睿鋒集團控股有限公司
Rui Feng Group Holdings
Company Limited

Rui Feng Group Holdings Company Limited

(Formerly known as China Hanya Group Holdings Limited)
(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8312)

2018
ANNUAL REPORT

CHARACTERISTICS OF GEM ("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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the "Directors") of Rui Feng Group Holdings Company 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 purposes 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 report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

This report, in both English and Chinese versions, is available on the Company's website at www.chinahanya.com.hk.

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Director

Mr. Yun Liguo

Independent Non-executive Directors

Mr. Leung Ka Wo
Mr. Zhang Tianbao
Mr. Christopher Francisco

COMPANY SECRETARY

Mr. Tse Kam Fai *FCIS, FCS*

AUDIT COMMITTEE

Mr. Leung Ka Wo *(Chairman)*
Mr. Zhang Tianbao
Mr. Christopher Francisco

REMUNERATION COMMITTEE

Mr. Christopher Francisco *(Chairman)*
Mr. Zhang Tianbao
Mr. Yun Liguo

NOMINATION COMMITTEE

Mr. Zhang Tianbao *(Chairman)*
Mr. Leung Ka Wo
Mr. Yun Liguo

AUTHORIZED REPRESENTATIVES

Mr. Yun Liguo
Mr. Tse Kam Fai

COMPLIANCE OFFICER

Mr. Yun Liguo

PRINCIPAL BANKERS

Bank of Communications, Hong Kong Branch
Industrial and Commercial Bank of China (Asia) Limited

AUDITORS

Deloitte Touche Tohmatsu

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2404, 24/F
World-Wide House
19 Des Voeux Road Central
Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301–04, 33/F
Two Chinachem Exchange Square
338 King's Road
North Point, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

CORPORATE WEBSITE

www.chinahanya.com.hk

FINANCIAL HIGHLIGHTS

The board of Directors (the "Board") announces the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the fifteen months ended 31 December 2018 (the "Period"), together with the comparative figures for the year ended 30 September 2017 as follows:

	For the fifteen months ended 31 December 2018 *HK$'000*	For the year ended 30 September 2017 *HK$'000*	Change *(%)*
Revenue	**120,020**	32,019	275%
Gross profit	**11,802**	2,704	336%
Loss attributable to owners of the Company	**(20,745)**	(22,366)	−7%
Basic Loss per share — HK cents	**(2.80)**	(3.02)	−7%

The Board does not recommend the payment of any final dividend for the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in distribution of apparel products and household products, including the provision of distribution and supply chain management services specialising in trading of garment and household products.

To establish a competitive position in the marketplace and ensure the sustainability of business, the management has identified a viable competitive strategy through analyzing the business environment of the Group, and the strengths, weaknesses, opportunities and risks that exist for the Group. Among others, creating a sustainable business and differentiating itself from its competitors are the key points. As such, the Group helps customers to identify suitable suppliers and quality garment, household and textile products, and offers an one stop procurement solution which successfully differentiates itself from other generic procurement service providers.

Furthermore, customers with limited internal purchasing resources or those who lacks the market intelligence to find reliable suppliers can also benefit from the Group's distribution business as a single point of contact to manage the entire procurement process by (i) accessing the Group's network of manufacturers and wholesaler; (ii) having effective liaison with suppliers in the garment and textile industry; (iii) identifying suitable suppliers within the Group's network of manufacturers and/or wholesalers to meet the tailored requirements of the customers; (iv) relying on the customized procurement plan prepared and the logistics services provided by the Group and the execution of the customized procurement process; and (v) using the optional services provided by the Group or sub-contractors sourced by the Group (including but not limited to packaging service and furniture installation service). The Group believes that such business relationships will create a win-win result and will be beneficial to the growth and prosperity of each stakeholder.

During the Period, the management has exerted great effort to streamline and optimize the process of the Group's distribution business, currently it can be divided into five key stages, which are: (i) understanding the tailored requirements of customers; (ii) organizing a customised procurement plan for customers; (iii) identifying suitable suppliers within the Group's network of manufacturers and/or wholesalers to meet the tailored requirements of the customers; (iv) maintaining effective liaison between the customers and those suitable suppliers identified; and (v) executing the customised procurement process.

The product mix under the Group's distribution business consists of consumer garments such as innerwear, casual wear, baby and children wear and household related textile products such as curtain, bed covers, table cloth, linens and other household products. At present, the PRC and Hong Kong markets are the primary focus of the Group's distribution business.

FINANCIAL REVIEW

As announced on 22 January 2018, the Company's financial year end date has been changed to 31 December. Therefore, the audited consolidated financial statements of the Company contained in this annual report cover a fifteen-month period from 1 October 2017 to 31 December 2018.

The revenue of the Group for the Period was approximately HK$120.0 million, representing an increase of 3.75 times as compared to the year ended 30 September 2017. For the Period, the Group's revenue contributed from household products, innerwear and clothing products (other than innerwear) amounted to approximately HK$82.1 million, HK$2.6 million and HK$35.3 million respectively (for the year ended 30 September 2017: approximately HK$22.1 million, HK$9.9 million and Nil). The increase in sales order of household products and garment products of the distribution business has made a great contribution to the significant increase in the Group's revenue.

Cost of sales of the Group for the Period was approximately HK$108.2 million, representing an increase of 3.69 times as compared to approximately HK$29.3 million for the year ended 30 September 2017. The increase in cost of sales was mainly due to the increase in sales order during the Period.

During the Period, the Group has made an allowance for bad and doubtful debts on its trade receivable amounted to approximately HK$8.45 million (for the year ended 30 September 2017: HK$Nil) for certain customers which have been in severe financial difficulties or placed under liquidation. The Directors make allowance for bad and doubtful debts with reference to the present value of the estimated future cash flows that are expected to be recovered from the customers and consider adequate allowance has been provided for the Period. The Group does not hold any collateral over these balances.

Subsequent to 31 December 2018, the Group has entered into respective repayment agreements with certain customers in respect of an aggregate gross amount of trade receivables (before allowance for bad and doubtful debts was made) due from these debtors amounted to approximately HK$41.0 million as at 31 December 2018, which will be settled by installments until 31 December 2020. The Board will closely monitor the repayment from these debtors. The Board will further tighten and enhance its customers acceptance procedure for its potential new customers, if any, and the relevant credit policy imposed on its customers.

The loss of the Group for the Period was approximately HK$20.7 million as compared to the loss of approximately HK$22.4 million for the year ended 30 September 2017. This improvement is mainly due to the implementation of the Group's competitive strategy.

PROSPECTS

During the Period, the Group has set up a new operation team and has been participating in various international apparel fairs and engaging sizeable and reputable sourcing partners and potential new clients where a formal business arrangement has been entered into. With the satisfying results achieved from the Group's active solicitation and reach out to potential clients, the Directors believe that the Group will be able to further build up its brand name globally and be able to participate in larger scale projects which will in turn drive the business growth of the Group in long run. Given the Group's continuous effort in broadening its customer portfolio, the development plans and business strategies of the Group is realising progressively and satisfactorily.

Looking forward, the Group will continue its normal day-to-day operations and will continue to review its existing businesses from time to time and strive to improve its business operation and financial position. The Group will also keep on exercising stringent cost control, quality assurance, and expense control to minimize operating costs.

The Board will use its best endeavors to proactively seek for potential business and investment opportunities with an aim to broaden its source of income and optimise its business portfolio.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operation through internally-generated cash flows, banking facility provided by a bank and loan from a shareholder during the Period. As at 31 December 2018, the total bank balances and cash of the Group amounted to approximately HK$5.0 million (2017: approximately HK$15.5 million) excluding the pledged bank deposit with fixed term of 1 month amounted to approximately HK$10.1 million (2017: Nil). A loan from a shareholder amounted to HK$25 million (2017: RMB5 million (equivalent to HK$5.87 million)) and related interest payable of HK$531,000 (2017: RMB18,000 (equivalent to HK$20,000)) which is unsecured, repayable on demand and interest bearing at 3% per annum. The current ratios (current asset divided by current liabilities) of the Group were 0.92 times and 1.80 times as at 31 December 2018 and 30 September 2017 respectively.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Period (for the year ended 30 September 2017: Nil).

CAPITAL MANAGEMENT

The Group's objectives when managing capital are to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimization of the debt and equity balance. The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Company will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt as it sees fit and appropriate.

The Group monitors capital on the basis of the gearing ratio. As at 31 December 2018, the gearing ratio was (665.2)% (30 September 2017: 35.4%). This ratio is calculated by dividing total debt from time to time by total capital. Notwithstanding the above, the Directors closely monitor the liquidity of the Group. Taking into account of the following matters:

(i) on 28 February 2019, the disposal of investment property classified as held for sale was completed and the proceed of HK$4,200,000 was received subsequent to the end of the Period;

(ii) in addition to the amount due to Mr. Yun Liguo ("Mr. Yun"), the executive Director of the Company, as at 31 December 2018 amounting to HK$25,531,000 (including interest payable of HK$531,000), there is loan facility amounting to RMB6,842,000 (equivalent to approximately HK$7,800,000) not yet utilised by the Group;

(iii) on 4 March 2019, Mr. Yun and the Group entered into a loan agreement to make available to the Group a loan in the principal sum of RMB30,000,000 (equivalent to approximately HK$34,200,000) for the future working capital requirements of the Group; and

(iv) Mr. Yun has agreed in writing not to demand the Group to repay the amount due to him (including the amount of HK$25,000,000 which was outstanding as at 31 December 2018 and any additional amount to be utilised by the Group subsequent to the end of the reporting period) until the Group is in a financial position to repay.

The Directors consider that after taking into account the internal resources and the above matters, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due for the foreseeable future taking into account the internal fundings along with the above measurements.

CHARGE ON GROUP'S ASSETS

As at 31 December 2018, the Group pledged its bank deposit of approximately HK$10.1 million (30 September 2017: Nil) to a bank to secure a banking facility amounting to approximately HK$4.2 million granted to a subsidiary of the Company. The pledged bank deposit is interest bearing with a fixed rate of 0.01% per annum (30 September 2017: Nil).

CAPITAL COMMITMENT

As at 31 December 2018, the Group does not have any significant capital commitment.

FOREIGN CURRENCY EXPOSURE

Presently, there is no hedging policy with respect to the foreign exchange exposure. The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currency giving rise to this risk is primarily Renminbi.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2018 (30 September 2017: Nil).

SIGNIFICANT INVESTMENTS

As at 31 December 2018, the Group did not have any significant investment plans.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no specific plan for material investments or capital assets as at 31 December 2018.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisition and disposal of subsidiaries or associates during the Period.

DISPOSAL OF PROPERTY

On 11 December 2018, the Group entered into the provisional agreement for sale and purchase with an independent third party as purchaser for the sale of the property located at Workshop 16, 1st Floor, Wah Yiu Industrial Centre, 30–32 Au Pui Wan Street, Sha Tin, New Territories, Hong Kong at a consideration of HK$4,200,000 (the "Disposal"). The Disposal was completed on 28 February 2019. Details of the Disposal are set out in the announcement of the Company dated 11 December 2018.

CHANGE OF COMPANY NAME

By a special resolution passed at the extraordinary general meeting of the Company held on 23 November 2018, the English name of the Company is changed from "China Hanya Group Holdings Limited" to "Rui Feng Group Holdings Company Limited" and the dual foreign name in Chinese of the Company is changed from "中國瀚亞集團控股有限公司" to "睿鋒集團控股有限公司". The change of name became effective on 27 November 2018.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2018, the Group has 5 directors and 12 employees. Total staff costs, including Directors' emoluments, amounted to approximately HK$14.2 million for the Period. The Group's remuneration policies were determined with reference to the performance, qualification and experience of individual employee, as well as the results of the Group and the market conditions. The Group provided discretionary bonus, medical insurance, and provident fund to its employees. The Company adopted a share option scheme on 3 November 2010, under which the Company can grant options to, among others, employees of the Group to subscribe for shares of the Company (the "Shares") with a view to rewarding them for their contributions to the Group and giving incentives to them for optimizing their future contributions to the Group.

UPDATE ON THE LISTING STATUS

The Company has received a letter dated 16 March 2018 from the Stock Exchange (the "Decision Letter"), which serves as a notice pursuant to Rule 9.15 of the GEM Listing Rules, that the Stock Exchange has decided to commence the procedures to cancel the Company's listing under Rule 9.14 of the GEM Listing Rules (the "Decision") since the Stock Exchange is of the view that the Company has failed to maintain a sufficient level of operations or assets under Rule 17.26 of the GEM Listing Rules to warrant the continued listing of the Shares. On 26 March 2018, the Company has submitted a written request to the GEM Listing Committee for reviewing the Decision. On 3 July 2018, the GEM Listing Committee decided to uphold the Decision to suspend trading in the Shares and proceed with cancellation of the Company's listing. On 11 July 2018, the Company has submitted a written request to the secretary of the GEM Listing (Review) Committee applying for a review of the decision of the GEM Listing Committee. On 21 November 2018, the GEM Listing (Review) Committee conducted a review hearing to review the decision of the GEM Listing (Review) Committee set out in its letter dated 3 July 2018 (the "GLC's Decision"). On 7 December 2018, the Company received a letter from the GEM Listing (Review) Committee setting out its decision to uphold the GLC's Decision to suspend trading in the Shares under Rule 9.04 of the GEM Listing Rules and proceed with cancellation of the Company's listing under Rule 9.14 of the GEM Listing Rules.

The Company is required to submit a resumption proposal to demonstrate that it has a sufficient level of operations or assets as required by Rule 17.26 of the GEM Listing Rules at least 10 business days before the expiry of a period of six months from the date of the decision of the GEM Listing (Review) Committee (i.e. 23 May 2019). If the Company fails to submit a viable resumption proposal by the expiry of six-month period, the Stock Exchange will proceed with the cancellation of the Company's listing.

At the request of the Company, trading in the Shares has been suspended with effect from 9:00 a.m. on 10 December 2018.

