COMBEST HOLDINGS LIMITED
康佰控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8190)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2018

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

* *For identification purposes only*

FINANCIAL AND BUSINESS HIGHLIGHTS

The financial and business highlights of the Combest Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 30 June 2018 are presented as follows:

	Continuing operations		**Discontinued operations**		**Total**	
	2018	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue	**71,236**	53,570	**–**	17,459	**71,236**	71,029
(Loss)/Profit for the year/period attributable to owners of the Company	**(63,240)**	11,911	**–**	41,184	**(63,240)**	53,095
(Loss)/Earnings per share						
– basic	**(1.65) cents**	0.32 cents	**–**	1.13 cents	**(1.65) cents**	1.45 cents
– diluted	**(1.65) cents**	0.32 cents	**–**	1.13 cents	**(1.65) cents**	1.45 cents

No dividends have been paid or declared by the Company during the years ended 30 June 2018 and 2017.

RESULTS

The board of Directors (the "Board") wishes to announce the consolidated results of the Group for the year ended 30 June 2018, together with the audited comparative figures for the year ended 30 June 2017 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2018

	Notes	**2018** HK$'000	2017 HK$'000
Continuing operations			
Revenue	4	**71,236**	53,570
Staff costs		**(3,666)**	(3,140)
Other operating expenses		**(4,864)**	(10,109)
Finance costs	7	**(42,716)**	(24,958)
Impairment of goodwill	13	**(51,740)**	–
(Loss)/Profit before income tax	6	**(31,750)**	15,363
Income tax expenses	8	**(6,998)**	(1,401)
(Loss)/Profit for the year from continuing operations		**(38,748)**	13,962
Discontinued operations			
Profit for the period from discontinued operations	10	**–**	41,023
(Loss)/Profit for the year		**(38,748)**	54,985
Other comprehensive income, net of tax			
Item that may be reclassified subsequently to profit or loss:			
Exchange gain/(loss) on translation of financial statements of foreign operations		**206**	(3,347)
Release of exchange reserve upon disposal of subsidiaries		**–**	(30,569)
Other comprehensive income for the year, net of tax		**206**	(33,916)
Total comprehensive income for the year		**(38,542)**	21,069

	Notes	**2018**	2017
		HK$'000	*HK$'000*
(Loss)/Profit for the year/period attributable to:			
Owners of the Company			
(Loss)/Profit for the year from continuing operations		**(63,240)**	11,911
Profit for the period from discontinued operations		**–**	41,184
		(63,240)	53,095
Non-controlling interests			
Profit for the year from continuing operations		**24,492**	2,051
Loss for the period from discontinued operations		**–**	(161)
		24,492	1,890
		(38,748)	54,985
Total comprehensive income attributable to:			
Owners of the Company		**(63,149)**	19,209
Non-controlling interests		**24,607**	1,860
		(38,542)	21,069
(Loss)/Earnings per share for attributable to owners of the Company	*11*		
From continuing and discontinued operations			
– Basic *(HK cent(s))*		**(1.65)**	1.45
– Diluted *(HK cent(s))*		**(1.65)**	1.45
From continuing operations			
– Basic *(HK cent(s))*		**(1.65)**	0.32
– Diluted *(HK cent(s))*		**(1.65)**	0.32

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	30 June 2018 HK$'000	30 June 2017 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**–**	–
Available-for-sale investments	*12*	**242,107**	242,107
Intangible assets		**974**	1,093
Goodwill	*13*	**178,778**	230,518
		421,859	473,718
Current assets			
Financial asset through profit or loss		**–**	–
Accounts receivables	*14*	**540**	25,523
Loan receivables	*15*	**5,074**	234
Prepayments, deposits and other receivables		**30,393**	80,277
Tax recoverable		**1,228**	–
Cash and cash equivalents		**56,714**	5,729
		93,949	111,763
Current liabilities			
Accounts payables	*16*	**–**	10,712
Other payables, deposits and accruals		**1,533**	1,193
Interest-bearing borrowings	*17*	**345,448**	367,483
Tax payables		**10,979**	3,823
		357,960	383,211
Net current liabilities		**(264,011)**	(271,448)
Total assets less current liabilities		**157,848**	202,270
Net assets		**157,848**	202,270
EQUITY			
Equity attributable to owners of the Company			
Share capital	*20*	**38,415**	38,415
Reserves		**96,521**	159,670
		134,936	198,085
Non-controlling interests		**22,912**	4,185
Total equity		**157,848**	202,270

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2018

	Equity attributable to owners of the Company						
	Share capital *HK$'000* *(note 20)*	Share premium* *HK$'000*	Exchange reserve* *HK$'000*	(Accumulated losses)/ Retained earnings* *HK$'000*	Sub-total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
Balance at 1 July 2017	**38,415**	**514,346**	**28**	**(354,704)**	**198,085**	**4,185**	**202,270**
(Loss)/Profit for the year	**–**	**–**	**–**	**(63,240)**	**(63,240)**	**24,492**	**(38,748)**
Other comprehensive income							
Item that may be reclassified subsequently to profit or loss:							
– Exchange gain on translation of financial statements of foreign operations	**–**	**–**	**91**	**–**	**91**	**115**	**206**
Total comprehensive income for the year	**–**	**–**	**91**	**(63,240)**	**(63,149)**	**24,607**	**(38,542)**
Share premium reduction	**–**	**(514,346)**	**–**	**514,346**	**–**	**–**	**–**
Dividend paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**(5,880)**	**(5,880)**
Transactions with owners	**–**	**(514,346)**	**–**	**514,346**	**–**	**(5,880)**	**(5,880)**
Balance at 30 June 2018	**38,415**	**–**	**119**	**96,402**	**134,936**	**22,912**	**157,848**

