("**He Yuan Factory**") are employed by the He Yuan Factory. As at 30 June 2018, there were 317 (as at 31 December 2017: 363) employees in the He Yuan Factory.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any of the securities of the Company during the six months ended 30 June 2018.

UPDATE ON DIRECTORS' INFORMATION

During the six month ended 30 June 2018, there was no change in the information of the Directors that is required to be disclosed under pursuant to Rule 17.50A (1) of the GEM Listing Rules.

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme on 4 December 2017 (the "**Scheme**"). The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. No share options has been granted since the adoption of the Scheme and there was no share option outstanding as at 30 June 2018.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2018, the interests of the Directors and their associates in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "**SFO**"), or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules, were as follows:

Long positions

Ordinary shares of HK$0.01 each (the "Shares") of the Company

Name of Director	Capacity	Number of ordinary shares held	Percentage of the share capital of the Company
Lam Tak Ling Derek ("**Mr. Lam**")	Held by controlled corporation *(note 1)*	675,000,000	67.5%
Chan Yee Yeung ("**Mr. Chan**")	Held by controlled corporation *(note 1)*	675,000,000	67.5%
Tse Yuen Shan Ivy ("**Ms. Tse**")	Held by controlled corporation *(note 2)*	75,000,000	7.5%

Notes:

(1) The Company is directly owned as to 67.5% by Master Sage Limited ("**Master Sage**"). Master Sage is directly owned as to 50% and 50% by Mr. Lam and Mr. Chan, respectively. By virtue of the SFO, each of Mr. Lam and Mr. Chan is deemed to be interested in the Shares held by Master Sage.

(2) The Company is directly owned as to 7.5% by Fortune Corner Holdings Limited ("**Fortune Corner**"). Fortune Corner is directly wholly owned by Ms. Tse. By virtue of the SFO, Ms. Tse is deemed to be interested in the Shares held by Fortune Corner.

Other than as disclosed above, none of the Directors nor their associates had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations as at 30 June 2018.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as the Directors are aware, as at 30 June 2018, no entities or persons (not being a Director or chief executive of the Company) had an interest and short position in the Shares and underlying Shares of the Company as required to be recorded in the register maintained by the Company pursuant to section 336 of the SFO.

MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the six months ended 30 June 2018.

CONTROLLING SHAREHOLDER'S INTERESTS IN SIGNIFICANT CONTRACTS

As for as the Directors are aware, at no time during 2017 and for the six months ended 30 June 2018 had the Company or any of its subsidiaries and the controlling Shareholder (as defined in the GEM Listing Rules) (the "**Controlling Shareholders**") or any of its subsidiaries entered into any contract of significance or any contracts of significance for the provision of services by the Controlling Shareholder or any of its subsidiaries to the Company or any of its subsidiaries.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN A COMPETING BUSINESS

None of the Directors and the Controlling Shareholders of the Company or their respective close associates (as defined in the GEM Listing Rules) is or was interested in any business apart from the Group's business, that competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the six months ended 30 June 2018.

Each of Controlling Shareholders (together, the "**Covenantors**") entered into a deed of non-competition in favour of the Group (the "**Deed of Non-competition**") on 4 December 2017, details of which are set out in the section headed "Relationship with Our Controlling Shareholders — Deed of Non-competition" in the Prospectus.

The Company received from each of the Covenantors confirmation on their respective compliance of the non-competition undertaking under the Deed of Non-competition for the six months ended 30 June 2018 and year ended 31 December 2017. The independent non-executive Directors have reviewed the compliance of such undertaking and evaluated the effective implementation of the Deed of Non-competition, and they were satisfied with the Covenantors' compliance with their undertaking.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance to safeguard the interests of its shareholders and enhance its corporate value. The Company's corporate governance practices are based on the principles, code provisions and certain recommended best practices as set out in the Corporate Governance Code and Corporate Governance Report in Appendix 15 to the GEM Listing Rules (the "**CG Code**").