For details, please refer to the announcements of the Company dated 19 March 2018, 26 March 2018, 3 July 2018, 11 July 2018, 10 December 2018 and 11 December 2018.

BIOGRAPHICAL DETAILS OF DIRECTORS

EXECUTIVE DIRECTOR

Mr. Yun Liguo ("Mr. Yun"), aged 40, was appointed as an executive Director on 6 March 2017. He is also a member of each of the remuneration committee (the "Remuneration Committee") and nomination committee (the "Nomination Committee") of the Company and a director of certain subsidiaries of the Company. Mr. Yun has more than 10 years of experience in interior design and renovation, as well as experience in investment fund management. Mr. Yun has undertaken various management positions including acting as general manager in different interior design and renovation work related companies since July 2007. Mr. Yun is a director of Handsome Global Investments Limited ("Handsome Global"), which is a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO") and the controlling shareholder (as defined under the GEM Listing Rules) of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Leung Ka Wo ("Mr. Leung"), aged 45, was appointed as an independent non-executive Director on 14 June 2017. He is also the chairman of the audit committee of the Company (the "Audit Committee") and a member of the Nomination Committee. He holds a Bachelor of Business Administration degree from the Seattle University. He is a certified public accountant of the Hong Kong Institute of Certified Public Accountants, certified public accountant of the American Institute of Certified Public Accountants and certified public accountant in the State of California in the United States of America. He is currently a director and chief financial officer of China TX IIOT Group (Hong Kong) Limited and an independent non-executive director of Tongguan Gold Group Limited (formerly known as China Mining Resources Group Limited) (stock code: 340; a company listed on the Main Board of the Stock Exchange). He was an independent non-executive director of Neo Telemedia Limited (stock code: 8167; a company listed on GEM) from March 2014 to September 2016.

Mr. Zhang Tianbao ("Mr. Zhang"), aged 40, was appointed as an independent non-executive Director on 7 November 2016. Mr. Zhang is also the chairman of the Nomination Committee and a member of each of the Audit Committee and the Remuneration Committee. He holds a bachelor's degree in Law from Yanshan University. He has over 12 years of experience and knowledge in compliance and legal services of investment, financing, merger and acquisition, property development and construction. He works as a legal counsel and vice director in Beijing Zhongjin Law Firm (北京中今律師事務所).

Mr. Christopher Francisco ("Mr. Francisco"), aged 34, was appointed as an independent non-executive Director on 6 February 2018. He is also the chairman of the Remuneration Committee and a member of the Audit Committee. Mr. Francisco graduated from University College London to the University of London with a Bachelor's degree of Science (Economics) in 2006. He has more than 10 years' experience in the investment and financial industries. Mr. Francisco focused in corporate finance, merger & acquisition and equity capital markets during his time in investment banking and handled various projects including initial public offerings, merger & acquisition, corporate strategy advisory, equity fund raising, and advised several chief executive officers and chief financial officers of several Hong Kong listed companies. He has extensive knowledge in corporate strategy, marketing, finance, legal, together with a spectrum of industry specific knowledge.

The Company has complied with the required code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 15 to the GEM Listing Rules during the Period, except for the following deviations:

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Ms. Lu Zhuo ("Ms. Lu") was appointed as the chief executive officer of the Company (the "CEO") and the chairman of the Board (the "Chairman") on 16 January 2017 and 27 March 2017 respectively. Subsequent to the end of the Period, Ms. Lu resigned as the CEO, Chairman and executive Director on 5 January 2019. Following the resignation of Ms. Lu, the Company did not appoint any individual to be the Chairman and CEO as the Board was still looking for suitable candidates. These functions are currently performed by the Board. The Board meets regularly to consider major matters affecting the operations of the Group. The Board considers that this arrangement allowed contributions from all Directors with different expertise and was beneficial to the continuity of the Company's policies and strategies.

Under code provision E.1.2 of the CG Code, the chairmen of the audit, remuneration and nomination committees should be invited to attend the annual general meeting. Mr. Leung Ka Wo, being an independent non-executive Director and the chairman of the Audit Committee, was unable to attend the annual general meeting of the Company held on 6 February 2018 (the "2018 AGM") due to his other business engagements.

BOARD OF DIRECTORS

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision making. Pursuant to the CG Code, the Board adopted a board diversity policy. The Company recognizes and embraces the benefits of diversity of Board members. While all Board appointments will continue to be made on a merit basis, the Company will ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the needs of the Company's business. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge.

Board Composition

As at the date of this report, the Board comprises four members, consisting of one executive Director, and three independent non-executive Directors as set out below:

Executive Director

Mr. Yun Liguo

Independent Non-executive Directors

Mr. Leung Ka Wo
Mr. Zhang Tianbao
Mr. Christopher Francisco

The executive Director is responsible for the leadership and control of the Company and oversee the Group's businesses, strategic decisions and performances and is responsible for promoting the success of the Company by directing and supervising its affairs.

The independent non-executive Directors are responsible for ensuring a high standard of financial and other mandatory reporting of the Board as well as to provide a balance in the Board in order to protect shareholders' interest and overall interest of the Group. At least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise as required under Rule 5.05 of the GEM Listing Rules.

The Company has received the annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 5.09 of the GEM Listing Rules. The Board has assessed their independence and concluded that all independent non-executive Directors are independent.

Each Director has relevant experience, competence and skills appropriate to the business requirements of the Company. The composition of the Board and biographies of the Directors are set out on page 10 of this annual report.

TERM OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors has renewed his letter of appointment with the Company for a term of one year, unless terminated by not less than one month's written notice to the other party or otherwise in accordance with the terms of the letter of appointment. Each of such appointment is subject to the rotation and retirement provisions in the articles of association of the Company (the "Articles").

COMPLIANCE WITH THE REQUIRED STANDARD OF DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions in securities of the Company. Upon the Company's specific enquiry, each Director confirmed that during the Period, he had fully complied with the required standard of dealings and there was no event of non-compliance.

BOARD MEETINGS

The Board intends to hold Board meetings regularly at least four times a year at approximately quarterly intervals. Notices of not less than 14 days will be given for all regular Board meetings to provide all Directors with an opportunity to attend and propose matters to be discussed in the meeting agenda.

For other Board and Board committee meetings, reasonable notice will generally be given. The agenda and accompanying documents are dispatched to the Directors or Board committee members at least 3 days before the meetings to ensure that they have sufficient time to review the documents and be adequately prepared for the meetings.

When Directors or Board committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting. Minutes of the Board meetings and Board committee meetings will be recorded in sufficient detail to include the matters considered by the Board and the Board committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board committees meeting will be sent to the Directors for comments within a reasonable time after the date on which the meeting is held.

During the Period, the Board held 7 Board meetings and passed resolutions by way of written resolutions. The attendance record of each Director is set out in the section headed "Directors' attendance records at meetings of the Board and the Board committees and general meetings" below.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Up to the date of this annual report, the Company has not appointed any Chairman and the CEO. The Company is currently identifying suitable candidate(s) to fill the vacancies of the Chairman and the CEO. The role and functions of the Chairman and the CEO are currently performed by the Board.

DIRECTORS' CONTINUOUS TRAINING AND PROFESSIONAL DEVELOPMENT

Pursuant to code provision A.6.5, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remain informed and relevant. Up to the date of this annual report, all Directors have participated in continuous professional development by attending training course relating to director's duties and corporate governance and/or reading relevant materials on the topics related to legal and regulatory changes and matters. The Directors had provided the relevant training records for the Period to the Company.

The Company is committed to arranging and funding suitable training to all Directors for their continuous professional development. Each Director is briefed and updated from time to time to ensure that he is fully aware of his roles, functions, duties and responsibilities under the GEM Listing Rules and applicable legal and regulatory requirements and the governance policies of the Group.

AUDIT COMMITTEE

The Company established the Audit Committee on 3 November 2010 with written terms of reference in compliance with the GEM Listing Rules. As at the date of this annual report, the Audit Committee has three members comprising all the independent non-executive Directors, namely Mr. Leung Ka Wo (chairman of the Audit Committee), Mr. Zhang Tianbao and Mr. Christopher Francisco.

The primary duties of the Audit Committee are to review, in draft form, the annual report and accounts, half-year report and quarterly reports and to provide advice and comments to the Board, to ensure the adequacy and effectiveness of the accounting and financial controls of the Group, oversee the Company's financial reporting system, risk management and internal control systems, monitor the integrity of the financial statements and compliance with statutory and listing requirements and to oversee independence and qualifications of the external auditors.

The corporate governance functions are also performed by the Audit Committee. The corporate governance functions are to develop and review the Company's policies and practices on corporate governance to comply with the CG Code and make recommendations to the Board, to review and monitor the training and continuous professional development of Directors and senior management, to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors, and to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

During the Period, the Audit Committee held 5 meetings and the attendance of each member is set out in the section headed "Directors' attendance records at meetings of the Board and the Board committees and general meetings" below.

A summary of the work performed by the Audit Committee during the Period is listed below:

(a) reviewed the quarterly, interim and annual financial statements and the related results announcement, documents and other matters or issues raised by external auditor of the Company;

(b) reviewed the terms of engagement of external auditor of the Company;

(c) recommended to the Board, for the approval by the shareholders of the Company (the "Shareholders"), of the re-appointment of the auditor of the Company; and

(d) discussed and confirmed with the management the effectiveness of the Group's financial reporting process, risk management and internal control systems, reviewed the risk management and internal control systems and made recommendation to the Board.

REMUNERATION COMMITTEE

The Company established the Remuneration Committee on 3 November 2010 with written terms of reference in compliance with the GEM Listing Rules. As at the date of this annual report, the Remuneration Committee has three members comprising one executive Director, namely Mr. Yun Liguo, and two independent non-executive Directors, namely Mr. Zhang Tianbao and Mr. Christopher Francisco (chairman of the Remuneration Committee).

The primary duties of the Remuneration Committee are to make recommendations to the Board the policy and structure for the remuneration of all Directors and senior management and to set up a formal and transparent procedure for determination of such remuneration policies. The Remuneration Committee has adopted the approach made under B.1.2(c)(i) of the CG Code to determine with delegated responsibility, the remuneration packages of individual executive Directors and senior management.

During the Period, the Remuneration Committee held 2 meetings, at which the members of the Remuneration Committee reviewed the existing policy and structure for the remuneration of Directors, and considered and recommended to the Board the remuneration package for the proposed independent non-executive Director.

The attendance of each member is set out in the section headed "Directors' attendance records at meetings of the Board and the Board committees and general meetings" below.

The remuneration of the members of the senior management of the Company during the Period by band is set out below:

Emoluments Band	**Number of individuals**
HK$0 to HK$1,000,000	1
HK$1,000,001 to HK$1,500,000	0
HK$3,000,001 to HK$3,500,000	1

NOMINATION COMMITTEE

The Company established the Nomination Committee on 3 November 2010 with written terms of reference in compliance with the GEM Listing Rules. As at the date of this annual report, the Nomination Committee has three members comprising one executive Director, namely Mr. Yun Liguo, and two independent non-executive Directors, namely Mr. Leung Ka Wo and Mr. Zhang Tianbao (chairman of the Nomination Committee).

The primary duties of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and to make recommendations on any proposed changes to the Board, identify individuals suitably qualified to be Directors and assess the independence of the independent non-executive Directors.

To ensure changes to the Board composition can be managed without undue disruption, there should be a formal, considered and transparent procedure for selection, appointment and re-appointment of Directors, as well as plans in place for orderly succession (if considered necessary), including periodical review of such plans. The appointment of a new Director (to be an additional Director or fill a casual vacancy as and when it arises) or any re-appointment of Directors is a matter for decision by the Board upon the recommendation of the proposed candidate by the Nomination Committee.

The criteria to be applied in considering whether a candidate is qualified shall be his or her ability to devote sufficient time and attention to the affairs of the Company and contribute to the diversity of the Board as well as the effective carrying out by the Board of the responsibilities which, in particular, are set out as follows:

(a) participating in Board meetings to bring an independent judgment on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conducts;

(b) taking the lead where potential conflicts of interests arise;

(c) serving on the Audit Committee, and the Remuneration Committee and the Nomination Committee (in the case of candidate for non-executive Director) and other relevant Board committees, if invited;

(d) bringing a range of business and financial experience to the Board, giving the Board and any Board committees on which he or she serves the benefit of his or her skills, expertise, and varied backgrounds and qualifications and diversity through attendance and participation in the meetings of the Board/Board committees;

(e) scrutinising the Company's performance in achieving agreed corporate goals and objectives, and monitoring the reporting of performance;

(f) ensuring the Board committees on which he or she serves to perform their powers and functions conferred on them by the Board; and

(g) conforming to any requirement, direction and regulation that may from time to time be prescribed by the Board or contained in the constitutional documents of the Company or imposed by legislation or the GEM Listing Rules, where appropriate.

If the candidate is proposed to be appointed as an independent non-executive Director, his or her independence shall be assessed in accordance with, among other things, the factors as set out in Rule 5.09 of the GEM Listing Rules, subject to any amendments as may be made by the Stock Exchange from time to time. Where applicable, the totality of the candidate's education, qualifications and experience shall also be evaluated to consider whether he or she has the appropriate professional qualifications or accounting or related financial management expertise for filling the office of an independent with such qualifications or expertise as required under Rule 5.05(2) of the GEM Listing Rules.

During the Period, the Nomination Committee held 2 meetings and the attendance of each member is set out in the section headed "Directors' attendance records at meetings of the Board and the Board committees and general meetings" below.

A summary of the work performed by the Nomination Committee during the Period is listed below:

(a) reviewed the Board's structure, size and composition;

(b) assessed the independence of the independent non-executive Directors;

(c) made recommendation to the Board on the re-election of retiring Directors at the 2018 AGM; and

(d) made recommendation of new Director candidate for the Board's approval.

