2019 ANNUAL REPORT

力世紀有限公司
WE SOLUTIONS LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 0860)

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Ho King Fung, Eric *(Chairman)*
Mr. Sung Kin Man *(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
Mr. Charles Matthew Pecot III

AUDIT COMMITTEE

Mr. Teoh Chun Ming *(Chairman)*
Mr. Tam Ping Kuen, Daniel
Mr. Peter Edward Jackson
Mr. Charles Matthew Pecot III

REMUNERATION COMMITTEE

Mr. Teoh Chun Ming *(Chairman)*
Mr. Tam Ping Kuen, Daniel
Mr. Peter Edward Jackson
Mr. Charles Matthew Pecot III

NOMINATION COMMITTEE

Mr. Ho King Fung, Eric *(Chairman)*
Mr. Teoh Chun Ming
Mr. Peter Edward Jackson
Mr. Charles Matthew Pecot III

INVESTMENT COMMITTEE

Mr. Ho King Fung, Eric *(Chairman)*
Mr. Sung Kin Man
Mr. Teoh Chun Ming

CORPORATE GOVERNANCE COMMITTEE

Mr. Sung Kin Man *(Chairman)*
Mr. Teoh Chun Ming
Mr. Peter Edward Jackson
Mr. Charles Matthew Pecot III

COMPANY SECRETARY

Mr. Moy Yee Wo, Matthew

LEGAL ADVISOR

Reed Smith Richards Butler

AUTHORISED REPRESENTATIVES

Mr. Ho King Fung, Eric
Mr. Moy Yee Wo, Matthew

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 54, 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 2019 (the "Year") and the Group's prospects.

INDUSTRY OVERVIEW

The global automotive industry is experiencing changes at a rapid pace. Outsourcing has become a prominent trend in response to the technological disruptions constantly brought to the conventional automobile manufacturers. Strategic partnerships between automakers and technology solutions providers have been on the rise to take advantage of diversification and specialization of skills.

By leveraging external technological expertise which is unavailable in-house, outsourcing helps corporates to focus on their core business and functions to enhance efficiency and reduce production costs. An increasing number of automotive companies are now outsourcing various functions, including the design, research and development, prototyping, and manufacturing and assembly of cars to full-service vehicle suppliers ("FSV(s)"). With the niche manufacturing processes provided by various FSVs, automotive companies become able to produce good quality vehicles with economy of scale.

Asia, in particular the People's Republic of China (the "PRC"), presents immense potential for automotive outsourcing solutions. Currently, foreign companies in the automotive industry must partner with a Chinese entity to enter the China market. However, with the PRC government's recent announcement on the elimination of limitations in relation to foreign ownership, foreign automobile companies will soon be able to compete with local brands in the PRC directly. Therefore, we expect there will be a strong demand for outsourced automotive solutions from Chinese automotive companies, especially the small and midsize brands, in order for them to maintain competitiveness in the market.

Meanwhile, the development of electric vehicles ("EV(s)") continues to gain momentum, especially in the PRC as national policies promote reduction in fossil fuels consumption. Last year, global sales of EVs continued to experience strong growth in major markets including the PRC, Europe and North America. According to the International Energy Agency, the PRC remains the world's largest EV market in 2018 with approximately 56% of the global plug-in EV sales (including battery electric vehicles and plug-in hybrid electric vehicles) in the country. Sales volume of new energy vehicles ("NEV(s)") in the PRC reached 1.256 million units, representing an increase of approximately 61.7% year-on-year.

The above market developments meant tremendous opportunities and potential for the Group. Following our re-branding exercise (detailed below), we aim to become the first-tier one-stop specialised solutions provider for future mobility worldwide.

BUSINESS REVIEW

Mobility Technology Solutions

With the rapid development of the NEV industry both in the PRC and in global markets, the Group grasped the opportunity to realign its focus during the past years and has been in the process of shifting its business focus to NEV solutions and services, aiming to become a leading mobility technology solutions provider.

During the Year and subsequent thereto, the Group went the extra mile to expand its business through a series of ground-breaking and innovative initiatives. A number of milestone investments and acquisitions as well as strategic business partnerships were made to further develop its comprehensive NEV value chain strategy. By integrating advanced mobility technologies across the globe, it strives to strengthen its position as a leading mobility technology solutions provider in the industry.

CHAIRMAN'S STATEMENT

Strategic Partnership with Agile Group

On 8 May 2019, the Group and Agile Property Land Co., Ltd. ("Agile Property"), an indirect wholly-owned subsidiary of Agile Group Holdings Limited (a company listed on the main board of the Stock Exchange with stock code: 3383, "Agile Group"), entered into a non-legally binding cooperation framework agreement (the "Cooperation Framework Agreement"), pursuant to which the Company and Agile Property are expected to jointly promote the development of industrial zones for NEV-related technology in the PRC. Leveraging on the Group's expertise on the NEV-related supply chain as well as Agile Property's network and experience in the property market in the PRC, the parties expect to utilize their expertise and resources to support the full implementation of the underlying projects.

Further details in relation to, among other things, the above proposed cooperation are set out in the announcement of the Company dated 8 May 2019.

Proposed Acquisition of 86.06% of Apollo, an European Hypercar Brand and Manufacturer

On 16 May 2019 and 15 August 2019, the Group entered into a sale and purchase agreement and a supplemental agreement respectively with Ideal Team Ventures Limited ("Ideal Team"), pursuant to which the Group conditionally agreed to purchase and Ideal Team conditionally agreed to sell 86.06% of the total issued share capital of Sino Partner Global Limited ("Apollo"), which is principally engaged in the design, development, manufacturing and sales of high performance hypercars under the brand "Apollo" worldwide ("Project Apollo"). Project Apollo provides an opportunity for the Group to strengthen its strategy in becoming a world leading mobility technology solutions provider in the NEV industry, and to create substantial synergies with the Group's other investments in the future mobility business.

The completion of Project Apollo is conditional upon fulfilment of several conditions including, among other things, the shareholders of the Company approving Project Apollo and the specific mandate for the issue of shares in the share capital of the Company (as part of the consideration) at an extraordinary general meeting of the Company (the "EGM"). Further details in relation to, among other things, Project Apollo are set out in the announcements of the Company dated 16 May 2019 and 15 August 2019.

Proposed Acquisition of 100% of Ideenion, a Leading German Automotive Solutions Provider

On 31 October 2019, the Group entered into a sale and purchase agreement with three independent third parties (the "Vendors"), pursuant to which the Group conditionally agreed to purchase and the Vendors conditionally agreed to sell the entire issued share capital of Ideenion Automobil AG ("Ideenion"), which is principally engaged in the design, development and prototyping of internal combustion engine vehicles and NEVs ("Project Ideenion"). With the advanced design and engineering expertise, Project Ideenion will further enhance the Group's ability to provide high-end technological solutions to the customers. Project Ideenion is in line with the Group's business strategy of expanding its NEV solutions and services and becoming a world leading mobility technology solutions provider.

The completion of Project Ideenion is conditional upon fulfilment of several conditions including, among other things, the shareholders of the Company approving Project Ideenion and the specific mandate for the issue of Shares (as part of the consideration) at the EGM. Further details in relation to, among other things, Project Ideenion are set out in the announcements of the Company dated 31 October 2019 and 12 December 2019.

Formation of a Joint Venture with Jinpeng

On 12 November, 2019, Jiangsu Jemmell New Energy Automobile Company Limited ("Jemmell", a related company of Jiangsu Jinpeng Group Company Limited ("Jinpeng")), GLM Co., Ltd. ("GLM"), a subsidiary of the Company, and the Company entered into an agreement pursuant to which the parties agreed to form a joint venture company (the "JV") in the PRC to engage primarily in the design, research and development, and production of NEVs and related automobile parts (the "JV Agreement"). The JV will be owned by Jemmell, GLM and the Company as to approximately 57%, approximately 29% and approximately 14%, respectively.

Jinpeng is one of the largest EV tricycle manufacturers in the PRC with well-established supply chains and distribution channels. Combining with GLM's brand and research capability, the JV will produce EVs targeting the young generation to meet the market demands in the PRC, Japan, and Southeast Asian countries. Further details in relation to, among other things, the formation of the JV are set out in the announcement of the Company dated 12 November 2019.

Other Business Segments

During the Year, the Group experienced lackluster performance in its other business segments including retailing of jewellery and watches, money lending and property investment, which was mainly attributable to the deteriorated market conditions. In view of the uncertain and pessimistic outlook, the Group will look to scale down these businesses going forward.

PROSPECTS AND OUTLOOK

Since the late 1990s, major European automobile companies have leapt ahead of manufacturers in the PRC and Southeast Asia, which are still embracing the asset-heavy model, by outsourcing the design, development and manufacturing processes of certain product models. As the PRC is expected to open up the automobile market to foreign automobile companies in the future while labour cost continues to rise in recent years, the Group expects that the small and medium automobile brands in the PRC and Asia will have strong demand in the advanced craftmanship and technology from overseas and outsourcing will become the key for the manufacturers in the PRC and Asia to maintain their competitiveness.

Recognizing the huge opportunity in the future mobility industry, the Group strives to create a one-stop platform for the automotive industry through a series of acquisitions and partnerships. With the successful strategic initiatives backed by our strong shareholder base, the Group will gradually transform into a leading mobility technology solutions provider.

In 2020, the Group plans to rebrand itself as "Apollo Future Mobility Group" to align with its strategic position. Following the completion of the milestone investments, the factors which adversely affect the Group's financial performance in the past are expected to subside. The Group is confident that the new acquisitions and strategic initiatives will bring positive contribution and it will continue to explore potential business partnerships and opportunities to fulfil its comprehensive mobility strategy in the future.

Ho King Fung, Eric
Chairman
WE SOLUTIONS LIMITED
Hong Kong
23 December 2019

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the Year, the revenue of the Group decreased by approximately 25.2% year-on-year to approximately HK$536.4 million as compared to approximately HK$717.0 million in last year. The revenue comprised of sales of jewellery products and watches of approximately HK$421.1 million (2018: HK$603.5 million), interest income from loan financing of approximately HK$79.6 million (2018: HK$71.6 million), rental income from investment properties of approximately HK$31.5 million (2018: HK$34.3 million) and sales of EVs and provision of engineering services of approximately HK$4.2 million (2018: HK$7.6 million). During the Year, the Group experienced a decrease in sales from the jewellery products and watches segment due to deterioration in the retail market conditions.

The Group's gross profit amounted to approximately HK$142.6 million for the Year as compared to approximately HK$215.0 million in last year. The gross profit margin decreased to approximately 26.6% (2018: 30.0%). The decrease was mainly attributable to the decrease in margin from sales of jewellery products and watches.

Other income and gains, net decreased to approximately HK$21.2 million for the Year (2018: HK$86.9 million). The decrease was mainly attributable to the fair value gains on financial assets at fair value through profit or loss, net amounting to approximately HK$73.9 million in the prior year.

General and administrative expenses decreased by approximately 33.8% to approximately HK$166.7 million for the Year (2018: HK$252.0 million), as less share-based payment expense was recorded.

Research and development costs decreased to approximately HK$21.2 million for the Year (2018: HK$87.8 million) as the Group strategically re-allocated resources to more promising projects during the Year.

Other expenses, net increased to approximately HK$542.7 million for the Year (2018: HK$26.0 million) mainly due to (i) impairment of loans receivable of approximately HK$257.3 million; (ii) impairment of goodwill of approximately HK$199.3 million; (iii) changes in fair value of investment properties, net as the property market in the PRC has been softening of approximately HK$71.7 million; and (iv) changes in fair value of financial assets at fair value through profit or loss, net of approximately HK$21.9 million.

A significant portion of the Group's loss incurred during the Year was due to impairment of loans receivable of approximately HK$257.3 million and impairment of goodwill of approximately HK$199.3 million.

For the impairment of loans receivable, the Company has engaged an independent professionally qualified valuer (the "external valuer") to assess the impact of Hong Kong Financial Reporting Standard 9 *Financial Instruments* ("HKFRS 9") (adopting the concept of expected credit loss) which applies to financial periods on or after 1 January 2018. As at 30 September 2019, the Group's gross loan portfolio amounted to approximately HK$1,080.0 million, out of which HK$358.8 million representing loan receivables classified as Stage 3 under HKFRS 9. The Stage 3 loan receivables comprised of two loans of RMB120 million each at interest rate of 12% per annum for a term of 36 months 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, both of which were due on 28 September 2019. Details of the loans were disclosed in the announcement of the Company dated 27 January 2017. Whilst the Company has already engaged PRC legal advisors to handle the situation, given the extremely challenging market conditions in the PRC and such debts are already due and payable, the Company, after taken into account the external valuer's advice, decided to fully impair the above. Further details of the impairment of loans receivable are set out in note 21 to the consolidated financial statements.

The impairment of goodwill was primarily attributable to the business of GLM Co., Ltd. ("GLM"), a subsidiary of the Company. The Group has engaged the external valuer to assess its goodwill using discounted cash flow projections. As the recoverable amount of GLM is less than its carrying amount in the financial statements of the Group for the year ended 30 September 2019, a write down of approximately HK$199.3 million was made. Further details of the impairment of goodwill are set out in note 16 to the consolidated financial statements.

As a result of the foregoing, in particular, the decrease in gross profit in the segment of jewellery products and watches, the provision for impairment of loans receivable, the impairment of goodwill and the decrease in fair value on investment properties, the Group's loss for the Year increased from approximately HK$110.3 million in last year to approximately HK$619.3 million for the Year.

Significant Investments Held

Details of significant investments held by the Group were set out as follows:

	As at 30 September 2019			For the year ended 30 September 2019	Fair value		
Nature of investments	Number of preferred shares held '000	Percentage of preferred shares held in such investee %	Percentage to the Group's total assets %	Fair value gain/(loss) HK$'000	As at 30 September 2019 HK$'000	As at 1 October 2018 HK$'000	Investment cost HK$'000
Financial assets at fair value through profit or loss with a value of 5% or more of total assets:							
(i) EV Power							
— Preferred shares	142,820	50.29	10.44	16,598	475,254	280,784	407,679*
— Call option	N/A	N/A	N/A	(10,157)	10,979	21,136	
				6,441	486,233	301,920	407,679
(ii) Divergent							
— Preferred shares	4,139	44.49	10.22	(4,668)	465,185	469,853	469,378*
— 2018 Divergent Investment Right	N/A	N/A	N/A	10,785	–	8,715	
— 2019 Divergent Convertible Note	N/A	N/A	N/A	(2,430)	95,070	–	97,500
				3,687	560,255	478,568	566,878

* Represented the aggregate consideration

MANAGEMENT DISCUSSION AND ANALYSIS

(i) Investment in EV Power

EV Power Holding Limited and its subsidiaries ("EV Power") 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 EV industry in the PRC.

(ii) Investment in Divergent

Divergent Technologies, Inc. ("Divergent") is a company based in the United States of America which uses three-dimentional ("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 create synergies with the Group's other automotive related businesses.

Liquidity, Financial Resources and Gearing

As at 30 September 2019, the cash and cash equivalents of the Group amounted to approximately HK$447.6 million (2018: HK$326.2 million), which were mainly denominated in HK$, Renminbi ("RMB") and Japanese Yen.

The current assets and current liabilities of the Group were approximately HK$1,190.4 million and HK$407.4 million, respectively (2018: current assets of HK$1,587.5 million and current liabilities of HK$330.1 million). The net current assets comprised of inventories of approximately HK$214.8 million (2018: HK$221.0 million), accounts receivable, prepayments, deposits and other receivables of approximately HK$52.3 million (2018: HK$89.4 million), loans receivable of approximately HK$473.8 million (2018: HK$946.9 million) and financial assets at fair value through profit or loss of approximately HK$2.0 million (2018: HK$3.5 million).

The Group's inventory turnover, accounts receivable turnover and accounts payable turnover periods for the year were 202 days, 30 days and 98 days, respectively. Overall, the turnover periods were consistent and in line 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 cashflow; and (iii) interest-bearing borrowings. As at 30 September 2019, equity attributable to owners of the Company amounted to approximately HK$3,924.3 million (2018: HK$3,902.8 million).

The Group's total interest-bearing bank borrowings as at 30 September 2019 amounted to approximately HK$126.5 million (2018: HK$74.3 million) and 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$104.7 million repayable within one year and approximately HK$21.8 million repayable after one year.

The Group monitors capital by reference to the gearing ratio. As at 30 September 2019, the gearing ratio was approximately 3.1% (2018: 1.8%). This ratio is calculated as total debts divided by total equity.

Contingent Liabilities

Details of contingent liabilities of the Group are set out in note 37 to the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Pledge of Assets

As at 30 September 2019, the Group's freehold land and buildings with an aggregate net carrying amount of approximately HK$50.6 million were pledged to secure long term bank loan with a principal amount of approximately HK$21.8 million.

Final Dividend

The Board does not recommend the payment of any dividend in respect of the Year (2018: 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 balance. The Group manages the amount of capital in proportion to risk, and makes adjustments to its overall capital structure through the payment of dividend, new share issues as well as the issue of new debts or the repayment of existing debts.

