CBK Holdings Limited
國茂控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8428)

2018 INTERIM RESULTS ANNOUNCEMENT

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

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange 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 CBK 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 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.

FINANCIAL HIGHLIGHTS (UNAUDITED)

The board of directors (the "Board") of the Company is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2018, together with the unaudited comparative figures for the corresponding period of 2017. Unless otherwise specified, terms used herein shall have the same meanings as those defined in the prospectus of the Company dated 27 January 2017 (the "Prospectus").

The Group recorded revenue of approximately HK$49.3 million for the six months ended 30 September 2018 (six months ended 30 September 2017: approximately HK$53.7 million).

The Group recorded gross profit of approximately HK$30.0 million for the six months ended 30 September 2018 (six months ended 30 September 2017: approximately HK$30.1 million).

Loss attributable to owners of our Company for the six months ended 30 September 2018 was approximately HK$6.7 million (six months ended 30 September 2017: approximately HK$7.3 million).

Basic and diluted loss per share was approximately 0.56 HK cents for the six months ended 30 September 2018 (six months ended 30 September 2017: approximately 0.61 HK cents).

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2018.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2018

		For the three months ended 30 September		**For the six months ended 30 September**	
		2018	2017	**2018**	2017
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue	*3*	**23,019**	29,965	**49,302**	53,711
Cost of inventories sold		**(8,600)**	(13,737)	**(19,288)**	(23,649)
Gross profit		**14,419**	16,228	**30,014**	30,062
Other revenue and other income	*4*	**303**	284	**567**	984
Staff costs		**(6,806)**	(8,411)	**(14,767)**	(17,429)
Depreciation of property, plant and equipment		**(811)**	(739)	**(1,761)**	(1,470)
Property rentals and related expenses		**(6,116)**	(5,922)	**(12,850)**	(11,711)
Fuel and utility expenses		**(953)**	(1,236)	**(2,036)**	(2,202)
Administrative expenses		**(2,965)**	(2,980)	**(7,334)**	(6,062)
Loss before tax	*5*	**(2,929)**	(2,776)	**(8,167)**	(7,828)
Income tax credit	*6*	**318**	519	**1,455**	496
Loss and total comprehensive loss for the period attributable to owners of the Company		**(2,611)**	(2,257)	**(6,712)**	(7,332)
Loss per share					
Basic and diluted (HK cents)	*8*	**(0.22)**	(0.19)	**(0.56)**	(0.61)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

	Notes	**As at 30 September 2018** ***HK$'000*** **(Unaudited)**	As at 31 March 2018 *HK$'000* (Audited)
Non-current assets			
Property, plant and equipment	*9*	**8,140**	10,911
Deferred tax assets		**3,224**	1,722
Non-current deposits and prepayments		**3,624**	5,370
		14,988	18,003
Current assets			
Inventories		**185**	323
Trade receivables	*10*	**751**	1,001
Deposits, prepayments and other receivables		**8,339**	6,230
Prepaid tax		**2,063**	2,110
Amount due from ultimate holding company		**33**	33
Time deposits		**30,000**	–
Cash and bank balances		**25,169**	62,345
		66,540	72,042
Current liabilities			
Trade payables	*11*	**1,895**	2,926
Accruals and other payables		**5,337**	6,111
		7,232	9,037
Net current assets		**59,308**	63,005
Net assets		**74,296**	81,008
Capital and reserves			
Share capital	*12*	**12,000**	12,000
Reserves		**62,296**	69,008
Total equity		**74,296**	81,008

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2018

	Attributable to owners of the Company				
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Merger reserve** *HK$'000* *(note a)*	**Retained earnings** *HK$'000*	**Total equity** *HK$'000*
At 1 April 2017 (audited)	12,000	56,198	591	21,965	90,754
Loss and total comprehensive loss for the period	–	–	–	(7,332)	(7,332)
At 30 September 2017 (unaudited)	12,000	56,198	591	14,633	83,422
At 1 April 2018 (audited)	12,000	56,198	591	12,219	81,008
Loss and total comprehensive loss for the period	–	–	–	(6,712)	(6,712)
At 30 September 2018 (unaudited)	**12,000**	**56,198**	**591**	**5,507**	**74,296**

