O Luxe Holdings Limited
奧立仕控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 860)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2017

The board of directors (the "Board") of O Luxe Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 30 September 2017, together with the comparative figures for the year ended 30 September 2016, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30 September 2017

	Notes	**2017** **HK$'000**	2016 HK$'000
CONTINUING OPERATIONS			
Revenue	4	**545,533**	392,502
Cost of sales		**(321,869)**	(271,528)
Gross profit		**223,664**	120,974
Other revenue and net gains	5	**6,194**	8,987
Selling and distribution expenses		**(46,136)**	(40,068)
Administrative and other expenses		**(120,327)**	(46,903)
Amortisation of intangible assets	14	**(12,918)**	(10,167)
(Impairment loss)/reversal of impairment on intangible assets	14	**(47,066)**	24,017
Impairment loss on goodwill	13	**(86,806)**	–
Change in fair value of contingent consideration receivable	15	**(39,177)**	(24,593)
Gain on fair value changes of investment properties	12	**39,942**	–
Share of loss from associate		**(225)**	–
Impairment loss on other receivables	17	**(6,307)**	(532)
Fair value loss on held-for-trading investment		**(27,258)**	(8,739)
Gain/(loss) on sales of held-for-trading investment		**9,623**	(11,522)
Gain on disposal of subsidiaries		**18,655**	–
(Loss)/profit from operating activities	6	**(88,142)**	11,454
Finance costs	7	**(4,118)**	(3,875)
(Loss)/profit before taxation		**(92,260)**	7,579
Income tax expense	8	**(3,065)**	(8,513)
Loss for the year from continuing operations		**(95,325)**	(934)
DISCONTINUED OPERATIONS			
Loss for the year from a deconsolidated subsidiary	9	**–**	(27,755)
Loss for the year		**(95,325)**	(28,689)

	Notes	2017 HK$'000	2016 HK$'000
Loss for the year attributable to:			
— Owners of the Company			
Continuing operations		**(90,108)**	(5,224)
Discontinued operations		**–**	(27,449)
		(90,108)	(32,673)
— Non-controlling interests:			
Continuing operations		**(5,217)**	4,290
Discontinued operations		**–**	(306)
		(5,217)	3,984
		(95,325)	(28,689)
Loss per share from continuing and discontinued operations	*10*		
Basic		**2.79 cents**	1.33 cents
Diluted		**2.79 cents**	1.33 cents
Loss per share from continuing operations	*10*		
Basic		**2.79 cents**	0.21 cents
Diluted		**2.79 cents**	0.21 cents
Loss per share from discontinued operations	*10*		
Basic		**N/A**	1.12 cents
Diluted		**N/A**	1.12 cents
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**5,206**	(36,136)
Exchange reserve released upon disposal of subsidiaries		**(17,782)**	–
Exchange reserve released upon deconsolidation of a subsidiary		**–**	6,454
Other comprehensive income for the year		**(12,616)**	(29,682)
Total comprehensive income for the year		**(107,901)**	(58,371)
Total comprehensive income for the year attributable to:			
— Owners of the Company		**(105,397)**	(61,645)
— Non-controlling interests		**(2,504)**	3,274
		(107,901)	(58,371)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2017

	Notes	2017 HK$'000	2016 HK$'000
Non-current Assets			
Property, plant and equipment	*11*	**63,243**	4,843
Investment properties	*12*	**452,822**	–
Goodwill	*13*	**1,324,993**	29,555
Intangible assets	*14*	**64,844**	125,119
Contingent consideration receivable	*15*	**–**	39,178
Interests in an associate		**5,863**	–
Deposits paid		**62,613**	255,261
Loan and interest receivables	*16*	**387,097**	278,751
		2,361,475	732,707
Current Assets			
Inventories		**334,941**	328,689
Trade and other receivables	*17*	**133,190**	95,016
Loan and interest receivables	*16*	**270,267**	260,780
Contingent consideration receivable	*15*	**1**	–
Held-for-trading investment		**25,362**	43,340
Bank balances and cash		**302,094**	159,934
		1,065,855	887,759
Assets associated with disposal group classified as held for sale	*18*	**1,300,351**	–
		2,366,206	887,759
Current Liabilities			
Trade payables	*19*	**66,250**	43,431
Other payables and accruals		**168,783**	41,526
Borrowings		**105,800**	40,621
Income tax payable		**7,956**	5,126
		348,789	130,704
Liabilities associated with disposal group classified as held-for-sale	*18*	**66**	–
Net Current Assets		**2,017,351**	757,055

	Notes	**2017** **HK$'000**	2016 HK$'000
Total Assets Less Current Liabilities		**4,378,826**	1,489,762
Non-current Liabilities			
Borrowings		**34,336**	–
Deferred tax liabilities		**104,958**	28,644
		139,294	28,644
NET ASSETS		**4,239,532**	1,461,118
CAPITAL AND RESERVES			
Share capital	*20*	**566,194**	245,177
Reserves		**2,827,092**	1,188,228
Equity attributable to owners of the Company		**3,393,286**	1,433,405
Non-controlling interests		**846,246**	27,713
TOTAL EQUITY		**4,239,532**	1,461,118

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability. Its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The addresses of its registered office and principal place of business are disclosed in the corporate information section to the annual report.

The functional currency of the Company is Hong Kong dollars ("HK$"). The consolidated financial statements are presented in HK$ for the convenience of users of the consolidated financial statements as the Company is listed in Hong Kong.

The Company is engaged in investment holding and the principal activities of its subsidiaries are exports and domestic trading, retail and wholesale of jewellery products, writing instruments and watches, mining, money lending, property investment, securities investments and development, engineering, manufacturing and sales of electric vehicles and related components.

The Group discontinued its operation of export of manufactured jewellery products and writing instruments during the year ended 30 September 2016 as detailed in Note 9. This business segment has been presented as discontinued operations in accordance with HKFRS 5.

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

Effect of adopting new standards, amendments/revises to standards and interpretation

The Group has adopted the following new standards and amendments to standards which are relevant to the Group's operations and are mandatory for the financial year ended 30 September 2017:

HKFRS 14	Regulatory Deferral Accounts
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Annual Improvement Project	Annual Improvements 2012–2014 Cycle
Amendments to HKAS 16 and HKAS 41	Agriculture: bearer Plants

New and revised HKFRSs issued but not yet effective

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

Annual Improvement Project — HKFRS 12 (Amendments)	Annual Improvements 2014–2016 cycle[1]
HKAS 7 (Amendments)	Disclosure Initiative[1]
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Annual Improvement Project — HKFRS 1 and HKAS 28 (Amendments)	Annual Improvements 2014–2016 cycle[2]
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions[2]
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]
HKFRS 9	Financial Instruments[2]
HKFRS 9	Hedge Accounting and Amendments to HKFRS 9, HKFRS 7 and HKAS 39[2]
HKFRS 9	Amendments in relation to Prepayment Features with Negative Compensation[3]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 15 (Amendments)	Clarifications to HKFRS 15[2]
HKFRS 16	Leases[3]
HKAS 40 (Amendments)	Transfers of Investment Property[2]
HK (IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[2]
HK (IFRIC)-Int 23	Uncertainty over Income Tax Treatments[3]

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

HKFRS 9 "Financial Instruments"

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at amortised cost or fair value. Debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

  In relation to the impairment of financial assets, HKFRS 9 requires an expected credits loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting.

The directors of the Company will assess the impact of the application of HKFRS 9. For the moment, it is not practicable to provide a reasonable estimate of the effect of the application of HKFRS 9 until the Group performs a detailed review.

HKFRS 15 "Revenue from contracts with customers"

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction contracts" and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when control of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company are currently in the process of evaluating the full impact of HKFRS 15 in the Group's consolidated financial statements. Management will make more detailed assessments of the impact over the next twelve months.

HKFRS 16 "Leases"

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and operating cash flows.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 30 September 2017, the Group has non-cancellable operating lease commitments of approximately HK$31,469,000 as disclosed in Note 23. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors complete a detailed review.

3. SEGMENT INFORMATION

Information reported to the Board, being the chief operating decision marker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

- Exports segment — export of manufactured jewellery products and writing instruments;

- Domestic segment — trading of jewellery products and watches for the Group's retail and wholesale business in the Asia;

- Mining segment — the mining, exploration and sale of gold resources;

- Money lending segment — provision of loan finance;

- Securities investments segment — trading of listed securities;

- Electric vehicle segment — manufacturing and sales of electric vehicle; and

- Property investment segment — investment properties to receive rental income.

The operations for export of manufactured jewellery products and writing instruments were discontinued in 2016 (see Note 9). The export segment was presented as discontinued operations of the Group during 2016.

(a) Segment revenues and results

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

For the year ended 30 September

	Discontinued operations		Continued operations															
	Exports		Domestic		Electric vehicle		Property investment		Mining		Money lending		Securities investments		Subtotal		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:																		
External sales	**–**	–	**441,757**	361,796	**–**	–	**30,308**	–	**–**	–	**62,178**	30,670	**11,290**	36	**545,533**	392,502	**545,533**	392,502
Segment results	**–**	(27,755)	**49,177**	24,771	**–**	–	**(38,946)**	–	**(55,342)**	14,303	**49,733**	27,746	**(6,345)**	(20,224)	**(1,723)**	46,596	**(1,723)**	18,841
Unallocated corporate income and expenses															**(90,537)**	(39,017)	**(90,537)**	(39,017)
(Loss) profit before taxation for the period															**(92,260)**	7,579	**(92,260)**	7,579

Segment results represent the results earned by each segment without allocation of change in fair value of contingent consideration receivable, share based compensation expenses, impairment loss on other receivable, gain on disposal of subsidiaries, central administration costs, directors' salaries, interest income and finance costs. This is the measure reported to the chief operating decision makers, being the directors of the Company, for the purposes of resource allocation and assessment of segment performance.

