O LUXE
O LUXE HOLDINGS LIMITED

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)

2015 INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 MARCH 2015

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 2015, 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 2015

		For the six months ended 31 March	
		2015	2014
		HK$'000	*HK$'000*
	Notes	***(Unaudited)***	*(Unaudited)*
Turnover	*4*	**157,455**	393,883
Cost of sales		**(120,118)**	(315,382)
Gross profit		**37,337**	78,501
Change in fair value of contingent consideration receivable		**120,758**	–
Other revenue and net gains	*4*	**814**	638
Amortisation of intangible assets	*11*	**(11,267)**	(6,258)
Impairment loss on goodwill	*12*	**(79,317)**	(43,014)
Impairment loss on intangible assets	*11*	**(79,878)**	–
Selling and distribution expenses		**(20,439)**	(26,068)
Administrative expenses		**(18,006)**	(17,149)

	Notes	For the six months ended 31 March **2015** *HK$'000* *(Unaudited)*	2014 *HK$'000* *(Unaudited)*
Loss from operating activities	*6*	**(49,998)**	(13,350)
Finance costs	*7*	**(2,820)**	(3,276)
Loss before taxation		**(52,818)**	(16,626)
Income tax credit/(expense)	*8*	**14,025**	(4,255)
Loss for the period		**(38,793)**	(20,881)
Items that may be classified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**(8,943)**	(7,478)
Total comprehensive expenses for the period		**(47,736)**	(28,359)
(Loss) profit for the period attributable to:			
Owners of the Company		**(34,864)**	(20,891)
Non-controlling interests		**(3,929)**	10
		(38,793)	(20,881)
Total comprehensive expenses attributable to:			
Owners of the Company		**(42,436)**	(27,614)
Non-controlling interests		**(5,300)**	(745)
		(47,736)	(28,359)
Loss per share			
— Basic and diluted	*10*	**HK(0.46) cents**	HK(0.48) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2015

	Notes	At 31 March 2015 HK$'000 (Unaudited)	At 30 September 2014 HK$'000 (Audited)
Non-current assets			
Intangible assets	*11*	**91,458**	111,118
Property, plant and equipment		**48,919**	47,484
Goodwill	*12*	**29,555**	29,555
Contingent consideration receivable		**129,498**	–
		299,430	188,157
Current assets			
Inventories		**266,784**	134,029
Trade receivables	*13*	**48,578**	592,568
Contingent consideration receivable		**–**	118,246
Deposits, prepayments and other receivables		**105,417**	33,383
Amount due from shareholder of a subsidiary		**1,960**	1,978
Bank balances and cash		**668,176**	202,042
		1,090,915	1,082,246
Current liabilities			
Trade payables	*14*	**21,330**	26,711
Accruals and other payables		**31,961**	18,089
Borrowings	*15*	**81,253**	63,095
Income tax payable		**5,011**	1,713
		139,555	109,608
Net Current Assets		**951,360**	972,638
Total assets less current liabilities		**1,250,790**	1,160,795

	Notes	At 31 March 2015 HK$'000 (Unaudited)	At 30 September 2014 HK$'000 (Audited)
Non-current liabilities			
Deferred tax liabilities	*16*	**34,846**	37,897
Net assets		**1,215,944**	1,122,898
Capital and reserves			
Share capital	*17*	**81,725**	65,490
Reserves		**1,110,785**	1,028,674
Equity attributable to the owners of the Company		**1,192,510**	1,094,164
Non-controlling interests		**23,434**	28,734
		1,215,944	1,122,898

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2015

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").

Pursuant to the special resolution passed at the annual general meeting on 6 March 2015, the Certificate of Incorporation on Change of Name of the Company issued by the Registry of Companies in the Cayman Islands on 11 March 2015 and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company issued by the Registrar of Companies in Hong Kong on 9 April 2015, the English name of the Company was changed from "Ming Fung Jewellery Group Limited" to "O Luxe Holdings Limited" and the Chinese name of the Company was changed from "明豐珠寶集團有限公司" (for identification purpose only) to "奧立仕控股有限公司".

