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

RUI FENG GROUP HOLDINGS COMPANY LIMITED

睿鋒集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8312)

FINAL RESULTS ANNOUNCEMENT

FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 2018

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.

This announcement, for which the directors (the “Directors”) of Rui Feng Group Holdings Company Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement 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 announcement misleading.

ANNUAL RESULTS

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the period from 1 October 2017 to 31 December 2018

	<i>Notes</i>	1.10.2017 to 31.12.2018 <i>HK\$'000</i>	1.10.2016 to 30.9.2017 <i>HK\$'000</i>
Revenue	4	120,020	32,019
Cost of sales		<u>(108,218)</u>	<u>(29,315)</u>
Gross profit		11,802	2,704
Other income, gains and losses	6	(8,216)	(1,675)
Selling and distribution expenses		(1,505)	(541)
Administrative expenses		(20,235)	(22,266)
Finance costs	7	<u>(599)</u>	<u>(20)</u>
Loss before taxation	8	(18,753)	(21,798)
Taxation	9	<u>(1,992)</u>	<u>(568)</u>
Loss for the period/year		<u><u>(20,745)</u></u>	<u><u>(22,366)</u></u>
Loss per share (<i>HK cents</i>)			
Basic	11	<u><u>(2.80)</u></u>	<u><u>(3.02)</u></u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the period from 1 October 2017 to 31 December 2018

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	<i>Notes</i>	31.12.2018	30.9.2017
		<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		460	648
Investment property		<u>—</u>	<u>845</u>
		460	1,493
Current assets			
Trade and other receivables	12	41,095	18,687
Pledged bank deposit		10,053	—
Bank balances and cash		<u>4,969</u>	<u>15,479</u>
		56,117	34,166
Investment property classified as held for sale		<u>822</u>	<u>—</u>
		56,939	34,166
Current liabilities			
Trade and other payables	13	29,651	12,594
Tax payable		2,512	520
Loan from a shareholder		25,531	5,889
Bank borrowings		<u>4,170</u>	<u>—</u>
		61,864	19,003
Net current (liabilities) assets		<u>(4,925)</u>	<u>15,163</u>
Net (liabilities) assets		<u>(4,465)</u>	<u>16,656</u>
Capital and reserves			
Share capital		7,400	7,400
Reserves		<u>(11,865)</u>	<u>9,256</u>
(Deficiency in) balance of equity		<u>(4,465)</u>	<u>16,656</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL AND BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on GEM. Its immediate and ultimate holding company is Handsome Global Investments Limited (“Handsome Global”), incorporated in the British Virgin Islands and the ultimate controlling shareholder of Handsome Global is Mr. Yun Liguo (“Mr. Yun”), the executive Director.

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

The Company is an investment holding company and its subsidiaries are principally engaged in distribution of garment products and household products.

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

In preparing the consolidated financial statements, the Directors have given careful consideration to the future liquidity of the Group in light of the fact that, the Group incurred a loss of HK\$20,745,000 for the Period and as of 31 December 2018, the Group’s current liabilities exceeded its current assets of HK\$4,925,000 and the Group’s total liabilities exceeded its total assets by HK\$4,465,000.

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

- (i) on 28 February 2019, the disposal of investment property classified as held for sale was completed and the proceed of HK\$4,200,000 was received subsequent to the end of the Period;
- (ii) in addition to the amount due to Mr. Yun as at 31 December 2018 amounting to HK\$25,531,000 (including interest payable of HK\$531,000), there is loan facility amounting to RMB6,842,000 (equivalent to approximately HK\$7,800,000) not yet utilised by the Group;
- (iii) on 4 March 2019, Mr. Yun and the Group entered into a loan agreement to make available to the Group a loan in the principal sum of RMB30,000,000 (equivalent to approximately HK\$34,200,000) for the future working capital requirements of the Group; and
- (iv) Mr. Yun has agreed in writing not to demand the Group to repay the amount due to him (including the amount of HK\$25,000,000 which was outstanding as at 31 December 2018 and any additional amount to be utilised by the Group subsequent to the end of the Period) until the Group is in a financial position to repay.

