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O Luxe Holdings Limited

奧立仕控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 860)

2016 INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 MARCH 2016

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 2016, 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 2016

		For the six months ended 31 March	
		2016	2015
		HK\$’000	HK\$’000
	<i>Notes</i>	(Unaudited)	(Unaudited)
			(Restated)
CONTINUING OPERATIONS			
Revenue	4	186,554	149,117
Cost of sales		(112,392)	(114,289)
Gross profit		74,162	34,828
Change in fair value of contingent consideration receivable		(15,320)	120,758
Other revenue and net gains	4	2,647	814
Amortisation of intangible assets		(5,309)	(11,267)
Fair value loss on held-for-trading investment		(24,682)	–
Impairment loss on goodwill		–	(79,317)
Reversal of/(Impairment loss) on intangible assets		3,207	(79,878)
Selling and distribution expenses		(14,559)	(19,018)
Administrative expenses		(21,344)	(16,122)

	Notes	For the six months ended 31 March	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Restated)
Loss from operating activities	6	(1,198)	(49,020)
Finance costs	7	(1,948)	(2,820)
Loss before taxation		(3,146)	(51,840)
Income tax (expense)/credit	8	(3,386)	14,025
Loss for the period from continuing operation		(6,532)	(37,815)
DISCONTINUED OPERATION			
Loss for the period from discontinued operation	9	(4,423)	(978)
Loss for the period		(10,955)	(38,793)
Items that may be classified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		(14,894)	(8,943)
Total comprehensive expenses for the period		(25,849)	(47,736)
Loss for the period attributable to:			
Owners of the Company		(11,290)	(34,864)
Non-controlling interests		335	(3,929)
		(10,955)	(38,793)
Total comprehensive expenses attributable to:			
Owners of the Company		(26,342)	(42,436)
Non-controlling interests		493	(5,300)
		(25,849)	(47,736)
Loss per share from continuing and discontinued operations — Basic and diluted	11	<u>HK(0.46) cents</u>	<u>HK(0.46) cents</u>
Loss per share from continuing operations — Basic and diluted		<u>HK(0.28) cents</u>	<u>HK(0.44) cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2016

		At 31 March 2016 <i>HK\$'000</i> <i>(Unaudited)</i>	At 30 September 2015 <i>HK\$'000</i> <i>(Audited)</i>
	<i>Notes</i>		
Non-current assets			
Intangible assets	<i>12</i>	112,111	115,871
Property, plant and equipment		5,354	16,672
Goodwill		29,555	29,555
Contingent consideration receivable	<i>13</i>	48,451	63,771
		<u>195,471</u>	<u>225,869</u>
Current assets			
Inventories		306,711	278,508
Trade and other receivables	<i>14</i>	90,836	133,053
Loan receivables	<i>15</i>	239,500	203,000
Held-for-trading investments		53,214	66,869
Amount due from shareholder of a subsidiary		5,066	5,165
Bank balances and cash		736,188	758,939
		<u>1,431,515</u>	<u>1,445,534</u>
Assets of discontinued operation classified as held for sale	<i>9</i>	24,255	–
		<u>1,455,770</u>	<u>1,445,534</u>
Current liabilities			
Trade payables	<i>16</i>	4,985	31,977
Accruals and other payables		34,126	27,128
Borrowings	<i>17</i>	70,886	61,060
Income tax payable		8,156	5,451
Liabilities of discontinued operations classified as held for sale	<i>9</i>	14,590	–
		<u>132,743</u>	<u>125,616</u>
Total current liabilities		<u>132,743</u>	<u>125,616</u>

		At 31 March	At 30 September
		2016	2015
		<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Notes</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
Net Current Assets		<u>1,323,027</u>	<u>1,319,918</u>
Total assets less current liabilities		1,518,498	1,545,787
Non-current liabilities			
Deferred tax liabilities	<i>18</i>	<u>27,019</u>	<u>28,459</u>
Net assets		<u><u>1,491,479</u></u>	<u><u>1,517,328</u></u>
Capital and reserves			
Share capital	<i>19</i>	245,177	245,177
Reserves		<u>1,219,328</u>	<u>1,245,670</u>
Equity attributable to the owners of the Company		1,464,505	1,490,847
Non-controlling interests		<u>26,974</u>	<u>26,481</u>
		<u><u>1,491,479</u></u>	<u><u>1,517,328</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2016

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 and mining.