COMMUNICATION WITH SHAREHOLDERS

The Company endeavors to maintain an on-going dialogue with the Shareholders and in particular, through annual general meetings or other general meetings to communicate with the Shareholders and encourage their participation. The Company will ensure that there are separate resolutions for separate issues proposed at the general meetings. The Company will continue to maintain an open and effective investor communication policy and to update investors on relevant information on the Group's business in a timely manner, subject to relevant regulatory requirements.

GENERAL MEETINGS WITH SHAREHOLDERS

During the Period, 2 general meetings, being the 2018 AGM and an extraordinary general meeting held on 23 November 2018, were held. The attendance of each member is set out in the section headed "Directors' attendance records at meetings of the Board and the Board committees and general meetings" below.

DIRECTORS' ATTENDANCE RECORDS AT MEETINGS OF THE BOARD AND THE BOARD COMMITTEES AND GENERAL MEETINGS

Attendance records of the Directors and members of the Board committees for the Period are set out below:

	Attendance/Number of Meetings Eligible to attend				
Name of Director	**Board meetings**	**Audit Committee meetings**	**Nomination Committee meetings**	**Remuneration Committee meetings**	**General meetings**
Executive Directors:					
Mr. Yun Liguo	6/7	N/A	N/A	N/A	0/2
Ms. Lu Zhuo (resigned on 5 January 2019)	7/7	N/A	2/2	2/2	2/2
Non-executive Director					
Ms. Yang Haibi *(Note 1)*	6/7	1/1	N/A	1/2	0/2
Independent non-executive Directors					
Mr. Leung Ka Wo *(Note 2)*	5/7	5/5	1/2	1/2	1/2
Mr. Zhang Tianbao	7/7	5/5	2/2	2/2	2/2
Mr. Christopher Francisco *(Note 3)*	5/5	4/4	N/A	—	1/1
Ms. Sun Huiyan *(Note 4)*	1/1	1/1	1/1	1/1	0/1

Notes:

1. Ms. Yang Haibi ceased to be a member of each of the Audit Committee and Remuneration Committee with effect from 6 February 2018. In addition, she resigned as non-executive Director with effect from 14 December 2018. Her attendance above were stated by reference to the number meetings held during her tenure.

2. Mr. Leung Ka Wo ceased to be a member of Remuneration Committee with effect from 6 February 2018.

3. Mr. Christopher Francisco has been appointed as an independent non-executive Director, member of the Audit Committee and the chairman of the Remuneration Committee with effect from 6 February 2018. His attendance above were stated by reference to the number of meetings held during his tenure. No Remuneration Committee meeting was held during his tenure.

4. Ms. Sun Huiyan retried from office as independent non-executive Director and ceased to be a member of each of the Audit Committee, Remuneration Committee and Nomination Committee upon conclusion of the 2018 AGM. Her attendance above was stated by reference to the number of meetings held during her tenure.

SHAREHOLDERS' RIGHTS

Convening an extraordinary general meeting

Pursuant to article 64 of the Articles, extraordinary general meetings of the Company (the "EGM(s)") shall be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s), as a result of the failure of the Board to convene the EGM(s), shall be reimbursed to the requisitionist(s) by the Company.

Putting enquiries to the Board

To ensure effective communication between the Board and the Shareholders, the Company has adopted a shareholders' communication policy (the "Policy"). Under the Policy, the Company's information shall be communicated to the Shareholders mainly through general meetings, including annual general meetings, the Company's financial reports (annual, interim and quarterly reports), and its corporate communications and other corporate publications on the Company's website and the Stock Exchange's website.

Shareholders may at any time make a request for the Company's information to the extent that such information is publicly available. Any such questions shall be first directed to the company secretary of the Company at the Company's principal place of business in Hong Kong at Room 2404, 24/F., World-Wide House, 19 Des Voeux Road Central, Hong Kong.

Putting forward proposals at Shareholders' meeting

The number of Shareholders necessary for putting forward a proposal at a Shareholders' meeting shall be any number of Shareholders representing not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings at the date of the request.

COMPANY SECRETARY

The Company engages an external professional company secretarial services provider, Uni-1 Corporate Services Limited ("Uni-1"), to provide compliance and full range of company secretarial services to the Group in order to assist the Group to cope with the changing regulatory environment.

Mr. Tse Kam Fai ("Mr. Tse"), the representative of Uni-1, was appointed as the named Company Secretary of the Company.

Ms. Lu Zhuo, the general manager of the Company, is the primary point of contact at the Company for the Company Secretary.

According to the requirements of Rule 5.15 of the GEM Listing Rules, Mr. Tse, has taken no less than 15 hours of relevant professional training during the Period.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board is responsible for presenting a balanced, clear and understandable assessment of annual, interim and quarterly reports, other price-sensitive announcements and other financial disclosures required under the GEM Listing Rules and other statutory requirements.

The Board acknowledges its responsibility to prepare the Group's consolidated financial statements for each financial year which give a true and fair view of the financial position of the Group and of the financial performance and cash flows of the Group for that year. In preparing the consolidated financial statements for the Period, the Board has selected suitable accounting policies and applied them consistently, made judgements and estimates that are prudent, fair and reasonable and prepared the accounts on a going concern basis.

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in 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.

AUDITOR'S REMUNERATION

During the Period, auditor's remuneration for audit services was HK$700,000 and non-audit services for tax services was HK$34,000. Save as disclosed above, there was no other significant non-audit services assignment undertaken by the external auditor during the Period.

INTERNAL CONTROLS AND RISK MANAGEMENT

The Board acknowledge that it is responsible for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has delegated its responsibilities (with relevant authorities) of risk management and internal control to the Audit Committee, who oversees management in the design, implementation and monitoring of the risk management and internal control systems, and management has provided a confirmation to the Audit Committee (and the Board) on the effectiveness of these systems during the Period.

The Board has conducted a review of the systems of risk management and internal control for the Period to ensure the effectiveness and adequacy of the systems. Such review shall be conducted annually. The Board considered that the risk management and internal control systems of Company for the Period were effective and adequate.

Main features of the risk management and internal control systems

The Board has the oversight responsibility for evaluating and determining the nature and extent of the risks facing the Group and reviewing and monitoring the Group's approach to addressing these risks at least annually. In addition, the Board oversees management in the design, implementation and monitoring of the risk management and internal control systems.

The Audit Committee assists the Board in fulfilling its oversight role in the Group's financial, operational, compliance, risk management and internal controls, and reviewing the adequacy of resources, staff qualifications and experience, training programs and budget of the Group's accounting, internal audit and financial reporting functions.

The management assists the Board in the implementation of the Group's policies and procedures, and in the design, operation and monitoring of suitable internal controls to mitigate and control the risks the Company are facing.

The Board also engaged an external internal control consultant (the "Internal Control Adviser") to conduct an internal control review and assessment for the Period. The Internal Control Adviser has followed up on the findings on the internal control weaknesses for the year ended 30 September 2017 and the remedial actions taken during the Period. The internal control assessment procedures conducted by the Internal Control Adviser included a comprehensive system for reviewing and reporting information and findings to the Audit Committee (and the Board) and the management of the Company, and to assess whether the material controls are sufficient and adequate for the Group.

The Company has in place an internal control system which is compatible with The Committee of Sponsoring Organizations (COSO) framework. The framework enables the Group to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The key components of the framework are shown as follow:

Control Environment	—	the foundation for the other components of internal control and provides discipline and structure;
Risk Assessment	—	a dynamic and iterative process for identifying and analysing risks to achieve the Group's objectives, forming a basis for determining how risks should be managed;
Control Activities	—	actions established by policies and procedures to help ensure that management directives to mitigate risks to the achievement of objectives are carried out;
Information and Communication	—	internal and external communication to provide the Group with the information needed to carry out day-to-day controls; and
Monitoring	—	ongoing and separate evaluations to ascertain whether each component of internal control is present and functioning.

Process used to identify, evaluate and manage significate risks

Risk assessment approach

A risk management program was carried out during the Period to ensure all material risks to which the Company exposed are properly identified, assessed, managed, monitored and reported to the Audit Committee and the Board.

Risk identification

Risks identification is based on questionnaire with the management from different departments. Risk are preliminary identified by the management from the risk universe which is a collection of risks built on environmental analysis and external benchmarking that can impact the Group at the entity or specific business process level. The risk universe covers both internal and external risks in six major areas, namely external risks, strategic risks, operational risks, financial risks, legal and compliance risks and human resource risks. Key risk factors are then identified by integrating the results of the questionnaire.

Risk evaluation and risk prioritization

Risk evaluation is the second step to assess the relative impact and likelihood of the identified key risk factors. These identified key risk factors are further assessed by a scale rating process by the senior management to evaluate their impact and likelihood. The scale rating process is further supported by face-to-face or phone interview with the management to assess the rationales of these identified key risk factors behind.

Risk prioritization is a mapping exercise. A risk map is used to prioritize the identified key risk factors according to their impact and likelihood.

Risk reporting, managing and monitoring

Risk reporting and risk monitoring are essential and integral parts of risk management. A risk assessment report was submitted to the Audit Committee and the Board. The management reviewed and assessed the adequacy of existing controls in accordance with the Board's advice and suggestions, and determined and implemented treatment plans where risks mitigants are actionable and continuously monitored the development of current risks and the emergence of new risks.

During the Period, the Internal Control Adviser is responsible for the review and appraisal on the effectiveness of financial, operational and compliance controls and risk management of the Group, provided reports to the audit committee and the management highlighting observations and recommendations to improve the risk management and internal control systems. The management agreed on the findings and adopted the recommendations accordingly.

The Audit Committee considered that there was no material defect in the Company's internal control review report.

Process used to review the effectiveness of the risk management and internal control systems

The Board, through the Audit Committee, reviewed the overall effectiveness of the Group's risk management and internal control systems during the Period, including financial, operational, compliance and risk management. Based on the review results for the Period, the management has made a confirmation to the Board that the Company's risk management and internal control systems are effective and sufficient. The Board was satisfied with the review results and considered the risk management and internal control systems are effective and adequate. No significant areas of concern that might affect the financial, operational, compliance controls, and risk management functions of the Group were identified.

The Board will continue to review and improve the Company's risk management and internal control systems in accordance with the existing regulatory requirements, the interests of Shareholders and the growth and development of the Company's business.

Internal audit function

The Company has engaged the Internal Control Adviser to perform a detailed evaluation of the adequacy and effectiveness of the Group's internal control system including the areas of financial, operations, compliance and risk management with an aim to, among other matters, improve the Group's corporate governance, ensure compliance with the applicable safety regulations, and prevent occurrence of non-compliance incidents.

The Directors have reviewed the need for an internal audit function and are of the view that in light of the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professionals to perform internal audit function for the Group in order to meet its needs.

Handling and dissemination of inside information

The Group regulates the handling and dissemination of inside information according to the "Guidelines on Disclosure of Inside Information" published by the Securities and Future Commission in June 2012 to ensure inside information remains confidential until the disclosure of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made. The Company regularly reminds the Directors and employees about due compliance with all policies regarding the inside information. Also, the Company keeps Directors, senior management and employees appraised of the latest regulatory updates. The Company shall prepare or update appropriate guidelines or policies to ensure the compliance with regulatory requirements.

DIVIDEND POLICY

The Company does not have any pre-determined dividend distribution ratio. The declaration of future dividend will be subject to the Directors' decision and will depend on, among other things, the earnings, financial condition, cash requirements and availability, and any other factors that the Directors may consider relevant.

Any declaration and payment as well as the amount of the dividends will be subject to any restrictions under the applicable laws and the Company's constitutional documents. The historical dividend distribution record of the Group should not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Group in future.

INVESTOR RELATIONS

The Company believes that maintaining a high level of transparency is a key to enhancing investor relations. It is committed to a policy of open and timely disclosure of corporate information to the Shareholders and investment public. The Company updates the Shareholders on its latest business developments and financial performance through its annual, interim and quarterly reports. The corporate website of the Company (www.chinahanya.com.hk) has provided an effective communication platform to the public and the Shareholders.

CONSTITUTIONAL DOCUMENTS

During the Period, there had been no significant change in the Company's constitutional documents.

The Directors present their annual report and the audited consolidated financial statements for the Period.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the principal activities and other details of its subsidiaries are set out in note 31 to the consolidated financial statements. There were no significant changes in nature of Group's principal activities during the Period.

RESULTS AND DIVIDEND

The results of the Group for the Period are set out in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income on pages 39 to 40 of this annual report respectively.

The Directors do not recommend the payment of any dividend in respect of the Period (for the year ended 30 September 2017: Nil).

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the forthcoming annual general meeting of the Company to be held on Monday, 6 May 2019 ("2019 AGM"), the register of members of the Company will be closed from Tuesday, 30 April 2019 to Monday, 6 May 2019, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the 2019 AGM, all transfer of Shares accompanied by the relevant Shares certificates must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301–04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration by 4:00 p.m. on Monday, 29 April 2019.

SEGMENTAL INFORMATION

Details of segment reporting are set out in note 6 to the consolidated financial statements.

BUSINESS REVIEW

A review on the Group's business performance and the material factors underlying its financial position, as well as the development and likely future prospects of the Group's business are provided throughout this annual report and in particular under the following separate sections:

a) review of the business and financial position of the Group, the future business development and other important event of the Group are shown in the "Management Discussion and Analysis" of this annual report;

b) the principal risks and uncertainties facing the Group are shown in the section headed "Principal Risks and Uncertainties" below;

c) the Group's environmental policies and performance are shown in the section headed "Environmental Policies and Performance" below;

d) the Group's key relationships with employees, customers and suppliers are shown in the section headed "Relationships with Key Stakeholders" below;

e) the Group's compliance with the relevant laws and regulations are shown in the section headed "Compliance with Applicable Laws and Regulations" below; and

f) details of key performance indicators are shown in the "Financial Highlights" and "Management Discussion and Analysis" of this annual report.

These discussions form part of this Report of the Directors.

No significant events that have an effect on the Group subsequent to the Period.