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments.

At 30 September

	Discontinued operations		Continued operations															
	Exports		Domestic		Electric vehicle		Property investment		Mining		Money lending		Securities investments		Subtotal		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
ASSETS																		
Segment assets	**–**	–	**562,599**	475,115	**1,367,257**	–	**465,045**	–	**42,017**	96,892	**662,336**	540,987	**25,362**	43,340	**3,124,616**	1,156,334	**3,124,616**	1,156,334
Unallocated segment assets																	**1,603,065**	464,132
Total assets																	**4,727,681**	1,620,466
LIABILITIES																		
Segment liabilities	**–**	–	**152,916**	77,854	**61,563**	–	**48,767**	–	**3**	3	**21**	28	**–**	4,161	**263,270**	82,046	**263,270**	82,046
Unallocated segment liabilities																	**224,879**	77,302
Total liabilities																	**488,149**	159,348

For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments, other than contingent consideration receivables, deposits paid, assets held for sale and bank balances and cash.

- all liabilities are allocated to operating segments, other than borrowings, deferred tax liabilities, liabilities held for sale and income tax payable.

(c) Other segment information:

	Discontinued operations		Continued operations																	
	Exports		Domestic		Electric vehicle		Property investment		Mining		Money lending		Securities investments		Subtotal		Unallocated		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Amounts included in the measure of segment profit or loss or segment assets																				
Additions to non-current assets *(Note)*	**–**	–	**1,443**	1,022	**49,465**	–	**1,535**	–	**–**	–	**9,019**	–	**–**	–	**61,462**	1,022	**–**	–	**61,462**	1,022
Allowances for inventories write-down	**–**	–	**(7,807)**	(4,039)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(7,807)**	(4,039)	**–**	–	**(7,807)**	(4,039)
Amortisation of intangible assets	**–**	–	**(12,918)**	(10,167)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(12,918)**	(10,167)	**–**	–	**(12,918)**	(10,167)
Change in fair value of contingent consideration receivable	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(39,177)**	(24,593)	**(39,177)**	(24,593)
Gain on fair value charges of investment properties	**–**	–	**–**	–	**–**	–	**39,942**	–	**–**	–	**–**	–	**–**	–	**39,942**	–	**–**	–	**39,942**	–
Depreciation of property, plant and equipment	**–**	–	**(1,785)**	(1,659)	**–**	–	**(580)**	–	**–**	–	**(235)**	–	**–**	–	**(2,600)**	(1,659)	**(81)**	(81)	**(2,681)**	(1,740)
Loss on disposal of property, plant and equipment	**–**	–	**(93)**	–	**–**	–	**(10)**	–	**–**	–	**–**	–	**–**	–	**(103)**	–	**–**	–	**(103)**	–
Impairment loss on goodwill	**–**	–	**–**	–	**–**	–	**(86,806)**	–	**–**	–	**–**	–	**–**	–	**(86,806)**	–	**–**	–	**(86,806)**	–
Reversal of (impairment loss) on intangible assets	**–**	–	**7,529**	10,269	**–**	–	**–**	–	**(54,595)**	13,748	**–**	–	**–**	–	**(47,066)**	24,017	**–**	–	**(47,066)**	24,017
Fair value loss on held-for-trading investments	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(27,258)**	(8,739)	**27,258**	(8,739)	**–**	–	**(27,258)**	(8,739)
Impairment loss of other receivables	**–**	–	**–**	(532)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(532)	**(6,307)**	–	**(6,307)**	(532)
Gain/(loss) on sales of held-for-trading investment	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**9,623**	(11,522)	**9,623**	(11,522)	**–**	–	**9,623**	(11,522)
Gain on disposal of subsidiaries	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**18,655**	–	**18,655**	–
Amounts regularly provided to the chief operating decision makers but not included in the measure of segment profit or loss or segment assets																				
Interest income	**–**	–	**514**	2,509	**–**	–	**41**	–	**1**	8	**–**	–	**–**	–	**556**	2,517	**–**	–	**556**	2,517
Interest expenses	**–**	–	**(3,681)**	(3,875)	**–**	–	**(435)**	–	**–**	–	**–**	–	**–**	–	**(4,116)**	(3,875)	**(2)**	–	**(4,118)**	(3,875)

Note: Non-current assets included property, plant and equipment and intangible assets.

(d) Geographic information

The Group is domicile in Hong Kong and the operations are principally located in the PRC, Hong Kong and Japan.

Information about the Group's revenue from external customers and non-current assets is presented based on the location of operations and geographical location of assets respectively.

The following table provides an analysis of the Group's revenue from external customers.

	Discontinued operations		Continuing operations		Total	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Europe	**–**	–	**–**	–	**–**	–
Asia (including the PRC and Japan)	**–**	–	**545,533**	392,502	**545,533**	392,502
	–	–	**545,533**	392,502	**545,533**	392,502

The following table provides an analysis of the Group's non-current assets.

	Discontinued operations		Continuing operations		Total	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Europe	**–**	–	**–**	–	**–**	–
Asia (including the PRC and Japan)	**–**	–	**2,361,475**	693,529	**2,361,475**	693,529
	–	–	**2,361,475**	693,529	**2,361,475**	693,529

Note: Non-current assets excluded contingent consideration receivable.

(e) Information about major customers

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

		2017 HK$'000	2016 HK$'000
Customer A	Revenue generated from the domestic segment	**66,702**	–
Customer B	Revenue generated from the domestic segment	**59,360**	–

4. REVENUE

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and are analysed as follows:

	2017 HK$'000	2016 HK$'000
Continuing operations		
Sales of goods	**441,757**	361,796
Interest income on loan financing	**62,178**	30,670
Property rental income	**30,308**	–
Dividend income from listed equity securities	**11,290**	36
	545,533	392,502

5. OTHER REVENUE AND NET GAINS

	2017 HK$'000	2016 HK$'000
Continuing operations		
Other revenue:		
Bank interest income	**556**	2,517
Income from customer services	**2,920**	1,081
Other payables written back	**–**	1,597
Sundry income	**2,718**	3,792
	6,194	8,987

6. (LOSS)/PROFIT FROM OPERATING ACTIVITIES

(Loss)/profit from operating activities is arrived at after charging:

	2017	2016
	HK$'000	*HK$'000*
Continuing operations		
Auditor's remuneration	**2,799**	1,971
Cost of inventories recognised as an expense	**307,638**	267,489
Inventories write-down (included in cost of sales)	**7,807**	4,039
Depreciation of property, plant and equipment	**2,681**	1,740
Minimum lease payments under operating leases on leasehold land and buildings	**9,534**	9,219

7. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
Continuing operations		
Interest expenses on borrowings	**4,118**	3,875

8. INCOME TAX EXPENSE

	Discontinued operations		**Continuing operations**		**Total**	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
The income tax expense comprises:						
Current year						
— Hong Kong Profits Tax	**–**	–	**1,801**	4,127	**1,801**	4,127
— PRC Enterprise Income Tax	**–**	–	**5,802**	2,111	**5,802**	2,111
— Over (under)-provision in previous year:	**–**	–	**14**	(1,096)	**14**	(1,096)
	–	–	**7,617**	5,142	**7,617**	5,142
Deferred taxation	**–**	–	**(4,552)**	3,371	**(4,552)**	3,371
Income tax expense for the year	**–**	–	**3,065**	8,513	**3,065**	8,513

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the two years ended 30 September 2017 and 2016.

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 Group's subsidiaries in the PRC is 25%.

Provision for the PRC EIT was made based on the estimated assessable profits calculated in accordance with the relevant income laws applicable to the subsidiaries operated in the PRC.

9. DISCONTINUED OPERATIONS

During the year ended 30 September 2016, the Group lost control of Omas SRL ("Omas"), a 90.1% owned subsidiary of the Group incorporated in Italy, which was still through liquidation.

This business segment is presented as discontinued operations in accordance with HKFRS 5.

(a) The loss for the year from the discontinued operation and deconsolidated subsidiary is analysed as follows:

	2017	2016
	HK\$'000	*HK\$'000*
Revenue	**–**	–
Administrative expenses	**–**	(3,091)
Operating loss	**–**	(3,091)
Loss on deconsolidation of a subsidiary (b)	**–**	(24,664)
Loss before taxation	**–**	(27,755)
Income tax credit	**–**	–
Loss for the year from a deconsolidated subsidiary	**–**	(27,755)

Cash flows for the year from the discontinued operation were as follows:

	2017	2016
	HK\$'000	*HK\$'000*
Net cash outflows from operating activities	**–**	(4,422)
Net cash inflows from financing activities	**–**	4,422
Net cash outflow	**–**	–

(b) The loss on deconsolidation and the net cash outflow arising on deconsolidation of a subsidiary for the year ended 30 September 2016 were set out as below:

Loss on deconsolidation of subsidiary

	HK$'000
Property, plant and equipment	10,189
Inventories	9,537
Trade and other receivables	2,157
Bank balances and cash	760
Trade and other payables	(6,310)
Amount due to immediate holding company	(73,832)
Amount due to intermediate holding company	(6,063)
Deferred tax liabilities	(1,926)
	(65,488)
Non-controlling interest	6,557
Release of exchange reserves	6,454
Net liabilities of deconsolidated subsidiary attributable to the Group	(52,477)
Impairment loss on amount due from a deconsolidated subsidiary	77,141
Loss on deconsolidation of a subsidiary	24,664

Net cash outflow arising on deconsolidation of a subsidiary

	HK$'000
Cash and cash equivalents of a deconsolidated subsidiary	760

10. LOSS PER SHARE

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

	2017	2016
	HK$'000	*HK$'000*
Loss for the year for the purposes of computation of basic loss per share		
— from continuing operations	**90,108**	5,224
— from discontinued operations	**–**	27,449
	90,108	32,673
Number of shares		
Weighted average number of ordinary shares for basic and diluted loss per share calculation	**3,228,589,000**	2,451,771,000

No adjustment has been made to basic loss per share amounts presented for the year ended 30 September 2017 and 2016 in respect of a dilution as the impact of the share options outstanding would decrease basic loss per share.