	Equity attributable to owners of the Company							
	Share capital HK$'000 (note 20)	Share premium* HK$'000	Statutory reserves* HK$'000	Exchange reserve* HK$'000	Accumulated losses* HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 July 2016, as restated	32,015	458,371	9,482	33,914	(417,281)	116,501	3,626	120,127
Profit for the year	–	–	–	–	53,095	53,095	1,890	54,985
Other comprehensive income								
Item that may be reclassified subsequently to profit or loss:								
– Exchange loss on translation of financial statements of foreign operations	–	–	–	(3,317)	–	(3,317)	(30)	(3,347)
Release of exchange reserve upon disposal of subsidiaries *(note 10(c))*	–	–	–	(30,569)	–	(30,569)	–	(30,569)
Total comprehensive income for the year	–	–	–	(33,886)	53,095	19,209	1,860	21,069
Issue of shares upon share placing, net of share placing expenses *(note 20)*	6,400	55,975	–	–	–	62,375	–	62,375
Non-controlling interests arising on business combination *(note 18)*	–	–	–	–	–	–	2,134	2,134
Disposal of subsidiaries *(note 10(c))*	–	–	(9,482)	–	9,482	–	(3,435)	(3,435)
Transactions with owners	6,400	55,975	(9,482)	–	9,482	62,375	(1,301)	61,074
Balance at 30 June 2017	38,415	514,346	–	28	(354,704)	198,085	4,185	202,270

* *These reserve accounts comprise the consolidated reserves of approximately HK$96,521,000 (2017: HK$159,670,000 in the consolidated statement of financial position.*

Notes:

1. **General information**

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 28 August 2001 and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is Flat M-N, 24/F, Houston Industrial Building, 32-40 Wang Lung Street, Tsuen Wan, New Territories, Hong Kong.

2. **Basis of preparation**

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements includes applicable disclosure required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

The consolidated financial statements have been prepared on the going concern basis which assumes the realisation of assets and satisfaction of liabilities in the ordinary course of business notwithstanding that the Group had net current liabilities of approximately HK$264,011,000 (2017: HK$271,448,000) as at 30 June 2018. The directors are of the opinion that the Group will have sufficient resources to satisfy its working capital and other financing requirement in the foreseeable future based on the Group has been granted an extension on an existing loan facility of HK$300,000,000 on 30 August 2018 (HK$283,279,000 was utilised as at 30 June 2018) which originally mature on 26 December 2018 for another year. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

The consolidated financial statements have been prepared under the historical cost convention except for those financial asset stated at fair value, which is measured at fair value.

2. **Basis of preparation (Continued)**

The consolidated financial statements is presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company, as it is the currency of the primary economic environment in which the principal subsidiaries of the Company operates.

3. **Principal accounting policies**

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 July 2017:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 12, Disclosure of Interests in Other Entities

The adoption of the above amendments has no material impact on the Group's consolidated financial statements in this announcement.

The Group has not early adopted any new/amended HKFRSs that have been issued but are not yet effective in the consolidated financial statements.

4. **Revenue**

Revenue from continuing operations represents (i) loan interest income from money lending business; (ii) advisory services income from the provision of consultancy services and company secretarial services; and (iii) management fee and performance fee income from fund management business. As described in more details in note 10, Diamond Globe Investments Limited, together with its subsidiaries (the "Diamond Globe Group") was disposed of on 28 October 2016 which generated revenue of the net invoice value of goods sold, after allowances for return and trade discounts where applicable. An analysis of the Group's revenue is as follows:

	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Loan interest income	**2,830**	14,680
Advisory services income	**3,760**	26,755
Management fee and performance fee income	**64,646**	12,135
	71,236	53,570
Discontinued operations		
Sales of goods	**–**	17,459

5. Segment information

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

(a) Money lending represents provision of credit;

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

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

(d) Functional healthcare products include mattresses, magnetic chairs, pillows, blankets, food supplements, air ionizer products, other bedroom accessories and a range of functional healthcare clothes and accessories, which was disposed of on 28 October 2016 *(note 10)*; and

(e) OEM consumer electronics products include RS connectors and transmitters for consumer electronics products, which was disposed of on 28 October 2016 *(note 10)*.

There were no inter-segment sales and transfers during the year (2017: Nil).

	Continuing operations						**Discontinued operations**					
	Money lending		**Advisory services**		**Fund management**		**Functional healthcare products**		**OEM consumer electronic products**		**Total**	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue												
– From external customers												
Reportable segment revenue	**2,830**	14,680	**3,760**	26,755	**64,646**	12,135	**–**	14,992	**–**	2,467	**71,236**	71,029
Reportable segment profit/(loss) before tax	**1,068**	13,310	**(51,805)**	25,167	**39,874**	1,865	**–**	(7,404)	**–**	(457)	**(10,863)**	32,481
Depreciation of property, plant and equipment	**–**	–	**–**	–	**–**	–	**–**	(205)	**–**	(7)	**–**	(212)
Impairment of goodwill	**–**	–	**(51,740)**	–	**–**	–	**–**	–	**–**	–	**(51,740)**	–
Interest expenses on interest-bearing borrowings	**(4,372)**	(1,334)	**–**	–	**(22,194)**	(4,123)	**–**	–	**–**	–	**(26,566)**	(5,457)
Reportable segment assets	**5,580**	343	**12,260**	67,340	**410,268**	430,977	**–**	–	**–**	–	**428,108**	498,660
Reportable segment liabilities	**(39,193)**	(86,220)	**(515)**	(169)	**(313,860)**	(291,988)	**–**	–	**–**	–	**(353,568)**	(378,377)

5. Segment information (Continued)

The total represented for the Group's operation segments reconcile to the Group's key financial figures as presented in the consolidated financial statements as follows:

	2018	2017
	HK$'000	*HK$'000*
Reportable segment revenue	**71,236**	71,029
Reportable segment (loss)/profit	**(10,863)**	32,481
Imputed interest on promissory notes	**–**	(3,351)
Unallocated expenses *(note a)*	**(20,887)**	(21,628)
Segment loss before income tax from discontinued operations *(note 10(a))*	**–**	7,861
(Loss)/Profit before income tax from continuing operations	**(31,750)**	15,363

	2018	2017
	HK$'000	*HK$'000*
Reportable segment assets	**428,108**	498,660
Other corporate assets *(note b)*	**87,700**	86,821
Group assets	**515,808**	585,481
Reportable segment liabilities	**353,568**	378,377
Tax payables	**3,535**	3,823
Other corporate liabilities	**857**	1,011
Group liabilities	**357,960**	383,211

Notes:

(a) Unallocated expenses mainly included unallocated interest expense.

(b) Other corporate assets mainly included unallocated other receivables and cash and cash equivalents.

