O Luxe Holdings Limited
奧立仕控股有限公司
(formerly known as Ming Fung Jewellery Group Limited (明豐珠寶集團有限公司))*
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 860)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2015

The board (the "Board") of directors (the "Directors") of O Luxe Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 30 September 2015, together with the comparative figures for the year ended 30 September 2014, as follows:

* *For identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 September 2015

	Notes	**2015** *HK$'000*	2014 *HK$'000*
Revenue	*4*	**365,201**	1,207,105
Cost of sales		**(283,853)**	(2,069,595)
Gross profit (loss)		**81,348**	(862,490)
Change in fair value of contingent consideration receivable	*14*	**53,277**	4,739
Other revenue and net gains	*5*	**9,084**	309
Selling and distribution expenses		**(34,903)**	(54,766)
Administrative expenses		**(48,121)**	(39,307)
Amortisation of intangible assets	*11*	**(26,803)**	(12,415)
Fair value loss on held-for-trading investments		**(42,316)**	–
Impairment loss on goodwill	*13*	**(79,317)**	(53,943)
Impairment loss on intangible assets	*11*	**(37,369)**	(68,920)
Impairment loss on property, plant and equipment		**(25,247)**	–
Impairment loss of trade and other receivables		**(64,715)**	(39,100)
Loss on deregistration/disposal of subsidiaries		**(146)**	(17,980)
Property, plant and equipment written-off		**(80)**	(3,457)
Loss from operating activities	*6*	**(215,308)**	(1,147,330)
Finance costs	*7*	**(4,270)**	(3,117)
Loss before taxation		**(219,578)**	(1,150,447)
Income tax credit	*8*	**13,957**	84,353
Loss for the year		**(205,621)**	(1,066,094)
Other comprehensive expenses			
Items that may be classified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**(27,807)**	(8,260)
Exchange reserve realised upon disposal of subsidiaries		**–**	(4,328)
Total other comprehensive expenses for the year		**(27,807)**	(12,588)
Total comprehensive expenses for the year		**(233,428)**	(1,078,682)

	Notes	**2015** *HK$'000*	2014 *HK$'000*
Loss for the year attributable to:			
Owners of the Company		**(199,626)**	(1,052,066)
Non-controlling interests		**(5,995)**	(14,028)
		(205,621)	(1,066,094)
Total comprehensive expenses for the year attributable to:			
Owners of the Company		**(231,175)**	(1,064,697)
Non-controlling interests		**(2,253)**	(13,985)
		(233,428)	(1,078,682)
			(Restated)
Loss per share	*10*		
Basic		**HK11.80 cents**	HK138.87 cents
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2015

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Intangible assets	*11*	**115,871**	111,118
Exploration and evaluation assets		**–**	–
Property, plant and equipment	*12*	**16,672**	47,484
Goodwill	*13*	**29,555**	29,555
Contingent consideration receivable	*14*	**63,771**	–
		225,869	188,157
CURRENT ASSETS			
Inventories		**278,508**	134,029
Trade and other receivables	*15*	**133,053**	625,951
Loan receivables		**203,000**	–
Contingent consideration receivable	*14*	**–**	118,246
Held-for trading investments		**66,869**	–
Amount due from a shareholder of a subsidiary		**5,165**	1,978
Bank balances and cash		**758,939**	202,042
		1,445,534	1,082,246
CURRENT LIABILITIES			
Trade payables	*16*	**31,977**	26,711
Other payables and accruals		**27,128**	18,089
Borrowings		**61,060**	63,095
Income tax payable		**5,451**	1,713
		125,616	109,608
NET CURRENT ASSETS		**1,319,918**	972,638

	Notes	**2015** HK$'000	2014 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,545,787**	1,160,795
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**28,459**	37,897
NET ASSETS		**1,517,328**	1,122,898
CAPITAL AND RESERVES			
Share capital	*17*	**245,177**	65,490
Reserves		**1,245,670**	1,028,674
Equity attributable to the owners of the Company		**1,490,847**	1,094,164
Non-controlling interests		**26,481**	28,734
TOTAL EQUITY		**1,517,328**	1,122,898

1. CORPORATE INFORMATION

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

With effect from 11 March 2015, the name of the Company was changed from Ming Fung Jewellery Group Limited to O Luxe Holdings Limited.

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

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

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

The Group has applied, for the first time in the current year, the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and a new interpretation.

Amendments to HKFRSs	Annual improvements to HKFRSs 2010–2012 Cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011–2013 Cycle
Amendments to HKAS 19	Defined benefit plans: Employee contributions
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
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 hedge accounting
HK(IFRIC)-Int 21	Levies

The application of the amendments to HKFRSs and a new interpretation in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statement.

Part 9 of Hong Kong Companies Ordinance (Cap. 622)

In addition, the annual report requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year. As a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

New and revised HKFRSs issued but not yet effective

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

HKFRS 9	Financial instruments[1]
HKFRS 14	Regulatory deferral accounts[2]
HKFRS 15	Revenue from contracts with customers[3]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[4]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[4]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[4]
Amendments to HKAS 27	Equity method in separate financial statements[4]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[4]
Amendments to HKAS 1	Disclosure initiative[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[4]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012–2014 Cycle[4]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.
3 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
4 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

HKFRS 9 "Financial instruments"

A final version of HKFRS 9 (that includes classification and measurement of financial assets and financial liabilities, impairment and general hedge accounting) was issued in 2014.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at amortised cost or fair value. Debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods.

- An expected loss model (rather than an incurred loss model) has been adopted by HKFRS 9.

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

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

HKFRS 15 "Revenue from contracts with customers"

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

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

- Step 1: Identify the contract(s) with a customer

- Step 2: Identify the performance obligations in the contract

- Step 3: Determine the transaction price

- Step 4: Allocate the transaction price to the performance obligations in the contract

- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

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

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

The directors of the Company do not anticipate that the application of the other new and revised HKFRSs will have a material impact on the Group's consolidated financial statements.

