力世紀有限公司
WE SOLUTIONS LIMITED
(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0860)

2018 Annual Report

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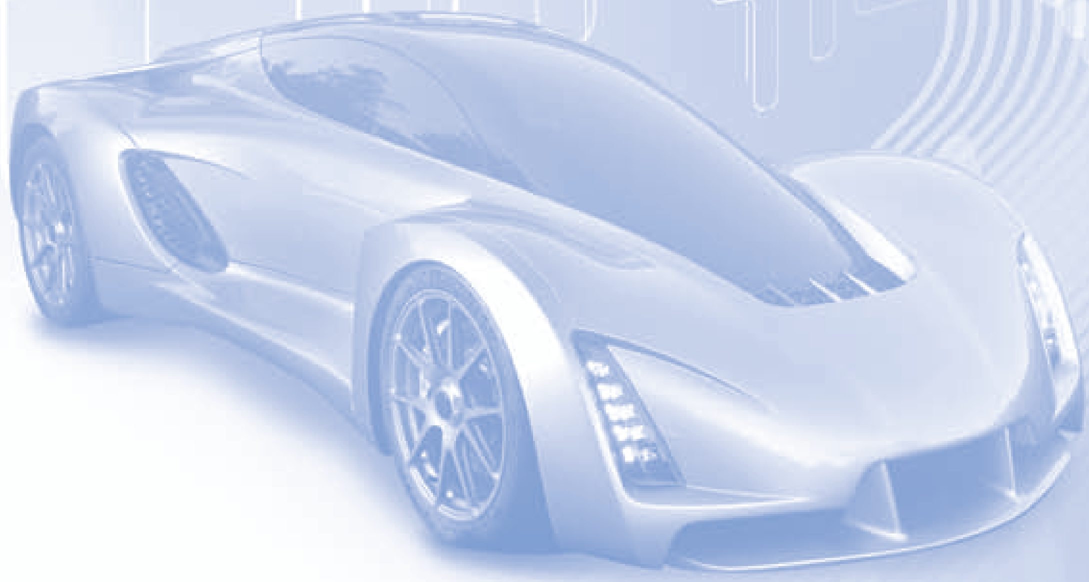

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Mr. Ho King Fung, Eric *(Chairman)*
Mr. Ho Chi Kit *(Chief Executive Officer)*

Non-executive Director
Mr. Zhang Jinbing *(Co-Chairman)*

Independent Non-executive Directors
Mr. Tam Ping Kuen, Daniel
Mr. Teoh Chun Ming
Mr. Peter Edward Jackson

AUDIT COMMITTEE
Mr. Teoh Chun Ming *(Chairman)*
Mr. Tam Ping Kuen, Daniel
Mr. Peter Edward Jackson

REMUNERATION COMMITTEE
Mr. Teoh Chun Ming *(Chairman)*
Mr. Tam Ping Kuen, Daniel
Mr. Peter Edward Jackson

NOMINATION COMMITTEE
Mr. Ho King Fung, Eric *(Chairman)*
Mr. Teoh Chun Ming
Mr. Peter Edward Jackson

INVESTMENT COMMITTEE
Mr. Ho King Fung, Eric *(Chairman)*
Mr. Ho Chi Kit
Mr. Teoh Chun Ming

CORPORATE GOVERNANCE COMMITTEE
Mr. Ho Chi Kit *(Chairman)*
Mr. Teoh Chun Ming
Mr. Peter Edward Jackson

COMPANY SECRETARY
Mr. Ng Tik Tsun

LEGAL ADVISOR
Reed Smith Richards Butler

AUTHORISED REPRESENTATIVES
Mr. Ho King Fung, Eric
Mr. Ng Tik Tsun

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS
Units 301 and 302, Third Floor, Building 22E, Phase Three,
Hong Kong Science Park, Pak Shek Kok, New Territories,
Hong Kong

REGISTRARS
Principal Share Registrar and Transfer Office
SMP Partners (Cayman) Limited
Royal Bank House — 3rd Floor
24 Shedden Road
Grand Cayman, KY1-1110
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office
Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

AUDITORS
Ernst & Young

WEBSITE
http://www.wesolutions.com.hk

CHAIRMAN'S STATEMENT

Dear Shareholders,

It is my honor to deliver this statement as the Chairman of WE Solutions Limited ("WE Solutions" or the "Company" and together with its subsidiaries, the "Group" or "we") in respect of the Group's annual results for the year ended 30 September 2018 (the "Year") and the Group's prospects.

BUSINESS REVIEW

The Group embarked on significant new developments in 2017 and 2018 to transform into an integrated electric vehicles ("EV(s)") technology solutions provider, with an aim of building a comprehensive EV value chain, through a number of acquisitions, investments and partnerships in EV related businesses. During the Year, leveraging the growth momentum of New Energy Vehicles ("NEV(s)") in the People's Republic of China (the "PRC"), the Group has adopted a number of major business strategies and is moving towards the field of EV. The Group is determined to become a world leading integrated EV technology solutions provider, by integrating the best technologies relevant to the EV sector across the globe with the ultimate goal of enabling EV production and adoption in the PRC, while actively expanding into critical parts along a full EV value chain.

EV Engineering

We made our first foray into the EV related business in 2017 with the acquisition of GLM Co., Ltd., ("GLM"), which principally operates in Japan with a primary focus on delivering EVs powertrain technology (i.e. motor, battery pack and battery management system) and engineering packaged solutions (i.e. chassis and vehicle control units) to customers. In September 2017, the Group completed the acquisition of the majority stake of GLM, which marked the Group's official entry into the EV market.

Three-dimensional ("3D") Metal Printing Technology

The Group has also identified 3D metal printing technology as an innovative approach that can transform and revolutionize auto manufacturing processes, including that of EV manufacturing. In December 2017, the Group made investments into Divergent Technologies, Inc. ("Divergent"), which mainly uses 3D metal printing technology through its patented hardware and software platform to conduct research, design, development and production of 3D printing vehicle structures. Divergent's 3D printing solutions enable bespoke vehicle production at low volume, shorter product development time and significantly lower upfront capital expenditure requirements. All these can help manufacturers improve profit margin and achieve earlier breakeven point compared to traditional manufacturing approach.

EV Charging

We see great potential in the development of EV charging infrastructure in the PRC. While the NEV market in the PRC has been flourishing, the scale of growth of NEV in the PRC is far beyond that of charging piles, indicating huge unmet demand for charging piles in the country. We believe there is room for significant growth in the number of charging piles, the core infrastructure of the NEV industry, in the PRC. The "EV Charging Infrastructure Development Guide (2015–2020)" released by the PRC government indicates that by 2020, the PRC will build 12,000 centralized charging stations and 4.8 million decentralized charging piles to meet the charging demand from 5 million units of EV nationwide, providing broad space for the development of charging pile manufacturers.

To capture the potential in the EV charging market in the PRC, the Group invested in EV Power Holding Limited ("EV Power"), an EV charging solutions and standards provider in Hong Kong and the PRC, in March, April, August and October 2018.

CHAIRMAN'S STATEMENT

Other cooperation opportunities

The Groups formed a joint venture company with Shanghai Alliance Investment Ltd. (上海聯和投資有限公司) ("SAIL"), a private equity and venture capital arm of the Shanghai Municipal Government, in May 2018, to engage primarily in the design, development and assembling of EVs for taxis, online hailing services and other related business-to-business services. The joint venture company, by leveraging Divergent's vehicle structural design and 3D printing technology, is expected to establish a production line with a production capacity of not less than 10,000 EV per annum.

The board ("Board") of directors ("Directors") of the Company believes that the series of commercial initiatives in the PRC can help the Group enhance its EV industry chain and thus strengthen its position in the industry.

The Group earnestly develops its EV related business, its existing business of jewellery and watches segment maintained stable revenue growth during the Year. The jewellery and watches segment generated healthy revenue as a result of promotions that provided incentives for customers.

PROSPECTS

Looking ahead, the Group will, by leveraging the PRC Government's determination to accelerate the development and growth of the PRC EV market through the revision of regulations, to steadily develop related businesses, including various types of EV solutions, supporting equipment such as charging piles, etc., the Group will seize every opportunity in the EV related sector and respond with positive strategies.

The Group believes that its domestic and overseas investments as well as acquisitions will have significant synergies and complementary effect with each other. The strong shareholder base and experienced management team will help the Group strengthen its shareholding structure and will provide effective execution capabilities for its business operations. This will also provide tremendous support for the Group's EV solutions business to continue its development within the Asia Pacific region and across the globe.

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to all shareholders of the Company, customers and business partners of the Group for their support and trust over the years. We will pragmatically develop our business, seize market opportunities and strive for the best return for our shareholders.

Ho King Fung, Eric
Chairman
WE SOLUTIONS LIMITED
Hong Kong
28 December 2018

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

In 2018, the global sales of EVs experienced a strong growth, with EV sales as a percentage of total vehicle sales increased in major markets such as the PRC, Europe and North America. From January to September 2018, the sales volume of NEVs in the PRC reached 721,500 units, representing an increase of 81% year-on-year. According to the International Energy Agency, more than half of the global sales of EVs in 2017 were in the PRC, being the largest EV market in the world. Bloomberg New Energy Finance estimates that the global annual EV sales (in units) will increase from approximately 1.1 million in 2017 to approximately 11 million in 2025, and further increase to approximately 30 million in 2030, while Mainland China will maintain its share of the global EV sales at almost 50% from now to 2025 and continue to lead the global EV transition. These indicate huge room for further growth in both global and the Chinese EV markets.

The rapidly growing EV ownership underpins huge growth potential of charging facilities in the PRC. According to data from the China Electric Vehicle Charging Infrastructure Promotion Alliance, as of September 2018, there were 284,652 public chargers and 383,261 private chargers in the PRC. In the next two years, the construction of charging piles will continue to accelerate to support the development of NEVs in the fields of both public transport, logistics operators and private car owners. Despite the rising number of charging piles in the PRC, the growth of charging piles is still lagging behind that of NEVs. As of the end of 2017, the ratio of the number of EVs to the number of public charging piles in the PRC was approximately 8:1, implying a huge gap of unmet demand. Charging facilities in the PRC have been increasing steadily, and the growth is expected to accelerate with PRC government's support. The "EV charging infrastructure development guidelines (2015–2020)" released by the PRC government states that the country aims to build approximately 12,000 centralized charging stations and approximately 4.8 million decentralized charging piles before 2020.

The steady development of the industry and the national policy support in the PRC have laid a solid foundation for the Group's development in the EV market.

BUSINESS REVIEW

The Group has entered the fast-growing EV industry since 2017 and has expanded its business through a series of forward-looking and important initiatives. The Group has also strengthened its shareholder base, integrated resources at home and abroad, and strived to consolidate its position within the industry. During the Year, the Group became more prepared in various aspects in the EV market. In order to reflect the Group's business diversification and expansion, the Company has changed its English name from "O Luxe Holdings Limited" to "WE Solutions Limited" and adopted the Chinese name "力世紀有限公司" as the dual foreign name of the Company to replace the Chinese name "奧立仕控股有限公司" with effect from 28 February 2018.

During the Year, the Group completed a number of milestone investments and acquisitions and explored potential business partnerships to further progress its comprehensive EV value chain strategy.

Investment in Divergent

In December 2017, the Group made investments into Divergent by an acquisition of the convertible note issued by Divergent and subscription of preferred shares of Divergent. Divergent is a company based in the United States of America which uses 3D metal printing technology through its patented hardware and software platform to conduct research, design, development and production of 3D printed vehicle structures. The Group believes that the investment in Divergent will have synergies with the previous acquisition of GLM which principally operates in Japan with a primary focus on delivering EVs powertrain technology (i.e. motor, battery packs and battery management system) and engineering packaged solutions (i.e. chassis and vehicle control units) to customers, resulting in new business opportunities. As at the date of this report, the Group holds approximately 30% interest in the entire issued share capital of Divergent.

MANAGEMENT DISCUSSION AND ANALYSIS

Investment in EV Power

In March, April and August 2018, the Group acquired 9,019,918 ordinary shares and 81,700,524 preferred shares ("EV Power Preferred Shares") of EV Power Holding Limited ("EV Power"), in aggregate. EV Power and its subsidiaries are principally engaged in the provision of EV charging solutions and standards in Hong Kong and the PRC. The investment in EV Power represents an opportunity to contribute to sustainable growth for the Group and to continue its business strategy of becoming a leading investor in the Chinese EV industry. The investment in EV Power has the potential to create substantial synergies with the Company's EV manufacturing and engineering service provided by GLM and the Company's access to the 3D-printing platform of Divergent. In October 2018, the Group completed the second closing of the subscription of EV Power Preferred Shares under the allotment agreement with, among others, EV Power dated 9 March 2018, pursuant to which the Group had further acquired 47,145,400 EV Power Preferred Shares subsequent to the end of the reporting period. As at the date of this report, the Group holds approximately 35.79% interest in the issued share capital of EV Power.

Other cooperation opportunities

In May 2018, the Group entered into a joint venture agreement with SAIL to set up a joint venture company in Shanghai, the PRC to engage primarily in the design, development and assembling of EVs for taxis, online hailing services and other related business-to-business services. The joint venture company is expected to build a production line with a production capacity of not less than 10,000 EVs per annum, using 3D printing technologies. According to the joint venture agreement, the Group and SAIL shall each contribute US$5 million to the joint venture company. As subsequently agreed by the Group and SAIL, no capital contribution was made during the Year. Subsequent to the reporting period, the Group and SAIL each contributed US$250,000 to the joint venture company and each had a remaining capital commitment of US$4.75 million to the joint venture company as at the date of this report.

PROSPECTS AND OUTLOOK

After more than a year of acquisitions and various strategic initiatives, the Board believes the Group has successfully diversified into providing EV solutions and services. The Group has been benefitting from the steady development of the economy in the PRC, the gradual increase of public awareness of environmental protection, as well as the growing demand for EV, and we aim at making more contributions to the EV industry and to environmental protection in the future.

The Group believes that its domestic and overseas investments as well as acquisitions will have significant synergies and complementary effect with each other. For example, the Group can adopt 3D metal printing technologies in the new generation of EV as well as engineering services.

NEV industry in the PRC, which is well supported by the PRC government and encouraged by rising environmental awareness, is having a promising development outlook. The Group has strong support from the shareholders of the Company and is backed by numerous commercial investments. By leveraging the rising trend of NEV in the PRC, the Group strives to continuously seek opportunities to build a comprehensive EV value chain and to become a world leading integrated EV technology solutions provider.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Year, the Group experienced steady growth in the jewellery and watch segment and the money lending segment from the continuous recovery of the market and the successful marketing campaign of the jewellery and watch business. Given the challenging economic conditions in the PRC and Hong Kong is expected to be prolonged, the Group will persist to adopt stringent cost control measures, employ appropriate strategies to further diversify its source of income and actively explore new business opportunities to cope with the existing market environment.

FINANCIAL REVIEW

For the Year, the revenue of the Group increased by approximately 31.4% year-on-year to approximately HK$717.0 million as compared to approximately HK$545.5 million in last year. The revenue comprised of sales of jewellery products and watches of approximately HK$603.5 million (2017: HK$441.8 million), interest income from loan financing of approximately HK$71.6 million (2017: HK$62.2 million), rental income from investment properties of approximately HK$34.3 million (2017: HK$30.3 million), dividend income from listed equity investments was nil (2017: HK$11.3 million) and sales of EVs and provision of engineering services of approximately HK$7.6 million (2017: Nil). During the Year, the Group experienced remarkable improvement in the jewellery and watch segment and the transactions of jewellery products and watches maintained a good momentum.

The Group's gross profit amounted to approximately HK$215.0 million for the Year, as compared to approximately HK$223.7 million of the last year. The gross profit margin decreased to approximately 30.0% (2017: 41.0%). The decrease was mainly attributable to the increase in the costs for the sales of jewellery products and watches during the Year.

Other income and gains, net increased by approximately 34.1% from approximately HK$64.8 million of last year to approximately HK$86.9 million for the Year. The increase was mainly attributable to (i) the increase in fair value gains on financial assets at fair value through profit or loss to approximately HK$73.9 million for the year (2017: Nil); and (ii) fair value gains on investment properties of approximately HK$2.1 million for the Year (2017: HK$39.9 million).

Selling and distribution expenses decreased by approximately 21.2% to approximately HK$36.3 million for the Year as compared to approximately HK$46.1 million in last year. The decrease in selling and distribution expenses was mainly due to tighter costs control overall during the Year.

General and administrative expenses increased by approximately 109.4% to approximately HK$252.0 million for the Year, as compared to approximately HK$120.3 million for last year. The increase was mainly attributable to an increase in equity-settled share-based payment of approximately HK$105.0 million (2017: HK$19.2 million) in relation to the share options granted under the share option scheme of the Company.

Research and development costs amounted to approximately HK$87.8 million for the Year (2017: Nil) and was primarily driven by more resources being invested into the Group's EV business development.

Other expenses, net decreased to approximately HK$26.0 million for the Year (2017: HK$819.9 million (as restated)). The decrease was mainly attributable to the net effect of (i) the prior year adjustments amounted to approximately HK$610.0 million as set out in note 4 to this report; and (ii) certain significant items recorded in last year such as impairment of goodwill of approximately HK$86.8 million, fair value losses on financial assets at fair value through profit or loss of approximately HK$17.6 million, impairment of other intangible assets of approximately HK$47.1 million and changes in fair value of contingent consideration receivable of approximately HK$39.2 million.

As a result of the foregoing, the Group's loss for the Year decreased from approximately HK$705.3 million (as restated) in last year to approximately HK$110.3 million for the Year.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity, Financial Resources and Gearing

As at 30 September 2018, the Group's non-current financial assets at fair value through profit or loss amounted to approximately HK$780.5 million (2017: Nil) was mainly attributable to (i) acquisition of preferred shares and investment rights in Divergent amounting to approximately HK$469.4 million; (ii) acquisition of EV Power Preferred Shares and call options amounting to approximately HK$229.8 million; and (iii) fair value gains on certain financial assets at fair value through profit or loss with an aggregate carrying amount of approximately HK$81.3 million during the Year.

As at 30 September 2018, the cash and cash equivalents of the Group amounted to approximately HK$326.2 million (2017: HK$302.1 million), which were mainly denominated in HK$, RMB and Japanese Yen.

The current assets and current liabilities of the Group were approximately HK$1,587.5 million and HK$330.1 million, respectively (2017: current assets of HK$2,366.2 million and current liabilities of HK$348.9 million). The net current assets comprised of inventories of approximately HK$221.0 million (2017: HK$334.9 million), accounts receivable, prepayments, deposits and other receivables of approximately HK$89.4 million (2017: HK$133.2 million), loans receivable of approximately HK$946.9 million (2017: HK$270.3 million) and financial assets at fair value through profit or loss of approximately HK$3.5 million (2017: HK$25.4 million).

As at 30 September 2018, there was no contingent consideration receivable (2017: HK$1,000).

The Group's inventory turnover, accounts receivable turnover and accounts payable turnover periods were 202 days, 43 days and 65 days respectively. Overall, the turnover ratios were consistent and complied with the respective policies of the Group on credit terms granted to customers and credit terms obtained from suppliers.

During the Year, the Group financed its operations and investment activities through a combination of (i) equity financing; (ii) operating cash inflows; and (iii) interest-bearing borrowings. The capital structure of the Group consists solely of share capital. As at 30 September 2018, equity attributable to owners of the Company amounted to approximately HK$3,902.8 million (2017: HK$3,549.5 million).

The Group's total interest-bearing bank borrowings as at 30 September 2018 amounted to approximately HK$74.3 million (2017: HK$140.1 million) were mainly in RMB and Japanese Yen. The interest-bearing bank borrowings were mainly used for working capital purpose and all of which are at commercial lending variable interest rates. The maturity profile is spread over a period, with approximately HK$39.8 million repayable within one year or on demand, approximately HK$13.8 million repayable within two to five years and approximately HK$20.7 million repayable beyond five years.

Finance costs during the Year amounted to approximately HK$5.6 million as compared to approximately HK$4.1 million of last year. There was no material fluctuation in finance costs.

The Group monitors capital on the basis of the gearing ratio. As at 30 September 2018, the gearing ratio was approximately 1.8% (2017: 3.2%). This ratio is calculated as total debt divided by total capital.

Contingent Liabilities

At the end of the reporting period, the Group had contingent liabilities not provided for in the financial statements in respect of certain corporate guarantees given by a subsidiary of the Company (the "Subsidiary") to certain property purchasers who purchased properties from a former investee of the Subsidiary to the extent of HK$55.2 million in connection with certain property transactions and other arrangements of the former investee in prior years.

Save as disclosed above, the Group had no other significant contingent liabilities as at 30 September 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Pledge of Assets

As at 30 September 2018, the Group's freehold land and buildings with an aggregate net carrying amount of approximately HK$34,698,000 were pledged to secure long term bank loan to the Group with a principal amount of approximately HK$20,663,000.

Final Dividend

The Board does not recommend the payment of any dividend in respect of the Year (2017: Nil).

Capital Management

The Group's objectives when managing capital are to ensure that members of the Group will be able to continue as a going concern while maximizing the return to shareholders of the Company through the optimization of its debt and equity ratio. 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 and new share issues as it sees fit and appropriate.

During the Year, the Group did not enter into any contract to hedge its financial interests.

Foreign Exchange Exposure

The Group's sales and purchases during the Year were mostly denominated in HK$, Renminbi and US dollars. The Group was exposed to certain foreign currency exchange risks but it does not anticipate future currency exchange rates fluctuations to cause material operational difficulties or liquidity problems. However, the Group continuously monitors its foreign exchange position and, when necessary, will hedge foreign exchange exposure arising from contractual commitments in sourcing products from overseas suppliers.

Events After the Reporting Period

Events subsequent to the end of the Year are set out in note 46 to the consolidated financial statements.

Material Acquisitions or Disposals

Save as disclosed below, there was no other material acquisition or disposal of subsidiaries, associates or joint ventures by the Group during the Year.

In June 2017, the Company and Clever Trade Investment Limited (the "Purchaser") entered into an agreement, pursuant to which the Company agreed to sell, and the Purchaser agreed to purchase 60% equity interest in Power Boom International Limited ("Power Boom"), at a cash consideration of HK$610 million (the "Disposal").

The completion of the Disposal took place in February 2018. Upon completion, the Company ceased to hold any interest in Power Boom and therefore Power Boom ceased to be a subsidiary of the Company. Further details of the Disposal are set out in the announcements of the Company dated 29 June 2017, 29 September 2017 and 29 December 2017 and the circular of the Company dated 21 August 2017.

In December 2017, the Group made investments into Divergent by an acquisition of the convertible note issued by Divergent and subscription of preferred shares of Divergent. Divergent is a company based in the United States of America which uses 3D metal printing technology through its patented hardware and software platform to conduct research, design, development and production of 3D printed vehicle structures. The Group believes that the investment in Divergent will have synergies with the previous acquisition of GLM which principally operates in Japan with a primary focus on delivering EVs powertrain technology (i.e. motor, battery packs and battery management system) and engineering packaged solutions (i.e. chassis and vehicle control units) to customers, resulting in new business opportunities. Further details of the investment in Divergent are set out the announcements of the Company dated 22 November 2017, 15 December 2017 and 28 December 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

In March, April, August and October 2018, the Group acquired 9,019,918 ordinary shares and 128,845,924 preferred shares of EV Power, in aggregate, representing approximately 35.79% interest in the entire issued share capital of EV Power as at the date of this report. EV Power and its subsidiaries are principally engaged in the provision of EV charging solutions and standards in Hong Kong and the PRC. The investment in EV Power represents an opportunity to contribute to sustainable growth for the Group and to continue its business strategy of becoming a leading investor in the Chinese EV industry, and has the potential to create substantial synergies with the Company's EV manufacturing and engineering service provided by GLM and the Company's access to the 3D-printing platform of Divergent. Further details of the investment in EV Power are set out in the announcements of the Company dated 9 March 2018 and 20 August 2018.

Issue of Listed Securities of the Company and Use of Proceeds

On 16 and 17 December 2017, the Company and no less than six subscribers (who were independent professional, institutional and/or individual investors) entered into subscription agreements, pursuant to which the subscribers agreed to subscribe for, and the Company agreed to issue to the subscribers, an aggregate of 250,904,000 new ordinary shares of HK$0.10 each in the share capital of the Company (the "Shares") at the subscription price of HK$1.5 per Share payable by the subscribers on the terms and subject to the conditions set out in the subscription agreements (the "Dec 2017 Subscription"). The aggregate nominal value of the subscription Shares was HK$25,090,400 and the net subscription price of the Shares was approximately HK$1.5 per subscription Share. The closing price per Share as quoted on the Stock Exchange on 15 December 2017, being the date on which the terms of the Dec 2017 Subscription were fixed, was HK$1.6.

The total net proceeds from the Dec 2017 Subscription was approximately HK$376 million. Part of the net proceeds from the Dec 2017 Subscription were used as intended to settle the aggregate consideration of US$35 million (equivalent to approximately HK$273 million) payable by the Group for the Group's investment in Divergent. The remaining net proceeds from the Dec 2017 Subscription of approximately HK$103 million (the "Dec 2017 Net Proceeds") were intended to be used for general working capital and for future potential investment opportunities. The Directors (including the independent non-executive Directors) were of the view that the Dec 2017 Subscription would provide a good opportunity to raise additional funds to finance the settlement of the consideration for the Group's investment in Divergent and future investment opportunities (if any).

Further details of the Dec 2017 Subscription are set out in the announcement of the Company dated 17 December 2017.

As at the date of this report, the Dec 2017 Net Proceeds have been fully utilized as intended.

On 12 October 2018, TOM Group Limited (Stock Code: 2383) ("TOM") and the Company entered into a subscription agreement pursuant to which (i) the Company agreed to subscribe as principal for, and TOM agreed to allot and issue, 65,240,000 new ordinary shares of TOM ("TOM Share(s)") at the subscription price of HK$1.916 per TOM Share; and (ii) TOM agreed to subscribe as principal for, and the Company agreed to allot and issue, 137,360,000 new Shares at the subscription price of HK$0.91 per Share (collectively the "Oct 2018 Subscriptions"). The aggregate nominal value of the subscription Shares was HK$13,736,000 and the net subscription price of the Shares was approximately HK$0.909 per subscription Share. The closing price per Share as quoted on the Stock Exchange on 12 October 2018, being the date on which the terms of the Oct 2018 Subscriptions were fixed, was HK$0.78.

The gross proceeds of approximately HK$125 million from the subscription of shares of the Company by TOM were used as intended to set off against the consideration for the subscription by the Company of 65,240,000 TOM Shares. The Directors considered that the Oct 2018 Subscriptions would create synergy and potential collaboration between TOM and the Company. TOM has a deep and solid presence in China for years, its business and network cover both cities and rural areas, which could potentially open up opportunities for expanding the Group's network base in China and penetrating of its electric vehicle charging business.

The Oct 2018 Subscriptions were completed on 31 October 2018. Further details of the Oct 2018 Subscriptions are set out in the joint announcement of TOM and the Company dated 12 October 2018.

On 7 December 2018, the Company and the no less than six subscribers (who were independent professional, institutional and/or corporate investors) entered into a subscription agreement, pursuant to which the subscribers agreed to subscribe for, and the Company agreed to allot and issue to the subscribers, an aggregate of 332,601,176 new Shares at the subscription price of HK$0.51 per Share payable by the subscribers on the terms and subject to the conditions set out in the subscription agreement (the "Dec 2018 Subscription"). The aggregate nominal value of the subscription Shares was HK$33,260,117.60 and the net subscription price of the Shares was approximately HK$0.51 per subscription Share. The closing price per Share as quoted on the Stock Exchange on 6 December 2018, being the date on which the terms of the Dec 2018 Subscription were fixed, was HK$0.49.

The Company intends to use the net proceeds of approximately HK$169.2 million from the Dec 2018 Subscription for the following purposes as the Company previously disclosed:

(1) Approximately 90%, representing approximately HK$152.3 million, will be used for future potential acquisition or investment in EV-related businesses or technologies; and

(2) Approximately 10%, representing approximately HK$16.9 million, will be used for general working capital.

The Directors (including the independent non-executive Directors) were of the view that the Dec 2018 Subscription would provide a good opportunity to raise additional funds to finance future investment opportunities to further cement the Group's foothold in the EV industry.