These interim financial information for the six months ended 31 March 2016 was approved by the Board of Directors on 13 May 2016.

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 “Non-current Assets Held for Sale and Discontinued Operations” in this Interim Financial Information. The comparative information in this Interim Financial Information has been restated accordingly.

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 2015.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 19	Defined benefit plans: Employee Contribution
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedging accounting
Amendments to HKFRSs	Annual improvements to HKFRSs 2010–2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011–2013 cycle
HK(IFRIC)-INT 21	Levies

The executive directors of the Company anticipate that the adoption of these new and revised HKFRSs has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

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

Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations ¹
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortization ¹
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures ³
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 cycle ¹
Amendments to HKAS 27	Equity method in separate financial statements ¹
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture ¹
HKFRS 9	Financial instruments ³
HKFRS 15	Revenue from contracts with customers ²
HKFRS 14	Regulatory deferral accounts ⁴
Amendments to HKAS 1	Disclosure initiative ¹
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception ¹

¹ Effective for annual periods beginning on or after 1 January 2016.

² Effective for annual periods beginning on or after 1 January 2017.

³ Effective for annual periods beginning on or after 1 January 2018.

⁴ Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.

4. REVENUE AND OTHER REVENUE AND NET GAINS

Revenue of the Group comprises the following:

	For the six months ended 31 March	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Restated)
Continuing operation		
Sale of goods	172,676	149,117
Interest income on loan financing	13,878	–
	186,554	149,117
Continuing operation		
Other revenue		
Bank interest income	1,193	326
Watch repairing services	1,181	–
Sundry income	273	488
	2,647	814

5. 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 operation

- (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; and
- (c) Mining segment — the mining, exploration and sale of gold resources;
- (d) Money lending segment — provision of loan finance; and
- (e) Securities investments segment — trading of listed securities.

Segment information about these reportable segments is presented below:

(a) Segment revenues and results

For the six months ended 31 March

	Continuing operation								Total	
	Domestic		Mining		Money lending		Securities investments		2016	2015
	2016	2015	2016	2015	2016	2015	2016	2015		
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
		(Restated)		(Restated)		(Restated)		(Restated)		(Restated)
Segment revenue:										
External sales	<u>172,676</u>	<u>149,117</u>	<u>-</u>	<u>-</u>	<u>13,878</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>186,554</u>	<u>149,117</u>
Segment results	<u>31,704</u>	<u>(28,822)</u>	<u>(384)</u>	<u>(12,844)</u>	<u>12,016</u>	<u>-</u>	<u>(24,682)</u>	<u>-</u>	<u>18,654</u>	<u>(41,666)</u>
Unallocated corporate income and expenses									<u>(25,186)</u>	<u>3,851</u>
Loss for the period from continuing operation									<u>(6,532)</u>	<u>(37,815)</u>

The segment results represent the results earned by each segment without allocation of 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

	Continuing operation									
	Domestic		Mining		Money lending		Securities investments		Total	
	At	At								
	31 March 2016 HK\$'000 (Unaudited)	30 September 2015 HK\$'000 (Audited)								
ASSETS										
Segment assets	<u>345,997</u>	<u>396,596</u>	<u>88,511</u>	<u>88,346</u>	<u>251,497</u>	<u>206,877</u>	<u>53,214</u>	<u>66,869</u>	<u>739,219</u>	<u>758,688</u>
Unallocated segment assets									<u>887,767</u>	<u>912,715</u>
Total assets									<u><u>1,626,986</u></u>	<u><u>1,671,403</u></u>
LIABILITIES										
Segment liabilities	<u>26,020</u>	<u>46,957</u>	<u>1,626</u>	<u>948</u>	<u>2,335</u>	<u>-</u>	<u>5,002</u>	<u>-</u>	<u>34,983</u>	<u>47,905</u>
Unallocated segment liabilities									<u>110,189</u>	<u>106,170</u>
Total liabilities									<u><u>145,172</u></u>	<u><u>154,075</u></u>

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

- all assets are allocated to operating segments, other than contingent consideration receivables 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.

