



中國瀚亞
CHINA HANYA

CHINA HANYA GROUP HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8312

**2018
FOURTH
QUARTERLY
REPORT**

CHARACTERISTICS OF GEM (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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

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This report, for which the directors (the “Directors”) of China Hanya Group Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) for the purposes of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and twelve months ended 30 September 2018

	Notes	Three months ended 30 September		Twelve months ended 30 September	
		2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (audited)
Revenue	3	15,068	21,708	114,705	32,019
Cost of sales		(13,709)	(19,670)	(104,359)	(29,315)
Gross profit		1,359	2,038	10,346	2,704
Other income, gains and losses		62	(1,946)	196	(1,675)
Selling and distribution expenses		(139)	(223)	(1,426)	(541)
Administrative and other operating expenses		(4,294)	(2,198)	(15,640)	(22,266)
Finance costs	4(c)	(195)	(20)	(407)	(20)
Loss before taxation	4	(3,207)	(2,349)	(6,931)	(21,798)
Income tax	5	—	(528)	(171)	(568)
Loss for the period attributable to owners of the Company		(3,207)	(2,877)	(7,102)	(22,366)
Other comprehensive (expenses)/ income					
Exchange differences arising on translation of foreign operations, with no income tax effects		(536)	85	(633)	235
Total comprehensive expenses for the period attributable to owners of the Company		(3,743)	(2,792)	(7,735)	(22,131)
Loss per share					
Basic and diluted (HK cents)	7	(0.433)	(0.389)	(0.960)	(3.022)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

		30 September 2018	30 September 2017
	Notes	HK\$'000 (unaudited)	HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	8	493	648
Investment property		827	845
		1,320	1,493
Current assets			
Trade receivables, deposits, other receivables and prepayments	9	48,023	18,687
Bank balances and cash	10	16,683	15,479
		64,706	34,166
Current liabilities			
Trade payables	11	29,149	11,033
Tax payable		1,047	520
Other payables and accrued charges	12	1,379	1,561
Bank borrowings	13	530	—
Loans from a shareholder		25,000	5,889
		57,105	19,003
Net current assets		7,601	15,163
Net assets		8,921	16,656
Capital and reserves			
Share capital	14	7,400	7,400
Reserves		1,521	9,256
Total equity		8,921	16,656

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the twelve months ended 30 September 2018

	Attributable to owners of the Company							Total
	PRC							
	Share capital	Share premium	statutory reserve	Capital reserve	Merger reserve	Translation reserve	Accumulated losses	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 October 2016 (audited)	7,400	45,342	—	3,718	(383)	226	(17,516)	38,787
Loss for the year	—	—	—	—	—	—	(22,366)	(22,366)
Other comprehensive income	—	—	—	—	—	235	—	235
At 30 September 2017 (audited)	7,400	45,342	—	3,718	(383)	461	(39,882)	16,656
Loss for the period	—	—	—	—	—	—	(7,102)	(7,102)
Other comprehensive expenses	—	—	—	—	—	(633)	—	(633)
Transfer of reserve	—	—	531	—	—	—	(531)	—
At 30 September 2018 (unaudited)	7,400	45,342	531	3,718	(383)	(172)	(47,515)	8,921

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the twelve months ended 30 September 2018

	Note	2018 HK\$'000 (unaudited)	2017 <i>HK\$'000</i> <i>(audited)</i>
Net cash used in operating activities		(17,362)	(24,135)
Net cash used in investing activities		—	(1,912)
Net cash generated from financing activities		8,856	5,869
Net decrease in cash and cash equivalents		(8,506)	(20,178)
Effect of foreign exchange rate changes		(319)	32
Cash and cash equivalents at the beginning of period/year		15,479	35,625
Cash and cash equivalents at the end of period/year		6,654	15,479
Analysis of balances of cash and cash equivalents			
Cash and bank balances	10	16,683	15,479
Less:			
Restricted bank deposits	10	(10,029)	—
		6,654	15,479

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months ended 30 September 2018

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and was registered as a non-Hong Kong company under part XVI of the Hong Kong Companies Ordinance on 12 November 2010. The Company's principal place of business in Hong Kong is Room 2404, 24/F, World-Wide House, 19 Des Voeux Road Central, Hong Kong.