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings *HK$'000*	Leasehold improvement *HK$'000*	Plant and machinery *HK$'000*	Furniture, fixtures and office equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost						
At 1 October 2015	34,642	9,910	4,349	4,185	5,524	58,610
Exchange realignment	(1,978)	(414)	–	(18)	–	(2,410)
Additions	–	269	–	343	410	1,022
Written off	–	–	–	(913)	–	(913)
Deconsolidation of a subsidiary	(32,664)	–	(4,349)	(2,512)	–	(39,525)
At 30 September 2016	–	9,765	–	1,085	5,934	16,784
Exchange realignment	–	110	–	(40)	67	137
Additions	–	4,812	–	4,934	773	10,519
Disposals	–	–	–	(17)	(508)	(525)
Acquisition of subsidiaries	42,512	7	194	3,983	4,247	50,943
At 30 September 2017	42,512	14,694	194	9,945	10,513	77,858
Accumulated depreciation and impairment losses						
At 1 October 2015	23,836	7,671	4,349	3,315	2,767	41,938
Exchange realignment	(1,361)	(289)	–	(13)	(1)	(1,664)
Provided for the year	–	962	–	298	480	1,740
Elimination on written off	–	–	–	(737)	–	(737)
Elimination on deconsolidation of a subsidiary	(22,475)	–	(4,349)	(2,512)	–	(29,336)
At 30 September 2016	–	8,344	–	351	3,246	11,941
Exchange realignment	–	112	–	55	(87)	80
Provided for the year	–	1,177	–	562	942	2,681
Elimination on disposals	–	–	–	(16)	(71)	(87)
At 30 September 2017	–	9,633	–	952	4,030	14,615
Carrying amount						
At 30 September 2017	42,512	5,061	194	8,993	6,483	63,243
At 30 September 2016	–	1,421	–	734	2,688	4,843

The freehold land and buildings with carrying amount of approximately HK$42,512,000 (2016: Nil) is situated in Japan.

At 30 September 2017, the Group's freehold land and buildings with an aggregate net carrying amount of approximately HK$42,512,000 were pledged to secure long term bank loans with a principle amount of approximately HK$20,602,000.

12. INVESTMENT PROPERTIES

At Fair Value	**2017** ***HK$'000***	2016 *HK$'000*
At 1 October	**–**	–
Acquisition of subsidiaries *(Note 22(a)(ii))*	**400,196**	–
Additions during the year	**2,847**	–
Exchange adjustments	**9,837**	–
Gain on fair value changes	**39,942**	–
At 30 September	**452,822**	–

The fair value measurements for all of the Group's investment properties are categorised as level 3. There were no transfers into or out of Level 3 during the year.

The above investment properties are situated in PRC under short to medium term leases to earn rentals or for capital appreciation purpose.

The fair value of the Group's investment properties at 30 September 2017 has been arrived at on the basis of a valuation carried out on that date by Grant Sherman Appraisal Limited ("Grant Sherman"), a qualified professional independent valuer not connected with the Group. Grant Sherman has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. The valuation was arrived at direct comparison, based on market observable transactions of similar properties and adjusted to reflect the locations and conditions of the subject properties.

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorized (Level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Description	Valuation technique	Unobservable inputs	Effect on fair value for increase of input	*HK$'000*
Investment properties The land parcel and various buildings erected thereon located at No. 6 Gou, Xiuhu North Bank, Qipanshan Development Zone, Shenyang City, Liaoning Province, PRC	Comparison approach	Price per square meter	Increase	108,268
Investment properties The land parcels and various buildings erected thereon located at No. 20 Dongmao Road, Dadong District, Shenyang City, Liaoning Province, PRC	Comparison approach	Price per square meter	Increase	284,366 *(Note)*
Investment properties The land parcels and an office building erected thereon located at No. 20 Dongmao Road, Dadong District, Shenyang City, Liaoning Province, PRC	Comparison approach	Price per square meter	Increase	60,188
Total				452,822

Note: The amount included several buildings comprising eleven warehouses, kiosks and sales office buildings with total gross floor area of approximately 18,872.3 square meters, of which the Group had not yet obtained the Building Ownership Certificates. The market value of these buildings as at 30 September 2017 is renminbi ("RMB") 97,200,000 (equivalent to approximately HK$114,263,000).

Certain investment properties with carrying amount of HK$20,102,000 as at 30 September 2017 are pledged against short-term bank borrowings granted to the Group.

13. GOODWILL

	HK$'000
Cost	
At 1 October 2015	743,268
Released upon deconsolidation of a subsidiary	(138,133)
At 30 September 2016	605,135
Acquisition of subsidiaries *(Note 22(a)(i) and (ii))*	1,382,244
At 30 September 2017	1,987,379
Accumulated impairment losses	
At 1 October 2015	713,713
Released upon deconsolidation of a subsidiary	(138,133)
At 30 September 2016	575,580
Recognised for the year	86,806
At 30 September 2017	622,386
Carrying amount	
At 30 September 2017	1,324,993
At 30 September 2016	29,555

Impairment test:

Goodwill set out above has been allocated to the individual cash generating units ("CGU") as at 30 September 2017. The carrying amounts of goodwill (net of accumulated impairment losses) at the end of the reporting period allocated to these are as follows:

	2017 *HK$'000*	2016 *HK$'000*
Domestic — Jewellery and watches	**29,555**	29,555
Property investment	**–**	–
Electric vehicle	**1,295,438**	–

Domestic — Jewellery and Watches

The goodwill associated with Joy Charm Holdings Limited arose when that business was acquired by the Group on 8 June 2011.

The recoverable amount of the domestic CGU was based on its value-in-use calculation using cash flow projections based on financial budgets approved by management covering the period of 5 years. Value in use in 2017 was determined in a similar manner as in 2016.

Key assumptions used in the calculation of value-in-use were discount rate, growth rate and budgeted revenue. The pre-tax discount rate of 27.2% (2016: 25.2%) used reflects the specific risks relating to the CGUs. A growth rate of 3% (2016: 3%) was used. Cash flow, beyond the five-year were projected by using a steady growth rate of 3% (2016: 3%). Budgeted revenue has been based on past experience and future expectations in the light of anticipated economic and market conditions. Based on the valuation report prepared by Grant Sherman, no impairment loss was recognised for the year (2016: Nil).

The Board believes that any reasonably possible further change in key assumptions on which the recoverable amount is based would not cause the carrying amount of the unit to exceed its recoverable amount.

Property investment

The goodwill associated with Rich Cypress Limited arose when that business was acquired by the Group on 12 October 2016 (Note 22(a)(ii)).

The recoverable amount of property investment CGU was based on the fair value less cost of disposal using the valuation model under market approach. Fair value less cost of disposal of this CGU falls within level 3 of fair value hierarchy. Based on the valuation report prepared by Grant Sherman, the carrying amount of goodwill of approximately HK$86,806,000 was fully impaired for the year ended 30 September 2017.

The Board believes that any reasonably possible further change in key assumptions on which the recoverable amount is based would not cause the carrying amount of the unit to exceed its recoverable amount.

Electric vehicle

The goodwill associated with GLM Co., Ltd. arose when that business was acquired by the Group on 29 September 2017 (Note 22(a)(i)).

The recoverable amount of electric vehicle CGU was based on the fair value less cost of disposal using company transactions method under market approach. Fair value less cost of disposal of this CGU falls within level 3 of fair value hierarchy. Based on the valuation prepared by an external independent professional valuer, Consulting Group Limited ("Consulting Group"), no impairment was recognised for the year ended 30 September 2017.

The Board believes that any reasonably possible further change in key assumptions on which the recoverable amount is based would not cause the carrying amount of the unit to exceed its recoverable amount.