Foreign Exchange Exposure

The Group's sales and purchases during the Year were mostly denominated in HK$, RMB and Japanese Yen. The Group was exposed to certain foreign currency exchange risks but it does not anticipate future currency 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 43 to the consolidated financial statements.

Material Acquisitions or Disposals

(a) On 29 May 2019, 深圳市琪晶達貿易有限公司 (Shenzhen Qijingda Trading Co., Ltd.) (the "Seller"), an indirect wholly-owned subsidiary of the Company, and Mount Noble Limited (the "Buyer") entered into an agreement, pursuant to which the Seller agreed to sell, and the Purchaser agreed to acquire the entire issued share capital of Shenzhen Qijingda Trading (HK) Company Limited ("Qijingda HK"), at a cash consideration of HK$11,000,000 (the "Disposal").

The completion of the Disposal took place on 29 May 2019. Upon completion, the Company ceased to hold any interest in Qijingda HK and Qijingda HK ceased to be a subsidiary of the Company. Further details of the Disposal are set out in the announcement of the Company dated 29 May 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

(b) On 16 May 2019 and 15 August 2019, the Group entered into a sale and purchase agreement and a supplemental agreement respectively with Ideal Team, pursuant to which the Group conditionally agreed to purchase and Ideal Team conditionally agreed to sell 86.06% of the total issued share capital of Apollo, which is principally engaged in the design, development, manufacturing and sales of high performance hypercars under the brand "Apollo" worldwide.

The aggregate consideration for Project Apollo of up to approximately HK$1,032,720,000 comprises a cash consideration of HK$172,000,000 (which will be funded by the Group's internal resources) and, depending on the financial performance of Apollo and its subsidiaries for the three years ending 31 December 2021, up to 1,655,232,000 Shares to be issued and allotted to Ideal Team.

The completion of Project Apollo is conditional upon fulfilment of several conditions, including, among other things, the shareholders of the Company approving Project Apollo and the specific mandate for the issue of Shares in the share capital of the Company (as part of the consideration) at the EGM. Further details in relation to, among other things, Project Apollo are set out in the announcements of the Company dated 16 May 2019 and 15 August 2019.

Save as disclosed above and in this report, there was no other material acquisition or disposal of subsidiaries, associates or joint ventures by the Group during the Year.

Issue of Listed Securities of the Company and Use of Proceeds

A summary of the issue of listed securities by the Company during the Year and the relevant use of proceeds is set out below:

Date of announcement	12 October 2018	7 December 2018	8 May 2019	8 July 2019
Date of completion	31 October 2018	19 December 2018	15 May 2019	15 July 2019
Name of subscriber(s)	TOM Group Limited ("TOM")	There were no less than six subscribers and they were independent professional, institutional and/or corporate investors	Great Dawn Investments Limited, a wholly owned subsidiary of Agile Group	Sino-Alliance International, Ltd, a wholly owned subsidiary of Shanghai Alliance Investment Ltd.* (上海聯和投資有限公司) ("SAIL")
Number of Shares issued	137,360,000	332,601,176	400,000,000	382,352,000
Class of Shares issued	ordinary shares	ordinary shares	ordinary shares	ordinary shares
Issue price per Share	HK$0.91	HK$0.51	HK$0.51	HK$0.51
Net price per Share	HK$0.909	HK$0.51	HK$0.51	HK$0.51
Aggregate nominal value of Share issued	HK$13,736,000.00	HK$33,260,117.60	HK$40,000,000.00	HK$38,235,200
Closing price per Share on which the terms of the issue were fixed	HK$0.78 (as at 12 October 2018)	HK$0.49 (as at 6 December 2018)	HK$0.485 (as at 8 May 2019)	HK$0.385 (as at 8 July 2019)
Gross proceeds	Approximately HK$125 million	Approximately HK$170 million	Approximately HK$204 million	Approximately HK$195 million
Net proceeds	Approximately HK$125 million	Approximately HK$169 million	Approximately HK$203 million	Approximately HK$194 million

MANAGEMENT DISCUSSION AND ANALYSIS

Reason for the issue	The Board considered that the issue would create synergy and potential collaboration between TOM and the Company. TOM and its subsidiaries have a deep and solid presence in the PRC 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 the PRC and penetrating of its EV charging business	The Board were of the view that the issue of Shares would provide a good opportunity to raise additional funds to finance future investment opportunities to further cement its foothold in the EV industry	The Board considered that the issue of Shares would provide a good opportunity to establish a strategic partnership with Agile Group to facilitate implementation of the proposed cooperation under the Cooperation Framework Agreement and align the interests of the Company and Agile Group accordingly	The Board considered that the issue of Shares would provide a good opportunity to raise additional funds to finance future investment opportunities to further cement the Group's foothold in the NEV industry and to establish a strategic partnership with SAIL and align the interests of the Company and SAIL
Intended use of proceeds	The Company intended to use the net proceeds to set off against the consideration for the subscription by the Company of 65,240,000 ordinary shares of HK$0.10 each in the share capital of TOM	The Company intended to use the net proceeds for the following purposes: (1) Approximately 90%, representing approximately HK$152 million, would be used for future potential acquisition or investment in EV-related businesses or technologies; and (2) Approximately 10%, representing approximately HK$17 million, would be used for general working capital	The Company intends to use the net proceeds for the following purposes: (1) Approximately 90%, representing approximately HK$183 million, would be used for the proposed cooperation Company and Agile Property for the production, research and development of NEV-related technology and products in the PRC; and (2) Approximately 10%, representing approximately HK$20 million, would be used for general working capital	The Company intended to use the net proceeds for the following purposes: (1) Approximately 90%, representing approximately HK$175 million, would be used for future potential acquisition or investment in NEV-related businesses or technologies; and (2) Approximately 10%, representing approximately HK$19 million, would be used for general working capital
Actual use of proceeds	Fully utilized as intended	Fully utilized as intended	(1) None has been utilized for the proposed cooperation between the Company and Agile Property for the production, research and development of NEV-related technology and products in the PRC; and (2) approximately 10% had been utilized for general working capital	(1) Approximately 58% had been utilized for investment in NEV-related businesses or technologies; and (2) approximately 10% had been utilized for general working capital
Amount of proceeds that are not utilized as at the date of this report and expected timeline of use	N/A	N/A	The remaining proceeds of approximately HK$183 million (representing approximately 90% of the net proceeds) are expected to be fully utilized on or before 31 March 2020 for the intended purpose as previously disclosed	The remaining use of proceeds of approximately HK$62 million (representing approximately 32% of the net proceeds are expected to be fully utilized on or before 31 March 2020 for the intended purpose as previously disclosed

* English name for identification only

Save as disclosed above, there was no other issue of listed securities of the Company during the Year.

MANAGEMENT DISCUSSION AND ANALYSIS

Employees and Remuneration Policies

As at 30 September 2019, the Group had 221 (2018: 240) employees. The related employees' costs for the year (including directors' remuneration) amounted to approximately HK$87,659,000 (2018: HK$173,031,000) 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.

The annual salary of Directors is determined by reference to their performance for the year, experience, qualification, duties and responsibilities in the Company and the prevailing market rate and will be subject to review by the remuneration committee of the Board (the "Remuneration Committee") and the Board from time to time. Further details of Directors' and chief executive's remuneration and the five highest paid employees are set out in notes 9 and 10 to the financial statements, respectively.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this report, there was no other specific plan for material investments or capital assets as at 30 September 2019.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Ho King Fung, Eric, aged 42, 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. Sung Kin Man, aged 48, was appointed as an executive Director, the chief executive officer of the Company, the chairman of the corporate governance committee of the Board (the "Corporate Governance Committee") and a member of the Investment Committee with effect from 1 February 2019. He joined the Company as the chief strategy officer of the Company on 1 January 2019 and ceased to be the chief strategy officer of the Company with effect from 1 February 2019. He is responsible for the overall management, business strategy and development, as well as merger and acquisition activities of the Group.

Mr. Sung has been working in the finance industry and international capital markets in Hong Kong and other parts of Asia since 1994. He has extensive management experience and was an executive director of UBS Securities Asia Ltd., responsible for business in Greater China. He was also a director of the Global Equity Division of Merrill Lynch Asia Inc. from 2005 to 2007. Mr. Sung was an executive director and the chief executive officer of Sino Prosper (Group) Holdings Limited, a company listed on the Stock Exchange (stock code: 766), from November 2009 to March 2015, and was an executive director of China Netcom Technology Holdings Limited, a company listed on the Stock Exchange (stock code: 8071), from May 2014 to March 2015. Mr. Sung served as an executive director and the chief executive officer of China Silver Group Limited, a company listed on the Stock Exchange (stock code: 815), during the period from April 2015 to December 2018.

He graduated from the University of Southern California and obtained a Bachelor's Degree of Science in Business Administration majoring in finance and minoring in marketing.

DIRECTORS AND SENIOR MANAGEMENT

Non-Executive Director

Mr. Zhang Jinbing, aged 48, 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 ("Chong Kin"), a company listed on the Stock Exchange (stock code: 1609), 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 ("State Energy"), a company listed on the Stock Exchange (stock code: 918), since 12 September 2018 and he has been re-designated as the Chairman of State Energy with effect from 25 October 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 49, 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, 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 28 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.

Mr. Tam Ping Kuen, Daniel, aged 56, 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, 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.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Peter Edward Jackson, aged 71, 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 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 was also a consultant to CITIC Group Corporation and worked with several private equity and venture capital firms in board or advisory positions from January 2012 to July 2018.

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.

Mr. Charles Matthew Pecot III, aged 58, was appointed as an independent non-executive Director and as a member of the Audit committee, Remuneration committee, Nomination committee and Corporate Governance Committee with effect from 1 June 2019.

Mr. Pecot has been working in the finance industry and international capital markets worldwide since 1994 and has extensive management experience. He is currently serving as the Head of Equities at Barclays Capital Asia Limited, a position which he has held since May 2018, and is responsible for leading the equities franchise in Asia Pacific. Previously, he was the Head of Prime Services and Head of Equities Distribution in Asia Pacific at Credit Suisse (Hong Kong) Limited for the period from July 2009 to June 2017. Mr. Pecot was also the Head of Prime Services and Prime Brokerage Services in Asia Pacific at UBS Securities Asia Limited for the period from April 2004 to February 2007.

He graduated with a bachelor's degree in mechanical engineering and obtained a master's degree major in science in operations research and minor in applied statistics at the Air Force Institute of Technology, Ohio, the United States of America.

Company Secretary

Mr. Moy Yee Wo, Matthew, aged 40, is the chief financial officer and company secretary of the Company. Mr. Moy joined our Company in 2019 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. Before joining the Company, Mr. Moy served as the chief financial officer, the company secretary and an authorised representative of China Silver Group Limited, a company listed on the the Stock Exchange (stock code: 815), from August 2012 to January 2019. Mr. Moy has been an independent non-executive director of Chi Ho Development Holdings Limited (stock code: 8423) and Reach New Holdings Limited (stock code: 8471), both being companies listed on the Stock Exchange, since 22 February and 24 June 2017 respectively. Mr. Moy has over 15 years of experience in the financial industry and is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Moy graduated with a bachelor's degree in business administration in accounting and obtained a master's degree in business administration at the Hong Kong University of Science and Technology.

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 segment based on the location of customers and business segments for the Year is set out in note 4 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The Group's results for the Year and the financial position of the Group and of the Company as at 30 September 2019 are set out in the consolidated financial statements on pages 61 to 167, respectively.

The Board did not recommend the payment of any dividend for the Year (2018: Nil).

BUSINESS REVIEW

The business review of the Group for the Year is set out in the section headed "Chairman's Statement" on pages 3 to 5 of this annual report.

RELATIONSHIP WITH STAKEHOLDERS

The Group recognises that employees, customers and business partners are key 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 training 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 is 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 42 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 2019 are set out on pages 61 to 64.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 20 March 2020 to 26 March 2020 (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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 19 March 2020.

REPORT OF THE DIRECTORS

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 2019:

Results

	Year ended 30 September				
	2019	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**536,355**	717,023	545,533	392,502	352,791
(Loss)/profit from operating activities	**(621,564)**	(103,522)	(698,162)	11,454	(166,044)
Finance costs	**(4,039)**	(5,585)	(4,118)	(3,875)	(4,270)
(Loss)/profit before tax	**(625,603)**	(109,107)	(702,280)	7,579	(170,314)
Income tax (expense)/credit	**6,274**	(1,230)	(3,065)	(8,513)	4,939
Loss for the year from a deconsolidated subsidiary	**–**	–	–	(27,755)	(40,246)
Loss for the year	**(619,329)**	(110,337)	(705,345)	(28,689)	(205,621)
Attributable to:					
Owners of the Company	**(605,392)**	(94,096)	(700,128)	(32,673)	(199,626)
Non-controlling interests	**(13,937)**	(16,241)	(5,217)	3,984	(5,995)
	(619,329)	(110,337)	(705,345)	(28,689)	(205,621)

FIVE YEAR FINANCIAL SUMMARY *(continued)*

Assets and Liabilities

	At 30 September				
	2019	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets	**3,362,862**	2,910,330	2,517,707	732,707	225,869
Current assets	**1,190,447**	1,587,486	2,366,206	887,759	1,445,534
Total assets	**4,553,309**	4,497,816	4,883,913	1,620,466	1,671,403
Current liabilities	**407,368**	330,077	348,855	130,704	125,616
Non-current liabilities	**102,276**	132,500	139,294	28,644	28,459
Total liabilities	**509,644**	462,577	488,149	159,348	154,075
Net assets	**4,043,665**	4,035,239	4,395,764	1,461,118	1,517,328

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 31 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 this report.

REPORT OF THE DIRECTORS

DISTRIBUTABLE RESERVES

As at 30 September 2019, the Company had distributable reserves of approximately HK$2,579,468,000 (2018: HK$2,027,411,000) 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$5,989,760,000 (2018: HK$5,437,218,000) 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 22% of the total sales and the sales to the largest customer included therein amounted to approximately 7%.

Purchases from the Group's 5 largest suppliers combined accounted for approximately 91% of the total purchases for the Year and the purchases from the largest supplier included therein amounted to approximately 38%.

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. Sung Kin Man *(Chief Executive Officer) (appointed with effect from 1 February 2019)*
Mr. Ho Chi Kit *(Chief Executive Officer) (resigned with effect from 1 February 2019)*

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
Mr. Charles Matthew Pecot III *(appointed with effect from 1 June 2019)*
Mr. Heung Chee Hang, Eric *(resigned with effect from 17 December 2018)*

DIRECTORS *(continued)*

In accordance with article 108(A) of the Articles, Mr. Ho King Fung, Eric, Mr. Teoh Chun Ming and Mr. Peter Edward Jackson 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. Charles Matthew Pecot III shall retire from office at the next following general meeting and he, being eligible, offers himself for re-election at the next following general meeting. 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 13 to 15 of the annual report.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the Year are set out in note 36 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 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 persons 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, which provides appropriate cover for certain legal actions (if any) brought against its Directors and officers.

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

As at 30 September 2019, the interests and long 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:

Name of Directors	Capacity and nature of interest	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	6,000,000	50,000,000	56,000,000	0.78%
Mr. Sung Kin Man *(Chief Executive Officer)*	Personal	–	30,000,000	30,000,000	0.42%
Mr. Zhang Jinbing	Corporate and personal	3,960,000	1,488,000	5,448,000	0.08%
Mr. Tam Ping Kuen, Daniel	Personal	960,000	2,488,000	3,448,000	0.05%
Mr. Teoh Chun Ming	Personal	–	1,000,000	1,000,000	0.01%
Mr. Peter Edward Jackson	Personal	–	1,000,000	1,000,000	0.01%

Notes:

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

2. Based on 7,170,198,562 shares of the Company in issue as at 30 September 2019.

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 Scheme" 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.

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, consultants, 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.

(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 32 to the consolidated financial statements.

SHARE OPTION SCHEME *(continued)*

Details of the movements 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 2018	Granted during the Year	Lapsed/ Cancelled during the Year	Exercised during the Year	As at 30 September 2019	Vesting and exercise period	Exercise price per share HK$	Closing price per share immediately before date of grant HK$
Directors and Chief Executive									
Mr. Ho King Fung, Eric	6 April 2017	20,000,000	–	–	–	20,000,000	Note 1	0.85	0.84
	30 May 2019	–	30,000,000	–	–	30,000,000	Note 2	0.475	0.485
Mr. Sung Kin Man (also the chief executive officer)	30 May 2019	–	30,000,000	–	–	30,000,000	Note 2	0.475	0.485
Mr. Ho Chi Kit (Note 8)	9 October 2017	50,000,000	–	(50,000,000)	–	–	Note 3	1.635	1.63
Mr. Zhang Jinbing	19 July 2016	1,488,000	–	–	–	1,488,000	Note 4	0.65	0.65
Mr. Tam Ping Kuen, Daniel	19 July 2016	1,488,000	–	–	–	1,488,000	Note 4	0.65	0.65
	30 May 2019	–	1,000,000	–	–	1,000,000	Note 2	0.475	0.485
Mr. Teoh Chun Ming	30 May 2019	–	1,000,000	–	–	1,000,000	Note 2	0.475	0.485
Mr. Peter Edward Jackson	30 May 2019	–	1,000,000	–	–	1,000,000	Note 2	0.475	0.485
Others									
Substantial shareholder	13 March 2018	50,000,000	–	–	–	50,000,000	Note 6	1.782	1.71
Employees	19 July 2016	11,973,204	–	–	–	11,973,204	Note 4	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 5	1.688	1.68
	3 April 2018	1,700,000	–	–	–	1,700,000	Note 7	1.776	1.72
	30 May 2019	–	15,000,000	–	–	15,000,000	Note 2	0.475	0.485
Total		145,649,204	78,000,000	(59,000,000)	–	164,649,204			

The total number of shares available for issue upon the exercise of all Share Options granted or to be granted under the Share Option Scheme is 260,126,314 (2018: 260,126,314) representing 3.63% (2018: 4.07%) of the Company's issued share capital as at the date of this report.