The Company is an investment holding company. The Company's subsidiaries are principally engaged in distribution of apparel products and household products.

2. BASIS OF PREPARATION

The Group's unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements set out in Chapter 18 of the GEM Listing Rules and Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The HKICPA has issued a number of new and revised HKFRSs and interpretations that are first effective or available for early adoption for the current accounting period of the Company. There has been no significant change to the accounting policies applied in these financial statements for the period presented as a result of these developments.

The unaudited condensed consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with the HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise their judgments in the process of applying the Group's accounting policies.

The accounting policies adopted in preparing the unaudited condensed consolidated financial statements were consistent with those applied for the financial statements of the Group for the year ended 30 September 2017.

These unaudited condensed consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK\$'000), unless otherwise stated.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months ended 30 September 2018

2. BASIS OF PREPARATION (Continued)

The condensed consolidated financial statements have not been reviewed nor audited by the Company's auditors, but have been reviewed by the Company's audit committee.

3. REVENUE AND SEGMENT INFORMATION

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

The Group's operating and reportable segments under HKFRS 8 are (i) distribution of household products and (ii) distribution of garment products. The CODM reviews the financial performance of different product mix separately.

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months ended 30 September 2018

3. REVENUE AND SEGMENT INFORMATION (Continued)

For the twelve months ended 30 September 2018

	Distribution of household products <i>HK\$'000</i> (unaudited)	Distribution of garment products <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Revenue			
External sales	81,868	32,837	114,705
Segment profit	8,039	2,307	10,346
Other income, gains and losses			196
Unallocated expenses			(17,473)
Loss before taxation			(6,931)

For the twelve months ended 30 September 2017

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months ended 30 September 2018

3. REVENUE AND SEGMENT INFORMATION (Continued)

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 2. Segment result represents the profit earned by each product mix segment without allocation of other income, gains and losses, selling and distribution expenses, administrative and other operating expenses, finance costs and taxation. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment revenue and results

Revenue from major products

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

	For the three months ended 30 September		For the twelve months ended 30 September	
	2018 <i>HK\$'000</i> (unaudited)	2017 <i>HK\$'000</i> (unaudited)	2018 <i>HK\$'000</i> (unaudited)	2017 <i>HK\$'000</i> (audited)
Household products	7,948	14,147	81,868	22,136
Clothing products (other than innerwear)	6,394	—	30,543	—
Innerwear	726	7,561	2,294	9,883
	15,068	21,708	114,705	32,019

Geographical information

The Group's operation is mainly carried out in Hong Kong and the People's Republic of China (the "PRC"). The Group's revenue is mainly derived from customers located in the PRC and Hong Kong (2017: Sweden, the United Kingdom (the "U.K.") and the PRC).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months ended 30 September 2018

3. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information (Continued)

The Group's revenue from external customers by geographical location of customers irrespective of the origin of the goods is detailed below:

	For the three months ended 30 September		For the twelve months ended 30 September	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (audited)
PRC	8,673	21,708	100,244	30,455
Hong Kong	6,395	—	14,461	—
The U.K.	—	—	—	1,085
Sweden	—	—	—	479
	15,068	21,708	114,705	32,019

Information about major customers

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

	For the twelve months ended 30 September	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (audited)
Customer A	65,622	—
Customer B	16,083	7,326
Customer C	12,756	—
Customer D ^(Note)	5,783	3,688
Customer E	—	4,437
Customer F	—	3,800

Note: The revenue from the customer contributed less than 10% of total revenue during the current period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months ended 30 September 2018

4. LOSS BEFORE TAXATION

Loss before taxation is stated after charging the following:

(a) Staff costs (including directors' and chief executive officer's remuneration)

	For the three months ended 30 September		For the twelve months ended 30 September	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(audited)
Salaries, wages and other benefits	2,990	2,290	10,980	14,653
Contributions to defined contribution retirement plans	50	(38)	197	169
	3,040	2,252	11,177	14,822

