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 2016

The board (the "Board") of directors (the "Directors") 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 2016, together with the comparative figures for the year ended 30 September 2015, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30 September 2016

	Notes	**2016** **HK$'000**	2015 HK$'000 (Restated)
CONTINUING OPERATIONS			
Revenue	*4*	**392,502**	352,791
Cost of sales		**(271,528)**	(265,994)
Gross profit		**120,974**	86,797
Other revenue and net gains	*5*	**8,987**	9,043
Change in fair value of contingent consideration receivable	*15*	**(24,593)**	53,277
Selling and distribution expenses		**(40,068)**	(31,266)
Administrative and other expenses		**(46,903)**	(41,481)
Amortisation of intangible assets	*14*	**(10,167)**	(26,803)
Fair value loss on held-for-trading investment		**(8,739)**	(42,316)
Impairment loss on goodwill	*13*	**–**	(79,317)
Reversal of impairment (impairment loss) on intangible assets	*14*	**24,017**	(31,388)
Impairment loss on trade and other receivables		**(532)**	(62,444)
Loss on sales of held-for-trading investment		**(11,522)**	–
Loss on deregistration of a subsidiary		**–**	(146)
Profit (loss) from operating activities	*6*	**11,454**	(166,044)
Finance costs	*7*	**(3,875)**	(4,270)
Profit (loss) before taxation		**7,579**	(170,314)
Income tax (expense) credit	*8*	**(8,513)**	4,939
Loss for the year from continuing operations		**(934)**	(165,375)
DISCONTINUED OPERATIONS			
Loss for the year from a deconsolidated subsidiary	*9*	**(27,755)**	(40,246)
Loss for the year		**(28,689)**	(205,621)

	Notes	2016 *HK$'000*	2015 *HK$'000* (Restated)
Loss for the year attributable to:			
— Owners of the Company			
Continuing operations		**(5,224)**	(163,364)
Discontinued operations		**(27,449)**	(36,262)
		(32,673)	(199,626)
— Non-controlling interests:			
Continuing operations		**4,290**	(2,011)
Discontinued operations		**(306)**	(3,984)
		3,984	(5,995)
		(28,689)	(205,621)
Loss per share from continuing and discontinued operations	*11*		
Basic		**1.33 cents**	11.80 cents
Diluted		**N/A**	N/A
Loss per share from continuing operations			
Basic		**0.21 cents**	9.66 cents
Diluted		**N/A**	N/A
Loss per share from discontinued operations			
Basic		**1.12 cents**	2.14 cents
Diluted		**N/A**	N/A
Other comprehensive expenses			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**(36,136)**	(27,807)
Exchange reserve released upon deconsolidation of a subsidiary		**6,454**	–
Other comprehensive expenses for the year		**(29,682)**	(27,807)
Total comprehensive expenses for the year		**(58,371)**	(233,428)
Total comprehensive expenses for the year attributable to:			
— Owners of the Company		**(61,645)**	(231,175)
— Non-controlling interests		**3,274**	(2,253)
		(58,371)	(233,428)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2016

	Notes	2016 HK$'000	2015 HK$'000
Non-current Assets			
Property, plant and equipment	*12*	**4,843**	16,672
Goodwill	*13*	**29,555**	29,555
Intangible assets	*14*	**125,119**	115,871
Contingent consideration receivable	*15*	**39,178**	63,771
Deposits paid	*16*	**255,261**	–
Loan and interest receivables	*17*	**278,751**	–
		732,707	225,869
Current Assets			
Inventories		**328,689**	278,508
Trade and other receivables	*18*	**95,016**	129,183
Loan and interest receivables	*17*	**260,780**	206,870
Held-for-trading investment		**43,340**	66,869
Amount due from a shareholder of a subsidiary		**–**	5,165
Bank balances and cash		**159,934**	758,939
		887,759	1,445,534
Current Liabilities			
Trade payables	*19*	**43,431**	31,977
Other payables and accruals		**41,526**	27,128
Borrowings		**40,621**	61,060
Income tax payable		**5,126**	5,451
		130,704	125,616
Net Current Assets		**757,055**	1,319,918

	Notes	**2016** ***HK$'000***	2015 *HK$'000*
Total Assets Less Current Liabilities		**1,489,762**	1,545,787
Non-current Liabilities			
Deferred tax liabilities		**28,644**	28,459
NET ASSETS		**1,461,118**	1,517,328
CAPITAL AND RESERVES			
Share capital	*20*	**245,177**	245,177
Reserves		**1,188,228**	1,245,670
Equity attributable to owners of the Company		**1,433,405**	1,490,847
Non-controlling interests		**27,713**	26,481
TOTAL EQUITY		**1,461,118**	1,517,328

1. CORPORATE INFORMATION

O Luxe Holdings Limited (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 and securities investments.

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.

Other than the discontinued operations as described above, there were no significant changes in the Group's operations during the year.

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

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

There are no new standards, amendments/revises to standards and interpretation issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are mandatory for the Group's financial year beginning on 1 October 2015.