5. Segment information (Continued)

Geographical segment information

The Group's revenues from external customers are divided into the following geographical areas:

	Revenue from external customers	
	2018	2017
	HK$'000	*HK$'000*
Principal markets		
Hong Kong (city of domicile)	**6,590**	43,273
The People's Republic of China (the "PRC")	**–**	15,187
Cayman Islands	**64,646**	12,135
Taiwan	**–**	216
Europe	**–**	218
	71,236	71,029

As at year ended 30 June 2018, the Group's total non-current assets located in Hong Kong, the PRC, Cayman Islands and Macau are approximately HK$11,000,000 (2017: HK$62,740,000), HK$974,000 (2017: HK$1,093,000), HK$242,107,000 (2017: HK$242,107,000) and HK$167,778,000 (2017: HK$167,778,000) respectively.

The Group's revenue by geographical location is determined based on locations of customers for money lending and advising services business and the place of agreements entered by the Group for earning fees as investment manager. The Group's specified non-current assets by geographical locations are determined based on physical location of the assets or location of operation in case of goodwill.

Information about major customers

For the year ended 30 June 2018, there were three (2017: one) customers from the Group's fund management segment amounted to HK$58,015,000 (2017: advisory services segment amounted to HK$18,270,000), which represent 10% or more of the Group's revenues.

	2018	2017
	HK$'000	*HK$'000*
Customer A	**31,215**	N/A
Customer B	**13,400**	N/A
Customer C	**13,400**	N/A
Customer D	**N/A**	18,270

As at 30 June 2018, no account receivables were due from the abovementioned three (2017: one) major customers (2017: Nil).

6. (Loss)/Profit before income tax

	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
(Loss)/Profit before income tax is arrived at after charging:		
Auditor's remuneration*	**680**	800
Amortisation of intangible assets	**119**	109
Consultancy fee in respect of fund management business*	**2,117**	6,068
Depreciation of property, plant and equipment	**–**	110
Operating lease rentals in respect of land and buildings*	**120**	120
Staff cost (excluding directors' remuneration)		
– Salaries and wages	**2,261**	1,836
– Pension scheme contribution	**36**	27
	2,297	1,863

* *Included in other operating expenses*

7. Finance costs

	2018	2017
	HK$'000	*HK$'000*
Interest charges on financial liabilities at amortised cost:		
– Interest-bearing borrowings*	**42,716**	21,607
– Imputed interest on promissory notes	**–**	3,351
	42,716	24,958

* *During the year ended 30 June 2017, a transaction cost amounting to HK$32,300,000 was incurred by the Group for obtaining a loan facility of HK$450,000,000. Such transaction cost was recognised to the loan drawdown under this loan facility at initial recognition and amortised over the loan facility period (note 17). Accordingly, for the year ended 30 June 2018, interest expenses on interest-bearing borrowings amounting to HK$42,716,000 (2017: HK$21,607,000) included an amortised transaction cost of approximately HK$16,150,000 (2017: HK$16,150,000). Excluding this amortised transaction cost, the effective interest rate of the Group's interest-bearing borrowings as at 30 June 2018 ranged from 8% to 9% (2017: 5% to 6%) per annum.*

8. Income tax expenses

Taxes on assessable profits have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Current tax		
– Hong Kong	**202**	830
– Macau	**6,836**	571
Over provision in prior year		
– Hong Kong	**(40)**	–
Income tax expenses	**6,998**	1,401

9. Dividends

The Board did not recommend the payment of any dividend in respect of the year ended 30 June 2018 (2017: Nil).

10. Discontinued operations

On 20 September 2016, the Group entered into a sale and purchase agreement to dispose of Diamond Globe Group, which composes of functional healthcare business and OEM consumer electronics business, at a cash consideration of HK$100,000,000 to Dream Star International Limited, which is wholly-owned by Mr. Wang Linjia, a substantial shareholder of the Company (the "Disposal"). The Disposal was completed on 28 October 2016 (the "Disposal Date"). The Disposal constituted a discontinued operation under HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" (the "Discontinued Operations") as functional healthcare business and OEM customer electronics business represented the Group's two major lines of business. The sales, results, cash flows and net assets of Discontinued Operations were as follows:

(a) Analysis of the results of the Discontinued Operations:

	Period from 1 July 2016 to the Disposal Date
	HK$'000
Loss for the period	(7,861)
Gain arising from the disposal of subsidiaries	48,884
	41,023

10. Discontinued operations (Continued)

(a) Analysis of the results of the Discontinued Operations: (Continued)

	Period from 1 July 2016 to the Disposal Date
	HK$'000
Revenue	17,459
Cost of sales	(16,730)
Gross profit	729
Other income and gains	88
Selling expenses	(6,202)
Administrative expenses	(2,476)
Loss before income tax and loss for the period	(7,861)

(b) Analysis of the cash flows of the Discontinued Operations:

	Period from 1 July 2016 to the Disposal Date
	HK$'000
Net cash inflow from operating activities	9,665
Net cash inflow from Discontinued Operations	9,665

10. Discontinued operations (Continued)

(c) Gain on disposal of subsidiaries:

	HK$'000
Net assets disposed of:	
Property, plant and equipment	2,436
Intangible assets	22,767
Inventories	58,221
Trade receivables	2,557
Cash and cash equivalents	31,642
Prepayments and deposits	11,392
Trade payables	(8,655)
Accruals and other payables	(26,238)
Provision of warranty	(642)
Tax payable	(2,965)
Deferred tax liabilities	(5,395)
Non-controlling interests	(3,435)
	81,685
Release of exchange reserve upon disposal of subsidiaries	(30,569)
Gain on disposal of subsidiaries	48,884
	100,000

An analysis of the net cash flow arising on disposal of the Discontinued Operations was as follows:

	HK$'000
Cash consideration	100,000
Cash and cash equivalents disposed of	(31,642)
Net cash inflows arising from disposal of subsidiaries	68,358

11. (Loss)/Earnings per share

For continuing and discontinued operations:

Basic

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

	2018	2017
	HK$'000	*HK$'000*
(Loss)/Profit for the year attributable to the owners of the Company	**(63,240)**	53,095
	No. of shares	No. of shares
	'000	*'000*
Weighted average number of ordinary shares in issue during the year used in the basic (loss)/earnings per share calculation	**3,841,500**	3,658,132

Diluted

Diluted (loss)/earnings per share for both years was the same as the basic (loss)/earnings per share as there was no potential dilutive ordinary share issued during the year.

