O LUXE
O LUXE HOLDINGS LIMITED

O Luxe Holdings Limited
奧立仕控股有限公司

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

2017
Interim Report

The board ("Board") of directors ("Directors") of O Luxe Holdings Limited ("Company") announces the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the six months ended 31 March 2017, which have been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 MARCH 2017

	Notes	For the six months ended 31 March 2017 HK$'000 (Unaudited)	2016 HK$'000 (Unaudited) (Restated)
CONTINUING OPERATIONS			
Revenue	5	**233,443**	186,554
Cost of sales		**(135,093)**	(112,392)
Gross profit		**98,350**	74,162
Changes in fair value of contingent consideration receivable		**(12,526)**	(15,320)
Other revenue and net gains	5	**2,032**	2,647
Amortisation of intangible assets		**(6,459)**	(5,309)
Fair value gain/(loss) on held-for-trading investments		**1,318**	(24,682)
Fair value gain on investment properties		**6,322**	–
Reversal of impairment on intangible assets		**7,409**	3,207
Selling and distribution expenses		**(15,088)**	(14,559)
Administrative expenses		**(67,063)**	(21,344)
Gain on disposal of a subsidiary	21(b)	**17,447**	–
Gain on sales of held-for-trading investments		**9,565**	–
Profit (Loss) from operating activities	7	**41,307**	(1,198)
Finance costs	8	**(1,752)**	(1,948)
Profit (Loss) before taxation		**39,555**	(3,146)
Income tax expense	9	**(6,599)**	(3,386)
Profit (Loss) for the period from continuing operations		**32,956**	(6,532)
DISCONTINUED OPERATION			
Loss for the period from discontinued operation	10	**–**	(27,755)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

FOR THE SIX MONTHS ENDED 31 MARCH 2017

	Notes	For the six months ended 31 March **2017** **HK$'000** **(Unaudited)**	 2016 HK$'000 (Unaudited) (Restated)
Profit (Loss) for the period		**32,956**	(34,287)
Items that may be classified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**605**	(14,894)
Total comprehensive income for the period		**33,561**	(49,181)
Profit (Loss) for the period attributable to:			
Owners of the Company		**34,135**	(34,622)
Non-controlling interests		**(1,179)**	335
		32,956	(34,287)
Total comprehensive income attributable to:			
Owners of the Company		**35,759**	(49,674)
Non-controlling interests		**(2,198)**	493
		33,561	(49,181)
Earnings (Loss) per share from continuing and discontinued operations — Basic and diluted	12	**HK1.39 cents**	HK(1.41) cents
Earnings (Loss) per share from continuing operations — Basic and diluted		**HK1.39 cents**	HK(0.28) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2017

	Notes	**At 31 March 2017 HK$'000 (Unaudited)**	At 30 September 2016 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment		**5,804**	4,843
Investment properties		**397,712**	–
Goodwill		**106,651**	29,555
Intangible assets	13	**123,447**	125,119
Contingent consideration receivable	14	**26,652**	39,178
Deposits paid		**1,068**	255,261
Loan and interest receivables	16	**287,375**	278,751
		948,709	732,707
Current assets			
Inventories		**357,796**	328,689
Trade and other receivables	15	**171,872**	95,016
Loan and interest receivables	16	**303,983**	260,780
Held-for-trading investments		**6,173**	43,340
Bank balances and cash		**155,067**	159,934
		994,891	887,759
Current liabilities			
Trade payables	17	**52,700**	43,431
Accruals and other payables		**90,529**	41,526
Borrowings	18	**79,023**	40,621
Income tax payable		**10,327**	5,126
		232,579	130,704
Net Current Assets		**762,312**	757,055

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

AT 31 MARCH 2017

	Notes	**At 31 March 2017 HK$'000 (Unaudited)**	At 30 September 2016 HK$'000 (Audited)
Total assets less current liabilities		**1,711,021**	1,489,762
Non-current liabilities			
Deferred tax liabilities	19	**104,592**	28,644
Net assets		**1,606,429**	1,461,118
Capital and reserves			
Share capital	20	**245,177**	245,177
Reserves		**1,207,773**	1,188,228
Equity attributable to the owners of the Company		**1,452,950**	1,433,405
Non-controlling interests		**153,479**	27,713
		1,606,429	1,461,118

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 MARCH 2017

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Exchange reserve HK$'000	Statutory reserve HK$'000	Share option reserve HK$'000	Other reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 October 2015 (Audited)	245,177	2,509,148	31,893	792	–	11	(1,296,174)	1,490,847	26,481	1,517,328
Total comprehensive income for the period (Restated)	–	–	(15,052)	–	–	–	(34,622)	(49,674)	493	(49,181)
At 31 March 2016 (Unaudited) (Restated)	245,177	2,509,148	16,841	792	–	11	(1,330,796)	1,441,173	26,974	1,468,147
At 1 October 2016 (Audited)	**245,177**	**2,509,148**	**2,921**	**792**	**1,596**	**11**	**(1,326,240)**	**1,433,405**	**27,713**	**1,461,118**
Total comprehensive income for the period	**–**	**–**	**1,624**	**–**	**–**	**–**	**34,135**	**35,759**	**(2,198)**	**33,561**
Release of exchange reserve upon disposal of subsidiaries (Note 21b)	**–**	**–**	**(17,782)**	**(792)**	**–**	**–**	**–**	**(18,574)**	**–**	**(18,574)**
Acquisition of subsidiaries (Note 21a)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**127,964**	**127,964**
Recognition of equity-settled share-based payment	**–**	**–**	**–**	**–**	**2,360**	**–**	**–**	**2,360**	**–**	**2,360**
At 31 March 2017 (Unaudited)	**245,177**	**2,509,148**	**(13,237)**	**–**	**3,956**	**11**	**(1,292,105)**	**1,452,950**	**153,479**	**1,606,429**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 MARCH 2017