During the six months ended 30 June 2018, the Company has complied with the code provisions set out in the CG Code, except that Mr. Lam is currently performing both the roles of chairman and chief executive officer of the Company. Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should not be performed by the same individual. Taking into account Mr. Lam's strong expertise in the printing industry, the Board considered that the roles of chairman and chief executive officer being performed by Mr. Lam enables more effective and efficient overall business planning, decision making and implementation thereof by the Group. In order to maintain good corporate governance and fully comply with such code provision, the Board will regularly review the need to appoint different individuals to perform the roles of chairman and chief executive officer separately. Save as disclosed above, the Directors consider that throughout the six months ended 30 June 2018, the Company has applied the principles and complied with all the applicable code provisions set out in the CG code.

CG Code provision A.6.7 requires that independent non-executive Directors shall attend general meetings and develop a balanced understanding of the views of the Shareholders. All independent non-executive Directors attended the annual general meeting held on 11 May 2018.

The Board will continue to monitor and renew the Company's corporate governance practices to ensure compliance with the CG Code.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the required standards of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the shares of the Company (the "**Code of Conduct**"), Having made specific enquiries with the Directors, all Directors have confirmed that they have complied with the required standards set out in the Code of Conduct during the six months ended 30 June 2018.

INTERESTS OF THE COMPLIANCE ADVISER

As confirmed by the Group's compliance adviser, Red Sun Capital Limited (the "**Compliance Adviser**"), as at 30 June 2018, save for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 31 May 2017 in connection with the Listing, none of the Compliance Adviser, its employees or associates (as defined in the GEM Listing Rules) had any interest in the Group or in the share capital of any member of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

AUDIT COMMITTEE

The Company established an audit committee (the "**Audit Committee**") on 4 December 2017 with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The Audit Committee currently comprises all three independent non-executive Directors, namely Mr. Li Chun Hung, Mr. Ong Chor Wei and Mr. Yam Kam Kwong, *JP*. The chairperson of the Audit Committee is Mr. Li Chun Hung, who holds the appropriate professional qualifications as required under Rule 5.28 of the GEM Listing Rules. None of the members of the Audit Committee are former partners of the Company's existing external auditors.

The Audit Committee has reviewed the Report and the Group's unaudited consolidated financial results for the six months ended 30 June 2018 and is of the opinion that the preparation of such results complied with applicable accounting standards and that adequate disclosure has been made in respect thereof.

By Order of the Board
Smart Globe Holdings Limited
Lam Tak Ling Derek
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 3 August 2018

As at the date of this Report, the executive Directors are Mr. Lam Tak Ling Derek, Mr. Chan Yee Yeung and Ms. Tse Yuen Shan Ivy; and the independent non-executive Directors are Mr. Li Chun Hung, Mr. Ong Chor Wei and Mr. Yam Kam Kwong, JP.

This report will remain on the "Latest Company Announcements" page of the GEM website at http://www.hkgem.com for at least 7 days from the date of its posting and on the websites of the Company at http://www.smartglobehk.com.

TO THE BOARD OF DIRECTORS OF SMART GLOBE HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Smart Globe Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 16 to 36, which comprise the condensed consolidated statement of financial position as of 30 June 2018 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("**HKAS 34**") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
3 August 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

		Three months ended 30 June		Six months ended 30 June	
		2018	2017	**2018**	2017
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
Revenue	3	**28,167**	42,862	**47,059**	80,159
Cost of sales		**(18,610)**	(31,584)	**(31,811)**	(56,750)
Gross Profit		**9,557**	11,278	**15,248**	23,409
Other income	4	**311**	330	**584**	510
Other gains and losses	5	**(52)**	83	**(125)**	112
Selling and distribution costs		**(1,256)**	(2,735)	**(2,277)**	(4,138)
Administrative expenses		**(6,433)**	(4,674)	**(10,846)**	(11,238)
Listing expenses		**—**	(8,809)	**—**	(9,109)
Finance costs		**(92)**	(505)	**(277)**	(814)
Profit (loss) before taxation		**2,035**	(5,032)	**2,307**	(1,268)
Taxation	6	**(458)**	(1,251)	**(512)**	(1,994)
Profit (loss) for the period		**1,577**	(6,283)	**1,795**	(3,262)
Other comprehensive income (expense) for the period					
Item that may reclassified subsequently to profit or loss:					
Exchange differences arising from translation of a foreign operation		**(2,177)**	183	**(544)**	277
Total comprehensive (expense) income for the period		**(600)**	(6,100)	**1,251**	(2,985)
Earnings (loss) per share					
— **Basic** (HK cent)	8	**0.16**	(0.93)	**0.18**	(0.46)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