(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	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
		(Restated)		(Restated)
Europe	—	—	—	—
Middle East and Asia	186,554	149,117	147,022	162,098
	186,554	149,117	147,022	162,098

Note: Non-current assets excluded contingent consideration receivable.

6. LOSS FROM OPERATING ACTIVITIES

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

	For the six months ended 31 March	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Restated)
Continuing operations		
Cost of inventories sold	112,392	114,289
Depreciation of property, plant and equipment	639	3,041
Minimum lease payments under operating leases on leasehold land and buildings	5,360	2,047
Staff costs (excluding directors' remuneration):		
— wages, salaries and other benefits	9,676	8,142
— retirement benefits scheme contributions	208	718
— directors' remuneration	1,719	310

7. FINANCE COSTS

	For the six months ended 31 March	
	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited) (Restated)
Continuing operations		
Interest on bank loans wholly repayable within five years	<u>1,948</u>	<u>2,820</u>

8. INCOME TAX EXPENSE/(CREDIT) (RELATING TO CONTINUING OPERATION)

	For the six months ended 31 March	
	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited) (Restated)
Current period provision		
Hong Kong Profits Tax	2,597	174
Overseas taxation	186	751
Deferred taxation	<u>603</u>	<u>(14,950)</u>
Income tax expense/(credit)	<u>3,386</u>	<u>(14,025)</u>

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.

9. 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.

Management has actively seeking for potential buyers in the market and considered that the sale is highly probable.

Accordingly, management reclassified Omas’s all assets and liabilities as assets of discontinued operation classified as held for sale and liabilities of discontinued operation classified as held for sale as at 31 March 2016, as the carrying amount would be recovered principally through sale, the assets and liabilities of Omas are available for immediate sale.

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

	For the six months ended 31 March	
	2016	2015
	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)
		(Restated)
Revenue	–	8,338
Cost of sales	–	(5,829)
Selling and distribution expenses	–	(1,421)
Administrative expenses	<u>(4,423)</u>	<u>(2,066)</u>
Loss of the discontinued operation	<u>(4,423)</u>	<u>(978)</u>
Loss for the period from discontinued operation include the following		
Depreciation	<u>–</u>	<u>301</u>

The assets and liabilities of Omas included in the consolidated statement of financial position are as follows:

	31 March 2016 <i>HK\$'000</i> <i>(Unaudited)</i>
Assets	
Property, plant and equipment	10,913
Inventories	10,216
Trade receivables	2,311
Bank balances and cash	<u>815</u>
Transfer to assets of discontinued operation classified as held for sale	<u><u>24,255</u></u>
Liabilities	
Trade and other payables	11,183
Provision	1,344
Deferred tax liabilities	<u>2,063</u>
Transfer to liabilities of discontinued operation classified as held for sale	<u><u>14,590</u></u>
Non-controlling interests	<u><u>957</u></u>
Net assets of discontinued operations directly attributable to the Group	<u><u>8,708</u></u>

10. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 31 March 2016 (for the six months ended 31 March 2015: Nil).

11. LOSS PER SHARE

The calculation of basis loss per share from continuing and discontinued operation is based on the loss for the six months ended 31 March 2016 attributable to the owners of the Company of approximately HK\$11,290,000 (six months ended 31 March 2015: loss of approximately HK\$34,864,000) and the weighted average number of 2,451,771,105 (2015: 7,619,499,891) ordinary shares in issue during the period.

The calculation of basis loss per share from continuing operations is based on the loss for the six months ended 31 March 2016 attributable to the owners of the Company before discontinued operation of approximately HK\$6,867,000 (six months ended 31 March 2015: HK\$33,886,000) and the weighted average number of 2,451,771,105 (2015: 7,619,499,891) ordinary shares in issue during the period.

The computation of diluted loss per share for the six months ended 31 March 2016 is the same as the basic loss per share because the Company had no dilutive potential shares.