The Dec 2018 Subscription was completed on 19 December 2018. Further details of the Dec 2018 Subscription are set out in the announcement of the Company dated 7 December 2018.

As at the date of this report, none of the net proceeds from the Dec 2018 Subscription has been used.

Future Plans for Material Investments or Capital Assets

Save as disclosed in this report, there was no specific plan for material investments or capital assets as at 30 September 2018.

Employees and Remuneration Policies

As at 30 September 2018, the Group had 240 (2017: 215) employees. The related employees' costs for the Year (including directors' remuneration) amounted to approximately HK$173.0 million (30 September 2017: HK$49.1 million). In addition to basic salary, employees are entitled to other benefits including those under social insurance contribution, employee provident fund schemes and share option scheme of the Company. The remuneration of employees was in line with market trend and commensurate to the levels of pay in the industry and to the performance of individual employees that are regularly reviewed each year.

Prior Year Adjustments

Prior year adjustments have been made by the Company due to correction of prior period errors, details of which are set out in note 4 to the consolidated financial statement.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Ho King Fung, Eric, aged 41, joined the Company as an executive Director and the Co-Chairman of the Board on 1 November 2016. He was re-designated as the Chairman of the Board and was appointed as the chairman of the nomination committee (the "Nomination Committee") and investment committee (the "Investment Committee") of the Board with effect from 24 November 2017.

He has extensive experience in investment banking origination, capital markets and legal practice. He was an analyst at JP Morgan in 2000. He is a solicitor of the Hong Kong Special Administrative Region. He worked at Linklaters between 2003 and 2006 and his last position with Linklaters was associate solicitor. Between 2007 and 2010, he worked at Deutsche Bank AG, Hong Kong Branch and his last position held was vice president and the head of Hong Kong and Macau Origination. He is a committee member of the Chinese People's Political Consultative Conference of Beijing, a role which he has held since 2008. He is also the president of the Macau Money Exchangers' Association. He was awarded the Chinese Economics Elite Award in 2009.

He has served as an independent non-executive director of Nature Home Holding Company Limited, a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 2083), since May 2011. He was appointed as a non-executive director of EPI (Holdings) Limited, a company listed on the Stock Exchange (stock code: 689), in April 2013 and was re-designated as a non-executive chairman in July 2013, and he resigned from both positions in October 2016. He also served as a non-executive director of AGTech Holdings Limited, a company listed on the Stock Exchange (stock code: 8279), from May 2013 to August 2016. He is currently the chairman of P&W Money Changer Limited and Jing Yang Company Limited.

He graduated with a Bachelor of Commerce degree (majoring in Finance) and a Bachelor of Laws degree from the University of New South Wales in Australia.

Mr. Ho Chi Kit, aged 56, was appointed as an executive Director, the chairman of the corporate governance committee of the Board (the "Corporate Governance Committee") and a member of the Investment Committee with effect from 24 November 2017. He joined the Company as the chief executive officer of the Company on 9 October 2017 and is responsible for the overall management, business strategy and development, as well as merger and acquisition activities of the Group.

Mr. Ho Chi Kit has over 26 years of experience in the private equity industry. He joined CVC Asia Pacific Limited ("CVC") in 1999. During his time at CVC before he left in April 2017, he was a partner and he headed CVC's Greater China office in Beijing and was a member of CVC's board and investment committee. He had led buyout investment deals in Greater China and was responsible for sourcing, structuring, executing and supervising deals for CVC. He had completed numerous deals in Greater China, Japan, Korea and Southeast Asia regions and had gained in-depth knowledge in various sectors including branded consumer products, retail and distribution, education, healthcare services, food and beverages, financial services, telecommunications, environmental management, as well as various industrial sectors including automobile. He had also assisted CVC in raising four buyout funds at the total amount of over US$10 billion in Asia. Before he joined CVC, Mr. Ho served as an associate director in the investment team of Citicorp Capital Asia Limited from 1993 to 1995 and later as a senior investment director of Citicorp China Investment Management Limited from 1995 to 1999, focusing on investments in Greater China and Southeast Asia.

He served as a non-executive director of C.banner International Holdings Limited, a company listed on the Stock Exchange (stock code: 1028), for the period from June 2012 to September 2015. He was a non-executive director of Sun Hung Kai & Co. Ltd, a company listed on the Stock Exchange (stock code: 86), for the period from August 2013 to June 2015. He was the vice chairman of Zhuhai Zhongfu Enterprise Co., Ltd., a company incorporated in the PRC and listed on the Shenzhen Stock Exchange (stock code: 000659), for the period from November 2007 to February 2015.

He graduated with a Bachelor of Computer Science (Honours) degree from the University of Manitoba in Canada in 1986 and a Master of Business Administration degree from the University of British Columbia in Canada in 1988. He has been a Chartered Financial Analyst of the Association for Investment Management and Research of the United States of America since 1993 and a Chartered Financial Planner of the Institute of Financial Planners of Hong Kong since 2003. He was a board member of the Hong Kong Venture Capital Association for the period from September 2011 to August 2015 and he currently sits on its nomination committee, membership committee and organisation committee and has taught its professional private equity courses for many years.

Non-Executive Director

Mr. Zhang Jinbing, aged 47, was re-designated as the Co-Chairman of the Board and was re-designated as a non-executive Director with effect from 24 November 2017. He has extensive experience in corporate management. He was an executive Director of the Company for the period from January 2015 to 23 November 2017 and was the Chairman of the Company for the period from June 2015 to 23 November 2017. He has served as an executive director and a co-chairman of the board of directors of Chong Kin Group Holdings Limited, a company listed on the Stock Exchange (stock code: 1609), ("Chong Kin") since 5 January 2018, and he has been re-designated as the chairman of Chong Kin and appointed as the chief executive officer of Chong Kin with effect from 12 January 2018. He has also served as an executive director of State Energy Group International Assets Holdings Limited, a company listed on the Stock Exchange (stock code: 918), since 12 September 2018. He was also an executive director of Synertone Communication Corporation, a company listed on the Stock Exchange (stock code: 1613), for the period from August 2012 to April 2014.

He is the founder and the director of China Golden Holdings Limited, a private company incorporated in Hong Kong and principally engaged in sundry trading (including hardware parts, car parts and PVC products). From 2004 to 2006, he worked as a general manager at Guangdong Copper Alloy Material Company Limited. Mr. Zhang graduated with a Bachelor of Arts degree from Guangzhou Foreign Language Institute in 1994.

Independent Non-Executive Directors

Mr. Teoh Chun Ming, aged 48, was appointed as an independent non-executive Director with effect from 24 November 2017. He also serves as the chairman of the audit committee of the Board (the "Audit Committee") and a member of the remuneration committee of the Board (the "Remuneration Committee"), Nomination Committee, Investment Committee and Corporate Governance Committee with effect from 24 November 2017 and the chairman of the Remuneration Committee with effect from 17 December 2018.

He has over 21 years of accounting and finance experience. He obtained a Master of Professional Accounting degree from the Hong Kong Polytechnic University in 2005. He has been a fellow member of the Association of Chartered Certified Accountants since 2005, a fellow member of the Hong Kong Institute of Certified Public Accountants since 2010 and a fellow member of the Institute of Chartered Accountants in England and Wales since 2015.

He has served as a non-executive director of Nature Home Holding Company Limited, a company listed on the Stock Exchange (stock code: 2083), since July 2012, upon the end of his term as its chief financial officer and company secretary commencing in September 2008 and March 2009 respectively. He previously served as an independent non-executive director of EPI (Holdings) Limited, a company listed on the Stock Exchange (stock code: 689), from January 2014 to October 2016. He has also served as the chief financial officer and company secretary of Joyer Auto HK Company Limited since July 2012.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Tam Ping Kuen, Daniel, aged 55, was appointed as an independent non-executive Director in May 2006 and he is a member of the Audit Committee and Remuneration Committee. He has served as an independent non-executive director of Chong Kin Group Holdings Limited, a company listed on the Stock Exchange (stock code: 1609), since 3 September 2018. He is the founder of Daniel Tam & Co., Certified Public Accountants (Practising). Mr. Tam holds a Master of Financial Economics degree from the University of London and is an associate member of Hong Kong Institute of Certified Public Accountants and a fellow member of Association of Chartered Certified Accountants.

Mr. Peter Edward Jackson, aged 70, was appointed as an independent non-executive Directors with effect from 23 April 2018 and was appointed as a member of the audit committee, remuneration committee, nomination committee and corporate governance committee of the Board with effect from 17 December 2018.

He has over 40 years' international experience in the satellite and telecommunications industry. He was a non-executive director of Asia Satellite Telecommunications Holdings Limited, a company listed on the Stock Exchange (stock code: 1135), ("AsiaSat") from January 2012 to August 2018 and he is a non-executive director of SpeedCast International Limited, a company listed on the Australian Stock Exchange. He is also a consultant to CITIC Group Corporation and he works with several private equity and venture capital firms in board or advisory positions.

Previously, he was an executive director of AsiaSat from May 1996 to July 2011. He was also the chief executive officer and the executive chairman of AsiaSat from May 1996 to July 2010 and from August 2010 to July 2011 respectively. Prior to joining AsiaSat in July 1993 as its chief executive officer before its listing on the Stock Exchange, he held engineering, marketing and management positions at Cable & Wireless plc ("Cable & Wireless") and the last position he held at Cable & Wireless was Regional Director, Asia Pacific. During his time at Cable & Wireless, he worked on ventures in the Caribbean, the Middle East, Macau and the People's Republic of China. He had also worked with British Telecom.

Company Secretary

Mr. Ng Tik Tsun, aged 40, is the Chief Financial Officer and Company Secretary of the Company. Mr. Ng joined our Company in 2016 and is responsible for our Group's strategic planning, corporate finance activities, oversight of financial reporting procedures, company secretary matters, internal controls and compliance with the requirements under the Listing Rules. Prior to joining our Group, Mr. Ng held a senior management position in SITC International Holdings Limited, a company listed on the Stock Exchange (Stock code: 1308), and was responsible for financial management and financial reporting and was also a senior manager from Ernst & Young. Mr. Ng has over 15 years of experience in auditing, accounting and financial management. Mr. Ng graduated with a bachelor's degree in Accounting and Finance from De Montfort University of the United Kingdom with first class honour. He is a member of the Hong Kong Institute of Certified Public Accountants.

REPORT OF THE DIRECTORS

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The principal activity of the Company in the course of the Year is investment holding. Details of the principal activities of the subsidiaries of the Company in the course of the Year are set out in note 1 to the consolidated financial statements.

SEGMENT INFORMATION

An analysis of the Group's revenue and results by geographical segments based on the location of customers and business segments for the Year is set out in note 5 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The Group's results for the Year and the state of affairs of the Group and of the Company as at that date are set out in the consolidated financial statements on pages 61 to 157 respectively.

The Board did not recommend the payment of any dividend for the Year (2017: Nil).

BUSINESS REVIEW

The business review of the Group for the Year is set out in the sections headed "Chairman's Statement" on pages 3 to 4 and "Management Discussion and Analysis" on pages 5 to 11, respectively of this annual report.

RELATIONSHIP WITH STAKEHOLDERS

The Group recognises that employees, customers and business partners are keys to its sustainable development. The Group is committed to establishing a close and caring relationship with its employees, providing quality services to its customers and enhancing cooperation with its business partners.

The Company provides a fair and safe workplace, promotes diversity to our staff, and provides competitive remuneration and benefits and career development opportunities based on their merits and performance. The Group also puts ongoing efforts to provide adequate trainings and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfilment in their positions.

The Group understands that it is important to maintain good relationship with customers and provide the products and services in a way that satisfies the needs and requirements of the customers. The Group enhances the relationship by continuous interaction with customers to gain insight on the changing market demand for the products so that the Group can respond proactively. The Group has also established procedures in place for handling customers' complaints to ensure customers' complaints are dealt with in a prompt and timely manner.

The Group is also dedicated to develop and maintain good and long term relationship with suppliers and contractors to ensure stability of the Group's business.

REPORT OF THE DIRECTORS

POSSIBLE RISKS AND UNCERTAINTIES FACING THE COMPANY

The Group's financial conditions, results of operations, businesses and prospects may be affected by a number of risks and uncertainties. The following are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties which are not known to the Group or which may not be material now but could turn out to be material in the future.

Business Risk

A substantial portion of the operating assets of the Group are located in the PRC and the Group expects that a material portion of the turnover will continue to be derived from the operations in the PRC. The results of operations and prospects are subject, to a significant degree, to economic, political and legal developments in the PRC. The economy of the PRC differs from the economies of most developed countries in many respects, including the extent of government involvement, the level of development, the growth rate, and government control of foreign exchange. The Group cannot predict whether changes in the PRC's political, economic and social conditions, laws, regulations and policies will have any material adverse effect on the current or future business, results of operation or financial condition of the Group.

Financial Risk

The financial risk management of the Group is set out in note 45 to the consolidated financial statements.

FINANCIAL STATEMENTS

The financial performance of the Group for the Year and the financial position of the Group as at 30 September 2018 are set out on pages 61 to 64.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 15 March 2019 to 21 March 2019 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for attending and voting at the forthcoming annual general meeting, all transfers of shares accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrars of the Company, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 14 March 2019.

FIVE YEAR FINANCIAL SUMMARY

The following is a summary of the published consolidated results and of the assets and liabilities of the Group for each of the five years ended 30 September 2018:

Results

	Year ended 30 September				
	2018	2017	2016	2015	2014
	HK$'000	HK$'000 (As restated)	HK$'000	HK$'000	HK$'000
Revenue	**717,023**	545,533	392,502	352,791	1,207,105
(Loss) profit from operating activities	**(103,522)**	(698,162)	11,454	(166,044)	(1,147,330)
Finance costs	**(5,585)**	(4,118)	(3,875)	(4,270)	(3,117)
(Loss) profit before tax	**(109,107)**	(702,280)	7,579	(170,314)	(1,150,447)
Income tax (expense) credit	**(1,230)**	(3,065)	(8,513)	4,939	84,353
Loss for the year from a deconsolidated subsidiary	**–**	–	(27,755)	(40,246)	–
Loss for the year	**(110,337)**	(705,345)	(28,689)	(205,621)	(1,066,094)
Attributable to:					
Owners of the Company	**(94,096)**	(700,128)	(32,673)	(199,626)	(1,052,066)
Non-controlling interests	**(16,241)**	(5,217)	3,984	(5,995)	(14,028)
	(110,337)	(705,345)	(28,689)	(205,621)	(1,066,094)

REPORT OF THE DIRECTORS

FIVE YEAR FINANCIAL SUMMARY *(continued)*

Assets and Liabilities

	At 30 September				
	2018	2017	2016	2015	2014
	HK$'000	HK$'000 (As restated)	HK$'000	HK$'000	HK$'000
Non-current assets	**2,910,330**	2,517,707	732,707	225,869	188,157
Current assets	**1,587,486**	2,366,206	887,759	1,445,534	1,082,246
Total assets	**4,497,816**	4,883,913	1,620,466	1,671,403	1,270,403
Current liabilities	**330,077**	348,855	130,704	125,616	109,608
Non-current liabilities	**132,500**	139,294	28,644	28,459	37,897
Total liabilities	**462,577**	488,149	159,348	154,075	147,505
Net assets	**4,035,239**	4,395,764	1,461,118	1,517,328	1,122,898

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the Group's property, plant and equipment during the Year are set out in note 14 to the consolidated financial statements.

ISSUED CAPITAL

Details of the share capital of the Company during the Year are set out in note 30 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association (the "Articles") or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Year.

RESERVES

Details of movements in the reserves of the Group during the Year are set out in the consolidated statement of changes in equity on pages 65 to 66 of the consolidated financial statements.

REPORT OF THE DIRECTORS

DISTRIBUTABLE RESERVES

As at 30 September 2018, the Company had distributable reserves of approximately HK$2,027,411,000 (2017: HK$1,784,400,000) calculated in accordance with the Companies Law (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. This includes the Company's share premium account of approximately HK$5,437,218,000 (2017: HK$5,081,199,000) which is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business. The share premium account may also be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, sales to the Group's 5 largest customers combined accounted for approximately 44% of the total sales and the sales to the largest customer included therein amounted to approximately 26%.

Purchases from the Group's 5 largest suppliers combined accounted for approximately 64% of the total purchases for the Year and the purchases from the largest supplier included therein amounted to approximately 22%.

None of the Directors, or any of their close associate(s) or any shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's 5 largest customers or 5 largest suppliers.

DIRECTORS

The Directors during the Year were:

Executive Directors

Mr. Ho King Fung, Eric *(Chairman)*
Mr. Ho Chi Kit *(Chief Executive Officer) (appointed with effect from 24 November 2017)*
Mr. Hiroyasu Koma *(appointed with effect from 24 November 2017 and resigned with effect from 23 April 2018)*
Mr. Wong Chi Ming, Jeffry *(resigned with effect from 24 November 2017)*

Non-Executive Directors

Mr. Zhang Jinbing *(Co-Chairman)*
Mr. Xiao Gang *(resigned with effect from 24 November 2017)*

Independent Non-Executive Directors

Mr. Tam Ping Kuen, Daniel
Mr. Teoh Chun Ming *(appointed with effect from 24 November 2017)*
Mr. Peter Edward Jackson *(appointed with effect from 23 April 2018)*
Mr. Heung Chee Hang, Eric *(appointed with effect from 24 November 2017 and resigned with effect from 17 December 2018)*
Dr. Li Yifei *(resigned with effect from 24 November 2017)*
Dr. Zhu Zhengfu *(resigned with effect from 24 November 2017)*

REPORT OF THE DIRECTORS

DIRECTORS *(continued)*

In accordance with article 108(A) of the Articles, Mr. Zhang Jinbing and Mr. Tam Ping Kuen, Daniel shall retire by rotation at the forthcoming annual general meeting of the Company (the "AGM") and they being eligible, offer themselves for re-election at the AGM. In accordance with article 112 of the Articles, Mr. Peter Edward Jackson shall retire from office at the AGM and he, being eligible, offers himself for re-election at the AGM. Each of the retiring Directors will be subject to retirement by rotation and re-election at annual general meetings of the Company at least once every three years.

None of the Directors proposed for re-election at the forthcoming AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Group are set out on pages 12 to 14 of the annual report.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the Year are set out in note 38 to the consolidated financial statements. Each of the related party transactions during the Year constitutes a connected transaction or continuing connected transaction but is fully exempted and not subject to any of the disclosure requirements under Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

No transactions, arrangements or contracts of significance, to which the Company, its parent company, its subsidiaries or its fellow subsidiaries, was a party and in which a Director at any time during the Year or an entity connected with a Director at any time during the Year had any material interest, whether directly or indirectly, was entered into or subsisted at the end of the Year or at any time during the Year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or in existence during the Year, other than service contracts with the Directors and other person engaged in the full-time employment of the Company.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles, the Directors, secretary and other officers of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they may incur or sustain in the execution of their duty. The Company has taken out and maintained directors' and officers' liability insurance throughout the year and as at the date of this report, which provides appropriate cover for the certain legal actions (if any) brought against its Directors and officers.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2018, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Director	Type of interests	Number of ordinary shares held	Number of share options held (Note 1)	Total interests	Percentage of interest (Note 2)
Mr. Ho King Fung, Eric *(Chairman)*	Personal	1,000,000	20,000,000	21,000,000	0.35%
Mr. Ho Chi Kit *(Chief Executive Officer)*	Personal	–	50,000,000	50,000,000	0.84%
Mr. Zhang Jinbing	Corporate and Personal	3,960,000	1,488,000	5,448,000	0.09%
Mr. Tam Ping Kuen, Daniel	Personal	960,000	1,488,000	2,448,000	0.04%

Notes:

1. Details of share options held by the Directors are shown in the section "Share Option Scheme" below.

2. Based on 5,917,885,386 shares of the Company in issue as at 30 September 2018.

3. All the interests disclosed above represent long positions in the shares of the Company.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the section "Share Option Schemes" below, at no time during the Year or at the end of the Year was the Company, or any of its holding companies or subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company or their respective associates (as defined under the Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the Year and up to the date of this report, none of the Directors and directors of the Company's subsidiaries or their respective associates had any interests in any businesses, apart from the Group's business, which compete or are likely to compete either directly or indirectly, with the businesses of the Company and its subsidiaries as required to be disclosed pursuant to the Listing Rules.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME

The existing share option scheme (the "Share Option Scheme") was adopted by the Company on 1 March 2013, the purpose of which is to incentivize and reward eligible participants for their contribution to the Group and to align their interests with that of the Company so as to encourage them to work towards enhancing the value of the Company.

The Share Option Scheme shall be valid and effective for a period of 10 years commencing on the adoption date, after which period no further options will be granted under the Share Option Scheme but the provisions of the Share Option Scheme will remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto.

Eligible participants under the Share Option Scheme include, among others, employees, Directors, customers, advisors, consultant, suppliers or service providers of the Group.

Details of the Share Option Scheme are as follows:

(a) The maximum number of ordinary shares issuable upon exercise of the share options (the "Share Options") which may be granted under the Share Option Scheme and any other share option scheme of the Group (if any) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company. Any further grant of Share Options in excess of this limit is subject to shareholders' approval in a general meeting;

(b) The exercise period of the Share Options granted is determinable by the Board, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the grant of the Share Options or other expiry date(s) stipulated in the Share Option Scheme, whichever is the earlier;

(c) The offer of a grant of Share Options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK$1.00 by the grantee; and

(d) The exercise price of the Share Options is determinable by the Board but may not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of the offer; or (iii) the nominal value of the Company's shares.

Further details in relation to Share Options are set out in note 31 to the consolidated financial statements.

SHARE OPTION SCHEME *(continued)*

Details of the movement of the Share Options during the Year under the Share Option Scheme are as follows:

		Number of share options							
	Date of Grant	As at 1 October 2017	Granted during the Year	Lapsed/ Cancelled during the Year	Exercised during the Year (Note 8)	As at 30 September 2018	Exercise period	Exercise price per share HK$	Closing price per share immediately before date of grant HK$
Directors and Chief Executives									
Mr. Ho King Fung, Eric	6 April 2017	20,000,000	–	–	–	20,000,000	Note 1	0.85	0.84
Mr. Ho Chi Kit (also the chief executive officer)	9 October 2017	–	50,000,000	–	–	50,000,000	Note 2	1.635	1.63
Mr. Zhang Jinbing	19 July 2016	1,968,000	–	–	(480,000)	1,488,000	Note 3	0.65	0.65
Mr. Tam Ping Kuen Daniel	19 July 2016	1,968,000	–	–	(480,000)	1,488,000	Note 3	0.65	0.65
Mr. Wong Chi Ming, Jeffry (Note 7)	19 July 2016	1,968,000	–	(1,968,000)	–	–	Note 3	0.65	0.65
Mr. Xiao Gang (Note 7)	19 July 2016	1,968,000	–	(1,968,000)	–	–	Note 3	0.65	0.65
Mr. Li Yifei (Note 7)	19 July 2016	1,968,000	–	(1,968,000)	–	–	Note 3	0.65	0.65
Mr. Zhu Zhengfu (Note 7)	19 July 2016	1,968,000	–	(1,968,000)	–	–	Note 3	0.65	0.65
Mr. Yu Fei, Philip (Note 7)	19 July 2016	1,968,000	–	(1,968,000)	–	–	Note 3	0.65	0.65
Others									
Substantial shareholder	13 March 2018	–	50,000,000	–	–	50,000,000	Note 5	1.782	1.71
Employees	19 July 2016	21,364,272	–	(5,311,068)	(4,080,000)	11,973,204	Note 3	0.65	0.65
	6 April 2017	5,000,000	–	–	–	5,000,000	Note 1	0.85	0.84
	16 October 2017	–	4,000,000	–	–	4,000,000	Note 4	1.688	1.68
	3 April 2018	–	6,700,000	(5,000,000)	–	1,700,000	Note 6	1.776	1.72
Total		60,140,272	110,700,000	(20,151,068)	(5,040,000)	145,649,204			

Notes:

1. From 6 April 2017 to 5 April 2027.

2. From 9 October 2017 to 8 October 2027.

3. Subject to the rules of the Share Option Scheme, the Share Options are exercisable in the following manner for a period from the date of the acceptance of the Share Options to 10 years from the date of grant:

Percentage of the Options that are vested and exercisable	Period for the exercise of the relevant Options
20%	From 19 July 2017 to 18 July 2026
Additional 20% (i.e. up to 40% in total)	From 19 July 2018 to 18 July 2026
Additional 20% (i.e. up to 60% in total)	From 19 July 2019 to 18 July 2026
Additional 20% (i.e. up to 80% in total)	From 19 July 2020 to 18 July 2026
Additional 20% (i.e. up to 100% in total)	From 19 July 2021 to 18 July 2026

4. From 16 October 2018 to 16 October 2027.

5. From 13 March 2018 to 12 March 2028.

6. From 3 April 2018 to 2 April 2028.

7. Mr. Wong Chi Ming, Jeffry, Mr. Xiao Gang, Mr. Li Yifei, Mr. Zhu Zhengfu and Mr. Yu Fei, Philip resigned as Directors with effect from 24 November 2017.

8. The weighted average closing price per Share immediately before the date on which the Share Options were exercised during the Year is HK$0.95.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2018, the following persons (other than the Directors or the chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholders	Capacity and nature of interest	Number of shares held	Percentage of shares in issue (Note 1)
Ruby Charm Investment Limited	Beneficial owner	1,680,920,474 (Note 2)	28.40%
Mr. Ho King Man Justin	Beneficial owner and interest in a controlled corporation	1,730,920,474 (Note 3)	29.25%
Ocean Dynasty Investments Limited	Beneficial owner	311,619,512 (Note 4)	5.27%
Prime Tech Global Limited	Interest in controlled corporations	311,619,512 (Note 4)	5.27%
Mayspin Management Limited	Interest in controlled corporations	311,619,512 (Note 4)	5.27%
Mr. Li Ka Shing	Interest in controlled corporations	411,619,512 (Note 5)	6.96%

Notes:

1. Based on 5,917,885,386 shares of the Company in issue as at 30 September 2018.

2. Ruby Charm Investment Limited is a private company directly wholly owned by Mr. Ho King Man Justin.

3. Among 1,730,920,474 shares, (i) 1,680,920,474 shares are owned by Ruby Charm Investment Limited (see also note 2 above); and (ii) 50,000,000 shares represent the Share Options granted to the Mr. Ho King Man Justin on 13 March 2018 pursuant to the terms of the Share Option Scheme, which entitle him to subscribe for shares of the Company.

4. Ocean Dynasty Investments Limited is a private company wholly owned by Prime Tech Global Limited. Prime Tech Global Limited is a private company wholly owned by Mayspin Management Limited. Mayspin Management Limited is a private company wholly owned by Mr. Li Ka Shing.

5. Among 411,619,512 shares, (i) 311,619,512 shares are owned through Ocean Dynasty Investments Limited, Prime Tech Global Limited and Mayspin Management Limited (see note 4); and (ii) 100,000,000 shares are owned by Goldrank Limited, a company wholly-owned by Li Ka Shing (Overseas) Foundation ("LKSOF"). By virtue of the terms of the constituent documents of LKSOF, Mr. Li Ka Shing is regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSOF.

6. All the interests stated above represent long positions in the shares of the Company.

INTEREST-BEARING BANK BORROWINGS

Particulars of interest-bearing bank borrowings of the Group as at 30 September 2018 are set out in note 28 to the consolidated financial statements.

REVIEW ON PROVISION OF FINANCIAL ASSISTANCE AND ADVANCES TO AN ENTITY

On 29 September 2016, the Company granted two loans of RMB120,000,000 each at interest rate of 12% per annum for a term of 36 months from the drawdown date to 廣州寶長勝貿易有限公司 and 貴州國鼎金實礦業有限公司 respectively (the "Loans"), both of which were drawn on 29 September 2016. Details of the Loans were disclosed in the announcements of the Company dated 27 January 2017. The Loans remain outstanding as at 30 September 2018.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, as at the latest practicable date prior to the issue of this report, the Company has maintained sufficient public float as prescribed under the Listing Rules.