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:

Amendments to HKFRSs	Annual improvements to HKFRSs 2012–2014 Cycle[1]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
HKFRS 9	Financial Instruments[2]
HKFRS 10 and HKAS 28 Amendment	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 10, HKFRS 12 and HKAS 28 Amendment	Investment Entities: Applying the Consolidation Exception[1]
HKFRS 11 Amendment	Accounting for Acquisitions of Interests in Joint Operations[1]
HKFRS 14	Regulatory Deferral Accounts[1]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[4]
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from contracts with customers[2]
Amendment to HKAS 1	Disclosure Initiative[1]
Amendment to HKAS 7	Disclosure Initiative[5]
Amendment to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[5]
Amendment to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendment to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendment to HKAS 27	Equity Method in Separate Financial Statements[1]

1. Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
2. Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
3. Effective for annual periods beginning on or after a date to be determined.
4. Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.
5. Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

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 recognized.

- 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 anticipate that the HKFRS 15 may have significant impact on amounts reported in the consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. It distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Subject to limited exceptions for short-term leases and low value assets, distinctions of operating 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. However, the standard does not significantly change the accounting of lessors.

Application of HKFRS 16 will result in the Group's recognition of right-of-use assets and corresponding liabilities in respect of many of the Group's lease arrangements. These assets and liabilities are currently not required to be recognised but certain relevant information is disclosed as commitments in Note 22. The directors of the Company anticipate that the application of HKFRS 16 in the future will have an impact on the Group's consolidated financial statements; however, it is not practicable to provide a reasonable estimate of the effect until the Group performs a detailed review.

Other than disclosed above, the directors anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements.

3. SEGMENT INFORMATION

Information reported to the board of directors, 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; and
- Securities investments segment — trading of listed securities.

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

(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		Mining		Money lending		Securities investments		Subtotal		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	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	**–**	12,410	**361,796**	345,531	**–**	–	**30,670**	7,260	**36**	–	**392,502**	352,791	**392,502**	365,201
Segment results	**(27,755)**	(49,296)	**24,771**	(178,490)	**14,303**	(2,519)	**27,746**	3,648	**(20,224)**	(42,316)	**46,596**	(219,677)	**18,841**	(268,973)
Unallocated corporate income and expenses											**(39,017)**	49,363	**(39,017)**	49,395
Profit (loss) before taxation											**7,579**	(170,314)	**(20,176)**	(219,578)

Segment results represent the results earned by each segment without allocation of change in fair value of contingent consideration receivable, loss on deregistration 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		Mining		Money lending		Securities investments		Subtotal		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	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	**–**	23,209	**475,115**	396,596	**96,892**	88,346	**540,987**	206,877	**43,340**	66,869	**1,156,334**	758,688	**1,156,334**	781,897
Unallocated segment assets													**464,132**	889,506
Total assets													**1,620,466**	1,671,403
LIABILITIES														
Segment liabilities	**–**	8,072	**77,854**	46,957	**3**	948	**28**	–	**4,161**	–	**82,046**	47,905	**82,046**	55,977
Unallocated segment liabilities													**77,302**	98,098
Total liabilities													**159,348**	154,075

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, amount due from a shareholder of a subsidiary and bank balances and cash.

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

(c) Other segment information:

	Discontinued operations		Continued operations															
	Exports		Domestic		Mining		Money lending		Securities investments		Subtotal		Unallocated		Total			
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015		
	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)*	**–**	754	**1,022**	75,772	**–**	–	**–**	–	**–**	–	**1,022**	75,772	**–**	49	**1,022**	76,575		
Allowances for inventories write-down	**–**	(9,174)	**(4,039)**	(16,210)	**–**	–	**–**	–	**–**	–	**(4,039)**	(16,210)	**–**	–	**(4,039)**	(25,384)		
Amortisation of intangible assets	**–**	–	**(10,167)**	(26,803)	**–**	–	**–**	–	**–**	–	**(10,167)**	(26,803)	**–**	–	**(10,167)**	(26,803)		
Change in fair value of contingent consideration receivable	**–**	–	**(24,593)**	–	**–**	–	**–**	–	**–**	–	**(24,593)**	–	**–**	53,277	**(24,593)**	53,277		
Depreciation of property, plant and equipment	**–**	(2,147)	**(1,659)**	(2,256)	**–**	–	**–**	–	**–**	–	**(1,659)**	(2,256)	**(81)**	(137)	**(1,740)**	(4,540)		
Gain on disposal of property, plant and equipment	**–**	–	**–**	2	**–**	–	**–**	–	**–**	–	**–**	2	**–**	–	**–**	2		
Impairment loss on goodwill	**–**	–	**–**	(79,317)	**–**	–	**–**	–	**–**	–	**–**	(79,317)	**–**	–	**–**	(79,317)		
Reversal of (impairment loss) on intangible assets	**–**	(5,981)	**10,269**	(30,238)	**13,748**	(1,150)	**–**	–	**–**	–	**24,017**	(31,388)	**–**	–	**24,017**	(37,369)		
Fair value loss on held-for-trading investments	**–**	–	**–**	–	**–**	–	**–**	–	**(8,739)**	(42,316)	**(8,739)**	(42,316)	**–**	–	**(8,739)**	(42,316)		
Impairment loss of trade and other receivables	**–**	(2,271)	**(532)**	(61,539)	**–**	–	**–**	–	**–**	–	**(532)**	(61,539)	**–**	(905)	**(532)**	(64,715)		
Loss on sales of held-for-trading investment	**–**	–	**–**	–	**–**	–	**–**	–	**(11,522)**	–	**(11,522)**	–	**–**	–	**(11,522)**	–		
Property, plant and equipment written off	**–**	(78)	**(67)**	–	**–**	(2)	**–**	–	**–**	–	**(67)**	(2)	**(109)**	–	**(176)**	(80)		
Impairment loss on property, plant and equipment	**–**	(25,247)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(25,247)		
Loss on deregistration of subsidiary	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(146)	**–**	(146)		
Bad debt recovered	**–**	–	**–**	803	**–**	–	**–**	–	**–**	–	**–**	803	**–**	–	**–**	803		
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	**–**	33	**2,509**	2,142	**8**	–	**–**	–	**–**	–	**2,517**	2,142	**–**	–	**2,517**	2,175		
Interest expenses	**–**	–	**(3,875)**	(4,270)	**–**	–	**–**	–	**–**	–	**(3,875)**	(4,270)	**–**	–	**(3,875)**	(4,270)		

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 and Hong Kong.