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, writing instruments and watches, provision of loan financing in Hong Kong and mining.

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").

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 2014.

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. TURNOVER AND OTHER REVENUE AND NET GAINS

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of turnover and other revenue is as follows:

	For the six months ended 31 March	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Turnover — sale of goods	**157,455**	393,883
Other revenue		
Interest income	**326**	597
Sundry income	**488**	41
	814	638
	158,269	394,521

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:

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

(b) Domestic segment is 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 comprised the mining, exploration and sale of gold resources.

Segment information about these reportable segments is presented below:

(a) Segment revenues and results

For the six months ended 31 March

	Exports		Domestic		Mining		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	*(Unaudited)*	***(Unaudited)***	*(Unaudited)*	***(Unaudited)***	*(Unaudited)*	***(Unaudited)***	*(Unaudited)*
Segment revenue:								
External sales	**8,338**	19,704	**149,117**	374,179	**–**	–	**157,455**	393,883
Segment results	**(978)**	(20,203)	**(28,822)**	13,653	**(12,844)**	(781)	**(42,644)**	(7,331)
Unallocated corporate income and expenses							**(10,174)**	(9,295)
Loss before taxation							**(52,818)**	(16,626)

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

	Exports		Domestic		Mining		Total	
	At 31 March 2015	At 30 September 2014	**At 31 March 2015**	At 30 September 2014	**At 31 March 2015**	At 30 September 2014	**At 31 March 2015**	At 30 September 2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	*(Audited)*	***(Unaudited)***	*(Audited)*	***(Unaudited)***	*(Audited)*	***(Unaudited)***	*(Audited)*
ASSETS								
Segment assets	**74,013**	77,707	**910,340**	775,495	**79,810**	93,781	**1,064,163**	946,983
Unallocated segment assets							**326,182**	323,420
Total assets							**1,390,345**	1,270,403
LIABILITIES								
Segment liabilities	**881**	10,170	**62,161**	30,646	**946**	1,002	**63,988**	41,818
Unallocated segment liabilities							**110,413**	105,687
Total liabilities							**174,401**	147,505

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
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	*(Unaudited)*	***(Unaudited)***	*(Audited)*
Europe	**8,338**	19,704	**46,218**	48,781
Middle East and Asia	**149,117**	374,179	**123,714**	139,376
	157,455	393,883	**169,932**	188,157

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	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Cost of inventories sold	**120,118**	315,382
Depreciation of property, plant and equipment	**3,041**	2,819
Minimum lease payments under operating leases on leasehold land and buildings	**2,047**	1,642
Staff costs (excluding directors' remuneration):		
— wages, salaries and other benefits	**8,142**	10,324
— retirement benefits scheme contributions	**718**	974
— directors' remuneration	**310**	260

7. FINANCE COSTS

	For the six months ended 31 March	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Interest on bank loans wholly repayable within five years	**2,820**	3,276

8. INCOME TAX (CREDIT)/EXPENSE

	For the six months ended 31 March	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Current period provision		
Hong Kong Profits Tax	**174**	949
Overseas taxation	**751**	4,978
Deferred taxation	**(14,950)**	(1,672)
Income tax (credit)/expense	**(14,025)**	4,255

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. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 31 March 2015 (for the six months ended 31 March 2014: Nil).

10. LOSS PER SHARE

The calculation of basis loss per share is based on the loss for the six months ended 31 March 2015 attributable to the owners of the Company of approximately HK$34,864,000 (six months ended 31 March 2014: loss of approximately HK$20,891,000) and the weighted average number of 7,619,499,891 (2014: 4,366,027,293) ordinary shares in issue during the period.