12. INTANGIBLE ASSETS

	Mining rights <i>HK\$'000</i>	Distribution rights <i>HK\$'000</i>	Trademarks <i>HK\$'000</i>	Total <i>HK\$'000</i>
Carrying amount at 1 October 2015 (Audited)	86,877	28,994	–	115,871
Exchange realignment	(1,658)	–	–	(1,658)
Amortisation for the period	–	(5,309)	–	(5,309)
Reversal of impairment loss (<i>Note</i>)	–	3,207	–	3,207
	<u>86,877</u>	<u>28,994</u>	<u>–</u>	<u>115,871</u>
Carrying amount at 31 March 2016 (Unaudited)	<u>85,219</u>	<u>26,892</u>	<u>–</u>	<u>112,111</u>
Carrying amount at 1 April 2015 (Unaudited)	78,264	7,168	6,026	91,458
Exchange realignment	(2,441)	(74)	(45)	(2,560)
Amortisation for the period	–	(15,536)	–	(15,536)
Reversal of impairment loss/ (Impairment loss recognized)	11,054	37,436	(5,981)	42,509
	<u>11,054</u>	<u>37,436</u>	<u>(5,981)</u>	<u>42,509</u>
Carrying amount at 30 September 2015 (Audited)	<u>86,877</u>	<u>28,994</u>	<u>–</u>	<u>115,871</u>

Note: During the six months ended 31 March 2016, based on the valuation report prepared by Grant Sherman Appraisal Limited (“Grant Sherman”), a reversal of impairment loss of HK\$3,207,000 of the Group’s distribution rights was made.

13. CONTINGENT CONSIDERATION RECEIVABLE

At fair value	<i>HK\$'000</i>
At 1 April 2015	129,498
Change in fair value	<u>(65,727)</u>
At 30 September 2015	63,771
Change in fair value	<u>(15,320)</u>
At 31 March 2016	<u>48,451</u>

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

The fair value of the contingent consideration receivable at 31 March 2016 and 30 September 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.

Inputs into Monte Carlo simulation	31 March 2016	30 September 2015
Profit guarantee amount	HK\$69,000,000	HK\$69,000,000
Standardised SD of profit	56.3%	49.7%
Number of iterations	1,000,000	1,000,000
Discount rate	0.60%	0.53%
Time to settlement date	2.17	2.67

14. TRADE AND OTHER RECEIVABLES

	At 31 March 2016 <i>HK\$'000</i> <i>(Unaudited)</i>	At 30 September 2015 <i>HK\$'000</i> <i>(Audited)</i>
Trade receivables	40,583	118,610
Less: Impairment loss recognised	—	(69,668)
	<u>40,583</u>	<u>48,942</u>
Deposits, prepayment and other receivables	40,299	54,347
Interest receivables	9,954	3,870
Amount due from a related party (<i>Note</i>)	—	60,000
	<u>50,253</u>	118,217
Less: Impairment loss recognised	—	(34,106)
	<u>50,253</u>	84,111
	<u><u>90,836</u></u>	<u><u>133,053</u></u>

Note: The amount represents the profit guarantee compensation due from Hengdeli International Company Limited and is interest free, unsecured and repayable on demand.

Certain trade receivables with carrying amount of HK\$26,680,000 as at 31 March 2016 (30 September 2015: HK\$15,286,000) are pledged against short-term bank borrowings (see Note 17) granted to the Group.

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

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 2016 HK\$'000 (Unaudited)	At 30 September 2015 HK\$'000 (Audited)
1–30 days	11,421	39,791
31–60 days	3,435	4,248
61–90 days	6,597	1,687
Over 90 days	19,130	3,216
	<u>40,583</u>	<u>48,942</u>

15. LOAN RECEIVABLES

	At 31 March 2016 HK\$'000 (Unaudited)	At 30 September 2015 HK\$'000 (Audited)
Within 12 months	<u>239,500</u>	<u>203,000</u>

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 12%–21.6% (30 September 2015: 12%–21.6%) per annum and was entered with contractual maturity within 6–12 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.