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	
	2016	2015	**2016**	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Europe	**–**	12,410	**–**	–	**–**	12,410
Asia (including the PRC)	**–**	–	**392,502**	352,791	**392,502**	352,791
	–	12,410	**392,502**	352,791	**392,502**	365,201

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

	Discontinued operations		Continuing operations		Total	
	2016	2015	**2016**	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Europe	**–**	10,806	**–**	–	**–**	10,806
Asia (including the PRC)	**–**	–	**693,529**	151,292	**693,529**	151,292
	–	10,806	**693,529**	151,292	**693,529**	162,098

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:

		2016	2015
		HK$'000	*HK$'000*
Customer A	Revenue generated from the domestic segment	**–**	39,562

4. REVENUE

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

	2016	2015
	HK$'000	*HK$'000*
Continuing operations		
Sales of goods	**361,796**	345,531
Interest income on loan financing	**30,670**	7,260
Dividend income from listed equity securities	**36**	–
	392,502	352,791

5. OTHER REVENUE AND NET GAINS

	2016	2015
	HK$'000	*HK$'000*
Continuing operations		
Other revenue:		
Bank interest income	**2,517**	2,142
Bad debts recovered	**–**	803
Gain on contingent consideration receivable *(Note 15)*	**–**	1,754
Income from customer services	**1,081**	2,721
Other payables written back	**1,597**	–
Sundry income	**3,792**	1,621
	8,987	9,041
Other net gain:		
Gain on disposal of property, plant and equipment	**–**	2
	8,987	9,043

6. PROFIT (LOSS) FROM OPERATING ACTIVITIES

Profit (loss) from operating activities is arrived at after charging:

	2016	2015
	HK$'000	*HK$'000*
Continuing operations		
Auditor's remuneration	**1,971**	2,080
Cost of inventories sold	**267,489**	249,783
Inventories write-down (included in cost of sales)	**4,039**	16,210
Depreciation of property, plant and equipment	**1,740**	2,393
Minimum lease payments under operating leases on leasehold land and buildings	**9,219**	10,502
Property, plant and equipment written off	**176**	2

7. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Continuing operations		
Interest expenses on bank loans	**3,875**	4,270
	3,875	4,270

8. INCOME TAX EXPENSE (CREDIT)

	Discontinued operations		**Continuing operations**		**Total**	
	2016	2015	**2016**	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
The income tax expense (credit) comprises:						
Current year						
— Hong Kong Profits Tax	**–**	–	**4,127**	3,057	**4,127**	3,057
— Overseas taxation	**–**	(6)	**–**	–	**–**	(6)
— PRC Enterprise Income Tax	**–**	–	**2,111**	2,771	**2,111**	2,771
— Over-provision in previous year:	**–**	–	**(1,096)**	(29)	**(1,096)**	(29)
	–	(6)	**5,142**	5,799	**5,142**	5,793
Deferred taxation	**–**	(9,012)	**3,371**	(10,738)	**3,371**	(19,750)
Income tax expense (credit) for the year	**–**	(9,018)	**8,513**	(4,939)	**8,513**	(13,957)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the two years ended 30 September 2016 and 2015.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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% from 1 January 2008 onwards.

9. DISCONTINUED OPERATIONS

In October 2015, the Group ceased to provide financial support to Omas SRL ("Omas"), a 90.1% owned subsidiary of the Group incorporated in Italy. Because of insolvency, Omas ceased its operation and on 17 November 2015, a resolution was passed by the shareholders of Omas to get Omas dissolved and liquidated with effect from 1 December 2015, the date on which the control of Omas was lost.

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:

	2016	2015
	HK$'000	*HK$'000*
Revenue	**–**	12,410
Cost of sales	**–**	(17,859)
Gross loss	**–**	(5,449)
Other revenue and net gains	**–**	41
Selling and distribution expenses	**–**	(3,637)
Administrative expenses	**(3,091)**	(6,720)
Impairment loss on intangible assets	**–**	(5,981)
Impairment loss on property, plant and equipment	**–**	(25,247)
Impairment loss on trade and other receivables	**–**	(2,271)
Operation loss	**(3,091)**	(49,264)
Loss on deconsolidation of a subsidiary (b)	**(24,664)**	–
Loss before taxation	**(27,755)**	(49,264)
Income tax credit	**–**	9,018
Loss for the year from a deconsolidated subsidiary	**(27,755)**	(40,246)

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

	2016	2015
	HK$'000	*HK$'000*
Net cash outflows from operating activities	**(4,422)**	(10,908)
Net cash outflows from investing activities	**–**	(754)
Net cash inflows from financing activities	**4,422**	8,577
Net cash outflow	**–**	(3,085)

For the purpose of presenting the discontinued operation, the comparative consolidated statement of profit or loss and other comprehensive income and the related notes have been re-presented as if the operation discontinued during the year had been discontinued at the beginning of the comparative period.

