中國瀚亞
CHINA HANYA

CHINA HANYA GROUP HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8312

2017 Annual Report

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

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

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

This report, for which the directors (the "Directors") of China Hanya Group Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, (i) the information contained in this report is accurate and complete in all material respects and not misleading or deceptive; (ii) there are no other matters the omission of which would make any statement herein or this report misleading; and (iii) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Ms. Lu Zhuo *(Chairman and Chief Executive Officer)*
Mr. Yun Liguo

Non-executive Director

Ms. Yang Haibi

Independent Non-executive Directors

Mr. Leung Ka Wo
Mr. Zhang Tianbao
Ms. Sun Huiyan

COMPANY SECRETARY

Mr. Tse Kam Fai *FCIS, FCS*

AUDIT COMMITTEE

Mr. Leung Ka Wo *(Chairman)*
Ms. Yang Haibi
Mr. Zhang Tianbao
Ms. Sun Huiyan

REMUNERATION COMMITTEE

Mr. Zhang Tianbao *(Chairman)*
Ms. Lu Zhuo
Ms. Yang Haibi
Mr. Leung Ka Wo
Ms. Sun Huiyan

NOMINATION COMMITTEE

Ms. Lu Zhuo *(Chairman)*
Mr. Leung Ka Wo
Mr. Zhang Tianbao
Ms. Sun Huiyan

AUTHORIZED REPRESENTATIVES

Ms. Lu Zhuo
Mr. Tse Kam Fai

COMPLIANCE OFFICER

Mr. Yun Liguo

PRINCIPAL BANKER

Bank of Communications, Hong Kong Branch

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

CHAIRMAN'S STATEMENT

On behalf of the board (the "Board") of directors (the "Directors") of China Hanya Group Holdings Limited (the "Company") and its subsidiaries (the "Group"), I would like to present to the shareholders of the Company the annual results and audited consolidated financial statements of the Group for the year ended 30 September 2017.

Following the completion of the general offer by Handsome Global Investments Limited (the "Offeror") in March 2017, the Offeror became the new controlling shareholder of the Company since then. A review of the business operations and financial position of the Group has been conducted for the purpose of developing a sustainable business plan and strategy for the Group, and decided to explore possible opportunities in the financial industry.

DISTRIBUTION BUSINESS

The Group has been focusing on the distribution business, being the provision of distribution and supply chain management services specialising in procurement of garment and textile products since 2014, following the cessation of the manufacturing arm that had been underperforming due to the competitive environment of the manufacturing sector. The key market was used to be the European market by then.

In December 2016, the Group started to set up distribution business of garment and other products in Mainland China, in view of significant decrease of European customers' orders since early 2016 resulting from the sluggish economy in Europe and the market potential in Mainland China. Such strategic business development helped the Group to diversify its markets of distribution business and focus on the growing market. During the year, the Group has also strengthen the sales and operation team by expanding its key personnel to capture the growth in the distribution business. On the other hand, the Group also expands its product mix to include household products in Mainland China market.

FINANCIAL SERVICES BUSINESS

The Company has been actively seeking suitable investment or new business opportunities from time to time in order to diversify its business and enhance the long-term growth potential of the Company and its shareholders' value, which may cover, among others, the financial services industry.

On 27 September 2016, the Company entered into a sale and purchase agreement to purchase the entire issued shares of China Hanya Asset Management Limited ("CHAM"), being a licensed corporation to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities under the Securities and Futures Ordnance (Chapter 571 of the Laws of Hong Kong) (the "SFO"). The Group also acquired Just In Time Finance Limited on 30 November 2016, which was incorporated in Hong Kong with money lenders license in Hong Kong.

The Group will commence the financial services business as soon as practicable upon finalising the development plan of such business.

PROSPECTS

The decline of distribution business of the Group during the period of establishing the new business focus in the China market is transitional, and with the improving financial performance of the distribution business attributable to the China market, the recovery of the distribution business and the resulting improvement of the overall financial performance would be sustainable. Meanwhile, the Group has diversified its business into financial services business, which the Group believes will bring return to the Group in the long run.

APPRECIATION

I would like to take this opportunity to extend my sincere gratitude to all our shareholders and business partners for their continued support and confidence in the Group. I would also like to express my appreciation to our management team and staff for their efforts and significant contributions in the past and in the years to come.

Lu Zhuo
Chairman

Hong Kong, 20 December 2017

Management Discussion and Analysis

FINANCIAL REVIEW

Financial results for the year ended 30 September 2017

	2017 *HK$'000*	2016 *HK$'000*	**Change in percentage**
Revenue	**32,019**	23,122	38.5%
Gross profit	**2,704**	1,268	113.2%
Loss attributable to the owners of the Company	**(22,366)**	(10,587)	(111.3%)
Loss per share (HK cents)	**(3.02)**	(1.52)	(98.7%)

The revenue and cost of sales for the year ended 30 September 2017 was approximately HK$32.0 million and HK$29.3 million (2016: HK$23.1 million and HK$21.9 million), respectively. The gross profit was approximately HK$2.7 million at gross profit margin of 8.4%. Loss for the year attributable to owners has increased by HK$11.8 million from approximately HK$10.6 million for the year ended 30 September 2016 to HK$22.4 million for the year ended 30 September 2017. It was mainly due to the exceptionally high administrative expenses incurred during the year, which includes (i) one-off discretionary retirement payment of approximately HK$5.3 million and (ii) legal and professional expenses (including consultancy fee) of approximately HK$3.6 million incurred mainly due to the one-off corporate exercises of the Group taken place during the year.

LIQUIDITY AND FINANCIAL RESOURCES

At 30 September 2017, cash and bank balances of the Group amounted to approximately HK$15.5 million (At 30 September 2016: HK$35.6 million). The current ratio (current asset divided by current liabilities) of the Group was 1.8 times and 18.5 times as at 30 September 2017 and 2016, respectively. In view of the Group's current level of cash and bank balances, the Board is confident that the Group will have sufficient resources to meet its finance needs for its current operations as well as its new businesses.

FINAL DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 30 September 2017 (for the year ended 30 September 2016: 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 optimisation 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 30 September 2017, the gearing ratio was 35.4% (2016: 0%). This ratio is calculated as total debt divided by total capital.

CAPITAL COMMITMENT

As at the end of 30 September 2017, 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

As at 30 September 2017, the Group did not have any significant contingent liabilities.

SIGNIFICANT INVESTMENTS

As at 30 September 2017, 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 30 September 2017.

MATERIAL ACQUISITIONS OR DISPOSALS

Just In Time Finance Limited

On 24 October 2016, the Company entered into a sale and purchase agreement with Ms. Cheung Ching Ching Daisy, pursuant to which Ms. Cheung agreed to sell and the Company agreed to purchase the entire issued shares of Just In Time Finance Limited at a consideration of HK$1,000,000. Just In Time Finance Limited holds a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

The acquisition was completed on 30 November 2016.

For details of the acquisition, please refer to the Company's announcement dated 24 October 2016.

Shining Securities Company Limited

On 3 November 2016, the Company entered into a sale and purchase agreement (the "SPA") with Shining Investment Holdings Limited (the "Vendor") and Mr. Cheung Sze Hon to conditionally acquire Shining Securities Company Limited (the "Target Company"), a licensed corporation to carry out type 1 (dealing in securities) and type 2 (dealing in futures contracts) regulated activities under the SFO (the "Acquisition"). Details of the Acquisition are disclosed in the announcement of the Company dated 3 November 2016.

Completion of the Acquisition was conditional upon certain conditions precedent being fulfilled and remained fulfilled (or waived by the Company) for the Company's inspection within six months from the date of the SPA or by such other later date as the parties may mutually agree in writing (the "Long Stop Date"), failing which the SPA shall immediately lapse and none of the parties to the SPA shall have any obligations and liabilities towards each other save for any antecedent breaches of the SPA.

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 (the "Termination"). The Board considered that the Termination was in the interests of the Company and its shareholders as a whole and would have no material adverse impact on the financials and operations of the Group. The Company announced the Termination on 4 May 2017.

In accordance with the provisions of the SPA, the Company had made a deposit in the amount of HK$1,000,000 to the Vendor (the "Deposit"). The Company takes 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. However, the Vendor refused to return the Deposit to the Company. Subsequently, in October 2017, the Company engaged a firm of solicitors to recover the Deposit from the Vendor. The firm of solicitors has since made several attempts to contact the Vendor and demand return of the Deposit, but to no avail. The Company would continue its efforts to recover the Deposit from the Vendor.

Given the Vendor's previous refusal to return the Deposit to the Company, it may be expected that the Vendor may contest in potential legal proceedings brought by the Company against it. Accordingly, any such legal proceedings may be prolonged. Also, the result of such legal proceedings could be uncertain.

Save as disclosed above, there were no other material acquisition or disposal of subsidiaries or associates during the year under review.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2017, the Group has 13 employees. Total staff costs, including Directors' emoluments and share-based payment, amounted to approximately HK$14.8 million for the year ended 30 September 2017 (for the year ended 30 September 2016: HK$4.6 million). 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, provident fund, education subsidy and training 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 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.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Ms. Lu Zhuo, aged 34, was appointed as the chief executive officer of the Company on 16 January 2017 and was appointed as an executive Director and chairman of the Board on 27 March 2017. She is also the chairman of the nomination committee and a member of the remuneration committee of the Company. She holds a Master's Degree in Interpreting from University of Newcastle in the United Kingdom. She has significant experience in investment banking, financial advisory and corporate financing. Ms. Lu had previously worked at Goldman Sachs in London. Ms. Lu served as an independent non-executive director of Neo Telemedia Limited (stock code: 8167; a company listed on the GEM of the Stock Exchange) from March 2014 to May 2014.

Mr. Yun Liguo, aged 38, was appointed as an executive Director on 6 March 2017. Mr. Yun has more than 9 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.

NON-EXECUTIVE DIRECTOR

Ms. Yang Haibi, aged 40, was appointed as an independent non-executive Director on 7 November 2016 and was re-designated to a non-executive Director on 27 March 2017. Ms. Yang is also a member of each of the audit committee and remuneration committee of the Company. She holds a master's degree from China University of Political Science and Law. She has over 14 years of experience in mergers and acquisitions and investment and trading in China.

Ms. Yang possesses extensive experience and knowledge in compliance and legal services of investment, financing and securities. She is currently the person-in-charge of the risk management centre of Fu Hua Holdings Co., Limited.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Leung Ka Wo, aged 43, was appointed as an independent non-executive Director on 14 June 2017. He is also the chairman of the audit committee of the Company and a member of each of the remuneration committee and nomination committee of the Company. 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 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 the GEM of the Stock Exchange) from March 2014 to September 2016.

Mr. Zhang Tianbao, aged 39, was appointed as an independent non-executive Director on 7 November 2016. Mr. Zhang is also the chairman of the remuneration committee of the Company and a member of each of the audit committee and nomination of the Company. 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).

Ms. Sun Huiyan, aged 40, was appointed as an independent non-executive Director on 7 November 2016. Ms. Sun is also a member of each of the audit committee, remuneration committee and nomination committee of the Company. She obtained an accounting profession* (會計專科) from Shandong Economic University (山東經濟學院). She has over 15 years of experience in financial management and auditing. She currently serves as the legal representative and executive director of 復華投資有限公司 (Fuhua Investment Co., Ltd.*).

SENIOR MANAGEMENT

The executive Directors are also the members of senior management of the Group.