The computation of diluted loss per share for the six months ended 31 March 2015 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*
Carrying amount at 1 October 2014 (Audited)	90,925	13,464	6,729	111,118
Exchange realignment	(457)	(142)	(703)	(1,302)
Additions through acquisition of subsidiaries *(Note 18)*	–	72,787	–	72,787
Amortisation for the period	–	(11,267)	–	(11,267)
Impairment loss recognized *(Note i)*	(12,204)	(67,674)	–	(79,878)
Carrying amount at 31 March 2015 (Unaudited)	78,264	7,168	6,026	91,458
Carrying amount at 1 April 2014 (Unaudited)	117,095	19,482	49,411	185,988
Exchange realignment	1,189	139	(1,121)	207
Amortisation for the period	–	(6,157)	–	(6,157)
Impairment loss recognized	(27,359)	–	(41,561)	(68,920)
Carrying amount at 30 September 2014 (Audited)	90,925	13,464	6,729	111,118

Note i: During the six months ended 31 March 2015, based on the valuation report prepared by Grant Sherman, the carrying values of the Group's distribution rights amounting to approximately HK$67,674,000 were impaired, which was mainly due to momentous reverse in the market environment of the newly acquired business.

12. GOODWILL

	HK$'000
Cost	
At 1 April 2014 (Unaudited)	675,520
Disposal	(11,569)
At 30 September 2014 (Audited)	663,951
Additions through acquisition of subsidiaries *(Note 18)*	79,317
At 31 March 2015 (Unaudited)	743,268
Accumulated impairment losses	
At 1 April 2014 (Unaudited)	635,036
Recognised for the period	10,929
Eliminated on disposals	(11,569)
At 30 September 2014 (Audited)	634,396
Recognised for the period	79,317
At 31 March 2015 (Unaudited)	713,713
Carrying amount	
At 31 March 2015 (Unaudited)	29,555
At 30 September 2014 (Audited)	29,555

For the purposes of impairment testing, goodwill set out above has been allocated to three (30 September 2014: three) individual cash generating units as at 31 March 2015. The carrying amounts of goodwill (net of accumulated losses) at the end of the reporting period allocated to these are as follows:

	31 March 2015	30 September 2014
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
Export	**–**	–
Domestic	**29,555**	29,555
Mining	**–**	–
	29,555	29,555

Export

The recoverable amount of the export cash-generating units ("CGU") is the higher of the fair value less cost to sell or value in use. At 31 March 2015, the recoverable amount of this CGU was determined based on fair value less costs to sell, which was determined in a similar manner as in 30 September 2014.

Key assumptions used in the calculation of value in use were discount rate, growth rate and budgeted revenue. The discount rate used 22.9% (30 September 2014: 27.6%) was an 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. A growth rate ranging from 5% to 10% (30 September 2014: 10%–25%) and gross profit margin at 18% to 30% (30 September 2014: 37.6%–50%) was used. Budgeted revenue has been based on past experience and future expectations in the light of anticipated economic and market conditions.

Domestic

The recoverable amount of the domestic cash-generating units 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 31 March 2015 was determined in a similar manner as in 30 September 2014.

Key assumptions used in the calculation of value in use were discount rate, growth rate and budgeted revenue. The discount rate ranging from 17.2% to 25.7% were used (30 September 2014: 28.5%) was an 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. A growth rate ranging from 0% to 5% (30 September 2014: 5.0%–10%) was used. Cash flow, beyond the five-year were projected by using a steady growth rate of 0% to 3% (30 September 2014: 3.0%). 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 by Grant Sherman Appraisal Limited, an impairment loss of approximately HK$79,317,000 was recognised for the six months ended 31 March 2015 (year ended 30 September 2014: HK$34,061,000), which was mainly due to momentous reverse in the luxury market for the period under review.

13. TRADE RECEIVABLES

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 2015	At 30 September 2014
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
1–30 days	**24,371**	574,340
31–60 days	**13,487**	6,300
61–90 days	**4,073**	3,410
Over 90 days	**6,647**	8,518
	48,578	592,568

14. 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 2015	At 30 September 2014
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
1–30 days	**16,302**	26,188
31–60 days	**2,047**	23
61–90 days	**148**	51
91–120 days	**2,833**	449
	21,330	26,711

15. BORROWINGS

	At 31 March 2015 HK$'000 (Unaudited)	At 30 September 2014 HK$'000 (Audited)
Unsecured bank loans *(Note)*	**81,253**	63,095

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

	At 31 March 2015 HK$'000 (Unaudited)	At 30 September 2014 HK$'000 (Audited)
Carrying amounts repayable:		
On demand or within one year	**81,253**	63,095

Note: Bank loans bear interest at variable rates by reference to the People's Bank of China's lending rate, ranging from 6% to 7% per annum (30 September 2014: 6% to 7% per annum).