PRINCIPAL RISKS AND UNCERTAINTIES

Competition risks

The Group is dedicated to the business of garment and household product distribution in the PRC and Hong Kong. In view of the large number of market competitors, the Group's major revenue would be materially affected if the market share fails to show a continuous increase. The Group is in the process of expanding its business portfolio, and seek for potential business and investment opportunities with an aim to broaden its source of income and optimise its business portfolio. Such move is aimed to reduce the effect of competition risks on the Group and eliminate any devastating impact.

The business model for the market in the PRC and Hong Kong is comparatively simple and the barrier to entry is relatively low. Moreover, the Group is engaged in the distribution, instead of retailing, sector and its clients are corporations, allowing it to make procurement according to its clients' demand for garment and household products. As such, the risks of losing clients due to competition are moderate.

Economic risks

Economic risks pose a threat to the Group as its corporate clients are likely to slow down its development and procure less from the Group during economic downturn and this will affect the Group's major revenue. The Group is working on securing more clients and hence, reducing its exposure to economic risks. In addition, as stated above, the Group is exposed to lower economic risks when it has a more diversified business portfolio. Therefore, the Group's exposure to economic risks is medium to high.

Mainland China is the major markets of the Group, and despite the slower growth of the Chinese economy, the Group is in the opinion that the economy will regain momentum in the long run. As a result, the Group sees a relatively low possibility of a drop in the demand of its corporate clients for the Group's products due to economic factors.

Supply chain and logistics risks

With the change in the target market in recent years, the Group needs to relocate its supply chain and logistic functions from Europe to the PRC, develop a new list of qualified suppliers and engage new third-party logistics service providers. Any failure to supply goods to clients will lead to tremendous consequences such as damage to the Group's reputation and penalty for breach of contract.

As the Group shifts its target market to the PRC and Hong Kong, it currently makes its procurement through 27 major suppliers. Since the establishment of the garment and household product distribution business in the PRC and Hong Kong in the Period, there has been no material issues, such as delay in product delivery, product quality issues or failure to deliver products to clients, on the part of third-party logistics service providers and suppliers, and the Group will continuously enrich its list of suppliers. Therefore, the Group has low exposure to supply chain and logistics risks.

Quality risks

Product quality issue could have a material impact on the Group as the claims for compensation could be significant and there would be damages to the reputation and goodwill of the Group as well as clients' confidence in the Group, thereby resulting in a serious economic loss. Despite the Group can reduce such risks by maintaining product liability insurance against potential claims from clients, it would take considerable time for the Group to restore its brand reputation. The Group has procedures in place to perform quality check on the receipt of goods and will send feedbacks and request for exchange in case of quality issue. Quality risks will not cause any serious adverse impact to the Group.

It is common that clients make ongoing procurement when the number of claims due to quality issues is insignificant. Unless a quality issue results in a critical damage, clients seldom shift to other suppliers solely because of immaterial quality problem. There has been no complaint or request for material amount of product return due to quality issues and the Group's exposure to quality risks is low.

Financial Risks

The Group's business operation is exposed to risks from exchanges rates, interest rates, credit and liquidity. Please refer to note 26 to the consolidated financial statements for discussion of the financial risks facing by the Group.

Compliance Risks

The Group's operations are subject to the local labour laws and regulations in each of Hong Kong and PRC such as the Employment Ordinance and Employees' Compensation Ordinance. Failure to comply with these regulations may result in affecting the image of the Group, penalties, fines, governmental sanctions, proceedings and/or suspension or revocation of the Group's licences or permits to conduct its business. Given the number and complexity of these regulations, compliance with them may be difficult or involve significant financial and other resources in establishing efficient compliance and monitoring systems.

The Group has implemented certain internal control procedures to avoid/reduce the risk of non-compliance of local rules and regulations as well as the requirements of the GEM Listing Rules.

RELATIONSHIPS WITH KEY STAKEHOLDERS

Employees

The Company treats human resources as the Group's valuable assets. Training and retaining good employees are always at top priorities.

We offer orientation training to all new hirers, including the introduction of the company background, company policies and organization structure. This helps the new employees understand the corporate culture, rules and operations of the company so as to adapt promptly to the new working environment. In order to encourage our employees to pursue further developments in their professions, the Group offers sponsorship to professional training to acquire knowledge and skills.

Customers

Keeping strong relationship with the customers is critical to maintain the competitiveness of the Group.

For servicing industry with human as the main concern, it is vital to have an independent, comprehensive quality assurance mechanism in order to maintain high level of service, in which rule-of-man style and subjectivity in the old days can be eliminated. In view of this, the Company has established an evaluation mechanism with mutual assessment by internal and external teams of professionals audits. In order to achieve a set standard of service and customers' satisfaction, the work is monitored and reviewed in various aspects including provision of resources, training, infrastructure and working environment, with customers' expectation as the foundation. For services that are not up to high standard, remedial action will be advised and implemented with continuous improvement follow through. Also, preventive measure will be formulated as future guidelines.

Suppliers

Having engaged in garments and household products distribution business, collaborations with various suppliers are common, and proper screening and selection of suppliers is the key factor to maintain a sustainable supply chain. In doing so, the Group has maintained a list of approved qualified suppliers as a mean of supplier management to ensure products quality, environmental and social compliance. All the potential manufacturers or contractors will undergo vigorous supplier evaluations in relevant aspects such as manufacturing operations, occupational health and safety practices, and quality control before they are approved as qualified suppliers. These evaluations are carried out by our experienced team through on-site inspections, interviews, reviewing business history and documentation review. Those who failed to meet the Group's procurement requirements will be disqualified and removed from the suppliers' list.

As one of the key material topics expressed by stakeholders, the Group will continue to work closely with our suppliers to optimize the purchase of increasing environmentally friendly products, and to encourage the improvements of the suppliers' Environmental, Social and Governance standards in their operations to attain sustainability in business.

COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

During the Period, as far as the Board and management are aware, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that has a significant impact on the businesses and operation of the Group.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group has been putting unremitting efforts in environmental protection by introducing sustainable machineries, devices and equipment for operation.

To promote a green office culture in our workplace and raise our employees' awareness on environmental protection, we issued a green office guideline to all employees and encourage them to follow the practices in our daily operations.

During the Period, no non-compliance to environmental regulations regarding air emission, waste management, resource and energy use had been identified.

The Environmental, Social and Governance Report will be published as soon as possible and in any event no later than three months after the publication of this annual report in compliance with Appendix 20 to the GEM Listing Rules.

PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance cover for Director's and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities. The permitted indemnity provision is in force for the benefit of the Directors as required by section 470 of the Companies Ordinance (Chapter 622, Laws of Hong Kong) when the Report of the Board of the Directors prepared by the Directors is approved in accordance with section 391(1)(a) of the Companies Ordinance (Chapter 622, Laws of Hong Kong).

The Company has taken out and maintained directors' and officers' liability insurance throughout the Period, which provides appropriate cover for certain legal actions brought against its Directors and officers.

MAJOR CUSTOMERS AND SUPPLIERS

For the Period, the aggregate amount of turnover attributed to the Group's largest and five largest customers was 55% and 91% of the total value of the Group's turnover respectively. The Group's purchase from the largest and five largest suppliers accounted for 17% and 56% of the total value of the Group's purchase respectively.

At no time during the Period have the Directors, their close associates or any Shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers or suppliers.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Period are set out in note 15 to the consolidated financial statements.

INVESTMENT PROPERTY

On 11 December 2018, the Group entered into the provisional agreement for sale and purchase with an independent third party as purchaser for the sale of the property located at Workshop 16, 1st Floor, Wah Yiu Industrial Centre, 30–32 Au Pui Wan Street, Sha Tin, New Territories, Hong Kong at a consideration of HK$4,200,000. The Disposal was completed on 28 February 2019. Details of the Disposal are set out in the announcement of the Company dated 11 December 2018.

Details of the movements in the investment property of the Group during the Period are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Period are set out in note 23 to the consolidated financial statements.

RESERVES

Movements in reserves of the Group during the Period are set out in the consolidated statement of changes in equity on page 42 of this annual report.

DISTRIBUTABLE RESERVES

At 31 December 2018, the Company's distributable reserves, calculated in accordance with the provisions of Cayman Islands' legislation, was nil (30 September 2017: HK$3,921,000).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Period, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Shares.

FINANCIAL SUMMARY

A summary of the published financial results and of the assets and liabilities of the Group for the Period, together with the financial results and of the assets and liabilities of the Group for the four years ended 30 September 2017 is set out in the section headed "Five-year Financial Summary" of this annual report.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors during the Period and up to date of this annual report were:

Executive Directors

Mr. Yun Liguo
Ms. Lu Zhuo (resigned with effect from 5 January 2019)

Non-Executive Director

Ms. Yang Haibi (resigned with effect from 14 December 2018)

Independent Non-Executive Directors

Mr. Leung Ka Wo
Mr. Zhang Tianbao
Mr. Christopher Francisco (appointed with effect from 6 February 2018)
Ms. Sun Huiyan (retried on 6 February 2018)

In accordance with article 108 of the Articles, one-third of the Directors are subject to retirement by rotation or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third shall retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company. Accordingly, Mr. Yun Liguo and Mr. Zhang Tianbao shall retire from office by rotation at the 2019 AGM and, being eligible, will offer themselves for re-election.

The executive Director has entered into a service agreement with the Company for a term of three years commencing on 27 March 2017 unless terminated by not less than three months' notice in writing served by either party on the other.

Mr. Christopher Francisco, being an independent non-executive Director, has entered into a letter of appointment with the Company for a term of one year commencing on 6 February 2018 unless terminated by not less than one month's notice in writing served by either party on the other. Subsequent to the end of the Period, he renewed his letter of appointment with the Company for a term of one year commencing on 6 February 2019.

Mr. Leung Ka Wo, being an independent non-executive Director, has renewed his letter of appointment with the Company for a term of one year commencing on 14 June 2018 unless terminated by not less than one month's notice in writing served by either party on the other.

Mr. Zhang Tianbao, being an independent non-executive Director, has renewed his letter of appointment with the Company for a term of one year commencing on 7 November 2018 unless terminated by not less than one month's notice in writing served by either party on the other.

None of the Directors who is proposed for re-election at 2019 AGM has any service agreement which is not determinable by the Group within one year without the payment of compensation (other than statutory compensation).

DIRECTORS' BIOGRAPHIES

Biographical details of the Directors are set out in the section headed "Biographical Details of Directors" on page 10 of this annual report.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in note 30 to the consolidated financial statements, no Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of its subsidiaries was a party subsisted at the end of the Period or at any time during the Period.

COMPETING INTEREST

For the Period, the Directors were not aware of any business or interest of the Directors and their respective associates (as defined under the GEM Listing Rules) that competes or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

GROUP'S EMOLUMENT POLICY

The Directors' fees are subject to the Shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to the Directors' duties, responsibilities and performance and the results of the Group. Each Director may also receive a year-end bonus in respect of each financial year. The amount of such bonus will be determined by the Remuneration Committee, subject to Shareholders' approval at general meeting.

The emolument policy of the Group is on the basis of the qualifications and contributions of individuals to the Group. The Company has adopted a share option scheme as an incentive to eligible participants, details of which are set out below in the section headed "Share Option Scheme" in the report.

Details of the emoluments of the Directors and five highest paid individuals pursuant to Rules 18.28 to 18.30 of the GEM Listing Rules are set out in notes 9 and 10 to the consolidated financial statements, respectively.

Details of the pension and employee benefit scheme are set out in note 29 to the consolidated financial statements.

CONTRACT OF SIGNIFICANCE

There is no contract of significance between the Company or any of its subsidiaries, and a controlling shareholder (as defined in the GEM Listing Rules) or any of its subsidiaries for the Period.

MANAGEMENT CONTRACTS

No contracts relating to the management and/or administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the Period.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2018, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in the Shares

Name	Capacity and nature of interest	Number of Shares	Percentage of the Company's issued share capital (Approximately)
Mr. Yun Liguo *(Note)*	Interest of controlled corporation	515,000,000	69.59%

Note: Handsome Global is wholly-owned by Mr. Yun and Mr. Yun is therefore deemed to be interested in the Shares held by Handsome Global. Mr. Yun is a director of Handsome Global.

Save as disclosed above, as at 31 December 2018, none of the Directors or chief executive of the Company or their respective associates had any other interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was 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 have taken or deemed to have taken under such provision of the SFO), or to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2018, so far as is known to the Directors, the following persons (not being the Directors or chief executive of the Company) had or were deemed to have, interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long Position in the Shares

Name	Capital and nature of interest	Number of Shares	Percentage of the Company's issued share capital (Approximately)
Handsome Global *(Note 1)*	Beneficial owner	515,000,000	69.59%
Tang Xiuxia *(Note 2)*	Interests of spouse	515,000,000	69.59%

Notes:

1. Handsome Global is wholly-owned by Mr. Yun, an executive Director.

2. Ms. Tang Xiuxia is the spouse of Mr. Yun. Therefore, Ms. Tang Xiuxia is deemed to be interested in the Shares which Mr. Yun is interested in.

Save as disclosed above, as at 31 December 2018, so far as is known to the Directors or chief executive of the Company, no persons (other than the Directors or chief executive of the Company) had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the Company's share option scheme as disclosed under section headed "Share Option Scheme" in this report, at no time during the Period was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 was granted any right to subscribe for the equity or debt securities of the Company or any other body corporate nor had exercised any such right.

SHARE OPTION SCHEME

A share option scheme (the "Scheme") was adopted by the Shareholders by way of written resolutions passed on 3 November 2010. Details of the Scheme are as follows:

(i) Purpose

The purpose of the Scheme is to attract and retain the best quality personnel for the development of the Company's businesses; to provide additional incentive to the employees including any executive or non-executive Director and officer of the Company or any affiliate, consultants, agents, representatives, advisers, customers, contractors, business allies and joint venture partners; and to promote the long-term financial success of the Company by aligning the interests of the option holders to the Shareholders.

(ii) Qualifying participants

Any employee including any executive or non-executive Director or any affiliate, any consultant, agent, representative, adviser, customer, contractor, business ally or joint venture partner of the Company or any affiliate.

