

FORM: Half yearly/preliminary final report

Name of issuer

789 Holdings Limited

ACN or ARBN

628 136 658

Half yearly
(tick)

✓

Preliminary
final (tick)

Half year/financial year ended
(Current period)

31 December 2019

For announcement to the market

Extracts from this statement for announcement to the market (see note 1).

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				\$A,000
Revenue (item 1.1)	Down	55%	to	2,006
Loss for the period (item 1.9)	Down	29%	to	(202)
Loss for the period attributable to members of the parent (item 1.11)	Down	29%	to	(202)
Dividends				
Franking rate applicable:	Current period		Previous corresponding period	
	nil		nil	
Final dividend (preliminary final report only)(item 10.13-10.14)				
Amount per security	nil		nil	
Franked amount per security				
Interim dividend (Half yearly report only) (item 10.11 – 10.12)				
Amount per security	nil		nil	
Franked amount per security				
Short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				

789 Holdings Limited

ABN 13 628 136 658

INTERIM FINANCIAL REPORT

For the Half Year ended 31 December 2019

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CORPORATE DIRECTORY

Directors	Mr Kai Zhu (Executive Chairman) Mr John Huntley Knox (Non-Executive Director) Mr John Nakhoul (Non-Executive Director)
Company Secretary	Ms Weifan Rao
Registered office	Suite 405 161 Redfern Street Redfern NSW 2016 Phone: (02) 9698 8818
Nominated Advisor	Minerva Corporate Pty Ltd Level 8, 99 St Georges Terrace Perth WA 6000 Australia
Company number	295464
Share Registry	Registry Direct Limited Level 6, 2 Russell Street Melbourne VIC 3000 Australia
Auditor	UHY Haines Norton Sydney Level 11, 1 York Street Sydney NSW 2000 Phone: (02) 9256 6600
Solicitor	Atkinson Corporate Lawyers Level 8, 99 St Georges Terrace Perth WA 6000 Australia

DIRECTORS' REPORT

Your directors present their report on 789 Holdings Limited ("789" or the "Group") for the half-year ended 31 December 2019. All amounts are stated in Australian dollars (\$) unless otherwise noted.

DIRECTORS

The Directors of the Group at any time during or since the end of the half-year period are as follows:

Mr Kai Zhu (Executive Chairman)
Mr John Huntley Knox (Non-Executive Director)
Mr John Nakhoul (Non-Executive Director)

REVIEW OF OPERATIONS

The loss from operations of the Group for the half year ended 31 December 2019 was \$202,025 (31 December 2018: \$284,816).

At 31 December 2019, the Company had \$4,284,966 cash at bank (30 June 2019: \$1,237,031).

KEY EVENTS DURING THE HALF YEAR

The core business activities of the consolidated entity during the half-year has remained its focus on off-the-plan project marketing and property management services.

Although off-the-plan sales has not been as strong as its peak in 2017 but remained steady with a trend to recover at December 2019. Property management portfolio has continuously increased its revenue for the business with additional quality properties being inserted into the portfolio. In particular, the business had an over 25% increase in our management portfolio (that is, an increase from 447 active managements at the end of June 2019 to 560 active managements in December 2019). However, we are cautious of the global economic environment due to the coronavirus situation and the plan is for the business to take a conservative approach to retain and proactively manage its current businesses and defer any research and development activities after this financial year.

The entity has maintained a stable cashflow position within the past six months and this position is forecasted to remain throughout this financial year.

DIVIDENDS

No dividends were paid or declared during or subsequent to the end of the financial period.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

In the opinion of the Directors, there are no matters or other circumstances that have arisen since 31 December 2019 that have or may significantly affect the operations, results, or state of affairs of the consolidated entity in future financial periods.


SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no other significant changes in the state of affairs of the Group during the financial period.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 14.

Signed in accordance with a resolution of the board of directors

A handwritten signature in black ink, appearing to be 'Kai Zhu', written in a cursive style.