(b) Other items

	For the three months ended 30 September		For the twelve months ended 30 September	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(audited)
Auditor's remuneration	196	103	874	500
Cost of inventories	13,709	19,670	104,359	29,315
Operating lease charges	10	99	104	174
Exchange loss, net	3	9	169	22
Depreciation on property, plant and equipment	37	33	138	147
Depreciation on an investment property	4	—	18	—
Write-off of items of property, plant and equipment	—	—	17	—

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months ended 30 September 2018

4. LOSS BEFORE TAXATION (Continued)

(c) Finance costs

	For the three months ended 30 September		For the twelve months ended 30 September	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(audited)
Interests on loan from a shareholder	189	20	401	20
Interests on trust receipt loan	6	—	6	—
	195	20	407	20

5. INCOME TAX

	For the three months ended 30 September		For the twelve months ended 30 September	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(audited)
Current tax charge in the PRC	—	528	171	568

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

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC group entities is 25% for both periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months ended 30 September 2018

6. DIVIDEND

The Directors do not declare any dividend for the twelve months ended 30 September 2018 (2017: Nil).

7. LOSS PER SHARE

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

	Three months ended		Twelve months ended	
	30 September		30 September	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(audited)

Loss for the purposes of basic loss				
per share	(3,207)	(2,877)	(7,102)	(22,366)

Number of shares (in thousands)

Number of ordinary shares for the				
purposes of basic loss per share	740,000	740,000	740,000	740,000

Diluted loss per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive, potential ordinary shares. Dilutive loss per share amount were the same as basic loss per share amount for all periods as there were no potential dilutive ordinary shares outstanding.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months ended 30 September 2018

8. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings <i>HK\$'000</i>	Computer <i>HK\$'000</i>	Furniture, fixtures and office equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
COST					
At 30 September 2016	1,000	—	49	700	1,749
Additions	—	54	—	704	758
Disposal	—	—	—	(700)	(700)
Transfer to investment property	(1,000)	—	—	—	(1,000)
At 1 October 2017	—	54	49	704	807
Write-off	—	(5)	(49)	—	(54)
At 30 September 2018	—	49	—	704	753
DEPRECIATION					
At 30 September 2016	135	—	32	700	867
Provided for the year	20	6	4	117	147
Eliminated upon transfer to investment property	(155)	—	—	—	(155)
Eliminated on disposal	—	—	—	(700)	(700)
At 1 October 2017	—	6	36	117	159
Provided for the period	—	21	—	117	138
Write-off	—	(1)	(36)	—	(37)
At 30 September 2018	—	26	—	234	260
CARRYING VALUES					
At 30 September 2018	—	23	—	470	493
At 30 September 2017	—	48	13	587	648

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months ended 30 September 2018

9. TRADE RECEIVABLES, DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

	30 September 2018 HK\$'000 (unaudited)	30 September 2017 HK\$'000 (audited)
Trade receivables	46,249	10,478
Deposit made to a supplier	—	7,454
Other receivables and prepayments	1,774	755
	48,023	18,687

The Group's trading terms with its customers are mainly on credit with credit period normally ranging from one to three months depending on a number of factors including trade practice and collection history. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to monitor credit risk. Overdue balances are reviewed regularly by the senior management. The Group does not hold any collateral or other credit enhancements over these balances. Trade receivables are non-interest-bearing.

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

Ageing analysis

Included in trade receivables are trade receivables (net of allowance for doubtful debts) with the following ageing analysis presented based on invoice date as of the end of the reporting period:

	30 September 2018 HK\$'000 (unaudited)	30 September 2017 HK\$'000 (audited)
Within 90 days	15,688	10,478
91–180 days	30,561	—
	46,249	10,478
Less: allowance for doubtful debts	—	—
	46,249	10,478

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months ended 30 September 2018

10. BANK BALANCES AND CASH

	30 September 2018 HK\$'000 (unaudited)	30 September 2017 HK\$'000 (audited)
Cash at banks and on hand in the condensed consolidated statement of financial position	16,683	15,479
Pledged bank deposits	(10,029)	—
Cash and cash equivalents in the condensed consolidated statement of cash flows	6,654	15,479

The interest rates on the cash at bank and deposits with banks ranged from 0.01% to 0.3% (for the twelve months ended 30 September 2017: 0.01% to 0.1%) per annum.