COMPANY SECRETARY

Mr. Tse Kam Fai, aged 54, was appointed as the company secretary of the Company with effect from 13 July 2017. Mr. Tse is a fellow member of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. He is also a member of The Hong Kong Institute of Directors.

Mr. Tse has more than 25 years of experience in handling listed company secretarial and compliance related matters. He is an executive director of a local professional firm providing regulatory compliance, corporate governance and corporate secretarial services to listed and unlisted corporations. Mr. Tse is currently the company secretary of Synertone Communication Corporation (stock code: 1613), SH Group (Holdings) Limited (stock code: 1637) and Target Insurance (Holdings) Limited (stock code: 6161), companies listed on the Main Board of the Stock Exchange, and Heng Xin China Holdings Limited (stock code: 8046), a company listed on the GEM of the Stock Exchange.

Corporate Governance Report

The Company has complied with the required code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "Code") contained in Appendix 15 to the GEM Listing Rules during the year ended 30 September 2017, except for the following:

Under code provision A.2.1, the roles of chairman and chief executive officer (the "CEO") should be separated and should not be performed by the same individual. Mr. Liu Sit Lun ("Mr. Liu"), the former chairman of the Board and the former CEO of the Company, was responsible for the overall business strategy and development and management of the Group. With effect from 16 January 2017 and 27 March 2017, Mr. Liu has resigned as the CEO of the Company and the chairman of the Board respectively. Ms. Lu Zhuo has been appointed as the CEO of the Company and the chairman of the Board on 16 January 2017 and 27 March 2017 respectively. The Board meets regularly to consider major matters affecting the operations of the Group. The Board considers that this structure will not impair the balance of power and authority between the Directors. The roles of the other Directors complement the roles of the chairman and the CEO. The Board believes that this structure is conducive to strong and consistent leadership which enables the Group to operate efficiently. As such, the structure is beneficial to the Group and the shareholders of the Company as a whole.

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. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard of dealings throughout the year ended 30 September 2017.

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 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.

The Board currently comprises two executive Directors, one non-executive Director and three independent non-executive Directors. The Board is accountable to shareholders of the Company. The management and control of the business of the Company is vested in the Board. It is the duty of the Board to enhance value to the shareholders of the Company. The composition of the Board and biographies of the Directors are set out on page 8 of this annual report.

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

The non-executive Director and three 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. Each independent non-executive Director has given the Company an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that all the independent non-executive Directors are independent and meet the independent guidelines set out in Rule 5.09 of the GEM Listing Rules.

Number of Meetings and Directors' Attendance

Regular Board meetings should be held at least four times a year at approximately quarterly intervals for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

During the year ended 30 September 2017, 18 Board meetings were held. The individual attendance record of each Director at the meetings during the financial year is set out as below:

Name of Directors	Meetings attended/ eligible to attend
Executive Directors	
Ms. Lu Zhuo (appointed on 27 March 2017)	5/5
Mr. Yun Liguo (appointed on 6 March 2017)	6/6
Mr. Liu Sit Lun (resigned on 27 March 2017)	12/13
Mr. Law Kin Wah Kenneth (resigned on 27 March 2017)	12/13
Ms. Sun Wing Man Doris (resigned on 27 March 2017)	12/13
Mr. Ling Wing Shan (resigned on 14 October 2016)	N/A
Non-Executive Directors	
Ms. Yang Haibi (appointed on 7 November 2016)	14/18
Mr. Cheung Lit Wan Kenneth (appointed on 14 June 2017 and resigned on 12 September 2017)	2/3
Mr. Lee Tin Yau, Eugene (appointed on 27 March 2017 and resigned on 14 June 2017)	1/2
Independent Non-Executive Directors	
Mr. Leung Ka Wo (appointed on 14 June 2017)	3/3
Mr. Zhang Tianbao (appointed on 7 November 2016)	18/18
Ms. Sun Huiyan (appointed on 7 November 2016)	18/18
Ms. Sun Yuan (appointed on 7 November 2016 and resigned on 14 June 2017)	15/15
Mr. Lau Tak Wai Davie (resigned on 7 November 2016)	N/A
Ms. Lau Yat Ying Karen (resigned on 7 November 2016)	N/A
Ms. Chan Hau Man (resigned on 7 November 2016)	N/A

Corporate Governance Functions and Conduct of Meetings

No corporate governance committee has been established and the Board is responsible for performing the corporate governance functions such as developing and reviewing the Company's policies, practices on corporate governance, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, etc.

Code provision A.1.3 stipulates that at least 14 days' notice should be given for a regular Board meeting. For other Board and committee meetings, reasonable notices are generally given. Board papers together with all appropriate, complete and reliable information are sent to all Directors before each Board meeting to keep the Directors appraised of the latest developments and financial position of the Company and to enable them to make informed decisions. All Directors are given an opportunity to include matters in the agenda for regular Board meetings. The Board and each Director also have separate and independent access to the senior executives whenever necessary. With the support of the senior executives, the Chairman is responsible for ensuring that the Directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at Board meetings.

Minutes of all Board meetings recording sufficient details of matters considered and decisions reached are duly kept by the company secretary of the Company and opened for inspection by the Directors. The Company's articles of association (the "Articles of Association") contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at Board meetings for approving transactions in which such Directors or any of their associates have a material interest.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Up to the date of this report, the roles of Chairman and Chief Executive Officer are not separate and Ms. Lu Zhuo currently performs these two roles. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by current Board which comprises experienced and high calibre individuals with sufficient number thereof being independent non-executive Directors.

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 remains informed and relevant. Up to the date of this annual report, all Directors have participated in continuous professional development by attending training course or reading relevant materials on the topics related to corporate governance and regulations.

The individual training record of each Director received during the year ended 30 September 2017 is summarized below:

Name of Directors	Attending seminar(s)/Reading relevant materials in relation to the business or Directors' duties Yes/No
Executive Directors	
Ms. Lu Zhuo	Yes
Mr. Yun Liguo	Yes
Non-Executive Director	
Ms. Yang Haibi	Yes
Independent Non-Executive Directors	
Mr. Leung Ka Wo	Yes
Mr. Zhang Tianbao	Yes
Ms. Sun Huiyan	Yes

All Directors also understand the importance of continuous professional development and are committed to participate any suitable training or reading relevant materials in order to develop and refresh their knowledge and skills.

AUDIT COMMITTEE

The Company established an 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 four members comprising all the independent non-executive Directors, namely Mr. Leung Ka Wo (chairman of the audit committee), Mr. Zhang Tianbao and Ms. Sun Huiyan and one non-executive Director, namely Ms. Yang Haibi.

All audit committee members possess appropriate industry and financial experience to advise on the Group's strategy and other matters. The composition of the audit committee meets the requirements of Rule 5.28 of the GEM Listing Rules. The primary duties of the audit committee are 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.

At the meetings held during the year, in performing its duties in accordance with its terms of reference, the work performed by the audit committee included:

(a) review and supervise the financial reporting system, risk management and internal control systems of the Company and its subsidiaries;

(b) recommendation to the Board, of the appointment of Deloitte Touche Tohmatsu as the external Auditor and approval of their remuneration;

(c) determination of the nature and scope of the audit; and

(d) review the financial statements for the relevant periods.

During the year ended 30 September 2017, 4 audit committee meetings were held. The individual attendance record of each member at the meetings during the financial year is set out below:

Name of Members	Meetings attended/ eligible to attend
Mr. Leung Ka Wo (appointed on 14 June 2017)	1/1
Ms. Yang Haibi (appointed on 7 November 2016)	4/4
Mr. Zhang Tianbao (appointed on 7 November 2016)	4/4
Ms. Sun Huiyan (appointed on 7 November 2016)	4/4
Ms. Sun Yuan (appointed on 7 November 2016 and ceased on 14 June 2017)	3/3
Ms. Chan Hau Man (ceased on 7 November 2016)	N/A
Mr. Lau Tak Wai Davie (ceased on 7 November 2016)	N/A
Ms. Lau Yat Ying Karen (ceased on 7 November 2016)	N/A

REMUNERATION COMMITTEE

The Company established a 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 five members comprising three independent non-executive Directors, namely Mr. Zhang Tianbao (chairman of the remuneration committee), Mr. Leung Ka Wo and Ms. Sun Huiyan, one executive Director namely Ms. Lu Zhuo and one non-executive Director namely Ms. Yang Haibi.

The roles and functions of the remuneration committee include, among others, recommending to the Board the policy and structure for the remuneration of the executive Directors and senior management, determining the specific remuneration packages of all the executive Directors and senior management, reviewing and approving performance based remuneration and compensation for loss or termination of office payable to executive Directors and senior management, ensuring no Director is involved in deciding his/her own remuneration.

During the year ended 30 September 2017, 3 remuneration committee meetings were held. The individual attendance record of each member at the meetings during the financial year is set out below:

Name of Members	Meetings attended/ eligible to attend
Mr. Zhang Tianbao (appointed on 7 November 2016)	3/3
Mr. Leung Ka Wo (appointed on 14 June 2017)	N/A
Ms. Lu Zhuo (appointed on 27 March 2017)	1/1
Ms. Sun Huiyan (appointed on 7 November 2016)	3/3
Ms. Yang Haibi (appointed on 7 November 2016)	3/3
Ms. Sun Yuan (appointed on 7 November 2016 and ceased on 14 June 2017)	3/3
Ms. Chan Hau Man (ceased on 7 November 2016)	N/A
Mr. Lau Tak Wai Davie (ceased on 7 November 2016)	N/A
Ms. Lau Yat Ying Karen (ceased on 7 November 2016)	N/A
Mr. Liu Sit Lun (ceased on 27 March 2017)	1/2

During the year, the work performed by the remuneration committee in performing its duties in accordance with its terms of reference included:

(a) review the remuneration packages of the Directors;

(b) determine the remuneration of new executive Directors; and

(c) make recommendation to the Board on the proposed remuneration of new non-executive Directors and independent non-executive Directors.

The annual remuneration of the members of the current senior management of the Company by band is set out below:

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

NOMINATION COMMITTEE

The Company established a 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 four members comprising one executive Director, namely Ms. Lu Zhuo (chairman of the nomination committee) and three independent non-executive Directors namely Mr. Leung Ka Wo, Mr. Zhang Tianbao and Ms. Sun Huiyan.

The roles and functions of the nomination committee include reviewing the structure, size and composition of the Board at least annually, making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, identifying individuals suitably qualified to become members of the Board and selecting individuals nominated for directorship (if necessary), assessing the independence of the independent non-executive Directors and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the chief executive officer. In considering the nomination of new Directors, the Board will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates, especially their experience in the industry and/or other professional areas.

During the year ended 30 September 2017, 4 nomination committee meetings were held. The individual attendance record of each member at the meetings during the financial year is set out below:

Name of Members	Meetings attended/ eligible to attend
Ms. Lu Zhuo (appointed on 27 March 2017)	1/1
Mr. Leung Ka Wo (appointed on 14 June 2017)	N/A
Mr. Zhang Tianbao (appointed on 7 November 2016)	4/4
Ms. Sun Huiyan (appointed on 7 November 2016)	4/4
Ms. Sun Yuan (appointed on 7 November 2016 and ceased on 14 June 2017)	4/4
Ms. Yang Haibi (appointed on 7 November 2016 and ceased on 27 March 2017)	2/4
Mr. Liu Sit Lun (ceased on 27 March 2017)	2/2
Ms. Chan Hau Man (ceased on 7 November 2016)	N/A
Mr. Lau Tak Wai Davie (ceased on 7 November 2016)	N/A
Ms. Lau Yat Ying Karen (ceased on 7 November 2016)	N/A

During the year, the work performed by the nomination committee in performing its duties in accordance with its terms of reference included:

(a) review and supervise the structure, size and composition of the Board;

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

(c) consider the re-election of Directors; and

(d) make recommendation to the Board on appointment of Directors.