16. DEFERRED TAX LIABILITIES

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

	Intangible assets *HK$'000*	Leasehold buildings *HK$'000*	Total *HK$'000*
At 1 April 2014 (Unaudited)	50,208	10,142	60,350
Exchange realignment	(135)	(78)	(213)
Credit to profit and loss	(22,038)	(202)	(22,240)
At 30 September 2014 (Audited)	28,035	9,862	37,897
Fair value adjustment arising from acquisition of subsidiaries *(Note 18)*	12,010	–	12,010
Exchange realignment	(84)	(27)	(111)
Credit to profit and loss	(14,950)	–	(14,950)
At 31 March 2015 (Unaudited)	25,011	9,835	34,846

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.

17. SHARE CAPITAL

	At 31 March 2015 *HK$'000* *(Unaudited)*	At 30 September 2014 *HK$'000* *(Audited)*
Authorised:		
10,000,000,000 Ordinary shares of HK$0.1 each (30 September 2014: 10,000,000,000 Ordinary shares of HK$0.01 each)	**1,000,000**	100,000

	Number of Shares *'000*	**Nominal value** *HK$'000*
Issued and fully paid:		
At 1 April 2014 (Unaudited)	4,366,027	43,660
Open offer *(Note i)*	2,183,014	21,830
At 30 September 2014 (Audited)	6,549,041	65,490
Issue of shares *(Note ii)*	1,623,529	16,235
Capital reorganisation *(Note iii)*	(7,355,313)	–
At 31 March 2015 (Unaudited)	817,257	81,725

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.

(ii) On 18 December 2014, the Company issued of 1,623,529,411 consideration shares in the principal of HK$138 million to Prestige Rich Holdings Limited for acquisition of 100% of the issued share capital of Sinoforce Group Limited.

(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 authorized capital from HK$100,000,000 divided 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.

18. ACQUISITION OF SUBSIDIARIES

On 6 October 2014, the Group entered into the sale and purchase agreement to acquire 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 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 Limited is an investment holding company incorporated in the British Virgin Islands.

	Acquirees' fair value at acquisition date *HK$'000*
Assets acquired and liabilities recognised at the date of acquisition were as follows:	
Plant and equipment	1,876
Distribution rights *(Note 11)*	72,787
Inventories	116,028
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	51,436
Goodwill arising on acquisition *(Note 12)*	79,317
Total consideration	130,753
Total purchase consideration satisfied by:	
Issuance of new shares	141,247
Contingent consideration receivable *(Note)*	(10,494)
	130,753
Net cash inflow arising on acquisition:	
Bank balances and cash acquired	3,393

Note: An arrangement requires the former owner of Sinoforce Group Limited to guarantee the Company that the total net profits of Sinoforce Group Limited 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 Company 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 is based on valuation results of Grant Sherman, by using a probability model as at 18 December 2014.

19. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 March 2015 (30 September 2014: Nil).

20. 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 2015	At 30 September 2014
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
Within 1 year	**6,806**	5,528
In 2 to 5 years, inclusive	**6,161**	6,295
	12,967	11,823

21. EVENTS AFTER THE REPORTING PERIOD

On 23 April 2015, the Company completed the open offer on the basis two offer shares for every one share held on the record date and 1,634,514,070 shares were issued. The net proceeds from the open offer was approximately HK$487,200,000. Details of the results of the open offer are set out in the announcement of the Company dated 22 April 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group's turnover for the six months ended 31 March 2015 decreased by 60.0% from approximately HK$393.9 million last year to approximately HK$157.5 million. The decrease was mainly attributable to (i) the weakened consumption of luxury goods in Hong Kong and China (ii) the increasing trend of consumer purchase luxury goods directly from Europe due to weakened Euro, and (iii) the disposal of retail business in Liaoning in June 2014. The Group's gross profit amounted to HK$37.3 million, the gross profit margin improved to 23.7% (six months end 31 March 2014: 19.9%). Loss attributable to shareholders was approximately HK$34.9 million, inclusive of impairment on goodwill and intangible assets of HK$159.2 million.