Notes:

1. From 6 April 2017 to 5 April 2027.
2. From 30 May 2019 to 29 May 2029.
3. From 9 October 2017 to 8 October 2027.
4. 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 Share Options that are vested and exercisable	**Period for the exercise of the relevant Share 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

5. From 16 October 2018 to 15 October 2027.
6. From 13 March 2018 to 12 March 2028.
7. From 3 April 2018 to 2 April 2028.
8. Mr. Ho Chi Kit resigned as a Director and the chief executive officer of the Company with effect from 1 February 2019.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2019, 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)
Mr. Ho King Man, Justin	Beneficial owner and interest in a controlled corporation	1,749,220,474 (Note 2)	24.40%
Ruby Charm Investment Limited	Beneficial owner	1,699,220,474 (Note 3)	23.70%
Mr. Li Ka Shing	Interest in controlled corporations	488,090,100 (Note 4)	6.81%
Sino-Alliance International, Ltd	Beneficial owner	431,876,000 (Note 5)	6.02%
Shanghai Alliance Investment Ltd.	Interest in a controlled corporation	431,876,000 (Note 5)	6.02%
Great Dawn Investments Limited	Beneficial owner	400,000,000 (Note 6)	5.58%
Agile Capital Investment Group Limited	Interest in a controlled corporation	400,000,000 (Note 6)	5.58%
Agile Capital Investment Holdings Limited	Interest in controlled corporations	400,000,000 (Note 6)	5.58%
Eastern Supreme Group Holdings Limited	Interest in controlled corporations	400,000,000 (Note 6)	5.58%
Agile Group Holdings Limited	Interest in controlled corporations	400,000,000 (Note 6)	5.58%
Top Coast Investment Limited	Interest in controlled corporations	400,000,000 (Note 6)	5.58%
Full Choice Investments Limited	Interest in controlled corporations	400,000,000 (Note 7)	5.58%
Mr. Chen Zhuo Lin	Beneficiary of a trust	400,000,000 (Note 7)	5.58%
Mr. Chan Cheuk Yin	Beneficiary of a trust	400,000,000 (Note 7)	5.58%
Ms. Luk Sin Fong, Fion	Beneficiary of a trust	400,000,000 (Note 7)	5.58%
Mr. Chan Cheuk Hung	Beneficiary of a trust	400,000,000 (Note 7)	5.58%
Mr. Chan Cheuk Hei	Beneficiary of a trust	400,000,000 (Note 7)	5.58%
Mr. Chan Cheuk Nam	Beneficiary of a trust	400,000,000 (Note 7)	5.58%
Ms. Chan Siu Na	Spouse	400,000,000 (Note 8)	5.58%
Ms. Zheng Huiqiong	Spouse	400,000,000 (Note 9)	5.58%
Ms. Lu Liqing	Spouse	400,000,000 (Note 10)	5.58%
Ms. Lu Yanping	Spouse	400,000,000 (Note 11)	5.58%

SUBSTANTIAL SHAREHOLDERS *(continued)*

Notes:

1. Based on 7,170,198,562 shares of the Company in issue as at 30 September 2019.

2. Among 1,749,220,474 shares, (i) 1,699,220,474 shares are owned by Ruby Charm Investment Limited (see also note 3 below); and (ii) 50,000,000 shares represent the Share Options granted to 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.

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

4. Among 488,090,100 shares, (i) 311,619,512 shares are owned through Ocean Dynasty Investments Limited, a private company indirectly wholly owned by Mr. Li Ka Shing; and (ii) 176,470,588 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.

5. Sino-Alliance International, Ltd is a private company directly wholly owned by Shanghai Alliance Investment Ltd.

6. Great Dawn Investments Limited is a private company directly wholly owned by Agile Capital Investment Group Limited. Agile Capital Investment Group Limited is a private company directly wholly owned by Agile Capital Investment Holdings Limited. Agile Capital Investment Holdings Limited is a private company directly wholly owned by Eastern Supreme Group Holdings Limited. Eastern Supreme Group Holdings Limited is a private company directly wholly owned by Agile Group Holdings Limited. Agile Group Holdings Limited, a company listed on the Stock Exchange (stock code: 3383), is a company directly non-wholly owned by Top Coast Investment Limited. Top Coast Investment Limited is a private company directly wholly owned by Full Choice Investments Limited.

7. Full Choice Investments Limited is a trustee of the Chen's Family Trust, the beneficiaries of which are Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin, Ms. Luk Sin Fong, Fion, Mr. Chan Cheuk Hung, Mr. Chan Cheuk Hei and Mr. Chan Cheuk Nam.

8. Ms. Chan Siu Na is the spouse of Mr. Chan Cheuk Nam and is deemed to be interested in the shares.

9. Ms. Zheng Huiqiong is the spouse of Mr. Chan Cheuk Yin and is deemed to be interested in the shares.

10. Ms. Lu Liqing is the spouse of Mr. Chan Cheuk Hung and is deemed to be interested in the shares.

11. Ms. Lu Yanping is the spouse of Mr. Chan Cheuk Hei and is deemed to be interested in the shares.

12. 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 2019 are set out in note 29 to the consolidated financial statements.

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.

REPORT OF THE DIRECTORS

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. 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 four 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.

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 the Group that has a significant impact on the business and operations of the 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

Mr. Charles Matthew Pecot III

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.

REPORT OF THE DIRECTORS

AUDITORS

The consolidated financial statements for the year ended 30 September 2019 have been audited by Ernst & Young ("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
23 December 2019

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 code provisions of the Code.

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 *(Chairman)* Mr. Sung Kin Man *(Appointed as an executive Director and the Chief Executive Officer with effect from 1 February 2019)* Mr. Ho Chi Kit *(Resigned as an executive Director and the Chief Executive Officer with effect from 1 February 2019)*
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 Mr. Charles Matthew Pecot III *(Appointed with effect from 1 June 2019)* Mr. Heung Chee Hang, Eric *(Resigned with effect from 17 December 2018)*

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.

BOARD OF DIRECTORS *(continued)*

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

Name of Directors	Number of meetings attended in the year ended 30 September 2019 Regular board meetings	2019 AGM
Mr. Ho King Fung, Eric	4/4	1/1
Mr. Sung Kin Man	3/3	1/1
Mr. Ho Chi Kit (Resigned with effect from 1 February 2019)	1/1	Nil
Mr. Zhang Jinbing	3/4	0/1
Mr. Teoh Chun Ming	4/4	0/1
Mr. Tam Ping Kuen, Daniel	4/4	1/1
Mr. Peter Edward Jackson	4/4	1/1
Mr. Charles Matthew Pecot III	1/1	Nil
Mr. Heung Chee Hang, Eric (Resigned with effect from 17 December 2018)	Nil	Nil

Mr. Ho King Fung, Eric, the chairman of the Board and the chairman of the Nomination Committee and Investment Committee, Mr. Sung Kin Man, the chief executive officer of the Company and the chairman of the Corporate Governance Committee, Mr. Tam Ping Kuen, Daniel, a member of the Audit Committee and Remuneration Committee and Mr. Peter Edward Jackson, a member of the Audit Committee, Nomination Committee, Remuneration Committee and Corporate Governance Committee, attended the AGM to answer questions and collect views of the shareholders of the Company.

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. Sung Kin Man, Mr. Ho Chi Kit, Mr. Zhang Jinbing, Mr. Teoh Chun Ming, Mr. Tam Ping Kuen, Daniel, Mr. Peter Edward Jackson, Mr. Charles Matthew Pecot III and Mr. Heung Chee Hang, Eric (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 and reviewing Company's compliance with the Code.

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. Ho Chi Kit was the chief executive officer of the Company and resigned as the chief executive officer of the Company with effect from 1 February 2019. As at the date of this report, Mr. Ho King Fung, Eric is the Chairman while Mr. Sung Kin Man 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.

Mr. Charles Matthew Pecot III, as an independent non-executive Director has entered into a formal letter of appointment. His current term of service commenced from 1 June 2019 for a period of 36 months and will expire on 31 May 2022.

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 four members, namely Mr. Teoh Chun Ming (Chairman), Mr. Tam Ping Kuen, Daniel, Mr. Peter Edward Jackson and Mr. Charles Matthew Pecot III, 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 *(Chairman)*	2/2
Mr. Tam Ping Kuen, Daniel	2/2
Mr. Peter Edward Jackson	2/2
Mr. Charles Matthew Pecot III (*Member with effect from 1 June 2019)*	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 2018;
- reviewed the interim report and the interim results announcement of the Company for the six months ended 31 March 2019;
- 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 four members, namely Mr. Teoh Chun Ming (Chairman), Mr. Tam Ping Kuen, Daniel, Mr. Peter Edward Jackson and Mr. Charles Matthew Pecot III, 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. Two (2) meetings were 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. Teoh Chun Ming *(Chairman with effect from 17 December 2018)*	2/2
Mr. Tam Ping Kuen, Daniel	2/2
Mr. Peter Edward Jackson *(Member with effect from 17 December 2018)*	2/2
Mr. Charles Matthew Pecot III *(Member with effect from 1 June 2019)*	Nil
Mr. Heung Chee Hang, Eric *(Ceased to be the Chairman and a member with effect from 17 December 2018)*	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 (including the Directors appointed during the Year) and senior management of the Company; and
- reviewed and approved the terms of executive Directors' service contract.

For the Year, the remuneration payable (including equity-settled share option expense) to a senior management (excluding Directors) fell within the band of HK$3,000,001 to HK$3,500,000.

Further details of the remuneration of the Directors and the five highest paid individuals are set out in notes 9 and 10 to the financial statements.

NOMINATION COMMITTEE

As at the date of this report, the Nomination Committee has four members, namely Mr. Ho King Fung, Eric (Chairman), Mr. Teoh Chun Ming, Mr. Peter Edward Jackson and Mr. Charles Matthew Pecot III. A majority of the members of the Nomination Committee, namely Mr. Teoh Chun Ming, Mr. Peter Edward Jackson and Mr. Charles Matthew Pecot III 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. For the appointment and nomination of new Directors during the Year, the proposed candidates were referred to the Nomination Committee and in making recommendation to the Board, the Nomination Committee would consider the candidates on merit against objective criteria and with due regards to the benefits of diversity on the Board and 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. Two (2) meetings of the Nomination Committee were 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 *(Chairman)*	2/2
Mr. Teoh Chun Ming	2/2
Mr. Peter Edward Jackson *(Member with effect from 17 December 2018)*	2/2
Mr. Charles Matthew Pecot III *(Member with effect from 1 June 2019)*	Nil
Mr. Heung Chee Hang, Eric *(Ceased to be a member with effect from 17 December 2018)*	Nil

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

- considered the (i) appointment of Mr. Sung Kin Man as an executive Director and the chief executive officer of the Company; and (ii) appointment of Mr. Charles Matthew Pecot III as an independent non-executive Director based on the procedures and the process and criteria set out above;

- 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 seven Directors. Four 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. Sung Kin Man (Chairman), Mr. Teoh Chun Ming, Mr. Peter Edward Jackson and Mr. Charles Matthew Pecot III. A majority of the members of the Corporate Governance Committee, namely Mr. Teoh Chun Ming, Mr. Peter Edward Jackson and Mr. Charles Matthew Pecot III are independent non-executive Directors. Mr. Sung Kin Man, 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.

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. Sung Kin Man *(Chairman and a member with effect from 1 February 2019)*	Nil
Mr. Ho Chi Kit *(Ceased to be the Chairman and a member with effect from 1 February 2019)*	1/1
Mr. Teoh Chun Ming	1/1
Mr. Peter Edward Jackson *(Member with effect from 17 December 2018)*	1/1
Mr. Charles Matthew Pecot III *(Member with effect from 1 June 2019)*	Nil

CORPORATE GOVERNANCE COMMITTEE *(continued)*

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 2018 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. Sung Kin Man 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 review includes major financial, operational and compliance controls. 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 a professional firm. The review report with examination results (including the identification of major risks in operation) and relevant improvement recommendations were duly reported to the Audit Committee and the Board for them to assess risks controls 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, EY, in respect of audit services and non-audit services for the Year is set out below:

Services rendered	Fees paid/payable (HK$'000)
Audit services (EY)	4,860
Non-audit services (EY)	1,612
	6,472

The non-audit services provided by EY to the Group during the Year include review of interim results and internal control review.

COMPANY SECRETARY

Mr. Ng Tik Tsun was appointed as the company secretary of the Company with effect from 13 November 2017 and resigned with effect from 13 February 2019. Mr. Moy Yee Wo Matthew ("Mr. Moy") was appointed as the company secretary of the Company with effect from 13 February 2019. The biographical details of Mr. Moy are set out under the section headed "Directors and Senior Management".

In accordance with Rule 3.29 of the Listing Rules, Mr. Moy 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 of the Company 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.

CORPORATE GOVERNANCE REPORT

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 a 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 the annual report for the year ended 30 September 2019.

The 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 2018 to 30 September 2019.

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(s)"), 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 the ESG 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)*

In accordance with the ESG Reporting Guide, our environmental performance of "Emissions" during the Year is tabulated below.

Table 1 — Emissions

	Unit	2019	2018
GHG Emissions	CO_2e (kg)	**43,725**	42,555
Nitrogen Oxides	g	**13,895**	13,275
Sulphur Oxides	g	**39.12**	33.08
Particulate Matter	g	**1,657**	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	2019	2018
Domestic Waste	kg	**21,037**	15,607

Green Operation

The Group is committed to paperless operation. The Group constantly encourages all employees 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, our environmental performance of "Energy and Resources Use" during the Year are tabulated below.

Table 3 — Energy and Resources Use

	Unit	2019	2018
Electricity	kWh	**44,541.4**	44,049.6
Purchased Gas	Unit	**Nil**	Nil
Unleaded Petrol	L	**2,625**	2,250
Paper	kg	**499**	714
Water	m^3	**Nil**	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.

The PRC Region

In the PRC, 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 continued 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 complied with the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong), the Work Safety Law of the PRC (《中華人民共和國安全生產法》) and other relevant laws and regulations, 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 provided 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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.

Hong Kong Region

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

The PRC Region

For our operation in the PRC, 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.

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

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.

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 No disclosure on compliance with specific laws and regulations is made as there are no specific laws and regulations that have a significant impact on the Company
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	No disclosure on intensity is made as the Group did not have manufacturing facilities during the Year
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	—	Considered to be 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	—	No disclosure is made as the there were no significant impacts of the Group's activities on the environment and natural resources during the Year

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	
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	

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

Aspects, General Disclosures and KPIs	Description	Relevant sections in the ESG Report	Remarks
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

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To the shareholders of WE Solutions 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 167, which comprise the consolidated statement of financial position as at 30 September 2019, 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 2019, 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	
As at 30 September 2019, the Group had goodwill acquired through business combinations allocated to an electric vehicle cash-generating unit ("CGU") and a jewellery products and watches CGU of the Group with net carrying amounts of approximately HK$1,333,753,000 and HK$29,555,000, respectively, and an intangible asset with indefinite useful life with a net carrying amount of approximately HK$48,940,000, 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 respective 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 respective CGUs and the Intangible Asset are less than their carrying amounts. For the year under review, the recoverable amounts of the respective CGUs and the Intangible Asset have been determined based on the respective CGUs' 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 and the Intangible Asset's fair value less costs of disposal, 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 exploitation of 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, 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, with reference to relevant historical/market information, and other 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.