Note:

(a) The merger reserve represented the difference between the nominal value of the share capital of the subsidiaries acquired as a result of the reorganisation (the "Reorganisation") as fully explained in the paragraph headed "Reorganisation" in the section headed "History and Development" of the Prospectus and the nominal value of the share capital of the Company issued in exchange thereof.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2018

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Net cash used in operating activities	**(6,872)**	(9,593)
Net cash used in investing activities	**(304)**	(6,036)
Net cash generated from financing activities	**–**	33
Decrease in cash and cash equivalents	**(7,176)**	(15,596)
Cash and cash equivalents at the beginning of the reporting period	**62,345**	84,422
Cash and cash equivalents at the end of the reporting period	**55,169**	68,826

NOTES

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 8 September 2016 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. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is Room 1501, 15/F., Vanta Industrial Centre, 21–33 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong. Its ultimate holding company is Sure Wonder Investments Limited, a company incorporated in the British Virgin Islands.

The Company's shares were listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 15 February 2017 (the "Listing Date").

The principal activity of the Company is investment holding. The principal activity of the Group is the provision of catering services in Hong Kong.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2018 have been prepared in accordance with the Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements are consistent with those adopted in the annual financial statements of the Group for the year ended 31 March 2018 (the "2018 Annual Report").

In the current period, the Group has applied, for the first time, the following new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the unaudited condensed consolidated financial statements of the Group:

HKFRS 2 (Amendments)	Classification and Measurements of Share-based Payment Transactions
HKFRS 4 (Amendments)	Applying HKFRS 9 *Financial Instruments* with HKFRS 4 *Insurance Contracts*
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
HKFRS (Amendments)	Annual Improvements to 2014–2016 Cycle
HKAS 40 (Amendments)	Transfers of Investment Property

The application of the new and revised HKFRSs had no material effect on financial performance and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required. The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the 2018 Annual Report.

The Group has not applied new and revised standards, amendments or interpretations that have been issued but are not yet effective.

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis. The unaudited condensed consolidated financial statements are presented in Hong Kong dollar ("HK$") which is the same as the functional currency of the Company, and all values are rounded to the nearest thousands (HK$'000), unless otherwise stated.

The unaudited condensed consolidated financial statements have not been audited by the Company's auditors, but have been reviewed by the audit committee of the Company.

3. REVENUE

	Three months ended 30 September		**Six months ended 30 September**	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Restaurants operations	**23,019**	29,965	**49,302**	53,711

The Group's revenue is recognised at a point in time.

4. OTHER REVENUE AND OTHER INCOME

	Three months ended 30 September		**Six months ended 30 September**	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Promotion income	**224**	128	**450**	757
Tips income	**61**	94	**99**	141
Bank interest income	**17**	1	**17**	1
Others	**1**	61	**1**	85
	303	284	**567**	984

5. LOSS BEFORE TAX

Loss before tax is arrived at after charging:

	Three months ended 30 September		Six months ended 30 September	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Cost of inventories sold	**8,600**	13,737	**19,288**	23,649
Depreciation of property, plant and equipment	**811**	739	**1,761**	1,470
Minimum lease payments under operating lease in respect of restaurants and office premises	**5,499**	5,344	**11,562**	10,638
Employee benefit expenses (including directors' and chief executive's remuneration):				
— Salaries and allowances	**6,502**	8,085	**14,107**	16,639
— Staff benefits	**29**	35	**62**	76
— Retirement benefit scheme contributions	**275**	291	**598**	714
	6,806	8,411	**14,767**	17,429

6. INCOME TAX CREDIT

	Three months ended 30 September		Six months ended 30 September	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Current tax — Hong Kong Profits Tax				
Charge/(credit) for the period	**11**	(5)	**27**	18
Deferred tax credit	**(329)**	(514)	**(1,482)**	(514)
	(318)	(519)	**(1,455)**	(496)

Pursuant to the rules and regulations of Cayman Islands, the Group is not subject to any taxation under the jurisdictions of Cayman Islands.