(iii) Maximum number of shares

The total number of Shares which may be issued upon exercise of all options to be granted under the Scheme must not in aggregate exceed 10% of the issued share capital of the Company at the date of approval of the Scheme or 30% of the issued share capital of the Company from time to time. The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme(s) of the Company must not, in aggregate, exceed 30% of the total number of issued Shares of the Company from time to time.

(iv) Limit for each participant

The total number of Shares issued and to be issued upon exercise of options (whether exercised or outstanding) granted in any 12-month period to each participant must not exceed 1% of the Shares in issue.

(v) Option period

The period within which the Shares must be taken up under an option shall be determined by the Board in its absolute discretion at the time of grant, but such period must not exceed 10 years from the date of grant of the relevant option.

The Board has the authority to determine the minimum period for which an option must be held before it can vest. The Scheme itself does not specify any minimum holding period.

(vi) Acceptance and payment on acceptance

The options will be offered for acceptance for a period of 28 days from the date on which the options are offered to an eligible person. Upon acceptance of the options, the eligible person shall pay HK$1 to the Company as consideration for the grant.

(vii) Subscription price

The subscription price for each Share subject to and upon the exercise of the options will be a price determined by the Board and notified to each participant and shall be at least the highest of (i) the closing price of each Share on GEM as stated in the daily quotations sheet of the Stock Exchange on the date of grant of the options, which must be a business day; (ii) the average closing price of each Share on GEM as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of one Share.

(viii) Remaining life of the Scheme

The Scheme will remain valid for a period of 10 years commencing from 3 November 2010. At the date of this annual report, no remaining life of the Scheme was presented due to the forfeiture of all outstanding options.

As at the date of this annual report, the total number of Shares available for issue under the Scheme is 69,200,000 Shares, representing 9.35% of the issued Shares as at the date of this annual report.

There was no outstanding share option throughout the Period and as at 31 December 2018.

RELATED PARTY TRANSACTION

Details of the related party transactions undertaken by the Group are set out in note 30 to the consolidated financial statements.

The Directors consider that those related party transactions did not fall under the definition of "connected transaction" or "continuing connected transaction" in Chapter 20 of the GEM Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the GEM Listing Rules. The Group has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within its knowledge, as at the date of this annual report, there is sufficient public float of 25% of the Company's issued shares as required under the GEM Listing Rules.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles and the laws of Cayman Islands which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial controls, risk management and internal control systems of the Group. The Audit Committee currently comprises three independent non-executive Directors, namely, Mr. Leung Ka Wo (chairman of the Audit Committee), Mr. Zhang Tianbao and Mr. Christopher Francisco.

The audited consolidated financial statements of the Company for the Period have been reviewed by the Audit Committee.

AUDITORS

Deloitte Touche Tohmatsu was appointed as auditor of the Group with effect from 9 October 2015 to fill the causal vacancy arising from the resignation of CCIF CPA Limited. Save as disclosed above, there have been no change of auditor of the Company for the past three years.

A resolution will be submitted to the 2019 AGM for the re-appointment of Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board
Rui Feng Group Holdings Company Limited

Yun Liguo
Executive Director

Hong Kong, 25 March 2019

Deloitte. 德勤

TO THE MEMBERS OF RUI FENG GROUP HOLDINGS COMPANY LIMITED
(FORMERLY KNOWN AS CHINA HANYA GROUP HOLDINGS LIMITED)
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Rui Feng Group Holdings Company Limited (formerly known as China Hanya Group Holdings Limited) (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 39 to 84, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period from 1 October 2017 to 31 December 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the period from 1 October 2017 to 31 December 2018 in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of trade receivables	
We identified impairment assessment of trade receivables as a key audit matter due to its significance to the Group's consolidated financial position and the involvement of the management judgment and estimates in evaluating the recoverability of the Group's trade receivables at the end of the reporting period. As disclosed in note 4 to the consolidated financial statements, in determining whether there is objective evidence of impairment loss on trade receivables, the management considers the settlement records, aging analysis and subsequent settlements of the trade receivables. When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows of the trade receivables. The amount of the impairment loss is measured as the difference between the carrying amount of trade receivables and the present value of estimated future cash flows of the trade receivables. As disclosed in note 18 to the consolidated financial statements, as at 31 December 2018, the carrying amount of trade receivables is HK$39,218,000 (net of allowance for bad and doubtful debts of HK$8,452,000).	Our procedures in relation to impairment assessment of trade receivables included: • Obtaining an understanding of the management's assessment in the recoverability of trade receivables; • Obtaining and testing the accuracy of the aging analysis of trade receivables as at 31 December 2018 on a sample basis, to sales invoices; • Assessing the reasonableness of the management's assessment on the recoverability of trade receivables based on the settlement records, aging analysis and subsequent settlements of the trade receivables; • Assessing the management's estimation of future cash flows of trade receivables; and • Testing the subsequent settlements, on a sample basis, to the bank receipts.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Leung Chui Shan.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
25 March 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the period from 1 October 2017 to 31 December 2018

	Notes	**1.10.2017 to 31.12.2018 *HK$'000***	1.10.2016 to 30.9.2017 *HK$'000*
Revenue	5	**120,020**	32,019
Cost of sales		**(108,218)**	(29,315)
Gross profit		**11,802**	2,704
Other income, gains and losses	7	**(8,216)**	(1,675)
Selling and distribution expenses		**(1,505)**	(541)
Administrative expenses		**(20,235)**	(22,266)
Finance costs	8	**(599)**	(20)
Loss before taxation	11	**(18,753)**	(21,798)
Taxation	12	**(1,992)**	(568)
Loss for the period/year		**(20,745)**	(22,366)
Loss per share (HK cents)	14		
Basic		**(2.80)**	(3.02)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period from 1 October 2017 to 31 December 2018

	1.10.2017 to 31.12.2018 ***HK$'000***	1.10.2016 to 30.9.2017 *HK$'000*
Loss for the period/year	**(20,745)**	(22,366)
Other comprehensive (expense) income for the period/year		
Item that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operation	**(376)**	235
Total comprehensive expense for the period/year	**(21,121)**	(22,131)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	31.12.2018 HK$'000	30.9.2017 HK$'000
Non-current assets			
Property, plant and equipment	15	**460**	648
Investment property	16	**—**	845
		460	1,493
Current assets			
Trade and other receivables	18	**41,095**	18,687
Pledged bank deposit	19	**10,053**	—
Bank balances and cash	19	**4,969**	15,479
		56,117	34,166
Investment property classified as held for sale	16	**822**	—
		56,939	34,166
Current liabilities			
Trade and other payables	20	**29,651**	12,594
Tax payable		**2,512**	520
Loan from a shareholder	21	**25,531**	5,889
Bank borrowings	22	**4,170**	—
		61,864	19,003
Net current (liabilities) assets		**(4,925)**	15,163
Net (liabilities) assets		**(4,465)**	16,656
Capital and reserves			
Share capital	23	**7,400**	7,400
Reserves		**(11,865)**	9,256
(Deficiency in) balance of equity		**(4,465)**	16,656

The consolidated financial statements on pages 39 to 84 were approved and authorised for issue by the Board of Directors on 25 March 2019 and are signed on its behalf by:

Yun Liguo
DIRECTOR

Zhang Tianbao
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period from 1 October 2017 to 31 December 2018

	Share capital *HK$'000*	Share premium *HK$'000*	Capital reserve *HK$'000* *(Note (i))*	Merger reserve *HK$'000* *(Note (ii))*	Statutory surplus reserve *HK$'000* *(Note (iii))*	Translation reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 October 2016	7,400	45,342	3,718	(383)	—	226	(17,516)	38,787
Loss for the year	—	—	—	—	—	—	(22,366)	(22,366)
Other comprehensive income for the year	—	—	—	—	—	235	—	235
Total comprehensive income (expense) for the year	—	—	—	—	—	235	(22,366)	(22,131)
At 30 September 2017	7,400	45,342	3,718	(383)	—	461	(39,882)	16,656
Loss for the period	—	—	—	—	—	—	(20,745)	(20,745)
Other comprehensive expense for the period	—	—	—	—	—	(376)	—	(376)
Total comprehensive expense for the period	—	—	—	—	—	(376)	(20,745)	(21,121)
Transfer	—	—	—	—	531	—	(531)	—
At 31 December 2018	**7,400**	**45,342**	**3,718**	**(383)**	**531**	**85**	**(61,158)**	**(4,465)**

Notes:

(i) Capital reserve represents capitalisation of a loan from a former director and amount due to a former director by a former wholly-owned subsidiary of the Company in previous years.

(ii) Merger reserve represents the difference between the nominal values of the ordinary shares issued by the Company and the share capital of subsidiaries acquired through an exchange of shares pursuant to the reorganisation in prior years.

(iii) The entities established in the People's Republic of China (the "PRC") are required to appropriate 10% of its net profit, as determined under the China Accounting Standards for Business Enterprises (2006) and other relevant regulations issued by the Ministry of Finance of the PRC, to the statutory surplus reserve until the balance reaches 50% of the registered capital.

Subject to the approval of equity holders of the entities established in the PRC, statutory surplus reserves may be used to net off with accumulated losses, if any, and may be converted into capital, provided that the balance of statutory surplus reserve after such capitalisation is not less than 25% of the registered capital.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period from 1 October 2017 to 31 December 2018

	Notes	**1.10.2017 to 31.12.2018 *HK$'000***	1.10.2016 to 30.9.2017 *HK$'000*
OPERATING ACTIVITIES			
Loss before taxation		**(18,753)**	(21,798)
Adjustments for:			
Finance costs		**599**	20
Depreciation of property, plant and equipment		**168**	147
Depreciation of investment property		**23**	—
Bank interest income		**(82)**	(4)
Allowance for bad and doubtful debts		**8,452**	—
Loss (gain) on disposal of property, plant and equipment		**20**	(138)
Change in fair value of held-for-trading investments		**—**	(176)
Write-off of intangible asset		**—**	1,000
Impairment recognised in respect of deposit paid for acquisition of a subsidiary	7	**—**	1,000
Operating cash flows before movements in working capital		**(9,573)**	(19,949)
Increase in trade and other receivables		**(32,258)**	(16,230)
Decrease in held-for-trading investments		**—**	1,525
Increase in trade and other payables		**18,275**	10,567
CASH USED IN OPERATIONS		**(23,556)**	(24,087)
PRC Enterprise Income Tax paid		**—**	(48)
NET CASH USED IN OPERATING ACTIVITIES		**(23,556)**	(24,135)
INVESTING ACTIVITIES			
Interest received		**82**	4
Placement of pledged bank deposit		**(10,053)**	—
Consideration paid for acquisition of a subsidiary	24	**—**	(1,000)
Deposit paid for acquisition of a subsidiary		**—**	(1,000)
Purchase of property, plant and equipment		**—**	(54)
Proceeds from disposal of property, plant and equipment		**—**	138
NET CASH USED IN INVESTING ACTIVITIES		**(9,971)**	(1,912)
FINANCING ACTIVITIES			
New loan raised from a shareholder		**25,000**	5,869
Repayment to a shareholder		**(6,050)**	—
New bank borrowings raised		**4,170**	—
Interest paid		**(88)**	—
NET CASH FROM FINANCING ACTIVITIES		**23,032**	5,869
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(10,495)**	(20,178)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD/YEAR		**15,479**	35,625
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**(15)**	32
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR, REPRESENTED BY BANK BALANCES AND CASH		**4,969**	15,479

1. GENERAL AND BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its immediate and ultimate holding company is Handsome Global Investments Limited ("Handsome Global"), incorporated in the British Virgin Islands and the ultimate controlling shareholder of Handsome Global is Mr. Yun Liguo ("Mr. Yun"), the executive director of the Company. The addresses of the registered office and principal place of business of the Company are disclosed in "Corporate Information" section of the annual report.

Pursuant to a special resolution passed by the shareholders at the extraordinary general meeting of the Company held on 23 November 2018, the English name of the Company is changed from China Hanya Group Holdings Limited to Rui Feng Group Holdings Company Limited and the dual foreign name in Chinese of the Company is changed from 中國瀚亞集團控股有限公司 to 睿鋒集團控股有限公司. The change of name became effective on 27 November 2018.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 31.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that, the Group incurred a loss of HK$20,745,000 for the period from 1 October 2017 to 31 December 2018 and as of 31 December 2018, the Group's current liabilities exceeded its current assets of HK$4,925,000 and the Group's total liabilities exceeded its total assets by HK$4,465,000.

The directors of the Company have performed an assessment of the Group's future liquidity and cash flows, taking into account of the following matters:

(i) On 28 February 2019, the disposal of investment property classified as held for sale was completed and the proceed of HK$4,200,000 was received subsequent to the end of the reporting period;

(ii) In addition to the amount due to Mr. Yun as at 31 December 2018 amounting to HK$25,531,000 (including interest payable of HK$531,000), there is loan facility amounting to RMB6,842,000 (equivalent to approximately HK$7,800,000) not yet utilised by the Group;

(iii) On 4 March 2019, Mr. Yun and the Group entered into a loan agreement to make available to the Group a loan in the principal sum of RMB30,000,000 (equivalent to approximately HK$34,200,000) for the future working capital requirements of the Group; and

(iv) Mr. Yun has agreed in writing not to demand the Group to repay the amount due to him (including the amount of HK$25,000,000 which was outstanding as at 31 December 2018 and any additional amount to be utilised by the Group subsequent to the end of the reporting period) until the Group is in a financial position to repay.

The directors of the Company consider that after taking into account the internal resources and the above matters, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due for the foreseeable future taking into account the internal fundings along with the above measurements. On this basis, the consolidated financial statements have been prepared on a going concern basis.