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

For continuing operations:

Basic and diluted

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

	2018	2017
	HK$'000	*HK$'000*
(Loss)/Profit for the year attributable to the owners of the Company	**(63,240)**	53,095
Profit for the period from discontinued operations	**–**	(41,184)
(Loss)/Profit for the year from continuing operations	**(63,240)**	11,911

The denominators used are the same as those detailed above for both basic and diluted (loss)/earnings per share.

For discontinued operations:

For the year ended 30 June 2017, basic and diluted earnings per share of the discontinued operations is HK1.13 cents per share based on the profit for the period from the discontinued operations of approximately HK$41,184,000 and the denominators of 3,658,132,000 ordinary shares.

12. Available-for-sale investments

	2018	2017
	HK$'000	*HK$'000*
Unlisted fund investments, at cost	**242,107**	242,107

At the end of the reporting period, the Group has three (2017: three) unlisted fund investments.

(i) On 29 March 2017, TAR Fund Management (Cayman) Limited ("TAR Fund Management"), a non wholly-owned subsidiary of the Company since 12 April 2017, entered into a subscription agreement to contribute a total amount of HK$100,000,000 for the subscription of approximately 10,000 non-redeemable, non-voting participating shares of Tap Growth Fund SP II ("Tap Fund II") which was incorporated in the Cayman Islands. The amount of the Group's contribution in Tap Fund II represents 14.3% of the total commitment of this fund. As at 30 June 2018, the carrying value of the investment in Tap Fund II is approximately HK$100,000,000 (2017: HK$100,000,000).

(ii) On 1 May 2017, Ample Success Developments Limited, a wholly-owned subsidiary of the Company, entered into two subscription agreements to contribute total amounts of HK$71,666,000 and HK$70,441,000 respectively for the subscription of approximately 7,000 and 7,000 non-redeemable, non-voting participating shares of TAR High Value Fund SP II ("TAR Fund II") and TAR High Value Fund SP III ("TAR Fund III") respectively which were incorporated in the Cayman Islands. The amounts of the Group's contribution in TAR Fund II and TAR Fund III represents 10.7% and 10.5% of the respective total commitment of these two funds. As at 30 June 2018, the carrying values of the investment in TAR Fund II and TAR Fund III are approximately HK$71,666,000 (2017: HK$71,666,000) and HK$70,441,000 (2017: HK$70,441,000) respectively.

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

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

As at 30 June 2018, the funds mentioned in note (ii) above amounting to approximately HK$142,107,000 (2017: HK$142,107,000) are under the management of the Group and from which the Group earns fees from the provision of fund management service.

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

13. Goodwill

	2018	2017
	HK$'000	*HK$'000*
At beginning of year	**230,518**	62,740
Business combination *(note 18)*	**–**	167,778
Less: impairment loss	**(51,740)**	–
At end of year	**178,778**	230,518

Notes:

(a) For the year ended 30 June 2018, the recoverable amount of the cash-generating unit (the "CGU") of advisory services business has been determined based on a value–in-use calculation using cash flow projection based on the financial budgets covering a five-year period approved by the senior management. The valuation of the CGU is made by reference to the valuation report issued by APAC Asset Valuation and Consulting Limited, an independent qualified professional valuer. Key estimates and assumptions used for determining the recoverable amount of the CGU are as follows:

Growth rate during the five-year period	5% (2017: 3%)
Pre-tax discount rate	20% (2017: 22%)
Growth rate to extrapolate cash flow projections	3% (2017: 3%)

Estimates and assumptions are determined by the management based on the past performance of the segment and management's expectation for the market development.

For the year ended 30 June 2018, with reference to the assessment, the directors are of the view that the recoverable amount of the CGU of advisory services business is estimated to be HK$11,000,000, which less than its carrying amount of HK$62,740,000 and resulted in impairment of goodwill amounted to HK$51,740,000. The decrease in recoverable amount of the CGU of advisory services business is mainly due to decrease in budgeted revenue in the five-year cash flow projection as a result of the downturn of the capital market.

For the year ended 30 June 2017, with reference to the assessment, the directors were of the view that the recoverable amount of the CGU of advisory services business was estimated to be HK$83,000,000, which exceeded its carrying amount of HK$62,740,000 and thus there was no impairment indication.

(b) For the year ended 30 June 2018, the recoverable amount of the CGU of fund management business has been determined based on a value-in-use calculation using cash flow projection based on the financial budgets covering a five-year period approved by the senior management. The valuation of the CGU is made by reference to the valuation report issued by APAC Asset Valuation and Consulting Limited, an independent qualified professional valuer. Key estimates and assumptions used for determining the recoverable amount of the CGU are as follows:

Growth rate during the five-year period	Nil (2017: Nil)
Pre-tax discount rate	19% (2017: 17%)
Growth rate to extrapolate cash flow projections	3% (2017: 3%)

13. Goodwill (Continued)

Notes: (Continued)

(b) *(Continued)*

Estimates and assumptions are determined by the management based on the past performance of the segment and management's expectation for the market development.

With reference to the assessment, the directors are of the view that the recoverable amount of the CGU of fund management business is estimated to be US$52,000,000 (2017: US$61,000,000) (equivalent to approximately HK$405,600,000 (2017: HK$475,800,000)), which exceeds its carrying amount of HK$167,778,000 (2017: HK$167,778,000) and thus there is no impairment indication.

14. Accounts receivables

	2018 *HK$'000*	2017 *HK$'000*
Management fee receivables	**3**	20,923
Advisory fee receivables	**537**	4,600
	540	25,523

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

	2018 *HK$'000*	2017 *HK$'000*
0-30 days	**540**	8,064
31-90 days	**–**	8,485
91-360 days	**–**	8,974
	540	25,523

The Group allows a credit period from 30 to 90 days (2017: 30 to 90 days) to its customers from advisory services business for the year ended 30 June 2018. Management fees receivables from fund management activities are mainly due at the end of the relevant valuation period of the investment funds and managed accounts.

15. Loan receivables

	2018	2017
	HK$'000	*HK$'000*
Fixed-rate loan receivables		
– On demand or within one year	**5,074**	234

As at 30 June 2018, the interest rate on the Group's loan receivables is 18% (2017: 18%) per annum.