3. SEGMENT INFORMATION

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

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

- Exports segment — export of manufactured jewellery products and writing instruments;
- Domestic segment — trading of jewellery products and watches for the Group's retail and wholesale business in Asia;
- Mining segment — the mining, exploration and sale of gold resources;
- Money lending segment — provision of loan finance; and
- Securities investments segment — trading of listed securities.

(a) Segment revenues and results

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

For the year ended 30 September

	Exports		Domestic		Mining		Money lending		Securities investments		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:												
External sales	**12,410**	19,489	**345,531**	1,187,616	**–**	–	**7,260**	–	**–**	–	**365,201**	1,207,105
Segment results	**(49,349)**	(67,243)	**(178,490)**	(1,034,249)	**(2,519)**	(31,665)	**3,648**	–	**(42,316)**	–	**(269,026)**	(1,133,157)
Unallocated corporate income and expenses											**49,448**	(17,290)
Loss before taxation											**(219,578)**	(1,150,447)

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

(b) Segment assets and liabilities

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

At 30 September

	Exports		Domestic		Mining		Money lending		Securities investments		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
ASSETS												
Segment assets	**23,250**	77,707	**396,596**	775,495	**88,346**	93,781	**206,877**	–	**66,869**	–	**781,938**	946,983
Unallocated segment assets											**889,465**	323,420
Total assets											**1,671,403**	1,270,403
LIABILITIES												
Segment liabilities	**8,523**	10,170	**46,957**	30,646	**948**	1,002	**–**	–	**–**	–	**56,428**	41,818
Unallocated segment Liabilities											**97,647**	105,687
Total liabilities											**154,075**	147,505

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

- all assets are allocated to operating segments, other than contingent consideration receivables, amount due from a shareholder of a subsidiary and bank balances and cash.

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

(c) Other segment information:

	Exports		Domestic		Mining		Money lending		Securities investments		Unallocated		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Amounts included in the measure of segment profit or loss or segment assets														
Additions to non-current assets *(Note)*	**754**	2,697	**75,772**	4,701	**–**	–	**–**	–	**–**	–	**49**	–	**76,575**	7,398
Allowances for inventories write-down	**(9,174)**	–	**(16,210)**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(25,384)**	–
Amortisation of intangible assets	**–**	–	**(26,803)**	(12,415)	**–**	–	**–**	–	**–**	–	**–**	–	**(26,803)**	(12,415)
Change in fair value of contingent consideration receivable	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**53,277**	4,739	**53,277**	4,739
Depreciation of property, plant and equipment	**(2,147)**	(1,732)	**(2,256)**	(6,838)	**–**	–	**–**	–	**–**	–	**(137)**	(149)	**(4,540)**	(8,719)
Gain on disposal of property, plant and equipment	**–**	–	**2**	–	**–**	–	**–**	–	**–**	–	**–**	–	**2**	–
Impairment loss on goodwill	**–**	(19,882)	**(79,317)**	(34,061)	**–**	–	**–**	–	**–**	–	**–**	–	**(79,317)**	(53,943)
Impairment loss on intangible assets	**(5,981)**	(41,561)	**(30,238)**	–	**(1,150)**	(27,359)	**–**	–	**–**	–	**–**	–	**(37,369)**	(68,920)
Fair value loss on held-for-trading investments	**–**	–	**–**	–	**–**	–	**–**	–	**(42,316)**	–	**–**	–	**(42,316)**	–
Impairment loss of trade and other receivables	**(2,271)**	–	**(61,539)**	(37,441)	**–**	(1,659)	**–**	–	**–**	–	**(905)**	–	**(64,715)**	(39,100)
Property, plant and equipment written off	**(78)**	–	**–**	(3,457)	**(2)**	–	**–**	–	**–**	–	**–**	–	**(80)**	(3,457)
Impairment loss on property, plant and equipment	**(25,247)**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(25,247)**	–
Loss on deregistration/ disposal of subsidiary	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(146)**	(17,980)	**(146)**	(17,980)
Bad debt recovered	**–**	–	**803**	–	**–**	–	**–**	–	**–**	–	**–**	–	**803**	–
Amounts regularly provided to the chief operating decision makers but not included in the measure of segment profit or loss or segment assets														
Interest income	**33**	–	**2,142**	92	**–**	–	**–**	–	**–**	–	**–**	–	**2,175**	92
Interest expenses	**–**	–	**(4,270)**	(3,117)	**–**	–	**–**	–	**–**	–	**–**	–	**(4,270)**	(3,117)

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

(d) Geographic information

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

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

	Revenue from external customers For the year ended 30 September		Non-current assets (Note) At 30 September	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Europe	**12,410**	19,489	**10,806**	48,781
Asia (including the PRC)	**352,791**	1,187,616	**151,292**	139,376
	365,201	1,207,105	**162,098**	188,157

Note: Non-current assets excluded contingent consideration receivable.

(e) Information about major customers

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

		2015	2014
		HK$'000	*HK$'000*
Customer A	Revenue generated from the domestic segment	**39,462**	143,751
Customer B	Revenue generated from the domestic segment	**–**	141,909

4. REVENUE

Revenue of the Group comprises the following:

	2015	2014
	HK$'000	*HK$'000*
Sales of goods	**357,941**	1,207,105
Interest income on loan financing	**7,260**	–
	365,201	1,207,105

5. OTHER REVENUE AND NET GAINS

	2015	2014
	HK$'000	*HK$'000*
Other revenue:		
Bank interest income	**2,175**	92
Bad debts recovered	**803**	–
Gain on contingent consideration receivable *(Note 14)*	**1,754**	–
Watch repairing services	**2,721**	–
Sundry income	**1,629**	217
	9,082	309
Other net gain:		
Gain on disposal of property, plant and equipment	**2**	–
	9,084	309

6. LOSS FROM OPERATING ACTIVITIES

Loss from operating activities is arrived at after charging:

	2015	2014
	HK$'000	*HK$'000*
Staff costs (excluding directors' remuneration):		
Wages, salaries and other benefits	**18,207**	17,779
Retirement benefits scheme contributions	**523**	2,163
	18,730	19,942
Auditor's remuneration	**2,080**	1,748
Cost of inventories sold	**258,469**	2,069,595
Inventories write-down (included in cost of sales)	**25,384**	–
Depreciation of property, plant and equipment	**4,540**	8,719
Minimum lease payments under operating leases on leasehold land and buildings	**11,037**	6,951

7. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interest expenses on:		
— bank loans wholly repayable within 5 years	**4,270**	3,117

8. INCOME TAX CREDIT

	2015	2014
	HK$'000	*HK$'000*
The income tax credit comprises:		
Current year		
— Hong Kong Profits Tax	**3,057**	1,679
— Overseas taxation	**(6)**	121
— PRC Enterprise Income Tax	**2,771**	10,314
	5,822	12,114
(Over) under-provision in previous years:		
— Hong Kong Profits Tax	**(47)**	–
— Overseas taxation	**–**	(73,117)
— PRC Enterprise Income Tax	**18**	69
Deferred taxation	**(19,750)**	(23,419)
Income tax credit for the year	**(13,957)**	(84,353)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the two years ended 30 September 2015 and 2014.

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. DIVIDENDS

No dividend was paid or proposed for the year ended 30 September 2015 (2014: Nil), nor has any dividend been proposed since the end of the reporting period.

10. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company of approximately HK$199,626,000 (2014: HK$1,052,066,000) divided by the weighted average number of ordinary shares of 1,692,290,710 (2014: 757,613,229) in issue during the year.

The weighted average number of ordinary shares for the purposes of calculating basic and diluted loss per share in 2014 has been adjusted for the share consolidation and open offer as completed and disclosed in the announcement of the Company dated 23 April 2015.

The computation of diluted loss per share for the years ended 30 September 2015 and 2014 is the same as the basic loss per share because the Company had no dilutive potential shares.

11. INTANGIBLE ASSETS

	Mining rights	Distribution rights	Trademarks	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Note i)	*(Note ii)*	*(Note iii)*	
Cost				
At 1 October 2013	352,620	55,150	48,466	456,236
Exchange realignment	(1,447)	(226)	(2,859)	(4,532)
At 30 September 2014	351,173	54,924	45,607	451,704
Exchange realignment	(11,326)	(1,771)	(5,310)	(18,407)
Additions through acquisition of subsidiaries *(Note 18)*	–	72,787	–	72,787
At 30 September 2015	339,847	125,940	40,297	506,084
Accumulated amortisation and impairment losses				
At 1 October 2013	233,802	29,137	–	262,939
Exchange realignment	(913)	(92)	(2,683)	(3,688)
Provided for the year	–	12,415	–	12,415
Impairment loss recognised	27,359	–	41,561	68,920
At 30 September 2014	260,248	41,460	38,878	340,586
Exchange realignment	(8,428)	(1,555)	(4,562)	(14,545)
Provided for the year	–	26,803	–	26,803
Impairment loss recognised	1,150	30,238	5,981	37,369
At 30 September 2015	252,970	96,946	40,297	390,213
Carrying amount				
At 30 September 2015	86,877	28,994	–	115,871
At 30 September 2014	90,925	13,464	6,729	111,118

Notes:

i. The Group obtained the mining rights granted by 赤峰市國土資源局 for the exploration of gold mine in certain area in Inner Mongolia in the PRC as part of a business combination in prior years. No amortisation was provided for the years ended 30 September 2015 and 2014 as the gold mines are still in a development stage and no mining activities are conducted.

   At 30 September 2015, the management has engaged an independent professional valuer, Grant Sherman Appraisal Limited ("Grant Sherman"), to carry out valuations on the mining rights for the purposes of an impairment review on the mining rights. As the future income stream was still uncertain, Grant Sherman adopted the market based approach, and the recoverable amount was determined based on the fair value less cost to sell. Fair value less cost to sell was determined in a similar manner as in 2014. Based on the valuation report, an impairment loss of approximately HK$1,150,000 (2014: HK$27,359,000) was recognised for the year ended 30 September 2015.

ii. The distribution rights consist of:

   (a) The distribution rights were related to an exclusive distributor to use the Gucci Marks in connection with the marketing, distribution, advertising, promoting and sale of the products in Hong Kong, Macau and the PRC in accordance with the distribution agreement signed between Luxury Timepieces (HK) Limited and Shenzhen Qijingda. The distribution agreement was for a five year period commencing from 1 January 2011. Amortisation is provided by using the straight line method over its remaining useful life. Based on valuation report prepared by Grant Sherman, no impairment loss was recognised for the year ended 30 September 2015 (2014: Nil).

   (b) The distribution rights were acquired as part of a business combination in this year relating to an exclusive right of the products of "GIRARD-PERREGAUX" and "JEANRICHARD" (collectively, the "Brands") in Hong Kong, Macau, the PRC and Taiwan in accordance with the distribution agreement signed between Sowind SA and Swiss Mechanical Times (Hong Kong) Limited. The distribution agreement was for a two year period commencing from 31 December 2014 assuming it would be renewable for further two years. Amortisation is provided by using straight line method over its remaining life. The management engaged Grant Sherman to carry out valuation on the distribution right for impairment review purpose. Grant Sherman adopted Multiperiod Excess Earnings Method ("MPEEM") of an income based approach using expected cash flow projection based on financial budgets, approved by management covering the period of 3.3 years up to the expiry of the distribution agreement. Based on the valuation report prepared by Grant Sherman, an impairment loss of approximately HK$30,238,000 was recognised during the year ended 30 September 2015.