14. INTANGIBLE ASSETS

	Mining rights	Distribution rights	Trademarks	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Note i)	*(Note ii)*	*(Note iii)*	
Cost				
At 1 October 2015	339,847	125,940	40,297	506,084
Exchange realignment	(16,864)	(2,638)	–	(19,502)
Deconsolidation of a subsidiary	–	–	(40,297)	(40,297)
At 30 September 2016	322,983	123,302	–	446,285
Exchange realignment	4,160	651	–	4,811
At 30 September 2017	327,143	123,953	–	451,096
Accumulated amortisation and impairment losses				
At 1 October 2015	252,970	96,946	40,297	390,213
Exchange realignment	(12,293)	(2,607)	–	(14,900)
Provided for the year	–	10,167	–	10,167
Elimination on deconsolidation of a subsidiary	–	–	(40,297)	(40,297)
Impairment reversed	(13,748)	(10,269)	–	(24,017)
At 30 September 2016	226,929	94,237	–	321,166
Exchange realignment	4,451	651	–	5,102
Provided for the year	–	12,918	–	12,918
Impairment loss/(reversed)	54,595	(7,529)	–	47,066
At 30 September 2017	285,975	100,277	–	386,252
Carrying amount				
At 30 September 2017	41,168	23,676	–	64,844
At 30 September 2016	96,054	29,065	–	125,119

Notes:

(i) The Group obtained the mining rights granted by 赤峰市國土資源局 for the exploration of gold mine in certain area in Inner Mongolia in the PRC as part of a business combination in prior years. No amortisation was provided for the years ended 30 September 2017 and 2016 as the gold mines are still in a development stage and no mining activities are conducted.

As of 30 September 2017, the management has engaged a new independent professional valuer, Mining Group Limited ("Mining Group"), to carry out a valuation on the mineral asset for the purpose of an impairment review on the mineral asset. As the future income stream is still uncertain, Mining Group adopted the market based approach, and the recoverable amount of the mineral asset is determined to be the fair value less cost of disposal of the mineral asset. Fair value less cost of disposal is based on comparable transaction price at which other similar mineral assets are transacted, subject to availability. Fair value less cost of disposal of the Mineral Asset falls within level 3 of the fair value hierarchy. Based on the valuation report, an impairment loss of approximately HK$54,595,000 (2016: reversal of impairment loss of HK$13,748,000) is recognised for the year ended 30 September 2017. There has been no change from the valuation principles adopted by previous valuer in past year. However, after considering the status of the mineral asset on 30 September 2017, valuers of Mining Group adopted modifications to selection criteria in completing this valuation and professional judgement in concluding the value of the mineral assets. This leads to the new assessment of impairment loss.

(ii) The distribution rights consist of:

(a) The distribution rights were related to an exclusive distributor to use the Gucci Marks in connection with the marketing, distribution, advertising, promoting and sale of the products in Hong Kong, Macau and the PRC in accordance with the distribution agreement signed between Luxury Timepieces (HK) Limited and Shenzhen Qijingda. The distribution agreement was for a five year period commencing from 1 January 2011. Amortisation is provided by using the straight-line method over its remaining useful life. During the year ended 30 September 2016, the distribution rights were fully amortised.

(b) The distribution rights were acquired as part of a business combination last year relating to an exclusive right of the products of "GIRARD-PERREGAUX" and "JEANRICHARD" (collectively, the "Brands") in Hong Kong, Macau, the PRC and Taiwan in accordance with the distribution agreement signed between Sowind SA and Swiss Mechanical Times (Hong Kong) Limited. The distribution agreement was for a two-year period commencing from 31 December 2014 assuming it would be renewable for further two years. Amortisation is provided by using straight line method over its remaining life. The management engaged Grant Sherman to carry out valuation on the distribution right for impairment review purpose. Grant Sherman adopted Multiperiod Excess Earnings Method ("MPEEM") of an income based approach using expected cash flow projection based on financial budgets, approved by management covering the period of 1.3 years up to the expiry of the distribution agreement. Based on the valuation report prepared by Grant Sherman, its recoverable amount is greater than its carrying amount and accordingly, a reversal of impairment loss of approximately HK$7,529,000 was recognised during the year ended 30 September 2017 (2016: reversal of Impairment loss of HK$10,269,000). The reason for the reversal is mainly due to an increase in future income stream in anticipation of an increase in demand for luxury goods.

Key assumptions used in the calculation of value of the distribution rights were discount rate, growth rate and budgeted revenue. The discount rate of 18.5% (2016: 18.4%) used reflects the specific risks relating to the cash-generating units. Budgeted revenue has been based on past experience and future expectations in the light of anticipated economic and market conditions.

(iii) The trademarks were acquired as part of a business combination in prior years and are registered in Europe for selling various types of consumer goods, mainly luxury products under the trademark "Omas". As the remaining useful life of the trademark ranged from six to eight years, and are entitled for renewal after expiry, the trademarks is considered by the management as having an infinitive useful life. The trademarks will not be amortised until its useful life is determined to be finite.

Due to the liquidation of Omas, the carrying amount of trademark was fully impaired and deconsolidated from the consolidated financial statements for the year ended 30 September 2016.

15. CONTINGENT CONSIDERATION RECEIVABLE

At fair value	*HK$'000*
At 1 October 2015	63,771
Change in fair value	(24,593)
At 30 September 2016	39,178
Change in fair value	(39,177)
At 30 September 2017	1

The fair value of the contingent consideration receivable is related to profit guarantee of HK$69,000,000 by the vendor of Sinoforce Group and Zhang Jinbing for three financial years ending 31 December 2015, 2016 and 2017.

The arrangement of the profit guarantee compensation requires the former owner of Sinoforce Group to guarantee the Group that the total net profits of Sinoforce Group after tax for the financial years ended 31 December 2015, 2016 and 2017 shall not be less than HK$69 million. If the total net profits fail to meet in the sum of HK$69,000,000 by 31 December 2017, the former owner shall have the option either: (i) to compensate the Group on the shortfall to the total net profits in cash based on the formula (amount of compensation = (HK$69,000,000 – actual net profits) x 2), or (ii) to have the actual number of the consideration shares to be released to the former owner or its nominee(s) by the escrow agent on the payment date downward adjusted in accordance with the formula (adjusted number of consideration shares = actual net profits/HK$69,000,000 x 1,623,529,411 shares).

(a) The loss for contingent consideration receivable measured at fair value on level 3 held as at 30 September 2017 amounted to approximately HK$39,177,000 (2016: HK$24,593,000), which is mainly due to a very high probability of the achievement of the profit guarantee.

(b) The total gains or losses recognised in profit or loss are presented as change in fair value in contingent consideration receivable in the consolidated statement of profit or loss and other comprehensive income.

The fair value of the contingent consideration receivable at 30 September 2017 and 2016 are based on the valuations performed by Grant Sherman, using a Monte Carlo simulation.

The profit guarantee relating to the acquisition of Sinoforce Group, Monte Carlo simulation is adopted as the simulation produces distribution of possible outcome values. By assuming probability distributions, variables can have different probabilities of different outcomes occurring. Probability distributions are a much more realistic way of describing uncertainty in variables of the result.

The variable and assumptions used in computing the fair value of the contingent consideration receivable are based on the management's best estimate. The value of the contingent consideration receivable varies with different variables of certain subjective assumptions.

	2017	**Effect on fair value for increase of inputs**	2016	Effect on fair value for increase of inputs
Profit guarantee amount	**HK$69,000,000**		HK$69,000,000	
Inputs into Monte Carlo simulation				
Standardised SD of profit	**59.5%**	**Increase**	61%	Increase
Discount rate	**0.50%**	**Decrease**	0.44%	Decrease
Time to settlement date	**0.67**	**Decrease**	1.67	Decrease

16. LOAN AND INTEREST RECEIVABLES

	2017 *HK$'000*	2016 *HK$'000*
Loan and interest receivables from money lending business	**657,364**	539,531
Current portion included in current assets	**(270,267)**	(260,780)
Amounts due after one year included in non-current assets	**387,097**	278,751

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

The customers are obliged to settle the amounts according to the terms set out in relevant contracts. Interest rates are offered based on the assessment of a number of factors including the borrowers' creditworthiness and repayment ability, collaterals as well as the general economic trends. The loan receivables charged interests at contract rates ranging approximately 8%–15.6% (2016: 12%–21.6%) per annum and was entered with contractual maturity within 6–36 months.

The directors of the Company consider that the fair values of loan and interest receivables are not materially different from their carrying amounts.

A maturity profile of the loan and interest receivables as at the end of the reporting period, based on the maturity date, is as follows:

	2017	2016
	HK$'000	*HK$'000*
Current	**270,267**	260,780
1 to 3 years	**387,097**	278,751
	657,364	539,531

The ageing analysis of loans and interests receivables based on due date at the end of the reporting period is as follows:

	2017	2016
	HK$'000	*HK$'000*
Neither past due nor impaired	**657,364**	539,531

The loan and interest receivables were neither past due nor impaired at the end of the reporting period. The directors of the Company are of the opinion that no provision for impairment is necessary in respect of these loan and interest receivable as there has not been a significant change in credit quality and the balance is still considered fully recoverable.

17. TRADE AND OTHER RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**98,327**	69,182
Less: Impairment loss recognised	**(715)**	(706)
	97,612	68,476
Deposits	**4,006**	5,976
Prepayment and other receivables	**32,101**	14,779
Amount due from a deconsolidated subsidiary *(Note)*	**6,307**	6,307
	42,414	27,062
Less: Impairment loss recognised	**(6,836)**	(522)
	35,578	26,540
	133,190	95,016

Note: As the deconsolidated subsidiary is still through liquidation, the directors of the Company consider that this receivable could not be recoverable and therefore provided an impairment loss of approximately HK$6,307,000 for the year ended 30 September 2017.

Certain trade receivables with carrying amount of HK$14,586,000 (2016: HK$24,111,000) as at 30 September 2017 are pledged against short-term borrowings granted to the Group.

Included in the trade receivables are amounts due from related parties amounting to HK$Nil (2016: HK$4,018,000). The amounts are unsecured, interest-free and have payment terms in accordance with the normal course of business.