1. GENERAL AND BASIS OF PREPARATION (Continued)

Change of financial year end date

During the period, the board of directors of the Company resolved to change the financial year end date of the Company from 30 September to 31 December in order to align its financial year end date with that of a principal subsidiary in the People's Republic of China (the "PRC"), which are statutorily required to close their accounts with the financial year end date of 31 December. The consolidated financial statements presented for the current period therefore covered a fifteen-month period from 1 October 2017 to 31 December 2018. The corresponding comparative amounts presented for the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and related notes, which are prepared for the year from 1 October 2016 to 30 September 2017, may not be comparable with amounts shown for the current period.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current period

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in the current period:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle

Except as described below, the application of the above amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current period and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendment to HKAS 7 "Disclosure Initiative"

The Group has applied these amendments for the first time in the current period. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the followings to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in note 27. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in note 27, the application of these amendments has had no impact on the Group's consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs and interpretations that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC) — Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) — Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 3	Definition of a Business[5]
Amendments to HKFRS 4	Applying HKFRS 9 "Financial Instruments" with HKFRS 4 "Insurance Contracts"[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[6]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[2]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 40	Transfers of Investment Property[1]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2021
5 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
6 Effective for annual periods beginning on or after 1 January 2020

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and amendments to HKFRSs in issue but not yet effective (Continued)

HKFRS 9 "Financial Instruments"

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- All recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other financial assets are measured at their fair value at subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39 "Financial Instruments: Recognition and Measurement". The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 31 December 2018, the directors of the Company anticipate that except for the application of expected credit loss model for financial assets which are subject to impairment, all financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39 on initial application of HKFRS 9. The directors of the Company also anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and other items that subject to the impairment provisions upon application of HKFRS 9 by the Group.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and amendments to HKFRSs in issue but not yet effective (Continued)

HKFRS 9 "Financial Instruments" (Continued)

The impairment requirements are applied retrospectively by adjustment the opening retained profits as at 1 January 2019 with no restatement to prior periods. The directors of the Company do not intend to restate comparative information for the application of HKFRS 9 when preparing the consolidated financial statements of the Group for the year ending 31 December 2019. The directors of the Company intend to apply HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. apply the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2019 (date of initial application) and not apply the requirements to instruments that have already been derecognised as at 1 January 2019.

The Group expects to apply the simplified approach to recognise lifetime expected credit loss for its trade receivables. Based on the assessment by the directors of the Company, if the expected credit loss model were to be applied by the Group, the accumulated amount of impairment loss to be recognised by the Group as at 1 January 2019 may increase as compared to the accumulated amount recognised under HKAS 39 mainly attributable to the expected credit losses provision on trade receivables. Such impairment recognised under expected credit loss model would reduce the opening retained profits as at 1 January 2019.

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, HKFRS 15 introduces a 5-step approach to revenue recognition:

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

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and amendments to HKFRSs in issue but not yet effective (Continued)

HKFRS 15 "Revenue from Contracts with Customers" (Continued)

Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 "Leases"

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows, respectively by the Group.

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and amendments to HKFRSs in issue but not yet effective (Continued)

HKFRS 16 "Leases" (Continued)

Upon application of HKFRS 16, the Group intends to elect the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee.

As at 31 December 2018, the Group has non-cancellable operating lease commitments of HK$106,000 a disclosed in note 28. A preliminary assessment indicates that these arrangements will meet the definition of a lease, the Group elects not to recognise a right-of-use asset and a corresponding liability to these leases for which the lease terms ends within 12 months of the date of initial application. The directors of the Company do not anticipate that the application of HKFRS 16 will have a material impact on the Group's consolidated financial statements at the date of initial application.

Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgements. The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group's annual period beginning on 1 January 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

Except as disclosed above, the directors of the Company anticipate that the application of other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with the following accounting policies which conform with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") and by the disclosure requirements of the Hong Kong Companies Ordinance ("CO").

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use for the purposes of impairment assessment in HKAS 36 "Impairment of Assets".

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- has exposure, or rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Acquisition of a subsidiary not constituting a business

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets or financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Intangible assets acquired separately

Intangible asset with indefinite useful life that is acquired separately is carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable provided in the normal course of business, net of discounts and sales related taxes.

Revenue is recognised when the amount of revenue can be reliably measured: when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities as described below.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

Property, plant and equipment including leasehold land (classified as finance leases) and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of these property, plant and equipment, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

Transfer from property, plant and equipment to investment property carried at cost

The Group transfers a property from property, plant and equipment to investment property when there is a change of use to hold the property to earn rentals or/and for capital appreciation rather than for its own use in the ordinary course of business, which is evidenced by the commencement of an operating lease to another party.

Investment property

Investment property is property held to earn rentals and/or for capital appreciation.

Investment property is initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property is stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments, except for short-term receivables where the recognition of interest would be immaterial.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, pledged bank deposit and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of loans and receivables below).

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Loans and receivables are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the loans and receivables have been affected.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of loans and receivables (Continued)

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of loans and receivables, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on receivables.

For loans and receivables carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

The carrying amount of the loans and receivables is reduced by the impairment loss directly for all loans and receivables with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When the trade receivables are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including trade and other payables, other payables and accrued charges, bank borrowings and loan from a shareholder are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risk and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the obligation are discharged, cancelled or have expired. The difference between the carrying amount of a financial liability derecognised and the consideration paid and payable, is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment on tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Intangible asset with indefinite useful life is tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of tangible and intangible assets are estimated individually, when it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Borrowing costs

Borrowing costs not directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are recognised in profit or loss in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period/year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of a deferred tax asset is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

When the lease payments cannot be allocated reliably between the land and building elements, the entire property is generally classified as if the leasehold land is under finance lease.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rate prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period/ year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of the translation reserve.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement benefit costs

Payments to Mandatory Provident Fund Scheme ("MPF Scheme") and state-managed retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next twelve months.

Impairment assessment of trade receivables

In determining whether there is objective evidence of impairment loss on trade receivables, management's judgement and estimation on the evaluation of recoverability of the trade receivables is used. A considerable amount of judgement is required in assessing the ultimate realisation of each individual trade receivables based on settlement records, subsequent settlements and aging analysis of the trade receivables. When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows of trade receivables. The amount of the impairment loss is measured as the difference between the carrying amount of trade receivables and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the original effective interest rate of the trade receivables (i.e. the effective interest rate computed at initial recognition, where applicable). Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss/further impairment loss may arise.

As at 31 December 2018, the carrying amount of trade receivables is HK$39,218,000 (30 September 2017: HK$10,478,000), net of allowance for bad and doubtful debts of HK$8,452,000 (1.10.2016 to 30.9.2017: nil).

5. REVENUE

An analysis of the Group's revenue for the period/year is as follows:

	1.10.2017 to 31.12.2018 *HK$'000*	1.10.2016 to 30.9.2017 *HK$'000*
Sale of household products	**82,081**	22,136
Sale of garment products	**37,939**	9,883
	120,020	32,019

6. SEGMENT INFORMATION

Information reported to the chief executive officer of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focus on the types of goods distributed by the Group.

The Group's operating and reportable segments under HKFRS 8 "Operating Segments" are (i) distribution of household products and (ii) distribution of garment products.

The revenue streams and results from these segments are the basis of the internal reports about components of the Group that are regularly reviewed by the CODM in order to allocate resources to segments and to assess their performance.

No segment assets or liabilities is presented as the CODM does not review segment assets and liabilities.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

For the period from 1 October 2017 to 31 December 2018

	Distribution of household products *HK$'000*	Distribution of garment products *HK$'000*	Total *HK$'000*
Revenue			
External sales	**82,081**	**37,939**	**120,020**
Segment profit (loss)	**4,068**	**(718)**	**3,350**
Other income, gains and losses			**236**
Unallocated expenses			**(22,339)**
Loss before taxation			**(18,753)**

6. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the year ended 30 September 2017

	Distribution of household products *HK$'000*	Distribution of garment products *HK$'000*	Total *HK$'000*
Revenue			
External sales	22,136	9,883	32,019
Segment profit	1,997	707	2,704
Other income, gains and losses			(1,675)
Unallocated expenses			(22,827)
Loss before taxation			(21,798)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment result represents the profit earned by each segment without allocation of other income, gains and losses (except for allowance for bad and doubtful debts attributable to distribution of household products and garment products of HK$8,452,000 for the period ended 31 December 2018), selling and distribution expenses, administrative expenses and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Revenue from major products

The following is an analysis of the Group's revenue from its major products:

	1.10.2017 to 31.12.2018 ***HK$'000***	1.10.2016 to 30.9.2017 *HK$'000*
Household products	**82,081**	22,136
Innerwear	**2,635**	9,883
Garment products other than innerwear	**35,304**	—
	120,020	32,019

6. SEGMENT INFORMATION (Continued)

Geographical information

The Group's operations are mainly carried out in Hong Kong and the PRC.

The Group's revenue from external customers by geographical location of customers irrespective of the origin of the goods and its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers		Non-current assets	
	1.10.2017 to 31.12.2018 ***HK$'000***	1.10.2016 to 30.9.2017 *HK$'000*	**31.12.2018** ***HK$'000***	30.9.2017 *HK$'000*
PRC	**100,799**	30,455	**16**	35
Hong Kong	**19,221**	—	**444**	1,458
Sweden	**—**	479	**—**	—
The United Kingdom	**—**	1,085	**—**	—
	120,020	32,019	**460**	1,493

Information about major customers

Revenue from external customers of the corresponding period/year contributing over 10% of total revenue of the Group are as follows:

	1.10.2017 to 31.12.2018 ***HK$'000***	1.10.2016 to 30.9.2017 *HK$'000*
Customer A[2]	**16,083**	7,326
Customer B[3]	**—**	4,437
Customer C[3]	**—**	3,800
Customer D[3]	**N/A[1]**	3,688
Customer E[3]	**65,622**	—
Customer F[3]	**12,756**	N/A[1]

1 The corresponding revenue did not contribute over 10% of the total revenue of the Group.
2 Revenue from distribution of garment products.
3 Revenue from distribution of household products.

7. OTHER INCOME, GAINS AND LOSSES

	1.10.2017 to 31.12.2018 *HK$'000*	1.10.2016 to 30.9.2017 *HK$'000*
Allowance for bad and doubtful debts	**(8,452)**	—
Bank interest income	**82**	4
Change in fair value of held-for-trading investments	**—**	176
Impairment recognised in respect of deposit paid for acquisition of a subsidiary *(Note)*	**—**	(1,000)
(Loss) gain on disposal of property, plant and equipment	**(20)**	138
Rental income from investment property	**174**	7
Write-off of intangible assets *(Note 17)*	**—**	(1,000)
	(8,216)	(1,675)

Note: On 3 November 2016, the Company, Shining Investment Holdings Limited ("Vendor") and Mr. Cheung Sze Hon, the beneficial owner of the Vendor and an independent third party to the Group, entered into a sale and purchase agreement ("SPA") pursuant to which the Vendor has conditionally agreed to sell, and the Company has conditionally agreed to purchase, the entire issued share capital of Shining Securities Company Limited ("Target Company") at a consideration of HK$24,000,000 ("Acquisition I"). Completion of the Acquisition I was conditional upon certain conditions precedent being fulfilled according to the SPA. Further details of the Acquisition I are set out in the Company's announcement dated 3 November 2016.

Since not all of the conditions precedent as stated in the SPA had been fulfilled by the long stop date, i.e. 3 May 2017, the SPA lapsed on the same date ("Termination"). Details of the Termination are set out in the Company's announcement dated 4 May 2017.

In accordance with the clause of the SPA, the Company had made a deposit in the amount of HK$1,000,000 to the Vendor ("Deposit") in November 2016. The directors of the Company take the view that the Deposit shall be returned to the Company by the Vendor pursuant to the terms of the SPA and had officially demanded the Vendor to return the Deposit to the Company after the Termination. However, the Deposit has not yet been refunded to the Company by the Vendor. The directors of the Company were in the opinion that the Deposit was unlikely to be recovered, and accordingly an impairment loss of HK$1,000,000 was recognised during the year ended 30 September 2017.

8. FINANCE COSTS

	1.10.2017 to 31.12.2018 *HK$'000*	1.10.2016 to 30.9.2017 *HK$'000*
Interest on bank borrowings	**11**	—
Interest on loan from a shareholder	**588**	20
	599	20

9. DIRECTORS' AND CHIEF EXECUTIVE OFFICERS' EMOLUMENTS

The emoluments paid or payable to the directors and chief executive officers disclosed pursuant to the applicable GEM Listing Rules and CO were as follows:

For the period from 1 October 2017 to 31 December 2018

	Directors' fees *HK$'000*	Salaries and other benefits *HK$'000*	Retirement benefit scheme contributions *HK$'000*	Total *HK$'000*
Executive directors				
Lu Zhuo (appointed on 27 March 2017 and resigned on 5 January 2019)	**3,450**	—	**23**	**3,473**
Yun Liguo (appointed on 6 March 2017)	—	—	—	—
Non-executive director				
Yang Haibi (appointed on 7 November 2016 and resigned on 14 December 2018)	**144**	—	—	**144**
Independent non-executive directors				
Zhang Tianbao (appointed on 7 November 2016)	**150**	—	—	**150**
Sun Huiyan (appointed on 7 November 2016 and retired on 6 February 2018) *(Note)*	**42**	—	—	**42**
Leung Ka Wo (appointed on 14 June 2017)	**176**	—	—	**176**
Christopher Francisco (appointed on 6 February 2018)	**108**	—	—	**108**
Total	**4,070**	—	**23**	**4,093**

9. DIRECTORS' AND CHIEF EXECUTIVE OFFICERS' EMOLUMENTS (Continued)

Year ended 30 September 2017

	Directors' fees	Salaries and other benefits	Retirement benefit scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors				
Lu Zhuo (appointed on 27 March 2017 and resigned on 5 January 2019)	1,441	—	10	1,451
Yun Liguo (appointed on 6 March 2017)	—	—	—	—
Law Kin Wah, Kenneth (resigned on 27 March 2017)	528	—	9	537
Ling Wing Shan (resigned on 14 October 2016)	60	—	1	61
Sun Wing Man, Doris (resigned on 27 March 2017)	435	—	9	444
Liu Sit Lun (resigned on 27 March 2017)	1,731	—	9	1,740
Non-executive directors				
Lee Tin Yau, Eugene (appointed on 27 March 2017 and resigned on 14 June 2017)	—	—	—	—
Cheung Lit Wan Kenneth (appointed on 14 June 2017 and resigned on 12 September 2017)	—	—	—	—
Yang Haibi (appointed on 7 November 2016 and resigned on 14 December 2018)	108	—	—	108
Independent non-executive directors				
Zhang Tianbao (appointed on 7 November 2016)	108	—	—	108
Sun Huiyan (appointed on 7 November 2016 and retired on 6 February 2018) *(Note)*	108	—	—	108
Leung Ka Wo (appointed on 14 June 2017)	43	—	—	43
Sun Yuan (appointed on 7 November 2016 and resigned on 14 June 2017)	72	—	—	72
Lau Yat Ying Karen (resigned on 7 November 2016)	18	—	—	18
Lau Tak Wai Davie (resigned on 7 November 2016)	18	—	—	18
Chan Hau Man (resigned on 7 November 2016)	18	—	—	18
Total	4,688	—	38	4,726

Note: The disclosed emoluments of Ms. Sun Huiyan represented the emoluments received or receivable after her appointment of directorship on 7 November 2016 and before her retirement from directorship upon the conclusion of the annual general meeting of the Company held on 6 February 2018.