(b) The gain 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 intermediate holding company	(73,832)
Amount due to immediate 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. DIVIDENDS

No dividend was paid or proposed for the year ended 30 September 2016 (2015: Nil), nor has any dividend been proposed since the end of the reporting period.

11. 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:

	2016	2015
	HK$'000	*HK$'000*
Loss for the year for the purposes of computation of basic loss per share		
— from continuing operations	**5,224**	163,364
— from discontinued operations	**27,449**	36,262
	32,673	199,626
Number of shares		
Weighted average number of ordinary shares for basic and diluted loss per share calculation	**2,451,771,000**	1,692,291,000

No adjustment has been made to basic loss per share amounts presented for the year ended 30 September 2016 and 2015 in respect of a dilution as the impact of the share options outstanding would decrease basic loss per share.

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold 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 2014	39,269	7,920	4,364	3,768	5,524	60,845
Exchange realignment	(4,627)	(247)	(407)	(323)	–	(5,604)
Additions	–	943	628	341	–	1,912
Additions through acquisition of subsidiaries	–	1,454	–	422	–	1,876
Disposals	–	(160)	(158)	(21)	–	(339)
Written off	–	–	(78)	(2)	–	(80)
At 30 September 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
Accumulated depreciation and impairment losses						
At 1 October 2014	1,353	6,097	2,087	1,539	2,285	13,361
Exchange realignment	(572)	(221)	(208)	(175)	–	(1,176)
Provided for the year	1,252	1,795	775	236	482	4,540
Elimination on disposals	–	–	(32)	(2)	–	(34)
Impairment loss recognised	21,803	–	1,727	1,717	–	25,247
At 30 September 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
Carrying amount						
At 30 September 2016	–	1,421	–	734	2,688	4,843
At 30 September 2015	10,806	2,239	–	870	2,757	16,672

13. GOODWILL

	HK$'000
Cost	
At 1 October 2014	663,951
Acquisition of subsidiaries	79,317
At 30 September 2015	743,268
Released upon deconsolidation of a subsidiary	(138,133)
At 30 September 2016	605,135
Accumulated impairment losses	
At 1 October 2014	634,396
Recognised for the year	79,317
At 30 September 2015	713,713
Released upon deconsolidation of a subsidiary	(138,133)
At 30 September 2016	575,580
Carrying amount	
At 30 September 2016	29,555
At 30 September 2015	29,555

Impairment test:

Goodwill set out above has been allocated to the individual cash generating units ("CGU") as at 30 September 2016. The carrying amounts of goodwill (net of accumulated impairment losses) at the end of the reporting period allocated to these are as follows:

	2016	2015
	HK$'000	*HK$'000*
Domestic — Other	**29,555**	29,555
	29,555	29,555

Domestic — Other

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 2016 was determined in a similar manner as in 2015.

Key assumptions used in the calculation of value-in-use were discount rate, growth rate and budgeted revenue. The pre-tax discount rate of 25.2% (2015: 26.1%) used reflects the specific risks relating to the CGUs. A growth rate of 3% (2015: 3% to 5%) was used. Cash flow, beyond the five-year were projected by using a steady growth rate of 3% (2015: 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 (2015: Nil). The directors believe 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 *HK$'000* *(Note i)*	Distribution rights *HK$'000* *(Note ii)*	Trademarks *HK$'000* *(Note iii)*	Total *HK$'000*
Cost				
At 1 October 2014	351,173	54,924	45,607	451,704
Exchange realignment	(11,326)	(1,771)	(5,310)	(18,407)
Additions through acquisition of subsidiaries	–	72,787	–	72,787
At 30 September 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
Accumulated amortisation and impairment losses				
At 1 October 2014	260,248	41,460	38,878	340,586
Exchange realignment	(8,428)	(1,555)	(4,562)	(14,545)
Provided for the year	–	26,803	–	26,803
Impairment loss recognised	1,150	30,238	5,981	37,369
At 30 September 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 loss reversed	(13,748)	(10,269)	–	(24,017)
At 30 September 2016	226,929	94,237	–	321,166
Carrying amount				
At 30 September 2016	96,054	29,065	–	125,119
At 30 September 2015	86,877	28,994	–	115,871

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 2016 and 2015 as the gold mines are still in a development stage and no mining activities are conducted.

At 30 September 2016, the management has engaged Grant Sherman to carry out valuations on the mining rights for the purposes of an impairment review on the mining rights. As the future income stream was still uncertain, Grant Sherman adopted the market based approach, and the recoverable amount was determined based on the fair value less cost of disposal. Fair value less cost of disposal was based on comparable transaction price at which assets similar to that of the mining right is being acquired as available. Fair value less cost of disposal of mining rights falls within level 3 of the fair value hierarchy. There has been no change from the valuation technique used in prior year. Based on the valuation report, a reversal of impairment loss of approximately HK$13,748,000 (2015: Impairment loss of HK$1,150,000) was recognised for the year ended 30 September 2016, which is mainly due to increase in gold price.

(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 2.3 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$10,269,000 was recognised during the year ended 30 September 2016 (2015:

Impairment loss of HK$30,238,000). 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.