INDEPENDENT AUDITOR'S REPORT

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 As at 30 September 2019, the Group's financial assets at fair value through profit or loss of approximately HK$1,066,488,000 were categorised as Level 3 within the fair value hierarchy. For Level 3 valuation, the Group engaged certain independent professionally qualified valuers (the "external valuers") 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, estimations 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, 20, and 41 to the consolidated financial statements.	With the assistance from our internal valuation specialists, we evaluated the valuation methodologies and assumptions adopted 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, capabilities and competence of the external valuers 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 As at 30 September 2019, the Group had outstanding loans receivable with a net carrying amount of approximately HK$699,170,000. Impairment losses recognised in the consolidated statement of profit or loss for the year in respect of the Group's loans receivable amounted to approximately HK$257,331,000. The adoption of Hong Kong Financial Reporting Standard 9 *Financial Instruments* ("HKFRS 9") has changed the Group's impairment assessment of loans receivable by replacing the incurred loss approach under Hong Kong Accounting Standard 39 *Financial Instruments: Recognition and Measurement* with the expected credit loss approach under HKFRS 9. The Group assessed the expected credit loss for each loan receivable by applying the probability of default approach under HKFRS 9, with the assistance of certain independent professionally qualified valuers (the "external valuers"). Significant accounting judgements, estimates and assumptions are required in determining the expected credit losses of loans receivable. We focused on this area due to the magnitude of the balance involved and the significant accounting judgments and estimates required in assessing the loss allowance for impairment of loans receivable. The related disclosures are included in notes 2.4, 3 and 21 to the consolidated financial statements.	With the assistance of our internal specialists, we evaluated the reasonableness and appropriateness of the methodologies and assumptions adopted as well as information and parameters used in the Group's impairment assessment of loans receivable. Our key audit procedures performed included, inter alia, (i) examining background information and repayment capability of the loan debtors, such as available credit assessments and information regarding the creditability/financial strengths of the loan debtors; (ii) assessing the reasonableness and appropriateness of management's judgement on determining if a significant increase in credit risk has occurred or a loan receivable is credit-impaired and the basis for classification of exposures into the 3 stages as required by HKFRS 9 and examining supporting information to assess the appropriateness of the classification of exposures as at the end of the reporting period; (iii) testing the accuracy of key data sources and parameters applied in the expected credit loss computations by checking to appropriate supporting information and the relevant loan agreements; and (iv) assessing the reasonableness and appropriateness of the methodologies and assumptions adopted as well as information and parameters used by checking to applicable external data sources and other available information, taking into consideration the fair value of any collaterals and other relevant information, and the impact of forward looking factors. We evaluated the objectivity, capabilities and competence of the external valuers 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
Assessment of net realisable value of inventories As at 30 September 2019, the Group had inventories with a net carrying amount of approximately HK$214,842,000. The Group performs periodic 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 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 accounting judgements, estimates and assumptions that affect the reported amount of inventories. 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 23 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.

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.

INDEPENDENT AUDITOR'S REPORT

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.

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.

INDEPENDENT AUDITOR'S REPORT

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

- 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.

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

23 December 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 30 September 2019

	Notes	2019 HK$'000	2018 HK$'000
REVENUE	5	**536,355**	717,023
Cost of sales		**(393,724)**	(502,055)
Gross profit		**142,631**	214,968
Other income and gains, net	6	**21,156**	86,906
Selling and distribution expenses		**(43,607)**	(36,334)
General and administrative expenses		**(166,732)**	(251,965)
Research and development costs		**(21,191)**	(87,800)
Other expenses, net		**(542,714)**	(25,994)
Finance costs	8	**(4,039)**	(5,585)
Share of losses of:			
Joint venture		**(5,108)**	–
Associates		**(5,999)**	(3,303)
LOSS BEFORE TAX	7	**(625,603)**	(109,107)
Income tax credit/(expense)	11	**6,274**	(1,230)
LOSS FOR THE YEAR		**(619,329)**	(110,337)
Attributable to:			
Owners of the Company		**(605,392)**	(94,096)
Non-controlling interests		**(13,937)**	(16,241)
		(619,329)	(110,337)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	13		
Basic		**HK(9.26) cents**	HK(1.61) cents
Diluted		**HK(9.66) cents**	HK(2.99) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 September 2019

	2019 HK$'000	2018 HK$'000
LOSS FOR THE YEAR	**(619,329)**	(110,337)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**58,852**	(12,586)
Reclassification adjustment for foreign operations disposed of during the year	**–**	(41)
	58,852	(12,627)
Share of other comprehensive loss of a joint venture and an associate	**(797)**	(830)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**58,055**	(13,457)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(561,274)**	(123,794)
Attributable to:		
Owners of the Company	**(542,539)**	(105,926)
Non-controlling interests	**(18,735)**	(17,868)
	(561,274)	(123,794)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2019

	Notes	2019 HK$'000	2018 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**138,773**	72,151
Investment properties	15	**358,026**	441,377
Goodwill	16	**1,363,308**	1,485,093
Other intangible assets	17	**48,940**	39,471
Interest in a joint venture	18	**387**	–
Interests in associates	19	**19,089**	25,884
Financial assets at fair value through profit or loss	20	**1,161,086**	780,488
Loans receivable	21	**225,392**	2,049
Deferred tax assets	30	**3,768**	–
Deposits	22	**44,093**	63,817
Total non-current assets		**3,362,862**	2,910,330
CURRENT ASSETS			
Inventories	23	**214,842**	220,973
Accounts receivable	24	**32,872**	55,616
Loans receivable	21	**473,778**	946,871
Prepayments, deposits and other receivables	22	**19,380**	33,813
Financial assets at fair value through profit or loss	20	**1,969**	3,547
Tax recoverable		**–**	445
Cash and cash equivalents	26	**447,606**	326,221
Total current assets		**1,190,447**	1,587,486
CURRENT LIABILITIES			
Accounts payable	27	**99,167**	112,413
Other payables and accruals	28	**198,987**	177,093
Interest-bearing bank borrowings	29	**104,678**	39,846
Tax payable		**4,536**	725
Total current liabilities		**407,368**	330,077
NET CURRENT ASSETS		**783,079**	1,257,409
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,145,941**	4,167,739

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

30 September 2019

	Notes	2019 HK$'000	2018 HK$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	29	**21,809**	34,438
Deferred tax liabilities	30	**80,467**	98,062
Total non-current liabilities		**102,276**	132,500
Net assets		**4,043,665**	4,035,239
EQUITY			
Equity attributable to owners of the Company			
Issued capital	31	**717,019**	591,788
Reserves	33	**3,207,237**	3,311,035
		3,924,256	3,902,823
Non-controlling interests		**119,409**	132,416
Total equity		**4,043,665**	4,035,239

Mr. Ho King Fung, Eric
Director

Mr. Sung Kin Man
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 September 2019

		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		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	34	–	–	(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	34	–	–	–	–	–	–	–	–	(691,926)	(691,926)
Dividend paid to a non-controlling shareholder		–	–	–	–	–	–	–	–	(1,502)	(1,502)
Issue of shares	31	25,594	356,019	–	–	(1,981)	–	–	379,632	–	379,632
Equity-settled share option arrangements	32	–	–	–	–	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)	–	–	–
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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(continued)*

Year ended 30 September 2019

		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 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
Effect of adoption of HKFRS 9	2.2	–	–	–	–	–	–	(129,472)	(129,472)	–	(129,472)
At 1 October 2018 (as restated)		591,788	5,359,641	(24,198)	689	119,559	11	(2,274,139)	3,773,351	132,416	3,905,767
Loss for the year		–	–	–	–	–	–	(605,392)	(605,392)	(13,937)	(619,329)
Other comprehensive loss for the year:											
Exchange differences on translation of foreign operations		–	–	63,650	–	–	–	–	63,650	(4,798)	58,852
Share of other comprehensive loss of a joint venture and an associate		–	–	(797)	–	–	–	–	(797)	–	(797)
Total comprehensive loss for the year		–	–	62,853	–	–	–	(605,392)	(542,539)	(18,735)	(561,274)
Contribution from a non-controlling shareholder		–	–	–	–	–	–	–	–	6,501	6,501
Dividend paid to a non-controlling shareholder		–	–	–	–	–	–	–	–	(773)	(773)
Issue of shares	31	125,231	568,392	–	–	–	–	–	693,623	–	693,623
Share issue expenses	31	–	(15,850)	–	–	–	–	–	(15,850)	–	(15,850)
Equity-settled share option arrangements	32	–	–	–	–	15,671	–	–	15,671	–	15,671
Transfer of share option reserve upon forfeiture of share options		–	–	–	–	(54,328)	–	54,328	–	–	–
At 30 September 2019		717,019	5,912,183*	38,655*	689*	80,902*	11*	(2,825,203)*	3,924,256	119,409	4,043,665

* These reserve accounts comprise the consolidated reserves of HK$3,207,237,000 (2018: HK$3,311,035,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 September 2019

	Notes	2019 HK$'000	2018 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(625,603)**	(109,107)
Adjustments for:			
Finance costs	8	**4,039**	5,585
Share of losses of associates		**5,999**	3,303
Share of loss of a joint venture		**5,108**	–
Bank interest income	6	**(1,289)**	(940)
Write-down of inventories to net realisable value	7	**40,835**	16,905
Amortisation of other intangible assets	7	**3,138**	20,538
Changes in fair value of contingent consideration receivable	7	**–**	1
Fair value losses/(gains) on investment properties	7	**71,690**	(2,063)
Fair value losses/(gains) on financial assets at fair value through profit or loss, net	7	**21,852**	(73,861)
Depreciation	7	**8,974**	4,956
Loss/(gain) on disposal of subsidiaries, net	7	**5,555**	(1,521)
Impairment of goodwill	7	**199,257**	–
Impairment/(reversal of impairment) of accounts receivable	7	**(2,328)**	469
Impairment of loans receivable	7	**257,331**	–
Impairment/(reversal of impairment) of other intangible assets	7	**(14,350)**	3,718
Equity-settled share option expense	7	**15,671**	105,051
Loss on disposal of items of property, plant and equipment	7	**–**	192
		(4,121)	(26,774)
Decrease/(increase) in inventories		**(51,932)**	93,019
Decrease in accounts receivable		**15,516**	39,899
Decrease in financial assets at fair value through profit or loss		**–**	14,373
Increase in loans receivable		**(144,497)**	(291,556)
Decrease in prepayments, deposits and other receivables		**12,934**	2,609
Increase/(decrease) in accounts payable		**(5,767)**	49,910
Increase in other payables and accruals		**34,536**	11,032
Cash used in operations		**(143,331)**	(107,488)
Hong Kong profits tax paid		**(2,222)**	(887)
Overseas taxes paid		**(249)**	(11,838)
Net cash flows used in operating activities		**(145,802)**	(120,213)

CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

Year ended 30 September 2019

	Notes	2019 HK$'000	2018 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**1,289**	940
Deposit paid for acquisition of a subsidiary		**(40,000)**	–
Addition of investment properties		**(1,103)**	(930)
Purchases of/deposits paid for the purchases of items of property, plant and equipment		**(17,151)**	(19,484)
Proceeds from disposal of items of property, plant and equipment		**–**	2,101
Proceeds from redemption of a financial asset at fair value through profit or loss		**19,500**	–
Disposal of subsidiaries	34	**1,241**	609,598
Investment in an associate		**–**	(24,154)
Investment in a joint venture		**(5,496)**	–
Increase in financial assets at fair value through profit or loss		**(295,374)**	(699,185)
Net cash flows used in investing activities		**(337,094)**	(131,114)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(4,039)**	(5,585)
New bank borrowings		**93,357**	41,913
Repayment of bank borrowings		**(39,847)**	(107,775)
Acquisition of non-controlling interests		**–**	(27,996)
Proceeds from issue of shares		**568,625**	379,632
Share issue expense		**(15,850)**	–
Dividend paid to a non-controlling shareholder		**(773)**	(1,502)
Contributions from non-controlling shareholders		**6,501**	10
Net cash flows from financing activities		**607,974**	278,697
NET INCREASE IN CASH AND CASH EQUIVALENTS		**125,078**	27,370
Cash and cash equivalents at beginning of year		**326,221**	302,094
Effect of foreign exchange rate changes, net		**(3,693)**	(3,243)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**447,606**	326,221
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	26	**240,549**	319,840
Non-pledged time deposits with original maturity of less than three months when acquired	26	**207,057**	6,381
		447,606	326,221

1. CORPORATE AND GROUP INFORMATION

WE Solutions 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.

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 mobility technology solutions;
- 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 2019	2018	Principal activities
Ming Fung Investment Holdings Limited ("Ming Fung Investment")	British Virgin Islands ("BVI")	US$1,000	**100**	100	Investment holding
GLM Co., Ltd. ("GLM")	Japan	JPY1,563,570,000	**88.5**	88.5	Manufacturing and sales of electric vehicles and related components and provision of mobility technology solutions
Grand Destiny Venture Ltd. ("Grand Destiny")	BVI	US$1	**100**	100	Investment holding
Global 3D Printing Ltd. ("Global 3D Printing")	Cayman Islands	US$1	**100**	100	Investment holding
Shenzhen Qijingda Trading (HK) Company Limited	Hong Kong	HK$1,000,000	**–**	100	Wholesale of jewellery products and watches

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2019

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 2019	2018	Principal activities
Shenzhen Qijingda Trading Company Limited (深圳市琪晶達貿易有限公司) (notes (c), (d) and (e))	People's Republic of China (the "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 (赤峰國金礦業有限公司) (notes (c) and (d))	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 ("Raise Success")	Hong Kong	HK$2	**100**	100	Money lending
Shenyang Commercial City (Group) Co., Ltd. (沈陽商業城 (集團) 有限公司) (notes (c) and (d))	PRC/ Mainland China	RMB249,000,000	**100**	100	Property investment
Shenyang Storage and Transportation Group Logistic Co., Ltd. (沈陽儲運集團物流配送有限公司) (notes (c) and (d))	PRC/ Mainland China	RMB30,425,099	**61.52**	61.52	Property investment
Shenyang Dongmao Paper Trading Centre Co., Ltd. (沈陽東貿紙品交易中心有限公司) (notes (c) and (d))	PRC/ Mainland China	RMB8,262,601	**54.08**	54.08	Property investment

Notes:

(a) Except for Ming Fung Investment, Raise Success, Grand Destiny, Global 3D Printing and 85.5% equity interest in GLM which are directly held by the Company, all the above subsidiaries and the remaining 3% equity interest in GLM are indirectly held by the Company.

(b) Except for GLM, the statutory financial statements of the above subsidiaries are not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

(c) Limited liability companies established in the PRC

(d) English name for identification only

(e) Registered as a wholly-foreign-owned enterprise in the PRC

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

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 and financial assets at fair value through profit or loss which have been measured at fair value. 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 2019. 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.

2.1 BASIS OF PREPARATION *(continued)*

Basis of consolidation *(continued)*

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.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKFRS 1 and HKAS 28

Other than as explained below regarding the impact of HKFRS 9, HKFRS 15 and amendments to HKFRS 15, the adoption of the above new and revised HKFRSs has had no significant financial effect on these financial statements.

(a) HKFRS 9 *Financial Instruments*

HKFRS 9 replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The Group has recognised the transition adjustments against the applicable opening balances in equity at 1 October 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 39.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

(a) HKFRS 9 *Financial Instruments* *(continued)*

Classification and measurement

The following information sets out the impacts of adopting HKFRS 9 on the consolidated statement of financial position, including the effect of replacing HKAS 39's incurred credit loss calculations with HKFRS 9's expected credit losses ("ECLs").

A reconciliation between the carrying amounts under HKAS 39 and the balances reported under HKFRS 9 as at 1 October 2018 is as follows:

	HKAS 39 measurement			HKFRS 9 measurement	
	Category	Amount HK$'000	ECL HK$'000	Amount HK$'000	Category
Financial assets					
Loans receivable	L&R[1]	948,920	(129,965)	818,955	AC[2]
Accounts receivable	L&R	55,616	(2,924)	52,692	AC
Financial assets included in prepayments, deposits and other receivables	L&R	21,309	–	21,309	AC
Financial assets at fair value through profit or loss	FVPL[3]	784,035	–	784,035	FVPL (mandatory)
Cash and cash equivalents	L&R	326,221	–	326,221	AC
		2,136,101	(132,889)	2,003,212	
Other assets					
Deferred tax assets		–	3,417	3,417	
Financial liabilities					
Accounts payable	AC	112,413	–	112,413	AC
Financial liabilities included in other payables and accruals	AC	60,990	–	60,990	AC
Interest-bearing bank borrowings	AC	74,284	–	74,284	AC
		247,687	–	247,687	

1 L&R: Loans and receivables
2 AC: Financial assets or financial liabilities at amortised cost
3 FVPL: Financial assets at fair value through profit or loss

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

(a) HKFRS 9 *Financial Instruments* *(continued)*

Impairment

The following table reconciles the aggregate opening impairment allowances under HKAS 39 to the ECL allowances under HKFRS 9. Further details are disclosed in notes 21 and 24 to the financial statements.

	Impairment allowances under HKAS 39 at 30 September 2018 HK$'000	Re-measurement HK$'000	ECL allowance under HKFRS 9 at 1 October 2018 HK$'000
Loans receivable	–	129,965	129,965
Accounts receivable	1,140	2,924	4,064
	1,140	132,889	134,029

Impact on accumulated losses

The impact of transition to HKFRS 9 on accumulated losses is as follows:

	Accumulated losses HK$'000
Balance as at 30 September 2018 under HKAS 39	(2,144,667)
Recognition of expected credit losses for loans receivable and accounts receivable under HKFRS 9	(132,889)
Deferred tax in relation to the above	3,417
Balance as at 1 October 2018 under HKFRS 9	(2,274,139)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

(b) HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 and its amendments replace HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. HKFRS 15 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 relevant disclosures are included in note 5 to the financial statements. As a result of the application of HKFRS 15, the Group has changed the accounting policy with respect to revenue recognition in note 2.4 to the financial statements.