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

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

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

Key assumptions used in the calculation of value of the distribution rights were discount rate, growth rate and budgeted revenue. The discount rate used 34.3% was a pre-tax measure based on the risk-free rate obtained from the yield on 10-year bonds issued by the government in the relevant market, adjusted for a risk premium to reflect specific risks relating to the cash-generating units. Budgeted revenue has been based on past experience and future expectations in the light of anticipated economic and market conditions.

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

As stated in Note 20, the Group's subsidiary owned the trademarks in Italy went to liquidation after the reporting period, and the carrying amount of trademark of approximately HK$5,981,000 at 30 September 2015 was accordingly fully impaired for the year ended 30 September 2015.

For the year ended 30 September 2014, based on the valuation report prepared by Grant Sherman, an impairment loss of approximately HK$41,561,000 was recognised for that year.

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$'000 (note i)	Leasehold improvement HK$'000	Plant and machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost						
At 1 October 2013	43,115	11,361	1,853	5,259	9,714	71,302
Exchange realignment	(2,457)	(32)	(152)	(179)	(50)	(2,870)
Additions	–	4,172	2,663	563	–	7,398
Disposal of subsidiaries	(1,389)	(1,666)	–	(1,875)	(4,140)	(9,070)
Written off *(note ii)*	–	(5,915)	–	–	–	(5,915)
At 30 September 2014	39,269	7,920	4,364	3,768	5,524	60,845
Exchange realignment	(4,627)	(247)	(407)	(323)	–	(5,604)
Additions	–	943	628	341	–	1,912
Additions through acquisition of subsidiaries *(Note 18)*	–	1,454	–	422	–	1,876
Disposals	–	(160)	(158)	(21)	–	(339)
Written off *(note ii)*	–	–	(78)	(2)	–	(80)
At 30 September 2015	34,642	9,910	4,349	4,185	5,524	58,610
Accumulated depreciation and impairment losses						
At 1 October 2013	967	4,553	1,172	2,196	3,399	12,287
Exchange realignment	(87)	(9)	(59)	(57)	(50)	(262)
Provided for the year	610	5,200	974	535	1,400	8,719
Eliminated on disposal of subsidiaries	(137)	(1,189)	–	(1,135)	(2,464)	(4,925)
Eliminated on written off	–	(2,458)	–	–	–	(2,458)
At 30 September 2014	1,353	6,097	2,087	1,539	2,285	13,361
Exchange realignment	(572)	(221)	(208)	(175)	–	(1,176)
Provided for the year	1,252	1,795	775	236	482	4,540
Disposals	–	–	(32)	(2)	–	(34)
Impairment loss recognised *(note iii)*	21,803	–	1,727	1,717	–	25,247
At 30 September 2015	23,836	7,671	4,349	3,315	2,767	41,938
Carrying amount						
At 30 September 2015	10,806	2,239	–	870	2,757	16,672
At 30 September 2014	37,916	1,823	2,277	2,229	3,239	47,484

Note:

(i) The leasehold land and buildings with a carrying amount of approximately HK$10,806,000 (2014: HK$37,916,000) is situated outside of Hong Kong and held under a long lease (2014: long lease).

(ii) During the year ended 30 September 2015, the net carrying values of the Group's property, plant and equipment amounting to approximately HK$80,000 (2014: HK$3,457,000) were written off due to obsolescence.

(iii) As stated in Note 20, the Group's subsidiary in Italy went to liquidation after the reporting period, and an impairment loss of approximately HK$25,247,000 (2014: Nil) was recognised for the year ended 30 September 2015.

13. GOODWILL

	HK$'000
Cost	
At 1 October 2013	675,520
Derecognised on disposal of a subsidiary	(11,569)
At 30 September 2014	663,951
Acquisition of subsidiaries *(Note 18)*	79,317
At 30 September 2015	743,268
Accumulated impairment losses	
At 1 October 2013	592,022
Recognised for the year	53,943
Derecognised on disposal of a subsidiary	(11,569)
At 30 September 2014	634,396
Recognised for the year	79,317
At 30 September 2015	713,713
Carrying amount	
At 30 September 2015	29,555
At 30 September 2014	29,555

Impairment test:

Goodwill set out above has been allocated to the individual cash generating units ("CGU") as at 30 September 2015. The carrying amounts of goodwill (net of accumulated impairment losses) at the end of the reporting period allocated to these are as follows:

	2015	2014
	HK$'000	*HK$'000*
Export	**–**	–
Domestic — Sinoforce Group	**–**	–
Domestic — Other	**29,555**	29,555
Mining	**–**	–
	29,555	29,555

Export

The recoverable amount of the export CGU is the higher of the fair value less cost to sell or value-in-use. At 30 September 2014, the recoverable amount of this CGU was determined based on the fair value less costs to sell and based on the valuation report produced by Grant Sherman, the carrying amount of goodwill of approximately HK$19,882,000 at 30 September 2014, was fully impaired for that year.

Domestic — Sinoforce Group

The goodwill associated with Sinoforce Group arose when that business was acquired by the Group on 18 December 2014 (see Note 18).

The recoverable amount of the domestic CGU was based on its value-in-use calculation using cash flow projections based on financial budgets approved by management covering the period of 5 years.

Based on the revaluation report prepared by Grant Sherman on 20 May 2015, the carrying amount of the goodwill of approximately HK$79,317,000 at 31 March 2015 was fully impaired during the interim period ended 31 March 2015 and the year ended 30 September 2015.

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

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

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

Key assumptions used in the calculation of value-in-use were discount rate, growth rate and budgeted revenue. The discount rate used 17.1% was a pre-tax measure based on the risk-free rate obtained from the yield on 10-year bonds issued by the government in the relevant market, adjusted for a risk premium to reflect specific risks relating to the CGUs. A growth rate ranging from 0% to 10% was used. Cash flow, beyond the five-year were projected by using a steady growth rate of 3%. Budgeted revenue has been based on past experience and future expectations in the light of anticipated economic and market conditions.

Domestic — Other

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

The recoverable amount of the domestic CGU was based on its value-in-use calculation using cash flow projections based on financial budgets approved by management covering the period of 5 years. Value in use in 2015 was determined in a similar manner as in 2014.