	For the six months ended 31 March	
	2017	2016
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
		(Restated)
Net cash used in operating activities	**(41,910)**	(10,834)
Net cash used in investing activities	**3,077**	(5,301)
Net cash generated from financing activities	**36,650**	7,118
Net decrease in cash and cash equivalents	**(2,183)**	(9,017)
Cash and cash equivalents at the beginning of the period	**159,934**	758,939
Effect of foreign exchange rate changes	**(2,684)**	(13,734)
Cash and cash equivalents at the end of the period, represented by bank balance and cash	**155,067**	736,188

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2017

1. CORPORATE INFORMATION

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

The functional currency of the Company and its subsidiaries (collectively referred to as the "Group") is Hong Kong dollars ("HK$") and for those subsidiaries established in the People's Republic of China (the "PRC") and Italy are Renminbi ("RMB") and Euro respectively. The condensed consolidated financial statements are presented in Hong Kong dollars ("HK$") for the convenience of users of the condensed consolidated financial statements as the Company is listed in Hong Kong.

The Company is principally engaged in investment holding and the principal activities of its subsidiaries are exports and domestic trading, retail and wholesale of jewellery products and watches, money lending, securities investments, property investment and mining.

These interim financial information for the six months ended 31 March 2017 was approved by the Board of Directors on 19 May 2017.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The directors regard the liquidation of Omas SRL as discontinued operations and presented in accordance with HKFRS 5 in this Interim Financial Information.

3. SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value as appropriate. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Except for the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by HKICPA, which are mandatory for the accounting periods beginning on or after 1 October 2014, the accounting policies and methods of computation used in the preparation of these accounts are consistent with those used in the annual accounts for the year ended 30 September 2016.

HKFRSs (Amendments)	Annual Improvements 2010–2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Amendments to HKAS 1 — Disclosure Initiative

The amendments are designed to encourage entities to use judgement in the application of HKAS 1 when considering the layout and content of their financial statements.

Included in the clarifications is that an entity's share of other comprehensive income from equity accounted interests in associates and joint ventures is split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

The adoption of the amendments has no significant impact on the Group's financial statements.

Amendments to HKAS 16 and HKAS 38 — Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The amendments are applied prospectively.

The adoption of the amendments has no impact on the Group's financial statements as the Group has not previously used revenue-based depreciation methods.

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions[2]
HKFRS 9	Financial Instrument[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[2]
HKFRS 16	Leases[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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Amendments to HKAS 7 — Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financial activities.

Amendments to HKAS 12 — Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured at fair value.

Amendments to HKFRS 2 — Classification and Measurement of Share-Based Payment Transactions

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

HKFRS 9 (2014) — Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 15 — Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework 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 and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

HKFRS 15 requires the application of 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 each performance obligation

Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

HKFRS 15 — Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

HKFRS 16 — Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of- use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

4. RESTATEMENT OF COMPARATIVE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2016

In preparing the condensed consolidated financial statements for the six months ended 31 March 2017, the Group identified prior period adjustments regarding the loss on deconsolidation of a subsidiary, Omas SRL ("Omas"), in the previously issued condensed consolidated financial statements for the six months ended 31 March 2016.

Consequently, the Company's consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the six months ended 31 March 2016 and certain explanatory notes have been restated to reflect this adjustment relating to the loss of deconsolidation of a subsidiary on 1 December 2015, the date on which the control of Omas was lost.

Impact on the consolidated statement of profit or loss and other comprehensive income for the six months ended 31 March 2016:

	As previously reported HK$'000	**Prior period adjustments** HK$'000	**As restated** HK$'000
(Increase)/decrease			
Discontinued operations			
Loss for the year from discontinued operation	(4,423)	(23,332)	(27,755)

Details of the results of discontinued operation are disclosed in Note 10.

5. REVENUE AND OTHER REVENUE AND NET GAINS

Revenue and other revenue and net gains of the Group comprise the following:

	For the six months ended 31 March	
	2017	2016
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Continuing operations		
Sale of goods	**186,490**	172,676
Interest income on loan financing	**32,537**	13,878
Rental income from investment properties	**14,416**	–
	233,443	186,554
Continuing operations		
Other revenue and net gains		
Bank interest income	**293**	1,193
Watch repairing services	**1,321**	1,181
Sundry income	**418**	273
	2,032	2,647

6. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with internal reporting provided to the board of directors of the Company who is responsible for allocating resources and assessing performance of the operating segments.

The Group's operating segments are structured and managed separately according to the nature of their operations and the products they provided. Each of the Group's operating segments represents a strategic business unit that offers products which are subject to risks and returns that are different from those of the other operating segments. Summary details of the operating segments are as follows:

Discontinued operation

(a) Exports segment — export of manufactured jewellery products and writing instruments;

Continuing operations

(b) Domestic segment — trading of jewellery products and watches for the Group's retail and wholesale business in the territories of the mainland China, Macau, Hong Kong and Taiwan;

(c) Mining segment — the mining, exploration and sale of gold resources;

(d) Money lending segment — provision of loan finance;

(e) Securities investments segment — trading of listed securities; and

(f) Property investment segment — rental income.