CORPORATE GOVERNANCE

During the Year, the Company has complied with the code provisions set out in the Corporate Governance Code (the "Code") as stated in Appendix 14 of the Listing Rules except the following deviations:

Code Provision E.1.2

The chairman of the Board and the chairman of the Nomination Committee and Investment Committee, Mr. Ho King Fung, Eric, and the chief executive officer and the chairman of the Corporate Governance Committee of the Company, Mr. Ho Chi Kit, attended the annual general meeting of the Company held on 28 February 2018 (the "AGM") to answer questions and collect views of the shareholders of the Company. Although the chairman and the members of the Audit Committee and Remuneration Committee at the relevant time were unable to attend the AGM due to their other business engagements, their respective representative, the company secretary and the external auditors of the Company had attended the AGM to answer questions at the AGM.

Further information on the Company's corporate governance practices is set out in the Corporate Governance Report contained in the annual report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules regarding securities transactions by the Directors. Following specific enquiry by the Company, all Directors confirmed that they have fully complied with the Model Code during the Year.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company currently has three independent non-executive Directors, which number meets the minimum requirement of the Listing Rules that the number of independent non-executive directors must represent at least one-third of the Board.

The Company has received a written confirmation of independence from each of the independent non-executive Directors, and considers them to be independent.

REPORT OF THE DIRECTORS

ENVIRONMENTAL POLICY

The Group is committed to supporting environmental sustainability. The Group is committed to maintaining sustainable working practices and pays close attention to ensure all resources are efficiently utilized. The Group strives to become an environmental-friendly corporation by saving electricity and encouraging the recycling of office supplies and other materials. Details of the Group's environmental policy and performance are set out in the Environmental, Social and Governance Report contained in this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Year, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by our Group that has a significant impact on the business and operations of our Group.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with the Code.

As at the date of this report, the Audit Committee consists of the following members, all being independent non-executive Directors:

Mr. Teoh Chun Ming (Chairman)

Mr. Tam Ping Kuen, Daniel

Mr. Peter Edward Jackson

The primary responsibilities of the Audit Committee are to assist the Board in providing an independent view of the effectiveness of the Company's financial controls, internal control and risk management systems, to review and monitor the effectiveness of the audit process and to perform other duties and responsibilities as assigned by the Board. The Audit Committee has reviewed and discussed the annual results and the financial statements for the Year.

CHANGE OF AUDITORS

KTC Partners CPA Limited ("KTC") has resigned as the auditors of the Company with effect from 29 May 2018 as the Company and KTC could not reach a consensus on the audit fee for the Year. Ernst & Young ("EY") has been appointed as the auditors of the Company with effect from 29 May 2018 to fill the casual vacancy following the resignation of KTC as the auditors of the Company and to hold office until the conclusion of the forthcoming annual general meeting of the Company.

AUDITORS

The consolidated financial statements for the year ended 30 September 2018 have been audited by EY, who will retire and, being eligible, offer themselves for re-appointment as the auditors of the Company at the forthcoming annual general meeting of the Company.

On behalf of the Board
WE SOLUTIONS LIMITED
Ho King Fung, Eric
Chairman

Hong Kong
28 December 2018

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company are committed to establishing good corporate governance practices and procedures. The maintenance of high standard of business ethics and corporate governance practices has always been one of the Group's goals. The Company believes that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture, thereby leading to the enhancement of shareholders' value.

The Board has adopted the Code as set out in Appendix 14 to the Listing Rules. Continuous efforts are made to review and enhance the Group's internal controls and procedures in light of changes in regulations and developments in best practices. To us, maintaining high standards of corporate governance practices is not just complying with the provisions but also the intent of the regulations to enhance corporate performance and accountability.

During the Year, the Company has complied with the applicable code provisions of the Code, except where otherwise stated.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by Directors. Having made specific enquiry with all Directors, the Directors confirmed that they had complied with the required standard set out in the Model Code throughout the year.

BOARD OF DIRECTORS

During the Year and up to the date of this report, the Board comprises:

Executive Directors	:	Mr. Ho King Fung, Eric *(Co-Chairman then re-designated as Chairman with effect from 24 November 2017)* Mr. Ho Chi Kit *(Appointed with effect from 24 November 2017) (Appointed as Chief Executive Officer with effect from 9 October 2017)* Mr. Zhang Jinbing *(Re-designated as non-executive Director with effect from 24 November 2017) (Chairman then re-designated as Co-Chairman with effect from 24 November 2017)* Mr. Wong Chi Ming, Jeffry *(Resigned with effect from 24 November 2017) (Chief Executive Officer then resigned with effect from 9 October 2017)* Mr. Hiroyasu Koma *(Appointed with effect from 24 November 2017 and resigned with effect from 23 April 2018)*
Non-executive Directors	:	Mr. Zhang Jinbing *(Re-designated as non-executive Director with effect from 24 November 2017) (Chairman then re-designated as Co-Chairman with effect from 24 November 2017)* Mr. Xiao Gang *(Resigned with effect from 24 November 2017)*
Independent Non-Executive Directors	:	Mr. Tam Ping Kuen, Daniel Mr. Teoh Chun Ming *(Appointed with effect from 24 November 2017)* Mr. Peter Edward Jackson *(Appointed with effect from 23 April 2018)* Mr. Heung Chee Hang, Eric *(Appointed with effect from 24 November 2017 and resigned with effect from 17 December 2018)* Dr. Li Yifei *(Resigned with effect from 24 November 2017)* Dr. Zhu Zhengfu *(Resigned with effect from 24 November 2017)*

BOARD OF DIRECTORS *(continued)*

Each of the current independent non-executive Directors has given an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules to the Company, and the Company considers them to be independent under Rule 3.13 of the Listing Rules.

During the Year, a total of four (4) regular Board meetings, one (1) annual general meeting and one (1) extraordinary general meeting were held and the attendance of each of the Directors is set out as follows:

	Number of meetings attended in the year ended 30 September 2018		
Name of Directors	**Regular board meetings**	**2018 AGM**	**EGM**
Mr. Ho King Fung, Eric	4/4	1/1	1/1
Mr. Ho Chi Kit	4/4	1/1	1/1
Mr. Hiroyasu Koma	1/1	0/1	0/1
Mr. Zhang Jinbing	2/4	0/1	0/1
Mr. Teoh Chun Ming	4/4	0/1	0/1
Mr. Tam Ping Kuen, Daniel	4/4	0/1	0/1
Mr. Peter Edward Jackson	3/3	Nil	Nil
Mr. Heung Chee Hang, Eric	4/4	0/1	0/1
Mr. Wong Chi Ming, Jeffry (Note)	Nil	Nil	Nil
Mr. Xiao Gang (Note)	Nil	Nil	Nil
Dr. Li Yifei (Note)	Nil	Nil	Nil
Dr. Zhu Zhengfu (Note)	Nil	Nil	Nil

Note: Mr. Wong Chi Ming, Jeffry, Mr. Xiao Gang, Dr. Li Yifei and Dr. Zhu Zhengfu resigned as Directors all with effect from 24 November 2017.

The chairman of the Board and the chairman of the Nomination Committee and Investment Committee, Mr. Ho King Fung, Eric, and the chief executive officer of the Company and the chairman of the Corporate Governance Committee, Mr. Ho Chi Kit, attended the AGM to answer questions and collect views of the shareholders of the Company. Although the chairman and the members of the Audit Committee and Remuneration Committee at the relevant time were unable to attend the AGM due to their other business engagements, their respective representative, the company secretary and the external auditors of the Company had attended the AGM to answer questions at the AGM.

RESPONSIBILITIES OF THE BOARD

The Board is responsible for leadership and control of the Group and be collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The Board focuses on formulating the Group's overall strategies, authorising the development plan and budget; monitoring financial and operating performance; reviewing the effectiveness of the internal control system; supervising and managing management's performance of the Group; and setting the Group's values and standards. The Board delegates the day-to-day management, administration and operation of the Group to management. The delegated functions are reviewed by the Board periodically to ensure that they accommodate the needs of the Group.

DIRECTORS' INDUCTION AND PROFESSIONAL DEVELOPMENT

On appointment to the Board, each Director receives a comprehensive induction package covering business operations, policy and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director to ensure that he/she is sufficiently aware of his/her responsibilities under the Listing Rules and other relevant regulatory requirements.

The Directors are regularly updated and apprised of the amendments to or updates on the relevant laws, rules, regulations and guidelines, particularly the effects of such new or amended laws, rules, regulations and guidelines on directors specifically, and the Company and the Group generally.

On an ongoing basis, Directors are encouraged to keep up-to-date on all matters relevant to the Group and to attend briefings, seminars and relevant training courses as appropriate. The Directors are requested to provide the Company with their respective training record pursuant to the new requirement of the Code on continuous professional development.

During the Year, all of Mr. Ho King Fung, Eric, Mr. Ho Chi Kit, Mr. Hiroyasu Koma, Mr. Zhang Jinbing, Mr. Teoh Chun Ming, Mr. Tam Ping Kuen, Daniel, Mr. Peter Edward Jackson, Mr. Heung Chee Hang, Eric, Mr. Wong Chi Ming, Jeffry, Mr. Xiao Gang, Dr. Li Yifei and Dr. Zhu Zhengfu (during their respective term of office as Directors) have participated in appropriate continuous professional development activities by way of attending training sessions, conferences and seminars or reading materials relevant to the Company's business, directors' duties and responsibilities, corporate governance and recent amendments to the Listing Rules.

CORPORATE GOVERNANCE FUNCTIONS

The corporate governance committee has been established since 24 November 2017 and 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.

The Board held meetings from time to time whenever necessary. At least 14 days' notice of regular Board meetings is given to all Directors and they can include matters for discussion in the agenda as they think fit. The agenda accompanying Board papers are sent to all Directors at least 3 days before the date of a Board meeting in order to allow sufficient time for the Directors to review the documents.

Minutes of each Board meeting are circulated to all Directors for their perusal and comments prior to confirmation of the minutes. The Board also ensures that it is supplied in a timely manner with all necessary information in a form and of a quality appropriate to enable it to discharge its duties.

Every Board member has full access to the advice and services of the company secretary with a view to ensuring that Board procedures, and all applicable rules and regulations are followed and they are also entitled to have full access to Board papers and related materials so that they are able to make an informed decision and to discharge their duties and responsibilities.

CORPORATE GOVERNANCE REPORT

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Zhang Jinbing was the Chairman and re-designated as a co-chairman of the Company with effect from 24 November 2017. Mr. Wong Chi Ming, Jeffry was the chief executive officer of the Company and resigned as the chief executive officer with effect from 9 October 2017. As at the date of this report, Mr. Ho King Fung, Eric is the Chairman while Mr. Ho Chi Kit is the chief executive officer of the Company.

The Chairman and the Chief Executive Officer have been serving clearly delineated functions within the Group. The Chairman is primarily responsible for providing the overall leadership in the Board's affairs and in the strategic development of the business of the Group, along with the responsibilities of the Chairman under the Articles and the Listing Rules while the Chief Executive Officer is responsible for the overall management, business strategy and development, as well as merger and acquisition activities of the Group. There is also a clear understanding by and expectation from the Board and within the Group as to the separation of roles and responsibilities between the Chairman and the Chief Executive Officer.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

All non-executive Directors (including independent non-executive Directors) are appointed for a specific term.

Mr. Zhang Jinbing, as a non-executive Director has entered into a service contract with the Company. His current term of service commenced from 24 November 2017 for a period of 36 months and will expire on 23 November 2020.

Mr. Teoh Chun Ming, as an independent non-executive Director has entered into a formal letter of appointment with the Company. His current term of service commenced from 24 November 2017 for a period of 36 months and will expire on 23 November 2020.

Mr. Tam Ping Kuen, Daniel, as an independent non-executive Director has entered into a formal letter of appointment with the Company. His current term of service commenced from 28 December 2018 for a period of 36 months and will expire on 27 December 2021.

Mr. Peter Edward Jackson, as an independent non-executive Director has entered into a formal letter of appointment with the Company. His current term of service commenced from 23 April 2018 for a period of 36 months and will expire on 22 April 2021.

The Articles provide that subject to the manner of retirement by rotation of Directors as from time to time prescribed by the Listing Rules, at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation and that every Director shall be subject to retirement by rotation at least once every three years.

AUDIT COMMITTEE

As at the date of this report, the Audit Committee has three members, namely Mr. Teoh Chun Ming (Chairman), Mr. Tam Ping Kuen, Daniel and Mr. Peter Edward Jackson, all being independent non-executive Directors. Mr. Teoh Chun Ming, who is a certified public accountant of the Hong Kong Institute of Certified Public Accountants, has the appropriate professional qualification to lead and chair the Audit Committee. The terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

The primary responsibilities of the Audit Committee are to assist the Board in providing an independent view of the effectiveness of the Company's financial controls, internal control and risk management systems, to review and monitor the effectiveness of the audit process and to perform other duties and responsibilities as assigned by the Board.

According to the terms of reference of the Audit Committee, meeting of the Audit Committee shall be held at least twice a year. Two (2) meetings of the Audit Committee were held during the Year. The attendance of each member of the Audit Committee is set out as follows:

Name of members of Audit Committee	Number of meetings held and attended during the Year
Mr. Teoh Chun Ming *(independent non-executive Director)* *(Chairman with effect from 24 November 2017)*	2/2
Mr. Tam Ping Kuen, Daniel *(independent non-executive Director)* *(Ceased to be Chairman with effect from 24 November 2017 then remained as member)*	2/2
Mr. Heung Chee Hang, Eric *(independent non-executive Director)* *(Member with effect from 24 November 2017 then ceased to be a member with effect from 17 December 2018)*	2/2
Mr. Peter Edward Jackson *(independent non-executive Director)* *(Member with effect from 17 December 2018)*	Nil
Dr. Li Yifei *(independent non-executive Director)* *(Ceased to be a member with effect from 24 November 2017)*	Nil
Dr. Zhu Zhengfu *(independent non-executive Director)* *(Ceased to be a member with effect from 24 November 2017)*	Nil

The works performed by the Audit Committee during the Year includes the following:

- reviewed the annual report and the annual results announcement of the Company for the year ended 30 September 2017;
- reviewed the interim report and the interim results announcement of the Company for the six months ended 31 March 2018;
- reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and financial reporting function;
- reviewed the risk management and internal control systems of the Group; and
- reviewed the effectiveness of the Company's internal audit function.

REMUNERATION COMMITTEE

As at the date of this report, the Remuneration Committee has three members, namely Mr. Teoh Chun Ming (Chairman), Mr. Tam Ping Kuen, Daniel and Mr. Peter Edward Jackson, all being independent non-executive Directors. The terms of reference of the Remuneration Committee are available on the websites of the Company and the Stock Exchange.

The Remuneration Committee has adopted the model described in code provision B.1.2(c)(ii) of the Code in its terms of reference. It will make recommendations to the Board on the remuneration packages for individual executive Directors and senior management, with the Board retaining the final authority to approve such remuneration packages. The other principal responsibilities of the Remuneration Committee include (i) making recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; (ii) making recommendations to the Board on the remuneration of the non-executive Directors; and (iii) reviewing and recommending the management's remuneration proposals with reference to the Board's corporate goals and objectives.

According to the terms of reference of the Remuneration Committee, meeting of the Remuneration Committee shall be held at least once a year. One (1) meeting was held during the Year. The attendance of each member of the Remuneration Committee is set out as follows:

Name of members of Remuneration Committee	**Number of meetings held and attended during the Year**
Mr. Heung Chee Hang, Eric *(independent non-executive Director)* *(Chairman with effect from 24 November 2017 and ceased to be the chairman and a member with effect from 17 December 2018)*	1/1
Mr. Tam Ping Kuen, Daniel *(independent non-executive Director)* *(Ceased to be Chairman with effect from 24 November 2017 then remained as member)*	1/1
Mr. Teoh Chun Ming (independent non-executive Director) *(Member with effect from 24 November 2017 then Chairman with effect from 17 December 2018)*	1/1
Mr. Peter Edward Jackson *(Member with effect from 17 December 2018)*	Nil
Dr. Li Yifei *(independent non-executive Director)* *(Ceased to be a member with effect from 24 November 2017)*	Nil
Dr. Zhu Zhengfu *(independent non-executive Director)* *(Ceased to be a member with effect from 24 November 2017)*	Nil

The work performed by the Remuneration Committee during the Year includes the following:

- reviewing and determining the policy for the remuneration of Directors and senior management.
- reviewed and recommended the remuneration package of the Directors and senior management of the Company.
- reviewed and approved the terms of executive Directors' service contract.

For the Year, the remuneration payable to a senior management (excluding Directors) fell within the band of HKD1,000,001 to HKD2,000,000.

Further details of the remuneration of the Directors and the five highest paid individual are set out in note 10 to the financial statements.

NOMINATION COMMITTEE

As at the date of this report, the Nomination Committee has three members, namely Mr. Ho King Fung, Eric (Chairman), Mr. Teoh Chun Ming and Mr. Peter Edward Jackson. A majority of the members of the Nomination Committee, namely Mr. Teoh Chun Ming and Mr. Peter Edward Jackson are independent non-executive Directors. Mr. Ho King Fung, Eric, the chairman of the Nomination Committee, is the Chairman and an executive Director of the Company. The terms of reference of the Nomination Committee are available on the websites of the Company and the Stock Exchange.

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 of the Company. In considering the nomination of new Directors during the Year, the Board took into account the qualification, ability, working experience, leadership and professional ethics of the candidates, especially their experience in the relevant industry and/or other professional areas.

According to the terms of reference of the Nomination Committee, meeting of the Nomination Committee shall be held at least once a year. One (1) meeting of the Nomination Committee was held during the Year. The attendance of each member of the Nomination Committee is set out as follows:

Name of members of Nomination Committee	**Number of meetings held and attended during the Year**
Mr. Ho King Fung, Eric *(executive Director)* *(Chairman with effect from 24 November 2017)*	1/1
Mr. Teoh Chun Ming *(independent non-executive Director)* *(Member with effect from 24 November 2017)*	1/1
Mr. Heung Chee Hang, Eric *(independent non-executive Director)* *(Member with effect from 24 November 2017 and ceased to be a member with effect from 17 December 2018)*	1/1
Mr. Peter Edward Jackson *(independent non-executive Director)* *(Member with effect from 17 December 2018)*	Nil
Mr. Tam Ping Kuen, Daniel *(independent non-executive Director)* *(Ceased to be Chairman and a member with effect from 24 November 2017)*	Nil
Dr. Li Yifei *(independent non-executive Director)* *(Ceased to be a member with effect from 24 November 2017)*	Nil
Dr. Zhu Zhengfu *(independent non-executive Director)* *(Ceased to be a member with effect from 24 November 2017)*	Nil

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE *(continued)*

The works performed by the Nomination Committee during the Year includes the following:

- considered the (i) re-designation of Mr. Ho King Fung, Eric as the chairman of the Board; (ii) re-designation of Mr. Zhang Jinbing as the Co-Chairman of the Board and a non-executive Director; (iii) appointment of Mr. Ho Chi Kit as an executive Director and the chief executive officer of the Company; (iv) appointment of Mr. Hiroyasu Koma as an executive Director; (v) appointment of Mr. Teoh Chun Ming, Mr. Heung Chee Hang, Eric and Mr. Peter Edward Jackson as independent non-executive Directors;

- reviewed the structure, size and composition of the Board; and

- accessed the independence of independent non-executive Directors.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy effective on 1 September 2013. The Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural background and ethnicity, in addition to educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

As at the date of this report, the Board comprises six Directors. Three of them are independent non-executive Directors, thereby promoting critical review and control of the management process. The Board is also characterised by significant diversity, whether considered in terms of nationality, professional background and skills.

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee was established on 24 November 2017 and as at the date of this report comprises Mr. Ho Chi Kit (Chairman), Mr. Teoh Chun Ming and Mr. Peter Edward Jackson. A majority of the members of the Corporate Governance Committee, namely Mr. Teoh Chun Ming and Mr. Peter Edward Jackson are independent non-executive Directors. Mr. Ho Chi Kit, the chairman of the Corporate Governance Committee, is an executive Director and the chief executive officer of the Company. The terms of reference of the Corporate Governance Committee are available at the Company's website.

The primary responsibilities of the Corporate Governance Committee include, among other things, developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board, and reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements, and reviewing the Company's compliance with the Code.

CORPORATE GOVERNANCE COMMITTEE *(continued)*

According to the terms of reference of the Corporate Governance Committee, meeting of the Corporate Governance Committee shall be held at least once a year. One (1) meeting was held during the Year. The attendance of each member of the Corporate Governance Committee is set out as follows:

Name of members of the Corporate Governance Committee	**Number of meetings held and attended during the Year**
Mr. Ho Chi Kit *(Chairman)*	1/1
Mr. Teoh Chun Ming	1/1
Mr. Hiroyasu Koma *(Ceased to be a member with effect from 23 April 2018)*	1/1
Mr. Peter Edward Jackson *(Member with effect from 17 December 2018)*	Nil

The works performed by the Corporate Governance Committee during the Year includes the following:

- reviewed and monitored the training and continuous professional development of Directors and senior management;
- reviewed the Company's compliance with the Code; and
- reviewed the corporate governance report in the 2017 annual report of the Company.

INVESTMENT COMMITTEE

The Investment Committee was established on 7 March 2016 and as at the date of this report comprises Mr. Ho King Fung, Eric (Chairman), Mr. Ho Chi Kit and Mr. Teoh Chun Ming. The terms of reference of the Investment Committee are available at the Company's website.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The management provides such explanation and information to the Board and reports regularly to the Board on financial position and prospects of the business of the Company so as to enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

The Directors acknowledge their responsibilities (as set out in the Independent Auditor's Report) for preparing the consolidated financial statements of the Group that give a true and fair view of the state of affairs of the Group. The Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern and the Board has prepared the consolidated financial statements on a going concern basis. The responsibility of the external auditor is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the shareholders of the Company. A statement issued by EY, the auditors of the Company, about their reporting responsibility is set out in the Independent Auditor's Report.

CORPORATE GOVERNANCE REPORT

INTERNAL CONTROL AND RISK MANAGEMENT

The Board 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, as supported by the Audit Committee, reviews the Group's risk management and internal control systems annually in respect of the relevant financial year. The Group has not established an internal audit department and the Board is of the view that given the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professional firms to perform the internal audit function for the Group in order to meet its needs.

The Board has, through the Audit Committee, conducted review of the effectiveness of the risk management and internal control systems of the Group for the Year with the assistance of an independent internal control consultancy firm. The review report with examination results and relevant improvement recommendations were duly reported to the Audit Committee and the Board for them to assess control of the Group and the effectiveness of the risk management system and any material failings or weaknesses in the internal control system, and to take appropriate actions to remedy any of these failings or weaknesses in a timely manner. All remedial actions will be regularly followed up where necessary to ensure that the failings and weaknesses have been duly addressed.

The Board considers that the risk management and internal control systems are effective and adequate and that the Group has complied with the code provisions relating to risk management and internal control of the Code.

DISSEMINATION OF INSIDE INFORMATION

The Group regulates the handling and dissemination of inside information according to internal procedures and policy so as to ensure inside information remains confidential until the disclosure and publication of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made.

The Board is responsible for approving the policy on disclosure of inside information which aims at providing guiding principles, practices and procedures to assist employees and officers of the Group in (i) relaying inside information to the Board to enable it to make timely decisions on disclosure, if necessary; and (ii) communicating with the Group's stakeholders, in ways which are in compliance with the SFO and the Listing Rules.

An employee who becomes aware of a matter or event that he/she considers to be material or inside information shall report to his division/department head who will assess the sensitivity of the relevant information and, if considered appropriate, escalate and report to the Board and/or the company secretary of the Company.

AUDITORS' REMUNERATION

The remuneration of external auditors of the Company, KTC (resigned with effect from 29 May 2018) and EY (appointed with effect from 29 May 2018), in respect of audit services and non-audit services for the year ended 30 September 2018 is set out below:

Services rendered	Fees paid/payable (HK$'000)
Audit services (KTC)	345
Non-audit services (KTC)	61
Audit services (EY)	3,982
Non-audit services (EY)	–
	4,388

The non-audit services provided by KTC to the Group during the Year include consultation services for taxation.

COMPANY SECRETARY

Mr. Lau Chun Pong was appointed as the company secretary of the Company with effect from 12 November 2008 and resigned with effect from 13 November 2017. Mr. Ng Tik Tsun ("Mr. Ng") was appointed as the company secretary of the Company with effect from 13 November 2017. The biographical details of Mr. Ng are set out under the section headed "Directors and Senior Management".

In accordance with Rule 3.29 of the Listing Rules, Mr. Ng has taken no less than 15 hours of relevant professional training during the Year.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting ("EGM").

— Right to convene extraordinary general meeting

Any one or more members holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, shall at all times have the right, by written requisition sent to the Company's principal office as set out in the manner below, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition.

The written requisition must state the purposes of the meeting, signed by the requisitionist(s) and deposit it to the Board or the company secretary of the Company at the Company's principal place of business at Units 301 and 302, Third Floor, Building 22E, Phase Three, Hong Kong Science Park, Pak Shek Kok, New Territories, Hong Kong, and such may consist of several documents in like form, each signed by one or more requisitionists.

SHAREHOLDERS' RIGHTS *(continued)*

— **Right to convene extraordinary general meeting** *(continued)*

The request will be verified with the Company's branch share registrars in Hong Kong and upon their confirmation that the request is proper and in order, the company secretary of the Company will ask the Board to convene an EGM by serving sufficient notice in accordance with the statutory requirements to all the registered members. On the contrary, if the request has been verified is not in order, the shareholders will be advised of this outcome and accordingly, an EGM will not be convened as requested. If within twenty-one days from the date of the deposit of the requisition the Board fails to proceed to convene such meeting, the requisitionist(s), may convene a meeting in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed by the Company to the requisitionist(s).

The notice period to be given to all the registered members for consideration of the proposal raised by the requisitionist(s) concerned at the EGM varies according to the nature of the proposal, as follows:

— At least 14 clear days' notice in writing (and not less than 10 business days) if the proposal constitutes an ordinary resolution of the Company;

— At least 21 clear days' notice in writing (and not less than 20 business days) if calling for an annual general meeting or the proposal constitutes a special resolution of the Company in an EGM.

— **Right to put enquiries to the Board**

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong or by e-mail to info@wesolutions.com.hk for the attention of the company secretary of the Company.

— **Right to put forward proposals at general meetings**

There are no provisions allowing shareholders of the Company to propose new resolutions at the general meetings under the Cayman Islands Companies Law (2011 Revision). However, shareholders are requested to follow Article 64 of the Articles for including a resolution at a general meeting. The requirements and procedures are set out above. Pursuant to Article 113 of the Company's articles of association, no person, other than a Director retiring at a meeting, shall, unless recommended by the Directors for election, be eligible for appointment as a Director at any general meeting unless there shall have been lodged at the head office or at the registration office notice in writing signed by a shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose that person for election as a Director and also notice in writing signed by that person of his willingness to be elected as a director. Unless otherwise determined by the Directors and notified by the Company to the shareholders, the period for lodgment of the said notices shall be a seven day period commencing on the day after the dispatch of the notice of the general meeting for such election of Director(s) and ending on the date falling seven days after the dispatch of the said notice of the general meeting. The written notice must state that person's biographical details as required by Rule 13.51(2) of the Listing Rules. The procedures for shareholders of the Company to propose a person for election as director is posted on the Company's website.

DIVIDEND POLICY

The Board has approved and adopted a dividend policy on 28 December 2018 (the "Dividend Policy").

It is the policy of the Board, in considering the payment of dividends, to allow shareholders of the Company to participate in the Company's profits whilst retaining adequate reserves for the Group's future growth.

The Board shall consider the following factors before declaring or recommending any dividends:

a. the Company's actual and expected financial performance;

b. the Group's liquidity position;

c. retained earnings and distributable reserves of the Company and each of the members of the Group;

d. the level of the Group's debts to equity ratio, return on equity and the relevant financial covenants;

e. any restrictions on payment of dividends that may be imposed by the Group's lenders;

f. the Group's expected working capital requirements and future expansion plans;

g. general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and

h. any other factors that the Board deem appropriate.

The shareholders of the Company may not expect any dividends under the following circumstances:

a. during the growth phase of the Group or during significant expansion or undertaking of any acquisitions or joint ventures requiring higher allocation of capital;

b. whenever the Company proposes or plans to utilize surplus cash to repurchase the shares of the Company; or

c. inadequacy of profits or if the Company incurs losses.