Pledged bank deposits represents a deposit pledged to a bank to secure a banking facility granted to a subsidiary of the Company (note 13).

The interest rates on the pledged bank deposits is 1% per annum (2017: Nil).

11. TRADE PAYABLES

Trade payables of approximately HK\$29,149,000 as at 30 September 2018 (30 September 2017: HK\$11,033,000) are substantially with an age within six months.

12. OTHER PAYABLES AND ACCRUED CHARGES

	30 September 2018 HK\$'000 (unaudited)	30 September 2017 HK\$'000 (audited)
Other payables and accrued charges	1,379	1,561
Financial liabilities measured at amortised cost	1,379	1,561

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months ended 30 September 2018

13. BANK BORROWINGS

As at 30 September 2018, the bank borrowing is a trust receipt loan granted to a subsidiary of the Company, and is repayable within 1 year (2017: Nil). The trust receipt loan carries interest at 2% above the Hong Kong Interbank Offered Rate per annum.

As at 30 September 2018, the banking facility was secured by the pledged bank deposits of HK\$10,029,000 (2017: Nil) (note 10). Such banking facility amounted to HK\$10,000,000 (2017: Nil) was utilised to the extent of HK\$530,000 (2017: Nil). The bank borrowings are denominated in Hong Kong dollars.

14. SHARE CAPITAL

	Number of shares '000	HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 October 2016, 30 September 2017 and 30 September 2018	10,000,000	100,000
Issued and fully paid:		
At 1 October 2016, 30 September 2017 and 30 September 2018	740,000	7,400

15. EVENT AFTER THE REPORTING PERIOD

On 15 October 2018, the Company announced to propose to change the English name of the Company from “China Hanya Group Holdings Limited” to “Rui Feng Group Holdings Company Limited” and to change its dual foreign name in Chinese from “中國瀚亞集團控股有限公司” to “睿鋒集團控股有限公司”. Further details are disclosed in the announcement of the Company dated 15 October 2018 and the circular of the Company dated 30 October 2018.

Up to the date of this report, the proposed change of the Company’s name is yet to complete.

BUSINESS REVIEW

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

FINANCIAL REVIEW

As announced on 22 January 2018, the Company's financial year end date has been changed to 31 December and the next audited consolidated financial statements of the Company will cover a 15-month period from 1 October 2017 to 31 December 2018. This is therefore the fourth quarterly report containing the unaudited condensed consolidated results of the Group for the three months and twelve months ended 30 September 2018.

The revenue of the Group for the twelve months ended 30 September 2018 was approximately HK\$114.7 million, representing an increase of 2.6 times from the same period last year. For the twelve months ended 30 September 2018, the Group's revenue contributed from household products, innerwear and clothing products (other than innerwear) were HK\$81.9 million, HK\$2.3 million and HK\$30.5 million respectively (2017: HK\$22.1 million, HK\$9.9 million and Nil). The increase in sales order of household products and garment products of the distribution business made great contribution to the significant increase in the Group's revenue.

Cost of sales of the Group for the twelve months ended 30 September 2018 was approximately HK\$104.4 million, representing an increase of 2.6 times from HK\$29.3 million for the twelve months ended 30 September 2017. The increase in cost of sales was mainly due to the increase in sales order during the period.

The loss of the Group for the twelve months ended 30 September 2018 was approximately HK\$7.1 million as compared to the loss of approximately HK\$22.4 million for the twelve months ended 30 September 2017. This improvement is mainly due to the implementation of the Group's competitive strategy.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operation through internally-generated cash flows and banking facility provided by a bank during the period under review. As at 30 September 2018, the total bank balances and cash of the Group amounted to approximately HK\$6.7 million (2017: approximately HK\$15.5 million) excluding the pledged bank deposit with fixed term of 1 month amounted to approximately HK\$10

MANAGEMENT DISCUSSION AND ANALYSIS

million (2017: Nil). The current ratios (current asset divided by current liabilities) of the Group were 1.1 times and 1.8 times as at 30 September 2018 and 30 September 2017 respectively.