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

7. DIVIDEND

The Board does not recommend the payment of dividend for the six months ended 30 September 2018 (six months ended 30 September 2017: nil).

8. LOSS PER SHARE

	Three months ended 30 September		Six months ended 30 September	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Loss for the purpose of calculating basic and diluted loss per share	**(2,611)**	(2,257)	**(6,712)**	(7,332)

	As at 30 September	
	2018	2017
	'000	*'000*
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	**1,200,000**	1,200,000

Diluted loss per share were same as the basic loss per share as there were no potential dilutive ordinary shares in issue.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2018, the Group acquired property, plant and equipment of approximately HK$0.3 million (six months ended 30 September 2017: HK$6.0 million).

10. TRADE RECEIVABLES

The following is an aging analysis of trade receivables, presented based on the invoice dates, which approximates the respective revenue recognition dates and net of allowance for doubtful debts:

	As at 30 September 2018	As at 31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
0–30 days	**751**	1,001

Trade receivables are neither past due nor impaired, with good credit quality and have no default of payment in the past.

11. TRADE PAYABLES

The following is aging analysis of trade payable presented based on the invoice dates:

	As at 30 September 2018 *HK$'000* **(Unaudited)**	As at 31 March 2018 *HK$'000* (Audited)
0–30 days	**1,895**	2,926

The average credit period granted by suppliers are usually within 30 days.

12. SHARE CAPITAL

	No. of shares *'000*	**Amount** *HK$'000*
Ordinary shares of HK$0.01 each		
Authorised:		
At the beginning/end of the reporting period	**2,000,000**	20,000
Issued and fully paid:		
At the beginning/end of the reporting period	**1,200,000**	12,000

13. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the unaudited condensed consolidated financial statements, during the period, the Group entered into the following material transactions with related parties:

	Six months ended 30 September	
	2018 *HK$'000* **(Unaudited)**	2017 *HK$'000* (Unaudited)
Rental expenses paid to related company:		
— Smart Elegant Enterprises Limited ("Smart Elegant") *(note i)*	**1,200**	1,200
— United Strategy Limited ("United Strategy") *(note ii)*	**168**	–

Notes:

(i) Smart Elegant is owned by Ms. Wong Wai Fong ("Ms. Wong"), Ms. Yang Dongxiang, Mr. Hui Chun Wah and close family of Mr. Tam Wai Shing.

(ii) United Strategy is owned by Ms. Wong and Mr. Kwok Yiu Chung.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

For the six months ended 30 September 2018, the Group operated eight restaurants in Hong Kong under the brands of "Calf Bone King (小肥牛火鍋活魚專門店)", "Beefy HotPot (小肥牛火鍋大排檔)", "Calf Bone King Steam Pot (小肥牛蒸氣石鍋火鍋專門店)", "CBK Prince Club (小肥牛太子會)" and "3H Island Fusion Pot (蒲頭島)".

Since October 2018, CTM and CTST have been temporarily closed for renovation.

FINANCIAL REVIEW

Revenue

Our revenue for the six months ended 30 September 2018 decreased by approximately HK$4.4 million to HK$49.3 million (six months ended 30 September 2017: approximately HK$53.7 million). The drop in revenue was mainly due to (i) the closure of CYMT and CWC in April 2018 and June 2018, respectively; and (ii) the decrease in number of customer visits of our existing restaurants. The effect was partially offset by the opening of our restaurant in Yau Tsim Mong district ("CYTM"), which commenced its operation in September 2017.

Cost of inventories sold

The cost of inventories sold mainly represents the costs of food ingredients and beverage for the operation of the Group's restaurants. The cost of inventories sold for the six months ended 30 September 2018 decreased by approximately HK$4.3 million to HK$19.3 million (six months ended 30 September 2017: approximately HK$23.6 million). The decrease was mainly due to the decrease in revenue as mentioned above.

Gross profit and gross profit margin

The gross profit for the six months ended 30 September 2018 decreased by approximately HK$0.1 million to HK$30.0 million (six months ended 30 September 2017: approximately HK$30.1 million) and the gross profit margin for the six months ended 30 September 2018 increased by approximately 4.9% to 60.9% (six months ended 30 September 2017: approximately 56.0%). The increase in gross profit margin was mainly due to the change in promotional campaigns which had a lesser impact on gross profit margin as compared to the previous campaigns.