	Notes	As at 30 June 2018 HK$'000 (Unaudited)	As at 31 December 2017 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	9	**34,573**	35,884
Current assets			
Inventories		**12,500**	8,624
Trade and other receivables	10	**37,252**	88,500
Certificates of deposit		**2,983**	3,003
Bank balances and cash		**32,743**	22,398
		85,478	122,525
Current liabilities			
Trade and other payables	12	**23,137**	35,819
Taxation payable		**1,963**	1,473
Obligations under finance leases			
— due within one year		**4,803**	5,355
Bank borrowings	13	**3,049**	6,743
Other borrowing		**—**	5,044
		32,952	54,434
Net current assets		**52,526**	68,091
Total assets less current liabilities		**87,099**	103,975
Non-current liabilities			
Obligations under finance leases			
— due after one year		**3,487**	5,642
Other borrowing		**—**	15,972
		3,487	21,614
Net assets		**83,612**	82,361
Capital and reserves			
Share capital	14	**10,000**	10,000
Reserves		**73,612**	72,361
Total equity		**83,612**	82,361

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Share capital *HK$'000*	Share premium *HK$'000*	Special reserve *HK$'000* *(Note)*	Translation reserve *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*
At 1 January 2017 (audited)	—	—	—	(1,623)	18,240	16,617
Loss for the period	—	—	—	—	(3,262)	(3,262)
Other comprehensive expense for the period — exchange differences arising from translation of a foreign operation	—	—	—	277	—	277
Total comprehensive income (expense) for the period	—	—	—	277	(3,262)	(2,985)
Dividend paid *(Note 7)*	—	—	—	—	(2,000)	(2,000)
Issue of shares by CP Printing Limited	12,290	—	—	—	—	12,290
Effect of group reorganisation	(12,290)	—	12,290	—	—	—
At 30 June 2017 (audited)	—	—	12,290	(1,346)	12,978	23,922
At 1 January 2018 (audited)	**10,000**	**43,645**	**12,290**	**363**	**16,063**	**82,361**
Profit for the period	**—**	**—**	**—**	**—**	**1,795**	**1,795**
Other comprehensive expense for the period — exchange differences arising from translation of a foreign operation	**—**	**—**	**—**	**(544)**	**—**	**(544)**
Total comprehensive (expense) income for the period	**—**	**—**	**—**	**(544)**	**1,795**	**1,251**
At 30 June 2018 (unaudited)	**10,000**	**43,645**	**12,290**	**(181)**	**17,858**	**83,612**

Note: The special reserve of the Group represented the difference between the nominal value of the share capital of the Company and the nominal value of the share capital of CP Printing Limited ("**CP Printing**") pursuant to the Reorganisation as defined in Note 1.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Six months ended 30 June 2018 HK$'000 (Unaudited)	2017 HK$'000 (Audited)
Net cash used in operating activities	**(17,899)**	(2,967)
Investing activities		
Purchase of property, plant and equipment	**(734)**	(1,282)
Proceeds from disposal of property, plant and equipment	**—**	3,008
Other investing cash flows, net	**341**	(985)
Net cash (used in) from investing activities	**(393)**	741
Financing activities		
Proceed from the share offer	**56,250**	—
New bank borrowings raised	**6,153**	12,214
Repayment of other borrowing	**(21,037)**	(399)
Repayments of bank borrowings	**(9,847)**	(9,380)
Principal payments on obligations under finance lease	**(2,707)**	(2,610)
Other financing cash flows, net	**(277)**	(814)
Proceeds from issue of shares in CP printing	**—**	10,000
Repayment to directors	**—**	(4,940)
Dividend paid	**—**	(2,000)
Net cash from financing activities	**28,535**	2,071
Net increase (decrease) in cash and cash equivalents	**10,243**	(155)
Cash and cash equivalents at beginning of the period	**22,398**	8,194
Effect of foreign exchange rate changes	**102**	31
Cash and cash equivalents at end of the period, Represented by bank balances and cash	**32,743**	8,070