The declaration, recommendation and payment of any dividends are also subject to compliance with applicable laws, regulations and the Articles. The Board will continually review the Dividend Policy from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period.

INVESTOR RELATIONS

The Company has established a range of communication channels between itself and its shareholders, investors and other stakeholders. These include the annual general meeting, the annual and interim reports, notices, announcements and circulars and the Company's website at www.wesolutions.com.hk.

During the Year, there has not been any change in the Company's memorandum of association and Articles. The Company's memorandum of association and Articles are available on the websites of the Company and the Stock Exchange.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. ABOUT THE REPORT

We are pleased to present our Environmental, Social and Governance Report (the "ESG Report"). The report concerns environmental and social impacts, policies and initiatives of the Group to demonstrate our long-term commitment to ensure that our activities, at all levels, are economically, socially and environmentally sustainable. Additional information in relation to the Group's corporate governance and financial performance can be referred to our 2018 annual report for the year ended 30 September 2018.

This ESG Report is prepared according to the "Environmental, Social and Governance Reporting Guide" (the "ESG Reporting Guide") as set out in Appendix 27 to the Listing Rules.

The scope of the ESG Report covers the environmental and social performances of the principal operating activities of the Group, which includes the business of manufacturing and sales of electric vehicles and related components and provision of engineering services, exports and domestic trading, retail and wholesale of jewellery products and watches, money lending, securities investments, property investment and mining in the PRC and Hong Kong, spanning over the period from 1 October 2017 to 30 September 2018.

With reference to the ESG Reporting Guide and the Group's business operation, the presentation of our ESG Report divides the relevant aspects and key performance indicators ("KPI"), which are considered to be relevant and material to the Group, into four subject areas: Environmental Protection, Employment and Labour Practices, Operating Practices and Community Investment.

A complete index in compliance with the ESG Reporting Guide is also available at the end of this report for reference. Except for "comply or explain" provisions that the Group believes are inapplicable to its operations, for which explanations have been given on the rightmost column in the said index, the Group has complied with all the "comply or explain" provisions set out in the ESG Reporting Guide during the Year.

The Group is determined to be a responsible enterprise and is committed to perfecting its business and improving the local community. In order to determine what issues are relevant and material to our business with respect to sustainability, the Group is aware that the key is to understand what issues that our stakeholders concerned most.

We define our stakeholders as people who affect our business or who are affected by our business. In our daily business, we actively exchange information with our stakeholders through our transparent platform while we are devoted to continuous improvement of our communication system. In addition, we are committed to maintaining a long-term partnership with our stakeholders and are actively engaged in addressing their concerns with timely follow-up actions.

We welcome comments and suggestions from our stakeholders. You may provide your comments on the ESG Report or towards our performance in respect of sustainability via email to info@wesolutions.com.hk.

2. ENVIRONMENTAL PROTECTION

2.1. Corporate Environmental Policy and Compliance

The Earth, our precious planet, is the most valuable asset for us. The Group endeavours to protect this planet and to build a sustainable future for our generations and their generations. The Group is committed to upholding high environmental standards to fulfil relevant requirements throughout our operation, and will continue to devote operating and financial resources on environmental compliance as required under applicable laws or ordinances.

As a company that is principally engaged in the distribution of finely curated high-end jewellery and timepieces in Hong Kong and money lending business, the Group does not own any manufacturing operation at the moment. Nevertheless, the Group is committed to actively minimizing the impact on our environment and implementing different measures to optimize the workplace, continuing to address the environmental issues in relation to global warming, pollution, and biodiversity of the environment.

With the goal to reduce energy consumption and carbon emissions, the Group has formulated relevant rules and regulations for a sound and effective management of energy consumption, greenhouse gas (“GHG”) emission, as well as discharge of domestic waste and sewage and other pollutants. We strictly comply with the environmental protection laws and regulation promulgated by the local government.

During the Year, the Group has complied with relevant laws and regulations relating to air and GHG emissions, discharge into water and land, and generation of hazardous and non-hazardous waste. The Group did not violate any environmental protection laws or regulations of the region where we operate, nor was it subject to significant fines, non-monetary penalties and litigation relating to environmental protection.

2.2. Emissions

2.2.1. Exhaust Gas and GHG Emissions

Due to our business nature, the Group does not generate significant amount of exhaust gas directly during its operation.

During daily operation and office administration, the Group generates GHG emissions directly or indirectly through energy consumption. To properly manage our GHG emissions, the Group actively adopts electricity conservation and energy saving measures as well as other measures, including:

- providing on-off and zoning control of lighting and ventilation system in the workplace according to the operation schedule;
- installing light-emitting diode lighting system in our workplace;
- encouraging employees to switch off IT devices, such as computers and monitors when not in use;
- maintaining indoor temperature at an optimal level for comfort;
- encouraging modern telecommunication system to avoid unnecessary travel arrangement; and
- placing “Green Message” reminders on office equipment to further enhance employees’ environmental awareness.

2. ENVIRONMENTAL PROTECTION *(continued)*

2.2. Emissions *(continued)*

2.2.1. Exhaust Gas and GHG Emissions *(continued)*

Table 1 — Emissions

	Unit	Year
GHG Emissions	CO_2e (kg)	**42,555**
Nitrogen Oxides	g	**13,275**
Sulphur Oxides	g	**33.08**
Particulate Matter	g	**1,272**

2.2.2. Waste Management

The Group adheres to the principles of waste management and is committed to a sound and proper management and disposal of all waste generated during our operation.

Hazardous Waste

Due to our business nature, the Group does not directly produce hazardous waste throughout our business activities.

Non-hazardous Waste

Domestic Waste

During our operation, the non-hazardous waste generated by the Group are mainly domestic waste. Recyclable wastes, such as paper will be recycled for reuse. Our waste management practice has complied with laws and regulations relating to environmental protection. The Group has also implemented policies to reduce waste generation through environmental education, aiming at waste management from the source.

Wastewater Discharge

With respect to wastewater management, the Group ensures all domestic sewage is discharged into the urban sewage pipe network for proper sewage treatment.

The Group strives to maintain a high standard of requirement for waste reduction, actively informing its employees the importance of sustainable development to enhance their skills and knowledge in sustainable development.

Table 2 — Total Waste Discharge

	Unit	Year
Domestic Waste	Tonne	**15,607 kg**

Green Operation

The Group is committed to paperless operation. The Group constantly encourages all employee to reduce paper usage by duplex printing, paper recycling and frequent use of electronic information systems for material sharing or internal administrative documents.

Reusable paper products, such as envelopes, are properly recycled. The use of disposable paper products, such as paper cups and paper towels, are discouraged wherever possible and appropriate during our operation.

2. ENVIRONMENTAL PROTECTION *(continued)*

2.3. Use of Resources

The Group considers the conservation of natural resources as an indispensable component of our sustainable business. Through actively promoting various environmental friendly measures, we encourage an efficient use of resources, including energy, paper, water and other raw materials. As such, the Group has initiated policies to raise the awareness of electricity conservation and taken energy saving measures in daily operation as elaborated in the section of 2.2. Emissions.

Water Consumption

With respect to water conservation, we encourage all employees and customers to develop the habit of conserving water consciously. Pantry and washrooms are posted with environmental messages to remind employee the importance and urgency of water conservation.

Apart from education, the utility facilities are maintained regularly for service, to ensure that water seepage or leaking pipelines are replaced or repaired on a timely basis.

Packaging Material

Due to our business nature, the Group does not have manufacturing facilities and does not consume significant amount of packaging materials by our operation.

Environmental Performance

In accordance with the ESG Reporting Guide set out by the Stock Exchange, our environmental performance of "Energy Use and Emissions" and "Resources Use" during the Year are tabulated below.

Table 3 — Energy and Resources Use

	Unit	Year
Electricity	kWh	**44,049.6**
Purchased Gas	Unit	**Nil**
Unleaded Petrol	L	**2,250**
Paper	kg	**714**
Water	m^3	**Nil**

We believe that these initiatives are capable to reflect our commitment to offering the best quality of services while maintaining the least adverse environmental impact on our planet.

2.4. The Environment and Natural Resources

The Group focuses on the impact of the Group's business on the environment and natural resources and takes steps to minimise negative environmental impacts from our operations.

In addition to complying with relevant environmental laws and regulations to properly preserve the natural environment, the Group has integrated the concept of environmental protection into its internal management and daily operation with an objective of achieving environmental sustainability.

In the future, we will continue our commitment in environmental protection and strive to build a greener and healthier environment to fulfil our responsibilities as a member of the community we all live in.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3. EMPLOYMENT AND LABOUR PRACTICES

The Group fully understands that our business development is largely driven by the continued quality services delivered by our experienced and competent management team and other key employees. The Group has set itself in a good position to maintain a robust business performance and growth for our employees.

3.1. Employment and Labour

Hong Kong Region

In Hong Kong, the Group has complied with the Labour Law of Hong Kong and relevant employment laws and regulations during the Year, including the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) by participating in the Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") for our eligible employees, Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong), Employment Ordinance (Chapter 57 of the Laws of Hong Kong) (the "EO") and Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) (the "ECO") by offering competitive wages, medical insurance, disability and invalidity coverage, maternity leave and other compensation to our employees.

China Region

In China, we have participated in welfare schemes concerning pension insurance, unemployment insurance, maternity insurance, occupational injury insurance and medical insurance in accordance with the local regulations including the Regulations on the Administration of Housing Provident Funds and the Social Insurance Law of the PRC.

During the Year, there was no material non-compliance with laws and regulations in respect of human resources.

3.2. Recruitment and Promotion

With an objective to uphold an open, fair, just and reasonable human resources policy, the Group has formulated the recruitment policy of the Group with respect to equal opportunities, diversity and anti-discrimination.

During the Year, we continue to strictly observe the applicable laws and regulations and follow our employment policies relating to recruitment and promotion, compensation and dismissal, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare, by providing competitive remuneration package, including internal promotion opportunities and performance-based bonus.

3.3. Health and Safety

The Group has been attaching great importance to a comfortable and safe working environment for our employees which protect them from potential occupational hazards and health and safety risks, in order to achieve zero tolerance of accidents and injuries.

As employees' health and safety is of paramount importance to the operation of the Group, the Group has accordingly formulated a series of relevant personnel management policy to provide employees with a healthy, positive and motivate working atmosphere.

3. EMPLOYMENT AND LABOUR PRACTICES *(continued)*

3.3. Health and Safety *(continued)*

The Group maintains the risk management system including identification, prevention and management of risks and hazards throughout the workplaces as well as follow-up actions for accidents or personal injuries. We have taken the following measures:

- installing air purifiers in relatively crowded areas such as conference and meeting rooms;
- prohibiting smoking and abuse of alcohol and drugs in the workplace;
- providing clean and tidy rest area such as corridors and pantry;
- providing adjustable chairs and monitors for eye protection;
- setting up posters of proper working postures and lifting method accessible on the intranet and at appropriate locations in offices; and
- conducting fire drills to raise the staff's awareness of fire prevention and improve the fire evacuation plans by providing first aid kits and fire extinguishers in workplace in response to emergencies.

During the Year, the Group has complied with the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong), by ensuring that the employees are working in a safe environment in respect of health, hygiene, ventilation, gas safety, building structure and means of escape. During the Year, the Group did not record any work-related accidents that resulted in death or serious physical injury. No material non-compliance with laws and regulations relevant to health and safety of employees were identified.

Additionally, the Group provides induction programs and safety training programs to new employees such that they can be familiar with our corporate policies in relation to health and safety matters as quickly as they can.

3.4. Development and Training

Considering that each position has unique professional and technical needs, the Group ensures that every new joiner receives proper orientation training and mentoring in order to help them adapt to the new working environment affirmatively and quickly. Continuous training is committed by the Group in different ways including internal training programs, comprehensive training for specific skill development, and courses for continuous professional development for relevant employees so as to ensure that they possess the appropriate qualities and skill-sets. Implementation of safety training and comprehensive risk assessments are also one of the most important tasks in the Group.

Moreover, the Group is strongly convinced that sense of belonging and morale of the employees are always the key drivers to the Group's healthy and prosperous growth. The Group delivers festive foods, such as mooncakes, to employees during certain traditional festivals (such as Lunar New Year and Mid-Autumn Festival) in recognition of their contributions and dedicated work to the Group. Regular and festival gatherings are organised during the Year to enhance the harmonious sprit of different levels of staff members throughout the Group.

The Group believes that such a corporate culture and harmonic working environment will naturally achieve a synergistic result to facilitate employee retention and to improve productivity.

3. EMPLOYMENT AND LABOUR PRACTICES *(continued)*

3.5. Labour Standards

Being fully aware that exploitation of child and forced labour violates human rights and international labour conventions, the Group strictly prohibits the employment of any child labor and forced labor.

During the Year, the Group has strictly complied with the relevant laws and regulations, including the Labour Law, the Protection of Minors and the Prohibition of Using Child Labour of the PRC and the Employment Ordinance of Hong Kong (Chapter 57 of the Laws of Hong Kong).

4. OPERATING PRACTICES

The Group is determined to disseminate the pursuit of sustainability into our core business which is regarded as part of the responsibility of an accountable corporate citizen. A series of management systems and procedures has been developed in alignment with the Code. Furthermore, the Group encourages all business partners to incorporate those sustainability practices and policies into their operation thoroughly in order to work together in our pursuit of sustainable development.

4.1. Supply Chain Management

Our supply chain management team not only considers economic and commercial benefits during the tendering processes, but also evaluates the suppliers' and contractors' track record relating to legal and regulatory compliance which include safeguarding workers' health and safety, and mitigating environmental impacts.

We have developed a vendor and supplier selection mechanism in which we require our potential contractors or suppliers to comply with all the applicable laws and regulations and confirm their compliance with safety, environment, and social aspects. Inspection and assessments may be conducted by the Group if deemed necessary. To maintain good corporate control and governance, the Group has developed a series of management system and procedures in alignment with the Code.

4.2. Product Responsibility

The Group is committed to the highest standards of product safety. Every product will be developed, manufactured and supplied to meet all legal and safety standards for its intended use and for circumstances of reasonably foreseeable misuse.

China Region

For our operation in China, we have complied with relevant laws and regulations in relation to advertising, labelling and consumer protection, such as "Consumer Protection Law of the People's Republic of China", the "Advertising Law of the People's Republic of China", and "PRC Product Quality Law", by ensuring that there are no false and misleading messages in our advertisements and promotion activities.

Hong Kong Region

In Hong Kong, our Group complies with relevant laws and regulations, e.g. the Trade Description Ordinance (Chapter 362 of the Laws of Hong Kong). The Group will also carry out continuous and regular assessment of the product quality and review of opportunities for improvements and changes.

During the Year, the Group did not identify any material non-compliance of the laws and regulations related to the health and safety, advertising and labelling of products and services.

4. OPERATING PRACTICES *(continued)*

4.2. Product Responsibility *(continued)*

Feedback Management

The Group has set up various complaints and feedback channels, such as guest comment cards, telephone hotline, social media channels, emails and websites, to collect suggestions and advice from customers.

There were no cases of product recall nor complaints received against our products due to health and safety issues during the Year.

4.3. Privacy Protection

For our operation, the Group is committed to complying with the relevant privacy laws and regulations. The Group has complied with the requirements of the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong), to ensure that all data are securely kept in our internal system with access control. The Group also set out data privacy requirements in our corporate policies, under which customer and suppliers data would be used exclusively for matters relating to the Group's operation only. We strive to ensuring all collected data kept is free of unauthorized or accidental access, processing, erasure or other use.

4.4. Anti-Corruption

Insisting on the honesty, integrity and fairness in all aspects of our business, and upholding a high standard of business ethics and prohibition of any forms of bribery and corrupt practices, the Group has developed a series of policies of anti-fraud and anti-bribery.

The Group has observed with related laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering, such as the "Prevention of Bribery Ordinance" (Cap 201 of the laws of Hong Kong), the Criminal Law of the PRC (《中華人民共和國刑法》), and the Regulations of the PRC for Suppression of Corruption (《中華人民共和國懲治貪污條例》). During the Year, the Group has complied with the relevant laws and regulations relating to bribery, extortion, fraud and money laundering mentioned above, as well as the corporate policy of anti-corruption, and no legal cases regarding corruption practices have been brought against the Group or its employees during the Year.

5. COMMUNITY INVESTMENT

In the coming future, the Group will continue to attach great importance to community services, and will encourage our staff members to be actively engaged in voluntary services and join hands together to disseminate the spirit of services in the communities where the Group operates to understand the needs of the communities and to ensure the Group's activities take into consideration the communities' interests.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6. HKEX ESG REPORTING GUIDE CONTENT INDEX

Aspects, General Disclosures and KPIs	Description	Relevant sections in the ESG Report	Remarks
Aspect A1: Emissions			
General Disclosure	Information on: (a) the policies; and (b) 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, and generation of hazardous and non-hazardous waste	Environmental Protection	The Group did not generate significant amount of air emissions nor discharge into land, and the Group has not identified any hazardous waste produced in our core business
KPI A1.1	Types of emissions and respective emissions data	Environmental Protection	
KPI A1.2	Greenhouse gas emissions in total and, where appropriate, intensity	Environmental Protection	
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity	–	The Group has not identified any hazardous waste which was produced in our core business
KPI A1.4	Total non-hazardous waste produced and, where appropriate, intensity	Environmental Protection	
KPI A1.5	Description of measures to mitigate emissions and results achieved	Environmental Protection	
KPI A1.6	Description of how hazardous and non-hazardous waste are handled, reduction initiatives and results achieved	Environmental Protection	

6. HKEX ESG REPORTING GUIDE CONTENT INDEX *(continued)*

Aspects, General Disclosures and KPIs	Description	Relevant sections in the ESG Report	Remarks
Aspect A2: Use of Resources			
General Disclosure	Policies on efficient use of resources including energy, water and other raw materials	Environmental Protection	
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity	Environmental Protection	No disclosure on intensity is made as the Group did not have manufacturing facilities during the Year
KPI A2.2	Water consumption in total and intensity	Environmental Protection	No disclosure on intensity is made as the Group did not have manufacturing facilities during the Year
KPI A2.3	Description of energy use efficiency initiatives and results achieved	Environmental Protection	
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	–	Irrelevant to the Group's operation
KPI A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	–	Use of packaging material is not applicable to the Group's core operation
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources	Environmental Protection	
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them	Environmental Protection	

6. HKEX ESG REPORTING GUIDE CONTENT INDEX *(continued)*

Aspects, General Disclosures and KPIs	Description	Relevant sections in the ESG Report	Remarks
Aspect B1: Employment			
General Disclosure	Information on: (a) the policies; and (b) 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	Employment and Labour Practices	
Aspect B2: Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Employment and Labour Practices	
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Employment and Labour Practices	

6. HKEX ESG REPORTING GUIDE CONTENT INDEX *(continued)*

Aspects, General Disclosures and KPIs	Description	Relevant sections in the ESG Report	Remarks
Aspect B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Employment and Labour Practices	
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain	Operating Practices	
Aspect B6: Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Operating Practices	
Aspect B7: Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Operating Practices	
Aspect B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities takes into consideration communities' interests	Community Investment	

INDEPENDENT AUDITOR'S REPORT

To the shareholders of WE Solutions Limited
(formerly known as O Luxe Holdings Limited)
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of WE Solutions Limited (the "Company") and its subsidiaries (the "Group") set out on pages 61 to 157, which comprise the consolidated statement of financial position as at 30 September 2018, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the 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 2018, 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 judgement, 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill and other intangible asset with indefinite useful life	
At 30 September 2018, the Group had goodwill acquired through business combinations allocated to the Group's electric vehicle cash-generating unit ("CGU") and a jewellery products and watches CGU with carrying amounts of approximately HK$1,455,538,000 and HK$29,555,000, respectively, and an intangible asset with indefinite useful life with a carrying amount of approximately HK$36,333,000, representing mining rights (the "Intangible Asset"). Goodwill and the Intangible Asset with indefinite useful life are tested for impairment annually or more frequently if events or changes in circumstances indicate that their carrying amounts may be impaired. Impairment is determined by assessing the recoverable amounts of the CGUs to which the goodwill relates and the recoverable amount of the Intangible Asset tested for impairment individually and whether the recoverable amounts of the CGUs and the Intangible Asset are less than their carrying amounts. For the year under review, the recoverable amounts of the Group's CGUs and the Intangible Asset have been determined based on either respective CGUs'/the Intangible Asset's fair value less costs of disposal or value in use using cash flow projections specific to each CGU and applying a discount rate which reflects specific risks relating to the CGU, with the assistance from certain independent professionally qualified valuers (the "external valuers"). The impairment testing of goodwill and the Intangible Asset required management to make certain estimates and assumptions that would affect the reported amounts of goodwill and the Intangible Asset and related disclosures in the consolidated financial statements. We focused on this area due to the magnitude of the balances involved and the significant judgements and estimates required in determining the recoverable amounts of the relevant CGUs and the Intangible Asset. The related disclosures are included in notes 2.4, 3, 16 and 17 to the consolidated financial statements.	We evaluated management's impairment assessment of goodwill and the Intangible Asset. The key audit procedures we performed on evaluating the methodologies, assumptions and estimates used in the impairment assessment included, inter alia, (i) assessing the historical accuracy of the prior year's assumptions and estimates made by management, as appropriate; (ii) obtaining an understanding of the current and expected future developments of the CGUs and the Intangible Asset and factors that might affect key assumptions and estimates of the fair values or cash flow projections and discount rates applicable to the CGUs and the Intangible Asset; (iii) evaluating the objectivity, independence, capabilities and competence of the external valuers engaged by the Group; (iv) involving our internal valuation specialists to assist us in evaluating the methodologies used and certain key assumptions and estimates made by management and/or the external valuers, including, inter alia, the specific discount rate and long term growth rate of each relevant CGU for the assessment of value in use, with reference to relevant historical/market information, and other historical information, assumptions and estimates for the assessment of fair value less costs of disposal; (v) evaluating management's assessment about reasonable possible changes in relevant key assumptions and estimates as appropriate; and (vi) evaluating the adequacy of related disclosures in the consolidated financial statements.

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Valuation of financial assets at fair value through profit or loss	
At 30 September 2018, the Group's financial assets at fair value through profit or loss of approximately HK$780,488,000 were categorised as Level 3 within the fair value hierarchy, which represented 19% of the Group's net assets. For Level 3 valuation, the Group engaged an independent professionally qualified valuer (the "external valuer") to apply valuation techniques to determine the fair values of the financial assets at fair value through profit or loss that are not quoted in active markets. These valuation techniques, in particular those that included significant unobservable inputs, involved subjective judgements and assumptions. The sensitivity of the assumptions used may have material impact on the valuation of these financial assets. We focused on this area due to the magnitude of the balance involved and the significant accounting judgements and estimates required in determining the fair values of these financial assets. The related disclosures are included in notes 2.4, 3, 19, and 44 to the consolidated financial statements.	With the assistance from our internal valuation specialists, we evaluated the valuation methodologies and assumptions adopted by the external valuer in the valuation of the financial assets at fair value through profit or loss that were categorised as Level 3 within the fair value hierarchy by (i) examining the terms of the financial instruments and the relevant agreements; and (ii) assessing the key parameters used, such as implied equity value, volatility and risk-free rate, against available market information. We evaluated the objectivity, independence, capabilities and competence of the external valuer engaged by the Group. We also evaluated the adequacy of related disclosures in the consolidated financial statements.

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of loans receivable At 30 September 2018, the Group had outstanding loans receivable with a carrying amount of approximately HK$948,920,000 arising from the Group's money lending business, which represented 24% of the Group's net assets. Management assessed whether there is objective evidence of impairment of the Group's loans receivable and determined the estimated future cash flows by taking into account the value of any underlying collateral and/or other credit enhancements over the Group's loans receivable, the repayment history of the borrowers, the current creditworthiness and any significant changes in credit quality of the borrowers, subsequent settlements and other relevant information. We focused on this area due to the magnitude of the balance involved and the significant accounting judgements and estimates required in assessing any impairment of loans receivable. The related disclosures are included in notes 2.4, 3 and 20 to the consolidated financial statements.	We evaluated management's assessment of any impairment of loans receivable. Our key procedures performed included, inter alia, (i) understanding and evaluating the credit risk management process; (ii) assessing the estimated future cash flows by examining the loan credit files and underlying documentation, and other evidence supporting the repayment records, value of any collateral and/or other credit enhancements over the Group's loans receivable, information regarding the current creditworthiness and any significant changes in credit quality of the borrowers, evidence of subsequent settlements and other relevant information. We also evaluated the adequacy of related disclosures in the consolidated financial statements.

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Assessment of net realisable value of inventories At 30 September 2018, the Group had inventories with a carrying amount of approximately HK$220,973,000. The Group performs regular review of the carrying amounts of inventories to determine whether any write-down of inventories to net realisable value is required after considering, inter alia, the ageing analysis of inventories, the condition of the inventory items, current market conditions, relevant historical and current sales information, and the expected future sales of goods. The determination of net realisable value requires management to make significant assumptions and estimates that affect the reported amount of inventories and related disclosures. We focused on this area due to the magnitude of the balance involved and the significant accounting judgements and estimates required in assessing the net realisable value of inventories. The related disclosures are included in notes 2.4, 3 and 22 to the consolidated financial statements.	We evaluated management's assessment of whether the estimated net realisable value of inventories declined below their carrying amounts. Our procedures included, inter alia, (i) understanding and assessing the Group's processes over identifying and valuing damaged, slow-moving and other potentially impaired inventory items for which their net realisable values might decline below their carrying amounts; and (ii) assessing the write-down of inventories required by checking the correctness of the ageing analysis of inventories, sales made subsequent to the end of the reporting period, current market conditions, relevant historical and current sales information, pricing policy and strategies, and the expected future sales of goods.

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Prior year adjustments to correct certain prior period errors and restatement of comparative information	
As detailed in note 4 to the consolidated financial statements, management has reassessed the relevant facts and circumstances and the appropriate accounting treatment of certain transactions entered into by the Group in the prior period (the "Reassessment") and considered that certain prior period adjustments should be made to correct several prior period errors in connection with (a) fair value measurement of consideration shares issued for the acquisition of certain equity interests in a subsidiary and (b) unidentifiable goods and services received in connection with certain share-based payment. Accordingly, certain prior year adjustments have been made and certain comparative information has been restated. We focused on this area due to the magnitude of the prior period adjustments and the restatement of comparative information involved and the significant accounting judgements required in evaluating the appropriateness of the prior year adjustments and restatement of comparative information. The related disclosures are included in note 4 to the consolidated financial statements.	We evaluated management's Reassessment of whether there are any material prior period errors. Our key procedures performed included, inter alia, (i) examining the terms and conditions of relevant sale and purchase agreements and other relevant facts and circumstances; (ii) obtaining an understanding from management the reason of the prior period errors; (iii) examining the evidences that support the fair value measurement of the consideration shares issued and the measurement of the unidentifiable goods and services received; (iv) assessing the appropriateness of the prior year adjustments and restatement of comparative information; and (v) evaluating the adequacy of related disclosures in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than 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 THE DIRECTORS 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities 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. Our report is made solely to you, as a body, 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.

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

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism 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.

- 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.

INDEPENDENT AUDITOR'S REPORT

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

We communicate with the Audit Committee 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 the Audit Committee 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 the Audit Committee, 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 this independent auditor's report is Chan Yat Fai, Peter.