Other revenue and other income

Other revenue and other income decreased by approximately HK$0.4 million to approximately HK$0.6 million for the six months ended 30 September 2018 (six months ended 30 September 2017: approximately HK$1.0 million), which was primarily due to the decrease in promotion income from beverage suppliers.

Staff costs

Our staff costs decreased by approximately HK$2.6 million to HK$14.8 million for the six months ended 30 September 2018 (six months ended 30 September 2017: approximately HK$17.4 million). The decrease was mainly due to the closure of CYMT and CWC in April 2018 and June 2018, respectively.

Depreciation of property, plant and equipment

Our depreciation of property, plant and equipment increased by approximately HK$0.3 million to HK$1.8 million for the six months ended 30 September 2018 (six months ended 30 September 2017: approximately HK$1.5 million). The increase was mainly due to the additional depreciation charges incurred for CYTM, our new restaurant which was opened in September 2017.

Property rentals and related expenses

Our property rentals and related expenses increased by approximately HK$1.2 million to HK$12.9 million for the six months ended 30 September 2018 (six months ended 30 September 2017: approximately HK$11.7 million). The increase was primarily due to (i) the increase in rent for some of our existing restaurants upon the renewal of tenancy agreements; and (ii) the opening of CYTM, our new restaurant in Yau Tsim Mong district, in September 2017.

Fuel and utility expenses

Our fuel and utility expenses decreased by approximately HK$0.2 million to HK$2.0 million for the six months ended 30 September 2018 (six months ended 30 September 2017: approximately HK$2.2 million). The decrease was in line with the decrease in revenue for the same period.

Administrative expenses

Our administrative expenses increased by approximately HK$1.2 million to HK$7.3 million for the six months ended 30 September 2018 (six months ended 30 September 2017: approximately HK$6.1 million). The increase was mainly due to the opening of CYTM, our new restaurant in Yau Tsim Mong district, in September 2017. The effect was partially offset by the closure of CYMT and CWC in April 2018 and June 2018, respectively.

Loss and total comprehensive loss for the period attributable to owners of our Company

As a result of the cumulative effect of the above factors, the Group had loss and total comprehensive loss for the period attributable to owners of our Company of approximately HK$6.7 million for the six months ended 30 September 2018 (six months ended 30 September 2017: approximately HK$7.3 million). The loss and total comprehensive loss attributable to owners of our Company for the six months ended 30 September 2018 was primarily attributable to the decrease in revenue as discussed above.

USE OF PROCEEDS FROM PLACING

The Company was listed on GEM of the Stock Exchange on 15 February 2017 and the net proceeds raised by the Company from the abovementioned Placing were approximately HK$53.5 million. As at 30 September 2018, the net proceeds have been applied and utilised as follows:

	Actual net proceeds	**Amount utilised as at 30 September 2018**	**Unused net proceeds**
	HK$'000	*HK$'000*	*HK$'000*
Opening new hotpot restaurants	27,000	8,933	18,067
Setting up a central kitchen	6,000	785	5,215
Enhancement of existing hotpot restaurants	12,000	–	12,000
Strengthening information technology system	2,000	561	1,439
Setting up a new head office	3,000	1,467	1,533
General working capital	3,500	3,500	–
	53,500	15,246	38,254

Opening new hotpot restaurants

The Company had originally planned to use approximately HK$18.0 million of the net proceeds to open three new restaurants during the year ended 31 March 2018. However, only one restaurant, CYTM, was opened in Yau Tsim Mong district in September 2017. The establishment cost of CYTM was approximately HK$8.9 million. The Company encountered a difficult and challenging market environment since the beginning of this financial year. Facing such change in the market condition, the management introduced a new style hotpot restaurant under a new brand name with the aim to reach a wider customer base.

The Company has not yet identified suitable premises for the second and third restaurants. The Company expects the opening of the remaining restaurants will be further delayed till 2019.