The Group has adopted HKFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at that date. The Group has elected to apply the standard to contracts that are not completed as at 1 October 2018.

Except for the reclassification of certain financial statement line items as set out below, the initial application of HKFRS 15 has had no impact on the financial performance of the Group. Hence, no cumulative effect of the initial application of HKFRS 15 was recognised as an adjustment to the opening balance of accumulated losses as at 1 October 2018. The comparative information was not restated and continues to be reported under HKAS 18 and related interpretations.

Consideration received from customers in advance

Before the adoption of HKFRS 15, the Group recognised consideration received from customers in advance as receipts in advance included in other payables and accruals. Under HKFRS 15, the amount is classified as contract liabilities which is included in other payables and accruals. Therefore, upon adoption of HKFRS 15, the Group reclassified HK$81,496,000 from receipts in advance to contract liabilities as at 1 October 2018 in relation to the consideration received from customers in advance as at 1 October 2018.

Set out below are the amounts by which each financial statement line item was affected as at 30 September 2019 as a result of the adoption of HKFRS 15. The adoption of HKFRS 15 has had no impact on the Group's profit or loss and other comprehensive income loss, or on the Group's operating, investing and financing cash flows. The first column shows the amounts recorded under HKFRS 15 and the second column shows what the amounts would have been had HKFRS 15 not been adopted:

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

(b) HKFRS 15 *Revenue from Contracts with Customers (continued)*

Consolidated statement of financial position as at 30 September 2019:

	Amounts prepared under		
		Previous	Increase/
	HKFRS 15	HKFRS	(decrease)
	HK$'000	HK$'000	HK$'000
Contract liabilities included in other payables and accruals	89,558	–	89,558
Receipts in advance included in other payables and accruals	3,102	92,660	(89,558)

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 3	*Definition of a Business*[2]
Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*[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 16	*Leases*[1]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKAS 1 and HKAS 8	*Definition of Material*[2]
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*[1]
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*[1]
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*[1]
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2020
3 Effective for annual periods beginning on or after 1 January 2021
4 No mandatory effective date yet determined but available for adoption

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

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

Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group expects to adopt the amendments prospectively from 1 October 2020. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The Group expects to adopt the amendments prospectively from 1 October 2020. The amendments are not expected to have any significant impact on the Group's financial statements.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

HKFRS 16 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 elective 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 applied. 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 will adopt HKFRS 16 from 1 October 2019. The Group plans to adopt the transitional provisions in HKFRS 16 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of accumulated losses at 1 October 2019 and will not restate the comparatives. In addition, the Group plans to apply the new requirements to contracts that were previously identified as leases applying HKAS 17 and measure the lease liability at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application. The right-of-use asset will be measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before the date of initial application. The Group plans to use the exemptions allowed by the standard on lease contracts whose lease terms end within 12 months as of the date of initial application. The Group is currently assessing the impact of adoption of HKFRS 16. As disclosed in note 38 to the financial statements, at 30 September 2019, the Group had future minimum lease payments under non-cancellable operating leases in aggregate of approximately HK$33,597,000. Upon adoption of HKFRS 16, certain amounts included therein will 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 right-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, and other practical expedients and reliefs chosen.

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

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 October 2020. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group expects to adopt the amendments on 1 October 2019 and will assess its business model for such long-term interests based on the facts and circumstances that exist on 1 October 2019 using the transitional requirements in the amendments. The Group also intends to apply the relief from restating comparative information for prior periods upon adoption of the amendments.

HK(IFRIC)-Int 23 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 Group is currently assessing whether the interpretation will have any significant impact on the Group's financial statements in the period of initial application.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and a joint venture

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.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and a joint venture 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 and joint venture 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 associates or joint venture, 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 or joint venture are eliminated to the extent of the Group's investments in the associates or joint venture, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint venture is included as part of the Group's investments in associates or a joint venture.

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 or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control 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 and financial assets at fair value through profit or loss at fair value 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, deferred tax assets, financial assets and investment properties), 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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. 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 33%
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.

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 relevant distribution agreements; and (ii) mining rights with indefinite useful lives, which are stated at cost less any impairment losses.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets (policies under HKFRS 9 applicable from 1 October 2018)

Initial recognition and measurement

Financial assets of the Group are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of accounts receivable that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Accounts receivable that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition (applicable from 1 October 2018)" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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 amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets (policies under HKFRS 9 applicable from 1 October 2018) *(continued)*

Subsequent measurement *(continued)*

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. 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.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets (policies under HKAS 39 applicable before 1 October 2018)

Initial recognition and measurement

Financial assets of the Group 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 positive 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 (applicable before 1 October 2018)” below.

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 is recognised in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Derecognition of financial assets (policies under HKFRS 9 applicable from 1 October 2018 and policies under HKAS 39 applicable before 1 October 2018)

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.

Impairment of financial assets (policies under HKFRS 9 applicable from 1 October 2018)

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets (policies under HKFRS 9 applicable from 1 October 2018) *(continued)*

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for accounts receivable which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For accounts receivable that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets (policies under HKAS 39 applicable before 1 October 2018)

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 (policies under HKFRS 9 applicable from 1 October 2018 and HKAS 39 applicable before 1 October 2018)

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, 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 (policies under HKFRS 9 applicable from 1 October 2018)

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 contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets (policies under HKFRS 9 applicable from 1 October 2018)"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Financial guarantee contracts (policies under HKAS 39 applicable before 1 October 2018)

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 (policies under HKFRS 9 applicable from 1 October 2018 and HKAS 39 applicable before 1 October 2018)

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Offsetting of financial instruments (policies under HKFRS 9 applicable from 1 October 2018 and HKAS 39 applicable before 1 October 2018)

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.

Derivative financial instruments (policies under HKFRS 9 applicable from 1 October 2018 and HKAS 39 applicable before 1 October 2018)

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 (applicable from 1 October 2018)

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition (applicable from 1 October 2018) *(continued)*

Revenue from contracts with customers *(continued)*

(a) Sale of jewellery products and watches

Revenue from the sale of jewellery products and watches is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Some contracts for the sale of jewellery products and watches provide customers with volume rebates, which give rise to variable consideration.

Volume rebates

Retrospective volume rebates may be provided to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognised.

(b) Sale of electric vehicle and provision of engineering services

Sale of electric vehicle represented sales of electric vehicle and related components. Revenue from the sale of electric vehicles and provision of engineering services is recognised at a point in time when control is transferred to the customer, generally upon delivery to customers.

Revenue from other sources

Interest income from loan financing is recognised 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 a financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Rental income is recognised on a time proportion basis over the lease terms.

Other income

Bank interest income is recognised 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.

Marketing subsidies are recognised when there is reasonable assurance that the subsidies will be received and all attaching conditions will be complied with.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition (applicable before 1 October 2018)

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) 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;

(e) dividend income, when the shareholders' right to receive payment has been established; and

(f) marketing subsidies, when there is reasonable assurance that the subsidies will be received and all attaching conditions will be complied with.

Contract liabilities (applicable from 1 October 2018)

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

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 certain external valuers using a binomial model, further details of which are given in note 32 to the financial statements.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share-based payments *(continued)*

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 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).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies *(continued)*

The functional currencies of certain overseas subsidiaries, associates and joint venture 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 legislations, 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 tax 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 for 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.

Variable consideration for volume rebates

The Group estimates variable consideration to be included in the transaction price for the sale of jewellery products and watches with volume rebates.

The Group's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will likely be entitled to a rebate depends on the customer's historical rebate entitlement and accumulated purchases to date. Estimates of volume rebates are sensitive to changes in circumstances and the Group's past experience regarding rebate entitlements may not be representative of customers' actual rebate entitlements in the future.

Inventory provision

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

To consider whether any write-down of inventories is required, the Group estimates the net realisable value of inventories 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.

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

Estimation uncertainty *(continued)*

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, or other valuation techniques, 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.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the fair value less costs of disposal or value in use of each cash-generating unit to which the goodwill is allocated. 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. Estimating the fair value less costs of disposal using the discounted cash flow method or value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The net carrying amount of goodwill at 30 September 2019 was approximately HK$1,363,308,000 (2018: HK$1,485,093,000), including goodwill allocated to an electric vehicle cash-generating unit of approximately HK$1,333,753,000 (2018: HK$1,455,538,000). Further details of the methodologies, assumptions and estimates adopted to arrive at the recoverable amounts of respective cash-generating units to which the goodwill is allocated are set out in note 16 to the financial statements. Attributable to the nature and the underlying stage of development of the electric vehicle cash-generating unit, the related industry and relevant markets, as well as other forward-looking factors, and the valuation methodology adopted, the recoverable amount of the electric vehicle cash-generating unit is sensitive to the assumptions and estimates, in particular the estimated long term growth rate and discount rate adopted, underlying its calculation. Any significant unexpected changes/variations of underlying assumptions and estimates might have material impact on the recoverable amount of the electric vehicle cash-generating unit and, consequently, the net carrying amount of the goodwill allocated to that cash-generating unit within the next financial year.

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 certain 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; and

(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.

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

Estimation uncertainty *(continued)*

Provision for expected credit losses on accounts receivable

The Group uses a provision matrix to calculate ECLs for accounts receivable. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's accounts receivable is disclosed in note 24 to the financial statements.

Provision for expected credit losses on loans receivable

The measurement of impairment losses under HKFRS 9 on loans receivable requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes qualitative and quantitative information and also forward-looking analysis.

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. 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 mobility technology solutions;

(b) Jewellery products and watches segment — 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/(loss) on disposal of subsidiaries, net, equity-settled share-based payment expense as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude tax recoverable, cash and cash equivalents, deferred tax assets 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 and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

4. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 30 September 2019/at 30 September 2019

	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:							
Revenue from external customers	4,214	421,065	31,451	–	79,625	–	536,355
Segment results	(236,374)	(44,146)	(65,984)	13,464	(217,490)	(31,980)	(582,510)
Reconciliation							
Bank interest income							1,289
Loss on disposal of a subsidiary							(5,555)
Corporate and other unallocated expenses							(34,788)
Finance costs							(4,039)
Loss before tax							(625,603)
Segment assets	2,521,434	359,498	366,264	49,743	698,094	96,567	4,091,600
Reconciliation							
Corporate and other unallocated assets							461,709
Total assets							4,553,309
Segment liabilities	72,165	203,735	50,805	3	2,424	–	329,132
Reconciliation							
Corporate and other unallocated liabilities							180,512
Total liabilities							509,644

4. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 30 September 2019/at 30 September 2019 *(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*	47,670	6,549	1,132	–	4,659	–	60,010
Interests in associates	13,734	5,355	–	–	–	–	19,089
Interest in a joint venture	387	–	–	–	–	–	387
Share of losses of associates	5,359	640	–	–	–	–	5,999
Share of loss of a joint venture	5,108	–	–	–	–	–	5,108
Write-down of inventories to net realisable value	5,462	35,373	–	–	–	–	40,835
Amortisation of other intangible asset	–	3,138	–	–	–	–	3,138
Reversal of impairment of other intangible asset	–	–	–	(14,350)	–	–	(14,350)
Reversal of impairment of accounts receivable	–	(2,328)	–	–	–	–	(2,328)
Impairment of loans receivable	–	–	–	–	257,331	–	257,331
Impairment of goodwill	199,257	–	–	–	–	–	199,257
Fair value losses on investment properties	–	–	71,690	–	–	–	71,690
Depreciation**	2,349	3,642	95	–	2,236	–	8,322
Fair value losses/(gains) on financial assets at fair value through profit or loss, net	(10,128)	–	–	–	–	31,980	21,852

* Capital expenditure consists of additions to property, plant and equipment, investment properties, deposits paid for purchases of items of property, plant and equipment, deposits paid for acquisition of a subsidiary and investment in a joint venture. Capital expenditure for additions to property, plant and equipment amounting to HK$3,740,000 is included in corporate and unallocated assets above.

** Depreciation amounting to HK$652,000 is included in corporate and other unallocated expenses above.

4. OPERATING SEGMENT INFORMATION *(continued)*

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:							
Revenue from external customers	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)
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

4. 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
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 gains on investment properties, net	–	–	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. Capital expenditure incurred for the 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.

4. OPERATING SEGMENT INFORMATION *(continued)*

Geographic information

(a) Revenue from external customers

	2019 **HK$'000**	2018 HK$'000
Mainland China	**353,581**	383,533
Hong Kong	**162,912**	313,126
Others	**19,862**	20,364
	536,355	717,023

The revenue information above is based on the location of customers.

(b) Non-current assets

	2019 **HK$'000**	2018 HK$'000
Mainland China	**508,496**	567,433
Hong Kong	**65,588**	39,447
Japan	**1,399,339**	1,516,979
Others	**55**	689
	1,973,478	2,124,548

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

Information about a major customer

Revenue from an external customer contributing 10% or more of the Group's total revenue is as follows:

	2019 **HK$'000**	2018 HK$'000
Customer A	**–**	182,917

The above revenue is reported under the jewellery products and watches segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2019

5. REVENUE

An analysis of revenue is as follows:

	2019 HK$'000	2018 HK$'000
Revenue from contracts with customers under HKFRS 15/ Revenue under previous HKFRS		
Sales of jewellery products and watches	**421,065**	603,525
Sales of electric vehicles and provision of engineering services	**4,214**	7,609
	425,279	611,134
Revenue from other sources		
Interest income from loan financing	**79,625**	71,609
Rental income from investment properties	**31,451**	34,280
	111,076	105,889
	536,355	717,023

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 30 September 2019

Segments	**Electric vehicle HK$'000**	**Jewellery products and watches HK$'000**	**Total HK$'000**
Type of goods or services			
Sales of jewellery products and watches	**–**	**421,065**	**421,065**
Sales of electric vehicles and provision of engineering services	**4,214**	**–**	**4,214**
Total revenue from contracts with customers	**4,214**	**421,065**	**425,279**
Geographical markets			
Hong Kong	**–**	**83,287**	**83,287**
Mainland China	**–**	**322,130**	**322,130**
Japan	**4,214**	**–**	**4,214**
Taiwan	**–**	**15,648**	**15,648**
Total revenue from contracts with customers	**4,214**	**421,065**	**425,279**
Timing of revenue recognition			
At a point in time	**4,214**	**421,065**	**425,279**

5. REVENUE *(continued)*

Revenue from contracts with customers *(continued)*

(i) *Disaggregated revenue information* *(continued)*

For the year ended 30 September 2019 *(continued)*

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

Segments	Electric vehicle HK$'000	Jewellery products and watches HK$'000	Total HK$'000
Revenue from contracts with customers			
External customers	**4,214**	**421,065**	**425,279**

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period:

	2019 HK$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	
Sales of goods	**81,496**

(ii) *Performance obligations*

Information about the Group's performance obligations is summarised below:

Sales of jewellery products and watches
The performance obligation is satisfied upon delivery of the jewellery products and watches and payment is generally due immediately at the point the customer purchases the goods or within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required. Some contracts provide certain customers with volume rebates which give rise to variable consideration subject to constraint.

Sales of electric vehicles and provision of engineering services
The performance obligation is satisfied upon delivery of the electric vehicles or engineering platform and payment is generally due within 30 days from delivery.

6. OTHER INCOME AND GAINS, NET

An analysis of the Group's other income and gains, net, is as follows:

	2019 **HK$'000**	2018 HK$'000
Other income		
Bank interest income	**1,289**	940
Marketing subsidies	**17,410**	4,573
Others	**2,457**	3,948
	21,156	9,461
Gains, net		
Gain on disposal of subsidiaries, net	**–**	1,521
Fair value gains on financial assets at fair value through profit or loss, net	**–**	73,861
Fair value gains on investment properties, net	**–**	2,063
	–	77,445
	21,156	86,906

7. LOSS BEFORE TAX

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

	2019 HK$'000	2018 HK$'000
Cost of inventories sold	344,319	477,899
Write-down of inventories to net realisable value	40,835	16,905
Depreciation	8,974	4,956
Minimum lease payments under operating leases	20,092	15,570
Contingent rents under operating leases	3,033	1,926
Auditor's remuneration	4,860	4,327
Amortisation of other intangible asset (note (ii))	3,138	20,538
Impairment of goodwill (note (ii))	199,257	–
Impairment/(reversal of impairment) of other intangible asset (note (ii))	(14,350)	3,718
Changes in fair value of contingent consideration receivable (note (ii))	–	1
Impairment/(reversal of impairment) of accounts receivable (note (ii))	(2,328)	469
Impairment of loans receivable (note (ii))	257,331	–
Fair value losses/(gains) on investment properties (note (ii))	71,690	(2,063)
Fair value losses/(gains) on financial assets at fair value through profit or loss, net (note (ii))	21,852	(73,861)
Loss on disposal of items of property, plant and equipment, net	–	192
Loss on disposal of a subsidiary (note (ii))	5,555	(1,521)
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	3,569	2,326
Employee benefit expense (including directors' remuneration (note 9)):		
Salaries, allowances, bonuses and other benefits	66,871	63,070
Equity-settled share option expense	15,671	105,051
Pension scheme contributions (defined contribution schemes) (note (i))	5,117	4,910
	87,659	173,031
Foreign exchange differences, net	3,044	3,218

Notes:

(i) At 30 September 2019, the Group had no material forfeited contributions available to reduce its contributions to the pension schemes in future years (2018: Nil).