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 year ended 30 September 2017, 1 general meeting, being the Company's annual general meeting, was held on 22 February 2017. The attendance record of the Directors at the general meeting is set out below:

Name of Directors	Meeting attended/ eligible to attend
Executive Directors	
Ms. Lu Zhuo (appointed on 27 March 2017)	N/A
Mr. Yun Liguo (appointed on 6 March 2017)	N/A
Mr. Liu Sit Lun (resigned on 27 March 2017)	1/1
Mr. Law Kin Wah Kenneth (resigned on 27 March 2017)	1/1
Ms. Sun Wing Man Doris (resigned on 27 March 2017)	1/1
Mr. Ling Wing Shan (resigned on 14 October 2016)	N/A
Non-executive Directors	
Ms. Yang Haibi (appointed on 7 November 2016)	1/1
Mr. Cheung Lit Wan Kenneth (appointed on 14 June 2017 and resigned on 12 September 2017)	N/A
Mr. Lee Tin Yau, Eugene (appointed on 27 March 2017 and resigned on 14 June 2017)	N/A
Independent non-executive Directors	
Mr. Leung Ka Wo (appointed on 14 June 2017)	N/A
Mr. Zhang Tianbao (appointed on 7 November 2016)	1/1
Ms. Sun Huiyan (appointed on 7 November 2016)	1/1
Ms. Sun Yuan (appointed on 7 November 2016 and resigned on 14 June 2017)	1/1
Mr. Lau Tak Wai Davie (resigned on 7 November 2016)	N/A
Ms. Lau Yat Ying Karen (resigned on 7 November 2016)	N/A
Ms. Chan Hau Man (resigned on 7 November 2016)	N/A

SHAREHOLDERS' RIGHTS

Convening an extraordinary general meeting

Pursuant to article 64 of the Articles of Association, 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 chairman of the Board and an executive Director, 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, being a person who was a company secretary of an issuer before 31 December 1994, has taken no less than 15 hours of relevant professional training for the financial year commenced on 1 January 2017.

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 year ended 30 September 2017, 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 year ended 30 September 2017, auditor's remuneration for audit services was HK$500,000 and non-audit services for tax services was HK$53,000. Save as disclosed above, there was no other significant non-audit services assignment undertaken by the external auditor during the year ended 30 September 2017.

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 year ended 30 September 2017.

The Board has conducted a review of the systems of risk management and internal control for the year ended 30 September 2017 to ensure the effectiveness and adequacy of the systems. Such review shall be conducted annually. The Board considered that the risk management and internal systems of Company for the year ended 30 September 2017 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.

Risk assessment process

Risk assessment approach

A risk management program was carried out during the year 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 senior management from different departments. Risk are preliminary identified by senior 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 people 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 senior 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. Senior 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 year ended 30 September 2017, the outsourced internal auditor 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.

The Board, through the audit committee, reviewed the overall effectiveness of the Group's risk management and internal control systems during the year, including financial, operational, compliance and risk management. The Board, upon confirmation from the management, is of the view that the existing risk management and internal control systems are effective and adequate to the Group.

Internal audit function

The Company has engaged an accounting firm as its independent 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.

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 its shareholders and investment public. The Company updates its 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.

During the year ended 30 September 2017, there had been no significant change in the Company's constitutional documents.

Environmental, Social and Governance Report

The Board is pleased to publish the first Environmental, Social and Governance ("ESG") report which covers the major operations of the Group. These include our offices in Hong Kong and Shenzhen-Qianhai in Mainland China. This report presents our sustainability performance for the reporting period from 1 October 2016 to 30 September 2017 and has been prepared in accordance with Appendix 20 to the GEM Listing Rules.

We value your feedback on this report. If you have any suggestions, please contact us at general_contact@chinahanya.com.hk

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

In order to identify the material topics of the Group and understand the concerns of our key stakeholders on ESG issues, we carried out stakeholder engagement by a third party by means of an online questionnaire. The questionnaire consists of a set of rating questions that allow the stakeholders to determine the importance and relativity of 22 sustainability topics, e.g. environmental protection, business ethics, human rights, supply chain management, product responsibility and community support etc. The materiality assessment has provided us useful insights into the formulation of our ESG goals and strategies, and is also the basis for preparation of this ESG report.

The Group's main stakeholders, including investors, shareholders, employees, suppliers and contractors from Hong Kong and Mainland China are engaged during the materiality process.

According to the materiality assessment result, we note that the majority of stakeholders pay more attention to product and service labelling, supply chain management, labour rights, product quality and safety and customer satisfaction. By taking into account of these results, China Hanya will continue to formulate corresponding goals and strategies on sustainability, and to continuously improve our ESG performance based on the expectations of our stakeholders.

OUR ENVIRONMENT

The world is facing increasing challenges due to climate change and shortages in resources. As a global citizen, China Hanya understands that we have a part to play to make the world a better one. It is always our corporate goal to protect the environment and lower our carbon footprint by using resources efficiently and minimizing negative operational impacts to the environment. Given the business nature of the Company, our activities mainly take place in offices and hence we do not have significant greenhouse gas emission, wastewater discharge, or hazardous and non-hazardous waste generation. Notwithstanding, we actively seek opportunities to reduce the use of resources and energy consumption in our daily operations.

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. A summary of the guidelines is shown as below:

Paper

- Adopt electronic version documents instead of printing out hard copies of documents for meeting, draft and communication.
- Only print hardcopy of the documents with real needs to reduce waste usage.
- Adopt double-sided printing to reduce paper wastage.
- Reuse single-sided paper for draft.

Water

- Report dripping faucets to Administration Department and repair leaked taps promptly to conserve water.

Energy

- Switch off all the light and office appliances when they are not in use.
- Set the computer in energy-saving mode by default and shut down fully at the end of the day to save energy.
- Use natural daylight as much as possible.
- Turn off the light when leaving a room.
- Turn off all light and office appliances if you are the last one to leave the office.

Other materials

- Collect and segregate recyclable materials such as glass bottles, aluminium cans and plastics.
- Return water carboys to the service provider for reuse.
- Return used printer cartridges to vendors for recycling.

In addition, we have selected and adopted energy efficient equipment such as LED light to further reduce energy consumption. We also support regular door-to-door recycling activities organized by the property management company to avoid direct disposal of recyclable materials to minimize wastage.

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

OUR PEOPLE

The Company recognizes that employees are the most valuable assets to the Company. In order to build a harmonious and motivating working environment, the Company strives to provide a safe, respectful and supportive workplace for our employees.

Employment Conditions

We offer an attractive remuneration package to all employees according to our Group's human resources policy and procedures. To maintain a work-life balance and to support employees to fulfill their family responsibilities, our employees are entitled to marriage leaves, paternity leaves, and compassionate leaves etc., in additional to annual leaves. We conduct reviews on remunerations and benefits through the annual performance appraisals to ensure all employees are rewarded competitively in line with the market, and also according to corporate and individual performances. We will continually seek opportunities to make improvement on the current employment practices to meet our stakeholders' needs and expectations.

The Group has zero tolerance on child and forced labour from our workplaces. Stringent hiring procedures and personal identity check are enforced to verify the age of candidates before commencement of work. During the reporting period, no non-compliance with relevant laws and regulation relating to child and forced labour had been observed.

Equity and Anti-Discrimination

We are committed to the principle of equal opportunity for all employees and this is promoted in our Human Resources Policy, as well as in the staff handbook. We will not tolerate any discrimination on recruitment, promotion, compensation, training and dismissal practices due to religion, national or ethnic origin, age, gender, sexual orientation, marital or status, physical or mental impairment or any other status deemed inappropriate by local laws nor any form of harassment actions, including sexual harassment.

The Group highly respects and values the voices of our employees. We welcome all employees to make suggestions to the Group via various communication channels such as letters, emails or reports to Human Resource Department. All the communications and identities from the employees are treated with confidentiality and dealt with the highest priority.

During the reporting period, no non-compliance with relevant laws and regulations related to discrimination and harassment had been identified.

Health and Safety

We always put safety as our first priority throughout our operations. We strive to provide a safe, comfortable and pleasant working environment for all employees. Besides, we set up and follow the typhoon and adverse weather arrangement procedures to keep all employees in safe conditions, and all employees are under the coverage of the Company Group Employee Compensation Insurance against any accidents. We confirmed that there is no non-compliance with relevant laws and regulations related to providing a safe working environment and protecting employees from occupational hazards had been identified during the reporting period.

Staff Development and Training

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.

Annual performance appraisals are carried out for every employee, not only to evaluate the job performance, but also to enable our staff to communicate effectively to their line managers and supervisors, in order to facilitate their career development and personal goals and review their training needs; hence, provide necessary supports from the Group. Through these exercises, we formulate comprehensive staff training strategies to help our employees develop and grow continuously.

To maintain a good cohesion with our employees and to appreciate their contributions, we regularly organize social activities, such as welcome lunch gathering with new joiners and New Year lunch gathering, to strengthen the bonding between the Group and our employees.

OUR BUSINESS

Business with integrity

Maintaining high levels of business integrity, ethics and accountability are the key to the long-term business continuity of the Group and gaining the mutual trust of our investors and stakeholders. In doing so, we devote our best efforts to preventing potential corruption within the Group to achieve our business sustainability.

Anti-corruption

Our employment contract requests our staff to strictly follow the ethical standards and principles on anti-corruption when conducting business to avoid falling into the traps of bribery, money laundering and corruption violations. It is our policy to strictly prohibited our staff to receive any benefits such as gifts, loans and contracts from customers, suppliers or other organizations directly or indirectly without the prior consent from the Group. All employees are subject to disciplinary actions including termination of the employment contract if they violate the code. Likewise, we require all our suppliers to follow the same anti-corruption practices stated in the procurement contract when doing businesses with the Group.

Moreover, employees are encouraged to report any suspicious fraud, corrupt or unethical activities within the Company. The whistle-blower identity together with the reporting information is kept strictly confidential and investigation on reported matters will be undertaken promptly followed by remedial actions where appropriate.

During the reporting period, there is no non-compliance cases regarding violation of relevant laws and regulations on anti-corruption.

Supply Chain Management

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' ESG standards in their operations to attain sustainability in business.

Product Responsibility

To maintain a good relationship with the customers, it is vital to provide high quality, safe and reliable products and services to our customers.

Product quality and safety

Our team conducts product verification and acceptance inspections to validate that our products are conformed consistently to the specifications, drawings and model samples. Instant rectification is requested to be made by the suppliers when any defects or non-conformity are detected. Besides, suppliers are requested to offer certificates of quality inspection reports, certificate of conformity and technical safety inspection report by third parties as evidence to demonstrate the compliance with the relevant national laws and industrial standards. For household products, after sales maintenance services are provided to our customers. As part of our standard commitments, home maintenance service will be offered upon received request to best serve our customers' needs.