16. Accounts payables

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

	2018	2017
	HK$'000	*HK$'000*
0-30 days	**–**	1,972
31-90 days	**–**	4,126
91-360 days	**–**	4,614
	–	10,712

The Group was granted by its creditors with a credit period of 1 year for the year ended 30 June 2017.

17. Interest-bearing borrowings

	2018	2017
	HK$'000	*HK$'000*
Bank overdraft	**–**	22
Other loans: *(note)*		
– Secured	**–**	–
– Guaranteed	**–**	191,920
– Unsecured	**345,448**	175,541
	345,448	367,483

17. Interest-bearing borrowings (Continued)

	2018	2017
	HK$'000	*HK$'000*
On demand or within one year	**345,448**	367,483

Note: Other loans amounting to approximately HK$345,448,000 (2017: HK$367,461,000) have the maturity period of 1 year (2017: 1 year) and with repayment on demand clause are carried at amortised cost and classified under current liabilities. As as 30 June 2018, interest rates of the Group's other loans ranged from 8% to 9% (2017: 5 to 6%) per annum. The details of the finance costs related to the Group's other loans are set out in note 7.

As at 30 June 2018, other loans amounting to approximately HK$345,448,000 (2017: Nil) were obtained from TAR Opportunities Fund SPC – TAR High Value Fund SP IV which is under the management of the Group and from which the Group earns fees from the provision of fund management services.

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

During the year, the Group has obtained loan facilities of HK$370,000,000 (2017: HK$1,000,000,000) of which a total of approximately HK$345,448,000 (2017: HK$367,461,000) have been utilised by the Group as at 30 June 2018.

On 30 August 2018, one of the Group's existing loan facility of HK$300,000,000, of which a total of approximately HK$283,279,000 have been utilised as at 30 June 2018, have been granted a further one year extension with the new maturity date on 26 December 2019.

The directors of the Company estimate the fair value of these interest-bearing borrowings by discounting their future cash flows at the market rate and the directors consider that the carrying amounts of the Group's interest-bearing borrowings approximate to their fair values at each reporting date.

18. Business combination

On 1 April 2017, the Company entered into a sale and purchase agreement dated 1 April 2017 (the "Agreement") with Novel Shine Limited (the "Vendor"), an independent third party and a company incorporated in the British Virgin Islands, to acquire 51% equity interests in Ultra Rich Global Limited, together with its subsidiaries (the "Ultra Group") at a cash consideration of HK$170,000,000. Ultra Group is principally engaged in the provision of fund management services. The acquisition was completed on 12 April 2017 (the "Acquisition Date"). The acquisition was enable the Group to broaden its income based and to tap into the fund management business, which should be beneficial to the future growth of the Group.

The fair values of the identifiable assets and liabilities of Ultra Group as at the Acquisition Date were as follows:

	HK$'000
Cash and cash equivalents	135
Prepayment and other receivables	109,127
Accounts and other payables	(4,906)
Interest-bearing borrowings	(100,000)
Net assets acquired	4,356
Non-controlling interests	(2,134)
Fair value of net identifiable assets acquired	2,222
Less: Cash consideration	(170,000)
Goodwill *(note 13)*	167,778
Analysis of cash flows on the acquisition	
Cash consideration	170,000
Cash and cash equivalents in subsidiaries acquired	(135)
Net cash outflows arising from business combination	169,865

Notes:

(a) The goodwill arising from the acquisition of Ultra Group represented the synergetic effect by enabling the Group to provide fund management services to its clients in more efficient and cost-effective manner by taking the advantages of Ultra Group's current client base of fund management services.

(b) Ultra Group has contributed revenue of approximately US$1,562,000 (equivalent to approximately HK$12,135,000) and net profit of approximately US$539,000 (equivalent to approximately HK$4,184,000) to the Group since the Acquisition Date to 30 June 2017. Had the acquisition occurred on 1 July 2016, consolidated revenue and consolidated profit for the year ended 30 June 2017 would have been approximately HK$66,575,000 and HK$22,158,000 respectively.

18. Business combination (Continued)

Profit guarantee arrangement

According to the Agreement, there was an arrangement of profits guarantee whereas the Vendor irrevocably and unconditionally warrants and guarantees to the Group that the actual profit before tax of the Ultra Group (the "Actual Profit") from 1 January 2017 to 31 December 2017 shall be at least HK$30,000,000 (the "Guaranteed Profit"). In the event that the Actual Profit shall be less than the Guaranteed Profit, the Vendor shall compensate the Group for the sum being calculated as the shortfall (i.e. the Guaranteed Profit less Actual Profit) multiplied by factors of 11.12 and 51%, which derived to the maximum compensation limited to HK$170,000,000, the consideration of the acquisition.

The fair value of the profits guarantee arrangement at the Acquisition Date was assessed by the directors of the Company with reference to the independent valuation as performed by an independent qualified professional valuer, APAC Asset Valuation and Consulting Limited, based on different scenarios of the profit forecast made by the Ultra Group, assigning with the appropriate probability to each scenario. The fair value of the profit guarantee arrangement, which recognised as financial asset through profit or loss, is Nil as at the Acquisition Date and 30 June 2017.

Since the consolidated profit before tax of the Ultra Group from 1 January 2017 to 31 December 2017 is approximately US$6,593,000 (equivalent to approximately HK$51,425,000) and therefore the Profit Guarantee has been fulfilled under the Agreement.

19. Assets acquisition through acquisition of a subsidiary

On 8 August 2016, Giant Goal Limited, a wholly-owned subsidiary of the Company, acquired entire equity interests in Create World Enterprises Development Limited ("Create World"), a company engaged in holding a motor vehicle and vehicle registration mark and Create World is the registered and beneficial owner of motor vehicle and vehicle registration mark, at a cash consideration of approximately HK$1,312,000. By analysing the inputs, process and outputs of the Company, the underlying set of assets acquired was not integrated in forming a business to generate revenues. As such, the directors were of the opinion that the acquisition of Create World was a purchase of net assets which did not constitute a business combination for accounting purpose. The transaction was completed on 8 August 2016 and Create World became a subsidiary of the Group accordingly.