Segment information about these reportable segments is presented below:

(a) Segment revenues and results

For the six months ended 31 March

	Continuing operations											
	Property Investment		Domestic		Mining		Money lending		Securities investments		Total	
	2017 HK$'000	2016 HK$'000	**2017 HK$'000**	2016 HK$'000	**2017 HK$'000**	2016 HK$'000	**2017 HK$'000**	2016 HK$'000	**2017 HK$'000**	2016 HK$'000	**2017 HK$'000**	2016 HK$'000
Segment revenue:												
External sales	**14,416**	–	**186,490**	172,676	**–**	–	**32,537**	13,878	**–**	–	**233,443**	186,554
Segment results	**6,570**	–	**34,518**	31,704	**(451)**	(384)	**15,014**	12,016	**10,883**	(24,682)	**66,534**	18,654
Unallocated corporate income and expenses											**(33,578)**	(25,186)
Profit (Loss) for the period from continuing operations											**32,956**	(6,532)

6. SEGMENT INFORMATION *(continued)*

(a) Segment revenues and results *(continued)*

The segment results represent the results earned by each segment without allocation of central administration costs, directors' salaries, change in fair value of contingent consideration receivable, 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

	Continuing operations											
	Property Investment		Domestic		Mining		Money lending		Securities investments		Total	
	At 31 March 2017 HK$'000	At 30 September 2016 HK$'000	**At 31 March 2017 HK$'000**	At 30 September 2016 HK$'000	**At 31 March 2017 HK$'000**	At 30 September 2016 HK$'000	**At 31 March 2017 HK$'000**	At 30 September 2016 HK$'000	**At 31 March 2017 HK$'000**	At 30 September 2016 HK$'000	**At 31 March 2017 HK$'000**	At 30 September 2016 HK$'000
ASSETS												
Segment assets	**490,142**	–	**547,460**	475,115	**94,386**	96,892	**591,358**	540,987	**6,173**	43,340	**1,729,519**	1,156,334
Unallocated segment assets											**214,081**	464,132
Total assets											**1,943,600**	1,620,466
LIABILITIES												
Segment liabilities	**48,513**	–	**106,861**	77,854	**855**	3	**66**	28	**–**	4,161	**156,295**	82,046
Unallocated segment liabilities											**180,876**	77,302
Total liabilities											**337,171**	159,348

For the purpose of monitoring segment performances and allocating resources between segment:

- all assets are allocated to operating segments, other than contingent consideration receivables, deposits paid and bank balances and cash which are not able to allocate into reportable segments.

- all liabilities are allocated to operating segments, other than borrowings, deferred tax liabilities and income tax payable which are not able to allocate into reportable segments.

6. SEGMENT INFORMATION *(continued)*

(c) Geographic information

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.

	Revenue from external customers For the six months ended 31 March		Non-current assets at	
			31 March	30 September
	2017	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
Europe	**–**	–	**–**	–
Asia (including PRC)	**233,443**	186,554	**922,057**	693,529
	233,443	186,554	**922,057**	693,529

Note: Non-current assets excluded contingent consideration receivable.

7. PROFIT (LOSS) FROM OPERATING ACTIVITIES

The Group's profit (loss) from operating activities is arrived at after charging:

	For the six months ended 31 March	
	2017	2016
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Continuing operations		
Cost of inventories sold	**128,799**	112,392
Depreciation of property, plant and equipment	**646**	639
Minimum lease payments under operating leases on leasehold land and buildings	**5,587**	5,360
Staff costs:		
— wages, salaries and other benefits	**14,106**	9,676
— retirement benefits scheme contributions	**281**	208
— equity-settled share-based payment	**2,360**	–
— directors' remuneration	**2,151**	1,719

8. FINANCE COSTS

	For the six months ended 31 March	
	2017	2016
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Continuing operations		
Interest on bank loans	**1,752**	1,948

9. INCOME TAX EXPENSE (RELATING TO CONTINUING OPERATIONS)

	For the six months ended 31 March	
	2017	2016
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Current period provision		
Hong Kong Profits Tax	**1,753**	2,597
Overseas taxation	**3,567**	186
Deferred taxation	**1,279**	603
Income tax expense	**6,599**	3,386

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods. 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.

10. DISCONTINUED OPERATION

In October 2015, the Group ceased to provide financial support to its subsidiary, Omas SRL ("Omas"), a company 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.

10. DISCONTINUED OPERATION *(continued)*

(a) The results of the discontinued operation for the period ended 31 March are presented below:

	For the six months ended 31 March 2017 HK$'000 (Unaudited)	2016 HK$'000 (Unaudited) (Restated)
Revenue	–	–
Cost of sales	–	–
Selling and distribution expenses	–	–
Administrative expenses	–	(3,091)
Operating loss	–	(3,091)
Loss on deconsolidation of subsidiary (b)	–	(24,664)
Loss before tax	–	(27,755)
Income tax expense	–	–
Loss for the period from a deconsolidated subsidiary	–	(27,755)

(b) The loss on deconsolidation and the net cash outflow arising on deconsolidation of a subsidiary for the six months ended 31 March 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

11. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 31 March 2017 (for the six months ended 31 March 2016: Nil).

12. EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted earnings (loss) per share is based on the following:

Earnings (loss)	For the six months ended 31 March 2017 HK$'000	2016 HK$'000 (Restated)
Earnings (loss) for the purpose of calculating basic and diluted earnings per share	**34,135**	(34,622)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings (loss) per share	**2,451,771,105**	2,451,771,105
Effect of dilutive potential ordinary shares arising from share options outstanding	**6,418,046**	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings (loss) per share	**2,458,189,151**	2,451,771,105

From continuing operations

The calculation of the basic and diluted earnings (loss) per share from continuing operations is based on the following:

	For the six months ended 31 March 2017 HK$'000	2016 HK$'000 (Restated)
Earnings (loss) for the purpose of calculating basic and diluted earnings per share	**34,135**	(34,622)
Loss for the year from discontinued operations	**–**	(27,775)
Earnings (loss) for the purpose of calculating basic and diluted earnings per share from continuing operations	**34,135**	(6,847)

The weighted average numbers of ordinary shares used as denominators in calculating the basic and diluted earnings (loss) per share are the same.