(ii) These items are included in "Other income and gains, net" for gains and "Other expenses, net" for losses on the face of the consolidated statement of profit or loss.

8. FINANCE COSTS

	2019 HK$'000	2018 HK$'000
Interest on interest-bearing bank borrowings	**4,039**	5,585

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	
	2019 **HK$'000**	2018 HK$'000
Fees	**684**	573
Other emoluments:		
Salaries, allowances and other benefits	**14,530**	13,796
Equity-settled share option expense	**11,715**	49,205
Pension scheme contributions	**58**	75
	26,303	63,076
	26,987	63,649

During the year, certain directors and the 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 32 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
2019			
Mr. Tam Ping Kuen, Daniel	**175**	**340**	**515**
Mr. Teoh Chun Ming	**200**	**181**	**381**
Mr. Peter Edward Jackson	**200**	**181**	**381**
Mr. Charles Matthew Pecot III (note (i))	**67**	**–**	**67**
Mr. Heung Chee Hang, Eric (note (ii))	**42**	**–**	**42**
	684	**702**	**1,386**

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

Notes:

(i) Mr. Charles Matthew Pecot III was appointed as an independent non-executive director of the Company with effect from 1 June 2019.

(ii) Mr. Heung Chee Hang, Eric was appointed as an independent non-executive director of the Company with effect from 24 November 2017 and resigned as an independent non-executive director of the Company with effect from 17 December 2018.

(iii) Mr. Teoh Chun Ming was appointed as an independent non-executive director of the Company with effect from 24 November 2017.

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

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

There were no other emoluments payable to the independent non-executive directors during the year (2018: 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
2019					
Executive directors/chief executive					
Mr. Ho King Fung, Eric	**–**	**4,600**	**18**	**5,427**	**10,045**
Mr. Sung Kin Man (note (i))	**–**	**2,500**	**14**	**5,427**	**7,941**
Mr. Ho Chi Kit (note (ii))	**–**	**2,202**	**8**	**–**	**2,210**
	–	**9,302**	**40**	**10,854**	**20,196**
Non-executive director					
Mr. Zhang Jinbing	**–**	**5,228**	**18**	**159**	**5,405**
	–	**14,530**	**58**	**11,013**	**25,601**

	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	–	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

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

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

Notes:

(i) Mr. Sung Kin Man was appointed as an executive director and the chief executive officer of the Company with effect from 1 February 2019.

(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. He resigned as the chief executive officer and an executive director of the Company with effect from 1 February 2019.

(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.

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.

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10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four directors (2018: three directors), details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining one (2018: two) highest paid employee who are neither a director nor chief executive of the Company are as follows:

	2019	2018
	HK$'000	HK$'000
Salaries, allowances and other benefits	**1,350**	1,715
Equity-settled share option expense	**1,809**	1,495
Pension scheme contributions	**12**	25
	3,171	3,235

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	
	2019	2018
HK$1,500,001 to HK$2,000,000	**–**	2
HK$3,000,001 to HK$3,500,000	**1**	–
	1	2

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 32 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% (2018: 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.

	2019 **HK$'000**	2018 HK$'000
Current:		
Hong Kong		
Charge for the year	**4,132**	2,423
Overprovision in prior years	**–**	(10)
Elsewhere		
Charge for the year	**4,874**	2,619
Deferred (note 30)	**(15,280)**	(3,802)
Total tax charge/(credit) for the year	**(6,274)**	1,230

A reconciliation of the tax credit 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/(credit) at the Group's effective tax rate is as follows:

	2019 **HK$'000**	2018 HK$'000
Loss before tax	**(625,603)**	(109,107)
Tax credit at the Hong Kong statutory tax rate of 16.5% (2018: 16.5%)	**(103,224)**	(18,003)
Effect of different tax rates for or enacted by other jurisdictions/local authority	**(11,297)**	2,440
Adjustments in respect of current tax of previous periods	**–**	(10)
Losses attributable to associates and a joint venture	**1,833**	545
Income not subject to tax	**(6,185)**	(22,279)
Expenses not deductible for tax	**104,875**	18,719
Tax losses not recognised	**6,796**	20,023
Tax losses utilised from previous periods	**–**	(1,283)
Others	**928**	1,078
Tax charge/(credit) at the Group's effective rate	**(6,274)**	1,230

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12. DIVIDEND

The board of directors of the Company does not recommend the payment of any dividend in respect of the year (2018: 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 6,537,558,374 (2018: 5,859,064,849) 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

	2019 **HK$'000**	2018 HK$'000
Loss attributable to ordinary equity holders of the Company, used in the basic loss per share calculation	**(605,392)**	(94,096)
Effect of dilutive potential ordinary shares arising from adjustment to the share of loss of an associate	**(25,829)**	(81,073)
Loss attributable to ordinary equity holders of the Company, used in the diluted loss per share calculation	**(631,221)**	(175,169)

Shares

	Number of shares	
	2019	2018
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	**6,537,558,374**	5,859,064,849

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 2019								
At 30 September 2018 and at 1 October 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
At 1 October 2018, net of accumulated depreciation	12,982	28,974	5,159	107	7,864	3,840	13,225	72,151
Additions	–	58,157	8,496	100	5,242	4,541	–	76,536
Depreciation provided during the year	–	(1,771)	(2,958)	(102)	(2,903)	(1,240)	–	(8,974)
Disposal of a subsidiary (note 34)	–	–	(26)	–	(69)	–	–	(95)
Transfers	–	8,981	4,720	–	–	–	(13,701)	–
Exchange realignment	686	(2,252)	(285)	6	450	74	476	(845)
At 30 September 2019, net of accumulated depreciation	13,668	92,089	15,106	111	10,584	7,215	–	138,773
At 30 September 2019:								
Cost	13,668	95,289	28,290	321	16,562	9,560	–	163,690
Accumulated depreciation	–	(3,200)	(13,184)	(210)	(5,978)	(2,345)	–	(24,917)
Net carrying amount	13,668	92,089	15,106	111	10,584	7,215	–	138,773

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	Construction In progress HK$'000	Total HK$'000
30 September 2018								
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

The freehold land with a carrying amount of approximately HK$13,668,000 at 30 September 2019 (2018: HK$12,982,000) is situated in Japan.

At 30 September 2019, the Group's freehold land and buildings with an aggregate net carrying amount of approximately HK$50,645,000 (2018: HK$41,956,000) were pledged to secure a long term bank loan granted to the Group (note 29).

15. INVESTMENT PROPERTIES

	2019 HK$'000	2018 HK$'000
Carrying amount at beginning of year	**441,377**	452,822
Additions during the year	**1,103**	930
Net gain/(loss) from a fair value adjustment	**(71,690)**	2,063
Exchange realignment	**(12,764)**	(14,438)
Carrying amount at end of year	**358,026**	441,377

The Group's investment properties consist of three (2018: 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 2019 based on valuations performed by Grant Sherman Appraisal Limited, independent professionally qualified valuers, at HK$358,026,000. 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.

Certain of the investment properties are leased to third parties under operating leases, further summary details of which are included in note 38 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 RMB80,300,000 (equivalent to approximately HK$88,274,000) at 30 September 2019 (2018: RMB97,200,000 (equivalent to approximately HK$110,657,000)). 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.

Further particulars of the Group's investment properties are included on page 168.

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 2019 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	**–**	**–**	**358,026**	**358,026**

	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

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 (2018: 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 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 and 1 October 2018	**441,377**
Additions during the year	**1,103**
Net loss from a fair value adjustment recognised in profit or loss	**(71,690)**
Exchange realignment	**(12,764)**
Carrying amount at 30 September 2019	**358,026**

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 2019	2018
Commercial/industrial properties	Market comparison method	Estimated price per square metre	**RMB2,080 – RMB11,300**	RMB3,100 – RMB13,300

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.

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16. GOODWILL

	HK$'000
At 1 October 2017:	
Cost	2,143,611
Accumulated impairment	(662,386)
Net carrying amount	1,481,225
Cost at 1 October 2017, net of accumulated impairment	1,481,225
Exchange realignment	3,868
At 30 September 2018	1,485,093
At 30 September 2018 and at 1 October 2018:	
Cost	2,147,479
Accumulated impairment	(662,386)
Net carrying amount	1,485,093
Cost at 1 October 2018, net of accumulated impairment	**1,485,093**
Impairment during the year	**(199,257)**
Exchange realignment	**77,472**
At 30 September 2019	**1,363,308**
At 30 September 2019:	
Cost	**2,228,699**
Accumulated impairment	**(865,391)**
Net carrying amount	**1,363,308**

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 amount of goodwill allocated to each of the CGU is as follows:

	2019	2018
	HK$'000	HK$'000
Electric vehicle CGU	**1,333,753**	1,455,538
Jewellery products and watches CGU	**29,555**	29,555
Property investment CGU	**–**	–
	1,363,308	1,485,093

Electric vehicle CGU

At the end of the reporting period, the Group had goodwill acquired through a business combination allocated to an electric vehicle cash generating unit (the "Electric Vehicle CGU") of the Group (primarily representing the business operations and undertakings of a subsidiary of the Group, GLM). The recoverable amount of the Electric Vehicle CGU has been determined based on fair value less costs of disposal.

30 September 2019

For the purpose of the annual impairment test for the year ended 30 September 2019, the recoverable amount of the Electric Vehicle CGU has been determined based on a fair value less costs of disposal calculation using discounted cash flow projections. The discounted cash flow projections are based on financial estimates approved by management covering a five-year period and a discount rate which reflects specific risks relating to the Electric Vehicle CGU. Cash flows beyond the five-year period are extrapolated using an estimated long term growth rate of 3%, with reference to certain external data. This rate does not exceed the average long-term growth rate for the relevant markets.

The Group has engaged certain independent professionally qualified valuers to assist in the determination of the fair value less costs of disposal of the Electric Vehicle CGU as at 30 September 2019 based on the cash flow projections using a discount rate of 25% determined by reference to a weighted average cost of capital reflecting the specific risks of the Electric Vehicle CGU (including, inter alia, its stage of development and other relevant factors), with reference to certain external data.

Discounted cash flow method was used in the determination of fair value less costs of disposal of the Electric Vehicle CGU in the current year that, in the opinion of the directors, is appropriate in the current circumstances based on available inputs as the Group has more financial and operational information about the provision of mobility technology solutions to measure fair value. The Group considers the discounted cash flow method as a generally acceptable valuation technique that incorporates more information about the future prospects of the Electric Vehicle CGU for the determination of its recoverable amount as at 30 September 2019.

Assumptions were used in the fair value less costs of disposal calculation of the Electric Vehicle CGU for 30 September 2019. The following describes key assumptions on which management has based its discounted cash flow projections to undertake impairment testing of goodwill.

Estimated revenue/margins — The basis used to determine the value assigned to the estimated revenue/margins reflect the latest strategy and forecast taking into account expected economic, industry and market developments for the relevant markets

Discount rate — The discount rate used is after tax and reflects specific risks relating to the Electric Vehicle CGU

16. GOODWILL *(continued)*

Impairment testing of goodwill *(continued)*

Electric vehicle CGU *(continued)*

30 September 2019 (continued)

The challenging external environment and the changes in certain policies and regulations of relevant markets in the second half of the financial year, the overall effect of which became more apparent after the strategic planning and forecasting process that underpinned the year end impairment review, resulted in an impairment of goodwill for the year of approximately HK$199.3 million based on the recoverable amount of the Electric Vehicle CGU as at 30 September 2019 of approximately HK$1,572.7 million. The impairment loss is included in other expenses in the consolidated statement of profit or loss.

30 September 2018

The fair value of the Electric Vehicle CGU as at 30 September 2018 was determined using company transaction method under the market approach, with the assistance from certain independent professionally qualified valuers. Under this method, fair value was estimated with reference to applicable transaction price of the underlying entity's equity instruments. A sizable decline in the applicable transaction price on which the recoverable amount as at 30 September 2018 was based, would cause the Electric Vehicle CGU's carrying amount to exceed its recoverable amount.

The fair value measurements of the Electric Vehicle CGU as at 30 September 2019 and 30 September 2018 fall within Level 3 of the fair value measurement hierarchy. During the years ended 30 September 2019 and 30 September 2018, there were no transfers into or out of Level 3 for such fair value measurement.

Jewellery products and watches CGU

The recoverable amount 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 21.6% (2018: 26.7%). The growth rate used to extrapolate the cash flows of the jewellery products and watches CGU beyond the five-year period is 3% (2018: 3%).

Assumptions were used in the value in use calculation of the jewellery products and watches CGU for 30 September 2019 and 30 September 2018. The following describes each key assumption on which management has based its cash flow projections 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 jewellery products and watches CGU.

For the years ended 30 September 2019 and 30 September 2018, management believes that a reasonably possible change in any of the above key assumptions would not cause the carrying amount of the jewellery products and watches CGU to materially exceed its recoverable amount.

17. OTHER INTANGIBLE ASSETS

	Mining rights HK$'000 (note (i))	Distribution rights HK$'000 (note (ii))	Total HK$'000
30 September 2019			
Cost at 1 October 2018, net of accumulated amortisation and impairment	**36,333**	**3,138**	**39,471**
Amortisation provided during the year	**–**	**(3,138)**	**(3,138)**
Reversal of impairment during the year	**14,350**	**–**	**14,350**
Exchange realignment	**(1,743)**	**–**	**(1,743)**
At 30 September 2019	**48,940**	**–**	**48,940**
At 30 September 2019:			
Cost	**305,923**	**123,953**	**429,876**
Accumulated amortisation and impairment	**(256,983)**	**(123,953)**	**(380,936)**
Net carrying amount	**48,940**	**–**	**48,940**
30 September 2018			
At 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
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 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 and at 1 October 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

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17. OTHER INTANGIBLE ASSETS *(continued)*

Notes:

(i) The mining rights with indefinite useful life 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 the 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 (2018: Level 3) of the fair value measurement hierarchy. During the year, there were no transfers into or out of Level 3 for such fair value measurement (2018: Nil).

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 for 30 September 2019, the recoverable amount of the mining rights at 30 September 2019 determined using the above basis amounted to HK$48,940,000, which was higher than the carrying amount of the mining rights (before reversal of impairment during the year). Accordingly, a reversal of impairment during the year of HK$14,350,000 was recognised in the consolidated statement of profit or loss for the year.

Based on an annual impairment testing for 30 September 2018, the recoverable amount of the mining rights at 30 September 2018 determined using the above basis amounted to HK$36,333,000, which was lower than the carrying amount of the mining rights (before impairment during the year ended 30 September 2018). Accordingly, an impairment loss of HK$3,718,000 was recognised in the consolidated statement of profit or loss for the prior 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 and 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.

18. INTEREST IN A JOINT VENTURE

	2019 **HK$'000**	2018 HK$'000
Share of net assets	**387**	–

Particulars of the Group's joint venture are as follows:

Name	Place of registration and business	Registered capital	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activity
WESail New Energy Automotive Co. Ltd# (上海聯和力世紀新能源汽車有限公司)	PRC/ Mainland China	USD10,000,000	50	50	50	Provision of electric vehicle engineering platform services

The above investment is indirectly held by the Company. The statutory financial statements of the above joint venture are not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

English name for identification purposes only.

18. INTEREST IN A JOINT VENTURE *(continued)*

The following table illustrates the financial information of the Group's joint venture:

	2019 **HK$'000**	2018 HK$'000
Share of the joint venture's loss for the year	**(5,108)**	–
Share of the joint venture's total comprehensive loss for the year	**(5,109)**	–
Aggregate carrying amount of the Group's investment in the joint venture	**387**	–

19. INTERESTS IN ASSOCIATES

	2019 **HK$'000**	2018 HK$'000 (Restated)
Share of net liabilities	**(36,061)**	(34,272)*
Goodwill on acquisition	**55,150**	60,156*
	19,089	25,884

* During the year ended 30 September 2018, 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 significant influence over EV Power and, accordingly, has accounted for the EV Power Ordinary Share Investment as an investment in an associate.

As at 30 September 2018, 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 was not yet completed, as the Group had not yet finalised the acquisition date fair value measurement of the underlying identifiable assets and liabilities and had accounted for the EV Power Ordinary Share Investment, including goodwill on acquisition, in these financial statements using provisional amounts. During the measurement period of twelve months following the acquisition, the Group recognised retrospective adjustments to the provisional amounts at the acquisition date. The corresponding adjustments of HK$18,187,000 were made to the Group's proportionate share of EV Power's identifiable net assets and goodwill arising from the acquisition under the equity method, resulting in an increase in share of net liabilities and an increase in goodwill on acquisition of EV Power by HK$18,187,000.