The major factors leading to a significant impairment loss being recognised for the year ended 30 September 2015 is mainly attributed to a significant decrease in the future income streams resulting from:

- sudden and wild Swiss Franc appreciation that happened on 15 January 2015 and this sudden appreciation led to substantial corresponding depreciation of the Euro and Yen. As a result, Europe and Japan prices of the Brands are at least 20% cheaper than those in the PRC, Hong Kong and Taiwan. The dealers in the said regions therefore refused to purchase to the new products from the Group. The distribution business is stalled.

Details of the reasons and events leading to the impairment were disclosed in the Company's announcement dated 13 August 2015.

Key assumptions used in the calculation of value of the distribution rights were discount rate, growth rate and budgeted revenue. The discount rate of 18.4% (2015: 19.1%) 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 for the year ended 30 September 2015 and deconsolidated from the consolidated financial statements for the year ended 30 September 2016.

15. CONTINGENT CONSIDERATION RECEIVABLE

At fair value	*Notes*	*HK$'000*
At 1 October 2014	*(i)*	118,246
Compensation from profit guarantee	*(i)*	(120,000)
Gain on contingent consideration receivable	*(i)*	1,754
Acquisition of subsidiary	*(ii)*	10,494
Change in fair value		53,277
At 30 September 2015		63,771
Change in fair value		(24,593)
At 30 September 2016		39,178

(a) The gains or loss for contingent consideration receivable measured at fair value on level 3 held as at 30 September 2016 amounted to approximately HK$24,593,000 (2015: HK$53,277,000).

(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.

Notes:

(i) The fair value of contingent consideration receivable is related to the acquisition of Omas Int'l and its former owner's profit guarantee for Omas Int'l's total net profits of HK$120,000,000 for three financial years ended 31 December 2012, 2013 and 2014. As the vendor of Omas Int'l had not achieved the profit target, a compensation of HK$120,000,000 was obtained and a gain of approximately HK$1,754,000 (see Note 5) was therefore recognised from the difference arising upon settlement.

(ii) 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).

The fair value of the contingent consideration receivable at 30 September 2016 and 2015 are based on the valuations performed by Grant Sherman, using a Monte Carlo simulation.

As the profit guarantee relating to the acquisition of Sinoforce Group, covers period of more than one year, hence there are more interactions to be assessed for the results. Monte Carlo simulation is therefore 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.

	2016	**Effect on fair value for increase of inputs**	2015	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	**61%**	**Increase**	49.7%	Increase
Discount rate	**0.53%**	**Decrease**	0.53%	Decrease
Time to settlement date	**1.67**	**Decrease**	2.67	Decrease

16. DEPOSITS PAID

	2016 *HK$'000*	2015 *HK$'000*
Deposit paid for acquisition of a subsidiary *(Note)*	**254,193**	–
Rental deposit	**1,068**	–
	255,261	–

Note: The deposit was paid for the acquisition of the entire issued share capital of Rich Cypress Limited to an independent third party, details of which are set out in Note 25(a). The acquisition was completed in October 2016. The deposit is interest-free and unsecured.

17. LOAN AND INTEREST RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Loan and interest receivables from money lending business	**539,531**	206,870
Current portion included in current assets	**(260,780)**	(206,870)
Amounts due after one year included in non-current assets	**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 12%–21.6% (2015: 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:

	2016	2015
	HK$'000	*HK$'000*
Current	**260,780**	206,870
1 to 3 years	**278,751**	–
	539,531	206,870

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

	2016	2015
	HK$'000	*HK$'000*
Neither past due nor impaired	**539,531**	206,870

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.

18. TRADE AND OTHER RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Trade receivables	**69,182**	118,610
Less: Impairment loss recognised	**(706)**	(69,668)
	68,476	48,942
Deposits	**5,976**	6,284
Prepayment and other receivables	**14,779**	48,063
Amount due from a deconsolidated subsidiary *(Note i)*	**6,307**	–
Amount due from a related party *(Note ii)*	**–**	60,000
	27,062	114,347
Less: Impairment loss recognised	**(522)**	(34,106)
	26,540	80,241
	95,016	129,183

Notes:

(i) The amount is interest free, unsecured and without fixed repayment terms.

(ii) The amount represented the outstanding balance of the profit guarantee compensation due from Hengdeli International Company Limited (see Note 15(i)) and was interest free, unsecured and fully settled during the year ended 30 September 2016.

Certain trade receivables with carrying amount of HK$24,111,000 (2015: HK$18,667,000) as at 30 September 2016 are pledged against short-term bank borrowings granted to the Group.

Included in the trade receivables are amounts due from related parties amounting to HK$4,018,000 (2015: HK$3,304,000). 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 120 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:

	2016	2015
	HK$'000	*HK$'000*
1–30 days	**42,204**	39,791
31–60 days	**9,756**	4,248
61–90 days	**2,393**	1,687
Over 90 days	**14,123**	3,216
	68,476	48,942

At 30 September 2016 and 2015, 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 2016	**68,476**	**42,204**	**9,756**	**2,393**	**106**	**14,017**
At 30 September 2015	48,942	39,791	4,248	1,687	3,185	31

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:

	2016	2015
	HK$'000	*HK$'000*
At the beginning of the year	**69,668**	37,441
Exchange realignment	**(37)**	(28)
Recognised for the year	**–**	32,255
Written off as uncollectible	**(66,654)**	–
Elimination on deconsolidation of a subsidiary	**(2,271)**	–
At the end of the year	**706**	69,668