Customer Privacy

As a Group policy and reflected in the employment contract (i.e. the Financial Information and Security Policy), all employees are required to keep all the corporate & customer information (e.g. trade secrets, business forecasts, plans and budgets, programs design & drawings etc.) confidential, and are prohibited to disclose any information to third parties, or use for the own purpose to obtain any benefits. We treated all customers' information with the strictest confidence and only authorized staff of relevant departments can access, handle and keep the information for operational purposes. As a standard procedure, prior consent must be sought from the customers before disclosing any sensitive information to the authorities.

Intellectual property protection

As a leading merchandiser on apparel and household products, we ensure all the sold products to our customers do not infringed any intellectual property rights, trademarks or patent rights and are fully complied with the relevant local laws and regulations. This is achieved by checking the manufacturer certificates issued by the local governmental authorities of our suppliers. In our offices, all employees are not allowed to download any software programmes from the Internet to their computers or to the Group's network without prior approval from IT department so as to avoid any infringement on intellectual property rights due to possible illegal download and misuse of software.

During the reporting period, there is no non-compliance cases relating to health and safety, advertising, labelling and privacy matters relating to products and services provided.

THE COMMUNITY

Being a socially responsible enterprise, we have a responsibility for the community in which we operate. The Group is committed to giving back to the society and is currently formulating suitable policies and actions in engaging the community that match the profile and operations of the Group. This is not only to build a good corporate image and business development, but also to strengthen the bonding between the Group and the community. More resources will be allocated on community investment and we are planning to take more active part in various voluntary and charitable activities in the coming year to help the people in need and to continuously contribute to environmental protection.

HKEX ESG REPORTING GUIDE INDEX

HKEX ESG Reporting Guide General Disclosures		Policies and Procedures	Explanation/ Reference section
Aspect A Environmental			
A1 Emission	Information on: — the policies; and — compliance and material non-compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous waste, etc.	Our environmental approach is stated in this report to provide direction for our business.	Our ENVIRONMENT
A2 Use of Resource	Policies on efficient use of resources including energy, water and other raw materials.	Our environmental approach is stated in this report to provide direction for our business.	Our ENVIRONMENT
A3 The Environment and Natural Resources	Policies on minimizing the operation's significant impact on the environment and natural resources.	Our core operations are mainly take place in offices, we do not contribute significant impacts on the environment and natural resources.	Our ENVIRONMENT
Aspect B Social			
B1 Employment	Information on: — the policies; and — compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Human Resources Policy & Staff Handbook	OUR PEOPLE — Employment Conditions

HKEX ESG Reporting Guide General Disclosures		Policies and Procedures	Explanation/ Reference section
B2 Health and Safety	Information on: — the policies; and — compliance and material non-compliance with relevant standards, rules and regulations on providing a safe working environment and protecting employees from occupational hazards.	Human Resources Policy & Staff Handbook	OUR PEOPLE — Health and Safety
B3 Development and Training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Training refers to vocational training. It may include internal and external courses paid by the employer.	Human Resources Policy	OUR PEOPLE — Staff Development & Training
B4 Labour Standard	Information on: — the policies; and — compliance and material non-compliance with relevant standards, rules and regulations on preventing child or forced labour.	Human Resources Policy	OUR PEOPLE — Employment Conditions
B5 Supply Chain Management	Policies on managing environmental and social risks of supply chain.	Our approaches to manage environmental and social risks of the supply chain has been disclosed in this report.	Our BUSINESS — Supply Chain Management
B6 Product/Service Responsibility	Information on: — the policies; and — compliance and material non-compliance with relevant standards, rules and regulations on health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Our approach towards product responsibility has been disclosed in this report.	Our BUSINESS — Product Responsibility

HKEX ESG Reporting Guide General Disclosures		Policies and Procedures	Explanation/ Reference section
B7 Anti-corruption	Information on: — the policies; and — compliance and material non-compliance with relevant standards, rules and regulations on bribery, extortion, fraud and money laundering.	Human Resources Policy & Employment Contract	Our BUSINESS — Business with Integrity
B8 Community Investment	Policies on community engagement to understand needs in the community where it operates and to ensure its activities take into consideration communities' interests.	We are in the stage of establishing the community engagement policies.	THE COMMUNITY

Report of the Directors

The Directors present their annual report and the audited consolidated financial statements for the year ended 30 September 2017.

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 32 to the consolidated financial statements. There were no significant changes in nature of Group's principal activities during the year.

RESULTS AND DIVIDEND

The results of the Group for the year ended 30 September 2017 are set out in the consolidated of statement profit or loss and consolidated statement of profit or loss and other comprehensive income on pages 44 to 45 of this annual report respectively.

The Directors do not recommend the payment of any dividend in respect of the year ended 30 September 2017 (for the year ended 30 September 2016: Nil).

CHARITABLE DONATIONS

During the year ended 30 September 2017, the Group made HK$Nil charitable donations (for the year ended 30 September 2016: HK$Nil).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the shareholders of the Company entitled to attend and vote at the forthcoming annual general meeting (the "2018 AGM") to be held on 6 February 2018, the register of members of the Company will be closed from Wednesday, 31 January 2018 to Tuesday, 6 February 2018, both days inclusive, during the period no transfer of shares will be effected. All transfers accompanied by the relevant 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 not later than 4:30 p.m. on Tuesday, 30 January 2018.

SEGMENTAL INFORMATION

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

BUSINESS REVIEW

A review of the business of the Group for the financial year ended 30 September 2017, the future business development and other important event of the Group are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" on pages 3 to 4 and pages 5 to 7 of this annual report respectively.

The environmental policies and performance, compliance with relevant laws and regulations and relationships with employees are also discussed under section headed "Environmental, Social and Governance Report" on pages 21 to 28.

Principal Risks and Uncertainties

Competition risks

The Group is dedicated to the business of garment and household product distribution in Mainland China. 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, which is expected to be more diversified with the commencement of the asset management and securities business in year 2018. 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 Mainland China 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 market 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, the Group needs to relocate its supply chain and logistic functions from Europe to Mainland China, 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 Mainland China, it currently makes its procurement through 8 major suppliers. Since the establishment of the garment and household product distribution business in Mainland China at the beginning of the year, 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.

Relationships with Stakeholders

The Company greatly values our employees, who underpin the success of the Company. Competitive remuneration, coupled with job satisfaction, is the key to retaining our staff. The Company advocates the need for a work-life balance and believes in equal opportunities at the workplace.

Compliance with Applicable Laws and Regulations

During the year under review, 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.

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 year, which provides appropriate cover for certain legal actions brought against its directors and officers.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 30 September 2017, the aggregate amount of turnover attributed to the Group's largest and five largest customers was 22.9% and 69.4% of the total value of the Group's turnover respectively. The Group's purchase to the largest and five largest suppliers accounted for 50.3% and 91.9% of the total value of the Group's purchase respectively.

At no time during the year ended 30 September 2017 have the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interest in major customers or suppliers.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 24 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Save as those disclosed in the sections headed "SHARE OPTIONS" below, no other equity-linked agreement was entered into by the Group, or existed during the year ended 30 September 2017.

RESERVES

Movements in reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 47 of this annual report.

DISTRIBUTABLE RESERVES

At 30 September 2017, the Company's reserves, calculated in accordance with the provisions of Cayman Islands' legislation, amounted to HK$3,921,000 (At 30 September 2016: HK$16,602,000).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 30 September 2017, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's shares.

FINANCIAL SUMMARY

A summary of the results of the Group for the past five financial years is set out on page 87 of this annual report.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors during the year ended 30 September 2017 and up to date of this annual report were:

Executive Directors

Ms. Lu Zhuo (appointed on 27 March 2017)
Mr. Yun Liguo (appointed on 6 March 2017)
Mr. Liu Sit Lun (resigned on 27 March 2017)
Mr. Law Kin Wah Kenneth (resigned on 27 March 2017)
Ms. Sun Wing Man Doris (resigned on 27 March 2017)
Mr. Ling Wing Shan (resigned on 14 October 2016)

Non-Executive Directors

Ms. Yang Haibi (appointed on 7 November 2016 and re-designated from an independent non-executive Director to a non-executive Director on 27 March 2017)
Mr. Cheung Lit Wan Kenneth (appointed on 14 June 2017 and resigned on 12 September 2017)
Mr. Lee Tin Yau, Eugene (appointed on 27 March 2017 and resigned on 14 June 2017)

Independent Non-Executive Directors

Mr. Leung Ka Wo (appointed on 14 June 2017)
Mr. Zhang Tianbao (appointed on 7 November 2016)
Ms. Sun Huiyan (appointed on 7 November 2016)
Ms. Sun Yuan (appointed on 7 November 2016 and resigned on 14 June 2017)
Mr. Lau Tak Wai Davie (resigned on 7 November 2016)
Ms. Lau Yat Ying Karen (resigned on 7 November 2016)
Ms. Chan Hau Man (resigned on 7 November 2016)

In accordance with article 112 of the Articles of Association, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office until the next following annual general meeting of the Company after his/her appointment and shall then be eligible for re-election. Accordingly, Ms. Lu Zhuo, Mr. Yun Liguo and Mr. Leung Ka Wo shall retire from office and, being eligible, offer themselves for re-election at the 2018 AGM.

In accordance with article 108 of the Articles of Association, 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, Ms. Yang Haibi and Ms. Sun Huiyan shall retire from office by rotation. Ms. Yang Haibi shall be eligible for re-election at the 2018 AGM. Ms. Sun Huiyan confirmed that she will not offer herself for re-election at the 2018 AGM as she would like to commit more time on pursuance of her own business.

Ms. Lu Zhuo entered into a service agreement with the Company on 27 March 2017 for a term of three years commenced from 27 March 2017 unless terminated by not less than three months' notice in writing served by either party on the other.

Mr. Yun Liguo entered into a service agreement with the Company on 6 March 2017 for a term of three years commenced from 6 March 2017 unless terminated by not less than three months' notice in writing served by either party on the other.

Ms. Yang Haibi signed a letter of appointment issued by the Company for a term of one year commenced from 7 November 2016. Following the re-designation of Ms. Yang from an independent non-executive Director to a non-executive Director on 27 March 2017, Ms. Yang entered into a service agreement with the Company on 27 March 2017 for a term of one year commenced from 27 March 2017 unless terminated by not less than three months' notice in writing served by either party on the other.

Each of Mr. Zhang Tianbao and Ms. Sun Huiyan signed a letter of appointment issued by the Company for a term of one year commenced from 7 November 2016. Each of them further signed a letter of appointment issued by the Company on 7 November 2017 for a term of one year commenced from 7 November 2017 unless terminated by not less than one month's notice in writing served by either party on the other.

Mr. Leung Ka Wo signed a letter of appointment issued by the Company for a term of one year commenced from 14 June 2017 for a term of one year commenced from 14 June 2017 unless terminated by not less than one month's notice in writing served by either party on the other.

CONFIRMATION OF INDEPENDENCE

The Company has received annual confirmations of independence from each of the independent non-executive Directors pursuant to the GEM Listing Rules. The Company considers the independent non-executive Directors are independent pursuant to Rule 5.09 of the GEM Listing Rules as at the date of this annual report.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 8 to 9 of this annual report.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in note 31 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 year or at any time during the year.

COMPETING INTEREST

For the year ended 30 September 2017, 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 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 of the Board, 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".

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 notes 28 and 30 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 or any of its subsidiaries for the year ended 30 September 2017.

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 year.