16. 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 2016 <i>HK\$'000</i> <i>(Unaudited)</i>	At 30 September 2015 <i>HK\$'000</i> <i>(Audited)</i>
1–30 days	4,513	31,975
31–60 days	–	–
61–90 days	–	2
91–120 days	472	–
	<u>4,985</u>	<u>31,977</u>

17. BORROWINGS

	At 31 March 2016 <i>HK\$'000</i> <i>(Unaudited)</i>	At 30 September 2015 <i>HK\$'000</i> <i>(Audited)</i>
Secured bank loans (<i>Note</i>)	<u>70,886</u>	<u>61,060</u>

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

	At 31 March 2016 <i>HK\$'000</i> <i>(Unaudited)</i>	At 30 September 2015 <i>HK\$'000</i> <i>(Audited)</i>
Carrying amounts repayable: On demand or within one year	<u>70,886</u>	<u>61,060</u>

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

	At 31 March 2016 HK\$'000 (Unaudited)	At 30 September 2015 HK\$'000 (Audited)
Trade receivables	<u>20,680</u>	<u>15,286</u>

Note: Bank loans bear interest at variable rates by reference to the People's Bank of China's lending rate, ranging from 5% to 7% per annum (30 September 2015: 5% to 7% per annum).

18. DEFERRED TAX LIABILITIES

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

	Total HK\$'000
At 1 April 2015 (Unaudited)	34,846
Exchange realignment	(1,587)
Debit/(Credit) to profit and loss	<u>(4,800)</u>
At 30 September 2015 (Audited)	28,459
Exchange realignment	(3)
Debit to profit and loss	626
Transfer to liabilities of discontinued operations classified as held for sale	<u>(2,063)</u>
At 31 March 2016 (Unaudited)	<u><u>27,019</u></u>

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.

19. SHARE CAPITAL

	At 31 March 2016 <i>HK\$'000</i> <i>(Unaudited)</i>	At 30 September 2015 <i>HK\$'000</i> <i>(Audited)</i>
Authorised:		
10,000,000,000 Ordinary shares of HK\$0.1 each (30 September 2015: 10,000,000,000 Ordinary shares of HK\$0.1 each)	<u>1,000,000</u>	<u>1,000,000</u>
	Number of Shares <i>'000</i>	Nominal value <i>HK\$'000</i>
Issued and fully paid:		
At 1 April 2015 (Unaudited)	817,257	81,725
Open offer (<i>Note i</i>)	<u>1,634,514</u>	<u>163,452</u>
At 30 September 2015 (Audited) and At 31 March 2016 (Unaudited)	<u>2,451,771</u>	<u>245,177</u>

Notes:

- (i) On 23 April 2015, the Company completed the open offer on the basis two offer share for every one consolidated shares 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.

20. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 March 2016 (30 September 2015: Nil).

21. OPERATING LEASE ARRANGEMENTS

The Group leases certain premises under operating lease arrangements. Leases are negotiated for a term ranging from three to five 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 2016 <i>HK\$'000</i> <i>(Unaudited)</i>	At 30 September 2015 <i>HK\$'000</i> <i>(Audited)</i>
Within 1 year	7,921	8,452
In 2 to 5 years, inclusive	<u>2,825</u>	<u>6,097</u>
	<u><u>10,746</u></u>	<u><u>14,549</u></u>

22. 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).

Fair value hierarchy at 31 March 2016:

	Level 1		Level 2		Level 3		Total	
	31 March 2016	30 September 2015						
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Contingent consideration receivable	-	-	-	-	48,451	63,771	48,451	63,771
Financial assets held at FVTPL								
— Held-for-trading investments	<u>53,214</u>	<u>66,869</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,214</u>	<u>66,869</u>

During the six months ended 31 March 2016 and year ended 30 September 2015, there were no transfer between Level 1, 2 and 3.

23. RELATED PARTY AND CONTINUING CONNECTED TRANSACTIONS

- (a) In addition to a related party balances detailed in the 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 2016	Six Months ended 31 March 2014
	HK\$'000	HK\$'000
Sales of goods to Hengdeli Group	<u>25,174</u>	<u>20,014</u>

(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 17.

24. EVENTS AFTER THE REPORTING PERIOD

There was no material event after the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group's revenue from continuing operations for the six months ended 31 March 2016 increased by 25.2% from approximately HK\$149.1 million last year to approximately HK\$186.6 million. The Group's gross profit from continuing operations amounted to HK\$74.2 million (six months ended 31 March 2015: HK\$34.8 million), the gross profit margin from continuing operations improved to 39.8% (six months ended 31 March 2015: 23.4%). The increase in both the Group's revenue and gross profit margin from continuing operations was attributable to (1) the contribution from interest income on loan financing business of HK\$13.9 million (six months ended 31 March 2015: Nil) and (2) the results of six months consolidation of the accounts of Sinoforce Group Limited while there was only three months consolidation of the accounts in the same period of 2015.