CAPITAL MANAGEMENT

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

The Group monitors capital on the basis of the gearing ratio. As at 30 September 2018, the gearing ratio was 286.2% (2017: 35.4%). This ratio is calculated as dividing total debt from time to time by total capital.

DIVIDEND

The Directors do not declare the payment of any interim dividend for the twelve months ended 30 September 2018 (2017: Nil).

CHARGE ON GROUP'S ASSETS

As at 30 September 2018, the Group pledged its bank deposit of approximately HK\$10 million (2017: Nil) to a bank to secure a banking facility amounting to HK\$10 million granted to a subsidiary of the Company. The pledged bank deposit is interest bearing with a fixed rate of 1% per annum (2017: Nil).

CAPITAL COMMITMENT

As at 30 September 2018, the Group does not have any significant capital commitment.

FOREIGN CURRENCY EXPOSURE

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

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

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

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2018, the Group has 6 directors and 17 employees. Total staff costs, including Directors' emoluments, amounted to approximately HK\$11.2 million for the twelve months ended 30 September 2018. The Group's remuneration policies were determined with reference to the performance, qualification and experience of individual employee, as well as the results of the Group and the market conditions. The Group provided discretionary bonus, medical insurance, and provident fund to its employees. The Company adopted a share option scheme on 3 November 2010, under which the Company can grant options to, among others, employees of the Group to subscribe for shares of the Company with a view to rewarding them for their contributions to the Group and giving incentives to them for optimizing their future contributions to the Group.

UPDATE ON THE LISTING STATUS

The Company has received a letter dated 16 March 2018 from the Stock Exchange (the "Decision Letter"), which serves as a notice pursuant to Rule 9.15 of the GEM Listing Rules, that the Stock Exchange has decided to commence the procedures to cancel the Company's listing under Rule 9.14 of the GEM Listing Rules (the "Decision") since the Stock Exchange is of the view that the Company has failed to maintain a sufficient level of operations or assets under Rule 17.26 of the GEM Listing Rules to warrant the continued listing of the shares of the Company (the "Shares"). On 26 March 2018, the Company has submitted a written request to the GEM Listing Committee for reviewing of the Decision. On 3 July 2018, the GEM Listing Committee decided to uphold the Decision to suspend trading in the Shares and proceed with cancellation of the Company's listing. On 11 July 2018, the Company has submitted a written request to the secretary of the GEM Listing (Review) Committee applying for a review of the decision of the GEM Listing Committee. Please refer to the announcements of the Company dated 19 March 2018, 26 March 2018, 3 July 2018 and 11 July 2018 for details.

OUTLOOK

The Group's revenue for the twelve months ended 30 September 2018 was significantly improved compared to the corresponding period in 2017 as a result of the continuous improvement of the distribution of household products and garment products carried out in the PRC recorded during the period under review.

The Group has been expanding its team to cope with its distribution business and operations with the goal to solicit further sales and extend the arms of the Group to reach to the target customers in the PRC and Hong Kong as well as the global markets. The Group has formulated various projects and development plans to further strengthen its distribution business, such as (i) participating in well-known worldwide fashion/apparel shows and fairs to further develop the Group's connections with market professionals and build up its global awareness; (ii) successfully obtained the certification of Oeko-tex in August 2018, which is a registered trade mark representing the product labels and company certifications issued and other services provided by the International Association for Research and Testing in the Field of Textile and Leather Ecology, to align with globally recognized quality standard; and (iii) setting up showroom in Hong Kong to enhance customer experience and brand awareness. The Group is confident about the upcoming development plans which will be able to enhance its strength in providing value-added supply-chain management services to its distribution business.

As announced on 15 October 2018, with a view to better reflect the current status of the Group's business and to better promote the corporate image and the future business development of the Group, it was proposed to change the English name of the Company from "China Hanya Group Holdings Limited" to "Rui Feng Group Holdings Company Limited" and to change its dual foreign name in Chinese from "中國瀚亞集團控股有限公司" to "睿鋒集團控股有限公司" (together, the "Change of Company Name"). The Change of Company Name is conditional upon (i) the approval of the proposed Change of Company Name by the shareholders of the Company by way of a special resolution at the extraordinary general meeting of the Company to be held on 23 November 2018; and (ii) the approval of the proposed Change of Company Name by the Registrar of Companies in the Cayman Islands.