Particulars of the associates are as follows:

Name	Place of incorporation and business	Particulars of issued shares held	Percentage of Ownership interest 2019 Indirect	Percentage of Ownership interest 2018 Indirect	Percentage of Voting power 2019	Percentage of Voting power 2018	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	BVI/ Hong Kong	Ordinary shares	**7.9***	7.9*	**38.1****	27**	Provision of electric vehicle charging solutions

19. INTERESTS IN ASSOCIATES *(continued)*

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 current and prior years, 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 20). 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:

	2019 **HK$'000**	2018 HK$'000
Share of the associates' losses for the year	**(5,999)**	(3,303)
Share of the associates' other comprehensive loss	**(796)**	(830)
Share of the associates total comprehensive loss	**(6,795)**	(4,133)
Aggregate carrying amount of the Group's interests in the associates	**19,089**	25,884

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 **HK$'000**	2018 HK$'000
Non-current assets		
Unlisted investments, at fair value	**1,066,488**	780,488
Listed equity investment at fair value	**94,598**	–
	1,161,086	780,488
Current assets		
Listed equity investments, at fair value	**1,969**	3,547

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(continued)*

The above unlisted investments are mainly comprised of:

(i) Investment in Divergent Technologies Inc. ("Divergent") in the aggregate amount of HK$560,255,000 (2018: HK$478,568,000), including preferred shares of Divergent and a convertible note issued by Divergent of US$12.5 million with a coupon rate of 5% per annum and will mature on 31 December 2020 ("2019 Divergent Convertible Note") (2018: 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 was exercisable at any time on or before 31 December 2019 ("2018 Divergent Investment Right")).

(ii) Investment in EV Power in the aggregate amount of HK$486,233,000 (2018: HK$301,920,000), 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, depreciation and amortisation of EV Power for the year ending 31 December 2020 is less than RMB450 million.

The above listed equity investment included in non-current assets as at 30 September 2019 represented equity investment in Tom Group Limited, a company with its shares listed on The Stock Exchange of Hong Kong. The fair value of this investment at the date of approval of these financial statements was approximately HK$82,202,000.

The above unlisted investments at 30 September 2019 were mandatorily classified as financial assets at fair value through profit or loss.

The above listed equity investments at 30 September 2019 were classified as financial assets at fair value through profit or loss as they were either held for trading or the Group has not elected to recognise the fair value gain or loss through other comprehensive income.

21. LOANS RECEIVABLE

	2019 HK$'000	2018 HK$'000
Loans receivable	**1,079,974**	948,920
Less: Impairment allowance	**(380,804)**	–
	699,170	948,920
Portion classified as non-current assets	**(225,392)**	(2,049)
Portion classified as current assets	**473,778**	946,871

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 4.75% to 15.6% (2018: 5% to 15.6%) per annum. At 30 September 2019, certain loans receivable with aggregate carrying amounts of HK$188,749,000 (2018: HK$171,056,000) and HK$368,535,000 (2018: HK$317,600,000) were secured by the pledge of certain equity interest and property, and with personal guarantees provided by certain independent third parties, respectively.

Impairment under HKFRS 9 for the year ended 30 September 2019

The table below shows the credit quality and maximum exposure to credit risk as at 30 September 2019 based on the Group's internal credit rating system and year end stage classification. The amounts presented are gross of impairment allowances.

	12-month ECLs Stage 1 HK$'000	Lifetime ECL not credit-impaired Stage 2 HK$'000	Lifetime ECL credit-impaired Stage 3 HK$'000	Total HK$'000
Loans receivable				
— Performing	700,969	20,210	–	721,179
— Individually impaired (i)	–	–	358,795	358,795
Total	700,969	20,210	358,795	1,079,974

(i) Impaired loans receivable include those with objective evidence of impairment.

21. LOANS RECEIVABLE *(continued)*

Impairment under HKFRS 9 for the year ended 30 September 2019 *(continued)*

Analysis of the gross carrying amount and the corresponding ECL allowance is as follows:

	12-month ECLs Stage 1 HK$'000	Lifetime ECL not credit-impaired Stage 2 HK$'000	Lifetime ECL credit-impaired Stage 3 HK$'000	Total HK$'000
Gross carrying amount as at 1 October 2018	948,920	–	–	948,920
New loans drawdown and accreted interest	529,323	–	–	529,323
Transfer from Stage 1 to Stage 2	(20,210)	20,210	–	–
Transfer from Stage 1 to Stage 3	(358,795)	–	358,795	–
Repaid during the year	(384,824)	–	–	(384,824)
Exchange realignment	(13,445)	–	–	(13,445)
Gross carrying amount as at 30 September 2019	700,969	20,210	358,795	1,079,974
Impairment allowance as at 30 September 2018	–	–	–	–
Effect of adoption of HKFRS 9 (note 2.2)	(129,965)	–	–	(129,965)
ECL allowance as at 1 October 2018 (restated)	(129,965)	–	–	(129,965)
Loss allowance recognised	(3,573)	–	(253,758)	(257,331)
Transfer from Stage 1 to Stage 2	3,456	(3,456)	–	–
Transfer from Stage 1 to Stage 3	105,037	–	(105,037)	–
Exchange realignment	6,492	–	–	6,492
ECL allowance as at 30 September 2019	(18,553)	(3,456)	(358,795)	(380,804)

Impairment under HKAS 39 for the year ended 30 September 2018

The loans receivable as at 30 September 2018, 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.

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2019 **HK$'000**	2018 HK$'000
Deposits	**6,979**	10,707
Deposits paid for purchases of items of property, plant and equipment	**1,187**	2,415
Deposit paid for acquisition of properties	**–**	58,157
Deposit paid for acquisition of a subsidiary	**40,000**	–
Prepayments and other receivables	**14,347**	25,408
Due from an associate	**1,455**	1,455
	63,968	98,142
Impairment allowance	**(495)**	(512)
	63,473	97,630
Portion classified as non-current assets	**(44,093)**	(63,817)
Portion classified as current assets	**19,380**	33,813

The amount due from an associate is unsecured, interest-free and repayable on demand.

The movements in the loss allowance for impairment are as follows:

	2019 **HK$'000**	2018 HK$'000
At beginning of year	**512**	6,836
Amount written off as uncollectible	**–**	(6,307)
Exchange realignment	**(17)**	(17)
At 30 September	**495**	512

Impairment under HKFRS 9 for the year ended 30 September 2019

Financial assets amounting to HK$495,000 were considered to be credit-impaired and were assessed specifically by management.

The remaining financial assets included in the above balances are neither past due nor impaired as at 30 September 2019, for which there was no recent history of default. Their recoverability was assessed with reference to the credit status of the debtors, and the expected credit loss as at 30 September 2019 is considered by management to be minimal.

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

Impairment under HKAS 39 for the year ended 30 September 2018

Included in the above provision for impairment, which was measured based on incurred credit losses under HKAS 39, as at 30 September 2018 was a provision for individually impaired receivables of HK$512,000 with a carrying amount before provision of HK$512,000 and the receivables are not expected to be recovered.

Except for the above, the remaining balances were neither past due nor impaired. The financial assets included in these balances relate to receivables for which there was then no recent history of default.

23. INVENTORIES

	2019 HK$'000	2018 HK$'000
Electric vehicles and related materials	**–**	5,034
Jewellery products and watches	**214,842**	215,939
	214,842	220,973

24. ACCOUNTS RECEIVABLE

	2019 HK$'000	2018 HK$'000
Accounts receivable	**33,722**	56,756
Impairment	**(850)**	(1,140)
	32,872	55,616

The Group's trading terms with its wholesale 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 management. The Group does not hold any collateral or other credit enhancements over its accounts receivable balances. Accounts receivable are non-interest-bearing.

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

	2019 HK$'000	2018 HK$'000
Within 30 days	**27,279**	43,801
31 to 60 days	**2,155**	5,626
61 to 90 days	**557**	2,321
Over 90 days	**2,881**	3,868
	32,872	55,616

24. ACCOUNTS RECEIVABLE *(continued)*

The movements in the loss allowance for impairment of accounts receivable are as follows:

	2019 HK$'000	2018 HK$'000
At beginning of year	1,140	715
Effect of adoption of HKFRS 9 (note 2.2)	2,924	–
At beginning of year (restated)	4,064	715
Impairment loss/(reversal of impairment losses), net	(2,328)	469
Amount written off as uncollectible	(845)	–
Exchange realignment	(41)	(44)
At end of year	850	1,140

Impairment under HKFRS 9 for the year ended 30 September 2019

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's accounts receivable using a provision matrix:

As at 30 September 2019

			Past due		
	Credit-impaired receivables	Current	Less than 1 month	1 to 3 months	Total
Expected credit loss rate	100%	0.73%	1.24%	9.24%	2.52%
Gross carrying amount (HK$'000)	275	27,531	2,173	3,743	33,722
Expected credit losses (HK$'000)	275	202	27	346	850

24. ACCOUNTS RECEIVABLE *(continued)*

Impairment under HKAS 39 for the year ended 30 September 2018

Included in the above provision for impairment of accounts receivable, which was measured based on incurred credit losses under HKAS 39, as at 30 September 2018 was a provision for individually impaired accounts receivable of HK$1,140,000 with a carrying amount before provision of HK$1,140,000.

The individually impaired accounts receivable as at 30 September 2018 related to customers that were in financial difficulties or were in default in payments, and none of the receivables was then expected to be recovered.

The ageing analysis of the accounts receivables as at 30 September 2018 that were not individually nor collectively considered to be impaired under HKAS 39 is as follows:

	2018 HK$'000
Neither past due nor impaired	38,460
Less than 1 month past due	10,720
1 to 3 months past due	6,200
Over 3 months past due	236
	55,616

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

Receivables that were past due but not impaired related to a number of customers that had a good track record with the Group. Based on past experience, the directors of the Company were of the opinion that no provision for impairment under HKAS 39 was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were then still considered fully recoverable.

25. CONTINGENT CONSIDERATION RECEIVABLE

	2019 HK$'000	2018 HK$'000
At fair value:		
Carrying amount at beginning of year	**–**	1
Fair value loss recognised during the year	**–**	(1)
Carrying amount at 30 September	**–**	–

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 Sinoforce 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.

26. CASH AND CASH EQUIVALENTS

	2019 HK$'000	2018 HK$'000
Cash and bank balances	**240,549**	319,840
Non-pledged time deposits with original maturity of less than three months when acquired	**207,057**	6,381
Cash and cash equivalents	**447,606**	326,221

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to approximately HK$151,049,000 (2018: HK$117,613,000). 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.

Certain cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between 15 days to 3 months depending on the immediate cash requirements of the Group, and loan interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

27. 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:

	2019 HK$'000	2018 HK$'000
Within 30 days	**29,349**	54,404
31 to 60 days	**35,667**	24,031
61 to 90 days	**18,382**	26,748
Over 90 days	**15,769**	7,230
	99,167	112,413

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

28. OTHER PAYABLES AND ACCRUALS

	2019 HK$'000	2018 HK$'000
Other payables (note (a))	**87,160**	74,455
Accruals	**14,750**	16,568
Contract liabilities (note (b))	**89,558**	–
Receipts in advance	**3,102**	81,496
Due to a former shareholder of a subsidiary	**4,417**	4,574
	198,987	177,093

Notes:

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

(b) Details of contract liabilities as at 30 September 2019 and 1 October 2018 are as follows:

	30 September 2019 HK$'000	1 October 2018 HK$'000
Consideration received from customers in advance:		
Sales of jewellery products and watches	**89,094**	81,056
Provision of engineering services	**464**	440
Total contract liabilities	**89,558**	81,496

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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29. INTEREST-BEARING BANK BORROWINGS

	2019			2018		
	Contractual interest rate (%)	**Maturity**	**HK$'000**	Contractual interest rate (%)	Maturity	HK$'000
Current						
Bank loans — unsecured	**PBC[1]+1.376% to 1.7% or 0.4% to 5.65%**	**2020**	**104,678**	PBC[1]+1.355% to 1.79%	2019	39,846
			104,678			39,846
Non-current						
Bank loan — unsecured	**–**	**–**	**–**	0.4% to 5.65%	2020	13,775
Bank loan — secured	**PRIME[2]–2.1%**	**2036**	**21,809**	PRIME[2]–2.1%	2036	20,663
			21,809			34,438
			126,487			74,284

Analysed into:	**2019 HK$'000**	2018 HK$'000
Bank borrowing repayable:		
Within one year	**104,678**	39,846
In the second year	**–**	13,775
Beyond five years	**21,809**	20,663
	126,487	74,284

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

Notes:

(a) A bank loan is secured by mortgage over certain land and building of the Group with an aggregate net carrying amount at 30 September 2019 of approximately HK$50,645,000 (2018: HK$41,956,000) (note 14).

(b) The Group's bank borrowings at 30 September 2019 of approximately HK$90,139,000 (2018: HK$39,846,000) and HK$36,348,000 (2018: HK$34,438,000) are denominated in RMB and JPY, respectively.

30. DEFERRED TAX

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

Deferred tax liabilities

	Temporary differences arising from			
	Other intangible assets HK$'000	Property, plant and equipment HK$'000	Investment properties HK$'000	Total HK$'000
At 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 and 1 October 2018	9,516	2,110	86,436	98,062
Deferred tax charged/(credited) to profit or loss during the year	**3,069**	**(76)**	**(17,922)**	**(14,929)**
Exchange realignment	**(506)**	**195**	**(2,355)**	**(2,666)**
At 30 September 2019	**12,079**	**2,229**	**66,159**	**80,467**

Deferred tax assets

	Impairment of financial assets HK$'000
At 1 October 2017 and 30 September 2018	–
Effect of adoption of HKFRS 9 (note 2.2)	3,417
At 1 October 2018 (restated)	**3,417**
Deferred tax credited to profit or loss during the year	**351**
At 30 September 2019	**3,768**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 September 2019

30. DEFERRED TAX *(continued)*

At 30 September 2019, the Group had tax losses arising in Japan of HK$337,486,000 (2018: HK$316,882,000) that are available for offsetting against future taxable profits of a subsidiary in Japan in which the losses arose and in Hong Kong of HK$3,994,000 (2018: Nil) 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 2019, 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$3,136,000 (2018: HK$6,077,000).

31. ISSUED CAPITAL

Shares

	2019 HK$'000	2018 HK$'000
Authorised:		
10,000,000,000 ordinary shares of HK$0.1 each	**1,000,000**	1,000,000
Issued and fully paid:		
7,170,198,562 (2018: 5,917,885,386) ordinary shares of HK$0.1 each	**717,019**	591,788

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 2017	5,661,942	566,194
Issue of subscription shares (note (a))	250,904	25,090
Share options exercised (note (b))	5,040	504
At 30 September 2018 and at 1 October 2018	5,917,886	591,788
Issue of subscription shares (notes (c), (d), (e) and (f))	1,252,313	125,231
At 30 September 2019	7,170,199	717,019

Notes:

(a) On 19 December 2017, 250,904,000 ordinary shares of the Company of HK$0.1 each ("Shares") were allotted 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.

(b) 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 5,040,000 Shares 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.

(c) On 31 October 2018, 137,360,000 Shares were allotted and issued at a subscription price of HK$0.91 per share to TOM in exchange for the subscription of 65,240,000 ordinary shares of TOM at a subscription price of HK$1.916 per share of TOM, with the difference in subscription considerations of approximately HK$2,000 being paid by the Group to TOM.

(d) On 19 December 2018, 332,601,176 Shares were allotted and issued at a subscription price of HK$0.51 per share to certain subscribers for a total cash consideration, before expenses, of approximately HK$169,627,000.

(e) On 15 May 2019, 400,000,000 Shares were allotted and issued at a subscription price of HK$0.51 per share to a subscriber for a total cash consideration, before expenses, of approximately HK$204,000,000.

(f) On 16 July 2019, 382,352,000 Shares were allotted and issued at a subscription price of HK$0.51 per share to a subscriber for a total cash consideration, before expenses, of approximately HK$195,000,000.

32. 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 daily quotations sheet of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") 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 total number of shares available for issue under the Share Option Scheme is 260,126,314, representing 3.63% of the Company's issued share capital of the Company as at the date of this report.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meeting.

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

	2019		2018	
	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	**1.45**	**145,649,204**	0.73	60,140,272
Granted during the year	**0.48**	**78,000,000**	1.71	110,700,000
Forfeited during the year	**1.57**	**(59,000,000)**	0.93	(20,151,068)
Exercised during the year	**–**	**–**	0.65	(5,040,000)
At the end of the year	**0.95**	**164,649,204**	1.45	145,649,204

The weighted average share price at the date of exercise for share options exercised during the year ended 30 September 2018 was HK$1.03 per share.