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

	2016	2015
	HK$'000	*HK$'000*
At the beginning of the year	**34,106**	1,659
Exchange realignment	**(10)**	(13)
Recognised for the year	**532**	32,460
Written off as uncollectible	**(34,106)**	–
At the end of the year	**522**	34,106

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:

	2016	2015
	HK$'000	*HK$'000*
1–30 days	**31,521**	31,975
31–60 days	**11,848**	–
61–90 days	**15**	2
Over 90 days	**47**	–
	43,431	31,977

20. SHARE CAPITAL

	Number of ordinary shares	Amount
	'000	*HK$'000*
Authorised:		
At 1 October 2014 (HK$0.01 each)	10,000,000	100,000
Share consolidation *(Note ii)*	(9,000,000)	–
	1,000,000	100,000
Increased *(Note ii)*	9,000,000	900,000
At 30 September 2015 and 2016 (HK$0.1 each)	10,000,000	1,000,000
Issued and fully paid:		
At 1 October 2014	6,549,041	65,490
Issues of shares by acquisition of subsidiaries *(Note i)*	1,623,529	16,235
Share consolidation *(Note ii)*	(7,355,313)	–
Issue of shares upon open offer *(Note iii)*	1,634,514	163,452
At 30 September 2015 and 2016	2,451,771	245,177

Notes:

(i) On 18 December 2014, the Company issued of 1,623,529,411 consideration shares at a quoted market price of HK$0.087 for acquisition of 100% of the issued share capital of Sinoforce Group Limited.

(ii) There was capital reorganisation of the Company effected on 17 March 2015 which comprised (1) Share consolidation — it was implemented to consolidate every ten issued and unissued shares of par value of HK$0.01 each into one share ("Consolidated Share") of par value of HK$0.1 each; (2) increase in authorised capital from HK$100,000,000 dividend into 1,000,000,000 Consolidated Shares of par value of HK$0.1 each to HK$1,000,000,000 divided into 10,000,000,000 Consolidated Shares of par value of HK$0.1 each.

(iii) On 23 April 2015, the Company completed the open offer on the basis two offer shares for every one consolidated share held on the record date and 1,634,514,070 shares were issued. The net proceeds from the open offer was approximately HK$487,100,000 and would be used as general working capital for the Group.

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

21. PLEDGE OF ASSETS

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

	2016 *HK$'000*	2015 *HK$'000*
Trade receivables	**24,111**	18,667
Held-for-trading investment	**43,340**	–
	67,451	18,667

22. 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:

	2016 *HK$'000*	2015 *HK$'000*
Within 1 year	**6,691**	8,452
In 2 to 5 years, inclusive	**9,741**	6,097
After 5 years	**15,877**	–
	32,309	14,549

23. CAPITAL COMMITMENT

	2016 *HK$'000*	2015 *HK$'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	–

24. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 September 2016 (2015: Nil).

25. EVENTS AFTER THE REPORTING PERIOD

(a) On 29 September 2016, the Group entered into a conditional sale and purchase agreement with an independent third party to acquire the entire issued share capital of Rich Cypress Limited ("Rich Cypress") at a cash consideration of RMB219,000,000 (equivalent to approximately HK$254,193,000) (the "Acquisition"). Rich Cypress and its subsidiaries (together referred to as the "Rich Cypress Group") are principally engaged in property investment and owns a parcel of land, the villas and complex buildings in Shenyang, Liaoning, the PRC. The Group had paid deposit of RMB219,000,000 (equivalent to approximately HK$254,193,000) to the vendor (see Note 16) in respect the Acquisition.

On 12 October 2016, the Acquisition was completed as the conditions precedent to the completion had been fulfilled. Details of the Acquisition are set out in the Company's announcements dated 29 September 2016 and 12 October 2016.

As at the date of approval for issuance of the consolidated financial statements, the initial accounting for the above business combination is incomplete as the fair value assessment of goodwill and intangible assets, if any, of Rich Cypress Group had not been finalised and therefore, no financial information of Rich Cypress Group as at the completion date could be disclosed.

(b) On 16 May 2016, the Group entered into a conditional sale and purchase agreement (the "Agreement") with a connected party to acquire a 60% equity interest in Power Boom International Limited (the "Target Company") at a consideration of HK$588 million which will be 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 "Proposed Acquisition"). Pursuant to the Agreement, completion is conditional upon fulfillment of certain conditions by 31 December 2016 (the "Long Stop Date"). Upon completion of the acquisition of a 78% equity interest in a property development company, 廣州僑誼房產開發有限公司 (Guangzhou Qiao Yi Property Development Company Limited), the Target Company will indirectly own property for development in Guangzhou, the PRC.

The Proposed Acquisition constituted a major transaction of the Company under Chapter 14 of the Listing Rules. As the vendor of the Target Company, which is wholly owned by Mr. Zhang Jinbing, is a connected person, the Proposed Acquisition also constitutes a connected transaction of the Company. Details of the Proposed Acquisition are set out in the Company's announcement and circular dated 25 May 2016 and 11 July 2016 respectively.

The Proposed Acquisition was approved by independent shareholders of the Company at the extraordinary general meeting held on 27 July 2016. On 19 December 2016, the Group and the vendor entered into the second supplemental agreement to extend the Long Stop Date from 31 December 2016 to 31 March 2017. As at the date of approval of the consolidated financial statements, the Proposed Acquisition has not been completed and is subject to fulfillment of certain conditions precedent. The directors are in the progress of assessing the financial impact of the Proposed Acquisition to the Group.