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") as well as with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

In preparation for the listing of the Company's shares on GEM of the Stock Exchange, the companies now comprising the Group underwent a reorganisation (the "**Reorganisation**") to rationalise the structure of the Group which involves the following major steps:

a. Before the Reorganisation, CP Printing was owned as to 50% and 50% by Mr. Lam Tak Ling Derek ("**Mr. Lam**") and Mr. Chan Yee Yeung ("**Mr. Chan**"). On 30 March 2017, CP Printing issued and allotted 10 shares to Ms. Tse Yuen Shan Ivy ("**Ms. Tse**"), a key management personnel of the Group, at a consideration of HK$10,000,000. Upon completion of the said allotment and issuance, CP Printing was owned as to 45%, 45% and 10% by Mr. Lam, Mr. Chan and Ms. Tse.

b. On 5 May 2017, the Company was incorporated in the Cayman Islands with an authorised share capital of HK$390,000 divided into 39,000,000 shares of HK$0.01 each. On the date of its incorporation, (i) one share was issued to the initial subscriber, which was transferred to Master Sage Limited ("**Master Sage**"), a company directly owned as to 50% and 50% by Mr. Lam and Mr. Chan. On the same day; (ii) 899 shares were issued to Master Sage; and (iii) 100 shares were issued to Fortune Corner Holdings Limited ("**Fortune Corner**"), a company wholly-owned by Ms. Tse.

c. On 15 May 2017, Wealthy Global Group Limited ("**Wealthy Global**") was incorporated as limited liability company in BVI by issuing a total of 100 shares of United States dollar ("**US$**") 1.00 each to the Company. Wealthy Global became a wholly-owned subsidiary of the Company.

d. Pursuant to a sale and purchase agreement dated 24 May 2017, Wealthy Global acquired the entire equity interests in CP Printing by issuing and allotting a total of 100 shares to the Company. On the same day, CP Printing became a directly wholly-owned subsidiary of Wealthy Global and the Reorganisation was completed.

The Group resulting from the Reorganisation, which involves interspersing the Company and Wealthy Global between CP Printing and its shareholders, is regarded as a continuing entity. Accordingly, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months ended 30 June 2017 have been prepared to include the results, changes in equity and cash flows of the companies now comprising the Group as if the group structure upon the completion of the Reorganisation had been in existence throughout the period, or since their respective dates of incorporation where this is a shorter period.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK (IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 cycle
Amendments to HKAS 40	Transfers of Investment Property

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which resulted in changes in certain accounting policies and/or disclosures as described below.

Impacts and changes in accounting policies of application on HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group recognises revenue from production, distribution and printing of books, novelty and packaging products.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 January 2018.

Key changes in accounting policies resulting from application of HKFRS 15

HKFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates and enhances an asset that the customer controls as the Group performs; 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.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Summary of effects from initial application of HKFRS 15

The revenue of the Group is recognised at a point in time. Under the transfer-of-control approach in HKFRS 15, revenue from sales of printing of books, novelty and packaging products is generally recognised when customer acceptance has been obtained, which is the point of time when the customer has the ability to direct the use of the products and obtain substantially all of the remaining benefits of the products, which also represented the point of time when goods delivered. A receivable is recognised by the Group when the goods are delivered to the customers as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

The application of HKFRS15 has had no material impact on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

Impacts and changes in accounting policies of application on HKFRS 9 "Financial Instruments" and the related amendments

In the current period, the Group has applied HKFRS 9 "Financial Instruments" and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Classification and measurement of financial assets

Financial assets arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

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

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

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade receivables). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjustment for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balance and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial-recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Summary of effects from initial application of HKFRS 9

In the current period, the Group has applied HKFRS 9 simplified approach to measure ECL using lifetime ECL for trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics, and there had been no significant increase in credit risk since initial recognition.