Kai Zhu
Director
13 March 2020

789 Holdings Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half year ended 31 December 2019

	Note	31 December 2019 \$	31 December 2018 \$
Revenue from continuing operations	2	1,889,433	4,412,886
Other income		115,718	497
Interest revenue		975	1,095
Expenses			
Depreciation – Right to use asset		(180,559)	-
Depreciation & Amortisation - Others		(54,769)	(39,982)
Employee benefit expense		(653,573)	(319,115)
Commission expense		(772,349)	(1,502,226)
Management fee		-	(1,804,543)
Rent expense		-	(126,538)
Legal expenses		(40,497)	(22,216)
Other expense		(452,901)	(304,306)
Finance costs		(53,503)	(3,920)
(Loss)/Profit before income tax		(202,025)	291,632
Income tax expense		-	(576,448)
Loss after income tax		(202,025)	(284,816)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		-	-
Total comprehensive loss for the period		(202,025)	(284,816)
Earnings per Share			
Basic and diluted loss per share		(0.51)	(279,231.37)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

789 Holdings Limited
Consolidated Statement of Financial Position
As at 31 December 2019

	Note	31 December 2019 \$	30 June 2019 \$
Current assets			
Cash and cash equivalents	3	4,284,966	1,237,031
Trade and other receivables		1,020,191	4,177,885
Other current assets		32,801	62,319
Total current assets		5,337,958	5,477,235
Non-current assets			
Property, plant and equipment		117,758	132,856
Intangible assets		353,269	310,700
Deferred tax assets		102,876	102,876
Right of use assets		1,853,802	2,034,361
Other non-current assets		75,987	124,678
Total non-current assets		2,503,692	2,705,471
Total assets		7,841,650	8,182,706
Current liabilities			
Trade and other payables	4	1,021,814	1,068,243
Lease liabilities - current		212,754	329,386
Current tax payable		126,628	126,628
Short-term provisions		40,092	20,486
Other current liabilities		59,320	43,872
Total current liabilities		1,460,608	1,588,615
Non-current liabilities			
Lease liabilities – Non-current		1,848,570	1,863,468
Long-term provisions		7,364	3,490
Total non-current liabilities		1,855,934	1,866,958
Total liabilities		3,316,542	3,455,573
Net assets		4,525,108	4,727,133
Equity			
Share capital	5	9,954,535	9,954,535
Other reserves		(5,190,173)	(5,190,173)
Retained earnings		(239,254)	(37,229)
Total equity		4,525,108	4,727,133

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes

789 Holdings Limited
Consolidated Statement of Changes in Equity
For the half year ended 31 December 2019

	Share capital	Other reserves	Retained earnings	Total equity
	\$	\$	\$	\$
Balance at 1 July 2018	102	-	1,784,217	1,784,319
Loss after income tax for the period	-	-	(284,816)	(284,816)
Total comprehensive loss for the period	-	-	(284,816)	(284,816)
Balance at 31 December 2018	102	-	1,499,401	1,499,401

	Share capital	Other reserves	Retained earnings	Total equity
	\$	\$	\$	\$
Balance at 1 July 2019 (reported as at 30 June 2019)	9,954,535	(5,190,173)	14,138	4,778,500
Restatement on account of change in accounting policy (Note 1(a))	-	-	(51,367)	(51,367)
Re-stated as at 1 July 2019	9,954,535	(5,190,173)	(37,229)	4,727,133
Loss after income tax for the period	-	-	(202,025)	(202,025)
Total comprehensive loss for the period	-	-	(202,025)	(202,025)
Balance at 31 December 2019	9,954,535	(5,190,173)	(239,254)	4,525,108