The Group normally allows credit terms to established customers ranging from 30 to 180 days. In addition, for certain customers with long-established relationship and good past repayment histories, a longer credit period may be granted. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

An aging analysis of the trade receivables at the end of the reporting period, based on the date of recognition of the sale, is as follows:

	2017	2016
	HK$'000	*HK$'000*
1–30 days	**45,669**	42,204
31–60 days	**21,321**	9,756
61–90 days	**294**	2,393
Over 90 days	**30,328**	14,123
	97,612	68,476

At 30 September 2017 and 2016, the analysis of trade receivables that were neither past due nor impaired are as follows:

			Past due but not impaired			
	Total	**Neither past due nor impaired**	**1–30 days**	**31–60 days**	**61–90 days**	**Over 90 days**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 30 September 2017	**97,612**	**65,242**	**5,838**	**5,248**	**12,684**	**8,600**
At 30 September 2016	68,476	42,204	9,756	2,393	106	14,017

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

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

Movements in impairment losses recognised in respect of trade receivables are as follows:

	2017	2016
	HK$'000	*HK$'000*
At the beginning of the year	**706**	69,668
Exchange realignment	**9**	(37)
Written off as uncollectible	**–**	(66,654)
Elimination on deconsolidation of a subsidiary	**–**	(2,271)
At the end of the year	**715**	706

Movements in impairment losses recognised in respect of other receivables are as follows:

	2017	2016
	HK$'000	*HK$'000*
At the beginning of the year	**522**	34,106
Exchange realignment	**7**	(10)
Recognised for the year	**6,307**	532
Written off as uncollectible	**–**	(34,106)
At the end of the year	**6,836**	522

18. DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE

On 29 June 2017, the Company and Clever Trade Investment Limited (the "Purchaser") entered into an agreement, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Sale Shares, representing a 60% equity interest in the Company's subsidiary, Power Boom International Limited ("Power Boom"), at a cash Consideration of HK$610 million (the "Proposed Disposal").

The Proposed Disposal has not been completed as at 30 September 2017, as additional time was required for the fulfillment of certain conditions to the agreement. On 29 December 2017, the Company and the Purchaser entered into the second supplemental agreement to further extend the long stop date to 31 March 2018. To demonstrate the good faith in proceeding with the Disposal, a total sum of HK$370 million has been paid by the Purchaser to the Company as at the date of the second supplemental agreement as part payment of the consideration. Details are set out in the Company's announcement on 29 December 2017.

Management plans to complete the Proposed Disposal within the next 12 months starting from 30 September 2017. As such, the assets and liabilities of Power Boom and its subsidiaries (the "Disposal Group") were classified as held for sale as at 30 September 2017. The net proceeds of the Proposed Disposal are expected to exceed the net carrying amount of assets and liabilities and accordingly, no impairment loss has been recognised.

(i) Assets and liabilities of disposal group held for sale

As at 30 September 2017, the Disposal Group comprised the following assets and liabilities.

	2017	2016
	HK$'000	*HK$'000*
Property under development	**1,300,000**	–
Bank and cash balances	**351**	–
Total assets classified as held for sales	**1,300,351**	–
Accruals and other payables	**(66)**	–
Total liabilities clarified as held for sale	**(66)**	–

19. TRADE PAYABLES

The Group normally obtains credit terms ranging from 30 to 120 days from its suppliers.

An aging analysis of the trade payables at the end of the reporting period, based on the date of receipt of goods purchased, is as follows:

	2017	2016
	HK$'000	*HK$'000*
1–30 days	**57,361**	31,521
31–60 days	**7,078**	11,848
61–90 days	**345**	15
Over 90 days	**1,466**	47
	66,250	43,431

20. SHARE CAPITAL

	Number of ordinary shares	Amount
	'000	*HK$'000*
Authorised:		
At 1 October 2015 and 30 September 2016 and 2017 (HK$0.1 each)	10,000,000	1,000,000
Issued and fully paid:		
At 1 October 2015 and 30 September 2016	2,451,771	245,177
Exercise of share options	8,520	852
Share subscription *(Note i)*	570,732	57,073
Issues of shares by acquisition of subsidiaries *(Note ii)*	2,630,919	263,092
At 30 September 2017	5,661,942	566,194

Notes:

(i) On 7 July 2017, the Company and independent third parties (the "Subscribers") entered into a subscription agreement, pursuant to which the Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a total of 570,731,706 shares at the price of HK$0.82 per share. The subscription was completed on 29 September 2017. The net proceeds from the subscription were approximately HK$468,000,000 and was used for the payment of cash portion of total consideration and cash consideration payable under the Target Share Consideration in relation to the acquisition of GLM Co., Ltd.. Details are set out in the announcement of the Company dated 7 July 2017.

(ii) On 11 May 2017, the Company issued 1,960,000,000 consideration shares at a price determined with reference to the fair value of the assets acquired for acquisition of 60% of equity interest in Power Boom.

On 29 September 2017, the Company issued 670,918,575 consideration shares at a quoted market price of HK$1.67 and cash in JPY4,952,208,110 (equivalent to approximately HK$346,825,000) for acquisition of 85.5% of the issued share capital and all outstanding share options in GLM Co., Ltd..

(iii) All shares issued during the year rank pari passu with the existing shares in all respects.

21. PLEDGE OF ASSETS

At the end of the reporting period, the following assets of the Group were pledged to secure credit facilities granted to the Group.

	2017	2016
	HK$'000	*HK$'000*
Property, plant and equipment *(Note 11)*	**42,512**	–
Investment properties *(Note 12)*	**20,102**	–
Trade receivables *(Note 17)*	**14,586**	24,111
Held-for-trading investment	**–**	43,340
	77,200	67,451

22. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of business

(i) Acquisition of GLM Co., Ltd. ("GLM")

On 7 July 2017, the Group (the purchaser) entered into a sale and purchase agreement with several independent third parties (the vendors) to acquire 85.5% of the issued share capital and all outstanding share options of GLM at the total consideration of JPY12,807,658,245 (equivalent to approximately HK$896,976,000). The total consideration was settled as to JPY7,855,450,135 (equivalent to approximately HK$550,152,000) by the allotment and issue of 670,918,575 consideration shares at the issue price of JPY11.7085 (equivalent to approximately HK$0.82) per share and as to JPY4,952,208,110 (equivalent to approximately HK$346,825,000) in cash. The acquisition was completed on 29 September 2017, which is also the acquisition date for accounting purpose. The fair value of the consideration shares of approximately HK$964,202,000 was determined by reference to the published closing price of HK$1.67 at the completion date and the lock-up period of the consideration shares issued to the vendors. GLM is principally engaged in the development, manufacturing and sale of electric vehicles ("EV"), and the provision of EV engineering solution in Japan.

The identifiable assets acquired and liabilities assumed of the acquiree as at the date of acquisition were as follows:

	HK$'000
Net assets acquired:	
Property, plant and equipment	49,465
Deposit	358
Inventories	7,483
Other receivables, prepayments and deposits	14,513
Cash and cash equivalents	10,155
Trade payables	(15)
Other payables and accruals	(27,212)
Interest-bearing bank and other borrowings	(34,335)
Deferred tax	(2,179)
Total identifiable net assets acquired	18,233
Non-controlling interest	2,644
Consideration	1,311,027
Less: Fair value of net assets acquired	(18,233)
Goodwill *(Note 13)*	1,295,438
Total purchase consideration satisfied by:	
Issuance of new shares	964,202
Cash consideration paid	346,825
	1,311,027
Net cash outflow arising on acquisition:	
Cash consideration paid	346,825
Less: Cash and cash equivalents acquired	(10,155)
	336,670

Goodwill arising on the acquisition of GLM in the current year is determined on the fair value of the net identifiable assets acquired. The management of the Company has engaged an independent professional valuer, Consulting Group, to carry out a valuation on the fair value of the consideration shares and the net identifiable assets acquired as at date of acquisition.

Since the acquisition date, GLM has not contributed any revenue and profit or loss after income tax to the Group. If the acquisition had occurred on 1 October 2016, consolidated revenue and consolidated loss after income tax of the Group from continuing operation for the year ended 30 September 2017 would have been approximately HK$565,883,000 and HK$ 201,210,000 respectively.

(ii) Acquisition of Rich Cypress Limited ("Rich Cypress")

On 29 September 2016, the Group (the purchaser) entered into a sale and purchase agreement with an independent third party (the vendor) to acquire the entire issued share capital of Rich Cypress at an aggregate cash consideration of RMB219,000,000 (equivalent to approximately HK$252,792,000). The acquisition was completed on 12 October 2016, which is also the acquisition date for accounting purpose. Rich Cypress is principally engaged in property investment in the PRC.

The identifiable assets acquired and liabilities assumed of the acquiree as at the date of acquisition were as follows:

	HK$'000
Net assets acquired:	
Investment properties	400,196
Property, plant and equipment	1,478
Inventories	47
Trade receivables	2,568
Prepayments, deposits and other receivables	7,755
Cash and bank balances	12,720
Other payables and accruals	(47,600)
Other borrowing	(5,772)
Tax payables	(379)
Deferred tax liabilities	(77,063)
Total identifiable net assets acquired	293,950
Non-controlling interests	127,964
Consideration	252,792
Less: Fair value of net assets acquired	(293,950)
Goodwill *(Note 13)*	86,806
Total purchase consideration satisfied by:	
Cash consideration paid	252,792
Net cash outflow arising on acquisition:	
Cash consideration paid	252,792
Less: Cash and cash equivalents acquired	(12,720)
	240,072

Goodwill arising on the acquisition of Rich Cypress in the current year is determined on the fair value of the net identifiable assets acquired. The management of the Company has engaged an independent professional valuer, Grant Sherman, to carry out a valuation on the fair value of the net identifiable assets acquired as at date of acquisition.