Ernst & Young
Certified Public Accountants

22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

28 December 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 30 September 2018

	Notes	2018 HK$'000	2017 HK$'000 (Restated)
REVENUE	6	**717,023**	545,533
Cost of sales		**(502,055)**	(321,869)
Gross profit		**214,968**	223,664
Other income and gains, net	6	**86,906**	64,791
Selling and distribution expenses		**(36,334)**	(46,136)
General and administrative expenses		**(251,965)**	(120,327)
Research and development costs		**(87,800)**	–
Other expenses, net		**(25,994)**	(819,929)
Finance costs	8	**(5,585)**	(4,118)
Share of losses of associates		**(3,303)**	(225)
LOSS BEFORE TAX	7	**(109,107)**	(702,280)
Income tax expense	11	**(1,230)**	(3,065)
LOSS FOR THE YEAR		**(110,337)**	(705,345)
Attributable to:			
Owners of the Company		**(94,096)**	(700,128)
Non-controlling interests		**(16,241)**	(5,217)
		(110,337)	(705,345)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	13		
Basic		**HK1.61 cents**	HK21.69 cents
Diluted		**HK2.99 cents**	HK21.69 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 September 2018

	2018 HK$'000	2017 HK$'000 (Restated)
LOSS FOR THE YEAR	**(110,337)**	(705,345)
OTHER COMPREHENSIVE LOSS		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(12,586)**	5,206
Reclassification adjustment for foreign operations disposed of during the year	**(41)**	(17,782)
	(12,627)	(12,576)
Share of other comprehensive loss of an associate	**(830)**	–
OTHER COMPREHENSIVE LOSS FOR THE YEAR	**(13,457)**	(12,576)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(123,794)**	(717,921)
Attributable to:		
Owners of the Company	**(105,926)**	(715,417)
Non-controlling interests	**(17,868)**	(2,504)
	(123,794)	(717,921)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2018

	Notes	2018 HK$'000	2017 HK$'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	14	**72,151**	63,243
Investment properties	15	**441,377**	452,822
Goodwill	16	**1,485,093**	1,481,225
Other intangible assets	17	**39,471**	64,844
Interests in associates	18	**25,884**	5,863
Financial assets at fair value through profit or loss	19	**780,488**	–
Loans receivable	20	**2,049**	387,097
Deposits	21	**63,817**	62,613
Total non-current assets		**2,910,330**	2,517,707
CURRENT ASSETS			
Inventories	22	**220,973**	334,941
Accounts receivable	23	**55,616**	97,612
Loans receivable	20	**946,871**	270,267
Prepayments, deposits and other receivables	21	**33,813**	35,578
Contingent consideration receivable	24	**–**	1
Financial assets at fair value through profit or loss	19	**3,547**	25,362
Tax recoverable		**445**	–
Cash and cash equivalents	25	**326,221**	302,094
		1,587,486	1,065,855
Assets associated with a disposal group classified as held for sale	36	**–**	1,300,351
Total current assets		**1,587,486**	2,366,206
CURRENT LIABILITIES			
Accounts payable	26	**112,413**	66,250
Other payables and accruals	27	**177,093**	168,783
Interest-bearing bank borrowings	28	**39,846**	105,800
Tax payable		**725**	7,956
		330,077	348,789
Liabilities associated with a disposal group classified as held for sale	36	**–**	66
Total current liabilities		**330,077**	348,855
NET CURRENT ASSETS		**1,257,409**	2,017,351
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,167,739**	4,535,058

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

30 September 2018

	Notes	2018 HK$'000	2017 HK$'000 (Restated)
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	28	**34,438**	34,336
Deferred tax liabilities	29	**98,062**	104,958
Total non-current liabilities		**132,500**	139,294
Net assets		**4,035,239**	4,395,764
EQUITY			
Equity attributable to owners of the Company			
Issued capital	30	**591,788**	566,194
Reserves	32	**3,311,035**	2,983,324
		3,902,823	3,549,518
Non-controlling interests		**132,416**	846,246
Total equity		**4,035,239**	4,395,764

Mr. Ho King Fung, Eric
Director

Mr. Ho Chi Kit
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 September 2018

	Notes	Attributable to owners of the Company								Non-controlling interests HK$'000	Total equity HK$'000
		Issued capital HK$'000	Share premium account HK$'000	Exchange fluctuation reserve HK$'000	Reserve funds HK$'000	Share option reserve HK$'000	Other reserve HK$'000	Accumulated losses HK$'000	Total HK$'000		
At 1 October 2016		245,177	2,509,148	2,921	792	1,596	11	(1,326,240)	1,433,405	27,713	1,461,118
Loss for the year (as restated)		–	–	–	–	–	–	(700,128)	(700,128)	(5,217)	(705,345)
Other comprehensive income/(loss) for the year:											
Exchange differences on translation of foreign operations		–	–	2,493	–	–	–	–	2,493	2,713	5,206
Reclassification adjustment for foreign operations disposed of during the year	35	–	–	(17,782)	–	–	–	–	(17,782)	–	(17,782)
Total comprehensive loss for the year (as restated)		–	–	(15,289)	–	–	–	(700,128)	(715,417)	(2,504)	(717,921)
Issue of shares for acquisitions of subsidiaries and certain equity-settled share-based payment arrangements (as restated)	30	263,092	2,075,721	–	–	–	–	–	2,338,813	822,533	3,161,346
Disposal of subsidiaries		–	–	–	(792)	–	–	792	–	–	–
Dividend paid to a non-controlling shareholder		–	–	–	–	–	–	–	–	(1,496)	(1,496)
Issue of shares	30	57,925	418,753	–	–	(3,140)	–	–	473,538	–	473,538
Equity-settled share option arrangements	31	–	–	–	–	19,179	–	–	19,179	–	19,179
Transfer to reserve funds		–	–	–	526	–	–	(526)	–	–	–
As at 30 September 2017 (as restated)		566,194	5,003,622	(12,368)	526	17,635	11	(2,026,102)	3,549,518	846,246	4,395,764

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(continued)*

Year ended 30 September 2018

		Attributable to owners of the Company									
	Notes	Issued capital HK$'000	Share premium account HK$'000	Exchange fluctuation reserve HK$'000	Reserve funds HK$'000	Share option reserve HK$'000	Other reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 October 2017:											
As previously reported		566,194	4,237,370	(12,368)	526	17,635	11	(1,416,082)	3,393,286	846,246	4,239,532
Prior year adjustments	4	–	766,252	–	–	–	–	(610,020)	156,232	–	156,232
As restated		566,194	5,003,622	(12,368)	526	17,635	11	(2,026,102)	3,549,518	846,246	4,395,764
Loss for the year		–	–	–	–	–	–	(94,096)	(94,096)	(16,241)	(110,337)
Other comprehensive loss for the year:											
Exchange differences on translation of foreign operations		–	–	(10,959)	–	–	–	–	(10,959)	(1,627)	(12,586)
Reclassification adjustment for foreign operations disposed of during the year	35	–	–	(41)	–	–	–	–	(41)	–	(41)
Share of other comprehensive loss of an associate		–	–	(830)	–	–	–	–	(830)	–	(830)
Total comprehensive loss for the year		–	–	(11,830)	–	–	–	(94,096)	(105,926)	(17,868)	(123,794)
Acquisition of non-controlling interests		–	–	–	–	–	–	(25,452)	(25,452)	(2,544)	(27,996)
Contributions from non-controlling shareholders		–	–	–	–	–	–	–	–	10	10
Disposal of subsidiaries	35	–	–	–	–	–	–	–	–	(691,926)	(691,926)
Dividend paid to a non-controlling shareholder		–	–	–	–	–	–	–	–	(1,502)	(1,502)
Issue of shares	30	25,594	356,019	–	–	(1,981)	–	–	379,632	–	379,632
Equity-settled share option arrangements	31	–	–	–	–	105,051	–	–	105,051	–	105,051
Transfer of share option reserve upon forfeiture of share options		–	–	–	–	(1,146)	–	1,146	–	–	–
Transfer to reserve funds		–	–	–	163	–	–	(163)	–	–	–
As at 30 September 2018		591,788	5,359,641*	(24,198)*	689*	119,559*	11*	(2,144,667)*	3,902,823	132,416	4,035,239

* These reserve accounts comprise the consolidated reserves of HK$3,311,035,000 (2017: HK$2,983,324,000 (as restated)) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 September 2018

	Notes	2018 HK$'000	2017 HK$'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(109,107)**	(702,280)
Adjustments for:			
Finance costs	8	**5,585**	4,118
Share of losses of associates		**3,303**	225
Bank interest income	6	**(940)**	(556)
Write-down of inventories to net realisable value	7	**16,905**	7,807
Amortisation of other intangible assets	7	**20,538**	12,918
Changes in fair value of contingent consideration receivable	7	**1**	39,177
Fair value gains on investment properties	6	**(2,063)**	(39,942)
Fair value losses/(gains) on financial assets at fair value through profit or loss, net	7	**(73,861)**	17,635
Depreciation	7	**4,956**	2,681
Gain on disposal of subsidiaries, net	6	**(1,521)**	(18,655)
Impairment of goodwill	7	**–**	86,806
Impairment of accounts receivable	7	**469**	–
Impairment of other receivables	7	**–**	6,307
Impairment of other intangible assets	7	**3,718**	47,066
Equity-settled share option expense	7	**105,051**	19,179
Other equity-settled share-based payment expense	7	**–**	610,020
Write-off of items of property, plant and equipment	7	**–**	335
Loss on disposal of items of property, plant and equipment	7	**192**	103
		(26,774)	92,944
Decrease/(increase) in inventories		**93,019**	(11,529)
Decrease/(increase) in accounts receivable		**39,899**	(18,610)
Decrease in financial assets at fair value through profit or loss		**14,373**	343
Increase in loans receivable		**(291,556)**	(117,833)
Decrease/(increase) in prepayments, deposits and other receivables		**2,609**	(1,038)
Increase in accounts payable		**49,910**	23,731
Increase in other payables and accruals		**11,032**	52,443
Cash generated from/(used in) operations		**(107,488)**	20,451
Hong Kong profits tax paid		**(887)**	(386)
Overseas taxes paid		**(11,838)**	(4,780)
Net cash flows from/(used in) operating activities		**(120,213)**	15,285

CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

Year ended 30 September 2018

	Notes	2018 HK$'000	2017 HK$'000 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**940**	556
Acquisitions of subsidiaries	33	**–**	(323,599)
Deposits paid for purchases of items of property, plant and equipment and properties		**(2,415)**	(61,188)
Addition of investment properties		**(930)**	(2,847)
Purchases of items of property, plant and equipment		**(17,069)**	(9,990)
Proceeds from disposal of items of property, plant and equipment		**2,101**	–
Disposals of subsidiaries	35	**609,598**	914
Investment in an associate		**(24,154)**	(6,359)
Advance from an associate		**–**	271
Increase in financial assets at fair value through profit or loss		**(699,185)**	–
Net cash flows used in investing activities		**(131,114)**	(402,242)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(5,585)**	(4,118)
New bank borrowings		**41,913**	99,922
Repayment of bank borrowings		**(107,775)**	(41,144)
Acquisition of non-controlling interests		**(27,996)**	–
Proceeds from issue of shares		**379,632**	473,538
Dividends paid to non-controlling shareholders		**(1,502)**	(1,496)
Contribution from a non-controlling shareholder		**10**	–
Net cash flows from financing activities		**278,697**	526,702
NET INCREASE IN CASH AND CASH EQUIVALENTS		**27,370**	139,745
Cash and cash equivalents at beginning of year		**302,094**	159,934
Effect of foreign exchange rate changes, net		**(3,243)**	2,415
CASH AND CASH EQUIVALENTS AT END OF YEAR		**326,221**	302,094
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	25	**326,221**	302,094

1. CORPORATE AND GROUP INFORMATION

WE Solutions Limited (formerly known as O Luxe Holdings Limited) was incorporated in the Cayman Islands as an exempted company with limited liability. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business in Hong Kong is located at Units 301 and 302, Third Floor, Building 22E, Phase Three, Hong Kong Science Park, Pak Shek Kok, New Territories, Hong Kong.

Pursuant to a special resolution of the Company passed at the annual general meeting held on 28 February 2018, the Certificate of Incorporation on Change of Name issued by the Registrar of Companies in the Cayman Islands on 28 February 2018 and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company issued by the Registrar of Companies in Hong Kong on 28 March 2018, the English name of the Company was changed from "O Luxe Holdings Limited" to "WE Solutions Limited" and the Chinese name of the Company was changed from 奧立仕控股有限公司 to 力世紀有限公司 as its dual foreign name.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were involved in the following principal activities:

- manufacturing and sales of electric vehicles and related components, and provision of engineering services;
- trading, retailing and wholesale of jewellery products and watches;
- money lending;
- securities investments;
- property investment; and
- mining.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company 2018	2017	Principal activities
Ming Fung Investment Holdings Limited*	British Virgin Islands ("BVI")	US$1,000	**100**	100	Investment holding
GLM Co., Ltd ("GLM") □	Japan	JPY1,563,570,000	**88.5**	85.5	Manufacturing and sales of electric vehicles and related components, and provision of engineering services
Shenzhen Qijingda Trading (HK) Company Limited*	Hong Kong	HK$1,000,000	**100**	100	Wholesale of jewellery products and watches

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1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company 2018	2017	Principal activities
Shenzhen Qijingda Trading Company Limited*@^Δ (深圳市琪晶達貿易有限公司)	People's Republic of China ("PRC")/ Mainland China	RMB100,000,000	**100**	100	Retail and wholesale of jewellery products and watches
Swiss Mechanical Times (Hong Kong) Limited*	Hong Kong	HK$10,000	**100**	100	Wholesale of watches
Chi Feng Guo Jin Mining Company Limited*@^Δ (赤峰國金礦業有限公司)	PRC/Mainland China	RMB5,000,000	**60.6**	60.6	Mining
Chance Achieve Limited*	Hong Kong	HK$1	**100**	100	Money lending
Marvel Bloom Limited*	BVI	US$1,000	**100**	100	Money lending
Raise Success Limited*	Hong Kong	HK$1	**100**	–	Money lending
Shenyang Commercial City (Group) Co., Ltd.*^Δ (沈陽商業城 (集團) 有限公司)	PRC/Mainland China	RMB249,000,000	**100**	100	Property investment
Shenyang Storage and Transportation Group Logistic Co., Ltd*^Δ (沈陽儲運集團物流配送有限公司)	PRC/Mainland China	RMB30,425,099	**61.52**	61.52	Property investment
Shenyang Dongmao Paper Trading Centre Co., Ltd*^Δ (沈陽東貿紙品交易中心有限公司)	PRC/Mainland China	RMB8,262,601	**54.08**	54.08	Property investment

Except for Ming Fung Investment Holdings Limited, Raise Success Limited and GLM, all the above subsidiaries are indirectly held by the Company.

* The statutory financial statements of these subsidiaries are not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network

Δ Limited companies established in the PRC

^ English name for identification only

@ Registered as a wholly-foreign-owned enterprise in the PRC

□ During the year, the Group acquired an additional 3% equity interests in GLM from non-controlling shareholders for a total cash consideration of HK$27,996,000. The carrying value of the 3% interest in the net assets of GLM as at the date of acquisition was HK$2,544,000. Accordingly, the difference of HK$25,452,000 was recognised in accumulated losses. Upon completion, the Group's interest in GLM increased from 85.5% to 88.5%, of which 85.5% is directly held by the Company.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of the other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, financial assets at fair value through profit or loss and a contingent consideration receivable which have been measured at fair value. Assets of a disposal group held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in note 2.4. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 30 September 2018. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. 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.

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 described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits/accumulated losses, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to HKFRS 12 included in *Annual Improvements to HKFRSs 2014–2016 Cycle*	*Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12*

Other than as explained below regarding the impact of the amendments to HKAS 7, the adoption of the above revised standards has had no significant financial effect on these financial statements.

Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Disclosure of the changes in liabilities arising from financing activities is provided in note 37(b) to the financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*[1]
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*[1]
HKFRS 9	*Financial Instruments*[1]
Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 15	*Revenue from Contracts with Customers*[1]
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*[1]
HKFRS 16	*Leases*[2]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*[2]
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*[2]
Amendments to HKAS 40	*Transfers of Investment Property*[1]
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*[1]
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*[2]
Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKFRS 1 and HKAS 28[1]
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after 1 January 2021
4 No mandatory effective date yet determined but available for adoption

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

The HKICPA issued amendments to HKFRS 2 in August 2016 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet an employee's tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if they elect to adopt for all three amendments and other criteria are met. The Group will adopt the amendments from 1 October 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group will adopt HKFRS 9 from 1 October 2018. The Group will not restate comparative information and will recognise any transition adjustments against the opening balance of equity at 1 October 2018. During the year, the Group has performed a high-level assessment of the impact of the adoption of HKFRS 9. The expected impacts relate to the classification and measurement and the impairment requirements and are summarised as follows:

(a) Classification and measurement

The Group does not expect that the adoption of HKFRS 9 will have a significant impact on the classification and measurement of its financial assets. It expects to continue measuring at fair value all financial assets currently held at fair value.

(b) Impairment

HKFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group will apply the simplified approach and record lifetime expected losses that are estimated based on the present values of all cash shortfalls over the remaining life of all of its accounts receivable. Furthermore, the Group will apply the general approach and record twelve-month expected credit losses that are estimated based on the possible default events on its other receivables within the next twelve months. Subject to the finalisation of a more detailed assessment, the Group currently expects that certain provision for impairment might increase upon the initial adoption of the standard.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

HKFRS 15, issued in July 2014, establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. Either a full retrospective application or a modified retrospective adoption is required on the initial application of the standard. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. The Group plans to adopt the transition provisions in HKFRS 15 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of accumulated losses at 1 October 2018. In addition, the Group plans to apply the new requirements only to contracts that are not completed before 1 October 2018.

During the year, the Group has performed a high level assessment on the impact of the adoption of HKFRS 15. Subject to the finalisation of a more detailed assessment, the Group currently does not expect that the transitional adjustment to be made on 1 October 2018 upon initial adoption of HKFRS 15 will be material and currently does not expect the adoption of HKFRS 15 will have a significant impact on the Group's financial performance and financial position from 1 October 2018 onward. However, the presentation and disclosure requirements in HKFRS 15 are more detailed than those under the current HKAS 18 *Revenue*. The presentation requirements represent a significant change from current practice and will increase the volume of disclosures required in the Group's financial statements. Many of the disclosure requirements in HKFRS 15 are new and the Group has assessed that the impact of some of these disclosure requirements might be significant. In particular, as required by HKFRS 15, the Group will disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. It will also disclose information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

HKFRS 16, issued in May 2016, replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases — Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees — leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40, or relates to a class of property, plant and equipment to which the revaluation model is required. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. HKFRS 16 requires lessees and lessors to make more extensive disclosures than under HKAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group expects to adopt HKFRS 16 from 1 October 2019. The Group is currently assessing the impact of HKFRS 16 upon adoption and is considering whether it will choose to take advantage of the practical expedients available and which transition approach and reliefs will be adopted. As disclosed in note 40 to the financial statements, at 30 September 2018, the Group had future minimum lease payments under non-cancellable operating leases in aggregate of approximately HK$39,251,000. Upon adoption of HKFRS 16, certain amounts included therein may need to be recognised as new right-of-use assets and lease liabilities. Further analysis, however, will be needed to determine the amount of new rights of use assets and lease liabilities to be recognised, including, but not limited to, any amounts relating to leases of low-value assets and short-term leases, other practical expedients and reliefs chosen, and new leases entered into before the date of adoption.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

Amendments to HKAS 40, issued in April 2017, clarify when an entity should transfer property, including property under construction or development, into or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to the changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at the date that it first applies the amendments and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application is only permitted if it is possible without the use of hindsight. The Group expects to adopt the amendments prospectively from 1 October 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

HK(IFRIC)-Int 22, issued in June 2017, provides guidance on how to determine the date of the transaction when applying HKAS 21 to the situation where an entity receives or pays advance consideration in a foreign currency and recognises a non-monetary asset or liability. The interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset (such as a prepayment) or non-monetary liability (such as deferred income) arising from the payment or receipt of the advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the entity must determine the transaction date for each payment or receipt of the advance consideration. Entities may apply the interpretation on a full retrospective basis or on a prospective basis, either from the beginning of the reporting period in which the entity first applies the interpretation or the beginning of the prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation. The Group expects to adopt the interpretation prospectively from 1 October 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

HK(IFRIC)-Int 23, issued in July 2017, addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation is to be applied retrospectively, either fully retrospectively without the use of hindsight or retrospectively with the cumulative effect of application as an adjustment to the opening equity at the date of initial application, without the restatement of comparative information. The Group expects to adopt the interpretation from 1 October 2019. The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations and goodwill *(continued)*

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 30 September. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its investment properties, financial assets at fair value through profit or loss and contingent consideration receivable, at the end of each reporting period. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fair value measurement *(continued)*

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	—	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	—	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	—	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets, investment properties and a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the statement of profit or loss in the period in which it arises.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of non-financial assets *(continued)*

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Freehold land	Not depreciated
Buildings	2% to 5%
Leasehold improvements	Over the shorter of lease terms and 10% to 20%
Plant and machinery	20%
Furniture, fixtures and office equipment	20% to 32%
Motor vehicles	15% to 50%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment classified as held for sale are not depreciated.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

The Group's intangible assets represent (i) distribution rights, which are stated at cost less any impairment losses and are amortised on the straight line basis over the period of the rights granted under the relevant distribution agreements; and (ii) mining rights with indefinite useful lives, which are stated at cost less any impairment losses.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Intangible assets (other than goodwill) *(continued)*

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases, net of any incentives received from the lessor, are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, or loans and receivables, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets *(continued)*

Financial assets at fair value through profit or loss *(continued)*

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation and the loss arising from impairment are recognised in the statement of profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings.

All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs.

Subsequent measurement of loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is recognised in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Derivative financial instruments

Initial recognition and subsequent measurement

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss.

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.

- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.

- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first out, basis and, in the case of finished goods and work in progress, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments, that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is recognised in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries/jurisdictions in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and future taxable profit will be available against which the temporary differences can be utilised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

The carrying amount of deferred tax assets is reviewed at the end of each 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 deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from the rendering of services, when the related services have been rendered;

(c) rental income, on a time proportion basis over the lease terms;

(d) net gains/losses on financial assets at fair value through profit or loss and those held for trading, include realised gains/losses which are recognised on the transaction dates when the relevant contract notes are exchanged; and unrealised fair value gains/losses which are recognised in the period in which they arise;

(e) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(f) dividend income, when the shareholders' right to receive payment has been established.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of the share options granted is determined by an external valuer using a binomial model, further details of which are given in note 31 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China and overseas are required to participate in central pension schemes operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension schemes. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension schemes.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies *(continued)*

The functional currencies of certain overseas subsidiaries and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Income taxes

The Group has exposure to income taxes in different jurisdictions. Significant judgement is involved in determining the provision for income taxes. Determining income tax provisions involves judgement on the future tax treatment of certain transactions and interpretation of tax rules. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation, interpretations and practices in respect thereof.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Judgements *(continued)*

Rebuttable presumption on fair value of investment properties recovered through sale

For the purposes of measuring deferred tax liabilities arising from investment properties located in Mainland China that are measured using the fair value model, the management of the Group has reviewed the Group's investment properties and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the Group's deferred taxation on investment properties, the directors have determined that the presumption that investment properties measured using the fair value model are recovered through sale is rebutted.

Accordingly, the Group recognises deferred tax in respect of the changes in fair value of the investment properties based on management's best estimate assuming future tax consequences through usage of such properties of rental purpose, rather than through sale. The final tax outcome could be different from the deferred tax liabilities recognised in the consolidated financial statements should the investment properties are subsequently disposed of by the Group, rather than all of the economic benefits embodied in the investment properties are consumed substantially by leasing over time. In the event the investment properties are being disposed of, the Group may be liable to higher tax upon disposal considering the impact of corporate income tax and land appreciation tax.

Estimation uncertainty

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 and liabilities within the next financial year, are described below.

Inventory provision

The Group sells jewellery products and watches, which are subject to changing consumer demands and fashion trends. Significant judgement was required to assess the appropriate level of inventory provision for these jewellery products and watches which might be sold below cost.

The Group estimates the net realisable value of inventories to consider whether any write-down of inventories is required based on, inter alia, the condition of the inventories, current market conditions, relevant historical and current sales information, and the expected future sales of goods, as well as the ageing of inventories to identify slow-moving items.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicators exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets, observable market prices, or transaction prices of similar assets in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices, as appropriate, less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The determination of fair value less costs of disposal is based on available data from comparable binding sales transactions in an arm's length transaction or observable market prices, or other valuation techniques, as appropriate.

Estimation of fair value of investment properties

Subsequent to initial recognition, the Group's investment properties are stated at fair value, which reflects market conditions at the end of the reporting period. The Group's investment properties are revalued at the end of each reporting period based on valuations performed by independent professionally qualified valuers using recognised property valuation techniques.

In the absence of current prices in an active market for similar properties, the valuation may consider information from a variety of sources, as appropriate, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a loan/receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the borrower/debtor and default or significant delay in payments and value of any collateral or other credit enhancement. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the borrower's/debtor's payment ability/credit quality or whether there have been significant changes with adverse effect in the market, economic or legal environment in which the borrower/debtor operates in. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

The Group maintains an allowance for estimated impairment of receivables arising from the inability of its debtors to make the required payments. The Group makes its estimates based on, inter alia, the ageing of its receivable balances, debtors' creditworthiness, past repayment history and historical write-off experience. If the financial condition of its debtors was to deteriorate so that the actual impairment loss might be higher than expected, the Group would be required to revise the basis of making the allowance and its future results would be affected.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair values are determined using valuation techniques including the use of comparable recent arm's length transactions and other valuation techniques commonly used by other market participants. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as implied equity value, volatility and risk-free rate. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Fair value of share options

The valuation of the fair value of the share options granted requires judgements and estimates in determining the expected volatility of share price, the expected dividend yield, the expected life of the options and the number of share options that are expected to vest. Where the outcome of the number of option that are vested is different, such difference will impact the profit or loss in the subsequent remaining vesting period of the relevant share options.

4. PRIOR YEAR ADJUSTMENTS

During the finalisation of the consolidated financial statements of the Group for the year ended 30 September 2018, management has reassessed the relevant facts and circumstances and the appropriate accounting treatments of certain transactions entered into by the Group in the prior period and considered that certain prior period adjustments should be made to correct the prior period errors as described below.

Accordingly, certain prior year adjustments have been made and certain comparative information has been restated as further detailed below and elsewhere in the financial statements.

As these prior year adjustments did not have any impact on the financial position of the Group and the Company as at 1 October 2016, opening statements of financial position of the Group and the Company as at 1 October 2016 are not presented.

(i) Fair value measurement of consideration shares issued for the acquisition of certain equity interests in GLM

On 7 July 2017, the Company entered into certain sale and purchase agreements (the "GLM SPAs") with several independent third parties (the "vendors") to acquire 85.5% of the issued share capital and all the outstanding stock options of GLM (the "GLM Acquisition"), further details of which are included in note 33(i) to the financial statements. The GLM Acquisition was completed on 29 September 2017.

The consideration for the GLM Acquisition was settled through the allotment and issue of an aggregate of 670,918,575 ordinary shares of the Company credited as fully paid (the "GLM Consideration Shares") and the payment in cash totalling approximately JPY4,952,208,000 (equivalent to approximately HK$346,825,000) to the respective vendors.

4. PRIOR YEAR ADJUSTMENTS *(continued)*

(i) Fair value measurement of consideration shares issued for the acquisition of certain equity interests in GLM *(continued)*

As disclosed in the consolidated financial statements of the Group for the year ended 30 September 2017, the fair value of the GLM Consideration Shares of approximately HK$964,202,000 was previously determined by reference to the published closing price of the Company's ordinary shares of HK$1.67 per share at the acquisition date and the Lock-up Restriction (as defined below) of the GLM Consideration Shares issued to the vendors.

Pursuant to the GLM SPAs, during their respective lock-up period, each of the vendors undertook in favour of the Company that it shall be subject to certain restrictions in respect of the GLM Consideration Shares including, inter alia, the sale, transfer or disposal of any GLM Consideration Shares, unless with the prior written consent of the Company (the "Lock-up Restriction").

Based on a reassessment by management in the current year, when measuring the fair value of the GLM Consideration Shares, in accordance with HKFRS 13 *Fair Value Measurement*, the quoted market price in an active market held by another party as an asset should be used, if that price is available. When any factors specific to the asset that are not applicable to the fair value measurement of the equity instruments are present, an entity may adjust the quoted price but such adjustment shall not reflect the effect of a restriction preventing the sale of that asset. Furthermore, the Lock-up Restriction was included as part of the terms and conditions of the GLM SPAs and imposed through the GLM SPAs on the respective vendors, and applied only to those parties that entered into the GLM SPAs. Management considers that, instead of being an attribute of the GLM Consideration Shares, the Lock-up Restriction represents an entity-specific restriction attributable to the respective vendors and, therefore, should not be considered and included as a separate input or an adjustment to other inputs in the fair value measurement of the GLM Consideration Shares.