9. DIRECTORS' AND CHIEF EXECUTIVE OFFICERS' EMOLUMENTS (Continued)

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs to the Company and its subsidiaries.

The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

On 7 November 2016, Ms. Yang Haibi has been appointed as independent non-executive director of the Company. She has been redesignated as non-executive director with effect from 27 March 2017 and subsequently resigned from the directorship of the Company on 14 December 2018.

On 16 January 2017, Mr. Liu Sit Lun has resigned as the chief executive officer of the Company and Ms. Lu Zhuo became the chief executive officer of the Company. Their emoluments disclosed above include those for services rendered by them as chief executive officer.

Subsequent to 31 December 2018, Ms. Lu Zhuo has tendered her resignation as chairman, chief executive officer and executive director of the Company, with effect from 5 January 2019 and she would continue to be the general manager of the Company after her resignation of the above positions.

During the period from 31 October 2017 to 31 December 2018 and the year ended 30 September 2017, no emoluments were paid by the Group to the directors of the Company as compensation for loss of office or an inducement to join or upon joining the Group. None of the directors of the Company has waived or agreed to waive any emoluments in the period/year.

10. FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, one (1.10.2016 to 30.9.2017: two) was director of the Company whose emoluments are set out in note 9. The emoluments of the remaining four (1.10.2016 to 30.9.2017: three) individuals are as follows:

	1.10.2017 to 31.12.2018 *HK$'000*	1.10.2016 to 30.9.2017 *HK$'000*
Salaries and other benefits	**6,801**	1,622
Retirement benefits scheme contributions	**78**	21
Discretionary retirement payment *(Note)*	—	5,315
	6,879	6,958

10. FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS (Continued)

Their emoluments were within the following bands:

	1.10.2017 to 31.12.2018 *Number of employees*	1.10.2016 to 30.9.2017 *Number of employees*
Less than HK$1,000,000	1	2
HK$1,000,000 — HK$1,500,000	1	—
HK$1,500,001 — HK$2,000,000	—	—
HK$2,000,001 — HK$2,500,000	1	—
HK$2,500,001 — HK$3,000,000	1	—
HK$5,000,001 — HK$5,500,000	—	1

Note: During the year ended 30 September 2017, HK$5,315,000 was paid to Mr. Ko Chun Hay, Kelvin, who resigned as the director of the Company on 20 May 2016 but remained a director of the Company's subsidiaries until 6 February 2017, as a one-off discretionary retirement payment for his services of directorship of those Company's subsidiaries.

11. LOSS BEFORE TAXATION

	1.10.2017 to 31.12.2018 *HK$'000*	1.10.2016 to 30.9.2017 *HK$'000*
Loss before taxation has been arrived at after charging:		
Auditor's remuneration	700	500
Cost of inventories recognised as expense	108,218	29,315
Depreciation of property, plant and equipment	168	147
Depreciation of investment property	23	—
Minimum lease payment in respect of premises under operating leases	190	174
Staff costs including directors' emoluments		
— Salaries and other benefits	13,966	9,338
— Retirement benefits scheme contributions	254	169
— Discretionary retirement payment *(see note 10)*	—	5,315
Total staff costs	14,220	14,822

12. TAXATION

	1.10.2017 to 31.12.2018 HK$'000	1.10.2016 to 30.9.2017 HK$'000
Current tax charge in the PRC	**1,992**	568

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Hong Kong Profits Tax was calculated at a flat rate of 16.5% on the estimated assessment profits for the year ended 30 September 2017. No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group has no assessable profits for the period/year.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the period/year.

Taxation for the period/year can be reconciled to the loss before taxation per the consolidated statement of profit or loss as follows:

	1.10.2017 to 31.12.2018 HK$'000	1.10.2016 to 30.9.2017 HK$'000
Loss before taxation	**(18,753)**	(21,798)
Tax credit at Hong Kong Profits Tax rate of 16.5% (2017: 16.5%)	**(3,094)**	(3,597)
Tax effect of expenses not deductible for tax purposes	**4,422**	3,976
Tax effect of income not taxable for tax purposes	**(13)**	(52)
Tax effect of tax losses not recognised	**—**	50
Effect of different tax rates of subsidiaries operating in other jurisdiction	**677**	191
Taxation for the period/year	**1,992**	568

At the end of the reporting period, the Group had unused tax losses of HK$8,984,000 (30 September 2017: HK$8,984,000) available for offsetting against future profits which have not been an agreed by Inland Revenue Department, The Government of the Hong Kong Special Administrative Region. No deferred tax asset has been recognised due to unpredictability of future profit streams. The balances of unrecognised tax losses may be carried forward indefinitely.

13. DIVIDEND

No dividend was paid or proposed during the period from 1 October 2017 to 31 December 2018, nor has any dividend been proposed since the end of the reporting period (1.10.2016 to 30.9.017: nil).

14. LOSS PER SHARE

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

	1.10.2017 to 31.12.2018 ***HK$'000***	1.10.2016 to 30.9.2017 *HK$'000*
Loss for the purposes of basic loss per share		
Loss for the period/year attributable to owners of the Company	**(20,745)**	(22,366)

	Number of shares	
	1.10.2017 to 31.12.2018 ***'000***	1.10.2016 to 30.9.2017 *'000*
Number of shares for the purposes of basic loss per share	**740,000**	740,000

No diluted loss per share is presented as there are no potential dilutive shares during the period from 1 October 2017 to 31 December 2018 and the year ended 30 September 2017.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building *HK$'000*	Computer equipment *HK$'000*	Furniture, fixtures and office equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
COST					
At 1 October 2016	1,000	—	49	700	1,749
Additions	—	54	—	704	758
Disposals	—	—	—	(700)	(700)
Transfer to investment property	(1,000)	—	—	—	(1,000)
At 30 September 2017	—	54	49	704	807
Disposals	—	(8)	(49)	—	(57)
At 31 December 2018	**—**	**46**	**—**	**704**	**750**
DEPRECIATION					
At 1 October 2016	135	—	32	700	867
Provided for the year	20	6	4	117	147
Eliminated on transfer to investment property	(155)	—	—	—	(155)
Eliminated on disposals	—	—	—	(700)	(700)
At 30 September 2017	—	6	36	117	159
Provided for the period	—	21	—	147	168
Eliminated on disposals	—	(1)	(36)	—	(37)
At 31 December 2018	**—**	**26**	**—**	**264**	**290**
CARRYING VALUES					
At 31 December 2018	**—**	**20**	**—**	**440**	**460**
At 30 September 2017	—	48	13	587	648

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and building	Over the shorter of the lease term or 50 years
Computer equipment	33.33%
Furniture, fixtures and office equipment	20%
Motor vehicles	20%

The leasehold land and building are situated in Hong Kong. With the commencement of an operating lease to an independent third party in September 2017, the leasehold land and building of HK$845,000 were transferred to investment property during the year ended 30 September 2017.

16. INVESTMENT PROPERTY

	HK$'000
COST	
At 1 October 2016	—
Transfer from property, plant and equipment	845
At 30 September 2017 and 31 December 2018	845
DEPRECIATION	
At 1 October 2016 and 30 September 2017	—
Provided for the period	23
At 31 December 2018	**23**
CARRYING VALUES	
At 31 December 2018	**822**
At 30 September 2017	845

The Group's investment property is situated in Hong Kong and depreciated on a straight basis over the shorter of the lease term or 50 years.

As at 31 December 2018, the fair value of the Group's investment property was HK$4,200,000 (30 September 2017: HK$3,560,000) as determined by the directors of the Company with reference to recent market evidence of transaction prices for similar properties in similar location and condition. In estimating the fair value of the property, the highest and best use of the property is its current use.

The Group's property interest held under operating leases to earn rentals is measured using the cost model and is classified and accounted for as investment property.

In December 2018, the Group has entered into a sale and purchase agreement with an independent third party to dispose of the investment property at a cash consideration of HK$4,200,000 (the "Disposal"). Accordingly, the investment property is classified as held for sale as at 31 December 2018. The Disposal has been completed on 28 February 2019.

17. INTANGIBLE ASSET

During the year ended 30 September 2017, an intangible asset representing a money lenders licence was acquired through the acquisition of a subsidiary not constituting a business as detailed in note 24. The money lenders licence grants the permission to the Group to carry on business as a money lender in Hong Kong.

Due to the change of substantial shareholder of the Company and the key management personnel (i.e. the executive directors) of the Group, the original business plan of development in money lending business was terminated under the assessment of the new management of the Group. In view of the fact that the scrap value of the money lenders licence is minimal, the carrying amount of the money lenders licence of HK$1,000,000 was written-off to profit or loss during the year ended 30 September 2017 accordingly.

18. TRADE AND OTHER RECEIVABLES

	31.12.2018 ***HK$'000***	30.9.2017 *HK$'000*
Trade receivables	**47,670**	10,478
Less: Allowance for bad and doubtful debts	**(8,452)**	—
	39,218	10,478
Deposits made to suppliers	**680**	7,454
Other receivables, deposits and prepayments	**1,197**	755
	41,095	18,687

The following is an aging analysis of trade receivables (net of allowance for bad and doubtful debts) presented based on the invoice date at the end of each reporting period.

	31.12.2018 ***HK$'000***	30.9.2017 *HK$'000*
0–30 days	**960**	9,621
31–60 days	**1,711**	857
61–90 days	**168**	—
91–180 days	**10,250**	—
181–365 days	**26,129**	—
	39,218	10,478

The Group allows a credit period normally ranging from 45 days to 90 days to its customers.

Before accepting any new customers, the Group assesses the potential customers' credit quality by investigating their historical credit record and defines credit limits by customers on individual basis. Recoverability and credit limit of the existing customers are reviewed by the Group regularly. Approximately 7% (30 September 2017: 100%) of trade receivables as at 31 December 2018, that are neither past due nor impaired, have good credit quality as there are continuous subsequent settlements from these customers. The Group does not hold any collateral over trade receivables.

The Group has a policy for allowance of bad and doubtful debts which is based on the evaluation of collectability and aging analysis of trade receivables and on management's judgment including the creditworthiness and the past collection history of each customer.

As at 31 December 2018, included in the Group's trade receivables are debtors with aggregate carrying amount of HK$36,379,000 which are past due for which the Group has not provided for impairment loss as there has not been a significant change in credit quality of the trade receivables and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

18. TRADE AND OTHER RECEIVABLES (Continued)

Aging analysis of trade receivables which are past due but not impaired:

	31.12.2018 HK$'000	30.9.2017 HK$'000
1–30 days	521	—
31–60 days	698	—
61–90 days	8,609	—
91–180 days	15,573	—
181–365 days	10,978	—
	36,379	—

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The trade receivables past due but not impaired as at the end of the reporting period were either subsequently settled or no historical default of payments was noted by the respective customers and directors of the Company believe that no recognition of impairment is required.

Movement in the allowance for bad and doubtful debts

	31.12.2018 HK$'000	30.9.2017 HK$'000
Balance at beginning of the period/year	—	—
Allowance provided for bad and doubtful debts	8,452	—
Balance at end of the period/year	8,452	—

At 31 December 2018, allowance for bad and doubtful debts included impaired trade receivables from certain customers of HK$8,452,000 which have been in severe financial difficulties or placed under liquidation. The directors of the Company make allowance for bad and doubtful debts with reference to the present value of the estimated future cash flows that are expected to be recovered from the customers and consider adequate allowance has been provided at the end of the reporting period. The Group does not hold any collateral over these balances.

Subsequent to 31 December 2018, the Group has entered into respective repayment agreements with certain customers in respect of an aggregate gross amount of trade receivables due from these debtors amounted to HK$41,017,000 as at 31 December 2018, which will be settled by installments until 31 December 2020.

19. PLEDGED BANK DEPOSIT AND BANK BALANCES AND CASH

Pledged bank deposit as at 31 December 2018 is pledged to secure the bank borrowings of the Group which carries interest at prevailing market rate of 0.01% per annum (30 September 2017: nil).

Bank balances held by the Group comprised of bank deposits which carry interest at an range of 0.01% to 0.1% (30 September 2017: 0.01% to 0.1%) per annum.

20. TRADE AND OTHER PAYABLES

	31.12.2018 ***HK$'000***	30.9.2017 *HK$'000*
Trade payables	**27,752**	11,033
Other payables	**1,441**	1,260
Trade deposit received	**331**	—
Rental income received in advance	**127**	301
	29,651	12,594

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

	31.12.2018 ***HK$'000***	30.9.2017 *HK$'000*
0–30 days	**1,363**	11,033
31–60 days	**—**	—
61–90 days	**—**	—
91–180 days	**7,385**	—
Over 180 days	**19,004**	—
	27,752	11,033

The credit periods on purchases of goods are usually from 3 months to 6 months.