Key assumptions used in the calculation of value-in-use were discount rate, growth rate and budgeted revenue. The discount rate used 26.1% (2014: 28.5%) was a pre-tax measure based on the risk-free rate obtained from the yield on 10-year bonds issued by the government in the relevant market, adjusted for a risk premium to reflect specific risks relating to the CGUs. A growth rate ranging from 3% to 5% (2014: 5% to 10%) was used. Cash flow, beyond the five-year were projected by using a steady growth rate of 3% (2014: 3%). Budgeted revenue has been based on past experience and future expectations in the light of anticipated economic and market conditions. Based on the valuation report prepared by Grant Sherman, no impairment loss was recognised for the year (2014: HK$34,061,000).

Mining

Goodwill allocated to this CGU was contributed by Chi Zhou Donghai Mining Development Company Limited (池州東海礦業發展有限公司) ("Chi Zhou") and Chi Feng Guo Jin Mining Company Limited (赤峰國金礦業有限公司) ("Chi Feng") that owns the exploration rights and mining rights in certain area in the PRC September 2014. As Chi Zhou was disposed during the year ended 30 September 2014, the goodwill allocated was therefore derecognised for that year.

The carrying amount of all CGU was determined to be lower than its recoverable amount. Based on the valuation report prepared by Grant Sherman, the carrying amount of goodwill allocated was fully impaired during the year ended 30 September 2013.

14. CONTINGENT CONSIDERATION RECEIVABLE

At fair value	*Notes*	*HK$'000*
At 1 October 2013		113,507
Change in fair value		4,739
At 30 September 2014	*(i)*	118,246
Compensation from profit guarantee	*(i)*	(120,000)
Gain on contingent consideration receivable	*(i)*	1,754
Acquisition of subsidiary	*(ii)*	10,494
Change in fair value		53,277
At 30 September 2015		63,771

Notes:

(i) The fair value of contingent consideration receivable is related to the acquisition of Omas Int'l and its former owner's profit guarantee for Omas Int'l's total net profits of HK$120,000,000 for the financial years ended 31 December 2012, 2013 and 2014. As the vendor of Omas Int'l had not met the profit guarantee, a compensation of HK$120,000,000 was obtained and a gain of approximately HK$1,754,000 (see Note 5) was therefore recognised from the difference arising upon settlement. During the year, HK$60,000,000 was received and the outstanding balance of HK$60,000,000 was included in other receivables at 30 September 2015 (see Note 15).

The receivable is unsecured and repayable within 12 months of the end of the profit guarantee period.

(ii) The fair value of the contingent consideration receivable is related to profit guarantee of HK$69,000,000 by the vendor of Sinoforce Group and Zhang Jinbing for three financial years ending 31 December 2015, 2016 and 2017 (see Note 18).

The fair value of the contingent consideration receivable at 30 September 2015 and 2014 are based on the valuations performed by Grant Sherman, using a Monte Carlo simulation and probability model respectively.

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	**2015**
Profit guarantee amount	**HK$69,000,000**
Standardised SD of profit	**49.7%**
Number of iterations	**1,000,000**
Discount rate	**0.53%**
Time to settlement date	**2.67**

Inputs into probability model	2014
Profit guarantee amount	HK$120,000,000
Scenario	**Probability**
Optimistic	20%
Base	60%
Pessimistic	20%
Settlement date	7 January 2015
Discount rate	5.58%
Discount factor	0.985384

15. TRADE AND OTHER RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**118,610**	630,009
Less: Impairment loss recognised	**(69,668)**	(37,441)
	48,942	592,568
Deposits	**6,284**	623
Prepayment and other receivables	**48,063**	34,419
Interest receivables	**3,870**	–
Amount due from a related party *(Note)*	**60,000**	–
	118,217	35,042
Less: Impairment loss recognised	**(34,106)**	(1,659)
	84,111	33,383
	133,053	625,951

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$15,286,000 (2014: Nil) as at 30 September 2015 are pledged against short-term bank borrowings granted to the Group.

The Group normally allows credit terms to established customers ranging from 30 to 120 days. In addition, for certain customers with long-established relationship and good past repayment histories, a longer credit period may be granted. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

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

	2015	2014
	HK$'000	*HK$'000*
1–30 days	**39,791**	574,340
31–60 days	**4,248**	6,300
61–90 days	**1,687**	3,410
Over 90 days	**3,216**	8,518
	48,942	592,568

16. TRADE PAYABLES

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

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

	2015	2014
	HK$'000	*HK$'000*
1–30 days	**31,975**	26,188
31–60 days	**–**	23
61–90 days	**2**	51
Over 90 days	**–**	449
	31,977	26,711

17. SHARE CAPITAL

	Number of shares *'000*	Amount *HK$'000*
Ordinary shares		
Authorised:		
At 1 October 2013 and 30 September 2014 (HK$0.01 each)	10,000,000	100,000
Share consolidation *(Note iii)*	(9,000,000)	–
	1,000,000	100,000
Increased *(Note iii)*	9,000,000	900,000
At 30 September 2015 (HK$0.1 each)	10,000,000	1,000,000
Issued and fully paid:		
At 1 October 2013	4,366,027	43,660
Issue of shares upon open offer *(Note i)*	2,183,014	21,830
As 30 September 2014	6,549,041	65,490
Issues of shares by acquisition of subsidiaries *(Note ii)*	1,623,529	16,235
Share consolidation *(Note iii)*	(7,355,313)	–
Issue of shares upon open offer *(Note iv)*	1,634,514	163,452
At 30 September 2015	2,451,771	245,177

Notes:

(i) On 10 April 2014, the Company completed the open offer on the basis one offer share for every two shares held on the record date and 2,183,013,646 shares were issued. The net proceeds from the open offer was approximately HK$172,100,000 and would be used as general working capital for the Group.