BUSINESS REVIEW AND PROSPECTS

Given the moderating growth of the luxury goods market in the PRC, the Group's turnover in the domestic business for the year ended 30 September 2016 increased by 4.7% from approximately HK$345.5 million last year to approximately HK$361.8 million. The interest income from money lending segment for the year ended 30 September 2016 increased by 322.5% from approximately HK$7.3 million last year to approximately HK$30.7 million. The securities investment segment recorded a loss of approximately HK$20.2 million for the year ended 30 September 2016 as compared with a loss of approximately HK$42.3 million last year. Loss attributable to shareholders for the year was approximately HK$32.7 million as compared to HK$199.6 million for the previous year.

During the year ended 30 September 2016, the Group closed down the underperforming manufacturing business of "OMAS" in Italy and deconsolidated its subsidiary, Omas SRL, during the year. A loss from deconsolidated subsidiary of HK$27.8 million (2015: HK$40.2 million) arose and presented under discontinued operations.

To further diversify its source of income, on 6 May 2016, the Group entered into a sale and purchase agreement to acquire 60% of the interest of Power Boom International Limited, which will indirectly hold 78% of a parcel of land in Huangpu District, Guangzhou City, Guangdong Province, the PRC, upon completion of acquisition of 廣州僑誼房產開發有限公司 (Guangzhou Qiao Yi Property Development Company Limited). The consideration for the acquisition is HK$588,000,000 and will be satisfied by the Company to allot and issue to the vendor 1,960,000,000 new shares, credited as fully paid, at the issue price of HK$0.30 per share upon completion of the acquisition. Also, 12 October 2016, the Group successfully acquired the entire interest in Rich Cypress Limited, which indirectly hold 1) the entire interest of a parcel of land for tourism use with a total site area of 64,621 square metres in qipanshan development zone, Shenyang, Liaoning, the PRC, 2) 61.52% of three parcels of industrial land with a total area of 19,096 square metres in Dadong District, Shenyang, Liaoning, the

PRC, and 3) 54.1% of a parcel of industrial land located at Dongmao Road, Dadong District, Shenyang, Liaoning, the PRC. The consideration for the acquisition is RMB219,000,000 and satisfied by cash.

For the gold mining business, the production schedule of the Chi Feng gold mines has been delayed due to an extensive time has been spent on (i) preparation of the Environmental Impact Assessment Report , (ii) reviewing and negotiating the construction cost of the infrastructure of the mining facilities with the PRC mining institution, and (iii) revision of production plan in compliance with the PRC safety regulation. The Group will continue to carry out such work as necessary to generate revenue contribution in the near future.

Looking forward, the challenging environment in PRC and Hong Kong luxury goods market is expected to persist, the Group will continue to exercise prudence in managing its expenditures and look for new investment opportunity to cope with existing market environment and constantly review the business strategy in a cautious manner.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Continuing Operations

For the year ended 30 September 2016, turnover of the Group increased by 11.3% year-on-year to approximately HK$392.5 million as compared to HK$352.8 million for the previous year. The turnover comprised sales of goods from domestic business of HK$361.8 million (2015: HK$345.5 million), interest income from the money lending business of HK$30.7 million (2015: HK$7.3 million), and dividend income from listed equity securities of HK$36,000 (2015: Nil).

The Group’s gross profit amounted to HK$121.0 million, as compared to HK$86.8 million for the previous year. The increase was mainly attributable to the increase in interest income from the money lending business and the decrease in inventories written off by approximately HK$12.2 million for the year ended 30 September 2016. Loss attributable to shareholders for the year was HK$5.2 million as compared to HK$163.4 million for the previous year. The loss included impairment on contingent consideration receivable, and fair value loss on held-for-trading investments, totalling HK$33.3 million.

The loss from the change of fair value of contingent consideration receivable of HK$24.6 million has been recorded during the year as compared to the gain from the change of fair value of contingent consideration receivable of HK$53.3 million for the previous year, which is reflecting the change in possible profit compensation from the vendor for the year ended 30 September 2016. Details of the key assumptions used are set out in Note 15 to the consolidated financial statements.

For the year ended 30 September 2016, the Group recorded the fair value loss of HK$8.7 million (2015: HK$42.3 million) and loss of sales of approximately HK$11.5 million (2015: Nil) from the investment in securities business. The loss on held-for-trading investments was attributable to the turmoil in financial market since July 2015.

For the year ended 30 September 2016, selling and distribution expenses increased by 28.2% to approximately HK$40.1 million as compared to HK$31.3 million for the year ended 30 September 2015. The increase was mainly due to the increase of marketing activities in watches distribution business during the year. Administrative expenses increased by 13.1% to HK$46.9 million, compared with HK$41.5 million for the corresponding period of last year. The increase in administrative expenses was due to the share based payment of HK$1.6 million (2015: Nil) was recorded during the year, which was related to issuance of share options under the share option scheme of the Company on 19 July 2016.

Discontinued Operations

Loss from a deconsolidated subsidiary amounted to HK$27.8 million (2015: HK$40.2 million), which were in relation to the liquidation of Omas SRL in November 2015. Details of the loss from a deconsolidated subsidiary are set out in Note 9. Loss attributable to shareholders was approximately HK$27.4 million (2015: HK$36.3 million).

The loss attributable to shareholders from continuing and discontinuing operations was approximately HK$32.7 million (2015: HK$199.6 million).