21. LOAN FROM A SHAREHOLDER

As at 31 December 2018, the Group has been granted a loan from a shareholder of HK$25,000,000 (30 September 2017: RMB5,000,000 (equivalent to HK$5,869,000)) and related interest payable of HK$531,000 (30 September 2017: RMB18,000 (equivalent to HK$20,000)) which is unsecured, repayable on demand and interest bearing at 3% per annum.

22. BANK BORROWINGS

	31.12.2018 ***HK$'000***	30.9.2017 *HK$'000*
Secured trust receipt loans	**4,170**	—
Carrying amount of the bank borrowings that are repayable within one year and contain repayment on demand clause	**4,170**	—

The secured bank borrowings as at 31 December 2018 were secured by the pledged bank deposit as disclosed in note 19.

As at 31 December 2018, the Group had floating rate bank borrowings which carry interest at 2% per annum above the London Interbank Offered Rate ("LIBOR").

The effective interest rate on floating-rate bank borrowings (which was also equal to contracted interest rates) on the Group's bank borrowings as at 31 December 2018 was 4.49% per annum.

23. SHARE CAPITAL

Ordinary shares of HK$0.01 each

	Number of shares *'000*	*HK$'000*
Authorised:		
At 1 October 2016, 30 September 2017 and 31 December 2018	10,000,000	100,000
Issued and fully paid:		
At 1 October 2016, 30 September 2017 and 31 December 2018	740,000	7,400

24. ACQUISITION OF ASSET THROUGH ACQUISITION OF A SUBSIDIARY

On 24 October 2016, the Company entered into a sale and purchase agreement with an independent third party, pursuant to which the Company acquired the entire equity interest of Just In Time Finance Limited ("Just In Time") at a cash consideration of HK$1,000,000.

The acquisition has been accounted for using the acquisition method. Just In Time was incorporated in Hong Kong and owns a money lenders licence in Hong Kong. Just In Time did not commence any business at the date of completion of acquisition (i.e. 30 November 2016) and there were no assets and liabilities other than the money lenders licence. The acquisition was accounted for acquisition of asset and the consideration was allocated to intangible asset (i.e. the money lenders licence) accordingly.

25. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes loan from a shareholder and bank borrowings disclosed in notes 21 and 22 respectively, net of bank balances and cash and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure by considering the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the new share issues as well as the issue of new debt or the redemption of existing debt.

26. FINANCIAL INSTRUMENTS

Categories of financial instruments

	31.12.2018 ***HK$'000***	30.9.2017 *HK$'000*
Financial assets		
Loans and receivables (including cash and cash equivalents)	**54,986**	26,157
Financial liabilities		
Amortised cost	**57,700**	18,182

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, bank balances and cash, trade and other payables, other payables and accrued charges, bank borrowings and loan from a shareholder. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The Group has limited currency exposure as both revenue and direct costs are denominated in the functional currency of the respective group entities. Accordingly, management considers that the Group's exposure to foreign currency risk is minimal.

The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

26. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Interest rate risk

The Group's fair value interest rate risk relates primarily to its fixed-rate loan from a shareholder (see note 21 for details). The Group has not used any derivative contracts to hedge its exposure to interest rate risk.

The Group is exposed to cash flow interest rate risk in relation to the impact of interest rate changes on pledged bank deposit, bank balances and bank borrowings.

The Group currently does not have interest rate hedging policy. However, management of the Group monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

For the variable-rate bank balances as at 31 December 2018, the directors of the Company consider the Group's exposure to future cash flow interest rate risk is minimal taking into account the minimal fluctuation on market interest rate during the period/year. Accordingly, no sensitivity analysis on interest rate risk is presented.

The sensitivity analyses below were determined based on the exposure to interest rates for the variable-rate bank borrowings as at 31 December 2018. The analysis was prepared assuming the amount of liability outstanding at 31 December 2018 was outstanding for the whole period. A 100 basis point increase or decrease represented management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's post-tax loss for the period from 1 October 2017 to 31 December 2018 would increase/decrease by HK$52,000.

In the opinion of the directors of the Company, the sensitivity analysis is unrepresentative of the inherent interest rate risk as the end of the reporting period exposure does not reflect the exposure during the period.

26. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk

The Group's credit risk is primarily attributable to trade and other receivables, pledged bank deposit and bank balances as at 31 December 2018 and 30 September 2017.

As at 31 December 2018 and 30 September 2017, carrying amounts of those financial assets best represent the maximum exposure to the Group's credit risk. In order to minimise the credit risk, the directors of the Company have delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the directors of the Company review the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the company consider that the Group's credit risk is significantly reduced.

The Group also has concentration of credit risk as 81% (30 September 2017: 49%) of the total trade receivables is due from one major customer. Continuous subsequent settlements are received and there is no historical default of payments by this customer. Management of the Group assigned a team to closely follow up the debts due.

Other than that, the Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

The Group's pledged bank deposit and bank balances are placed with banks of good reputation and the Group has limited exposure to any single financial institution.

26. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management of the Group monitors the utilisation of loan from a shareholder and bank borrowings.

Having considered the factors and circumstances set out in note 1 to the consolidated financial statements, the directors of the Company are satisfied that the Group will have sufficient liquidity to meet its cash flows requirements for the next twelve months from the end of the reporting period.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Liquidity table

	Weighted average effective interest rate	On demand	1 month to 3 months	Total undiscounted cash flows	Carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 December 2018					
Trade payables	**—**	**—**	**27,752**	**27,752**	**27,752**
Other payables	**—**	**—**	**247**	**247**	**247**
Loan from a shareholder	**3.0**	**25,531**	**—**	**25,531**	**25,531**
Bank borrowings	**4.49**	**4,170**	**—**	**4,170**	**4,170**
		29,701	**27,999**	**57,700**	**57,700**
30 September 2017					
Trade payables	—	—	11,033	11,033	11,033
Other payables	—	—	1,260	1,260	1,260
Loan from a shareholder	3.00	5,889	—	5,889	5,889
		5,889	12,293	18,182	18,182

Secured bank borrowings with a repayment on demand clause as at 31 December 2018 are included in the "on demand" time band in the above maturity analysis. The carrying amount of the secured bank borrowings amounted to HK$4,170,000 (30 September 2017: nil) as at 31 December 2018. Taking into account the Group's assets pledged for the borrowings, the directors of the Company do not believe that it is probable that the bank would exercise their discretionary rights to demand immediate payment. As at 31 December 2018, the directors of the Company believed that such borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. As at 31 December 2018, the aggregate principal and interest cash outflows would amount to HK$4,221,000 if the borrowings are repaid in accordance with the scheduled repayment dates set out in the loan agreements which are repayable within three months.

26. FINANCIAL INSTRUMENTS (Continued)

Fair value measurement of financial instruments

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

27. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Loan from a shareholder	Bank borrowings	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 October 2017	5,889	—	5,889
Financing cash flows	18,862	4,170	23,032
Finance costs recognised	599	—	599
Exchange realignment	181	—	181
At 31 December 2018	**25,531**	**4,170**	**29,701**

28. LEASE COMMITMENTS

The Group as lessor

No lease commitments are disclosed as the tenant made an advance payment in full for the lease period from September 2017 to November 2019 when the operating lease was entered into by the Group.

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of premises which fall due as follows:

	31.12.2018	30.9.2017
	HK$'000	*HK$'000*
Within one year	**106**	108
In the second to fifth year inclusive	**—**	72
	106	180

Operating lease payments represent rental payable by the Group for offices. The leases are negotiated for terms of 1 to 2 years.

29. RETIREMENT BENEFIT SCHEMES

The Group operates a MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. The Group also participates in a state-managed scheme. The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC. The subsidiaries are required to contribute certain percentages of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The contributions paid and payable to the schemes by the Group are disclosed in note 11.

30. RELATED PARTY TRANSACTIONS

The Group had the following significant transaction with a related party during the period/year.

	1.10.2017 to 31.12.2018	1.10.2016 to 30.9.2017
	HK$'000	*HK$'000*
Interest paid or payable to a shareholder	**588**	20

The remuneration of key management personnel during the period/year was as follows:

	1.10.2017 to 31.12.2018	1.10.2016 to 30.9.2017
	HK$'000	*HK$'000*
Short-term employees benefits	**3,450**	4,195
Retirement benefit scheme contributions	**23**	38
	3,473	4,233

The remuneration of key management personnel is determined by the remuneration committee of the Company having regard to the performance of individuals and market trends.

31. PARTICULARS OF SUBSIDIARIES

Particulars of the subsidiaries of the Company as at the end of the reporting period are set out below.

Name	Place of incorporation	Nominal value of issued share capital/ registered capital	Equity interest attributable to the Group		Held by the Company		Held by subsidiaries		Principal activities
			31.12.2018	30.9.2017	31.12.2018	30.9.2017	31.12.2018	30.9.2017	
Prosperity Global Investments Limited	British Virgin Islands ("BVI")	US$20,000	**100%**	100%	**100%**	100%	**—**	—	Investment holding
Koko Garment (Huizhou) Limited	Hong Kong	HK$100,000	**100%**	100%	**—**	—	**100%**	100%	Sales of garment products
Brilliance Investment Holdings Limited	Hong Kong	HK$10,000	**100%**	100%	**—**	—	**100%**	100%	Dormant
Billion Shine Investment Limited	Hong Kong	HK$10,000	**100%**	100%	**—**	—	**100%**	100%	Investment holding
Brilliance Worldwide Holdings Limited	Hong Kong	HK$1	**100%**	100%	**100%**	100%	**—**	—	Dormant
Champ Mind Investment Limited	Hong Kong	HK$1	**100%**	100%	**100%**	100%	**—**	—	Investment holding
深圳前海瀚亞貿易有限責任公司	PRC	RMB4,477,900	**100%**	100%	**—**	—	**100%**	100%	Distribution business
Just in Time Finance Limited	Hong Kong	HK$1	**100%**	100%	**100%**	100%	**—**	—	Dormant
China Hanya Holdings Limited	BVI	US$1	**100%**	100%	**100%**	100%	**—**	—	Investment holding
China Hanya Securities Limited	Hong Kong	HK$5,000,000	**100%**	100%	**—**	—	**100%**	100%	Dormant
China Hanya Trust Management Limited	Hong Kong	HK$3,000,000	**100%**	100%	**40%**	40%	**60%**	60%	Dormant
Novel Point Holdings Limited	BVI	US$1	**100%**	*Note*	**100%**	*Note*	**—**	—	Investment holding
China Hanya (Hong Kong) Company Limited	Hong Kong	HK$1	**100%**	*Note*	**—**	—	**100%**	*Note*	Distribution business
Monarch Engage Limited	BVI	US$1	**100%**	*Note*	**100%**	*Note*	**—**	—	Investment holding
Hanya Apparel Company Limited	Hong Kong	HK$10,000	**100%**	*Note*	**—**	—	**100%**	*Note*	Distribution business

Note: These subsidiaries were newly incorporated during the period from 1 October 2017 to 31 December 2018.

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	31.12.2018 ***HK$'000***	30.9.2017 *HK$'000*
Non-current assets		
Property, plant and equipment	**445**	599
Amounts due from subsidiaries	**12,410**	10,103
	12,855	10,702
Current assets		
Other receivables	**748**	717
Bank balances and cash	**1,076**	7,799
	1,824	8,516
Current liabilities		
Other payables and accrued expenses	**817**	983
Amounts due to subsidiaries	**12,215**	6,914
Loan from a shareholder	**25,531**	—
	38,563	7,897
Net current (liabilities) assets	**(36,739)**	619
Net (liabilities) assets	**(23,884)**	11,321
Capital and reserves		
Share capital	**7,400**	7,400
Reserves *(Note)*	**(31,284)**	3,921
(Deficiency in) balance of equity	**(23,884)**	11,321

Note:

Movement of reserves

	Share premium *HK$'000*	**Contributed surplus** *HK$'000* *(Note)*	**Accumulated losses** *HK$'000*	**Total** *HK$'000*
At 1 October 2016	45,342	18,497	(31,837)	32,002
Loss and total comprehensive expense for the year	—	—	(28,081)	(28,081)
At 30 September 2017	45,342	18,497	(59,918)	3,921
Loss and total comprehensive expense for the period	—	—	(35,205)	(35,205)
At 31 December 2018	**45,342**	**18,497**	**(95,123)**	**(31,284)**

Note: Contributed surplus represents the difference between the nominal value of the ordinary shares issued by the Company and the net asset value of subsidiaries acquired through an exchange of shares pursuant to a reorganisation in prior years. This reserve is included in merge reserve upon consolidation.

FINANCIAL SUMMARY

The financial results of the Group for the financial years 2014 to 2018 and the assets and liabilities of the Group as at 30 September 2014, 2015, 2016, 2017 and 31 December 2018 are as follows:

	Years ended 30 September				For the fifteen months ended 31 December
	2014	2015	2016	2017	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Results					
Revenue	74,039	54,351	23,122	32,019	**120,020**
Loss before taxation	(9,535)	(5,418)	(10,587)	(21,798)	**(18,753)**
Gain on disposal of subsidiaries	13,383	—	—	—	**—**
Taxation (charge) credit	(6,758)	138	—	(568)	**(1,992)**
Loss attributable to owners of the Company	(2,910)	(5,280)	(10,587)	(22,366)	**(20,745)**

	As at 30 September				As at 31 December
	2014	2015	2016	2017	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Assets and liabilities					
Total assets	28,533	23,740	40,907	35,659	**57,399**
Total liabilities	(5,004)	(3,697)	(2,120)	(19,003)	**(61,864)**
Balance of equity (deficiency in)	23,529	20,043	38,787	16,656	**(4,465)**

MAJOR PROPERTY HELD BY THE GROUP

INVESTMENT PROPERTY

Location	Existing use	Term of lease	Percentage of interest
Flat 16, 1st Floor Wah Yiu Industrial Centre 30–32 Au Pui Wan Street Fotan New Territories Hong Kong	Commercial	Medium	100%