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

As at 30 September 2017, the interests and short positions of the Directors and chief executive of the Company in the ordinary shares (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 (including interests or short positions which they have taken or deemed to have taken under such provision 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 of the Company

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

Note: Handsome Global Investments Limited ("Handsome Global") is wholly-owned by Mr. Yun Liguo and Mr. Yun Liguo is therefore deemed to be interested in the Shares held by Handsome Global.

Save as disclosed above, as at 30 September 2017, none of the Directors or the 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 30 September 2017, 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 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 positions in the Shares of the Company

Name	Capital and nature of interest	Number of Shares	Percentage of the Company's issued share capital
Handsome Global *(Note 1)*	Beneficial owner	515,000,000 (Long Position)	69.59%
Tang Xiuxia *(Note 2)*	Interests of spouse	515,000,000 (Long Position)	69.59%
Tinmark Development Limited *(Note 3)*	Interest of controlled corporation	515,000,000 (Long Position)	69.59%
Yao Jianhui *(Note 3)*	Interest of controlled corporation	515,000,000 (Long Position)	69.59%
Goldjoy Holding Limited *(Note 3)*	Interest of controlled corporation	515,000,000 (Long Position)	69.59%
China Goldjoy Group Limited *(Note 3)*	Interest of controlled corporation	515,000,000 (Long Position)	69.59%
Stellar Result Limited *(Note 3)*	Interest of controlled corporation	515,000,000 (Long Position)	69.59%
China Goldjoy Credit Limited *(Note 3)*	Person having a security interest in shares	515,000,000 (Long Position)	69.59%
Great Sphere Developments Limited *(Note 3)*	Person having a security interest in shares	515,000,000 (Long Position)	69.59%

Notes:

1. Handsome Global is wholly-owned by Mr. Yun Liguo.

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

3. Mr. Yao Jianhui holds 100% of the shares of Tinmark Development Limited, and Tinmark Development Limited holds 48.63% of the shares of China Goldjoy Group Limited, and China Goldjoy Group Limited holds 100% of the shares of Great Sphere Developments Limited, and Great Sphere Developments Limited holds 80% of the shares of Goldjoy Holding Limited, and Goldjoy Holding Limited holds 100% shares of Stellar Result Limited, and Stellar Result Limited holds 100% of the shares of China Goldjoy Credit Limited. Therefore, Mr. Yao Jianhui, Tinmark Development Limited, China Goldjoy Group Limited, Great Sphere Developments Limited, Goldjoy Holding Limited and Stellar Result Limited are deemed to be interested in those interests held by China Goldjoy Credit Limited.

Save as disclosed above, as at 30 September 2017, so far as is known to the Directors, no persons (other than the Directors or chief executive of the Company) had interests or short positions in the Shares or underlying Shares 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

Save as otherwise disclosed in this annual report, at no time during the year 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

A share option scheme (the "Scheme") was adopted by the shareholders of the Company 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 of the Company.

(ii) Qualifying participants

Any employee including any executive or non-executive director of the Company 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 year ended 30 September 2017 and as at 30 September 2017.

RELATED PARTY TRANSACTION

Details of the related party transactions undertaken by the Group are set out in note 31 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.

CORPORATE GOVERNANCE

The principal corporate governance practices as adopted by the Company are set out in the Corporate Governance Report on pages 10 to 20 of this annual report.

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 of Association 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 an 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 four members comprising all the independent non-executive Directors, namely Mr. Leung Ka Wo (chairman of the audit committee), Mr. Zhang Tianbao and Ms. Sun Huiyan and one non-executive Director, namely Ms. Yang Haibi.

The audited consolidated financial statements of the Company for the year ended 30 September 2017 have been reviewed by the audit committee.

AUDITOR

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.

The term of appointment of Deloitte Touche Tohmatsu shall expire at the conclusion of the 2018 AGM. A resolution will be submitted to the 2018 AGM for the re-appointment of Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board
China Hanya Group Holdings Limited

Lu Zhuo
Chairman

Hong Kong, 20 December 2017

Independent Auditor's Report

Deloitte. 德勤

TO THE MEMBERS OF CHINA HANYA GROUP HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Hanya Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 44 to 86, which comprise the consolidated statement of financial position as at 30 September 2017, 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 year then ended, 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 30 September 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended 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
Recoverability of trade receivables	
We identified recoverability 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, ageing analysis and subsequent settlements of the trade receivables in evaluating the recoverability of the trade receivables. As disclosed in note 19 to the consolidated financial statements, as at 30 September 2017, the Group's net trade receivables amounting to approximately HK$10.5 million, which contributed approximately 29.4% of total assets of the Group. The Group has not provided any impairment loss on trade receivables as at 30 September 2017.	Our procedures in relation to recoverability of trade receivables included: • Obtaining an understanding of the management's assessment in the recoverability of trade receivables; • Understanding key controls of the Group relating to the recoverability of trade receivables; • Obtaining and testing the accuracy of the ageing analysis of trade receivables as at 30 September 2017 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, ageing analysis and subsequent settlements of the trade receivables; • 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 of the Company 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 Chau Chi Ka.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
20 December 2017

Consolidated Statement of Profit or Loss

For the year ended 30 September 2017

	Notes	2017 HK$'000	2016 HK$'000
Revenue	5	**32,019**	23,122
Cost of sales		**(29,315)**	(21,854)
Gross profit		**2,704**	1,268
Other income, gains and losses	7	**(1,675)**	21
Selling and distribution expenses		**(541)**	(1,035)
Administrative expenses		**(22,266)**	(10,815)
Finance costs	8	**(20)**	(26)
Loss before taxation	11	**(21,798)**	(10,587)
Taxation	12	**(568)**	—
Loss for the year attributable to owners of the Company		**(22,366)**	(10,587)
Loss per share (HK cents)	14		
Basic		**(3.02)**	(1.52)
Diluted		**N/A**	(1.52)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 September 2017

	2017 *HK$'000*	2016 *HK$'000*
Loss for the year	**(22,366)**	(10,587)
Other comprehensive income (expense)		
Item that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operation	**235**	(2)
Total comprehensive expense for the year attributable to the owners of the Company	**(22,131)**	(10,589)

Consolidated Statement of Financial Position

At 30 September 2017

	Notes	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment	15	**648**	882
Investment property	16	**845**	—
Deposit paid for acquisition of a subsidiary	18	**—**	200
Deposit paid for acquisition of plant and equipment		**—**	704
		1,493	1,786
Current assets			
Trade receivables, deposits, other receivables and prepayments	19	**18,687**	2,147
Held-for-trading investments	20	**—**	1,349
Bank balances and cash	21	**15,479**	35,625
		34,166	39,121
Current liabilities			
Trade payables	22	**11,033**	824
Other payables and accrued charges		**1,561**	1,296
Tax payables		**520**	—
Loan from a shareholder	23	**5,889**	—
		19,003	2,120
Net current assets		**15,163**	37,001
Net assets		**16,656**	38,787
Capital and reserves			
Share capital	24	**7,400**	7,400
Reserves		**9,256**	31,387
Total equity		**16,656**	38,787

The consolidated financial statements on pages 44 to 86 were approved and authorised for issue by the Board of Directors on 20 December 2017 and are signed on its behalf by:

Lu Zhuo	**Yun Liguo**
CHAIRMAN	*EXECUTIVE DIRECTOR*

Consolidated Statement of Changes in Equity

For the year ended 30 September 2017

	Attributable to the owners of the Company							
	Share capital	**Share premium**	**Share-based compensation reserve**	**Capital reserve**	**Merger reserve**	**Translation reserve**	**Accumulated losses**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Note (i))	*(Note (ii))*			
At 1 October 2015	6,920	16,489	3,124	3,718	(383)	228	(10,053)	20,043
Loss for the year	—	—	—	—	—	—	(10,587)	(10,587)
Other comprehensive expense for the year	—	—	—	—	—	(2)	—	(2)
Total comprehensive expense for the year	—	—	—	—	—	(2)	(10,587)	(10,589)
Forfeiture of equity-settled share-based payments	—	—	(3,124)	—	—	—	3,124	—
Direct transaction costs of shares issued under placing	—	(907)	—	—	—	—	—	(907)
Ordinary shares issued	480	29,760	—	—	—	—	—	30,240
At 30 September 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

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.

Consolidated Statement of Cash Flows

For the year ended 30 September 2017

	Notes	2017 HK$'000	2016 HK$'000
OPERATING ACTIVITIES			
Loss before taxation		**(21,798)**	(10,587)
Adjustments for:			
Finance costs		**20**	26
Depreciation of property, plant and equipment		**147**	58
Bank interest income		**(4)**	—
Dividend income		**—**	(99)
Gain on disposal of property, plant and equipment		**(138)**	—
Change in fair value of held-for-trading investments		**(176)**	78
Written-off of intangible assets		**1,000**	—
Impairment made for the deposit paid for acquisition of a subsidiary	7	**1,000**	—
Operating cash flows before movements in working capital		**(19,949)**	(10,524)
(Increase) decrease in trade receivables, deposits, other receivables and prepayments		**(16,230)**	12,431
Decrease in held-for-trading investments		**1,525**	—
Increase in trade payables		**10,302**	824
Increase in other payables and accrued charges		**265**	597
CASH (USED IN) FROM OPERATIONS		**(24,087)**	3,328
Overseas taxes paid		**(48)**	—
Dividend received from held-for-trading investments		**—**	99
NET CASH (USED IN) FROM OPERATING ACTIVITIES		**(24,135)**	3,427
INVESTING ACTIVITIES			
Interest received		**4**	—
Deposit paid for acquisition of a subsidiary		**(1,000)**	(200)
Deposit paid for acquisition of plant and equipment		**—**	(704)
Consideration paid for the acquisition of a subsidiary	25	**(1,000)**	—
Purchase of property, plant and equipment		**(54)**	—
Proceeds from disposal of property, plant and equipment		**138**	—
NET CASH USED IN INVESTING ACTIVITIES		**(1,912)**	(904)
FINANCING ACTIVITIES			
New loan from a shareholder raised		**5,869**	—
Repayment of bank borrowings		**—**	(2,998)
Interest paid		**—**	(26)
Proceeds from placing of shares		**—**	30,240
Expenses on placing of shares		**—**	(907)
NET CASH FROM FINANCING ACTIVITIES		**5,869**	26,309
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(20,178)**	28,832
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**35,625**	6,795
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**32**	(2)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH		**15,479**	35,625

Notes to the Consolidated Financial Statements

For the year ended 30 September 2017

1. GENERAL

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Growth Enterprise Market 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.

On 13 January 2017, China Merit International Investment Inc. ("China Merit"), the former immediate and ultimate holding company, disposed of an aggregate of 515,000,000 shares of the Company, representing 69.59% of the then total share capital of the Company at a cash consideration of HK$336,240,000 to Handsome Global.

The Company is an investment holding company. The principal activities and other details of its subsidiaries are set out in note 32.