The assets acquired and the liabilities recognised at the date of acquisition were as follows:

	Acquiree's carrying amount	**Fair value**
	HK$'000	*HK$'000*
Property, plant and equipment	110	110
Intangible asset	1,202	1,202
Fair value of net identifiable assets acquired	1,312	1,312

	HK$'000
Analysis of cash flows on the acquisition	
Purchase consideration settled in cash	1,312

20. Share capital

	2018		2017	
	Number of shares		Number of shares	
	'000	***HK$'000***	*'000*	*HK$'000*
Authorised:				
Ordinary shares of HK$0.01 each	**20,000,000**	**200,000**	20,000,000	200,000
Issued and fully paid:				
Ordinary shares of HK$0.01 each				
At beginning of the year	**3,841,500**	**38,415**	3,201,500	32,015
Share placing *(note)*	**–**	**–**	640,000	6,400
At end of the year	**3,841,500**	**38,415**	3,841,500	38,415

Note:

On 1 December 2016, the Group entered into a placing agreement to place a maximum number of 640,000,000 shares at a price of HK$0.1 per share.

On 16 December 2016, the Group completed the placing of new shares, in which 640,000,000 share were placed at HK$0.1 per share. The closing price was HK$0.144 per share which quoted on the Stock Exchange on the date of placing of new shares. The cash proceeds which net of share placing expenses of approximately HK$62,375,000 were raised and an amount of HK$55,975,000 was credited to share premium.

MANAGEMENT DISCUSSION AND ANALYSIS

The following sections provide a detailed review and analysis of the results and segmental performance of the Group for the financial year ended 30 June 2018.

BUSINESS AND FINANCIAL REVIEW AND OUTLOOK

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

Continuing operations

During the year, the Group recorded a revenue of approximately HK$71,236,000 (2017: HK$53,570,000) representing an increase of 33.0% as compared to that in previous year. The Fund Management Services Segment contributed approximately HK$64,646,000 (2017: HK$12,135,000), the Money Lending Segment and the Advisory Services Segment contributed approximately HK$2,830,000 and HK$3,760,000 respectively (2017: HK$14,680,000 and HK$26,755,000). More than 90% turnover is sourced from the Fund Management Service Segment. The turnover of the Money Lending Segment and the Advisory Services Segment are decreased because of the decreased interest income and consultancy fee income.

Money Lending Segment

The Money Lending Segment is operated under Gold Smart Finance Limited (the "Gold Smart") and it holds a Money Lenders License under the Money Lenders Ordinance. It is principally engaged in provision of credit in Hong Kong. With 4 experienced staff and management serving this industry for not less than 6 years, this segment has been serving loan customers who are either corporate or individual with interest rate of 18% per annum on average and term of loans ranged from 2 months to 16 months in general. During the year ended 30 June 2018, through the business network of the staff and management, Gold Smart identified 3 borrowers with the total loan portfolio of approximately HK$34 million, more than 80% of the total loan portfolio were loans to corporate customers. While during the year ended 30 June 2017, there were 11 borrowers and the total loan portfolio amounted to approximately HK$287 million, more than 70% of the total loan portfolio were loans to corporate customers. The borrowers included both private and public companies and with industries covering manufacturing, money lending, property project development and hotel entertainment management.

The interest income decreased by approximately 81.0% from approximately HK$14.7 million for the year ended 30 June 2017 to approximately HK$2.8 million for the year ended 30 June 2018. As at 30 June 2018, the outstanding loan receivable balance amounted to approximately HK$5.1 million due from an individual customer. As at 30 June 2017, the outstanding loan receivable balance amounted to approximately HK$234,000 due from a corporate customer.

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

The money lending market in Hong Kong remains highly competitive, as evidenced by the continuous increase in the number of money lenders licensees with over 2,000 licensees in Hong Kong as at 30 June 2018 (according to the list of existing money lenders license). Further, after the imposition of additional licensing conditions in late 2016, those small to medium-sized finance companies which previously and significantly relied on financial intermediaries for business referral, have turned to offering much lower interest rates and to adopting aggressive marketing strategies to attract customers, affecting the overall yields of the money lending industry. We believe the above would continue and we shall continue to face more competition in capturing new business opportunity to expand our loan portfolio.

Compliance with Money Lenders Ordinance

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

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

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

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

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

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

Last but not least, to finance our money lending business, we shall continue to source different financial resources to maintain our cost of funding and net interest margin at a justifiable level.

Advisory Services Segment

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

During the year ended 30 June 2018, through the business network of the staff and management, Jianghe identified 10 corporate clients, while during the year ended 30 June 2017, there were 6 corporate clients, which included both private and public companies with industries covering manufacturing, money lending, property project development and hotel entertainment management. The management of Jianghe has business relationship history with its existing clients ranged from 1 to 4 years. The fees income from provision of advisory services was approximately HK$3.8 million for the year ended 30 June 2018 and approximately HK$26.8 million for the year ended 30 June 2017. The decrease in revenue was due to decrease in large scale projects identified by the Group, therefore the consultancy fees income has decreased accordingly.

During the year, the world economy continued its growth momentum, with that of the major developed economies relatively strong. Among them, the economic growth of the United States ("US") was the strongest. However, the performance of the provision of corporate secretarial, consultancy and business valuation services segment clearly did not benefit from the overall global economic growth. The risks associated with the emerging markets' currency crises, the rising protectionism and trade tension between China and US may add potential uncertainties to the performance of the Advisory Services segment and the disappointing performance for the year ended 30 June 2018 may carry over to the foreseeable future and therefore an impairment loss of approximately HK$51,740,000 in respect of goodwill was recognised, which resulted in a significant segment loss during the year ended 30 June 2018. Details of impairment of goodwill are set out in note 13 of this announcement.

Fund Management Services Segment

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

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

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

(i) TAR Private Equity Fund L.P.

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

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

(ii) TAR Capital Fund SPC

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

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

(iii) TAR Opportunities Fund SPC

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

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

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

For the year ended 30 June 2018 and year ended 30 June 2017, these funds mainly invested in property and debt instruments. The Investment Manager derives income from fund management fees, consultancy fee, administration fee and/or performance fee. For the year ended 30 June 2018, the fees income from this segment recorded approximately HK$64.6 million. For the year ended 30 June 2017, this segment recorded fees income of approximately HK$12.1 million. As at the year ended 30 June 2018 and the year ended 30 June 2017, the total asset under management (the "AUM") was approximately HK$1,840,000,000 and HK$2,370,000,000 respectively. The decrease in AUM was the net effect of the close of TAR Private Equity Fund L.P. with AUM amounting approximately HK$975,000,000 in December 2017 in which the Company received a performance bonus amounting approximately US$2,873,000 (equivalent to approximately HK$22,294,000) upon the close of the fund and the open of a new fund, TAR Opportunities Fund SPC – TAR High Value Fund SP IV with AUM amounting HK$450,000,000 in September 2017.