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

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

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

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

18. ACQUISITION OF SUBSIDIARIES

Business Combination

Acquisition of Sinoforce Group Limited ("Sinoforce Group") and its subsidiary

On 6 October 2014, the Group entered into the sale and purchase agreement to acquire the entire interest in Sinoforce Group, which directly hold 100% of Swiss Mechancial Times (Hong Kong) Limited, and indirectly hold the exclusive distribution right of the products of "GRAND-PERREGAUX" and "JEANRICHARD" in the territories of the mainland China, Macau, Hong Kong and Taiwan. The consideration for the acquisition is HK$138 million and was satisfied by the Company to allot and issue to the vendor 1,623,529,411 new shares, credited as fully paid, at the issue price of HK$0.085 per share upon completion of the acquisition. The fair value of the shares to be issued was determined using the published closing price of HK$0.087 at the date of completion, amounting to approximately HK$141 million. The completion date of the acquisition was on 18 December 2014, which is also the acquisition date ("Acquisition Date") for accounting purpose. Sinoforce Group is an investment holding company incorporated in the British Virgin Islands.

	Acquirees' fair value at acquisition date
	HK$'000
Assets acquired and liabilities recognized at the date of acquisition were as follows:	
Plant and equipment	1,876
Distribution rights *(Note 11)*	72,787
Inventories	115,563
Trade receivables	1,960
Prepayment, deposit and other receivables	3,597
Bank balances and cash	3,393
Trade payables	(51,466)
Other payables and accruals	(84,729)
Deferred tax liabilities	(12,010)
Net assets	50,971
Goodwill arising on acquisition *(Note 13)*	79,317
Total consideration	130,288
Total purchase consideration satisfied by:	
Issuance of new shares	140,782
Contingent consideration receivables *(Note)*	(10,494)
	130,288
Net cash inflow arising on acquisition:	
Bank balances and cash acquired	3,393

Note: An arrangement requires the former owner of Sinoforce Group to guarantee the Group that the total net profits of Sinoforce Group after tax for the financial years ended 31 December 2015, 2016 and 2017 shall not be less than HK$69 million. If the total net profits fail to meet in the sum of HK$69,000,000 by 31 December 2017, the former owner shall have the option either: (i) to compensate the Group on the shortfall to the total net profits in cash based on the formula (amount of compensation = (HK$69,000,000 – actual net profits) x 2), or (ii) to have the actual number of the consideration shares to be released to the former owner or its nominee(s) by the escrow agent on the payment date downward adjusted in accordance with the formula (adjusted number of consideration shares = actual net profits/HK$69,000,000 x 1,623,529,411 shares). Fair value of contingent consideration receivable of HK$10,494,000 at date of acquisition is based on valuation results of Grant Sherman, by using the method of Monte Carlo simulation.

Goodwill arising on the acquisition of Sinoforce Group in the current year is determined on the fair value of the net identifiable assets acquired. The management of the Company has engaged an independent professional valuer, Grant Sherman Appraisals Limited, to carry out a valuation on the fair value of the net identifiable assets acquired and contingent consideration receivable as at date of acquisition.

Net cash in on acquisition of subsidiary

	Acquirees' fair value at acquisition date *HK$'000*
Consideration paid in cash	–
Less: cash and cash equivalent balance acquired	(3,393)
	(3,393)

Impact if acquisitions on the results of the Group

Included in the loss for the year is HK$29,126,000 attributable to the additional business generated by Sinoforce Group. Revenue for the year includes HK$73,130,000 in respect of Sinoforce Group.

Had these business combinations been effected at 1 October 2014, the revenue of the Group from continuing operations would have been HK$97,893,000, and the loss for the year from continuing operations would have been HK$28,198,000. The director of the Group consider these 'pro-forma' numbers to represent and approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

In determining the 'pro-forma' revenue and loss of the Group had Sinoforce Group been acquired at the beginning of the current year, the directors have:

- Calculated depreciation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements; and

- Based borrowing costs on the funding levels, credit ratings and debt/equity position of the Group after the business combination.

19. CONTINGENT LIABILITIES

The Group did not have any significant liabilities as at 30 September 2015 (2014: Nil).

20. EVENT AFTER THE REPORTING PERIOD

Due to continuously financial losses and severe adverse business environment in Europe, 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.

In view of the foregoing, for the year ended 30 September 2015, the Group (i) recognised impairment loss of approximately HK$25,247,000 to write down the property, plant and equipment; (ii) recognised impairment loss of approximately HK$5,981,000 for trademarks; (iii) provided an allowance of approximately HK$9,174,000 for write-down of inventories at 30 September 2015; (iv) provided an allowance for doubtful debts of approximately HK$2,271,000 for all outstanding receivables at 30 September 2015; and (v) provided a provision for redundancy of approximately HK$1,331,000.

In the opinion of the Directors, the cessation of the operation of Omas will not pose any liabilities, either actual or contingent which are material and have adverse effects to the Group.

The assets and liabilities of Omas included in the consolidated statement of financial position as at 30 September 2015 are as follows:

	HK$'000
Property, plant and equipment	10,806
Inventories	10,115
Trade receivables	2,288
Bank balances and cash	807
Trade and other payables	(6,693)
Provision	(1,331)
Deferred tax liabilities	(2,043)
	13,949

BUSINESS REVIEW AND PROSPECTS

Given the moderating growth of the PRC economy and the overall slackening landscapes in the luxury goods market, the Group's turnover for the year ended 30 September 2015 substantially decreased by 69.8% from approximately HK$1,207.1 million last year to HK$365.2 million. The decrease was mainly attributable to (1) the discount block sale of slow moving inventories in 2014, (2) the disposal of retail business in Liaoning in June 2014, and (3) the continuously weakening demand of luxury consumer goods market in Hong Kong and China. The Group's gross profit amounted to HK$81.3 million (2014: gross loss of HK$862.5 million). Loss attributable to shareholders for the year was approximately HK$199.6 million as compared to HK$1,052 million for the previous year.