13. INTANGIBLE ASSETS

	Mining rights HK$'000	Distribution rights HK$'000	Total HK$'000
Carrying amount at 1 October 2016 (Audited)	**96,054**	**29,065**	**125,119**
Exchange realignment	**(2,622)**	**–**	**(2,622)**
Amortisation for the period	**–**	**(6,459)**	**(6,459)**
Reversal of impairment loss (Note)	**–**	**7,409**	**7,409**
Carrying amount at 31 March 2017 (Unaudited)	**93,432**	**30,015**	**123,447**
Carrying amount at 1 April 2016 (Unaudited)	85,219	26,892	112,111
Exchange realignment	(2,913)	(31)	(2,944)
Amortisation for the period	–	(4,858)	(4,858)
Reversal of impairment loss	13,748	7,062	20,810
Carrying amount at 30 September 2016 (Audited)	96,054	29,065	125,119

Note: During the six months ended 31 March 2017, based on the valuation report prepared by Grant Sherman Appraisal Limited ("Grant Sherman"), a reversal of impairment loss of HK$7,409,000 of the Group's distribution rights was made.

14. CONTINGENT CONSIDERATION RECEIVABLE

At fair value	HK$'000
At 1 April 2016 (Unaudited)	48,451
Change in fair value	(9,273)
At 30 September 2016 (Audited)	39,178
Change in fair value	(12,526)
At 31 March 2017 (Unaudited)	26,652

Notes: The fair value of the contingent consideration receivable is related to the acquisition of Sinoforce Group Limited ("Sinoforce Group") and its former owner's profit guarantee of HK$69,000,000 for Sinoforce Group's three financial years ending 31 December 2015, 2016 and 2017.

The fair value of the contingent consideration receivable at 31 March 2017 and 30 September 2016 are based on the valuations performed by Grant Sherman, using a Monte Carlo simulation.

14. CONTINGENT CONSIDERATION RECEIVABLE *(continued)*

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.

Inputs into Monte Carlo simulation	**31 March 2017**	30 September 2016
Profit guarantee amount	**HK$69,000,000**	HK$69,000,000
Standardised SD of profit	**72%**	61%
Number of iterations	**1,000,000**	1,000,000
Discount rate	**0.66%**	0.44%
Time to settlement date	**1.17**	1.67

15. TRADE AND OTHER RECEIVABLES

	At 31 March 2017 HK$'000 (Unaudited)	At 30 September 2016 HK$'000 (Audited)
Trade receivables	**63,774**	69,182
Less: Impairment loss recognised	**–**	(706)
	63,774	68,476
Deposit, prepayment and other receivables	**102,044**	20,755
Amount due from a deconsolidated subsidiary (Note)	**6,054**	6,307
	108,098	27,062
Less: Impairment loss recognised	**–**	(522)
	108,098	26,540
	171,872	95,016

Note: The amount is interest free, unsecured and without fixed repayment terms.

Certain trade receivables with carrying amount of HK$15,357,000 as at 31 March 2017 (30 September 2016: HK$24,111,000) are pledged against short-term bank borrowings (see Note 18) granted to the Group.

The Group normally allows credit terms to established customers ranging from 30 to 120 days.

15. TRADE AND OTHER RECEIVABLES *(continued)*

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

	At 31 March 2017 HK$'000 (Unaudited)	At 30 September 2016 HK$'000 (Audited)
1–30 days	**26,629**	42,204
31–60 days	**6,467**	9,756
61–90 days	**2,019**	2,393
Over 90 days	**28,659**	14,123
	63,774	68,476

16. LOAN AND INTEREST RECEIVABLES

	At 31 March 2017 HK$'000 (Unaudited)	At 30 September 2016 HK$'000 (Audited)
Within 12 months	**303,983**	260,780
1 to 3 years	**287,375**	278,751
	591,358	539,531

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 received regularly for recoverability. The loan receivables charged interests at contract rates ranging approximately 10%–12% (30 September 2016: ranging 12%–21.6%) per annum and was entered with contractual maturity within 12–36 months.

The loan 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 this loan receivable as there has not been a significant change in credit quality and the balance is still considered fully recoverable.

17. TRADE PAYABLES

The Group normally obtains credit terms ranging from 30 to 180 days from its suppliers.

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

	At 31 March 2017 HK$'000 (Unaudited)	At 30 September 2016 HK$'000 (Audited)
1–30 days	**38,929**	31,521
31–60 days	**8,012**	11,848
61–90 days	**5,036**	15
91–120 days	**723**	47
	52,700	43,431

18. BORROWINGS

	At 31 March 2017 HK$'000 (Unaudited)	At 30 September 2016 HK$'000 (Audited)
Secured bank loans (Note)	**79,023**	40,621

Total current bank loans and other borrowings were repayable as follows:

	At 31 March 2017 HK$'000 (Unaudited)	At 30 September 2016 HK$'000 (Audited)
Carrying amounts repayable:		
On demand or within one year	**79,023**	40,621

18. BORROWINGS *(continued)*

The Bank loans were secured by the Group's assets at their carrying amounts as follows:

	At 31 March 2017 HK$'000 (Unaudited)	At 30 September 2016 HK$'000 (Audited)
Trade receivables (see Note 15)	**15,357**	24,111

Note: Bank loans bear interest at variable rates by reference to the People's Bank of China's lending rate, ranging from 4% to 8% per annum (30 September 2016: 4% to 8% per annum).

19. DEFERRED TAX LIABILITIES

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

	Total HK$'000
At 1 April 2016 (Unaudited)	27,019
Exchange realignment	(1,257)
Charge to profit and loss	2,745
Deconsolidation of a subsidiary	137
At 30 September 2016 (Audited)	28,644
Fair value adjustments arising from acquisition of subsidiaries (Note 21)	77,063
Exchange realignment	(2,394)
Charge to profit and loss	1,279
At 31 March 2017 (Unaudited)	104,592

Under the EIT Law of PRC, withholding tax is imposed on dividends in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards (the "Post-2008 Earnings"). Deferred taxation has not been provided for in the consolidation financial statements in respect of temporary difference attributable to the "Post-2008 Earnings" as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

20. SHARE CAPITAL

	At 31 March 2017 HK$'000 (Unaudited)	At 30 September 2016 HK$'000 (Audited)
Authorised: 10,000,000,000 Ordinary shares of HK$0.1 each	**10,000,000**	10,000,000

	Number of Shares '000	Nominal value HK$'000
Issued and fully paid:		
At 1 April 2016 (Unaudited)	2,451,771	245,177
At 30 September 2016 (Audited) and At 31 March 2017 (Unaudited)	2,451,771	245,177

21. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

(a) Acquisition

On 29 September 2016, the Group entered into the sale and purchase agreement with an independent third party to acquire the entire interest in Rich Cypress Limited ("Rich Cypress") at a cash consideration of RMB219,000,000 (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 completion date of the acquisition was on 12 October 2016, which is also the acquisition date ("Acquisition Date") for accounting purpose. Rich Cypress is a limited company incorporated in the British Virgin Islands.