Liquidity, Financial Resources and Gearing

Finance costs during the year under review amounted to HK$3.9 million as compared to HK$4.3 million for the corresponding period of last year.

As at 30 September 2016, the contingent consideration receivable amounted to approximately HK$39.2 million as compared to HK$63.8 million for the corresponding period of last year, which is in relation to the profits guarantee given by the vendor relating to acquisition of Sinoforce Group Limited.

The Group's net current assets decreased from HK$1,320.0 million to HK$757.0 million. The net current assets are comprised inventories of HK$328.7 million (2015: HK$278.5 million), trade and other receivables of approximately HK$95.0 million (2015: HK$129.2 million), loan and interest receivables of HK$260.8 million (2015: HK$206.9 million), and held-for-trading investment of HK$43.3 million (2015: HK$66.9 million).

At 30 September 2016, the cash and bank balances amounted to approximately HK$159.9 million (2015: HK$758.9 million) and current liabilities of approximately HK$130.7 million (2015: HK$125.6 million). The decrease in cash and bank balance of HK$599 million is mainly due to (i) increase of loan and interest receivables from the money lending business of HK$332.7 million during the year and (ii) deposit paid for the acquisition of Rich Cypress Limited of RMB219 million (approximately HK$254.2 million), which was completed on 12 October 2016.

The Group's inventory turnover, trade receivables turnover and trade payables turnover periods were 442 days, 69 days and 58 days, respectively. Overall the turnover times were consistent and complied with the respective policies of the Group on credit terms granted to customers and credit terms obtained from suppliers.

During the year, the Group financed its operations and investing activities through a combination of operating cash inflows and interest bearing borrowings. The capital structure of the Company solely consists of share capital. As at 30 September 2016, shareholder equity in the Group amounted to HK$1,433.2 million (2015: HK$1,490.8 million).

The Group's total interest bearing bank borrowings as at 30 September 2016 amounted to approximately HK$40.6 million (2015: HK$61.1 million). The interest bearing bank borrowings were mainly used for working capital purpose and carried at commercial lending interest rates.

As at 30 September 2016, the Company has no significant contingent liabilities (2015: Nil).

In April 2015, the Board raised approximately HK$490.4 million before expenses, by issuing 1,634,514,070 offer shares at the subscription price of HK$0.3 per offer share. The open offer of the Company was on the basis of two offer share for every consolidated share held on the record date. Details of the open offer were set out in the Company's announcements dated 4 and 25 February 2015, and the Company's circular dated 27 February 2015.

The net proceeds from the open offer were approximately HK$487.2 million. As at 30 September 2016, the Group had used approximately HK$200 million towards purchase of inventories in existing and newly acquired brands, approximately HK$200 million in money lending business and approximately HK$87.2 million as the general working capital of the Group. As at 30 September 2016, all the proceeds from the open offer has been utilised.

Final Dividend

The directors do not recommend the payment of any dividend in respect of the year ended 30 September 2016 (2015: 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.

The Group monitors capital on the basis of the gearing ratio. As at 30 September 2016, the gearing ratio was 11.1% (2015: 10.3%). This ratio is calculated as total debt divided by total capital.

Capital Commitment

Details of capital commitment are set out in Note 23.

Material Acquisitions or Disposals

Save as disclosed below, there was no material acquisition or disposal of subsidiaries and associated companies by the Group for the year ended 30 September 2016.

On 16 May 2016, the Group entered into a sale and purchase agreement to acquire 60% of the interest of Power Boom International Limited and its subsidiary at a consideration of HK$588 million. The acquisition was approved in Extraordinary General Meeting of the Company held on 27 July 2016. The acquisition has not been completed and is subject to fulfillment of certain conditions precedent.

On 29 September 2016, the Group entered into a sale and purchase agreement to acquire the entire interest of Rich Cypress Limited and its subsidiary at a consideration of RMB219 million. The acquisition was completed on 12 October 2016.

Foreign Exchange Exposure

The Group's sales and purchases during the year 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 2016, the Group had a staff roster of 81 (2015: 87). 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.

Events after the reporting period

Details of events of after the reporting period are set out in Note 25.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 1 March 2017 to 3 March 2017 (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 28 February 2017.

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.

CORPORATE GOVERNANCE

During the year ended 30 September 2016, 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 of Hong Kong Limited except the following deviations (Code Provision E.1.2):

The chief executive officer attended 2016 annual general meeting ("2016 AGM") to answer questions and collect views of shareholders. Though other directors were unable to attend 2016 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 attended an extraordinary general meeting held during the year while other directors cannot attend due to other business engagements but the company secretary and a representative of the relevant financial advisors had attended the meeting to answer questions at the meetings.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED COMPANIES ("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 regarding any non-compliance with the Model Code during the year under review 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 the financial statements for the year ended 30 September 2016.

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 2016 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 2016 annual report containing all the information required by the Listing Rules will be released on the website of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and on the website of the Company (www.oluxe.com.hk) and dispatched 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
Zhang Jinbing
Chairman

Hong Kong, 30 December 2016

As at the date hereof, the Company's executive directors are Mr. Zhang Jinbing (Chairman), Mr. Ho King Fung, Eric (Co-Chairman). Mr. Wong Chi Ming, Jeffry (Chief Executive Officer) and Mr. Yu Fei, Philip, non-executive director is Mr. Xiao Gang, and independent non-executive directors are Mr. Tam Ping Kuen, Daniel, Dr. Li Yifei and Dr. Zhu Zhenfu.