Setting up a central kitchen

The Company had planned to use approximately HK$6.0 million of the net proceeds to establish a new central kitchen. In July 2017, the Company was able to secure a lease of premises in Kwai Chung with food processing facilities installed. As at 30 September 2018, a total of approximately HK$0.8 million was spent on establishing the central kitchen. The reason for the lower amount utilised as at 30 September 2018 was that the premises has the basic food processing and production equipment and utensils where the Company has been using since July 2017 for the processing and production of food for the Group's restaurant. The management considered that these equipment and utensils are sufficient to support the current level of production for the Group's restaurants. Should the need to ramp up production is required when there are more restaurants in the Group, the management will acquire new equipment and utensils to meet the production needs of the Group.

Enhancement of existing hotpot restaurants

The Company had planned to use approximately HK$12.0 million of the net proceeds to enhance four existing hotpot restaurants. Since October 2018, CTM and CTST have been temporarily closed for renovation. The Company expects the enhancement of the third and fourth restaurants in 2019.

Strengthening information technology system

The Company had planned to use approximately HK$2.0 million of the net proceeds to upgrade the information technology system. As at 30 September 2018, a total of approximately HK$0.6 million was spent on new computers and related hardware peripherals. The reason for the delay in upgrading the information technology system was that the management needs more time to consider the upgrade plan of the Group's technology system. The management is considering to use technological tools such as internet marketing, big data and mobile payment systems to carry out marketing to targeted customers.

Setting up a new head office

The Company had planned to use approximately HK$3.0 million of the net proceeds to set up a new head office. The head office of the Company was finally relocated to a new premises in Kwai Chung at the end of October 2017 at a cost of approximately HK$1.5 million due to the efficient control of the relocation costs through reusing the existing office furniture in the new head office.

Except as explained above, the Company intends to continue to apply the net proceeds received from the Placing in the manner consistent with that mentioned in the section headed "Future Plans and Use of Proceeds" of the Prospectus. However, the Directors will continue to evaluate the Group's business objective and may change or modify plans against the changing market condition to create greater value for the shareholders.

All the unutilised balances have been placed in a licensed bank in Hong Kong.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30 September 2018, the Group's source of funds was mainly from the net proceeds from the listing and internal generated resources. For the six months ended 30 September 2018, the Group recorded a net cash outflow of approximately HK$7.2 million (six months ended 30 September 2017: approximately HK$15.6 million), while its total cash and cash equivalents decreased to approximately HK$55.2 million (as at 30 September 2017: approximately HK$68.8 million).

As at 30 September 2018, current assets amounted to approximately HK$66.5 million (as at 31 March 2018: approximately HK$72.0 million) of which approximately HK$25.2 million (as at 31 March 2018: approximately HK$62.3 million) was cash and bank balances, HK$30.0 million (as at 31 March 2018: nil) was time deposits, HK$9.1 million (as at 31 March 2018: approximately HK$7.2 million) was trade receivables, and deposits, prepayments and other receivables. Current liabilities amounted to approximately HK$7.2 million as at 30 September 2018 (as at 31 March 2018: approximately HK$9.0 million), of which approximately HK$7.2 was trade payables, and accruals and other payables (as at 31 March 2018: approximately HK$9.0 million).

As at 30 September 2018, the Group's current ratio and quick ratio were 9.2 and 9.2 respectively (as at 31 March 2018: 8.0 and 7.9 respectively).

The Group had no bank borrowings as at 30 September 2018 and up to the date of this announcement (as at 31 March 2018: nil).

GEARING RATIO

As at 30 September 2018, the gearing ratio of the Group was nil (as at 31 March 2018: nil) as the Group did not have any loans or borrowings as at the respective dates.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

As at 30 September 2018, the Company did not have any significant investments, material acquisitions and disposals of subsidiaries and associated companies.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2018, the Group had 157 employees in Hong Kong (as at 30 September 2017: 214 employees in Hong Kong), who had passed the probationary period. Remuneration is determined with reference to market terms and in accordance with the performance, qualification and experience of each individual employee. Discretionary bonuses, based on each individual employee's performance, are paid to employees as recognition and in reward for their contributions. Other fringe benefits such as medical insurance, retirement benefits and other allowances are offered to all our employees.