	Net assets acquired HK$'000
Assets acquired and liabilities recognized (determined on provisional basis) at the date of acquisition were as follows:	
Investment properties	400,196
Equipment	1,478
Other receivables, deposits and prepayment	12,663
Trade receivables	2,568
Cash and cash equivalents	12,720
Other payables and accrued expenses	(48,523)
Deferred tax liabilities	(77,063)
Tax Payables	(379)
Net assets	303,660
Goodwill	77,096
Less: Non-controlling interests	(127,964)
	252,792
Satisfied by:	
Cash	252,792

21. ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(continued)*

(a) Acquisition *(continued)*

The non-controlling interests recognised at the Acquisition Date was measured at its proportionate share of recognised amounts of Rich Cypress Group's identifiable net assets. As the Group is in the process of completing the identification of separable intangible assets and the independent valuation to assess the provisional fair value of the identifiable assets acquired. They may be adjusted upon the completion of initial accounting year which shall not exceed one year from the respective acquisition date.

Included in the profit for the interim period is HK$869,000 attributable to the Group. Revenue for the interim period includes HK$14,416,000 is attributable to the Group.

Had the acquisition of Rich Cypress Group been effected at the beginning of the interim period, the total amount of revenue of the Group from continuing operations for the six months ended 31 March 2017 would have been HK$14,416,000, and the amount of the profit for the interim period from continuing operations would have been HK$869,000. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of the operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the interim period, nor is it intended to be a projection of future results.

(b) Disposal

On 21 February 2017, the Group entered into a sale and purchase agreement to dispose of its entire equity in its subsidiaries, Maxbonus Investments Limited ("Maxbonus"), 莎梵蒂珠寶貿易(上海)有限公司 ("莎梵蒂"), and Perfect Glory International Limited ("Perfect Glory") to an independent third party at a consideration of HK$1,000,000. The principal activities of Maxbonus, 莎梵蒂 and Perfect Glory are investment holdings and trading of jewellery products. The disposal was completed on 22 February 2017. The net assets of subsidiaries were as follows:

	HK$'000
Net assets disposed of	
Other receivables	35
Plant and equipment	6
Bank balances and cash	86
	127
Release of exchange reserves	(17,782)
Release of statutory reserves	(792)
Gain on disposal	17,447
Cash consideration received	1,000
Net cash inflow arising on disposal	914

22. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 March 2017 (30 September 2016: Nil).

23. OPERATING LEASE ARRANGEMENTS

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:

	At 31 March 2017 HK$'000 (Unaudited)	At 30 September 2016 HK$'000 (Audited)
Within 1 year	**5,812**	6,691
In 2 to 5 years, inclusive	**9,637**	9,741
After 5 years	**15,083**	15,877
	30,532	32,309

24. FAIR VALUE MEASUREMENTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices and ask prices, respectively;
- the fair value of other financial assets and financial liabilities (excluding held-for-trading investments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments; and
- the fair value of held-for-trading investments is calculated using quoted prices. Where such prices are not available, the fair value is estimated using discounted cash flow analysis and the applicable curve for the duration of the instruments. For contingent consideration receivable, the fair value is estimated using a probability model.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values due to their short-term maturities.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 — fair value measurement are those derived from quoted price (unadjusted) in active market for identical assets or liabilities.

Level 2 — fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 — fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

24. FAIR VALUE MEASUREMENTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

Fair value hierarchy at:

	Level 1		Level 2		Level 3		Total	
	31 March 2017 HK$'000	30 September 2016 HK$'000	**31 March 2017 HK$'000**	30 September 2016 HK$'000	**31 March 2017 HK$'000**	30 September 2016 HK$'000	**31 March 2017 HK$'000**	30 September 2016 HK$'000
Contingent consideration receivable	**–**	–	**–**	–	**26,652**	39,178	**26,652**	39,178
Financial assets held at FVTPL								
— Held-for-trading investments	**6,173**	43,340	**–**	–	**–**	–	**6,173**	43,340
Investment Properties	**–**	–	**–**	–	**397,712**	–	**397,712**	–

During the six months ended 31 March 2017 and year ended 30 September 2016, there were no transfer between Level 1, 2 and 3.

25. RELATED PARTY AND CONTINUING CONNECTED TRANSACTIONS

(a) In addition to a related party balances detailed in the condensed consolidated financial statements and respective notes, the Group entered into the following significant transactions with related parties during the period, some of which are also deemed to be connected parties pursuant to the Listing Rules:

	Six Months ended 31 March 2017 HK$'000	Six Months ended 31 March 2016 HK$'000
Sales of goods to Hengdeli Group	**14,855**	25,174

(b) **Key management compensation**

The key management personnel of the Group comprises the directors of the Company only. Details of compensation of directors are included in Note 7.

26. EVENTS AFTER THE REPORTING PERIOD

(a) 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. On 31 March 2017, the Group and the vendor entered into the third supplemental agreement to extend the Long Stop Date from 31 March 2017 to 31 May 2017. The acquisition has been completed on 11 May 2017.