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

Change of financial year end date

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

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

Amendments to HKFRSs that are mandatorily effective for the Period

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

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

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

Amendment to HKAS 7 "Disclosure Initiative"

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

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

New and amendments to HKFRSs in issue but not yet effective

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

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

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2019

³ Effective for annual periods beginning on or after a date to be determined

⁴ Effective for annual periods beginning on or after 1 January 2021

⁵ Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

⁶ Effective for annual periods beginning on or after 1 January 2020

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

4. REVENUE

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

	1.10.2017 to 31.12.2018	1.10.2016 to 30.9.2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Sale of household products	82,081	22,136
Sale of garment products	37,939	9,883
	<u>120,020</u>	<u>32,019</u>

5. SEGMENT INFORMATION

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

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

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

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

Segment revenue and results

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

For the period from 1 October 2017 to 31 December 2018

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

For the year ended 30 September 2017

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

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

Revenue from major products

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

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

Geographical information

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

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

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

6. OTHER INCOME, GAINS AND LOSSES

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

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

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

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

7. FINANCE COSTS

	1.10.2017 to 31.12.2018 HK\$’000	1.10.2016 to 30.9.2017 HK\$’000
Interest on bank borrowings	11	—
Interest on loan from a shareholder	588	20
	<u>599</u>	<u>20</u>

8. LOSS BEFORE TAXATION

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

9. TAXATION

	1.10.2017 to 31.12.2018 HK\$'000	1.10.2016 to 30.9.2017 HK\$'000
Current tax charge in the PRC	<u>1,992</u>	<u>568</u>

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

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

10. DIVIDEND

No dividend was paid or proposed during the Period, nor has any dividend been proposed by the Board since the end of the Period (for the year ended 30 September 2017: nil).

11. LOSS PER SHARE

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

	1.10.2017 to 31.12.2018 HK\$'000	1.10.2016 to 30.9.2017 HK\$'000
Loss for the purposes of basic loss per share		
Loss for the period/year attributable to owners of the Company	<u>(20,745)</u>	<u>(22,366)</u>
	Number of shares	
	1.10.2017 to 31.12.2018 '000	1.10.2016 to 30.9.2017 '000
Number of shares for the purposes of basic loss per share	<u>740,000</u>	<u>740,000</u>

No diluted loss per share is presented as there are no potential dilutive shares during the Period and the year ended 30 September 2017.

12. TRADE AND OTHER RECEIVABLES

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

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

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

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

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

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

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

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

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

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

Movement in the allowance for bad and doubtful debts

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

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

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

13. TRADE AND OTHER PAYABLES

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

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

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

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

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

FINANCIAL REVIEW

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

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

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

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

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

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

PROSPECTS

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

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

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

LIQUIDITY AND FINANCIAL RESOURCES

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

CAPITAL MANAGEMENT

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

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

- (i) on 28 February 2019, the disposal of investment property classified as held for sale was completed and the proceed of HK\$4,200,000 was received subsequent to the end of the Period;
- (ii) in addition to the amount due to Mr. Yun as at 31 December 2018 amounting to HK\$25,531,000 (including interest payable of HK\$531,000), there is loan facility amounting to RMB6,842,000 (equivalent to approximately HK\$7,800,000) not yet utilised by the Group;
- (iii) on 4 March 2019, Mr. Yun and the Group entered into a loan agreement to make available to the Group a loan in the principal sum of RMB30,000,000 (equivalent to approximately HK\$34,200,000) for the future working capital requirements of the Group; and
- (iv) Mr. Yun has agreed in writing not to demand the Group to repay the amount due to him (including the amount of HK\$25,000,000 which was outstanding as at 31 December 2018 and any additional amount to be utilised by the Group subsequent to the end of the reporting period) until the Group is in a financial position to repay.

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

CHARGE ON GROUP'S ASSETS

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

CAPITAL COMMITMENT

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

FOREIGN CURRENCY EXPOSURE

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

CONTINGENT LIABILITIES

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

SIGNIFICANT INVESTMENTS

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

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

MATERIAL ACQUISITIONS AND DISPOSALS

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

DISPOSAL OF PROPERTY

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

CHANGE OF COMPANY NAME

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

EMPLOYEES AND REMUNERATION POLICY

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

UPDATE ON THE LISTING STATUS

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

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

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

CORPORATE GOVERNANCE PRACTICES

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

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

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

FINAL DIVIDEND

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

ANNUAL GENERAL MEETING

The forthcoming AGM of the Company (the “2019 AGM”) will be held on Monday, 6 May 2019. A notice convening the 2019 AGM will be published and despatched to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

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

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

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the period from 1 October 2017 to 31 December 2018 as set out in the preliminary announcement have been agreed by the Group's auditors, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the period from 1 October 2017 to 31 December 2018. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

CONTINUED SUSPENSION OF TRADING

Trading in the Shares on the Stock Exchange has been suspended since 9:00 a.m. on 10 December 2018 and will remain suspended until further notice.

By Order of the Board
Rui Feng Group Holdings Company Limited
Yun Ligu
Executive Director

Hong Kong, 25 March 2019

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

This announcement 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.