32. 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:

2019

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
20,000,000	0.85	6 April 2017 to 5 April 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
78,000,000	0.475	30 May 2019 to 29 May 2029
164,649,204		

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 2018 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		

* 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$14,110,000 (HK$0.18 each) (2018: HK$108,343,000 (HK$0.98 each)). The Group recognised a share option expense of HK$15,671,000 (2018: HK$105,051,000) during the year ended 30 September 2019.

32. 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 model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the models used:

	2019	2018
Dividend yield (%)	**–**	–
Expected volatility (%)	**63.41**	65.51–73.17
Risk-free interest rate (%)	**2.03**	2.03–2.64
Expected life of options (years)	**10**	10
Weighted average share price (HK$ per share)	**0.95**	1.45

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.

No share options were exercised during the year ended 30 September 2019. The 5,040,000 share options exercised during the year ended 30 September 2018 resulted in the issue of 5,040,000 ordinary shares of the Company and new issued capital of HK$504,000 as further detailed in note 31 to the financial statements.

At the end of the reporting period, the Company had 164,649,204 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 164,649,204 additional ordinary shares of the Company and additional share capital of approximately HK$16,465,000 and share premium of HK$139,421,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 164,649,204 share options outstanding under the Share Option Scheme, which represented approximately 2.3% of the Company's shares in issue as at that date.

33. 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.

(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 the registered capital of the relevant subsidiaries. The reserve funds can be used to make up prior years' losses of the relevant subsidiaries.

34. DISPOSALS OF SUBSIDIARIES

Year ended 30 September 2019

During the year, the Group completed the transaction to dispose of 100% equity interest in Shenzhen Qijinda Trading (HK) Company Limited ("Qijinda HK") for a cash consideration of HK$11,000,000. The disposal of Qijinda HK was completed on 29 May 2019.

	HK$'000
Net assets disposed of:	
Property, plant and equipment	95
Inventories	13,521
Accounts receivable	5,527
Prepayments, deposits and other receivables	3,736
Cash and cash equivalents	9,759
Accounts payable	(4,754)
Other payables and accruals	(9,280)
Tax payable	(2,049)
	16,555
Loss on disposal of a subsidiary	(5,555)
	11,000
Satisfied by cash	11,000

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of Qijinda HK is as follows:

	HK$'000
Cash consideration	11,000
Cash and cash equivalents disposed of	(9,759)
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	1,241

34. DISPOSALS OF SUBSIDIARIES *(continued)*

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 International Limited for a cash consideration of HK$610,000,000. The transaction was completed on 6 February 2018.

(ii) The Group completed the transaction to dispose of 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)
	608,479
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 disposals of subsidiaries	609,598

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35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year ended 30 September 2019, 137,360,000 Shares were allotted and issued, credited as fully paid, as the consideration for the acquisition of 65,240,000 ordinary shares of TOM, as further detailed in note 31(c) 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 and 1 October 2018	74,284
Changes from financing cash flows	**53,510**
Foreign exchange movement	**(1,307)**
At 30 September 2019	**126,487**

36. 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 a property in the aggregate of approximately HK$2,940,000 (2018: HK$1,225,000) were paid 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 2019, the Group had total future minimum lease payments to the related party under the non-cancellable operating lease of the property of HK$2,940,000 (2018: HK$2,940,000) and HK$1,715,000 (2018: HK$4,655,000) falling due within one year and within the second to fifth years, respectively.

(b) Compensation of key management personnel of the Group
The directors of the Company comprise 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.

37. 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$53,300,000 (2018: HK$55,217,000) in connection with certain property transactions and other arrangements of the former investee in prior years.

38. OPERATING LEASE ARRANGEMENTS

As lessor

The Group leases certain of its investment properties (note 15) under operating lease arrangements, with leases negotiated for terms ranging from one to two years.

At 30 September 2019, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2019 HK$'000	2018 HK$'000
Within one year	1,427	1,810
In the second to fifth years, inclusive	5	–
	1,432	1,810

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 2019, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2019 HK$'000	2018 HK$'000
Within one year	10,949	14,073
In the second to fifth years, inclusive	15,993	15,779
After five years	6,655	9,399
	33,597	39,251

In addition to the future minimum lease payments disclosed above, the Group has commitments to pay contingent rents based on a proportion of turnover/revenue 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.

39. COMMITMENTS

In addition to the operating lease commitments detailed in note 38 above, the Group had the following capital commitments at the end of the reporting period:

	2019 HK$'000	2018 HK$'000
Contracted, but not provided for:		
Capital contributions to a joint venture company	33,454	39,000
Subscription for preferred shares of an investment	–	136,990
	33,454	175,990

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40. 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:

2019

Financial assets

	Financial assets at fair value through profit or loss		
	Mandatorily designated as such HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000
Loans receivable	–	699,170	699,170
Accounts receivable	–	32,872	32,872
Financial assets included in prepayments, deposits and other receivables	–	15,956	15,956
Financial assets at fair value through profit or loss	1,163,055	–	1,163,055
Cash and cash equivalents	–	447,606	447,606
	1,163,055	1,195,604	2,358,659

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Accounts payable	99,167
Financial liabilities included in other payables and accruals	74,981
Interest-bearing bank borrowings	126,487
	300,635

40. 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)*

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

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at 30 September 2019 and 30 September 2018, 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, financial assets included in prepayments, deposits and other receivables, accounts payable, financial liabilities included in other payables and accruals and the current portion of interest-bearing bank borrowings reasonably 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 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.

The fair values of the non-current portion of loans receivable, financial assets included in deposits 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 of these financial instruments reasonably approximate to their carrying amounts.

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

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	Implied company transaction	Risk-free rate	1.59% to 1.61% (2018: 2.94%)	1 percentage point increase in risk-free rate would result in decrease in fair value by HK$8,144,000 (2018: HK$982,000)
		Volatility	45.45% to 59.18% (2018: 64.91%)	10% increase in volatility rate (2018: 10% decrease in volatility rate) would result in decrease in fair value by HK$2,662,000 (2018: HK$4,091,000)
Convertible note	Scenario analysis	Risk-free rate	1.42% to 1.62% (2018: Nil)	1 percentage point increase in risk-free rate would result in decrease in fair value by HK$992,000 (2018: Nil)
		Volatility	43.96% to 48.64% (2018: Nil)	10% increase in volatility would result in decrease in fair value by HK$1,667,000 (2018: Nil)
Unlisted options (2018: unlisted investment right and option)	Scenario analysis	Discount rate	35% (2018: 25%)	10% increase in discount rate would result in decrease in fair value by HK$1,368,000 (2018: HK$712,000)
		Earning multiples	13.0% (2018: 23.4%)	10% decrease in earnings multiple would result in decrease in fair value by HK$1,048,000 (2018: HK$2,276,000)
	Binomial option pricing model	Volatility	27% (2018: 41.41%)	10% decrease in volatility rate would result in decrease in fair value by HK$1,319,000 (2018: HK$2,450,000)
		Risk-free rate	1.64% (2018: 2.99%)	1 percentage point decrease in risk-free rate would result in decrease in fair value by HK$1,105,000 (2018: HK$379,000)

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41. 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 2019

	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	**96,567**	**–**	**1,066,488**	**1,163,055**

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

41. 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:

	2019 **HK$'000**	2018 HK$'000
At the beginning of the year	**780,488**	1
Total gain recognised in the consolidated statement of profit or loss	**10,128**	81,302
Purchases	**295,372**	699,185
Disposal	**(19,500)**	–
At the end of the year	**1,066,488**	780,488

Financial liabilities measured at fair value:

The Group did not have any financial liabilities measured at fair value as at 30 September 2019 and 30 September 2018.

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 (2018: Nil).

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank borrowings and cash and cash equivalents. The main purpose of these financial instruments is to raise financing for the Group's operations. The Group has various other financial assets and liabilities, which mainly arise directly from its operations or its investing activities.

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$901,000 (2018: HK$398,000) and HK$363,000 (2018: HK$344,000), respectively.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

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.

The Group also has transactional currency exposures mainly arising from purchases by operating units in currencies other than the units' functional currencies. The currency giving rise to this risk is primarily Swiss Franc ("CHF"). The Group does not hold or issue any derivative financial instruments for trading purposes or to hedge against fluctuations in foreign exchange rates. The Group mitigates this risk by conducting the sales and purchases transactions in the same currency, whenever possible.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the CHF exchange rate, with all other variables held constant, of the Group's loss before tax (due to changes in the fair values of monetary assets and liabilities).

	Increase/ (decrease) in CHF rate %	Increase/ (decrease) in loss before tax HK$'000
2019		
If the Hong Kong dollar weakens against the CHF	**5**	**1,230**
If the Hong Kong dollar strengthens against the CHF	**(5)**	**(1,230)**
2018		
If the Hong Kong dollar weakens against the CHF	5	1,219
If the Hong Kong dollar strengthens against the CHF	(5)	(1,219)

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk

The Group mainly transacts on credit with creditworthy wholesale customers. Receivable balances are monitored on an on-going basis.

Maximum exposure and year-end staging as at 30 September 2019

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 30 September 2019. The amounts presented are gross carrying amounts for financial assets.

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	HK$'000
Loans receivable					
— Normal**	700,969	20,210	–	–	721,179
— Doubtful**	–	–	358,795	–	358,795
Accounts receivable*	–	–	–	33,722	33,722
Financial assets included in prepayments, deposits and other receivables					
— Normal**	15,956	–	–	–	15,956
— Doubtful**	–	–	495	–	495
Cash and cash equivalents					
— Not yet past due	447,606	–	–	–	447,606
	1,164,531	20,210	359,290	33,722	1,577,753

* For accounts receivable to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 24 to the financial statements.

** The credit quality of loans receivable and financial assets included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk *(continued)*

Maximum exposure as at 30 September 2018

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.

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 and financial assets at fair value through profit or loss, arises from default of the counterparties, with a maximum exposure equal to the carrying amounts of these instruments.

At the end of the reporting period, the Group had certain concentration of credit risk in relation to accounts receivable as 21% (2018: 9%) and 42% (2018: 29%) of its accounts receivable were due from its largest trade debtor and the five largest trade debtors, respectively.

At the end of the reporting period, the Group had certain concentration of credit risk in relation to loans receivable as 20% (2018: 21%) and 77% (2018: 79%) of its loans receivable were due from its largest borrower and the five largest borrowers, respectively.

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 investments and unlisted investments included in financial assets at fair value through profit or loss (note 20) as at 30 September 2019. 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 2019		
Investments listed in Hong Kong	**96,567**	**9,657**
Unlisted investments	**1,066,488**	**106,649**
30 September 2018		
Investments listed in Hong Kong	3,547	355
Unlisted investments	780,488	78,049

42. 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 longer terms. In the management of liquidity risk, the Group monitors and maintains a level of cash and bank balances deemed adequate by management 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:

	2019			
	On demand/ less than 1 year HK$'000	**1 to 5 years HK$'000**	**Over 5 years HK$'000**	**Total HK$'000**
Accounts payable	**99,167**	**–**	**–**	**99,167**
Financial liabilities included in other payables and accruals	**74,981**	**–**	**–**	**74,981**
Interest-bearing bank borrowings	**106,582**	**611**	**23,640**	**130,833**
	280,730	**611**	**23,640**	**304,981**

	2018			
	On demand/ less than 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 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	250,888

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42. 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 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 2019 and 30 September 2018.

The Group monitors capital using a gearing ratio, which is calculated by dividing the total debts by total equity. As at 30 September 2019, the Group's gearing ratio was 3.1% (2018: 1.8%).

43. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Group had the following events:

(a) On 16 May 2019 and 15 August 2019, the Group entered into a sale and purchase agreement (the "S&P Agreement") and a supplemental S&P Agreement, respectively, with Ideal Team Ventures Limited (the "Vendor"), pursuant to which the Group conditionally agreed to purchase and the Vendor conditionally agreed to sell 86.06% of the total issued share capital of Sino Partner Global Limited (the "Target Company"), which together with its subsidiaries (collectively, the "Target Group") are principally engaged in the design, development, manufacturing and sales of high performance hypercars under the brand "Apollo" worldwide (the "Proposed Acquisition"). The aggregate consideration for the Proposed Acquisition of up to approximately HK$1,032,720,000 comprises a cash consideration of HK$172,000,000 and, depending on the financial performance of the Target Group for the three years ending 31 December 2021, up to 1,655,232,000 Shares (the "Consideration Shares") to be issued and allotted to the Vendor.

The completion of the Proposed Acquisition is conditional upon fulfillment of several conditions including, among other things, the shareholders of the Company having approved the Proposed Acquisition and the specific mandate for the issue of the Consideration Shares at an extraordinary general meeting of the Company to be held. Further details in relation to, inter alia, the Proposed Acquisition are set out in the announcements of the Company dated 16 May 2019, 28 June 2019, 31 July 2019, 15 August 2019 and 31 October 2019.

43. EVENTS AFTER THE REPORTING PERIOD *(continued)*

(b) On 31 October 2019, the Group entered into a sale and purchase agreement with three independent third parties (the "Ideenion Vendors"), pursuant to which the Group conditionally agreed to purchase and the Ideenion Vendors conditionally agreed to sell the entire issued share capital of Ideenion Automobil AG ("Ideenion"), which is principally engaged in the design, development and prototyping of internal combustion engine vehicles and new energy vehicles ("NEVs").

The aggregate consideration for Ideenion of up to approximately Euro ("EUR") 36,000,000 comprises (i) an initial cash consideration of EUR15,000,000; and (ii) depending on the financial performance of Ideenion and its subsidiaries for the three years ending 30 June 2022, up to a further cash consideration of EUR4,200,000 and 281,080,000 Shares to be issued and allotted to the Ideenion Vendors.

The completion of the acquisition of Ideenion is conditional upon fulfilment of several conditions, including, among other things, the shareholders of the Company approving the acquisition of Ideenion and the specific mandate for the issue of Shares (as part of the consideration) at an extraordinary general meeting of the Company. Further details, among other things, are set out in the announcements of the Company dated 31 October 2019 and 12 December 2019.

(c) On 12 November 2019, Jiangsu Jemmell New Energy Automobile Company Limited ("Jemmell"), GLM and the Company entered into an agreement (the "JV Agreement"), pursuant to which the parties agreed to form GLM Automobile Technology Co. Ltd. ("GLM Automobile JV"), a joint venture company in the PRC, to engage primarily in the design, research and development, and production of new energy vehicles and related automobile parts. GLM Automobile JV will be owned by Jemmell, GLM and the Company as to approximately 57%, 29% and 14%, respectively.

Under the JV Agreement, each of Jemmell, GLM and the Company will contribute (in cash or in kind) RMB400,000,000, RMB200,000,000 and RMB100,000,000, respectively. Further details in relation to, among other things, the formation of the GLM Automobile JV are set out in the announcement of the Company dated 12 November 2019.

44. COMPARATIVE AMOUNTS

Certain comparative amounts have been restated in connection with the finalisation of the acquisition date fair value measurement of the underlying identifiable assets and liabilities of EV Power Ordinary Share Investment as further detailed in note 19 to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2019 HK$'000	2018 HK$'000
NON-CURRENT ASSETS		
Property, plant and equipment	**3,332**	117
Investments in subsidiaries	**1,544,997**	1,544,997
Financial assets at fair value through profit or loss	**209,668**	–
Deposits	**40,943**	2,415
Total non-current assets	**1,798,940**	1,547,529
CURRENT ASSETS		
Prepayments, deposits and other receivables	**2,021**	6,977
Due from subsidiaries	**1,799,102**	1,407,328
Cash and cash equivalents	**177,866**	176,357
Total current assets	**1,978,989**	1,590,662
CURRENT LIABILITIES		
Due to a subsidiary	**394,365**	394,381
Other payables and accruals	**5,138**	4,550
Tax payable	**1,037**	502
Total current liabilities	**400,540**	399,433
NET CURRENT ASSETS	**1,578,449**	1,191,229
Net assets	**3,377,389**	2,738,758
EQUITY		
Issued capital	**717,019**	591,788
Reserves (note)	**2,660,370**	2,146,970
Total equity	**3,377,389**	2,738,758

45. 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 2017	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 and 1 October 2018	5,437,218	119,559	(3,409,807)	2,146,970
Total comprehensive loss for the year	**–**	**–**	**(54,813)**	**(54,813)**
Issue of subscription shares	**568,392**	**–**	**–**	**568,392**
Share issue expenses	**(15,850)**	**–**	**–**	**(15,850)**
Equity-settled share option arrangements	**–**	**15,671**	**–**	**15,671**
Transfer of share option reserve upon forfeiture of share options	**–**	**(54,328)**	**54,328**	**–**
At 30 September 2019	**5,989,760**	**80,902**	**(3,410,292)**	**2,660,370**

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 a 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 new share issues; (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.

46. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 23 December 2019.

PARTICULARS OF PROPERTIES HELD BY THE GROUP

30 September 2019

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/ Industrial
The land parcels and an office building erected thereon located at No. 20 Dongmao Road, Dadong District, Shenyang City, Liaoning Province, the PRC	54.08%	Leasehold	Long term lease	Commercial/ Office