FOREIGN CURRENCY EXPOSURE

Most of the transactions of the Group are denominated in Hong Kong dollars and the Group is not exposed to significant foreign exchange exposure.

CAPITAL COMMITMENTS

As at 30 September 2018, the Group did not have any material capital commitments.

CONTINGENT LIABILITIES

As at 30 September 2018, the Group did not have any material contingent liabilities.

PLEDGE OF ASSETS

As at 30 September 2018, the Group did not have any mortgage or charge over its assets.

EVENTS AFTER THE REPORTING PERIOD

On 12 October 2018, Sure Wonder Investments Limited ("Sure Wonder") has granted to an independent third party (the "Purchaser") a right of first refusal and exclusivity (the "Right") to purchase a total of 300,000,000 shares of the Company (the "Shares"), representing 25% of the issued share capital of the Company as at the date of this announcement, at a price of HK$0.3804 per Share before 10 December 2018 (the "Disposal"). As at the date of this announcement, Sure Wonder held 889,200,000 Shares, representing 74.1% of the issued share capital of the Company. If the Purchaser exercises the Right to purchase the Shares, upon completion of the Disposal, Sure Wonder will hold 589,200,000 Shares, representing 49.1% of the existing issued share capital of the Company, and will remain as a controlling shareholder of the Company, while the Purchaser will hold 300,000,000 Shares, representing 25% of the existing issued share capital of the Company, and will become a substantial shareholder of the Company.

Save as disclosed above, the Board is not aware of any significant event requiring disclosure that has been taken place subsequent to 30 September 2018 and up to the date of this announcement.

COMPETING BUSINESS

None of the Directors, the controlling shareholders or the substantial shareholders of the Company or any of their respective close associates (as defined in the GEM Listing Rules) had an interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group and any other conflicts of interest which any such person has or may have with the Group during the six months ended 30 September 2018.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The issued shares of the Company were listed on GEM of the Stock Exchange on 15 February 2017 ("the Listing Date"). Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company since the Listing Date and up to 30 September 2018.

CORPORATE GOVERNANCE CODE

For the six months ended 30 September 2018, the Directors consider that the Company has complied with the code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all Directors, the Company confirms that the Directors have complied with such required standard of dealings and the Company's code of conduct regarding Directors' securities transactions for the six months ended 30 September 2018.

INTERESTS OF COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Guotai Junan Capital Limited ("Guotai Junan") to be the compliance adviser. As informed by Guotai Junan, neither Guotai Junan nor any of its directors or employees or close associates, has or may have, any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities), which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules, except for the compliance adviser agreement entered into between the Company and Guotai Junan dated 17 October 2016.

SHARE OPTION SCHEME

The share option scheme of the Company (the "Scheme") has been adopted by the resolutions in writing of all the shareholders passed on 20 January 2017. The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

No share option has been granted since the adoption of the Scheme and there was no share option outstanding as at 30 September 2018.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established on 20 January 2017 with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The primary duties of the Audit Committee are to review the Company's draft annual, interim and quarterly financial reports and accounts and to provide advice and comments thereon to the Board. The Audit Committee is also responsible for reviewing and supervising the financial reporting process and internal control procedures of the Group.

The Audit Committee currently consists of three independent non-executive Directors namely Mr. Chan Hoi Kuen Matthew, Mr. Chung Wing Yin and Mr. Law Yui Lun. The chairman of the Audit Committee is Mr. Law Yui Lun, who has appropriate professional qualifications and experience in accounting matters.

The Audit Committee has reviewed the unaudited consolidated financial statements of the Group for the six months ended 30 September 2018 and is of the view that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

By order of the Board
CBK Holdings Limited
WONG Wai Fong
Chairman and Executive Director

Hong Kong, 9 November 2018

As at the date of this announcement, the chairman and the executive director of the Company is Ms. WONG Wai Fong, the executive director of the Company is Mr. CHAN Lap Ping; and the independent non-executive directors of the Company are Mr. CHAN Hoi Kuen Matthew, Mr. CHUNG Wing Yin and Mr. LAW Yui Lun.

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the Company's website at www.cbk.com.hk.