The staff costs for the year were approximately HK$3,666,000 (2017: HK$3,140,000), representing an increase of approximately 16.8% because of the improvement of remuneration policy during the year.

The other operating expenses for the year were approximately HK$4,864,000 (2017: HK$10,109,000), representing a decrease of approximately 51.9%.

The Group recorded approximately HK$42,716,000 non-capitalized finance costs for the year (2017: HK$24,958,000). The increase in finance costs was mainly due to the increase in cost of borrowings of the Group.

Discontinued Operations

The Group recorded a profit of approximately HK$41,023,000 because of a disposal gain of approximately HK$48,884,000 arising from the disposal of the Diamond Globe Investment Ltd. and its subsidiaries (the "Diamond Globe Group") for year ended 30 June 2017.

(Loss)/Profit for the Year

As a cumulative effect of the foregoing factors, the Group recorded a loss before income tax from continuing operations of approximately HK$31,750,000 for the year ended 30 June 2018, compared to profit approximately HK$15,363,000 in previous year. It is mainly due to (i) decrease in turnover of the money lending business and the advisory business; (ii) increase in finance cost; and (iii) the impairment of goodwill amounting HK$51,740,000 in the Advisory Services Segment for the year.

Income tax expenses from continuing operations increased to approximately HK$6,998,000 for the year ended 30 June 2018 from approximately HK$1,401,000 in previous year.

As a result, together with the absence of the gain on disposal of discontinued operations compared to corresponding period of 2017, the Group had recorded a loss after tax of approximately HK$38,748,000 for the year ended 30 June 2018 (2017: profit of approximately HK$54,985,000).

Conclusion

As a result of the non-performance of Money Lending Segment and Advisory Services Segment, as well as the expected decrease in its respective revenue growth, the Directors expect that the unfavorable market trend will continue. So the Group will closely monitor the development of market liquidity situation.

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

Besides, the Group will continue to expand its business varieties to broaden our income sources and to seek potential investment opportunities which could enhance its value to the shareholders.

Liquidity and Financial Resources

Reference to note 2 of this announcement, the Group generally finances its operation with internally generated cash flow and the revolving loans obtained. As at 30 June 2018, the cash and bank balances of the Group amounting to approximately HK$56,714,000 (2017: HK$5,729,000) and the net current liabilities of the Group amounted to approximately HK$264,011,000 (2017: HK$271,448,000).

The net current liabilities is mainly due to a great amount of the interest-bearing borrowings. In the opinion of the Directors, the Group will have sufficient working capital to finance its operations and to meet its finance obligations as and when they fall due in the foreseeable future after taking into the following considerations: (i) the Company has adequate loan facilities to support the operations; and (ii) the revenue generate from the operations of the Group including but not limited to the stable fees income generating by the Fund Management Services Segment.

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

Going Concern

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

Charges on the Group's Asset

As at 30 June 2018, the Group did not have any charges on its assets. (2017: the shares of one of the subsidiaries, Giant Goal Limited, was pledged to Grand Castle Limited as a collateral of promissory notes issued in respect of the disclosable transaction published on 4 January 2016 and the shares of one of the subsidiaries, Gold Smart Finance Limited was pledged to the lender as a collateral in order to obtain the loan for expanding the money lending business (collectively, the "Pledge"). The Company has settled the said promissory notes and loan in January 2017. The Pledge has been released, reassigned and discharged completely in January 2017).

Gearing Ratio

The Group expresses its gearing ratio as a percentage of other borrowings and long term debts over total assets. As at 30 June 2018, the gearing ratio as a percentage of other borrowings over total assets was 67.0% (2017: 62.8%).

Treasury policies and capital structure

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

Placing of shares under general mandate

Reference is made to the announcement of the Company dated 1 December 2016. The Company placed 640,000,000 new placing shares at a price of HK$0.1 per placing shares under the general mandate. The placement has been completed on 16 December 2016.

The proceeds of placement has been used for re-paying HK$70,000,000 to settle the promissory notes from the acquisition of subsidiaries related to money lending and consultancy service business on 6 January 2016.

Exposure to exchange rate risks

For the year ended 30 June 2018, the Group's principal business from the continuing operations was transacted in HK$, no exposure to exchange rate risk.

Contingent liabilities

As at 30 June 2018, the Group did not have any significant contingent liabilities (2017: Nil).

Employee information

For the year ended 30 June 2018, there are around 10 staff and the staff cost, excluding directors' remuneration, amounted to HK$2,297,000 (2017: HK$1,863,000) from the continuing operations. The Group determines its employee salaries with reference to the prevailing market salary rate of respective locations, experience as well as performance of such employees. In order to motivate the Group's employees and retain talent, the Group has adopted the employee incentives, which include the discretional bonus. The employee incentives are available to the Group's employees who are considered qualified for such incentives by the management members of the Group based on their performances in the year under review.

The Directors and senior management of the Company receive compensation in the form of fees, salaries, allowances, benefits in kind or discretionary bonuses relating to the performance of the Group. The Group also reimburse the Directors and senior management of the Company for expenses which are necessarily and reasonably incurred for providing services to the Group or discharging their duties in relation to the operations of the Group. When reviewing and determining the specific remuneration packages for the executive Directors and senior management, the Remuneration Committee takes into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment elsewhere in the Group and desirability of performance-based remuneration.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL

Disposal

Reference is made to the announcements of the Company dated 20 September 2016 and the circular dated 6 October 2016 in relation to the disposal of subsidiaries. The Company, as vendor, and Dream Star International Limited, which is wholly-owned by Mr. Wang Linjia, a substantial shareholder of the Company entered into a sale and purchase agreement, pursuant to which the Company has conditionally agreed to dispose of and Dream Star International Limited, which is wholly-owned by Mr. Wang Linjia, a substantial shareholder of the Company has conditionally agreed to acquire all Shares of the Diamond Globe Group and the entire amount due from the Diamond Globe Group to the Company at completion of the Disposal at the Consideration of HK$100,000,000 (the "Disposal"). The Disposal has been completed on 28 October 2016.