Loss attributable to shareholders was approximately HK\$26.3 million (six months ended 31 March 2015: Loss attributable to shareholders of HK\$42.4 million). The loss was attributable to (1) the change in fair value of contingent consideration receivable of approximately HK\$15.3 million, the fair value was decreased from approximately HK\$63.8 million on 30 September 2015 to approximately HK\$48.5 million. Details of the key assumptions used in the calculation of contingent consideration receivable are set out in Note 13. (2) the fair value loss on held-for-trading investment of HK\$24.7 million due to the turmoil in financial market for the period under review.

During the period, the selling and distribution expenses from continuing operations of the Group decreased by 23.2% to approximately HK\$14.6 million, as compared to HK\$19.0 million from the corresponding period last year. The Group's administrative expenses increased by 32.2% from approximately HK\$16.1 million last year to approximately HK\$21.3 million. The increase was largely reflected the results of six months consolidation of the accounts of Sinoforce Group Limited while there was only three months consolidation of the accounts in the same period of 2015.

For the money lending and investments in securities business, the Group recorded interest income and the fair value loss on held-for-trading investments of HK\$13.9 million (six months ended 31 March 2015: Nil) and HK\$24.7 million (six months ended 31 March 2015: Nil) respectively.

For the period under review, the Group has further provided liquidation cost of approximately HK\$4.4 million in relation to its subsidiary, Omas SRL, a company incorporated in Italy, which has ceased business and started the liquidated process since 1 December 2015.

BUSINESS REVIEW AND PROSPECTS

In the first half of the financial year, the performance of the Group still affected by the moderating growth of the PRC economic and the deteriorating luxury retail market. During the period under review, the Group's revenue from continuing operations for the six months ended 31 March 2016 increased by 25.2% from approximately HK\$149.1 million last year to approximately HK\$186.6 million, loss attributable to shareholders was approximately HK\$26.3 million as compared to the loss attributable to shareholders of HK\$42.4 million for the same period last year.

To further consolidate the business, the Group decided to close down the underperforming manufacturing business of "OMAS" in Italy in November 2015. Accordingly, Omas SRL started the liquidated process on 1 December 2015, the Group has made further provision against the liquidation cost of HK\$4.4 million during the six months ended 31 March 2016.

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 challenging environment in PRC luxury goods market 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 2016, the bank balances and cash on hand of the Group amounted to HK\$736.1 million (30 September 2015: HK\$758.1 million). The Group's current assets and current liabilities were approximately HK\$1,455.8

million and HK\$132.7 million respectively (30 September 2015: current assets HK\$1,445.5 million; current liabilities HK\$125.6 million).

The Group's non-current assets amounted to approximately HK\$195.5 million (30 September 2015: HK\$225.9 million).

The Group's inventory turnover, trade receivables turnover and trade payables turnover periods were 499 days, 43 days and 8 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 2016, shareholder equity in the Group amounted to HK\$1,464.5 million (30 September 2015: HK\$1,490.8 million).

The Group's total interest bearing bank borrowings as at 31 March 2016 amounted to approximately HK\$70.9 million (30 September 2015: HK\$61.1 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

There was no material acquisition or disposal of subsidiaries and associated companies by the Group during the six months ended 31 March 2016.

EMPLOYEES AND EMPLOYMENT POLICIES

As at 31 March 2016, the Group had a staff roster of 88 (30 September 2015: 87). 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.

PLEDGE OF ASSETS

At 31 March 2016, trade receivables of approximately HK\$26.7 million (30 September 2015: HK\$15.3 million) were pledged to secure the Group's bank borrowings.

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 2016 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 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.

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 2016 (six months ended 31 March 2015: 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, 13 May 2016

As at the date of this announcement, the Company's executive directors are Mr. Zhang Jinbing, Mr. Wong Chi Ming, Jeffrey 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.