On 18 December 2014, the Group successfully acquired the entire interest in Sinoforce Group Limited, which indirectly hold the exclusive distribution right of the products of "GIRARD-PERREGAUX" and "JEANRICHARD" in the territories of the mainland China, Macau, Hong Kong and Taiwan, the acquisition aimed at strengthening the Group's distributor business with a long-term perspective.

During the year ended 30 September 2015, the Group entered into the money lending and investments in securities business. The new businesses allow the Group to diversify its source of income with the aim of generating appropriate returns to our shareholders. During the year, the Group recorded interest income and the fair value loss on held-for-trading investments of HK$7.3 million and HK$42.3 million respectively.

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

To further consolidate the business, the Group decided to close down the underperforming manufacturing business of "OMAS" in Italy in November 2015. Facing the further deterioration of economic scenario ahead, the Group will continue to exercise prudence in managing its expenditures and look for new investment opportunity to cope with existing market environment and constantly review the business strategy in a cautious manner.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 30 September 2015, turnover of the Group decreased by 69.8% year-on-year to approximately HK$365.2 million as compared to HK$1,207.1 million for the previous year. The decrease was mainly attributable to the discount block sale of slow moving inventories in 2014, which contributed 51.8% of 2014's turnover, the disposal of retail business in Liaoning in June 2014, and the weakened consumption of luxury goods in Hong Kong and China.

The Group's gross profit amounted to HK$81.3 million, as compared to the gross loss amounted to HK$862.5 million for the previous year. Loss attributable to shareholders for the year was HK$199.6 million as compared to HK$1,052.0 million for the previous year. The loss was inclusive of impairment on goodwill, other intangible assets, property, plant and equipment, trade and other receivable, held-for-trading investments, loss on deregistration of subsidiaries of totalling HK$249.0 million.

The impairment on goodwill and distribution rights amounted to HK$79.3 million and HK$30.2 million respectively, which were attributable to the downward revision of financial projection in the newly acquired business. Resulting from the impact of weakening Euro since January 2015 and the slowing demand for luxury watches as compared to last year. In response, the Group has successfully lower the direct cost by reaching a consensus with the sole supplier in July 2015. According to the sale and purchase agreement, the vendor will compensate the Company if the newly acquired business fail to meet the total net profits in the sum of HK$69,000,000 by 31 December 2017. The change of fair value of contingent consideration receivable of HK$53.3 million has been recorded during the year, which is reflecting the possible compensation from the vendor. Details of the key assumptions used are set out in notes 11, 13 and 14 to the financial statements.

The impairment of trade and other receivables of approximately HK$64.7 million was recorded during the year, which represent the full provision against the long outstanding trade and other receivables as at 30 September 2015.

For the second half of the year, the Group recorded interest income from the money lending business of approximately HK$7.3 million and the fair value loss of HK$42.3 million from the investment in securities business, the fair value loss on held-for-trading investments was attributable to the turmoil in financial market since July 2015.

In October 2015, the Group has ceased to provide financial support to its subsidiary in Italy, Omas SRL, due to the continuous financial losses and severe adverse business environment in Europe. Accordingly, Omas SRL ceased to operate and went to liquidation in November 2015 and the Group recognised impairment losses and provision of approximately HK$44.0 million, details of the impairment losses and provision are set out in note 20.

For the year ended 30 September 2015, selling and distribution expenses decreased by 36.3% to approximately HK$34.9 million as compared to HK$54.8 million for the year ended 30 September 2014. The decrease was mainly due to the disposal of 遼寧時全飾美投資管理有限公司 and the decrease in turnover as compared to the year end 30 September 2014. Administrative expenses increased by 22.4% to HK$48.1 million, compared with HK$39.3 million for the corresponding period of last year. The increase in administrative expenses largely reflected the results of approximately 9 months consolidation of the accounts of Sinoforce Group Limited, which was acquired on 18 December 2014.

Liquidity, Financial Resources and Gearing

Finance costs during the year under review amounted to HK$4.3 million as compared to HK$3.1 million for the corresponding period of last year.

As at 30 September 2015, the contingent consideration receivable amounted to approximately HK$63.8 million, which is in relation to the profits guarantee of HK$69.0 million given by the vendor in the acquisition of Sinoforce Group Limited. As at 30 September 2014, the contingent consideration receivable amounted to approximately HK$118.2 million is in relation to the profit guarantee of HK$120 million given by the vendor in the acquisition of Omas International S.A., and which has been fully settled in December 2015.

The Group's net current assets increased from HK$972.6 million to HK$1,320.0 million. The net current assets are comprised of inventories of HK$278.5 million (2014: HK$134.0 million), trade and other receivables of approximately HK$133.1 million (2014: HK$626.0 million), loan receivables of HK$203.0 million (2014: Nil), and held-for-trading investments of HK$66.9 million (2014: Nil). The inventories have increased by HK$144.5 million of which, HK$143.3 million is belongs to the newly acquired business in December 2014. The trade and other receivables have decreased by HK$492.9 million which is due to the settlement of trade receivable in relation to the discount block sale in 2014.

At 30 September 2015, the cash and bank balances amounted to approximately HK$758.9 million (2014: HK$202.0 million) and current liabilities of approximately HK$125.6 million (2014: HK$109.6 million). The increase in cash and bank balance of HK$556.9 million is due to the settlement of trade receivable in 2014 and completion of the open offer in 2015.

The Group's inventory turnover, trade receivables turnover and trade payables turnover periods were 358 days, 49 days and 41 days, respectively. Overall the turnover times were consistent and complied with the respective policies of the Group on credit terms granted to customers and credit terms obtained from suppliers.