Acquisition

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

Pursuant to the sale and purchase agreement, Novel Shine Limited have guaranteed to the Company that for the guaranteed period from 1 January 2017 to 31 December 2017 (the "Guaranteed Period"), the actual audited profit before tax received by the Ultra Rich Global Limited and its subsidiaries (the "Ultra Group") shall not be less than HK$30,000,000 (the "Profit Guarantee"). According to the audited report received on 5 February 2018 of the Ultra Group for the Guaranteed Period, the audited consolidated profit before tax of the Ultra Group for the Guaranteed Period is approximately US$6,593,000 (equivalent to approximately HK$51,425,000) and therefore the Profit Guarantee has been fulfilled under the sale and purchase agreement.

Investment

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

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

EVENTS AFTER THE REPORTING PERIOD

Save as mentioned elsewhere in this announcement, there was no other significant event after the reporting period up to the date of this announcement.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

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

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

As at 30 June 2018, except for the disclosed above, none of the Directors or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which would have required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO) or which were required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standards of dealings by Directors of the Company.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITION IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

A. Substantial shareholders

So far as is known to the Directors, as at 30 June 2018, the persons, other than a director or chief executive of the Company, who had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO and who were, directly or indirectly, interested in 10% or more of the shares were as follows:

Name	Number and class of securities	Capacity	Approximate percentage to the issued share capital of the Company
Dream Star International Limited ("Dream Star") *(Note)*	877,685,714 ordinary shares	Beneficial owner	22.85%
Kiyuhon Limited ("Kiyuhon") *(Note)*	877,685,714 ordinary shares	Interest of controlled corporation	22.85%
Mr. Wang Linjia ("Mr. Wang") *(Note)*	877,685,714 ordinary shares	Interest of controlled corporation	22.85%

Note: The 877,685,714 shares are registered in the name of Dream Star, which are wholly owned by Mr. Wang. Accordingly, Mr. Wang is deemed to be interested in all the shares in which Dream Star and Kiyuhon are interested pursuant to the SFO.

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

As at 30 June 2018, the Company has not been notified of any other person (other than a director or the chief executive of the Company) having an interest or short position in the shares or the underlying shares of Company representing 5% or more of the issued share capital of the Company.

BOARD PRACTICES AND PROCEDURES

The Company has complied with Board Practices and Procedures as set out in Rule 5.34 of the GEM Listing Rules for the year ended 30 June 2018.

CORPORATE GOVERNANCE

For the year ended 30 June 2018, the Company complied with the provisions set out in Appendix 15 of the Code on Corporate Governance Practice of the Rules Governing the Listing of Securities on the GEM ("GEM Listing Rules") of the Stock Exchange, save as the following deviation.

Chairman and Chief Executive Officer

The Company has not yet adopted A.2.1. Under the code provision A.2.1 of the CG Code, the roles of Chairman and CEO should be separated and would not be performed by the same individual. The division of responsibilities between the Chairman and CEO should be clearly established and set out in writing.

The Company does not presently have any officer with the title CEO. At present, Mr. Liu Tin Lap, being the Chairman and Executive Director of the Company, is responsible for the strategic planning, formulation of overall corporate development policy and running the business of the Group as well as the duties of Chairman. The Board considers that, due to the nature and extent of the Group's operations, Mr. Liu is the most appropriate chief executive because he is experienced in management as well as mergers and acquisitions and other key corporate matters and will be able to help the sustainable development of the Group. Notwithstanding the above, the Board will review the current structure from time to time. When at the appropriate time and if candidate with suitable leadership, knowledge, skills and experience can be identified within or outside the Group, the Company may make the necessary amendments.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a Code of Conduct for Securities Transactions by directors of the Company ("Code of Conduct") on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry, all the directors have confirmed that they have complied with such Code of Conduct regarding securities transaction by the directors throughout the year ended 30 June 2018.

Specific employees who are likely to be possession of unpublished price-sensitive information of the Group are also subject to compliance with the same Code of Conduct. No incident of non-compliance was noted by the Company for the year ended 30 June 2018.

COMPETING BUSINESS

None of the Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) has an interest in a business which competes or may compete with the business of the Group.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Save as mentioned elsewhere in this announcement, neither the Company nor any of its subsidiaries purchased, sold or redeemed any other of the Company's listed securities during the year ended 30 June 2018.

AUDIT COMMITTEE

The Audit Committee has been established with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The Audit Committee comprises three independent non-executive Directors, Mr. So Pak Kei, Mr. Tsui Kin Fung and Dr. Cheng Chak Ho. Mr. So Pak Kei was appointed as the Chairman of the audit committee. The Audit Committee meets with the Group's senior management and external auditor to review the effectiveness of the internal control systems. This announcement has been reviewed and approved by the Audit Committee of the Company which was of the opinion that the preparation of such results complied with applicable accounting standards and the requirements and that adequate disclosures have been made.

SCOPE OF WORK OF BDO LIMITED ON THIS PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 30 June 2018 set out in this preliminary announcement, have been agreed by the Group's auditor, BDO Limited ("BDO"), to the amounts set out in the Group's audited consolidated financial statements for the year ended 30 June 2018. The work performed by BDO in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by BDO on this preliminary announcement.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The register of members of the Company will be closed from Friday, 9 November 2018 to Wednesday, 14 November 2018 (both dates inclusive). In order to determine the shareholders who are entitled to attend and vote at the Annual General Meeting, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Hong Kong by not later than 4:30 p.m. Thursday, 8 November 2018.

APPRECIATION

On behalf of the Board, I wish to extend my appreciation to our valuable shareholders, clients, business partners and alliances for their ongoing support, and to every staff and management for their work and dedication throughout the year.

By Order of the Board
Combest Holdings Limited
Liu Tin Lap
Chairman

Hong Kong, 18 September 2018

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

In case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.

In this announcement, save as otherwise stated, figures in US$ are translated to HK$ at the exchange rate of US$1.00 = HK$7.8 for illustration purpose only. No representation is made that any amount in US$ or HK$ would have been or can be converted at the above rate.

This announcement will remain on the GEM's website at www.hkgem.com on the "Latest Company Announcement" pages for at least 7 days from the date of this posting and the website of the Company at http://www.irasia.com/listco/hk/combestholdings/index.htm.