Since the acquisition date, Rich Cypress has contributed revenue of approximately HK$30,308,000 and a profit after income tax of approximately HK$37,005,000 to the Group. If the acquisition had occurred on 1 October 2016, consolidated revenue and consolidated loss after income tax of the Group from continuing operations for the year ended 30 September 2017 would have been approximately HK$545,533,000 and HK$95,325,000 respectively.

(b) Acquisition of assets and liabilities through acquisition of subsidiary

Acquisition of Power Boom

On 16 May 2016, the Group entered into a conditional sale and purchase agreement with a connected party to acquire a 60% equity interest in Power Boom at a consideration of HK$588 million which was satisfied by the issue and allotment of 1,960,000,000 consideration shares at the issue price of HK$0.3 per consideration share in the Company. The acquisition was completed on 11 May 2017. The principal assets of Power Boom are property for development in Guangzhou, the PRC.

The directors of the Company are of the opinion that the acquisition of Power Boom is a purchase of net assets which does not constitute a business combination for accounting purpose as Power Boom is engaged in the early stage of property development. The measurement of consideration paid in the form of consideration shares is determined by reference to the fair value of the net assets acquired at the completion date of acquisition. The management of the Company has engaged an independent professional valuer, Grant Sherman, to carry out a valuation on the fair value of the net identifiable assets acquired as at date of acquisition.

The identifiable assets acquired and liabilities assumed of the acquiree as at the date of acquisition were as follows:

	HK$'000
Net assets acquired:	
Property under development	1,300,000
Bank balances and cash	351
Accruals and other payables	(66)
Non-controlling interest	(691,926)
	608,359
Consideration	608,359
Total purchase consideration satisfied by:	
Issuance of new shares	608,359
Net cash inflow arising on acquisition:	
Cash consideration paid	–
Less: Cash and cash equivalents acquired	(351)
	(351)

23. OPERATING LEASE ARRANGEMENTS

The Group as lessee

The Group leases certain premises under operating lease arrangements. Leases are negotiated for a term ranging from three to ten years. The Group does not have an option to purchase the leased assets at the expiry of the lease period. At the end of the reporting period, the Group's total future minimum lease payments under non-cancellable operating leases are as follows:

	2017	2016
	HK$'000	*HK$'000*
Within 1 year	**7,894**	6,691
In 2 to 5 years, inclusive	**11,485**	9,741
After 5 years	**12,090**	15,877
	31,469	32,309

24. CAPITAL COMMITMENT

	2017	2016
	HK$'000	*HK$'000*
Commitments for acquisition of property, plant and equipment		
— authorised but not contracted for	**–**	3,416
— contracted for but not provided	**–**	4,584
	–	8,000

25. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 September 2017 (2016: Nil).

26. EVENTS AFTER THE REPORTING PERIOD

(a) On 9 October 2017, the Group signed a non-binding memorandum of understanding (the "MOU") with EV Power Holding Limited ("EV Power"), a large electric vehicle charging solution and standard provider in Hong Kong and PRC for the purpose of creating synergy effect with the electric vehicle business of the Group. Pursuant to the MOU, EV Power intended to issue and allot and the Company intended to subscribe for the preferred shares of EV Power in the total value of US$12,000,000. Details of the MOU are set out in the Company's announcement dated 9 October 2017.

(b) On 24 October 2017, the Group entered into a non-binding MOU in relation to an investment in a company, Divergent Technologies, Inc ("Divergent") based in the United States principally engaged in the business of research, design, development, and production of 3D printed vehicle structures through use of its proprietary software-hardware platform enabled by laser-based 3D metal printing. Details of the MOU are set out in the Company's announcement dated 25 October 2017.

On 13 November 2017, the Group invested US$10,000,000 (equivalent to approximately HK$78,000,000) in the convertible promissory note from Divergent, details of which are set out in the Company's announcement dated 14 November 2017.

On 21 November 2017, the Group entered into a subscription agreement with Divergent on the subscription of 3,447,705 Preferred Shares of Divergent for a consideration of US$50 million, details of which are set out in the Company's announcement dated 22 November 2017.

On 15 December 2017, the Group entered into a mutual agreement with Divergent to delay the closing until on or before 28 December 2017, or such other date no later than 3 January 2018, in accordance with (1) the amended convertible note of which the principal amount is amended from US$10 million to US$25 million (the "Amended Convertible Note"); and (2) the amended subscription agreement (the "Amended Subscription Agreement") of which the number of shares to be acquired is amended from 3,447,705 Divergent Preferred Shares to 2,413,393 Divergent Preferred Shares, and the aggregate consideration of the subscription payable upon closing is amended from US$50 million to US$35 million. Details of the Amended Convertible Note and Amended Subscription Agreement are set out in the Company's announcement dated 15 December 2017.

On 27 December 2017 (Pacific Time), all the conditions precedent of the Amended Subscription Agreement have been fulfilled and the completion successfully took place and the automatic conversion of the Amended Convertible Note has been triggered. Upon closing, the amended convertible note has been automatically converted into 1,725,403 Divergent Preferred Shares. The Group holds a total of approximately 27% of the fully diluted share capital of Divergent on 28 December 2017.

(c) On 16 and 17 December 2017, the Company and no less than six subscribers entered into the subscription agreements, pursuant to which the subscribers have agreed to subscribe for, and the Company has agreed to issue to the subscribers, an aggregate of 250,904,000 new shares at the subscription price on the terms and subject to the conditions set out in the subscription agreements. Details of the subscription are set out in the Company's announcement dated 17 December 2017.

(d) On 9 and 16 October 2017, the Company offered to grant 50,000,000 and 4,000,000 share options to subscribe for one ordinary share of HK$0.10 each in the Company to Mr. Ho Chi Kit, chief executive officer and eligible employee of the Company, respectively. The estimated fair value of the options granted are HK$53,180,000. Details of the share options granted are set out on the Company's announcements dated 9 October 2017 and 16 October 2017 respectively.

27. DIVIDENDS

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

BUSINESS REVIEW AND PROSPECTS

The Group's turnover in the domestic business for the year ended 30 September 2017 (the "Reviewing Year") increased by 22% from approximately HK$361.8 million in 2016 to approximately HK$441.8 million, while interest income from the money lending business increased by 103% from approximately HK$30.7 million in 2016 to approximately HK$62.2 million. The securities investment segment recorded a loss of approximately HK$6.4 million compared to the loss of approximately HK$20.2 million in 2016. Loss attributable to shareholders for the Reviewing Year was HK$90.1 million compared to the loss of HK$5.2 million in the corresponding period of 2016.

On 12 October 2016, the Group successfully acquired the entire issued share capital of Rich Cypress (Note 22(a)(ii)), which indirectly holds (1) the entire interest in a tourism land parcel with a total site area of 64,621 square metres ("sqm") in Qipanshan development zone, Liaoning, Shenyang, China ; (2) 61.52% interest of three parcels of industrial land with a total area of 19,096 sqm in Dadong District, Liaoning, Shenyang, China; and (3) 54.1% interest of a parcel of industrial land located at Dongmao Road, Dadong District, Shenyang, Liaoning, China. The consideration for the acquisition was RMB219,000,000 (approximately HK$252,792,000) and satisfied by cash.

During the Reviewing Year, the Group successfully seized the new policy opportunities and diversified into electric vehicle business by taking a series of prominent actions.

On 7 July 2017, the Company announced the acquisition of 85.5% shareholdings in an electric vehicle company, GLM, at a consideration of approximately HK$1,311 million (Note 22(a)(i)). GLM is principally engaged in the manufacturing and the sales of EVs and the provision of EV engineering solutions including chassis, power systems, and vehicle control units to EV manufacturers in Japan. GLM is the first venture company which obtained the domestic license to make electric sports cars, and formally started to sell EVs in October 2015.

On 28 September 2017, the resolutions in relation to the acquisition of GLM were passed by the shareholders of the Company at the extraordinary general meeting of the Company, marking the Group official entrance to the EV business. On 29 September 2017, the Group also announced that Ruby Charm Investment Limited (wholly owned by Mr. Justin Ho King Man), Ocean Dynasty Investments Limited (wholly owned by Mr. Li Ka Shing), Vivaldi International Limited (wholly owned by Ms. Solina Chau Hoi Shuen), and T.C.L. Industries

Holdings (H.K.) Limited (wholly owned by TCL Corporation), had increased shareholdings and became major investors of the Group. This move enriched our shareholder base and laid a strong foundation for the Group in the further expansion into the electric vehicle business.

As at 30 September 2017, Ocean Dynasty Limited and Vivaldi International Limited, held 5.50% and 3.64% of the Company's issued shares respectively.

On 29 June 2017, the Group has conditionally agreed to sell 60% of the equity interest in Power Boom, at a consideration of HK$610 million. Of which, approximately HK$300 million will be allocated to the development of the electrical vehicle business, among which (i) approximately HK$177 million will be used for the development of electric passenger vehicle and electric commercial vehicle; (ii) approximately HK$68 million will be used for the research and development of various components, especially the powertrains and common components for the development of electric passenger vehicles; (iii) approximately HK$33 million will be for the production, including the design of the production process of electric passenger vehicles and identifying semi knocked down logistics of electric commercial vehicle; (iv) approximately HK$16 million for the recruitment of additional 24 to 36 engineers for research and development and production; and (v) approximately HK$6 million for marketing activities, including participating in motor shows and events, in particular those prominent motor shows in Europe and China.