(b) On 5 April 2017, the Company entered into a memorandum of understanding (the "MOU") with a company incorporated in Japan mainly focusing on the manufacturing of electric automotive and relevant components in relation to the possible acquisition by the Company of all the issued and outstanding shares and share options. Details of the MOU are set out in the announcement of the Company dated 5 April 2017.

(c) On 11 May 2017, immediately upon the completion of acquisition of 60% of the issued share capital of Power Boom International Limited and the issue of the consideration shares, the percentage of shareholding of the Company held by Alpha Key Investments Limited ("Alpha Key") has dropped from 12.24% to 6.8%. As a result, Alpha Key and Hengdeli Holdings Limited, which is the sole shareholder of Alpha Key, and their respective associates (as defined in the Listing Rules) have ceased to be the substantial shareholders (as defined in the Listing Rules) and connected persons (as defined in the Listing Rules) of the Company as from 11 May 2017. Accordingly, the transactions contemplated under the Agreement no longer constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group's revenue from continuing operations for the six months ended 31 March 2017 increased by 25.1% from approximately HK$186.6 million last year to approximately HK$233.4 million. The Group's gross profit from continuing operations amounted to HK$98.4 million (six months ended 31 March 2016: HK$74.2 million), the gross profit margin from continuing operations improved to 42.1% (six months ended 31 March 2016: 39.8%). The increase in both the Group's revenue and gross profit margin from continuing operations was attributable to the increase in contribution from interest income on loan financing business of HK$32.5 million (six months ended 31 March 2016: HK$13.9 million).

Profit attributable to shareholders was approximately HK$34.1 million (six months ended 31 March 2016: Loss attributable to shareholders of HK$34.6 million). The profit was attributable to (1) the increase in contribution from interest income on loan financing business of HK$32.5 million (six months ended 31 March 2016: HK$13.9 million), (2) the fair value gain on held-for-trading investment of HK$1.3 million (six months ended 31 March 2016: fair value loss on held-for-trading investment of HK$24.7 million), (3) The gain on sales of held-for-trading investment of HK$9.6 million (six months ended 31 March 2016: HK$Nil) and (4) the fair value gain on investment properties of HK$6.3 million (six months ended 31 March 2016: Nil).

During the period, the selling and distribution expenses from continuing operations of the Group increased by 3.6% to approximately HK$15.1 million, as compared to HK$14.6 million from the corresponding period last year. The Group's administrative expenses increased by 215% from approximately HK$21.3 million last year to approximately HK$67.1 million. The increase was attributable to (1) equity-settled share-based payment of HK$2.4 million (six months ended 31 March 2016: Nil) in relation to the share options granted in 19 July 2016, (2) the results of approximately six months consolidation of the accounts of Rich Cypress Limited since 12 October 2016, and (3) the acquisition cost of approximately HK$21.7 million (six months ended 31 March 2016: Nil), which was in relation to the acquisition of 60% of Power Boom International Limited and other potential investments.

BUSINESS REVIEW AND PROSPECTS

In the first half of the financial year, the revenue from domestic segment amounted to HK$186.5 million, increased by 8.0% as compared to the same period in 2016. Interest income from the loan finance segment increased by 134.5% from HK$13.9 million last year to approximately HK$32.5 million. Fair value gain and gain on sales of held-for-trading investment from the securities investment segment amounted to HK$1.3 million and HK$9.6 million respectively as compared to the fair value loss of HK$24.7 million in 2016. Rental income from the newly acquired business in Shenyang was amounted to HK$14.4 million (Six months ended 31 March 2016: Nil). Overall, the improvement of the result was attributable to the Group's continuous expansion in different business segments, and in its continuous reduction of its reliance on the luxury goods markets in Hong Kong and PRC.

On 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.

As for the gold mining business in Chi Feng, the production schedule of the Chi Feng gold mines has been delayed due to an extensive time has been spent on (i) reviewing and negotiating the construction cost of the infrastructure of the mining facilities with the PRC mining institution, and (ii) revision of production plan in compliance with the PRC safety regulation. The Group has been adopting stringent and prudent approach in the development plan and its implementation schedule in the Chi Feng gold mine and will adjust the development pace as and when appropriate.

Looking forward, the difficult economic conditions in PRC and Hong Kong is expected to persist, the Group will continue to adopt stringent cost control measures, employ appropriate strategies to further diversify its source of income and actively explore new business opportunities to cope with existing market environment.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2017, the bank balances and cash on hand of the Group amounted to HK$155.1 million (30 September 2016: HK$159.9 million). The Group's current assets and current liabilities were approximately HK$994.9 million and HK$232.6 million respectively (30 September 2016: current assets HK$887.8 million; current liabilities HK$130.7 million).

The Group's non-current assets amounted to approximately HK$948.7 million (30 September 2016: HK$732.7 million). The increase was due to the completion of acquisition of Rich Cypress Limited.

The Group's inventory turnover, trade receivables turnover and trade payables turnover periods were 484 days, 78 days and 71 days, respectively. These turnover periods are consistent with the respective policies of the Group on credit terms granted to customers and credit terms obtained from suppliers.

During the period under review, 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 31 March 2017, shareholder equity in the Group amounted to HK$1,453.0 million (30 September 2016: HK$1,433.4 million).

The Group's total interest bearing bank borrowings as at 31 March 2017 amounted to approximately HK$79.0 million (30 September 2016: HK$40.6 million). The interest bearing bank borrowing were mainly used for working capital purpose and carried at commercial lending interest rates.

CONTINGENT LIABILITIES

As at the end of the reporting period, the Group did not have any significant contingent liabilities.

MATERIAL ACQUISITIONS OR DISPOSALS

Save as disclosed below, there was no material acquisition or disposal of subsidiaries and associated companies by the Group during the six months ended 31 March 2017.

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 been completed on 11 May 2017.

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.