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

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

In the current year, the Group has applied the following amendments to HKFRSs and Hong Kong Accounting Standards ("HKASs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time:

Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations
Amendments to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants
Amendments to HKFRSs	Annual improvements to HKFRSs 2012–2014 cycle

The application of the above amendments to HKFRSs and HKASs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

New and revised HKFRSs in issue but not yet effective

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

HKFRS 9	Financial instruments[2]
HKFRS 15	Revenue from contracts with customers and the related amendments[2]
HKFRS 16	Leases[3]
Amendments to HKAS 7	Disclosure initiative[1]
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses[1]
Amendments to HKAS 40	Transfers of investment property[2]
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions[2]
Amendments to HKFRS 4	Applying HKFRS 9 Financial instruments with HKFRS 4 Insurance contracts[2]
Amendments to HKFRS 9	Prepayments features with negative compensation[3]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[5]
Amendments to HKFRSs	Annual improvements to HKFRSs 2014–2016 cycle[4]
HK(IFRIC) — Int 22	Foreign currency transactions and advance consideration[2]
HK(IFRIC) — Int 23	Uncertainty over income tax treatments[3]

1 Effective for annual periods beginning on or after 1 January 2017.
2 Effective for annual periods beginning on or after 1 January 2018.
3 Effective for annual periods beginning on or after 1 January 2019.
4 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.
5 Effective for annual periods beginning on or after a date to be determined.

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 related 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.

The directors of the Company have reviewed the Group's financial assets as at 30 September 2017 and anticipate that the application of HKFRS 9 in the future may result in early recognition of credit losses based on expected loss model in relation to the Group's financial assets measured at amortised cost and is not likely to have other material impact on the results and financial position of the Group based on an analysis of the Group's existing business model.

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

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

HKFRS 15 "Revenue from contracts with customers"

HKFRS 15 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. 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 will not have a material impact on the amounts reported to the consolidated financial statements of the Group in the future based on the existing business model of the Group as at 30 September 2017.

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. Distinctions of operating leases and finance leases are removed for lease accounting, and is replaced by a single 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.

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

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

HKFRS 16 "Leases" (Continued)

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. Under the 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.

Furthermore, extensive disclosures are required by HKFRS 16.

At 30 September 2017, the Group, as lessee, has non-cancellable operating lease commitments of HK$180,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

Amendments to HKAS 7 "Disclosure initiative"

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including changes arising from cash flows and non-cash changes. Specifically, the amendments require the following changes in liabilities arising from financing activities 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.

The amendments apply prospectively for annual periods beginning on or after 1 October 2017 with earlier application permitted. The application of the amendments will result in additional disclosures on the Group's financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

Except as disclosed above, the directors of the Company anticipate that the application of the other new and revised 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 Growth Enterprise Market 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 except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 under HKFRS 13 "Fair value measurement" is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. 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 "Leases", 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".

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

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 intra-group 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 the financial assets and financial liabilities at the respective fair values, with the remaining balance of the purchase price is then allocated to the other individual 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.

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.

Dividend income from investments is recognised when the Group's rights to receive payment has been established.

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 or deemed 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, over their estimated useful lives, using the straight-line method. The estimated useful lives 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 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.

Intangible asset 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).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing costs

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

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 year. Taxable profit differs from 'loss before tax' as reported in the consolidated statement of profit or loss 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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.

Current and deferred tax is recognised in profit or loss.

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 lease is generally classified as a finance lease and accounted for as property, plant and equipment.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

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, except for exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income and accumulated in equity and will be reclassified from equity to profit or loss on disposal of the foreign operation.

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 year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of the exchange reserve.

Retirement benefit costs

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

Short-term and other long-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.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

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 (other than financial assets at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets

The Group's financial assets are classified into financial assets at FVTPL and 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.

Financial assets at FVTPL

Financial assets at FVTPL of the Group are classified as held-for-trading. A financial asset is classified as held-for-trading if:

- it has been acquired principally for the purpose of selling in the near future;
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the 'other income, gains and losses' line item. Fair value is determined in the manner described in note 27.

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 receivables, other receivables 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).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

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.

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.

Financial liabilities and equity instruments

Classified as debt 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

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 Group 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 payables, other payables and accrued charges 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.

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 expired. The difference between the carrying amount of a financial liability derecognised and the consideration paid and payable, is recognised in profit or loss.

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). When it is not possible to estimate the recoverable amount of an individual asset, 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.

Intangible asset with indefinite useful life is tested for impairment at least annually, and whenever there is an indication that they may be impaired.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment on tangible and intangible assets (Continued)

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.

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 following 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.

Recoverability 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, ageing analysis and subsequent settlements of the trade receivables. Where the expectation of the recoverability of the debts are different from the original estimate, material allowance may be required.

During the years ended 30 September 2017 and 2016, no allowance for impairment was charged to profit or loss. The carrying amount of trade receivables is approximately HK$10,478,000 as at 30 September 2017 (2016: HK$1,975,000).

5. REVENUE

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

	2017 *HK$'000*	2016 *HK$'000*
Sale of garment products	**9,883**	23,122
Sale of household products	**22,136**	—
	32,019	23,122

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 focusing on the types of goods distributed by the Group.

The Group's operating and reportable segments under HKFRS 8 are (i) distribution of household products and (ii) distribution of garment products. During the year ended 30 September 2017, the Group expands its product mix to include household products and the CODM reviews the financial performance of different product mix separately.

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.

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

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)**

6. SEGMENT INFORMATION (Continued)

For the year ended 30 September 2016

	Distribution of household products *HK$'000*	Distribution of garment products *HK$'000*	Total *HK$'000*
Revenue			
External sales	—	23,122	23,122
Segment profit	—	1,268	1,268
Other income, gains and losses			21
Unallocated expenses			(11,876)
Loss before taxation			(10,587)

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 3. Segment result represents the profit earned by each product mix segment without allocation of other income, gains and losses, selling and distribution expenses, administrative expenses, finance costs and taxation. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment revenue and results

Revenue from major products

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

	2017 ***HK$'000***	2016 *HK$'000*
Household products	**22,136**	—
Innerwear	**9,883**	15,243
Casual wear	**—**	3,481
Baby and children wear	**—**	4,398
	32,019	23,122

6. SEGMENT INFORMATION (Continued)

Geographical information

The Group's operation is mainly carried out in Hong Kong and the People's Republic of China (the "PRC"). The Group's revenue is mainly derived from customers located in Sweden, the United Kingdom (the "U.K.") and the PRC (2016: Sweden, the U.K., Spain and Hong Kong).

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	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Sweden	**479**	4,052	**—**	—
The U.K.	**1,085**	11,879	**—**	—
PRC	**30,455**	—	**35**	—
Spain	**—**	3,568	**—**	—
Hong Kong	**—**	2,608	**1,458**	1,786
Others	**—**	1,015	**—**	—
	32,019	23,122	**1,493**	1,786

Information about major customers

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

	2017	2016
	HK$'000	*HK$'000*
Customer A	**N/A[1]**	11,879
Customer B	**N/A[1]**	4,052
Customer C	**Nil**	3,568
Customer D	**7,326**	Nil
Customer E	**4,437**	Nil
Customer F	**3,800**	Nil
Customer G	**3,688**	Nil

1 The corresponding revenue did not contribute over 10% of the total revenue of the Group.

7. OTHER INCOME, GAINS AND LOSSES

	2017 HK$'000	2016 HK$'000
Change in fair value of held-for-trading investments	**176**	(78)
Gain on disposal of property, plant and equipment	**138**	—
Bank interest income	**4**	—
Dividend income from held-for-trading investments	**—**	99
Rental income from investment property	**7**	—
Written-off of intangible asset	**(1,000)**	—
Impairment made for the deposit paid for acquisition of a subsidiary *(Note)*	**(1,000)**	—
	(1,675)	21

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 conditionally agreed to sell, and the Company 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. Meanwhile, up to the date of approval of the consolidated financial statements, the Deposit has not yet been refunded to the Company by the Vendor and the Company is still in the process of recovering the Deposit from the Vendor.

Due to the prolonged discussion in arriving at a repayment schedule and uncertainty in the recoverability of the Deposit, the directors of the Company are in the opinion that the Deposit is unlikely to be recovered in the foreseeable future though the Company will continue to recover the Deposit, and accordingly an impairment allowance of HK$1,000,000 was recognised in consolidated statement of profit or loss for the year ended 30 September 2017.

8. FINANCE COSTS

	2017 *HK$'000*	2016 *HK$'000*
Interest on bank borrowings	—	26
Interest on loan from a shareholder	**20**	—
	20	26

9. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS

The emoluments paid or payable to each of the 16 (2016: 12) directors and chief executive officers disclosed pursuant to the applicable GEM Listing Rules and CO were as follows:

Year ended 30 September 2017

	Directors' fees *HK$'000*	Salaries and other benefits *HK$'000*	Retirement benefits scheme contributions *HK$'000*	Total 2017 *HK$'000*
Executive directors				
Lu Zhuo *(Note (ix))*	**1,441**	—	**10**	**1,451**
Yun Liguo *(Note (viii))*	—	—	—	—
Law Kin Wah, Kenneth *(Note (iii))*	**528**	—	**9**	**537**
Ling Wing Shan *(Note (i))*	**60**	—	**1**	**61**
Sun Wing Man, Doris *(Note (iii))*	**435**	—	**9**	**444**
Liu Sit Lun *(Note (iii))*	**1,731**	—	**9**	**1,740**
Non-executive directors				
Lee Tin Yau Eugene *(Note (v))*	—	—	—	—
Cheung Lit Wan Kenneth *(Note (vi))*	—	—	—	—
Yang Haibi *(Note (vii))*	**108**	—	—	**108**
Independent non-executive directors				
Zhang Tianbao *(Note (vii))*	**108**	—	—	**108**
Sun Huiyan *(Note (vii))*	**108**	—	—	**108**
Leung Ka Wo *(Note (x))*	**43**	—	—	**43**
Sun Yuan *(Note (iv))*	**72**	—	—	**72**
Lau Yat Ying, Karen *(Note (ii))*	**18**	—	—	**18**
Lau Tak Wai, Davie *(Note (ii))*	**18**	—	—	**18**
Chan Hau Man *(Note (ii))*	**18**	—	—	**18**
Total	**4,688**	—	**38**	**4,726**

9. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS (Continued)

Year ended 30 September 2016

	Directors' fees *HK$'000*	Salaries and other benefits *HK$'000*	Retirement benefits scheme contributions *HK$'000*	Total 2016 *HK$'000*
Executive directors				
Law Kin Wah, Kenneth *(Note (iii))*	368	—	8	376
Ling Wing Shan *(Note (i))*	618	—	8	626
Liu Sit Lun *(Note (iii))*	1,215	—	8	1,223
Sun Wing Man, Doris *(Note (iii))*	302	—	7	309
Ko Chun Hay, Kelvin *(Note (xi))*	270	—	9	279
Lam Mei Nar, Miller *(Note (xi))*	115	—	—	115
Independent non-executive directors				
Chan Hau Man *(Note (ii))*	66	—	—	66
Lau Tak Wai, Davie *(Note (ii))*	66	—	—	66
Lau Yau Ying, Karen *(Note (ii))*	66	—	—	66
Li Xiao Dong *(Note (xi))*	11	—	—	11
Zhang Qing *(Note (xi))*	11	—	—	11
Li Kar Fai, Peter *(Note (xi))*	19	—	—	19
Total	3,127	—	40	3,167

Notes:

(i) The disclosed emolument for Mr. Ling Wing Shan represented the emoluments received or receivable after his appointment of directorship on 20 May 2016 and before his resignation of directorship on 14 October 2016.

(ii) The disclosed emolument represented the emoluments received or receivable after his/her appointment of directorship on 20 May 2016 and before his/her resignation of directorship on 7 November 2016.

(iii) The disclosed emolument represented the emoluments received or receivable after his/her appointment of directorship on 20 May 2016 and before his/her resignation of directorship on 27 March 2017.