For the gold mining business, the production schedule of the gold mines has been delayed due to extensive time spent on (i) reviewing and negotiating the construction cost of the infrastructure of the mining facilities with the China mining institution, and (ii) revision of production plan in compliance with China safety regulations. The Group will cautiously evaluate the development and construction schedule of the gold mines and adjust development pace in appropriate time.

The Group is well prepared to devote more resources to the development of electric vehicle business. Mr. Ho Chi Kit was appointed as the chief executive officer of the Group on 9 October 2017. His extensive experience in acquisitions and financing in Greater China and Asia Pacific region would be instrumental for our acquisitions and investment activities especially in the electric vehicle business.

The new regulation on the Corporate Average Fuel Consumption and New Energy Vehicle Credit in China would potentially increase NEV production in China which would also result in potentially higher demand for EV engineering services in China.

According to the "Electric Vehicle Charging Infrastructure Development Plan" issued by the National Energy Administration, the number of EV charging piles are expected to increase to 4.8 million units in China by 2020. On 9 October 2017, the Group entered into the MOU with EV Power, a leading charging service provider in Hong Kong and China, for subscribing preferred shares of EV Power of a total value of US$12,000,000, representing approximately 10% of the issued share capital of EV Power on a fully diluted basis immediately upon conversion into its ordinary shares. EV Power is principally engaged in the provision of electric vehicle charging solutions and standards in Hong Kong and China, providing public charging services, private electric vehicle charging services and citywide charging network.

To further strengthen the position in electric vehicle sector, the Group invested in Divergent, which provides innovative automobile manufacturing solutions. Divergent has entered into strategic partnerships with Altran, SML Solutions and PSA Group (Peugeot, Citroën, and DS), in order to profitably license its 3D Printing Technology and know-how to automotive and technology companies. 3D Printing Technology will be essential for the rapidly expanding Chinese electric vehicle market, and will create substantial synergy with the Group's electric vehicle engineering service business. As 3D printing technology can enables car manufacturers to produce lighter, more fuel-efficient, safer, more cost-effective and environmental friendly cars, and to replace the metal stamping and other technologies used in the traditional automotive industry, the technology significantly reduces the investments in car manufacturing and shortens the car development cycles in investment in vehicles, thus greatly reduces the car manufacturing costs.

The Group believes that the strengthened shareholding structure can provide tremendous support for the Group in developing its electric vehicle businesses. The Group will continue to operate its main business and develop electric vehicle business according to market situation. With the recovery of the economic environment in the PRC and Hong Kong, the Group will remain cautious in responding to market and economic changes and continuously look for new opportunities in the electric vehicle market for delivering greater returns to investors.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Continuing Operations

For the year ended 30 September 2017, the turnover of the Group increased by 39% year-on-year to approximately HK$545.5 million as compared to approximately HK$392.5 million last year. The turnover comprised of sales of goods from domestic business of approximately HK$441.8 million (2016: HK$361.8 million), interest income from the money lending business of approximately HK$62.2 million (2016: HK$30.7 million), and dividend income from listed equity securities of approximately HK$11.3 million (2016: HK$36,000). During the year, the Group experienced significant improvement in the domestic jewelry and watch segment and the money lending segment from the continuous recovery of domestic market and the successful marketing campaign of jewelry and watch business.

The Group's gross profit amounted to approximately HK$223.7 million for the year ended 30 September 2017, as compared to approximately HK$121.0 million of the last year. The gross profit margin increased to 41.0% (2016: 30.8%). The increase was mainly attributable to the increase in interest income from the money lending business, property rental income and dividend from listed equity securities for the year ended 30 September 2017.

Loss attributable to shareholders for the year ended 30 September 2017 was approximately HK$90.1 million, as compared to the loss attributable to shareholders of approximately HK$5.2 million in the last year. The loss for the Reviewing Year was mainly attributable to (i) the substantial decrease in fair value of the goodwill of a subsidiary of the Company which is principally engaged in property investment business for the year ended 30 September 2017; (ii) the decrease in fair value of contingent consideration receivable in connection with the profit guarantee receivable from the former owner of Sinoforce Group Limited, as disclosed in the circular of the Company dated 7 November 2014; (iii) the decrease in fair value of the gold mining rights of the Group for the year ended 30 September 2017; (iv) the increase in equity-settled share based expense for the year ended 30 September 2017; and (v) the increase in impairment loss on inventories of the jewellery business of the Group for the year ended 30 September 2017.

For the year ended 30 September 2017, the Group recorded (i) a fair value loss of approximately HK$27.3 million (2016: HK$8.7 million); (ii) gain on sales of approximately HK$9.6 million (2016: loss of HK$11.5 million) from the investment in securities business; and (iii) gain on fair value of investment properties of approximately HK$40 million (2016: Nil).

For the year ended 30 September 2017, selling and distribution expenses increased by 15% to approximately HK$46.1 million as compared to approximately HK$40.1 million for the year ended 30 September 2016. The increase in selling and distribution expenses was mainly due to the increase of marketing activities in watches distribution business during the year. Administrative expenses increased by 157% to approximately HK$120.3 million, as compared to approximately HK$46.9 million of the last year. The increase in administrative expenses was due to (1) the legal and professional fees of approximately HK$41.5 million (2016: HK$1.2 million) in relation to the acquisitions of 60% equity interest in Power Boom and 85.5% issued share capital of GLM and other potential investments; (2) equity-settled share-based payment of approximately HK$19.2 million (2016: 1.6 million) in relation to the share options granted on 19 July 2016 and 6 April 2017; and (3) the results of approximately HK$16.6 million for the six months consolidation of the accounts of Rich Cypress since 12 October 2016 following the acquisition of the entire share capital of Rich Cypress by the Group.

Discontinued Operations

For the year ended 30 September 2017, there is no gain/loss attributable to shareholders from discontinued operations (2016: loss of HK$27.4 million).

The loss attributable to shareholders from continuing and discontinuing operations was approximately HK$90.1 million (2016: HK$32.7 million).

Liquidity, Financial Resources and Gearing

As at 30 September 2017, the cash and bank balances of the Group amounted to approximately HK$302.1 million (2016: HK$159.9 million) has mainly denominated in Hong Kong Dollar, RMB and Japanese Yen. The increase of cash and bank balance was mainly due to (1) the net cash from operating activities of approximately HK$15.3 million, and (2) the remaining net proceeds of approximately HK$121 million from share subscription after payment of cash portion of total consideration and cash consideration payable in relation to the acquisition of GLM which was completed on 29 September 2017.

The current assets and current liabilities of the Group were approximately HK$2,366.2 million and HK$348.8 million respectively (2016: current assets of HK$887.8 million and current liabilities of HK$130.7 million). The net current assets are comprised of inventories of approximately HK$334.9 million (2016: HK$328.7 million), trade and other receivables of approximately HK$133.2 million (2016: HK$95.0 million), loans and interest receivables of approximately HK$270.3 million (2016: HK$260.8 million) and held-for-trading investment of approximately HK$25.4 million (2016: HK$43.3 million).

As at 30 September 2017, the contingent consideration receivable was approximately HK$1,000 as compared to HK$39.2 million of last year, which was related to the profit guarantee given by the vendor relating to acquisition of Sinoforce Group.

The Group's inventory turnover, trade receivables turnover and trade payables turnover periods were 376 days, 69 days and 62 days, respectively. Overall, the turnover ratios were consistent and complied with the respective policies of the Group on credit terms granted to customers and credit terms obtained from suppliers.

During the Reviewing Year, the Group financed its operations and investing activities through a combination of (i) equity financing; (ii) operating cash inflows; and (iii) interest bearing borrowings. The capital structure of the Group solely consists of share capital. As at 30 September 2017, shareholder equity in the Group amounted to HK$3,393.3 million (2016: HK$1,433.4 million).

The Group's total interest bearing bank borrowings as at 30 September 2017 amounted to approximately HK$140.1 million (2016: HK$40.6 million) were mainly in RMB and Japanese Yen. The interest bearing bank borrowings were mainly used for working capital purpose and all of them are at commercial lending variable interest rates. The maturity profile is spread over a period, with approximately HK$105.8 million repayable within one year or on demand, approximately HK$13.7 million within third to fifth years and approximately HK$20.6 million beyond five years.

Finance costs during the Reviewing Year amounted to approximately HK$4.1 million as compared to approximately HK$3.9 million of last year. There was no material fluctuation in finance costs.

The Group monitors capital on the basis of the gearing ratio. As at 30 September 2017, the gearing ratio was 14.4% (2016: 11.1%). This ratio is calculated as total debt divided by total capital.

Final Dividend

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

Capital Management

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

During the year ended 30 September 2017, the Group had no arrangement nor entered into any contract to hedge its the financial interests.

Capital Commitment

Details of capital commitment are set out in Note 24.

Material Acquisitions and Disposals of Subsidiaries, Associated Companies or Joint Ventures

Save as disclosed below, there was no material acquisition or disposal of subsidiaries and associated companies or joint ventures by the Group for the year ended 30 September 2017.

On 29 September 2016, the Group entered into a sale and purchase agreement to acquire the entire equity interest of Rich Cypress and its subsidiary at a consideration of RMB252.8 million. The acquisition was completed on 12 October 2016.