On 5 April 2017, the Company entered into a memorandum of understanding (the "MOU") with a company incorporated in Japan mainly focusing on the manufacturing of electric automotive and relevant components in relation to the possible acquisition by the Company (the "Possible Acquisition") of all the issued and outstanding shares and share options. Details of the MOU are set out in the announcement of the Company dated 5 April 2017.

FOREIGN EXCHANGE EXPOSURE

The sales and purchases of the Group were mostly denominated in the Swiss Franc, US dollars, Hong Kong dollars and Renminbi. The cash and cash equivalents and interest bearing borrowings of the Group were denominated in Hong Kong dollars, US dollars and Renminbi. Since the Group's exposure to fluctuations in foreign exchange rates was minimal, the Group did not use any hedging instruments.

CAPITAL STRUCTURE

As at 31 March 2017, the total number of shares of HK$0.1 each in the capital of the Company in issue was 2,451,771,105 and the capital and reserves attributable to the Company's equity holders amounted to HK$1,453.0 million (30 September 2016: HK$1,433.4 million).

Apart from those set out above, the current information in other management and discussion analysis has not changed materially from those information disclosed in the last published 2016 annual report.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 31 March 2017, the interests of the Directors in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") were as follows:

Director	Type of interests	Number of issued ordinary shares held	Number of Share options held	Total interests	Percentage of interest
Mr. Zhang Jinbing	Corporate (Note (a)&(b))	2,633,622,316	2,448,000	2,636,070,316	107.52%
Mr. Li Yifei	Personal (Note (b))	1,068,000	2,448,000	3,516,000	0.14%
Mr. Xiao Gang	Personal (Note (b))	–	2,448,000	2,448,000	0.10%
Mr. Wong Chi Ming, Jeffry	Personal (Note (b))	–	2,448,000	2,448,000	0.10%
Mr. Yu Fei, Philip	Personal (Note (b))	–	2,448,000	2,448,000	0.10%
Mr. Tam Ping Kuen, Daniel	Personal (Note (b))	–	2,448,000	2,448,000	0.10%
Mr. Zhu Zhengfu	Personal (Note (b))	–	2,448,000	2,448,000	0.10%

Notes:

(a) The interest disclosed represents the 673,622,316 shares held by Prestige Rich Holdings Limited, a company incorporated in the British Virgin Islands which is wholly owned by Mr. Zhang Jinbing by virtue of Section 344(3) of the SFO. 1,960,000,000 shares will be issued and allotted to Golden Mega Holdings Limited, a wholly-owned subsidiary of Mr. Zhang Jinbing, upon completion of a sale and purchase agreement pursuant to which the Company conditionally agreed to purchase, and Golden Mega Holdings Limited conditionally agreed to sell, 600 issued shares of Power Boom International Limited （盛力國際有限公司） at the consideration of HK$588 million, which shall be satisfied by the Company by way of allotment and issue of 1,960,000,000 shares.

(b) All the interests disclosed above represent long positions in the shares of the Company.

(c) Details of share options held by directors are shown in the section of "Share Options".

Mr. Zhang Jinbing is the sole shareholder of Prestige Rich Holdings Limited.

In addition to the above, certain Directors have non-beneficial personal equity interests in certain subsidiaries of the Company held in trust for the Company solely for the purpose of complying with the statutory minimum number of shareholders required for Hong Kong incorporated companies which was in force prior to 13 February 2004.

Save as disclosed above, as at 31 March 2017, none of the Directors, or their associate(s) had any interests or short positions in the shares or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period were the rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or its holding company or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in the Company or any other body corporate.

SHARE OPTION SCHEME

The Company operates a share option scheme ("Scheme") for the purpose of providing incentives and rewards to eligible participants (including, inter alia, employees, directors, advisors and consultants) who contribute to the success of the Group's operations. The Scheme became effective on 3 September 2002 ("Old Scheme") for a ten year period and was adopted on 12 August 2002. The Old Scheme expired on 11 August 2012 and a new share option scheme was adopted by the shareholders on 1 March 2013 ("New Scheme") and unless otherwise cancelled or amended, will remain in force for 10 years from the date of adoption.

Details of the New Scheme are:

(a) The maximum number of shares issuable upon exercise of the options which may be granted under the New Scheme and any other share option scheme of the Group to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting;

(b) The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the grant of the share options or other expiry date(s) stipulated in the New Scheme, whichever is the earlier;

(c) The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK$1 by the grantee; and

(d) The exercise price of the share options is determinable by the directors but may not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a trading day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the 5 trading days immediately preceding the date of the offer of the grant; or (iii) the nominal value of the Company's shares.

Details of options granted under the New Scheme are as follows:

Date of grant	No. of options	Exercise period	Exercise price per share (Note) HK$
19 July 2016	8,732,054	From 19 July 2017 to 18 July 2026	$0.65
19 July 2016	8,732,054	From 19 July 2018 to 18 July 2026	$0.65
19 July 2016	8,732,054	From 19 July 2019 to 18 July 2026	$0.65
19 July 2016	8,732,054	From 19 July 2020 to 18 July 2026	$0.65
19 July 2016	8,732,056	From 19 July 2021 to 18 July 2026	$0.65

Note: The exercise price of the share options is subject to adjustment in case of rights or bonus issues, or other similar changes in the Company's share capital.