(iv) The disclosed emolument for Ms. Sun Yuan represented the emoluments received or receivable after her appointment of directorship on 7 November 2016 and before her resignation of directorship on 14 June 2017.

(v) No emolument for Mr. Lee Tin Yau Eugene was received or receivable after his appointment of directorship on 27 March 2017 and before his resignation of directorship on 14 June 2017.

(vi) No emolument for Mr. Cheung Lit Wan Kenneth was received or receivable after his appointment of directorship on 14 June 2017 and before his resignation of directorship on 12 September 2017.

(vii) The disclosed emoluments represented the emoluments received or receivable after his/her appointment of directorship on 7 November 2016.

9. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS (Continued)

Notes: (Continued)

(viii) No emoluments for Mr. Yun Liguo was received or receivable after his appointment of directorship on 6 March 2017.

(ix) The disclosed emoluments for Ms. Lu Zhuo represented the emoluments received or receivable after her appointment of directorship on 27 March 2017.

(x) The disclosed emoluments for Mr. Leung Ka Wo represented the emoluments received or receivable after his appointment of directorship on 14 June 2017.

(xi) The disclosed emolument represented the emoluments received or receivable before his/her resignation of directorship on 20 May 2016.

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' and 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.

On 16 January 2017, Mr. Liu Sit Lun has resigned as the Chief Executive Officer of the Company. Upon the resignation of Mr. Liu Sit Lun, 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 of the Company.

During both years, 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 both years.

10. EMPLOYEE'S EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2016: five) were directors of the Company whose emoluments are set out in note 9. The emoluments of the remaining three (2016: zero) individuals are as follows:

	2017 HK$'000	2016 HK$'000
Salaries and other benefits	6,937	—
Contributions to retirement benefits schemes	21	—
	6,958	—

Their emoluments were within the following bands:

	2017 Number of employees	2016 Number of employees
Less than HK$1,000,000	2	—
HK$1,000,001 to HK$1,500,000	—	—
HK$1,500,001 to HK$2,000,000	—	—
HK$2,000,001 to HK$2,500,000	—	—
Over HK$2,500,000	1	—

11. LOSS BEFORE TAXATION

	2017 HK$'000	2016 HK$'000
Loss before taxation has been arrived at after charging:		
Auditor's remuneration	500	500
Cost of inventories recognised as an expense	29,315	21,854
Depreciation of property, plant and equipment	147	58
Minimum lease payment in respect of premises under operating leases	174	174
Legal and professional fees	3,552	2,925
Staff costs including directors' emoluments		
— Salaries and other benefits	9,338	4,353
— Contributions to retirement benefits schemes	169	289
— Discretionary retirement payment *(Note)*	5,315	—
Total staff costs	14,822	4,642

Note: During the year ended 30 September 2017, approximately 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 certain Company's subsidiaries until 6 February 2017, as a one-off discretionary retirement payment for his services of directorship of those Company's subsidiaries.

12. TAXATION

	2017 HK$'000	2016 HK$'000
Current tax charge in the PRC	**568**	—

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No Hong Kong Profits Tax has been provided for in the consolidated financial statements as the Group has no assessable profits for both years.

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 group entities is 25% for both years.

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

	2017 HK$'000	2016 HK$'000
Loss before taxation	**(21,798)**	(10,587)
Taxation at the Hong Kong Profits Tax rate of 16.5%	**(3,597)**	(1,747)
Tax effect of expenses not deductible for tax purposes	**3,976**	1,613
Tax effect of income not taxable for tax purposes	**(52)**	(16)
Tax effect of the tax losses not recognised	**50**	150
Effect of different tax rates of subsidiaries operating in other jurisdiction	**191**	—
Taxation for the year	**568**	—

At the end of the reporting period, the Group had unused tax losses of HK$8,984,000 (2016: HK$8,681,000) available for offsetting against future profits which are subjected to the confirmation from Hong Kong Inland Revenue Department. 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. DIVIDENDS

No dividend was paid or proposed during the year ended 30 September 2017, nor has any dividend been proposed since the end of the reporting period (2016: nil).

14. LOSS PER SHARE

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

Loss

	2017 *HK$'000*	2016 *HK$'000*
Loss for the purposes of basic and diluted loss per share:		
Loss for the year attributable to owners of the Company	**(22,366)**	(10,587)

Number of shares

	2017	2016
Weighted average number of ordinary shares in issue for the purposes of basic and diluted loss per share	**740,000,000**	694,754,098

The Group has no potentially dilutive ordinary shares in issue during the year ended 30 September 2017. The computation of diluted loss per share for the year ended 30 September 2016 does not assume the exercise of the Company's share options as they would reduce loss per share.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings	Computer	Furniture, fixtures and office equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST					
At 1 October 2015 and 30 September 2016	1,000	—	49	700	1,749
Additions	—	54	—	704	758
Disposal	—	—	—	(700)	(700)
Transfer to investment property	(1,000)	—	—	—	(1,000)
At 30 September 2017	—	54	49	704	807
DEPRECIATION					
At 1 October 2015	115	—	22	672	809
Provided for the year	20	—	10	28	58
At 30 September 2016	135	—	32	700	867
Provided for the year	20	6	4	117	147
Eliminated upon transfer to investment property	(155)	—	—	—	(155)
Eliminated on disposal	—	—	—	(700)	(700)
At 30 September 2017	—	6	36	117	159
CARRYING VALUES					
At 30 September 2017	—	48	13	587	648
At 30 September 2016	865	—	17	—	882

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

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

The leasehold land was situated in Hong Kong under medium lease. In the opinion of the directors of the Company, allocation of the carrying amounts between the leasehold land and buildings elements could not be made reliably, accordingly, the owner-occupied leasehold land and buildings of HK$865,000 were included in property, plant and equipment as at 30 September 2016. During current year ended 30 September 2017, with the commencement of an operating lease to an independent third party in September 2017, the leasehold land and buildings has been transferred to investment property accordingly.

16. INVESTMENT PROPERTY

	2017 HK$'000
COST	
At 1 October 2015 and 30 September 2016	—
Transfer from property, plant and equipment	845
At 30 September 2017	845
CARRYING AMOUNT	
At 30 September 2017	845
At 30 September 2016	—

The Group's investment property consists of one industrial property in Hong Kong.

At 30 September 2017, the fair value of the Group's investment property was 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.

The Company'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. The operating lease period is from September 2017 to November 2019 and an advance payment for the entire lease period of approximately HK$301,000 has been received from the tenant, who is an independent third party, and included in other payables and accrued charges as at 30 September 2017.

17. INTANGIBLE ASSET

During the year ended 30 September 2017, an intangible asset represented a money lenders license which was acquired through the acquisition of a subsidiary not constituting a business as detailed in note 25. The money lenders license grants the permission to the Group to carry on business as a money lender in Hong Kong.

Owing to the change of substantial shareholder of the Company and the key management personnel (i.e. the executive directors) of the Group as disclosed in note 1 and note 9 to these consolidated financial statements respectively, under the assessment of the new management of the Group, the original business plan of development in money lending business was terminated. In view of the fact that the scrap value of the money lenders license is minimal, the carrying amount of the money lenders license of HK$1,000,000 was written-off to profit or loss accordingly.

18. DEPOSIT PAID FOR ACQUISITION OF A SUBSIDIARY

In July 2016, the Company entered into a memorandum of understanding with an independent third party to acquire 80% issued shares of EIFS (Greater China) Limited (the "EIFS") (the "MOU") at a consideration of not more than HK$2,000,000 of which HK$200,000 was paid as deposit included under the non-current assets as at 30 September 2016 ("Acquisition II"). EIFS is incorporated in Hong Kong with principal business of insurance brokerage in Hong Kong. The Acquisition II has been terminated during the year ended 30 September 2017. The Company is in the process of recovering the deposit paid in accordance with the MOU and the management of the Company expects such amount will be recovered by 30 September 2018. The deposit has been included in other receivables as at 30 September 2017.

19. TRADE RECEIVABLES, DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**10,478**	1,975
Deposits made to suppliers	**7,454**	—
Other receivables and prepayments	**755**	172
	18,687	2,147

The following is an ageing analysis of trade receivables presented based on the invoice date at the end of each reporting period and aging analysis of trade receivables presented based on the date of issuance of the invoice at the end of each reporting period.

	2017	2016
	HK$'000	*HK$'000*
0–30 days	**9,621**	748
31–60 days	**857**	1,227
	10,478	1,975

The Group's credit terms for its major customers are usually within 45 days.

Before accepting any new customers, the Group assesses the potential customer's 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. The Group's entire trade receivables balances net of allowance for impairment are neither past due nor impaired. The directors of the Company considered that trade receivables which are neither past due nor impaired are of good settlement records and there are continuous subsequent settlements from these customers. The Group does not hold any collateral over trade receivables.

All receivables as at 30 September 2017 and 2016 were neither past due nor impaired and the entire amount were subsequently settled, and thus the Group has not provided for impairment loss on trade receivables for both years.

20. HELD-FOR-TRADING INVESTMENTS

The amount as at 30 September 2016 represents equity securities listed in Hong Kong.

The fair value measurement of the held-for-trading investments of the Group as at 30 September 2016 is grouped in Level 1. There is no transfer between different levels for both years. The held-for-trading investments were disposed of during the year ended 30 September 2017.

21. BANK BALANCES AND CASH

Bank balances held by the Group comprised of bank deposits which carry interest at an range of 0.01% to 0.1% (2016: 0.01% to 0.1%) per annum.

22. TRADE PAYABLES

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

	2017	2016
	HK$'000	*HK$'000*
0–30 days	**11,033**	824

The credit periods on purchases of goods are usually from 1 month to 3 months.

23. LOAN FROM A SHAREHOLDER

At 30 September 2017, the Group has been granted a loan of RMB5,000,000 (equivalent to HK$5,869,000) which is unsecured, repayable on demand and carries interest at 3% per annum.

24. SHARE CAPITAL

	Number of shares	
	'000	*HK$'000*
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 October 2015, 30 September 2016 and 2017	10,000,000	100,000

Issued and fully paid:

	Number of shares	
	'000	*HK$'000*
At 1 October 2015	692,000	6,920
Share capital issued under placing *(Note)*	48,000	480
At 30 September 2016 and 30 September 2017	740,000	7,400

Note: On 9 September 2016, an aggregate of 48,000,000 placing shares were placed to not less than six placees at the placing price of HK$0.63 per placing share. The gross proceeds and net proceeds from the placing were approximately HK$30,240,000 and HK$29,333,000, respectively.

25. ACQUISITION OF ASSET THROUGH ACQUISITION OF A SUBSIDIARY

On 24 October 2016, the Company entered 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 is incorporated in Hong Kong with money lenders license in Hong Kong. Just In Time did not commence any business at the date of completion of acquisition (i.e. on 30 November 2016) and there were no assets and liabilities other than the money lenders license. The acquisition was accounted for acquisition of assets and the consideration has been allocated to the intangible asset (i.e. the money lenders licence) accordingly.

26. 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 disclosed in note 23, net of bank balances and cash and equity attributable to owners of the Company, comprising 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 of the Company, the Group 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.

27. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2017 ***HK$'000***	2016 *HK$'000*
Financial assets		
Loans and receivables (including cash and cash equivalents)	**26,157**	37,772
Held-for-trading investments	—	1,349
Financial liabilities		
Amortised cost	**18,182**	2,120

Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, other receivables, bank balances and cash, trade payables, other payables and accrued charges 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, interest rate risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

27. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk

(i) *Currency risk*

During the year ended 30 September 2017, the Group's transactions are mainly denominated in Renminbi ("RMB") (which is the functional currency of the respective group entity) (2016: United States dollars ("USD") (which is the functional currency of respective group entity) except for certain other receivables and bank balances which are denominated in RMB), a currency other than the functional currency of the respective group entities).

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

The carrying amounts of the Group's foreign currency denominated monetary assets at the end of the reporting period are approximately as follows:

	2017	2016
	HK$'000	*HK$'000*
RMB	—	100

Sensitivity analysis 5% is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding denominated monetary items and adjusts their translation at the year end for a 5% change in the foreign currency exchange rate. A positive number below indicates decrease in post-tax loss for the year where RMB strengthens 5% against HK$ respectively, the functional currency of the respective group entities. For a 5% weakening of RMB against HK$, there would be an equal and opposite impact on the post-tax loss for the year and the balances below would be negative.

	2017	2016
	HK$'000	*HK$'000*
Decrease in post-tax loss for the year	—	4

27. 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 23 for details). The Group is also exposed to cash flow interest rate risk in relation to the impact of interest rate changes on bank balances. The Group has not used any derivative contracts to hedge its exposure to interest rate risk.

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 at 30 September 2017 and 2016, 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 end of the reporting period. Accordingly, no sensitivity analysis on interest rate risk is presented.

(iii) *Price risk*

As at 30 September 2016, the Group is exposed to listed equity securities price risk through its held-for-trading investments, which have been disposed of during the year ended 30 September 2017. The directors of the Company managed this exposure by closely monitoring the performance of the investments and market conditions. The directors of the Company would consider diversifying the portfolio of investments as they consider appropriate.

Sensitivity analysis

If the quoted prices of the respective equity instruments had been 5% higher/lower and all other variables were held constant, loss for the year ended 30 September 2016 would decrease/increase by HK$67,000 as a result of the changes in fair value of held-for-trading investments.

In the opinion of the directors of the Company, the sensitivity analysis was unrepresentative of the inherent price risk in relation to changes in fair value of held-for-trading investments as at 30 September 2016 and did not reflect the exposure during that year.

27. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk

The Group's credit risk is primarily attributable to trade receivables and bank balances as at 30 September 2017 and 2016.

As at 30 September 2017 and 2016, 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 49% (2016: 84%) of the total trade receivables is due from one major customer. This customer is a subsidiary of a sizable conglomerate company in the PRC (2016: British multinational retailing company). 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 bank balances are placed with banks of good reputation and the Group has limited exposure to any single financial institution.

Liquidity risk

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

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.

27. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity tables

	Weighted average effective interest rate %	On demand HK$'000	1 month to 3 months HK$'000	3 months to 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at the end of the reporting period HK$'000
2017						
Trade payables	—	—	11,033	—	11,033	11,033
Other payables and accrued charges	—	—	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

	Weighted average effective interest rate %	On demand HK$'000	1 month to 3 months HK$'000	3 months to 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at the end of the reporting period HK$'000
2016						
Trade payables	—	—	824	—	824	824
Other payables and accrued charges	—	—	1,296	—	1,296	1,296
		—	2,120	—	2,120	2,120

Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of held-for-trading investments is calculated using quoted prices in active market;
- the fair value of other financial assets and financial liabilities at amortised cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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.

28. SHARE OPTIONS SCHEME

The share option scheme of the Company was adopted pursuant to a resolution in writing of all shareholders passed on 3 November 2010 (the "Share Option Scheme"). The purposes of the Share Option Scheme are to provide incentives or rewards to full time or part-time employees, executives, officers, directors, business consultants, agents, legal and financial advisers of the Company and the Company's subsidiaries for their contribution to the success of the Group's operations. The Share Option Scheme became effective on 3 November 2010 ("Effective Date"), unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The total number of shares of the Company available for issue under the Share Option Scheme must not in aggregate, exceed 69,200,000 shares, representing 10% of the issued share capital of the Company (692,000,000 shares) at the Effective Date.

The maximum number of shares issuable upon exercise of the options which may be granted under the Share Option Scheme (including exercised, cancelled or outstanding options) to each participant (other than a substantial shareholder, chief executive or director as explained below) in any 12-month period shall not exceed 10% of the issued share capital of the Company for the time being. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates (as defined under the GEM Listing Rules), are subject to approval in advance by the independent non-executive directors (excluding any independent non-executive director who is the grantee of the options). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, (as defined under the GEM Listing Rules) in excess of 0.1% of the shares of the Company in issue with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK$5,000,000, in the 12-month period up to and including the date of grant, are subject to shareholders' approval in a general meeting.

The offer of a grant of share options may be accepted in writing by a participant within 28 days from the date of offer upon payment of a nominal consideration of HK$1 by the grantee. The exercise period of the share options granted is determined by the directors, which period may commence from the date of acceptance of the offer for the grant of share options but shall end, in any event, not later than 10 years from the date of the conditional adoption of the Share Option Scheme by the shareholders subject to the provisions for early termination under the Share Option Scheme.

The exercise price is determined by the directors of the Company, and shall not be less than the highest of (i) the closing price of the shares on the date of grant, (ii) the average closing price of the share for the five business days immediately preceding the date of grant, and (iii) the nominal value of the Company's shares.

On 13 July 2015, the Company granted 14,800,000 share options to its directors and 500,000 share options to an employee who are entitled to subscribe for a total of 15,300,000 new shares at an exercise price of HK$0.222 per share with nominal value of HK$0.01 each in the capital of the Company upon the exercise of the share options in full. Options granted must be taken up within 28 days of the date of grant, upon payments of HK$1 by each of the grantees. The options may be exercised at any time after the date of grant of the share options to the fifth anniversary of the date of grant.

In accordance with terms of the Share Option Scheme, options granted on 13 July 2015 vested at the date of grant.

28. SHARE OPTIONS SCHEME (Continued)

Pursuant to the sale and purchase agreement between Magic Ahead Investments Limited and China Merit, both the former immediate and ultimate holding company of the Company, dated 15 March 2016, all option holders agreed to forfeit all outstanding share options as at 16 March 2016. Upon forfeiture of the share options, share-based compensation reserve of HK$3,124,000 was transferred to accumulated losses.

The following table discloses movement of and weighted average exercise prices of the Company's share options:

	2017		2016	
	Weighted average exercise price HK$ per share	**Number of options**	Weighted average exercise price HK$ per share	Number of options
Outstanding at the beginning of the year	**—**	**—**	0.136	42,900,000
Forfeited during the year	**—**	**—**	0.136	(42,900,000)
Outstanding at the end of the year	**—**	**—**	—	—
Exercisable at the end of the year	**—**	**—**	—	—

29. LEASE COMMITMENTS

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:

	2017	2016
	HK$'000	*HK$'000*
Within one year	**108**	174
In the second to fifth year inclusive	**72**	—
	180	174

For the lease of properties, they are negotiated for terms of 1 to 2 years.

30. RETIREMENT BENEFITS 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.

31. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following transactions during both years.

Nature of transactions

	2017 ***HK$'000***	2016 *HK$'000*
Finance cost on loan from a shareholder	**20**	—

The remuneration of key management personnel (i.e. executive directors) during the year was as follows:

	2017 ***HK$'000***	2016 *HK$'000*
Short-term employees benefits	**4,195**	2,888
Retirement benefits scheme contributions	**38**	40
	4,233	2,928

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

32. PARTICULARS OF SUBSIDIARIES

Particulars of the subsidiaries of the Company at 30 September 2017.

Name	Place of incorporation and business	Nominal value of issued and paid up share capital/ registered capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Prosperity Global Investments Limited	British Virgin Islands ("BVI")	USD20,000	100%	100%	—	Investment holding
Koko Garment (Huizhou) Limited	Hong Kong	HK$100,000	100%	—	100%	Sales of garment
Brilliance Investment Holdings Limited	Hong Kong	HK$10,000	100%	—	100%	Dormant
Billion Shine Investment Limited	Hong Kong	HK$10,000	100%	—	100%	Investment holding
Brilliance Worldwide Holdings Limited	Hong Kong	HK$1	100%	100%	—	Dormant
Champ Mind Investment Limited	Hong Kong	HK$1	100%	100%	—	Investment holding
深圳前海瀚亞貿易有限責任公司	PRC	RMB4,477,900	100%	—	100%	Distribution business
惠州市再高商貿有限公司 ("再高商貿") *(Note)*	PRC	HK$1,000,000	100%	—	100%	Dormant
Just in Time Finance Limited	Hong Kong	HK$1	100%	100%	—	Money lending business development
China Hanya Holdings Limited	BVI	HK$1	100%	100%	—	Investment holding
China Hanya Securities Limited	Hong Kong	HK$10,000,000	100%	—	100%	Dormant
China Hanya Trust Management Limited	Hong Kong	HK$3,000,000	100%	40%	60%	Dormant

Note: It is a wholly foreign-owned enterprise established in the PRC, and was deregistered on 4 November 2016.

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2017 HK$'000	2016 HK$'000
Non-current assets		
Property, plant and equipment	**599**	—
Amounts due from subsidiaries	**10,103**	15,400
Deposit paid for acquisition of a subsidiary	**—**	200
Deposit paid for acquisition of plant and equipment	**—**	704
	10,702	16,304
Current assets		
Other receivables	**717**	169
Cash and bank balances	**7,799**	28,101
	8,516	28,270
Current liabilities		
Other payables and accrued charges	**983**	1,133
Amounts due to subsidiaries	**6,914**	4,039
	7,897	5,172
Net current assets	**619**	23,098
Net assets	**11,321**	39,402
Capital and reserves		
Share capital	**7,400**	7,400
Reserves *(Note)*	**3,921**	32,002
Total equity	**11,321**	39,402

Note:

Movement of reserves

	Share premium HK$'000	Share-based compensation reserve HK$'000	Contributed surplus HK$'000 (note)	Accumulated losses HK$'000	Total HK$'000
At 1 October 2015	16,489	3,124	18,497	(24,005)	14,105
Loss and total comprehensive expense for the year	—	—	—	(10,956)	(10,956)
Forfeiture of equity-settled share-based payments	—	(3,124)	—	3,124	—
Direct transaction costs of shares issued under placing	(907)	—	—	—	(907)
Ordinary shares issued	29,760	—	—	—	29,760
At 30 September 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**

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 2013 to 2017 and the assets and liabilities of the Group as at 30 September 2013, 2014, 2015, 2016 and 2017 are as follows:

	Nine months ended 30 September	Years ended 30 September			
	2013	2014	2015	2016	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Results					
Turnover	66,691	74,039	54,351	23,122	**32,019**
Loss before taxation	(11,584)	(9,535)	(5,418)	(10,587)	**(21,798)**
Gain on disposal of subsidiaries	—	13,383	—	—	**—**
Taxation (charge) credit	(2,666)	(6,758)	138	—	**(568)**
Loss attributable to owners of the Company	(14,250)	(2,910)	(5,280)	(10,587)	**(22,366)**

	As at 30 September				
	2013	2014	2015	2016	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Assets and liabilities					
Total assets	41,480	28,533	23,740	40,907	**35,659**
Total liabilities	(15,199)	(5,004)	(3,697)	(2,120)	**(19,003)**
Total equity	26,281	23,529	20,043	38,787	**16,656**

Major Properties 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%