Loss allowance for other financial assets at amortised cost mainly comprise of certificates of deposits and bank balances, and are measured on 12m ECL basis and there had been no significant increase in credit risk since initial recognition.

As at 1 January 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. No additional impairment allowance was recognised at 1 January 2018 and further assessment process is set out in note 11. Apart from the foregoing, the application of HKFRS 9 has had no material effect on classification and measurement of financial assets in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents amounts received or receivable from production and printing of books, novelty and packaging products.

The information of revenue by types of products sold are as follows:

Revenue from goods recognised at a point in time:

	Three months ended 30 June		**Six months ended 30 June**	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
Book products	**22,307**	39,910	**38,255**	75,398
Novelty and packaging products	**5,860**	2,952	**8,804**	4,761
	28,167	42,862	**47,059**	80,159

The Group's operating activities are attributable to a single operating segment focusing on production, distribution and printing of books, novelty and packaging products. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies that conform to HKFRSs and are regularly reviewed by the directors of the Company, being the chief operating decision maker ("**CODM**"). Accordingly, the Group has only one operating segment. No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM. No further discrete financial information nor analysis of this single segment is presented as the CODM reviews the financial information of the Group as a whole.

The Group's operations are located in Hong Kong and the People's Republic of China (the "**PRC**").

Information about the Group's revenue from external customers is presented based on the geographical location of the customers.

	Revenue from external customers			
	Three months ended 30 June		**Six months ended 30 June**	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
Hong Kong	**8,296**	7,154	**15,278**	17,645
United Kingdom	**4,786**	1,387	**10,237**	3,355
Netherlands	**8,447**	2,790	**9,316**	4,284
The PRC	**3,069**	2,219	**5,333**	2,819
United States	**2,204**	28,605	**5,271**	50,025
Belgium	**344**	8	**344**	704
Others	**1,021**	699	**1,280**	1,327
	28,167	42,862	**47,059**	80,159

4. OTHER INCOME

	Three months ended 30 June		**Six months ended 30 June**	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
Bank and other interest income	**1**	18	**17**	18
Government grant	**1**	—	**86**	—
Inspection income	**—**	121	**—**	297
Sundry income	**309**	191	**481**	195
	311	330	**584**	510

5. OTHER GAINS AND LOSSES

	Three months ended 30 June		Six months ended 30 June	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
Exchange loss	**(74)**	(101)	**(147)**	(141)
Reversal of impairment losses on trade receivables	**22**	82	**22**	151
Gain on disposal of property, plant and equipment	**—**	102	**—**	102
	(52)	83	**(125)**	112

6. TAXATION

	Three months ended 30 June		Six months ended 30 June	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
The charge (credit) comprise:				
Hong Kong Profit Tax				
Charge for the period	**439**	627	**493**	1,370
Overprovision in prior periods	**—**	(20)	**—**	(20)
	439	607	**493**	1,350
PRC Enterprise Income Tax ("**EIT**")				
Charge for the period	**19**	644	**19**	644
	458	1,251	**512**	1,994

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both periods.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for both periods.

7. DIVIDENDS

During the period ended 30 June 2017, total dividend of HK$2,000,000 were declared and distributed by CP Printing to its then shareholders.

No dividend were paid, declared or proposed during the interim period.

The directors of the Company have determined that no dividends will be paid or proposed in respect of the six months period ended 30 June 2018.

8. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share for the period is based on the following data:

	Three months ended 30 June		**Six months ended 30 June**	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
Profit (loss) for the period attributable to owners of the Company for the purpose of basic earnings (loss) per share	**1,577**	(6,283)	**1,795**	(3,262)

	Three months ended 30 June		**Six months ended 30 June**	
	2018	2017	**2018**	2017
	'000	*'000*	***'000***	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**1,000,000**	676,667	**1,000,000**	713,536

The weighted average number of ordinary shares for the purpose of calculating basic earnings (loss) per share for the six months ended 30 June 2017 has been determined on the assumption that the Reorganisation and the Capitalisation Issue as defined in note 14(c) has been effective from 1 January 2017.

No diluted earnings per share is presented as there were no potential ordinary shares in issue during the periods.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group acquired property, plant and equipment of approximately HK$734,000 (six months ended 30 June 2017: HK$1,282,000).

10. TRADE AND OTHER RECEIVABLES

	At 30 June 2018 ***HK$'000*** **(Unaudited)**	At 31 December 2017 *HK$'000* (Audited)
Trade receivables	**36,091**	31,230
Less: Allowance for doubtful debts	**(1,585)**	(1,607)
	34,506	29,623
Proceeds receivable from the Share Offer *(Note)*	**—**	56,250
Other receivables	**2,746**	2,627
Total trade and other receivables	**37,252**	88,500

Note: The amount represents the proceeds from the Share Offer, as defined in note 14(d), collected by the bookrunner on behalf of the Company. The amount was fully settled during the period.

The Group allows credit period ranging from 60 to 120 days. The following is an aged analysis of trade receivables, net of allowance of doubtful debts, presented based on the goods delivery date, which were the respective revenue recognition dates, at the end of reporting period:

	At 30 June 2018 ***HK$'000*** **(Unaudited)**	At 31 December 2017 *HK$'000* (Audited)
Within 30 days	**13,562**	9,167
31 to 60 days	**7,969**	6,855
61 to 90 days	**5,668**	4,360
Over 90 days	**7,307**	9,241
	34,506	29,623

Included in the Group's trade receivables balance as at 30 June 2018 are debtors with aggregate carrying amount of HK$9,211,000 (31 December 2017: HK$10,103,000), which are past due at the end of the reporting period. The Group does not hold any collateral over these balances.

Included in the Group's trade receivables as at 30 June 2018 is balance of HK$900,000 (31 December 2017: HK$245,000) due from a related company, which is a company owned by Ms. Tse, the key management personnel of the Group, and her family. The amounts is repayable within three months from the goods delivery dates.

11. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS SUBJECT TO ECL MODEL

As part of the Group's credit risk management, the Group applies internal credit rating for its customers. The Group assessed the ECL for the trade receivables and other receivables collectively based on provision matrix as at 1 January 2018 and 30 June 2018. No impairment allowance for trade receivables and other receivables were provided based on the provision matrix since the loss given default and exposure at default are low based on historical credit loss experience. The directors of the Company has also assessed all available forward looking information, including but not limited to expected growth rate of the industry and subsequent settlement, and concluded that there is no significant increase in credit risk.

In addition, certain trade receivables and other receivables as at 30 June 2018 were assessed individually and not included in provision matrix, there were no additional impairment allowance or movements in the allowance for doubtful debts during the current interim period. Allowance for doubtful debts with an aggregate balance of HK$1,585,000 represents individually impaired trade receivables as the directors of the Company considered the outstanding balances were uncollectible.

For the certificates of deposits and bank balances, no allowance for impairment was made since the directors of the Company consider the probability of default is negligible as such amounts are receivable from or placed in banks in Hong Kong having good reputation.

12. TRADE AND OTHER PAYABLES

	At 30 June 2018 HK$'000 (Unaudited)	At 31 December 2017 HK$'000 (Audited)
Trade payables	**16,712**	14,855
Accrued listing expenses	**—**	9,947
Accrued expenses	**5,023**	5,878
Other payables	**1,402**	5,139
Total trade and other payables	**23,137**	35,819

The credit period of trade payables is 30 to 90 days.