On 16 May 2016, the Group entered into a sale and purchase agreement to acquire 60% of the equity interest of Power Boom and its subsidiary at a consideration of HK$588 million. The acquisition was approved in the extraordinary general meeting of the Company held on 27 July 2016. The acquisition was completed on 11 May 2017.

On 7 July 2017, the Group entered into a sale and purchase agreement to acquire 85.5% of the issued share capital of the Japanese electric vehicle company, GLM at a consideration of JPY12,807,658,245 (equivalent to approximately HK$896,976,000), which were to be settled as to JPY7,855,450,135 (equivalent to approximately HK$550,152,000) by the allotment and issue of 670,918,575 ordinary shares of the Company (the "Consideration Share(s)") at the issue price of JPY11.7085 (equivalent to approximately HK$0.82) per Consideration Share and as to JPY4,952,208,110 (equivalent to approximately HK$346,825,000) in cash. The proposed acquisition was approved by shareholders of the Group at the extraordinary general meeting held on 28 September 2017. The acquisition was completed on 29 September 2017.

On 29 June 2017, the Group agreed to sell 60% of the equity interest in Power Boom, at a cash consideration of HK$610 million (Note 18). The proceeds from the disposal, net of directly attributable expenses, were estimated to be approximately HK$609 million. The Group will use approximately HK$200 million (equivalent to approximately 32.8% of the net proceeds from the disposal) to develop the Group's money lending business by expanding its loan portfolio upon completion, with a focus on providing corporate loans. Approximately HK$50 million (equivalent to approximately 8.2% of the net proceeds from the disposal) will be used to purchase the inventory of the distribution and wholesale of watches and jewellery products within six months after the completion of the disposal. Approximately HK$12 million (equivalent to approximately 2.0% of the net proceeds from the disposal) will be used for partial cash payment of the total consideration for the acquisition of GLM upon the completion of the disposal. Approximately HK$300 million (equivalent to approximately 49.3% of the net proceeds from the disposal) will focus on the development of electric automotive business. The remaining net proceeds of approximately HK$47 million will be allocated for general working capital for the Group's existing businesses to be utilised during the period of 12 months after completion and/or other suitable investment opportunities that may arise from time to time. As at the date of this announcement, a total sum of HK$370 million has been paid by the Purchaser to the Company as part payment of the consideration. The completion is expected to take place on or before 31 March 2018.

The Group issued another announcement on 9 October 2017 in relation to entering into a memorandum of understanding with EV Power, a large charging service provider, pursuant to which the Group intended to subscribe for preferred shares of EV Power in the total value of US$12 million, which represent approximately 10% of the issued share capital of EV Power on a fully diluted basis immediately upon conversion of its preferred shares into its ordinary shares. EV Power is principally engaged in the provision of electric vehicle charging solutions and standards in Hong Kong and the China, such as public charging services, private electric vehicle charging services and urban charging network. As of the date of this announcement, the Group did not have any definitive agreement to invest in EV Power. The investment in EV Power (if any) is expected to be financed by a combination of internal resource and borrowing, as the Group sees fit and appropriate.

On 25 October 2017, the Group entered into a non-binding memorandum of understanding with Divergent, a company located in the United States with proprietary software-hardware platform enabled by 3D metal printing technology and engaged in the business of research, design, development, and production of 3D printed vehicle structures. Subsequently, the Group formally invested the convertible note issued by Divergent for a principal amount of US$25 million and subscribed for 2,413,393 preferred shares of Divergent at consideration of US$35 million (the "Divergent Subscription") through a direct wholly-owned subsidiary, Global 3D Printing Co. Ltd.. The Group believes that the investment in Divergent will create substantial synergies with the Group's own automotive engineering services business.

On 27 December 2017 (Pacific Time), the completion of the Divergent Subscription successfully took place and the automatic conversion of the convertible note has been triggered. As at the date of this announcement, the Group holds a total of approximately 27% of the fully diluted share capital of Divergent.

Issue for cash of Listed Securities of the Company

On 7 July 2017, the Company entered into a subscription agreement with (i) Ocean Dynasty Investments Limited; (ii) Vivaldi International Limited; and (iii) T.C.L. Industries Holdings (H.K.) Limited (collectively, the "Subscribers"), pursuant to which the Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a total of 570,731,706 ordinary shares of the Company (the "Subscription Share(s)") at the subscription price of HK$0.82 per Subscription Share (the "First Subscription"). The completion of the First Subscription took effect on 29 September 2017 and the Subscription Shares were allotted and issued to the Subscribers.

The net proceeds from the First Subscription was US$60 million (equivalent to approximately HK$468 million) and were mainly used for the payment of the cash consideration of acquiring equity interest in GLM.

On 16 and 17 December 2017, the Company and no less than six subscribers entered into the subscription agreements, pursuant to which the subscribers have agreed to subscribe for, and the Company has agreed to issue to the subscribers, an aggregate of 250,904,000 new Shares at the subscription price of HK$1.5 per Share on the terms and subject to the conditions set out in the subscription agreements (the "Second Subscription").

The net proceeds from the Second Subscription were used for financing the aggregate consideration of US$35 million (equivalent to approximately HK$273 million) payable for the Divergent Subscription. The remaining net proceeds from the Second Subscription of approximately HK$103 million is intended to be used for general working capital and for future potential investment opportunities.

Further details of the First Subscription and Second Subscription are set out in the announcements of the Company dated 7 July 2017 and 17 December 2017 respectively.

Foreign Exchange Exposure

The Group's sales and purchases during the year ended 30 September 2017 were mostly denominated in Hong Kong dollars, Renminbi and US dollars. 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.

Employees and Remuneration Policies

As at 30 September 2017, the Group had a staff roster of 215 (2016: 81). The related employees' costs for the year (including directors' emoluments) amounted to approximately HK$46.9 million (30 September 2016: HK$24.7 million). The remuneration of employees was in line with market trends and commensurate to the levels of pay in the industry and to the performance of individual employees that are regularly reviewed every year.

Pledge of Assets

Details of pledge of assets are set out in Note 21.

Contingent Liabilities

As at 30 September 2017, the Group had no significant contingent liabilities.

Events after the reporting period

Details of events of after the reporting period are set out in Note 26.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 22 February 2018 to 28 February 2018 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for attending and voting at the forthcoming annual general meeting, all transfers of shares accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrars of the Company, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 21 February 2018.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Company has not redeemed any of its shares, and neither the Company, nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year ended 30 September 2017.

CORPORATE GOVERNANCE

During the year ended 30 September 2017, the Company has complied with the code provisions set out in the Corporate Governance Code (the "Code") as stated in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange except the following deviations:

The chief executive officer of the Company attended the 2017 annual general meeting of the Company held on 3 March 2017 (the "2017 AGM") to answer questions and collect views of shareholders. Though other directors of the Company were unable to attend 2017 AGM due to other business engagements, their representative, the company secretary and the auditors had attended the meeting to answer questions at the meeting.

The chief executive officer of the Company attended the extraordinary general meetings (the "EGMs") held during the Reviewing Year while other directors were unable to attend the EGMs due to other business engagements. The company secretary and a representative of the relevant financial advisors had attended the EGMs to answer questions.

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 OF LISTED ISSUERS ("MODEL CODE")

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiry on all directors of the Company regarding any non-compliance with the Model Code during the Reviewing Year and they all confirmed that they have fully complied with the required standards set out in the Model Code.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Code, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. Currently the audit committee comprises the 3 independent non-executive directors, who have reviewed and discussed the annual results and the financial statements of the Group for the year ended 30 September 2017.

SCOPE OF WORK OF INDEPENDENT AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 30 September 2017 have been agreed by the Group's auditors, KTC Partners CPA Limited, to the amounts as set out in the Group's audited consolidated financial statements for the year. The work performed by KTC Partners CPA Limited 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 KTC Partners CPA Limited on the preliminary announcement.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for the Company's internal control system and risk management procedures and for reviewing the effectiveness of the Company's internal control. The Board has conducted a review of, and is satisfied with the effectiveness of the system of internal controls of the Group.

The Group is committed to the identification, monitoring and management of risks associated with its business activities. The Group's internal control system is designed to provide reasonable assurance against material misstatement or loss and to manage and eliminate risks of failure in operational systems and fulfillment of business objective. The system includes a defined management structure with segregation of duties and a cash management system such as monthly reconciliation of bank accounts.

The Board reviews the effectiveness of the Group's material internal controls and is of the opinion that the resources for and qualifications of staff of the Company's accounting and financial reporting function are adequate and sufficient. Based on information furnished to it and on its own observations, the Board is satisfied with present internal controls of the Group.

PUBLICATION OF ANNUAL REPORT

The 2017 annual report containing all the information required by the Listing Rules will be released on the website of the Stock Exchange (www.hkex.com.hk) and on the website of the Company (www.oluxe.com.hk) and despatched to shareholders in due course.

APPRECIATION

On behalf of all members of the Board, I would like to express my sincere appreciation to all shareholders and staff members for their dedication and commitment over the past twelve months as well as my heartfelt gratitude to our customers and business partners for their enduring support.

On behalf of the Board
O Luxe Holdings Limited
Ho King Fung, Eric
Chairman

Hong Kong, 29 December 2017

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Ho King Fung, Eric (Chairman), Mr. Ho Chi Kit and Mr. Hiroyasu Koma; one non-executive Director, namely Mr. Zhang Jinbing (Co-chairman); and three independent non-executive Directors, namely Mr. Tam Ping Kuen, Daniel, Mr. Teoh Chun Ming and Mr. Heung Chee Hang, Eric.