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

789 Holdings Limited
Consolidated Statement of Cash Flows
For the half year ended 31 December 2019

	Note	31 December 2019 \$	31 December 2018 \$
Cash flows related to operating activities			
Receipts from customers (inclusive of GST)		5,679,130	4,462,881
Payments to suppliers and employees (inclusive of GST)		(2,402,292)	(4,862,810)
Other revenue		974	497
Interest and other finance costs paid		(53,503)	(3,920)
Income taxes paid		-	(198,822)
Net cash provided by/ (used in) in operating activities		3,224,309	(602,174)
Cash flows related to investing activities			
Payments for purchases of property, plant and equipment		(220,230)	-
Payment for intangible asset		(42,569)	-
Repayment of loans to other parties		37,396	-
Net cash used in investing activities		(225,403)	-
Cash flows related to financing activities			
Repayment of borrowings		49,029	(13,568)
Transfers in		-	659,044
Net cash provided by financing activities		49,029	645,476
Net increase in cash and cash equivalents		3,047,935	43,302
Cash and cash equivalents at beginning of the half year		1,237,031	342,705
Cash and cash equivalents at end of the half year	3	4,284,966	386,007

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1 Statement of Significant Accounting Policies

Basis of Preparation

This Half Year Financial Report is a general purpose financial report that has been prepared in accordance with the requirements of the *Corporation Act 2001*, Australian Accounting Standard AASB 134 *Interim Financial Reporting*, Australian Accounting Interpretations and authoritative pronouncements of the Australian Accounting Standards Board. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The Half Year Financial Report should be read in conjunction with the annual financial report of 789 Holding Limited as at 30 June 2019. It is also recommended that the Half Year Financial Report be considered together with any public announcements made by the Group during the half year ended 31 December 2019 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

The Half Year Financial Report does not include all notes of the type normally included within the annual financial report, and therefore cannot be expected to provide as full an understanding of the financial performance, financial position, and financing and investing activities of the Group as the full Financial Report.

The Half Year Financial Report has been prepared on the basis of historical costs and does not take into account changing money values or fair values of assets.

Adoption of new and amended accounting standards

In the half year ended 31 December 2019, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2019.

The impact of the adoption of these standards and the new accounting policies are disclosed in Note (a) below. The impact of these standards, and the other new and amended standards adopted by the Company, has not had a material impact on the amounts presented in the Company's financial statements.

No retrospective change in accounting policy or material reclassification has occurred requiring the inclusion of a third Statement of Financial Position as at the beginning of the comparative financial period, as required under AASB 101.

1 Statement of Significant Accounting Policies (continued)

(a) Changes in accounting policies

AASB 16

The standard replaces AASB 117 'Leases' and will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The impact of the new standard that was recognised at 1 July reflected a reported increase in assets by \$2,261,140 and liabilities increased by \$2,261,983. The Company recognised \$49,353 in interest expense and \$180,559 in additional depreciation as a result of the new standard for the reporting period.

(b) Restatement of comparatives

The group has made a retrospective adjustment to lease liabilities according to AASB 16 to reflect the information that was available as at 30 June 2019 but was not provided for in the 2019 financial report. The retrospective adjustment has resulted in an additional impairment charge of \$51,367 for the year ended 30 June 2019. For details of the restatement refer to the table below:

	June 2019 \$ Reported	\$ Adjustment	June 2019 \$ Restated
Extract from statement of financial position as at 30 June 2019			
Trade and other receivables	6,796,239	(2,618,354)	4,177,885
Right of use asset	-	2,034,361	2,034,361
Trade and other payables	3,677,361	(2,609,118)	1,068,243
Lease liabilities - Current	28,811	300,575	329,386
Lease liabilities – Non-current	87,551	1,775,917	1,863,468
Net assets	4,778,500	(51,367)	4,727,133
Retained earnings	14,138	(51,367)	(37,229)
Total Equity	4,778,500	(51,367)	4,727,133

2 Revenue from continuing operations

	31 December 2019	31 December 2018
	\$	\$
Revenue from contracts with customers	1,408,050	4,150,009
Property management agent commission	481,383	262,877
Revenue from continuing operations	<u>1,889,433</u>	<u>4,412,866</u>