Accordingly, certain prior year adjustments have been made and certain comparative information has been restated to reflect the exclusion of any input or any adjustment thereof in the fair value measurement of the GLM Consideration Shares in respect of the Lock-up Restriction.

The effects of these prior year adjustments are summarised below.

Consolidated statement of financial position of the Group at 30 September 2017

	HK$'000
Increase in goodwill	156,232
Increase in non-current assets, total assets less current liabilities and net assets	156,232
Increase in share premium account	156,232
Increase in reserves and total equity	156,232

4. PRIOR YEAR ADJUSTMENTS *(continued)*

(i) Fair value measurement of consideration shares issued for the acquisition of certain equity interests in GLM *(continued)*

Statement of financial position of the Company at 30 September 2017

	HK$'000
Increase in investments in subsidiaries	156,232
Increase in non-current assets and net assets	156,232
Increase in share premium account	156,232
Increase in reserves and total equity	156,232

(ii) Unidentifiable goods and services received in connection with certain share-based payments

On 16 May 2016, the Group entered into a conditional sale and purchase agreement, as subsequently revised by several supplementary agreements, with a connected party, which is related to a key management personnel of the Group, (the "Seller") to acquire 60% equity interest in Power Boom International Limited (the "Power Boom Acquisition"). In connection with the Power Boom Acquisition, the Company issued and allotted 1,960,000,000 ordinary shares of the Company credited as fully paid to the Seller (the "Power Boom Consideration Shares" or the "Share-based Payment"). The directors of the Company are of the opinion that the Power Boom Acquisition is in substance a purchase of assets and assumption of liabilities. Further details of the above are included in note 34 to the financial statements.

The Power Boom Consideration Shares issued were previously measured by reference to the fair value of the identifiable net assets acquired at the completion date of the Power Boom Acquisition, which was less than the fair value of those shares if measured based on the quoted market price of those shares.

Based on a reassessment by management in the current year, given the fair value of the identifiable net assets acquired under the Power Boom Acquisition was less than the fair value of the Power Boom Consideration Shares issued, it is considered that under HKFRS 2 *Share-based Payment* other consideration (i.e., unidentifiable goods or services) had been received by the Group in connection with the Share-based Payment. The unidentifiable goods or services received (or to be received) were measured at the difference between the fair value of the Share-based Payment and the fair value of the identifiable net assets acquired in accordance with HKFRS 2 *Share-based Payment*. The Group measured the unidentifiable goods or services at the grant date.

Accordingly, certain prior year adjustments have been made and certain comparative information has been restated to reflect the unidentifiable goods or services received in connection with the Share-based Payment in accordance with HKFRS 2.

4. PRIOR YEAR ADJUSTMENTS *(continued)*

(ii) Unidentifiable goods and services received in connection with certain share-based payments *(continued)*

The effects of these prior year adjustments are summarised below.

Consolidated statement of profit or loss of the Group for the year ended 30 September 2017

	HK$'000
Increase in other expenses, net	610,020
Increase in loss before tax and loss for the year	610,020
Increase in loss for the year attributable to owners of the Company	610,020
Increase in basic and diluted loss per share attributable to ordinary equity holders of the Company	HK18.90 cents

Consolidated statement of comprehensive income of the Group for the year ended 30 September 2017

	HK$'000
Increase in loss for the year and total comprehensive loss for the year attributable to owners of the Company	610,020

Consolidated statement of financial position of the Group at 30 September 2017

	HK$'000
Increase in share premium account	610,020
Increase in accumulated losses*	(610,020)
Increase in reserves and total equity	–

Statement of financial position of the Company at 30 September 2017

	HK$'000
Increase in share premium account	610,020
Increase in accumulated losses*	(610,020)
Increase in reserves and total equity	–

* Arising from an increase in total comprehensive loss of the Group and the Company for the year ended 30 September 2017.

5. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has six reportable operating segments as follows:

(a) Electric vehicle segment — manufacturing and sales of electric vehicles and related components, and provision of engineering services;

(b) Jewellery products and watches segment — trading, retailing and wholesale of jewellery products and watches;

(c) Property investment segment — investments of properties;

(d) Mining segment — mining of gold resources;

(e) Money lending segment — provision of loan finance; and

(f) Securities investment segment — investments of listed securities.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's loss before tax except that bank interest income, finance costs, gain on disposal of subsidiaries, net, impairment of other receivables, equity-settled share-based payment expense and change in fair value of contingent consideration receivable as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude tax recoverable, cash and cash equivalents, a contingent consideration receivable, assets associated with a disposal group classified as held for sale and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities, certain interest-bearing bank borrowings, liabilities associated with a disposal group classified as held for sale and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Year ended 30 September 2018/At 30 September 2018

	Electric vehicle HK$'000	Jewellery products and watches HK$'000	Property investment HK$'000	Mining HK$'000	Money lending HK$'000	Securities investment HK$'000	Total HK$'000
Segment revenue:							
Revenues from external customers/ investments	7,609	603,525	34,280	–	71,609	–	717,023
Segment results	(32,493)	8,302	8,890	(4,733)	35,262	(7,442)	7,786
Reconciliation							
Bank interest income							940
Gain on disposal of subsidiaries, net							1,521
Corporate and other unallocated expenses							(113,769)
Finance costs							(5,585)
Loss before tax							(109,107)

5. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 30 September 2018/At 30 September 2018 *(continued)*

	Electric vehicle HK$'000	Jewellery products and watches HK$'000	Property investment HK$'000	Mining HK$'000	Money lending HK$'000	Securities investment HK$'000	Total HK$'000
Segment assets	2,328,908	326,366	452,291	37,165	955,400	3,547	4,103,677
Reconciliation							
Corporate and other unallocated assets							394,139
Total assets							4,497,816
Segment liabilities	59,283	211,566	46,019	3	2,659	–	319,530
Reconciliation							
Corporate and other unallocated liabilities							143,047
Total liabilities							462,577
Other segment information:							
Capital expenditure*	14,653	839	956	–	1,416	–	17,864
Interests in associates	19,889	5,995	–	–	–	–	25,884
Share of losses of associates	2,921	382	–	–	–	–	3,303
Write-down of inventories to net realisable value	749	16,156	–	–	–	–	16,905
Amortisation of other intangible asset	–	20,538	–	–	–	–	20,538
Impairment of other intangible asset	–	–	–	3,718	–	–	3,718
Impairment of accounts receivable	–	469	–	–	–	–	469
Fair value gain on investment properties	–	–	2,063	–	–	–	2,063
Depreciation	2,385	632	36	–	1,903	–	4,956
Loss on disposal of items of property, plant and equipment, net^	–	81	–	–	–	–	81
Fair value losses/(gains) on financial assets at fair value through profit or loss, net	(81,303)	–	–	–	–	7,442	(73,861)

* Capital expenditure consists of additions to property, plant and equipment, investment properties and deposits paid for purchases of items of property, plant and equipment. Additions to property, plant and equipment and deposits paid for purchases of items of property, plant and equipment amounting to HK$135,000 and HK$2,415,000, respectively, are included in corporate and unallocated assets above.

^ Loss on disposal of items of property, plant and equipment amounting to HK$111,000 is included in "Corporate and unallocated expenses" above.

5. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 30 September 2017/at 30 September 2017

	Electric vehicle HK$'000	Jewellery products and watches HK$'000	Property investment HK$'000	Mining HK$'000	Money lending HK$'000	Securities investment HK$'000	Total HK$'000
Segment revenue:							
Revenues from external customers/ investments	–	441,757	30,308	–	62,178	11,290	545,533
Segment results	–	49,177	(38,946)	(55,342)	49,733	(6,345)	(1,723)
Reconciliation							
Bank interest income							556
Corporate and other unallocated expenses (as restated)							(715,650)
Gain on disposal of subsidiaries, net							18,655
Finance costs							(4,118)
Loss before tax (as restated)							(702,280)
Segment assets (as restated)	1,523,489	562,599	465,045	42,017	662,336	25,362	3,280,848
Reconciliation							
Corporate and other unallocated assets							302,714
Assets associated with a disposal group classified as held for sale							1,300,351
Total assets (as restated)							4,883,913
Segment liabilities	61,563	152,916	48,767	3	21	–	263,270
Reconciliation							
Corporate and other unallocated liabilities							224,813
Liabilities associated with a disposal group classified as held for sale							66
Total liabilities							488,149

5. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 30 September 2017/at 30 September 2017 *(continued)*

	Electric vehicle HK$'000	Jewellery products and watches HK$'000	Property investment HK$'000	Mining HK$'000	Money lending HK$'000	Securities investment HK$'000	Total HK$'000
Other segment information:							
Capital expenditure*	49,465	62,630	404,579	–	9,019	–	525,693
Interest in an associate	–	5,863	–	–	–	–	5,863
Share of loss of an associate	–	225	–	–	–	–	225
Write-down of inventories to net realisable value	–	7,807	–	–	–	–	7,807
Impairment made/(reversal of impairment) on other intangible assets	–	(7,529)	–	54,595	–	–	47,066
Amortisation of other intangible assets	–	12,918	–	–	–	–	12,918
Fair value gains on investment properties	–	–	39,942	–	–	–	39,942
Depreciation#	–	1,785	580	–	235	–	2,600
Loss on disposal of items of property, plant and equipment	–	93	10	–	–	–	103
Impairment of goodwill	–	–	86,806	–	–	–	86,806
Fair value loss on financial assets at fair value through profit or loss, net	–	–	–	–	–	17,635	17,635

* Capital expenditure consists of additions to property, plant and equipment, investment properties and deposits paid for acquisition of properties, including assets from the acquisitions of subsidiaries. Additions to a property under development associated with a disposal group classified as held for sale at 30 September 2017 of HK$1,300,000,000 is included in "Assets associated with a disposal group classified as held for sale" above.

\# Depreciation of property, plant and equipment of HK$81,000 is included in "Corporate and other unallocated expenses" above.

5. OPERATING SEGMENT INFORMATION *(continued)*

Geographic information

(a) Revenues from external customers/investments

	2018 HK$'000	2017 HK$'000
Mainland China	383,533	291,796
Hong Kong	313,126	239,060
Others	20,364	14,677
	717,023	545,533

The revenue information above is based on the location of customers and the stock exchange in which the investments are listed.

(b) Non-current assets

	2018 HK$'000	2017 HK$'000 (Restated)
Mainland China	567,433	587,411
Hong Kong	39,447	38,965
Japan	1,516,979	1,501,135
Others	689	1,674
	2,124,548	2,129,185

The non-current asset information above is based on the location of the assets and excludes financial assets.

Information about major customers

Revenues from external customers each contributing 10% or more of the Group's total revenue are as follows:

	2018 HK$'000	2017 HK$'000
Customer A	182,917	66,702
Customer B	–	59,360

The above revenues are reported under the jewellery products and watches segment.

6. REVENUE, OTHER INCOME AND GAINS, NET

Revenue represents (i) the net invoiced value of goods sold, after allowances for returns and trade discounts, from sales of jewellery products and watches; (ii) the value of engineering services rendered and sales of electric vehicles; (iii) interest income from loan financing; (iv) rental income from investment properties; and (v) dividend income from listed equity investments.

An analysis of revenue, other income and gains, net is as follows:

	2018 HK$'000	2017 HK$'000
Revenue		
Sales of jewellery products and watches	603,525	441,757
Sales of electric vehicles	919	–
Provision of engineering services	6,690	–
Interest income from loan financing	71,609	62,178
Rental income from investment properties	34,280	30,308
Dividend income from listed equity investments	–	11,290
	717,023	545,533
Other income		
Bank interest income	940	556
Marketing subsidies	4,573	758
Repair and maintenance income	1,037	2,920
Others	2,911	1,960
	9,461	6,194
Gains, net		
Gain on disposal of subsidiaries, net	1,521	18,655
Fair value gains on financial assets at fair value through profit or loss, net	73,861	–
Fair value gains on investment properties	2,063	39,942
	77,445	58,597
	86,906	64,791

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2018 HK$'000	2017 HK$'000 (Restated)
Cost of inventories sold	477,899	307,638
Write-down of inventories to net realisable value	16,905	7,807
Depreciation	4,956	2,681
Minimum lease payments under operating leases	15,570	9,534
Contingent rents under operating leases	1,926	–
Auditors' remuneration	4,327	2,799
Amortisation of other intangible assets (note (ii))	20,538	12,918
Impairment of goodwill (note (ii))	–	86,806
Impairment of other intangible assets (note (ii))	3,718	47,066
Changes in fair value of contingent consideration receivable (note (ii))	1	39,177
Impairment of accounts receivable (note (ii))	469	–
Impairment of other receivables (note (ii))	–	6,307
Changes in fair value of investment properties	(2,063)	(39,442)
Fair value losses/(gains) on financial assets at fair value through profit or loss, net	(73,861)	17,635
Loss on disposal of items of property, plant and equipment, net	192	103
Write-off of items of property, plant and equipment	–	335
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	2,326	2,229
Employee benefit expense (including directors' remuneration (note 9)):		
Salaries, allowances, bonuses and other benefits	63,070	27,702
Equity-settled share option expense	105,051	19,179
Pension scheme contributions (defined contribution schemes) (note (i))	4,910	2,267
	173,031	49,148
Other equity-settled share-based payment expense (note (ii))	–	610,020
Foreign exchange differences, net	3,218	217

Notes:

(i) At 30 September 2018, the Group had no material forfeited contributions available to reduce its contributions to the pension schemes in future years (2017: Nil).

(ii) These items were included in 'Other expenses, net' on the face of the consolidated statement of profit or loss.

8. FINANCE COSTS

	2018 HK$'000	2017 HK$'000
Interest on interest-bearing bank borrowings	**5,585**	4,118

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Hong Kong Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Group	
	2018 HK$'000	2017 HK$'000
Fees	**573**	500
Other emoluments:		
Salaries, allowances and other benefits	**13,796**	3,691
Equity-settled share option expense	**49,205**	12,743
Pension scheme contributions	**75**	35
	63,076	16,469
	63,649	16,969

During the year, certain directors and chief executive were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details are set out in note 31 to the financial statements. The fair value of such options, which has been recognised in the consolidated statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(continued)*

(a) Independent non-executive directors

	Fees HK$'000	Equity-settled share option expense HK$'000	Total remuneration HK$'000
2018			
Mr. Peter Edward Jackson (note (i))	**88**	**–**	**88**
Mr. Teoh Chun Ming (note (ii))	**170**	**–**	**170**
Mr. Heung Chee Hang, Eric (note (ii))	**170**	**–**	**170**
Mr. Tam Ping Kuen, Daniel	**100**	**255**	**355**
Dr. Li Yifei (note (iii))	**15**	**–**	**15**
Dr. Zhu Zhengfu (note (iii))	**15**	**–**	**15**
	558	**255**	**813**

	Fees HK$'000	Equity-settled share option expense HK$'000	Total remuneration HK$'000
2017			
Mr. Tam Ping Kuen, Daniel	100	429	529
Dr. Li Yifei (note (iii))	100	429	529
Dr. Zhu Zhengfu (note (iii))	100	429	529
	300	1,287	1,587

Notes:

(i) Mr. Peter Edward Jackson was appointed as an independent non-executive director of the Company with effect from 23 April 2018.

(ii) Mr. Teoh Chun Ming and Mr. Heung Chee Hang, Eric were appointed as independent non-executive directors of the Company with effect from 24 November 2017.

(iii) Dr. Li Yifei and Dr. Zhu Zhengfu resigned as independent non-executive directors of the Company with effect from 24 November 2017.

Subsequent to the end of the reporting period, with effect from 17 December 2018, Mr. Heung Chee Hang, Eric resigned as an independent non-executive director of the Company.

There were no other emoluments payable to the independent non-executive directors during the year (2017: Nil).

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(continued)*

(b) Executive directors, the chief executive and non-executive directors

	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Pension scheme contributions HK$'000	Equity-settled share option expense HK$'000	Total remuneration HK$'000
2018					
Executive directors/ chief executive					
Mr. Ho King Fung, Eric (note (i))	–	3,300	18	–	3,318
Mr. Ho Chi Kit (note (ii))	–	4,400	18	48,695	53,113
Mr. Zhang Jinbing (note (iii))	–	807	3	–	810
Mr. Hiroyasu Koma (note (iv))	–	498	21	–	519
Mr. Wong Chi Ming, Jeffry (note (v))	–	–	–	–	–
	–	9,005	60	48,695	57,760
Non-executive directors					
Mr. Zhang Jinbing (note (iii))	–	4,791	15	255	5,061
Mr. Xiao Gang (note (vi))	15	–	–	–	15
	15	4,791	15	255	5,076
	15	13,796	75	48,950	62,836

	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Pension scheme contributions HK$'000	Equity-settled share option expense HK$'000	Total remuneration HK$'000
2017					
Executive directors/ chief executive					
Mr. Ho King Fung, Eric (note (i))	–	1,117	17	9,740	10,874
Mr. Zhang Jinbing	–	2,574	18	429	3,021
Mr. Wong Chi Ming, Jeffry	–	–	–	429	429
Mr. Yu Fei, Philip (note (vii))	100	–	–	429	529
	100	3,691	35	11,027	14,853
Non-executive director					
Mr. Xiao Gang	100	–	–	429	529
	200	3,691	35	11,456	15,382

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(continued)*

(b) Executive directors, the chief executive and non-executive directors *(continued)*

Notes:

(i) Mr. Ho King Fung, Eric was appointed as an executive director and a co-chairman of the Company with effect from 1 November 2016 and was redesignated from a co-chairman to the chairman of the Company with effect from 24 November 2017.

(ii) Mr. Ho Chi Kit was appointed as the chief executive officer of the Company with effect from 9 October 2017 and an executive director of the Company with effect from 24 November 2017.

(iii) Mr. Zhang Jinbing was redesignated from an executive director and the chairman of the Company to a non-executive director and a co-chairman of the Company with effect from 24 November 2017.

(iv) Mr. Hiroyasu Koma was appointed as an executive director of the Company with effect from 24 November 2017 and resigned as an executive director of the Company with effect from 23 April 2018.

(v) Mr. Wong Chi Ming, Jeffry resigned as the chief executive officer of the Company with effect from 9 October 2017 and an executive director of the Company with effect from 24 November 2017.

(vi) Mr. Xiao Gang resigned as a non-executive director of the Company with effect from 24 November 2017.

(vii) Mr. Yu Fei, Philip resigned as an executive director of the Company with effect from 30 September 2017.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

The above directors' and chief executive's remuneration only included remuneration during the tenure of each independent non-executive director, executive director, the chief executive and non-executive director of the Company.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three directors (2017: two directors), details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining two (2017: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2018	2017
	HK$'000	HK$'000
Salaries, allowances and other benefits	**1,715**	4,810
Equity-settled share option expense	**1,495**	2,104
Pension scheme contributions	**25**	52
	3,235	6,966

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2018	2017
HK$1,500,001 to HK$2,000,000	**2**	1
HK$2,000,001 to HK$2,500,000	**–**	1
HK$2,500,001 to HK$3,000,000	**–**	1
	2	3

During the year and in prior years, share options were granted to non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 31 to the financial statements. The fair value of such options, which has been recognised in the consolidated statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

11. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	2018 **HK$'000**	2017 HK$'000
Current:		
Hong Kong		
Charge for the year	**2,423**	1,801
Overprovision in prior years	**(10)**	(5)
Elsewhere		
Charge for the year	**2,619**	5,802
Underprovision in prior years	**–**	19
Deferred (note 29)	**(3,802)**	(4,552)
Total tax charge for the year	**1,230**	3,065

A reconciliation of the tax expense applicable to loss before tax at the statutory rate for the jurisdiction in which the Company's and certain of its subsidiaries' principal place of operations is located to the tax expense at the Group's effective tax rate is as follows:

	2018 **HK$'000**	2017 HK$'000 (Restated)
Loss before tax	**(109,107)**	(702,280)
Tax credit at Hong Kong statutory tax rate of 16.5% (2017: 16.5%)	**(18,003)**	(115,876)
Effect of different tax rates for or enacted by other jurisdictions/local authority	**2,440**	(423)
Adjustments in respect of current tax of previous periods	**(10)**	14
Losses attributable to associates	**545**	37
Income not subject to tax	**(22,279)**	(4,394)
Expenses not deductible for tax	**18,719**	127,811
Tax losses not recognised	**20,023**	–
Tax losses utilised from previous periods	**(1,283)**	(4,596)
Others	**1,078**	492
Tax charge at the Group's effective rate	**1,230**	3,065

The share of tax attributable to associates for the year ended 30 September 2017 amounting to HK$14,000 is included in "Share of losses of associates" in the consolidated statement of profit or loss.

12. DIVIDEND

The board of directors of the Company does not recommend the payment of any dividend in respect of the year (2017: Nil).

13. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 5,859,064,849 (2017: 3,228,589,000) in issue during the year.

The calculation of the diluted loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the Company, adjusted for the effect of dilutive potential ordinary shares arising from adjustment to the share of loss of an associate. The weighted average number of ordinary shares used in the calculation of the diluted loss per share amounts is the number of ordinary shares in issue during the year, as used in the basic loss per share calculation, as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

The calculations of basic and diluted loss per share are based on:

Loss

	2018 HK$'000	2017 HK$'000 (Restated)
Loss attributable to ordinary equity holders of the Company, used in the basic loss per share calculation	**(94,096)**	(700,128)
Effect of dilutive potential ordinary shares arising from adjustment to the share of loss of an associate	**(81,073)**	–
Loss attributable to ordinary equity holders of the Company, used in the diluted loss per share calculation	**(175,169)**	(700,128)

Shares

	Number of shares 2018	 2017
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	**5,859,064,849**	3,228,589,000

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold land HK$'000	Buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
30 September 2018								
At 30 September 2017 and at 1 October 2017:								
Cost	12,950	29,562	14,694	194	9,945	10,513	–	77,858
Accumulated depreciation	–	–	(9,633)	–	(952)	(4,030)	–	(14,615)
Net carrying amount	12,950	29,562	5,061	194	8,993	6,483	–	63,243
At 1 October 2017, net of accumulated depreciation	12,950	29,562	5,061	194	8,993	6,483	–	63,243
Additions	–	–	1,543	–	1,226	670	13,630	17,069
Depreciation provided during the year	–	(684)	(993)	(90)	(2,310)	(879)	–	(4,956)
Disposals	–	–	–	–	–	(2,293)	–	(2,293)
Exchange realignment	32	96	(452)	3	(45)	(141)	(405)	(912)
At 30 September 2018, net of accumulated depreciation	12,982	28,974	5,159	107	7,864	3,840	13,225	72,151
At 30 September 2018:								
Cost	12,982	29,638	15,532	195	11,120	4,797	13,225	87,489
Accumulated depreciation	–	(664)	(10,373)	(88)	(3,256)	(957)	–	(15,338)
Net carrying amount	12,982	28,974	5,159	107	7,864	3,840	13,225	72,151

14. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Freehold land HK$'000	Buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
30 September 2017							
At 1 October 2016:							
Cost	–	–	9,765	–	1,085	5,934	16,784
Accumulated depreciation	–	–	(8,344)	–	(351)	(3,246)	(11,941)
Net carrying amount	–	–	1,421	–	734	2,688	4,843
At 1 October 2016, net of accumulated depreciation	–	–	1,421	–	734	2,688	4,843
Additions	–	–	4,812	–	4,934	773	10,519
Acquisition of subsidiaries	12,950	29,562	7	194	3,983	4,247	50,943
Depreciation provided during the year	–	–	(1,177)	–	(562)	(942)	(2,681)
Write-off/disposals	–	–	–	–	(1)	(437)	(438)
Exchange realignment	–	–	(2)	–	(95)	154	57
At 30 September 2017, net of accumulated depreciation	12,950	29,562	5,061	194	8,993	6,483	63,243
At 30 September 2017:							
Cost	12,950	29,562	14,694	194	9,945	10,513	77,858
Accumulated depreciation	–	–	(9,633)	–	(952)	(4,030)	(14,615)
Net carrying amount	12,950	29,562	5,061	194	8,993	6,483	63,243

The freehold land with a carrying amount of approximately HK$12,982,000 at 30 September 2018 (2017: HK$12,950,000) is situated in Japan.

At 30 September 2018, the Group's freehold land and buildings with an aggregate net carrying amount of approximately HK$41,956,000 (2017: HK$42,512,000) were pledged to secure certain long term bank loans granted to the Group (note 28).

15. INVESTMENT PROPERTIES

	2018 HK$'000	2017 HK$'000
Carrying amount at beginning of year	**452,822**	–
Additions from acquisition of subsidiaries (note 33(ii))	**–**	400,196
Additions during the year	**930**	2,847
Net gain from a fair value adjustment	**2,063**	39,942
Exchange realignment	**(14,438)**	9,837
Carrying amount at end of year	**441,377**	452,822

The Group's investment properties consist of three (2017: three) properties in Mainland China. The directors of the Company have determined that the investment properties consist of one class of asset, i.e., commercial/industrial, based on the nature, characteristics and risks of each property. The Group's investment properties were revalued on 30 September 2018 based on valuations performed by Grant Sherman Appraisal Limited, independent professionally qualified valuers, at HK$441,377,000. Each year, the Group's management decides to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has discussions with the valuer on the valuation assumptions and valuation results once a year when the valuation is performed for annual financial reporting.

At 30 September 2017, the Group's investment properties with a carrying amount of HK$114,263,000 were pledged to secure certain banking facilities granted to the Group (note 28).

Certain of the investment properties are leased to third parties under operating leases, further summary details of which are included in note 40 to the financial statements.

At the date of approval of these financial statements, the Group had not yet obtained the building ownership certificates of certain investment properties with a carrying value of RMB97,200,000 (equivalent to approximately HK$110,657,000) at 30 September 2018 (2017: RMB97,200,000 (equivalent to approximately HK$114,263,000)). The Group continues to possess these properties without objection from the relevant authorities. In the opinion of the directors of the Company, the risk of the relevant government authorities confiscating these properties is relatively low.

15. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 30 September 2018 using			
	Quoted prices in active markets (Level 1) HK$'000	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Recurring fair value measurement for:				
Commercial/industrial properties	**–**	**–**	**441,377**	**441,377**

	Fair value measurement as at 30 September 2017 using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Recurring fair value measurement for:				
Commercial/industrial properties	–	–	452,822	452,822

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2017: Nil).

15. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy *(continued)*

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Commercial/ Industrial properties HK$'000
Carrying amount at 1 October 2016	–
Additions from acquisition of subsidiaries	400,196
Additions during the year	2,847
Net gain from a fair value adjustment recognised in profit or loss	39,942
Exchange realignment	9,837
Carrying amount at 30 September 2017 and 1 October 2017	**452,822**
Additions during the year	**930**
Net gain from a fair value adjustment recognised in profit or loss	**2,063**
Exchange realignment	**(14,438)**
Carrying amount at 30 September 2018	**441,377**

Below is a summary of the valuation technique used and the key input to the valuation of investment properties:

	Valuation technique	Significant unobservable input	Range 2018	Range 2017
Commercial/industrial properties	Market comparison method	Estimated price per square meter	**RMB3,100 – RMB13,300**	RMB3,000 – RMB10,500

Under the market comparison approach, fair value is estimated with reference to recent transactions for similar properties in the proximity with adjustments for the differences in transaction dates, floor area, etc. between the comparable properties and the subject properties.

A significant increase/(decrease) in the estimated price per square meter in isolation would result in a significant increase/(decrease) in the fair value of the investment properties. The valuations take into account the characteristics of the properties which included the location, size and other factors collectively.