The impairment on goodwill and distribution rights amounted to HK$79,317,000 and HK$67,674,000 respectively, which were attributable to the downward revision of financial projection in the newly acquired business. Resulting from the impact of weakening Euro, more and more consumers tend to purchase luxury goods directly from Europe. Also, other luxury watch brands have recently lowered their retail price, the business has faced keen competition since January 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$120.8 million has been recorded during the period, which is reflecting the compensation from the vendor. The impairment on the mining right was amounted to approximately HK$12,204,000 for the six months ended 31 March 2015, which was attributable to the change in fair value according to the valuation report as compared to the year ended 30 September 2014. Details of the key assumptions used in the calculation of goodwill are set out in Note 12.

During the period, the selling and distribution expenses of the Group decreased by 21.6% to approximately HK$20.4 million, as compared to HK$26.1 million from the corresponding period last year. The Group's administrative expenses maintained fairly stable at approximately HK$18.0 million as compared to approximately HK$17.1 million for the same period last year.

BUSINESS REVIEW AND PROSPECTS

During the period under review, the Group's turnover for the six months ended 31 March 2015 decreased by 60.0% from approximately HK$393.9 million last year to approximately HK$157.5 million. The Group's performance was continuously impacted by the deteriorating luxury goods market environment, a slowing economy and government anti-gifting campaigns in China.

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 has further enhanced the Group's distributor business.

During the period, the Group entered into the money lending business via its wholly-owned subsidiary, Chance Achieve Limited. The new money lending business allows the Group to diversify its source of income with the aim of generating appropriate returns to our shareholders.

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 in enhancing our product portfolio and operating efficiency and explore new business opportunities to cope with existing market environment.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2015, the Group has received HK$60.0 million in relation to the profits guarantee of HK$120.0 million in the acquisition of Omas International S.A. The balance payment of HK$60.0 million will be settled within 6 months after submission of the audit report of Omas SRL for the year ended 31 December 2014.

As at 31 March 2015, the bank balances and cash on hand of the Group amounted to HK$668.2 million (30 September 2014: HK$202.0 million). The Group's current assets and current liabilities were approximately HK$1,091.0 million and HK$139.6 million respectively (30 September 2014: current assets HK$1,082.2 million; current liabilities HK$109.6 million).

The Group's non-current assets amounted to approximately HK$299.4 million (30 September 2014: HK$188.2 million), representing an increase of approximately HK$111.2 million, which was mainly due to the contingent consideration receivable recognized as at 31 March 2015.

The Group's inventory turnover, trade receivables turnover and trade payables turnover periods were 406 days, 56 days and 32 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 2015, shareholder equity in the Group amounted to HK$1,192.5 million (30 September 2014: HK$1,094.2 million).

The Group's total interest bearing bank borrowings as at 31 March 2015 amounted to approximately HK$81.3 million (30 September 2014: HK$63.1 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

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

EMPLOYEES AND EMPLOYMENT POLICIES

As at 31 March 2015, the Group had a staff roster of 76 (2014: 93). The remuneration of employees was in line with market trench 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.

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 2015 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 deviations:

Code Provision A.2.1

Mr. Wong Chi Ming, Jeffry ("Mr. Wong") is 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.

Code Provision E.1.2

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.

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 five 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 2015 (six months ended 31 March 2014: 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
Wong Chi Ming, Jeffry
Chairman

Hong Kong, 29 May 2015

As at the date of this announcement, the Company's executive directors are Mr. Wong Chi Ming, Jeffry, Mr. Yu Fei, Philip and Mr. Zhang Jinbing and the independent non-executive directors are Dr. Zhu Zhengfu, Dr. Li Yifei, Dr. Willinge Garry Alides, Mr. Tam Ping Kuen, Daniel and Ms. Chu Wai Fan.

* *For identification purpose only*