SHARE OPTIONS

	Number of share options								
	As at 1 October 2016	Granted during the period	Lapsed/ Cancelled during the six months ended 31 March 2017	Exercise during the period	As at 31 March 2017	Date of grant	Exercise period	Exercise price per share HK$	Closing price of share immediate before date of grant HK$
Directors									
Mr. Zhang Jinbing	2,448,000	–	–	–	2,448,000	19 July 2016	Note 1	0.65	0.65
Mr. Wong Chi Ming, Jeffry	2,448,000	–	–	–	2,448,000	19 July 2016	Note 1	0.65	0.65
Mr. Yu Fei, Philip	2,448,000	–	–	–	2,448,000	19 July 2016	Note 1	0.65	0.65
Mr. Xiao Gang	2,448,000	–	–	–	2,448,000	19 July 2016	Note 1	0.65	0.65
Mr. Tam Ping Kuen, Daniel	2,448,000	–	–	–	2,448,000	19 July 2016	Note 1	0.65	0.65
Mr. Li Yifei	2,448,000	–	–	–	2,448,000	19 July 2016	Note 1	0.65	0.65
Mr. Zhu Zhengfu	2,448,000	–	–	–	2,448,000	19 July 2016	Note 1	0.65	0.65
Others									
Employees	26,524,272	–	–	–	26,524,272	19 July 2016	Note 1	0.65	0.65
Total	43,660,272	–	–	–	43,660,272				

Note 1: Subject to the rules of the share option Scheme, the options ("Options") are exercisable in the following manner for a period from the date of the acceptance of the options to 10 years from the date of grant:

Percentage of the Options that are vested and exercisable	Period for the exercise of the relevant Options
20%	From 19 July 2017 to 18 July 2026
Additional 20% (i.e. up to 40% in total)	From 19 July 2018 to 18 July 2026
Additional 20% (i.e. up to 60% in total)	From 19 July 2019 to 18 July 2026
Additional 20% (i.e. up to 80% in total)	From 19 July 2020 to 18 July 2026
Additional 20% (i.e. up to 100% in total)	From 19 July 2021 to 18 July 2026

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2017, the following persons (other than the information disclosed in the section of Directors' Interests) had interest in the shares and the underlying shares of the Company which (a) would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO; or (b) were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

Name	Number of issued ordinary shares and underlying shares held	Percentage of total issued
Hengdeli Holdings Limited	300,000,000 (Notes (a) and (d))	12.24%
Alpha Key Investments Limited	300,000,000 (Notes (a) and (d))	12.24%
Prestige Rich Holdings Limited	673,622,316 (Notes (c) and (d))	27.47%
Zhang Jinbing	2,636,070,316 (Notes (b), (c) and (d))	107.52%
Golden Mega Holdings Limited	1,960,000,000 (Note (b) and (d))	79.94%

Notes:

(a) Alpha Key Investments Limited is a controlled corporation of Hengdeli Holdings Limited which is deemed to be interested in the same parcel of shares.

(b) 1,960,000,000 shares will be issued and allotted to Golden Mega Holdings Limited, a wholly-owned subsidiary of Mr. Zhang Jinbing, upon completion of a sale and purchase agreement pursuant to which the Company conditionally agreed to purchase, and Golden Mega Holdings Limited conditionally agreed to sell, 600 issued shares of Power Boom International Limited at the consideration of HK$588 million, which shall be satisfied by the Company by way of allotment and issue of 1,960,000,000 shares.

(c) These interests are also included as corporate interests of Mr. Zhang Jinbing, as disclosed under the heading "Directors' interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporations".

(d) All the interests stated above represent long positions in the shares of the Company.

Save as disclosed above, as at 31 March 2017, there was no person who (i) had an interest or short position in the shares and underlying shares of the Company which (a) would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO; or (b) were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein; or (ii) were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying the right to vote in all circumstances at general meetings of the Company or any options in respect of such capital.

EMPLOYEES AND EMPLOYMENT POLICIES

As at 31 March 2017, the Group had a staff roster of 209 (30 September 2016: 81). The remuneration of employees was in line with market trend and commensurate to the levels of pay in the industry and to the performance of individual employees that are regularly reviewed each year.

The Group has established a share option scheme for its employees and other eligible participants with a view to providing an incentive to or as a reward for their contribution to the Group.

REVIEW ON PROVISION OF FINANCIAL ASSISTANCE AND ADVANCES TO AN ENTITY

On 29 September 2016, the Company granted two loans of RMB120,000,000 each at interest rate of 12% per annum for a term of 36 months from the drawdown date to 廣州寶長勝貿易有限公司 and 貴州國鼎金實礦業有限公司 respectively, both of the loans were drawn on 29 September 2016. Details of the loans were disclosed in the announcements of the Company dated 27 January 2017. Both of the loans remain outstanding as at 31 March 2017.

PLEDGE OF ASSETS

At 31 March 2017, trade receivables of approximately HK$15.4 million (30 September 2016: trade receivable and held-for-trading investment of HK$67.5 million) were pledged to secure the Group's bank borrowings and other credit facilities.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period.

CORPORATE GOVERNANCE

None of the directors of the Company is aware of information that would reasonably indicate that the Company is not, or was not during the six months ended 31 March 2017 in compliance with the code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") except the following deviation:

CODE PROVISION E.1.2

The chief executive officer attended 2017 annual general meeting ("2017 AGM") to answer questions and collect views of shareholders. Though other directors 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules regarding securities transactions by its directors. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code. All the Directors confirmed that they have fully complied with the required standard set out in the Model Code during the period.

AUDIT COMMITTEE

The Company has an audit committee which was established, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. Currently the audit committee comprises the three independent non-executive Directors of the Company. The unaudited interim report for the period has been reviewed and approved by the audit committee.

INTERIM DIVIDEND

The Board does not declare an interim dividend for the six months ended 31 March 2017 (six months ended 31 March 2016: nil).

APPRECIATION

On behalf of the Board, I would like to express our appreciation to all our management and staff members for their ongoing contribution and hard work. We would also like to thank our shareholders for their continuing support.

On behalf of the Board
O Luxe Holdings Limited
Zhang Jinbing
Chairman

Hong Kong, 19 May 2017

As at the date of this report, the Company's executive directors are Mr. Zhang Jinbing, Mr. Ho King Fung, Eric, Mr. Wong Chi Ming, Jeffry and Mr. Yu Fei, Philip and non-executive director namely Mr. Xiao Gang and the independent non-executive directors are Dr. Zhu Zhengfu, Dr. Li Yifei and Mr. Tam Ping Kuen, Daniel.