16. GOODWILL

	HK$'000
At 1 October 2016:	
Cost	605,135
Accumulated impairment	(575,580)
Net carrying amount	29,555
Cost at 1 October 2016, net of accumulated impairment	29,555
Acquisitions of subsidiaries (restated) (note 33)	1,538,476
Impairment during the year	(86,806)
At 30 September 2017 (restated)	1,481,225
At 30 September 2017 and at 1 October 2017:	
Cost (restated)	2,143,611
Accumulated impairment	(662,386)
Net carrying amount (restated)	1,481,225
Cost at 1 October 2017, net of accumulated impairment	
As previously reported	**1,324,993**
Prior year adjustment (note 4)	**156,232**
As restated	**1,481,225**
Exchange realignment	**3,868**
At 30 September 2018	**1,485,093**
At 30 September 2018:	
Cost	**2,147,479**
Accumulated impairment	**(662,386)**
Net carrying amount	**1,485,093**

16. GOODWILL *(continued)*

Impairment testing of goodwill

Goodwill acquired through business combinations are allocated to the following cash-generating units ("CGUs"), which are separate business operations, for annual impairment testing:

- Electric vehicle CGU
- Jewellery products and watches CGU
- Property investment CGU

The carrying amounts of goodwill are as follows:

	2018 **HK$'000**	2017 HK$'000 (Restated)
Electric vehicle CGU	**1,455,538**	1,451,670
Jewellery products and watches CGU	**29,555**	29,555
Property investment CGU	**–**	–
	1,485,093	1,481,225

Electric vehicle CGU

The recoverable amount of the electric vehicle CGU has been determined based on fair value less costs of disposal. The fair value of the CGU is determined using company transactions method under the market approach, with the assistance from certain independent professionally qualified valuers. Under this method, fair value is estimated with reference to applicable transaction price of the underlying entity's equity instrument. The fair value measurement of the CGU falls within Level 3 of the fair value measurement hierarchy. During the year, there were no transfers into or out of Level 3. A significant decline in the applicable transaction prices on which the recoverable amount is based, would cause the electric vehicle CGU's carrying amount to exceed its recoverable amount.

16. GOODWILL *(continued)*

Impairment testing of goodwill *(continued)*

Jewellery products and watches CGU

The recoverable amounts of the jewellery products and watches CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by management. The discount rate applied to the cash flow projections is 20.0% (2017: 27.2%). The growth rate used to extrapolate the cash flows of the jewellery products and watches CGU is 3% (2017: 3%).

Assumptions were used in the value in use calculation of the jewellery products and watches CGU for 30 September 2018 and 30 September 2017. The following describes each key assumption on which management has based its cash flow projections, with the assistance of certain independent professionally qualified valuers, to undertake impairment testing of goodwill:

Budgeted revenue — The basis used to determine the value assigned to the budgeted revenue is the revenue achieved in the year immediately before the budget year, adjusted for expected economic conditions and market development.

Discount rate — The discount rate used is before tax and reflect specific risks relating to the CGU.

Property investment CGU

The recoverable amount of the property investment CGU has been determined based on fair value less costs of disposal. The fair value of the CGU was determined using certain valuation model under the market approach, with the assistance from certain independent professionally qualified valuers. The fair value measurement of the property investment CGU at 30 September 2017 falls within Level 3 of the fair value measurement hierarchy and there were no transfers into or out of Level 3 during the prior year. The recoverable amount of the property investment CGU at 30 September 2017 determined using the above basis , which mainly reflected the market value of the underlying properties, amounted to HK$453,601,000, which was lower than the carrying amount. Accordingly, an impairment loss of HK$86,806,000 was recognised in the consolidated statement of profit or loss for the year ended 30 September 2017.

17. OTHER INTANGIBLE ASSETS

	Mining rights HK$'000 (note (i))	Distribution rights HK$'000 (note (ii))	Total HK$'000
30 September 2018			
Cost at 1 October 2017, net of accumulated amortisation and impairment	**41,168**	**23,676**	**64,844**
Amortisation provided during the year	**–**	**(20,538)**	**(20,538)**
Impairment made during the year	**(3,718)**	**–**	**(3,718)**
Exchange realignment	**(1,117)**	**–**	**(1,117)**
At 30 September 2018	**36,333**	**3,138**	**39,471**
At 30 September 2018:			
Cost	**316,818**	**123,953**	**440,771**
Accumulated amortisation and impairment	**(280,485)**	**(120,815)**	**(401,300)**
Net carrying amount	**36,333**	**3,138**	**39,471**
30 September 2017			
At 1 October 2016:			
Cost	322,983	123,302	446,285
Accumulated amortisation and impairment	(226,929)	(94,237)	(321,166)
Net carrying amount	96,054	29,065	125,119
Cost at 1 October 2016, net of accumulated amortisation and impairment	96,054	29,065	125,119
Amortisation provided during the year	–	(12,918)	(12,918)
Reversal of impairment/(impairment) during the year	(54,595)	7,529	(47,066)
Exchange realignment	(291)	–	(291)
At 30 September 2017	41,168	23,676	64,844
At 30 September 2017 and 1 October 2017:			
Cost	327,143	123,953	451,096
Accumulated amortisation and impairment	(285,975)	(100,277)	(386,252)
Net carrying amount	41,168	23,676	64,844

17. OTHER INTANGIBLE ASSETS *(continued)*

Notes:

(i) The mining rights with indefinite useful live is subject to annual impairment testing. The recoverable amount of the mining rights has been determined based on fair value less costs of disposal of the underlying mineral asset. The fair value of the mining rights is determined using comparable transactions method under the market approach with reference to the transaction prices of comparable completed market transactions, subject to certain adjustments, including adjustment to reflect changes in the price of gold, with the assistance from certain independent professionally qualified valuers. The fair value measurement of the mining rights falls within Level 3 of the fair value measurement hierarchy. During the year, there were no transfers into or out of Level 3.

A significant decline in the comparable transaction prices selected and the price of gold, on which the recoverable amount is based, would cause the mining rights' carrying amount to exceed its recoverable amount.

Based on an annual impairment testing, the recoverable amount of the mining rights at 30 September 2018 determined using the above basis amounted to HK$36,333,000 (2017: HK$41,168,000), which was lower than the carrying amount. Accordingly, an impairment loss of HK$3,718,000 (2017: HK$54,595,000) was recognised in the consolidated profit or loss for the year.

(ii) The distribution rights were acquired as part of a business combination in prior years relating to certain exclusive rights in connection with certain luxury brand products in accordance with a distribution agreement. During the prior year, due to an increase in management's expected future income stream arising from the distribution rights in anticipation of an increase in demand for luxury goods, an assessment was made at 30 September 2017 as to whether there was an indication that previously recognised impairment losses might no longer exist or might have decreased. For the purpose of the assessment, the recoverable amount of the distribution rights was determined based on Multiperiod Excess Earnings Method ("MPEEM") under the income approach using expected cash flow projections based on financial budgets approved by management covering the period up to the expiry of the distribution agreement, with the assistance of certain independent professionally qualified valuers. The recoverable amount of the distribution rights at 30 September 2017 determined using the above basis was HK$23,676,000, which was higher than the carrying amount. Accordingly, a reversal of impairment of HK$7,529,000 was recognised for the year ended 30 September 2017.

Key assumptions used in the determination of the recoverable amounts of the distribution rights at 30 September 2017 are discounted rate, growth rate and budgeted revenue. The discount rate of 18.5% used reflects the specific risk relating to the asset. Budgeted revenue has been based on past experience and future expectations in the light of anticipated economic and market conditions.

18. INTERESTS IN ASSOCIATES

	2018 **HK$'000**	2017 HK$'000
Share of net assets/(liabilities)	**(16,085)***	5,863
Goodwill on acquisition	**41,969***	–
	25,884	5,863

* During the year, the Group acquired 7.9% of the issued ordinary shares of EV Power Holding Limited ("EV Power") (the "EV Power Ordinary Share Investment"). Based on the proportion of voting rights held by the Group as further detailed below, the Group considers it is in a position to exercise signification influence over EV Power and, accordingly, has accounted for the EV Power Ordinary Share Investment as an investment in an associate.

As the initial accounting for the Group's proportionate share of EV Power's identifiable net assets and corresponding goodwill arising from the acquisition under the equity method has not been completed by the end of the current year, while the Group is finalising the acquisition date fair value measurement of the underlying identifiable assets and liabilities, the Group has accounted for the EV Power Ordinary Share Investment, including goodwill on acquisition, in these financial statements using provisional amounts.

18. INTERESTS IN ASSOCIATES *(continued)*

Particulars of the associates are as follows:

Name	Place of incorporation and business	Particulars of issued shares held	Percentage of Ownership interest 2018 Indirect	Percentage of Ownership interest 2017 Indirect	Percentage of Voting power 2018	Percentage of Voting power 2017	Principal activities
Sun King Watch Limited (新景鐘錶行有限公司)	Macau	Ordinary shares	**50**	50	**50**	50	Retail of watches
EV Power Holding Limited	BVI/ Hong Kong	Ordinary shares	**7.9***	–	**27****	–	Provision of electronic vehicle charging solutions

The statutory financial statements of the above associates are not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

* This reflects only the ownership interest based on the EV Power Ordinary Share Investment.

** During the year, the Group also acquired certain preferred shares of EV Power, which have been accounted for as financial assets at fair value through profit or loss (note 19). The percentage of voting power as shown above has reflected the total voting rights currently held by the Group attributable to its investments in ordinary shares and preferred shares of EV Power.

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2018 HK$'000	2017 HK$'000
Share of the associates' losses for the year	**(3,303)**	(225)
Share of the associates' other comprehensive loss	**(830)**	–
Share of the associates total comprehensive loss	**(4,133)**	(225)
Aggregate carrying amount of the Group's interests in the associates	**25,884**	5,863

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018 HK$'000	2017 HK$'000
Non-current assets		
Unlisted investments, at fair value	**780,488**	–
Current assets		
Listed equity investments, at market value	**3,547**	25,362

The above unlisted investments comprised of:

(i) Investment in Divergent Technologies Inc. ("Divergent") in the aggregate amount of HK$478,568,000 (2017: Nil), including preferred shares of Divergent and an investment right to subscribe 2,271,436 Series B-1 preferred shares of Divergent at a subscription price of US$17.61 per share, which is exercisable at any time on or before 31 December 2019.

(ii) Investment in EV Power in the aggregate amount of HK$301,920,000 (2017: Nil), including preferred shares of EV Power and a call option to acquire additional ordinary shares of EV Power at nil consideration, which was granted by a shareholder of EV Power and is exercisable within 60 days after the issuance of the audited financial statements of EV Power for the year ending 31 December 2020, in the event that the annual earnings before interest, tax, deduction and amortisation of EV Power for the year ending 31 December 2020 is less than RMB450 million.

In the opinion of the directors, certain of the above unlisted investments were designated, upon initial recognition, as financial assets at fair value through profit or loss as the contract contains one or more embedded derivatives. The Group does not intend to dispose of them in the near future.

The above listed equity investments as at 30 September 2018 and 2017 were classified as held for trading.

20. LOANS RECEIVABLE

	2018 HK$'000	2017 HK$'000
Loans receivable from money lending business	948,920	657,364
Less: Portion classified as non-current assets	(2,049)	(387,097)
Portion classified as current assets	946,871	270,267

The Group seeks to maintain strict control over its outstanding loans receivable so as to minimise credit risk. The granting of loans is subject to approval by management, whilst overdue balances are reviewed regularly for recoverability.

Loans receivable of the Group bear interest at rates ranging from 5% to 15.6% (2017: 8% to 15.6%) per annum. At 30 September 2018, certain loans receivable with aggregate carrying amounts of HK$171,056,000 (2017: HK$75,833,000) and HK$317,600,000 (2017: HK$230,789,000) were secured by the pledge of assets and with personal guarantees provided by certain independent third parties, respectively.

The loans receivable as at 30 September 2018 and 2017, based on the payment due date, were neither past due nor impaired and related to a number of borrowers for whom there was no recent history of default.

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2018 HK$'000	2017 HK$'000
Deposits	10,707	5,431
Deposits paid for purchases of items of property, plant and equipment	2,415	–
Deposit paid for acquisition of properties	58,157	61,188
Prepayments and other receivables	25,408	32,101
Due from an associate	1,455	–
Due from a deconsolidated subsidiary	–	6,307
	98,142	105,027
Impairment	(512)	(6,836)
	97,630	98,191
Less: Portion classified as non-current assets	(63,817)	(62,613)
Portion classified as current assets	33,813	35,578

The amount due from an associate is unsecured, interest-free and has no fixed terms of repayment.

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(continued)*

The movements in provision for impairment are as follows:

	2018 HK$'000	2017 HK$'000
At beginning of year	**6,836**	522
Impairment losses recognised (note 7)	**–**	6,307
Amount written off as uncollectible	**(6,307)**	–
Exchange realignment	**(17)**	7
At 30 September	**512**	6,836

Included in the above provision for impairment is a provision for individually impaired receivables of HK$512,000 (2017: HK$6,836,000) with a carrying amount before provision of HK$512,000 (2017: HK$6,836,000) and the receivables are not expected to be recovered.

22. INVENTORIES

	2018 HK$'000	2017 HK$'000
Electric vehicles and related materials	**5,034**	7,483
Jewellery products and watches	**215,939**	327,458
	220,973	334,941

23. ACCOUNTS RECEIVABLE

	2018 HK$'000	2017 HK$'000
Accounts receivable	**56,756**	98,327
Impairment	**(1,140)**	(715)
	55,616	97,612

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance may be required. The credit period is generally one month, extending up to three months or more for certain customers. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its accounts receivable balances. Accounts receivable are non-interest-bearing.

23. ACCOUNTS RECEIVABLE *(continued)*

An ageing analysis of the accounts receivable as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	2018 **HK$'000**	2017 HK$'000
Within 30 days	**43,801**	45,669
31 to 60 days	**5,626**	21,321
61 to 90 days	**2,321**	294
Over 90 days	**3,868**	30,328
	55,616	97,612

The movements in provision for impairment of accounts receivable are as follows:

	2018 **HK$'000**	2017 HK$'000
At beginning of year	**715**	706
Impairment losses recognised	**469**	–
Exchange realignment	**(44)**	9
At 30 September	**1,140**	715

Included in the above provision for impairment of accounts receivable is a provision for individually impaired accounts receivable of HK$1,140,000 (2017: HK$715,000) with a carrying amount before provision of HK$1,140,000 (2017: HK$715,000).

The individually impaired accounts receivable relate to customers that were in financial difficulties or were in default in payment and none of the receivables is expected to be recovered.

23. ACCOUNTS RECEIVABLE *(continued)*

The ageing analysis of the accounts receivable that are not individually nor collectively considered to be impaired is as follows:

	2018 **HK$'000**	2017 HK$'000
Neither past due nor impaired	**38,460**	65,242
Less than 1 month past due	**10,720**	5,838
1 to 3 months past due	**6,200**	17,932
Over 3 months past due	**236**	8,600
	55,616	97,612

Receivables that were neither past due nor impaired relate to a number of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

24. CONTINGENT CONSIDERATION RECEIVABLE

	2018 **HK$'000**	2017 HK$'000
At fair value:		
Carrying amount at beginning of year	**1**	39,178
Fair value loss recognised during the year	**(1)**	(39,177)
Carrying amount at 30 September	**–**	1

On 18 December 2014, the Group acquired 100% equity interest in Sinoforce Group Limited ("Sinoforce Group"). As part of the sale and purchase agreement, contingent consideration is receivable, which is related to the profit guarantee of HK$69 million granted by the vendor of Sinforce Group and Mr. Zhang Jinbing, a director of the Company, and dependent on the amount of total consolidated net profit of Sinoforce Group and its subsidiaries for the three years ended 31 December 2015, 2016 and 2017.

The carrying amount as at 30 September 2017, included in level 3 of the fair value hierarchy, was valued using Monte Carlo simulation.

25. CASH AND CASH EQUIVALENTS

	2018 HK$'000	2017 HK$'000
Cash and bank balances	**326,221**	302,094

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to approximately HK$117,613,000 (2017: HK$141,713,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

26. ACCOUNTS PAYABLE

An ageing analysis of the accounts payable as at the end of the reporting period, based on the invoice date, is as follows:

	2018 HK$'000	2017 HK$'000
Within 30 days	**54,404**	57,361
31 to 60 days	**24,031**	7,078
61 to 90 days	**26,748**	345
Over 90 days	**7,230**	1,466
	112,413	66,250

The accounts payable are non-interest-bearing and are normally settled on terms ranging from 30 to 120 days.

27. OTHER PAYABLES AND ACCRUALS

	2018 HK$'000	2017 HK$'000
Other payables	**74,455**	73,077
Accruals	**16,568**	17,842
Due to a former shareholder of a subsidiary	**4,574**	4,723
Receipts in advance	**81,496**	73,141
	177,093	168,783

Other payables are non-interest-bearing and generally have an average term of 30 days.

28. INTEREST-BEARING BANK BORROWINGS

	2018			2017		
	Contractual interest rate (%)	**Maturity**	**HK$'000**	Contractual interest rate (%)	Maturity	HK$'000
Current						
Bank loans — unsecured	PBC[1]+1.355% to 1.79%	2019	39,846	PBC[1]+1.355% to 1.79%	2018	99,950
Bank loans — secured	–	–	–	7.5%	2018	5,850
			39,846			105,800
Non-current						
Bank loans — unsecured	0.4% to 5.65%	2020	13,775	0.4% to 5.65%	2020	13,734
Bank loans — secured	PRIME[2]–2.1%	2036	20,663	PRIME[2]–2.1%	2036	20,602
			34,438			34,336
			74,284			140,136

Analysed into:	**2018 HK$'000**	2017 HK$'000
Bank loans repayable:		
Within one year	39,846	105,800
In the second year	13,775	–
In the third to fifth years, inclusive	–	13,734
Beyond five years	20,663	20,602
	74,284	140,136

1 People's Bank of China's Benchmark Lending Rate ("PBC")
2 Japan prime lending rate ("PRIME")

Notes:

(a) Certain of the Group's bank loans are secured by:

(i) the pledge of certain of the Group's investment properties of Nil (2017: HK$114,263,000) (note 15).

(ii) mortgages over the Group's land and buildings with an aggregate net carrying amount at 30 September 2018 of approximately HK$41,956,000 (2017: HK$42,512,000) (note 14).

(b) The Group's bank borrowings at 30 September 2018 of approximately HK$39,846,000 (2017: HK$105,800,000) and HK$34,438,000 (2017: HK$34,336,000) are denominated in RMB and Japanese Yen, respectively.

29. DEFERRED TAX LIABILITIES

The movements in deferred tax liabilities during the year are as follows:

	Other intangible assets HK$'000	Property, plant and equipment HK$'000	Investment properties HK$'000	Total HK$'000
At 1 October 2016	28,644	–	–	28,644
Acquisitions of subsidiaries (notes 33(i) and (ii))	–	2,179	77,063	79,242
Deferred tax charged/(credited) to profit or loss during the year (note 11)	(14,537)	–	9,985	(4,552)
Exchange realignment	(75)	–	1,699	1,624
At 30 September 2017 and 1 October 2017	14,032	2,179	88,747	104,958
Deferred tax charged/(credited) to profit or loss during the year (note 11)	**(4,242)**	**(76)**	**516**	**(3,802)**
Exchange realignment	**(274)**	**7**	**(2,827)**	**(3,094)**
At 30 September 2018	**9,516**	**2,110**	**86,436**	**98,062**

At 30 September 2018, the Group had tax losses arising in Japan of HK$316,882,000 (2017: HK$81,281,000) that are available for offsetting against future taxable profit of a subsidiary in Japan, in which the losses arose. As at 30 September 2017, the Group had tax losses arising in Hong Kong of HK$7,778,000 that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these tax losses as they have arisen in subsidiaries that have been loss-making for some time and/or it is currently not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries in Mainland China in respect of earnings generated from 1 January 2008.

At 30 September 2018, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised amounted to approximately HK$6,077,000 (2017: HK$5,070,000).

30. ISSUED CAPITAL

Shares

	2018 **HK$'000**	2017 HK$'000
Authorised: 10,000,000,000 ordinary shares of HK$0.1 each	**1,000,000**	1,000,000
Issued and fully paid: 5,917,885,386 (2017: 5,661,941,386) ordinary shares of HK$0.1 each	**591,788**	566,194

A summary of movements in the Company's issued share capital is as follows:

	Number of ordinary shares in issue '000	**Issued capital** HK$'000
At 1 October 2016	2,451,771	245,177
Issue of subscription shares (note (ii))	570,732	57,073
Issue of shares for acquisition of a subsidiary (note (ii))	670,919	67,092
Issue of shares for acquisition of a subsidiary and certain equity-settled share-based payment arrangement (note (iii))	1,960,000	196,000
Share options exercised (note (iv))	8,520	852
At 30 September 2017 and at 1 October 2017	5,661,942	566,194
Issue of subscription shares (note (v))	250,904	25,090
Share options exercised (note (vi))	5,040	504
At 30 September 2018	5,917,886	591,788

Notes:

(i) On 29 September 2017, 570,731,706 ordinary shares of the Company of HK$0.1 each were alloted and issued at a subscription price of HK$0.82 per share to certain subscribers for a total cash consideration, before expenses, of HK$468,000,000.

(ii) On 29 September 2017, the Company allotted and issued 670,918,575 additional ordinary shares of the Company for the acquisition of a subsidiary as further detailed in note 33(i) to the financial statements.

(iii) On 11 May 2017, the Company allotted and issued 1,960,000,000 additional ordinary shares of the Company for the acquisition of a subsidiary and certain equity-settled share-based payment arrangement as further detailed in note 34 to the financial statements.

(iv) The subscription rights attaching to 8,520,000 share options of the Company were exercised at the subscription price of HK$0.65 per share, resulting in the issue of 8,520,000 shares of the Company for a total cash consideration, before expenses, of HK$5,538,000. An amount of HK$3,140,000 was transferred from the share option reserve to share premium account upon the exercise of the share options.

(v) On 19 December 2017, 250,904,000 ordinary shares of the Company of HK$0.1 each were alloted and issued at a subscription price of HK$1.50 per share to certain subscribers for a total cash consideration, before expenses, of HK$376,356,000.

(vi) The subscription rights attaching to 5,040,000 share options of the Company were exercised at the subscription price of HK$0.65 per share, resulting in the issue of 504,000 shares of the Company for a total cash consideration, before expenses, of HK$3,276,000. An amount of HK$1,981,000 was transferred from the share option reserve to share premium account upon the exercise of the share options.

31. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants (including, inter alia, employees, directors, advisors and consultants) who contribute to the success of the Group's operations. The Share Option Scheme became effective on 1 March 2013 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

Certain details of the Share Option Scheme:

(a) The maximum number of shares issuable upon exercise of the options which may be granted under the Share Option Scheme and any other share option scheme of the Group to each eligible participant within any 12-month period shall not exceed 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in advance in a general meeting;

(b) The exercise period of the share options granted is determinable by the directors, and commences after certain vesting period and ends on a date which is not later than 10 years from the date of the grant of the share options or other expiry date(s) stipulated in the Share Option Scheme, whichever is the earlier;

(c) The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK$1 by the grantee; and

(d) The exercise price of the share options is determinable by the directors but may not be less than the highest of (i) the closing price of the Company's shares as stated in The Stock Exchange of Hong Kong Limited (the "Stock Exchange") daily quotations sheet on the date of the offer of grant, which must be a trading day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the 5 trading days immediately preceding the date of the offer of the grant; and (iii) the nominal value of the Company's shares.

The following share options were outstanding under the Share Option Scheme during the year:

	2018		2017	
	Weighted average exercise price HK$ per share	**Number of options**	Weighted average exercise price HK$ per share	Number of options
At the beginning of the year	**0.73**	**60,140,272**	0.65	43,660,272
Granted during the year	**1.71**	**110,700,000**	0.85	25,000,000
Forfeited during the year	**0.93**	**(20,151,068)**	–	–
Exercised during the year	**0.65**	**(5,040,000)**	0.65	(8,520,000)
At the end of the year	**1.45**	**145,649,204**	0.73	60,140,272

The weighted average share price at the date of exercise for share options exercised during the year was HK$1.03 per share (2017: HK$1.05 per share).

31. SHARE OPTION SCHEME *(continued)*

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2018

Number of options	Exercise price* HK$ per share	Exercise period
56,484	0.65	19 July 2017 to 18 July 2026
19,200	0.65	19 July 2018 to 18 July 2026
4,957,842	0.65	19 July 2019 to 18 July 2026
4,957,839	0.65	19 July 2020 to 18 July 2026
4,957,839	0.65	19 July 2021 to 18 July 2026
25,000,000	0.85	6 April 2017 to 5 April 2027
50,000,000	1.635	9 October 2017 to 8 October 2027
4,000,000	1.688	16 October 2017 to 15 October 2027
50,000,000	1.782	13 March 2018 to 12 March 2028
1,700,000	1.776	3 April 2018 to 2 April 2028
145,649,204		

2017

Number of options	Exercise price* HK$ per share	Exercise period
212,054	0.65	19 July 2017 to 18 July 2026
8,732,054	0.65	19 July 2018 to 18 July 2026
8,732,054	0.65	19 July 2019 to 18 July 2026
8,732,054	0.65	19 July 2020 to 18 July 2026
8,732,056	0.65	19 July 2021 to 18 July 2026
25,000,000	0.85	6 April 2017 to 5 April 2027
60,140,272		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

The fair value of the share options granted during the year was HK$108,343,000 (HK$0.98 each) (2017: HK$11,844,000 (HK$0.47 each)). The Group recognised a share option expense of HK$105,051,000 (2017: HK$19,179,000) during the year ended 30 September 2018.

31. SHARE OPTION SCHEME *(continued)*

The fair value of equity-settled share options granted during the year was estimated as at the date of grant using binomial models, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the models used:

	2018	2017
Dividend yield (%)	**–**	–
Expected volatility (%)	**65.51–73.17**	75.58
Risk-free interest rate (%)	**2.03–2.64**	2.24
Expected life of options (years)	**10**	10
Weighted average share price (HK$ per share)	**1.45**	0.73

The expected life of the options is based on the historical exercise patterns and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

The 5,040,000 (2017: 8,520,000) share options exercised during the year resulted in the issue of 5,040,000 (2017: 8,520,000) ordinary shares of the Company and new issued capital of HK$504,000 (2017: HK$852,000 (before issue expenses)), as further detailed in note 30 to the financial statements.

At the end of the reporting period, the Company had 145,649,000 share options outstanding under the Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 145,649,000 additional ordinary shares of the Company and additional share capital of HK$14,565,000 and share premium of HK$197,023,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 145,649,000 share options outstanding under the Share Option Scheme, which represented approximately 2.3% of the Company's shares in issue as at that date.

32. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 65 to 66 of the financial statements.

(a) Share premium account

The share premium account of the Group includes: (i) the difference between the combined net asset value of the subsidiaries acquired pursuant to the group reorganisation on 12 August 2002 over the nominal value of the share capital of the Company issued in exchange therefor; (ii) the premium arising from the new issue; (iii) the premium arising from the capitalisation issue; and (iv) the premium arising from issue of shares upon exercise of share options scheme.

(b) Reserve funds

The reserve funds represent PRC statutory reserve funds. Appropriations to such reserve funds are made out of profit after tax of the statutory financial statements of the relevant subsidiaries of the Group established in the PRC which are restricted as to use and the amount should not be less than 10% of the profit after tax unless the aggregate amount exceeded 50% of registered capital of the relevant subsidiaries. The reserve funds can be used to make up prior years' losses of the relevant subsidiaries.

33. BUSINESS COMBINATIONS

During the year ended 30 September 2017, the Group had the following acquisitions of subsidiaries:

(i) Acquisition of GLM Co., Ltd. ("GLM")

On 7 July 2017, the Company entered into certain sale and purchase agreements with several independent third parties to acquire 85.5% of the issued share capital and all outstanding share options of GLM. The total purchase consideration was settled by the allotment and issue of 670,918,575 ordinary shares of the Company credited as fully paid and the payment in cash of JPY4,952,208,110 (equivalent to approximately HK$346,825,000). The acquisition was completed on 29 September 2017, which was also the acquisition date for accounting purpose. The fair value of the consideration shares of approximately HK$1,120,434,000 (as restated (note 4)) was determined by reference to the published closing price of the Company's ordinary shares of HK$1.67 per share at the completion date. GLM is principally engaged in the development, manufacturing and sale of electric vehicles, and the provision of electric vehicles engineering solution. The acquisition was made as part of the Group's strategy to expand into and develop its electric vehicle businesses.

The Group has elected to measure the non-controlling interests in GLM at the non-controlling interests' proportionate share of GLM's identifiable net assets.