The following is an aged analysis of trade payables based on the invoice date at the end of reporting period:

	At 30 June 2018 HK$'000 (Unaudited)	At 31 December 2017 HK$'000 (Audited)
Within 30 days	**14,638**	9,266
31 to 60 days	**678**	328
61 to 90 days	**79**	34
Over 90 days	**1,317**	5,227
	16,712	14,855

13. BANK BORROWINGS

	At 30 June 2018	At 31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Secured	**3,049**	3,821
Unsecured	**—**	2,922
	3,049	6,743

The carrying amounts of the above borrowings are repayable within one year. The amounts due are based on scheduled repayment dates set out in the loan agreements.

The bank borrowings are interest bearing at variable rate at United State Dollar Best Lending Rate ("**USDBLR**") per annum and variable rates at Hong Kong Dollar Best Lending Rate ("**HKDBLR**") less 2.25% per annum as at 30 June 2018 (31 December 2017: USDBLR plus 0.25% per annum and HKDBLR less 2.75% to HKDBLR per annum).

The secured bank borrowings were secured by the certificates of deposit and assignment of certain receivables of the respective group entity.

The effective interest rates (which are also equal to contracted interest rates) of the Group's bank borrowings were ranged from 2.75% to 5.00% per annum for the six months ended 30 June 2018 (for the year ended 31 December 2017: 2.25% to 5.00% per annum).

14. SHARE CAPITAL

	Notes	Number of shares	Share capital HK$000
Authorised:			
At date of incorporation (ordinary shares of HK$0.01 each)	(a)	39,000,000	390
Increase in authorised share capital	(b)	1,961,000,000	19,610
At 31 December 2017 and 30 June 2018		2,000,000,000	20,000
Issued and fully paid:			
At date of incorporation	(a)	1	—
Issue of shares on Reorganisation	(a)	999	—
Issue of shares on Capitalisation Issue	(c)	749,999,000	7,500
Issue of shares from the Share Offer	(d)	250,000,000	2,500
At 31 December 2017 and 30 June 2018		1,000,000,000	10,000

Notes:

(a) On 5 May 2017, the Company was incorporated in the Cayman Islands with an authorised share capital of HK$390,000 divided into 39,000,000 shares of HK$0.01 each. On the date of its incorporation, (i) one share was issued to the initial subscriber, which was transferred to Master Sage, a company directly owned as to 50% and 50% by Mr. Lam and Mr. Chan. On the same day; (ii) 899 shares were issued to Master Sage; and (iii) 100 shares were issued to Fortune Corner, a company wholly owned by Ms. Tse.

(b) On 4 December 2017, the authorised share capital of the Company was increased from HK$390,000 divided into 39,000,000 shares to HK$20,000,000 divided into 2,000,000,000 shares by the creation of an additional 1,961,000,000 shares, ranking pari passu in all respect with the then existing shares.

(c) Pursuant to the written resolutions passed by the sole shareholder of the Company on 4 December 2017, upon completion of the public offer and placing on 28 December 2017, the Company was authorised to capitalise a sum of HK$7,500,000 standing to the credit of the share premium account of the Company and applied such amount to pay up in full at par of 749,999,000 ordinary shares of the Company (the "**Capitalisation Issue**").

(d) In connection with the listing of the shares of the Company on GEM of the Stock Exchange on 28 December 2017, the Company allotted and issued a total of 250,000,000 new shares at HK$0.25 per share (the "**Share Offer**").

15. RELATED PARTIES DISCLOSURES

Other than the amount due from a related company as disclosed in Note 10, the Group has the following transactions with related parties during the period:

(a) The emoluments of directors and other members of key management were HK$822,000 (for the six months ended 30 June 2017: HK$2,922,000).

(b) The Group received income for sales of novelty and packaging products totalling HK$1,094,000 (six months ended 30 June 2017: HK$691,000), from Tse Wing Hang Limited (trading as Richmond Company), a company of which Ms. Tse, the key management personnel of the Group and her family, hold 100% equity interest.