3 Cash and Other Financial Assets

	31 December 2019	30 June 2019
	\$	\$
Cash at bank and in hand	<u>4,284,966</u>	<u>1,237,031</u>

4 Trade and Other Payables

	31 December 2019	30 June 2019
	\$	\$
Trade payables	53,492	65,806
Accrued commissions payable	482,089	727,531
Accrued management fee payable	386,527	-
GST payable (net)	54,734	239,513
PAYG payable	20,950	20,808
Other payable	24,022	14,585
	<u>1,021,814</u>	<u>1,068,243</u>

5	Issued Capital	31 December 2019 \$	30 June 2019 \$
	Share capital		
	Fully paid ordinary shares (a)	9,954,535	9,954,535
	(a) Movement in shares - period ended 31 December 2019	01/07/2019 to 31/12/2019 No.	01/07/2019 to 31/12/2019 \$
	<i>Fully paid ordinary shares</i>		
	Opening balance	40,000,000	9,954,535
	Closing balance	40,000,000	9,954,535
	(b) Movement in shares - period ended 31 December 2018	01/07/2018 to 31/12/2018 No.	01/07/2018 to 31/12/2018 \$
	<i>Fully paid ordinary shares</i>		
	Opening balance	102	102
	Closing balance	102	102

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

6 Contingent Liabilities

There has been no material change to contingent liabilities since 30 June 2019.

7 Commitments

	31 December 2019 \$	31 December 2018 \$
Capital commitment		
Committed at the reporting date but not recognised as liabilities,		
Payable:		
Within one year	129,184	-
One to five years	-	-
	129,184	-

8 Related Party Transactions

The Director, or his personally-related entities, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. The entities transacted with the Group in the reporting period. The terms and conditions of those transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arms-length basis. Details of these transactions are shown below:

Aust Sunshine Marketing Pty Ltd

The Group receives the monies from commission income from this entity that is collected on behalf of HOME789 Resources Pty Ltd.

	31 December 2019 \$	30 June 2019 \$
Outstanding balances (payable) /receivable at the end of the reporting period	(386,527)	2,363,812

9 Events Subsequent to Reporting Date

In the opinion of the Directors, there are no other matters or circumstances that have arisen since 31 December 2019 that have or may significantly affect the operations, results, or state of affairs of the consolidated entity in future financial periods.

DIRECTORS' DECLARATION

In the Directors' opinion:

- The attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 '*Interim Financial Reporting*', the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- The attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the financial half-year ended on that date; and
- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



Kai Zhu
Director
13 March 2020

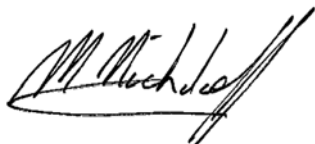
**Auditor's Independence Declaration
Under Section 307C of the Corporations Act 2001**

To the Directors of 789 Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2019, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of 789 Holdings Limited and the entities it controlled during the financial period.

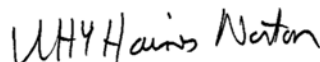


Mark Nicholaeff

Partner

Sydney

Dated: 13 March 2020



UHY Haines Norton

Chartered Accountants

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of 789 Holdings Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of 789 Holdings Limited ("the Company") and its subsidiaries ("the Group"), which comprises the interim consolidated statement of financial position as at 31 December 2019, the interim consolidated statement of profit or loss and other comprehensive income, the interim consolidated statement of changes in equity and the interim consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies, other selected explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

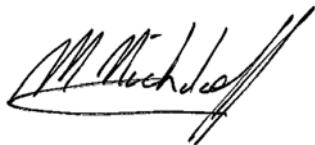
Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of 789 Holdings Limited and the entities it controlled during the

half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

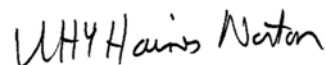


Mark Nicholaeff

Partner

Sydney

Dated: 13 March 2020



UHY Haines Norton

Chartered Accountants