The fair values of the identifiable assets and liabilities of GLM as at the date of acquisition were as follows:

	HK$'000
Property, plant and equipment	49,465
Deposit	358
Inventories	7,483
Prepayments, deposits and other receivables	14,513
Cash and cash equivalents	10,155
Accounts payable	(15)
Other payables and accruals	(27,212)
Interest-bearing bank borrowings	(34,335)
Deferred tax liabilities	(2,179)
Total identifiable net assets at fair value	18,233
Non-controlling interests	(2,644)
Goodwill on acquisition, as restated (note 4)	1,451,670
Satisfied by cash and issuance of new shares of the Company at fair value, as restated	1,467,259
Analysis of fair value of purchase consideration, as restated	
Issuance of new shares of the Company at fair value, as restated (notes 4 and 30)	1,120,434
Cash consideration	346,825
	1,467,259

33. BUSINESS COMBINATIONS *(continued)*

(i) Acquisition of GLM *(continued)*

The fair value of other receivables as at the date of acquisition amounted to approximately HK$7,971,000. The gross contractual amounts of other receivables were HK$7,971,000, which are expected to be collectible.

The goodwill mainly comprises the value of expected synergies and opportunities arising from the acquisition and assembled workforce, which is not separately recognised and any value attributed to it is subsumed into goodwill.

None of the goodwill recognised is expected to be deductible for income tax purposes.

An analysis of the cash flows in respect of the acquisition of GLM is as follows:

	HK$'000
Cash consideration	346,825
Cash and cash equivalents acquired	(10,155)
Net outflow of cash and cash equivalents included in cash flows from investing activities	336,670

Since the acquisition on 29 September 2017, GLM did not contribute any revenue and profit or loss to the Group for the year ended 30 September 2017. Had the combination taken place at 1 October 2016, the revenue and the loss for the year of the Group would have been approximately HK$565,883,000 and HK$811,230,000 (restated), respectively.

(ii) Acquisition of Rich Cypress Limited ("Rich Cypress")

On 29 September 2016, the Group, through a wholly-owned subsidiary, entered into a sale and purchase agreement with an independent third party (the vendor) to acquire the entire issued share capital of Rich Cypress at an aggregate cash consideration of RMB219,000,000 (equivalent to approximately HK$252,792,000). The acquisition was completed on 12 October 2016, which is also the acquisition date for accounting purpose. Rich Cypress is principally engaged in property investment in Mainland China. The Group acquired this business to expand its property investment in Mainland China.

The Group has elected to measure the non-controlling interests in Rich Cypress at the non-controlling interests' proportionate share of Rich Cypress's identifiable net assets.

33. BUSINESS COMBINATIONS *(continued)*

(ii) Acquisition of Rich Cypress Limited ("Rich Cypress") *(continued)*

The fair values of the identifiable assets and liabilities of Rich Cypress as at the date of acquisition were as follows:

	HK$'000
Investment properties	400,196
Property, plant and equipment	1,478
Inventories	47
Accounts receivable	2,568
Prepayments, deposits and other receivables	7,755
Cash and cash equivalents	12,720
Other payables and accruals	(47,600)
Other borrowing	(5,772)
Tax payables	(379)
Deferred tax liabilities	(77,063)
Total identifiable net assets at fair value	293,950
Non-controlling interests	(127,964)
Goodwill on acquisition	86,806
Satisfied by cash	252,792

The fair values of the accounts receivable as at the date of acquisition amounted to approximately HK$2,568,000. The gross contractual amount of accounts receivable was approximately HK$2,568,000, which are expected to be collectible.

The goodwill mainly comprises the value of expected synergies from the acquisition. None of the goodwill recognised is expected to be deductible for income tax purposes.

An analysis of the cash flows in respect of the acquisition of Rich Cypress is as follows:

	HK$'000
Cash consideration	252,792
Decrease in deposits paid for acquisition of subsidiaries	(252,792)
Cash and cash equivalents acquired	(12,720)
Net inflow of cash and cash equivalents included in cash flows from investing activities	(12,720)

Since the acquisition, Rich Cypress contributed revenue of approximately HK$30,308,000 and a profit for the year of approximately HK$37,005,000 to the Group for the year ended 30 September 2017. Had the combination taken place at 1 October 2016, the revenue and the loss for the year of the Group for the year ended 30 September 2017 would have been approximately HK$545,533,000 and HK$705,345,000 (restated), respectively.

34. ACQUISITION OF A SUBSIDIARY AND CERTAIN EQUITY-SETTLED SHARE-BASED PAYMENT ARRANGEMENT

On 16 May 2016, the Group entered into a conditional sale and purchase agreement, as subsequently revised by several supplementary agreements, (collectively, the "Power Boom SPA"), with a connected party, which is related to a key management personnel of the Group, to acquire a 60% equity interest in Power Boom International Limited ("Power Boom") (the "Power Boom Acquisition"). Pursuant to the Power Boom SPA, the contractual consideration was to be settled by the issue and allotment of 1,960,000,000 additional ordinary shares of the Company credit as fully paid (the "Power Boom Consideration Shares" or the "Share-based Payment"). This transaction constitutes a major and connected transaction of the Group subject to the approval from independent shareholders of the Company at an extraordinary general meeting of the Company, which was obtained on 27 July 2016 (the "EGM Approval Date"). The Power Boom Acquisition was completed on 11 May 2017 (the "Completion Date" or the "Acquisition Date").

At the Completion Date, the principal asset held by Power Boom and its subsidiaries (collectively, the "Power Boom Group") was an indirect interest in a property for development located in Mainland China. In the opinion of the directors of the Company, the Power Boom Acquisition was in substance an acquisition of the underlying identifiable assets and liabilities of the Power Boom Group which did not constitute a business combination for accounting purpose. Therefore, the underlying acquisition should be accounted for as an equity-settled share-based payment transaction in accordance with HKFRS 2 "Share-based Payment" ("HKFRS 2").

According to HKFRS 2, the Group should measure the goods or services received in an equity-settled share-based payment transaction, and the corresponding increase in equity, directly, at the fair value of the goods or services received.

34. ACQUISITION OF A SUBSIDIARY AND CERTAIN EQUITY-SETTLED SHARE-BASED PAYMENT ARRANGEMENT *(continued)*

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

	HK$'000
Property under development	1,300,000
Cash and cash equivalents	351
Accruals and other payables	(66)
	1,300,285
Non-controlling interests	(691,926)
	608,359

An analysis of the cash flows in respect of the Power Boom Acquisition is as follows:

Cash consideration	–
Cash and cash equivalents acquired	(351)
Net inflow of cash and cash equivalents included in cash flows from investing activities	(351)

At the Completion Date, the fair value of the Consideration Shares issued based on quoted market closing price of the Company's ordinary shares was approximately HK$1,587,600,000, which was greater than the fair value of the identifiable net assets of the Power Boom Group attributable to the Group as at that date of approximately HK$608,359,000. Based on such assessment by management in the current year, it is considered that under HKFRS 2, other consideration (i.e., unidentifiable goods or services) had been received by the Group in connection with the Share-based Payment. Therefore, the Group should measure the unidentifiable goods or services received (to be received) as the difference between the fair value of the Share-based Payment and the fair value of the identifiable net assets of the Power Boom Group attributable to the Group measured at the grant date of the Share-based Payment (i.e., the EGM Approval Date in accordance with HKFRS 2). Accordingly, the cost of the unidentifiable goods or services was charged to profit or loss as incurred with a corresponding increase in equity for the year ended 30 September 2017 (as restated), as further detailed in note 4 to the financial statements.

35. DISPOSALS OF SUBSIDIARIES

Year ended 30 September 2018

During the year ended 30 September 2018, the Group had the following disposals of subsidiaries:

(i) On 29 June 2017, the Group entered into a sales and purchase agreement with an independent third party to dispose of the Group's 60% equity interest in Power Boom for a cash consideration of HK$610,000,000. As at 30 September 2017, the assets and liabilities of Power Boom were classified as a disposal group held for sale. The transaction was completed on 6 February 2018.

(ii) The Group completed the transaction to dispose 100% equity interests in Master Will Limited ("Master Will") and Joy Charm Holdings Limited ("Joy Charm") for an aggregate cash consideration of HK$9. The disposals of Master Will and Joy Charm were completed on 5 June 2018 and 8 August 2018, respectively.

	HK$'000
Net assets disposed of:	
Property under development	1,300,000
Cash and cash equivalents	402
Other receivables	110
Accruals and other payables	(66)
Non-controlling interests	(691,926)
	608,520
Exchange fluctuation reserve released	(41)
Gain on disposal of subsidiaries	1,521
	610,000
Satisfied by cash	610,000

An analysis of the net inflow of cash and cash equivalents in respect of the disposals of subsidiaries is as follows:

	HK$'000
Cash consideration	610,000
Cash and cash equivalents disposed of	(402)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	609,598

35. DISPOSALS OF SUBSIDIARIES *(continued)*

Year ended 30 September 2017

On 21 February 2017, the Group entered into sale and purchase agreements to dispose of its entire equity interest in certain subsidiaries, namely, Maxbonus Investments Limited ("Maxbonus"), 莎梵蒂珠寶貿易(上海)有限公司 ("莎梵蒂"), and Perfect Glory International Limited ("Perfect Glory"), to an independent third party for an aggregate consideration of HK$1,000,000. The principal activities of Maxbonus, 莎梵蒂 and Perfect Glory are investment holding and trading of jewellery products. The transactions were completed on 22 February 2017.

	HK$'000
Net assets disposed of:	
Other receivables	35
Property, plant and equipment	6
Cash and cash equivalents	86
	127
Exchange fluctuation reserve released	(17,782)
Gain on disposal of subsidiaries	18,655
	1,000
Satisfied by cash	1,000

An analysis of the net inflow of cash and cash equivalents in respect of the disposals of subsidiaries is as follows:

	HK$'000
Cash consideration	1,000
Cash and cash equivalents disposed of	(86)
Net inflow of cash and cash equivalents in respect of the disposals of subsidiaries	914

36. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 29 June 2017, the Company entered into a sale and purchase agreement with an independent third party, pursuant to which the Company conditionally agreed to sell, and the Purchaser conditionally agreed to purchase the Group's 60% equity interest in Power Boom, at a cash consideration of HK$610 million (the "Proposed Disposal").

The Proposed Disposal had not been completed as at 30 September 2017, as additional time was required for the fulfillment of certain conditions to the agreement. On 29 December 2017, the Company and the Purchaser entered into the second supplemental agreement to further extend the long stop date to 31 March 2018.

Management planned to complete the Proposed Disposal within the next 12 months starting from 30 September 2017. As such, the assets and liabilities of Power Boom and its subsidiaries (the "Disposal Group") were classified as held for sale as at 30 September 2017. The net proceeds of the Proposed Disposal were expected to exceed the net carrying amount of assets and liabilities and accordingly, no impairment loss was recognised.

The major classes of assets and liabilities of the Disposal Group classified as held for sale as at 30 September 2017 were as follows:

	HK$'000
Assets	
Property under development	1,300,000
Cash and cash equivalents	351
Assets associated with the Disposal Group classified as held for sale	1,300,351
Liabilities	
Accruals and other payables	(66)
Liabilities directly associated with the Disposal Group classified as held for sale	(66)

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

Year ended 30 September 2017

(i) During the year ended 30 September 2017, 670,918,575 additional ordinary shares of the Company were allotted and issued, credited as fully paid, as part of the consideration for the acquisition of 85.5% of the issued share capital and all outstanding share options of GLM, as further detailed in note 33(i) to the financial statements.

(ii) During the year ended 30 September 2017, 1,960,000,000 additional ordinary shares of the Company were allotted and issued, credited as fully paid, for the Share-based Payment, as further detailed in note 34 to the financial statements.

(iii) During the year ended 30 September 2017, the consideration for the acquisition of Rich Cypress of approximately HK$252,792,000 was settled by the deposit paid in previous year, as further detailed in note 33(ii) to the financial statements.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings HK$'000
At 1 October 2017	140,136
Changes from financing cash flows	(65,862)
Foreign exchange movement	10
At 30 September 2018	74,284

38. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions, arrangements and balances detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the current and prior years.

(i) During the current year, rentals for certain property in the aggregate of approximately HK$1,225,000 (2017: Nil) were paid or payable by the Group to a company controlled by a director of the Company based on terms as agreed by the relevant parties as set out in a tenancy agreement.

Pursuant to the tenancy agreement, at 30 September 2018, the Group had total future minimum lease payments to the related party under the non-cancelling operating lease of the property of HK$2,940,000 (2017: Nil) and HK$4,655,000 (2017: Nil) falling due within one year and within second to fifth years, respectively.

(ii) During the prior year, the Company allotted and issued 1,960,000,000 additional ordinary shares of the Company, credit as fully paid, to a company controlled by a director of the Company pursuant to the Power Boom SPA in connection with the Share-based Payment and the related transactions as further detailed in note 34 to the financial statements.

38. RELATED PARTY TRANSACTIONS *(continued)*

(b) Compensation of key management personnel of the Group

The directors of the Company comprises the key management personnel of the Group. Details of the compensation of the directors of the Company are included in note 9 to the financial statements.

39. CONTINGENT LIABILITIES

At the end of the reporting period, the Group had contingent liabilities not provided for in the financial statements in respect of certain corporate guarantees given by a subsidiary of the Company (the "Subsidiary") to certain property purchasers who purchased properties from a former investee of the Subsidiary to the extent of HK$55,217,000 (2017: HK$27,705,000) in connection with certain property transactions and other arrangements of the former investee in prior years.

40. OPERATING LEASE ARRANGEMENTS

As lessor

The Group leases certain of its investment properties (note 15) under operating lease arrangements, with leases negotiated for terms of one year.

At 30 September 2018, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2018 **HK$'000**	2017 HK$'000
Within one year	**1,810**	2,685

40. OPERATING LEASE ARRANGEMENTS *(continued)*

As lessee

The Group leases certain of its office properties, staff quarters and retail shops under operating lease arrangements. Leases for properties are negotiated for terms ranging from two to ten years.

At 30 September 2018, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2018 **HK$'000**	2017 HK$'000
Within one year	**14,073**	7,894
In two to five years, inclusive	**15,779**	11,485
After five years	**9,399**	12,090
	39,251	31,469

In addition to the future minimum lease payments disclosed above, the Group has commitments to pay contingent rents based on a proportion of turnover for certain leased retail shops. Contingent rents are not included in the above commitments as it is not possible to estimate the amounts which may be payable.

41. COMMITMENTS

In addition to the operating lease commitments detailed in note 40 above, the Group had the following capital commitments at the end of the reporting period:

	2018 **HK$'000**	2017 HK$'000
Contracted, but not provided for:		
Capital contributions to a joint venture company	**39,000**	–
Subscription for preferred shares of an investment	**136,990**	–
	175,990	–

42. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's non-wholly owned subsidiary, GLM, that has material non-controlling interests for the year ended 30 September 2018 are set out below:

Percentage of equity interest held by non-controlling interests	11.5%

	HK$'000
Loss for the year allocated to non-controlling interests	(15,518)
Accumulated balance of non-controlling interests at the reporting date	(15,005)

The following tables illustrate the summarised financial information of GLM. The amounts disclosed are before any inter-company eliminations:

	HK$'000
As at 30 September 2018	
Current assets	18,435
Non-current assets	61,776
Current liabilities	(174,073)
Non-current liabilities	(36,616)
For the year ended 30 September 2018	
Revenue	7,609
Total expenses	(116,989)
Loss for the year	(109,380)
Total comprehensive loss for the year	(106,195)
Net cash flows used in operating activities	(111,104)
Net cash flows used in investing activities	(13,908)
Net cash flows from financing activities	118,679
Net decrease in cash and cash equivalents	(6,333)

43. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2018

Financial assets

	Financial assets at fair value through profit or loss			
	Held for trading HK$'000	Designated as such upon initial recognition HK$'000	Loans and receivables HK$'000	Total HK$'000
Loans receivable	–	–	948,920	948,920
Accounts receivable	–	–	55,616	55,616
Financial assets included in prepayments, deposits and other receivables	–	–	21,309	21,309
Financial assets at fair value through profit or loss	3,547	780,488	–	784,035
Cash and cash equivalents	–	–	326,221	326,221
	3,547	780,488	1,352,066	2,136,101

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Accounts payable	112,413
Financial liabilities included in other payables and accruals	60,990
Interest-bearing bank borrowings	74,284
	247,687

43. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: *(continued)*

2017

Financial assets

	Financial assets at fair value through profit or loss HK$'000	Loans and receivables HK$'000	Total HK$'000
Contingent consideration receivable	1	–	1
Loans receivable	–	657,364	657,364
Accounts receivable	–	97,612	97,612
Financial assets included in prepayments, deposits and other receivables	–	15,839	15,839
Financial assets at fair value through profit or loss	25,362	–	25,362
Cash and cash equivalents	–	302,094	302,094
	25,363	1,072,909	1,098,272

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Accounts payable	66,250
Financial liabilities included in other payables and accruals	57,774
Interest-bearing bank borrowings	140,136
	264,160

44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at 30 September 2018 and 2017, the carrying amounts of the Group's financial assets and financial liabilities reasonably approximated to their fair values.

Management has assessed that the fair values of cash and cash equivalents, accounts receivable, the current portion of loans receivable and financial assets included in prepayments, deposits and other receivables, financial assets at fair value through profit or loss, accounts payable, financial liabilities included in other payables and accruals and the current portion of interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments or the effect of discounting is not material.

The fair values of the non-current portions of financial assets included in prepayments, deposits and other receivables and interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. In the opinion of the directors, the fair values approximate to their carrying amounts.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair values of listed equity investments are based on quoted market prices. The following methods and assumptions were used to estimate the fair values of the Group's other financial instruments.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis:

	Valuation technique	Significant unobservable input	Percentage or ratio	Sensitivity of fair value to the input
Unlisted investments	Recent transaction price	Not applicable ("N/A")	N/A	N/A
	Implied company transaction	Risk-free rate	2.94%	1 percentage point increase in risk-free rate would result in decrease in fair value by HK$982,000
		Volatility	64.91%	10% decrease in volatility rate would result in decrease in fair value by HK$4,091,000
Unlisted investment right and option	Scenario analysis	Discount rate	25%	10% decrease in discount rate would result in decrease in fair value by HK$712,000
		Earning multiples	23.4	10% decrease in earnings multiple would result in decrease in fair value by HK$2,276,000
	Binomial option pricing model	Volatility	41.41%	10% decrease in volatility rate would result in decrease in fair value by HK$2,450,000
		Risk-free rate	2.99%	1 percentage point decrease in risk-free rate would result in decrease in fair value by HK$379,000

44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 September 2018

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Financial assets at fair value through profit or loss	**3,547**	**–**	**780,488**	**784,035**

As at 30 September 2017

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Contingent consideration receivable	–	–	1	1
Financial assets at fair value through profit or loss	25,362	–	–	25,362
	25,362	–	1	25,363

44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy *(continued)*

The movements in fair value measurements within Level 3 during the year are as follows:

	2018 **HK$'000**	2017 HK$'000
At the beginning of the year	**1**	39,178
Total gain/loss recognised in the consolidated statement of profit or loss	**81,302**	(39,177)
Purchases	**699,185**	–
At the end of the year	**780,488**	1

Liabilities measured at fair value:

The Group did not have any financial liabilities measured at fair value as at 30 September 2018 and 2017.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2017: Nil).

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, equity price risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank borrowings with floating interest rates. The Group's policy is to obtain the most favourable interest rates available for its borrowings.

For RMB and JPY floating-rate bank borrowings, a 100 basis point increase/decrease in interest rates, with all other variables held constant at the end of the reporting period, would have increased/decreased the Group's loss before tax by approximately HK$398,000 (2017: HK$999,000) and HK$344,000 (2017: HK$343,000), respectively.

Foreign currency risk

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. The Group currently does not have a foreign currency policy to hedge its currency exposure arising from the net assets of the Group's foreign operations. Otherwise, the Group had no material exposure to foreign exchange risk as majority of the Group's assets were denominated in the functional currency of the respective subsidiaries either HK$, RMB or JPY.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk

The accounts receivable and loans receivable balances included in the consolidated statement of financial position of the Group represent the Group's maximum exposure to credit risk in relation to the Group's accounts receivable and loans receivable.

At the end of the reporting period, the Group had certain concentration of credit risk in relation to accounts receivable as 9% (2017: 43%) and 29% (2017: 76%) of its accounts receivable as of 30 September 2018 were due from its largest debtor and the five largest debtors, respectively.

At the end of the reporting period, the Group had certain concentration of credit risk in relation to loans receivable as 21% (2017: 31%) and 79% (2017: 95%) of its loans receivable as of 30 September 2018 were due from its largest borrower and the five largest borrowers, respectively.

The Group performs ongoing credit evaluations of its debtors' financial conditions. The allowance for impairment is based on a review of the expected collectability of all accounts receivable and loans receivable.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, financial assets included in prepayments, deposits and other receivables, financial assets at fair value through profit or loss and contingent consideration receivable, arises from default of the counterparties, with a maximum exposure equal to the carrying amounts of these instruments.

Equity price risk

Equity price risk is the risk that the fair values of investment securities decrease as a result of changes in the levels of equity indices or the value of individual securities. The Group is exposed to equity price risk arising from individual listed equity investment and unlisted investments classified as financial assets at fair value through profit or loss (note 19) as at 30 September 2018. The Group's listed equity investments are listed on The Stock Exchange of Hong Kong Limited and are valued at quoted market prices at the end of the reporting period.

The following table demonstrates the sensitivity to every 10% change in the fair values of the investment securities, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period.

	Carrying amount of equity investments HK$'000	**Change in loss before tax** HK$'000
30 September 2018		
Listed investments in Hong Kong	**3,547**	**355**
Unlisted investment	**780,488**	**78,049**
30 September 2017		
Investment listed in Hong Kong	25,362	2,536

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2018

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk

The Group's objective is to ensure there are adequate funds to meet its contractual payments for financial liabilities in the short and long term. In the management of liquidity risk, the Group monitors and maintains a level of cash and bank balances to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Cash flows of the Group are closely monitored by senior management on an ongoing basis.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

		2018		
	On demand/ within 1 year HK$'000	**1 to 5 years HK$'000**	**Over 5 years HK$'000**	**Total HK$'000**
Accounts payable	**112,413**	**–**	**–**	**112,413**
Financial liabilities included in accruals other payables and accruals	**60,990**	**–**	**–**	**60,990**
Interest-bearing bank borrowings	**40,343**	**13,876**	**23,266**	**77,485**
	213,746	**13,876**	**23,266**	**250,880**

		2017		
	On demand/ within 1 year HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Accounts payable	66,250	–	–	66,250
Financial liabilities included in other payables and accruals	57,774	–	–	57,774
Interest-bearing bank borrowings	111,895	13,890	23,342	149,127
	235,919	13,890	23,342	273,151

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group regularly reviews and manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 30 September 2018 and 30 September 2017.

The Group monitors capital using a gearing ratio, which is calculated by dividing the total debts by total equity. As at 30 September 2018, the gearing ratio was 1.8% (2017: 3.2%) at the end of the reporting period.

46. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Group had the following events:

(a) On 11 May 2018, the Group, through a wholly-owned subsidiary, entered into a joint venture agreement with an independent third party to jointly form 上海聯和力世紀新能源汽車有限公司 (the "JV Co.") in Shanghai, the PRC. The JV Co. is expected to engage primarily in the design, development and assembling of electric vehicles for taxis, online hailing services and other related business-to-business services. Pursuant to the joint venture agreement, the total investment is expected to be US$5 million by each party. An initial investment of US$250,000 (equivalent to approximately HK$1,950,000) was made by the Group subsequent to the end of the reporting period.

(b) On 12 October 2018, TOM Group Limited (Stock Code: 2383) ("TOM") and the Company entered into a subscription agreement pursuant to which (i) the Company agreed to subscribe as principal for, and TOM agreed to allot and issue, 65,240,000 ordinary shares of TOM at a subscription price of HK$1.916 per share; and (ii) TOM agreed to subscribe as principal for, and the Company agreed to allot and issue, 137,360,000 ordinary shares of the Company at a subscription price of HK$0.91 per share (collectively the "Oct 2018 Subscriptions"). The Oct 2018 Subscriptions were completed on 31 October 2018.

(c) On 12 October 2018, the Group further subscribed preferred shares of EV Power for a consideration of US$17,500,000 (equivalent to approximately HK$136,990,000).

(d) On 7 December 2018, the Company and no less than six subscribers (the "Subscribers") entered into a subscription agreement, pursuant to which the Subscribers agreed to subscribe for, and the Company agreed to allot and issue to the Subscribers, an aggregate of 332,601,176 ordinary shares at a subscription price of HK$0.51 per share (the "Dec 2018 Subscription"). The Dec 2018 Subscription was completed on 19 December 2018.

47. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified/re-grouped to conform with the current year's presentation and disclosures. In addition, certain comparative amounts have been restated in connection with certain prior year adjustments as further detailed in note 4 to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2018

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2018 HK$'000	2017 HK$'000 (Restated)
NON-CURRENT ASSETS		
Property, plant and equipment	117	–
Investments in subsidiaries	1,544,997	1,544,997
Deposits	2,415	–
Total non-current assets	1,547,529	1,544,997
CURRENT ASSETS		
Prepayments, deposits and other receivables	6,977	232
Due from subsidiaries	1,407,328	1,099,392
Cash and cash equivalents	176,357	123,766
Total current assets	1,590,662	1,223,390
CURRENT LIABILITIES		
Due to subsidiaries	394,381	394,386
Other payables and accruals	4,550	5,750
Tax payable	502	22
Total current liabilities	399,433	400,158
NET CURRENT ASSETS	1,191,229	823,232
Net assets	2,738,758	2,368,229
EQUITY		
Issued capital	591,788	566,194
Reserves (note)	2,146,970	1,802,035
Total equity	2,738,758	2,368,229

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium account HK$'000 Note (i)	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 October 2016	2,586,685	1,596	(2,364,849)	223,432
Total comprehensive loss for the year (as restated)	–	–	(931,950)	(931,950)
Issue of subscription shares	410,927	–	–	410,927
Issue of shares for acquisitions of subsidiaries and certain equity-settled share-based payment arrangements (as restated)	2,075,761	–	–	2,075,761
Issue of shares upon exercise of share options	7,826	(3,140)	–	4,686
Equity-settled share option arrangements	–	19,179	–	19,179
At 30 September 2017 (as restated)	5,081,199	17,635	(3,296,799)	1,802,035
At 1 October 2017:				
As previously reported	**4,314,947**	**17,635**	**(2,686,779)**	**1,645,803**
Prior year adjustments (note 4)	**766,252**	**–**	**(610,020)**	**156,232**
As restated	**5,081,199**	**17,635**	**(3,296,799)**	**1,802,035**
Total comprehensive loss for the year	**–**	**–**	**(114,154)**	**(114,154)**
Issue of subscription shares	**351,266**	**–**	**–**	**351,266**
Issue of shares upon exercise of share options	**4,753**	**(1,981)**	**–**	**2,772**
Equity-settled share option arrangements	**–**	**105,051**	**–**	**105,051**
Transfer of share option reserve upon forfeiture of share options	**–**	**(1,146)**	**1,146**	**–**
At 30 September 2018	**5,437,218**	**119,559**	**(3,409,807)**	**2,146,970**

Note:

(i) In accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the share premium account is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business. The share premium account may also be distributed in the form of fully paid bonus shares.

The share premium account of the Company includes: (i) the difference between the nominal value of the share capital of the subsidiaries acquired pursuant to group reorganisation on 12 August 2002 over the nominal value of the share capital of the Company issued in exchange therefor; (ii) the premium arising from the new issue; (iii) the premium arising from a capitalisation issue; and (iv) the premium arising from the issue of shares upon exercise of share options of the Company.

49. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 December 2018.

PARTICULARS OF PROPERTIES HELD BY THE GROUP

30 September 2018

INVESTMENT PROPERTIES

Properties	Attributable interest of the Group	Ownership	Tenure	Existing use
The land parcel and various buildings erected thereon located at No. 6 Gou, Xiuhu North Bank, Qipanshan Development Zone, Shenyang City, Liaoning Province, the PRC	100%	Leasehold	Long term lease	Vacant
The land parcels and various buildings erected thereon located at No. 20 Dongmao Road, Dadong District, Shenyang City, Liaoning Province, the PRC	61.52%	Leasehold	Long term lease	Commercial
The land parcels and an office buidling erected thereon located at No. 20 Dongmao Road, Dadong District, Shenyang City, Liaoning Province, the PRC	54.08%	Leasehold	Long term lease	Commercial/ Office