On 4 February 2015, the Board proposed to implement a share consolidation on the basis that every ten issued and unissued existing shares of HK$0.01 each in the share capital of the Company be consolidated into one consolidated share of HK$0.1 each. The Board also proposed to increase the existing authorized share capital of the Company to HK$1,000,000,000 divided into 10,000,000,000 shares of nominal value HK$0.1 each by the creation of an additional 9,000,000,000 unissued shares immediately following the share consolidation become effective. The Board further proposed to raise approximately HK$490.4 million before expenses, by issuing 1,634,514,070 offer shares at the subscription price of HK$0.3 per offer share. The open offer of the Company was on the basis of two offer share for every consolidated share held on the record date. The Board further proposed to change the board lot size of the consolidated shares of the Company from 30,000 existing shares to 12,000 consolidated shares upon the share consolidation became unconditional. Details of the share consolidation, increase in authorized share capital, open offer and change in board lot size were set out in the Company's announcements dated 4 and 25 February 2015. and the Company's circular dated 27 February 2015. The share consolidation, increase in the authorized share capital and open offer were approved in the extraordinary meeting on 16 March 2015. The share consolidation, increase in authorized share capital and change in board lot size took effect on 17 March 2015.

During the year, the Group financed its operations and investing activities through a combination of operating cash inflows and interest bearing borrowings. The capital structure of the Company solely consists of share capital. As at 30 September 2015, shareholder equity in the Group amounted to HK$1,490.8 million (2014: HK$1,094.2 million).

The Group's total interest bearing bank borrowings as at 30 September 2015 amounted to approximately HK$61.1 million (2014: HK$63.1 million). The interest bearing bank borrowings were mainly used for working capital purpose and carried at commercial lending interest rates.

As at 30 September 2015, the Company has no significant contingent liabilities (2014: Nil).

Final Dividend

The directors do not recommend the payment of any dividend in respect of the year ended 30 September 2015 (2014: Nil).

Capital Management

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

The Group monitors capital on the basis of the gearing ratio. As at 30 September 2015, the gearing ratio was 10.3% (2014: 13.5%). This ratio is calculated as total debt divided by total capital.

Capital Commitment

As at the end of the reporting period, the Group does not have any significant capital commitment.

Material Acquisitions or Disposals

Save as disclosed below, there was no material acquisition or disposal of subsidiaries and associated companies by the Group for the year ended 30 September 2015.

On 18 December 2014, the Group has acquired the entire interest of Sinoforce Group Limited and its subsidiary at a consideration of HK$141 million. The acquisition was approved in on Extraordinary General Meeting of the Company held on 25 November 2014.

Subsequent to 30 September 2015, the Group ceased to provide financial support to its subsidiary, Omas. Because of insolvency, Omas ceased its operation and on 17 November 2015, a resolution was passed by the shareholder of Omas to get Omas dissolved and liquidated on 1 December 2015, details of the financial impact are set out in note 20.

Foreign Exchange Exposure

The Group's sales and purchases during the year were mostly denominated in Hong Kong dollars, Renminbi, US dollars and Euro. The Group was exposed to certain foreign currency exchange risks but it does not anticipate future currency fluctuations to cause material operational difficulties or liquidity problems. However, the Group continuously monitors its foreign exchange position and, when necessary, will hedge foreign exchange exposure arising from contractual commitments in sourcing products from overseas suppliers.

Employees and Remuneration Policies

As at 30 September 2015, the Group had a staff roster of 87 (2014: 93). The remuneration of employees was in line with market trends and commensurate to the levels of pay in the industry and to the performance of individual employees that are regularly reviewed every year.

Pledge of Assets

At 30 September 2015, trade receivables of approximately HK$15.3 million (2014: Nil) were pledged to secure the Group's bank borrowings.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 2 March 2016 to 4 March 2016 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for attending and voting at the forthcoming annual general meeting, all transfers of shares accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrars of the Company, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 1 March 2016.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

CORPORATE GOVERNANCE

During the year ended 30 September 2015, the Company has complied with the code provisions set out in the Corporate Governance Code (the "Code") as stated in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited except the following deviations (Code Provisions A.2.1 and E.1.2):

Mr. Wong Chi Ming, Jeffry ("Mr. Wong") was the Chairman of the Company. The Company has no such title as the chief executive officer before 9 January 2015 and the daily operation and management of the Company is monitored by the executive directors as well as the senior management. The Board is of the view that although there is no chief executive officer before 9 January 2015, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals and meet from time to time to discuss issues affecting the operation of the Company. The Company has appointed Mr. Zhang Jinbing as chief executive officer with effect from 9 January 2015 and has complied with code provision A.2.1 since 9 January 2015. On 12 June 2015, Mr. Zhang Jinbing was appointed as the Chairman and Mr. Wong Chi Ming, Jeffry was appointed as the chief executive officer of the Company.

The chief executive officer attended 2015 annual general meeting ("2015 AGM") to answer questions and collect views of shareholders. Though other directors were unable to attend 2015 AGM due to other business engagements, their representative, the company secretary and the auditors had attended the meeting to answer questions at the meeting.

The Chairman attended all the extraordinary general meetings held during the year while other directors cannot attend due to other business engagements but the company secretary and their representatives and a representative of the relevant independent financial advisors had attended the meetings to answer questions at the meetings.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED COMPANIES ("MODEL CODE")

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

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Code, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. Currently the audit committee comprises the 3 independent non-executive directors, who have reviewed the financial statements for the year ended 30 September 2015.

INTERNAL CONTROL AND RISK MANAGEMENT

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

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

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

PUBLICATION OF ANNUAL REPORT

The 2015 annual report containing all the information required by the Listing Rules will be released on the website of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and on the website of the Company (www.oluxe.com.hk) and dispatched to shareholders in due course.

APPRECIATION

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

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

Hong Kong, 31 December 2015

As at the date hereof, the Company's executive directors are Mr. Zhang Jinbing, Mr. Wong Chi Ming, Jeffry and Mr. Yu Fei, Philip, non-executive director is Mr. Xiao Gang, and independent non-executive directors are Mr. Tam Ping Kuen, Daniel, Dr. Li Yifei and Dr. Zhu Zhenfu.