CORPORATE GOVERNANCE PRACTICE

The Company has complied with the required code provisions set out in the Corporate Governance Code and Corporate Governance Report (the “CG Code”) contained in Appendix 15 to the GEM Listing Rules during the twelve months ended 30 September 2018, except for the following deviations:

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Ms. Lu Zhuo has been appointed as the chief executive officer of the Company (the “CEO”) and the chairman of the Board on 16 January 2017 and 27 March 2017 respectively. The Board meets regularly to consider major matters affecting the operations of the Group. The Board considers that this structure will not impair the balance of power and authority between the Directors. The roles of the other Directors complement the roles of the chairman and the CEO. The Board believes that this structure is conducive to strong and consistent leadership which enables the Group to operate efficiently. As such, the structure is beneficial to the Group and the shareholders of the Company as a whole.

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

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

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors’ securities transactions in securities of the Company. Upon the Company’s specific enquiry, each Director confirmed that during the twelve months ended 30 September 2018, he/she had fully complied with the required standard of dealings and there was no event of non-compliance.

OTHER INFORMATION

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

As at 30 September 2018, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in the Shares

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

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

Save as disclosed above, as at 30 September 2018, none of the Directors or chief executive of the Company or their respective associates had any other interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under such provision of the SFO), or to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

OTHER INFORMATION

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

As at 30 September 2018, so far as is known to the Directors, the following persons (not being the Directors or chief executive of the Company) had or were deemed to have, interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long positions in the Shares

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

Notes:

1. Handsome Global is wholly-owned by Mr. Yun Ligu, an executive Director.
2. Ms. Tang Xiuxia is the spouse of Mr. Yun Ligu. Therefore, Ms. Tang Xiuxia is deemed to be interested in the Shares which Mr. Yun Ligu is interested in.

Save as disclosed above, as at 30 September 2018, so far as is known to the Directors or chief executive of the Company, no persons (other than the Directors or chief executive of the Company) had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

OTHER INFORMATION

CONTRACT OF SIGNIFICANCE

As at 30 September 2018, there was no contract of significance between the Company or any of its subsidiaries, and a controlling shareholder (as defined under the GEM Listing Rules) or any of its subsidiaries.

COMPETING INTEREST

For the twelve months ended 30 September 2018, the Directors were not aware of any business or interest of the Directors, the controlling shareholder of the Company and their respective close associates (as defined under the GEM Listing Rules) that competed or might compete with the business of the Group and any other conflict of interest which any such person had or might have with the Group.

SHARE OPTION SCHEME

A share option scheme (the "Scheme") was adopted by the shareholders of the Company by way of written resolutions passed on 3 November 2010. Pursuant to the Scheme, the Board may at its discretion offer options to any eligible participants including, but not limited to, any employee including any executive or non-executive Director or any affiliate, any consultant, agent, representative, adviser, customer, contractor, business ally or joint venture partner of the Company or any affiliate.

The Scheme will remain valid for a period of 10 years commencing from 3 November 2010. During the twelve months ended 30 September 2018, no share option had been granted under the Scheme and there was no outstanding share option throughout the twelve months ended 30 September 2018 and as at the date of this report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any one of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the twelve months ended 30 September 2018.

AUDIT COMMITTEE

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

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the twelve months ended 30 September 2018 and is of the opinion that the preparation of such statements complied with applicable accounting standards and that adequate disclosure has been made in respect thereof.

By Order of the Board
China Hanya Group Holdings Limited
Lu Zhuo
Chairman

Hong Kong, 13 November 2018

As at the date of this report, the Board comprises Ms. Lu Zhuo and Mr. Yun Ligu as executive Directors, Ms. Yang Haibi as non-executive Director, and Mr. Leung Ka Wo, Mr. Zhang Tianbao and Mr. Christopher Francisco as independent non-executive Directors.

This report will remain on the “Latest Company Announcements” page of the GEM website (www.hkgem.com) for at least 7 days from its date of its posting and on the Company’s website at www.chinahanya.com.hk.