



O Luxe Holdings Limited
奧立仕控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(formerly known as Ming Fung Jewellery Group Limited
(明豐珠寶集團有限公司*))

(Stock Code: 0860)

Interim Report 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

| | Notes | For the six months ended 31 March | |
|---|-------|-----------------------------------|---------------------------------|
| | | 2015 HK\$'000 (Unaudited) | 2014 HK\$'000 (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) |
| 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) |

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

FOR THE SIX MONTHS ENDED 31 MARCH 2015

| | Notes | For the six months ended 31 March | |
|--|-------|--------------------------------------|---------------------------------|
| | | 2015 HK\$'000 (Unaudited) | 2014 HK\$'000 (Unaudited) |
| (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 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

AT 31 MARCH 2015

| | Notes | At 31 March 2015 HK\$'000 (Unaudited) | At 30 September 2014 HK\$'000 (Audited) |
|---|-------|--|--|
| Total assets less current liabilities | | 1,250,790 | 1,160,795 |
| 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 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 MARCH 2015

| | Attributable to owners of the Company | | | | | | Non-controlling interests | | Total HK\$'000 |
|--|---------------------------------------|---------------------------|------------------------------|---|---------------------------|-------------------------------|---------------------------|----------|-------------------|
| | Share capital HK\$'000 | Share premium HK\$'000 | Exchange reserve HK\$'000 | Statutory reserve HK\$'000 (Note a) | Other reserve HK\$'000 | Retained earnings HK\$'000 | Total HK\$'000 | HK\$'000 | |
| At 1 October 2013 (Audited) | 43,660 | 1,910,709 | 76,073 | 792 | 11 | (44,482) | 1,986,763 | 48,369 | 2,035,132 |
| Total comprehensive expenses for the period | - | - | (6,723) | - | - | (20,891) | (27,614) | (745) | (28,359) |
| At 31 March 2014 (Unaudited) | 43,660 | 1,910,709 | 69,350 | 792 | 11 | (65,373) | 1,959,149 | 47,624 | 2,006,773 |
| At 1 October 2014 (Audited) | 65,490 | 2,060,977 | 63,442 | 792 | 11 | (1,096,548) | 1,094,164 | 28,734 | 1,122,898 |
| Total comprehensive expenses for the period | - | - | (7,572) | - | - | (34,864) | (42,436) | (5,300) | (47,736) |
| Issue of shares on acquisition of a subsidiary | 16,235 | 124,547 | - | - | - | - | 140,782 | - | 140,782 |
| At 31 March 2015 (Unaudited) | 81,725 | 2,185,524 | 55,870 | 792 | 11 | (1,131,412) | 1,192,510 | 23,434 | 1,215,944 |

Note:

- (a) The statutory reserve of the Group refers to the PRC statutory reserve fund. Appropriations to such reserve fund are made out of profit after tax of the statutory financial statements of the PRC subsidiaries and the amount should not be less than 10% of the profit after tax unless the aggregate amount exceeded 50% of registered capital of the PRC subsidiaries. The statutory reserve fund can be used to make up prior years' losses of the PRC subsidiaries.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 MARCH 2015

| | For the six months ended 31 March | |
|--|--------------------------------------|---------------------------------|
| | 2015 HK\$'000 (Unaudited) | 2014 HK\$'000 (Unaudited) |
| Net cash generated from (used in) operating activities | 453,430 | (30,146) |
| Net cash generated from investing activities | 413 | 638 |
| Net cash generated from financing activities | 15,338 | 3,570 |
| Net increase/(decrease) in cash and cash equivalents | 469,181 | (25,938) |
| Cash and cash equivalents at the beginning of the period | 202,042 | 142,872 |
| Effect of foreign exchange rate changes | (3,047) | (4,521) |
| Cash and cash equivalents at the end of the period, represented by bank balance and cash | 668,176 | 112,413 |

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.

5. SEGMENT INFORMATION *(continued)*

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 HK\$'000 (Unaudited) | 2014 HK\$'000 (Unaudited) | 2015 HK\$'000 (Unaudited) | 2014 HK\$'000 (Unaudited) | 2015 HK\$'000 (Unaudited) | 2014 HK\$'000 (Unaudited) | 2015 HK\$'000 (Unaudited) | 2014 HK\$'000 (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 HK\$'000 (Unaudited) | At 30 September 2014 HK\$'000 (Audited) | At 31 March 2015 HK\$'000 (Unaudited) | At 30 September 2014 HK\$'000 (Audited) | At 31 March 2015 HK\$'000 (Unaudited) | At 30 September 2014 HK\$'000 (Audited) | At 31 March 2015 HK\$'000 (Unaudited) | At 30 September 2014 HK\$'000 (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 |

5. SEGMENT INFORMATION *(continued)*

(b) Segment assets and liabilities *(continued)*

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 | |
|----------------------|--|---------------------------------|---|---|
| | 2015 HK\$'000 (Unaudited) | 2014 HK\$'000 (Unaudited) | 31 March 2015 HK\$'000 (Unaudited) | 30 September 2014 HK\$'000 (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 HK\$'000 (Unaudited) | 2014 HK\$'000 (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 HK\$'000 (Unaudited) | 2014 HK\$'000 (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 HK\$'000 (Unaudited) | 2014 HK\$'000 (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 HK\$'000 | Distribution rights HK\$'000 | Trademarks HK\$'000 | Total 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 HK\$'000 (Unaudited) | 30 September 2014 HK\$'000 (Audited) |
|----------|---|---|
| Export | – | – |
| Domestic | 29,555 | 29,555 |
| Mining | – | – |
| | 29,555 | 29,555 |

12. GOODWILL *(continued)*

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 HK\$'000 (Unaudited) | At 30 September 2014 HK\$'000 (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 HK\$'000 (Unaudited) | At 30 September 2014 HK\$'000 (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 |
| <hr/> | |
| 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) |
| <hr/> | |
| Net assets | 51,436 |
| <hr/> | |
| Goodwill arising on acquisition (Note 12) | 79,317 |
| <hr/> | |
| Total consideration | 130,753 |
| <hr/> | |
| Total purchase consideration satisfied by: | |
| Issuance of new shares | 141,247 |
| Contingent consideration receivable (Note) | (10,494) |
| <hr/> | |
| | 130,753 |
| <hr/> | |
| Net cash inflow arising on acquisition: | |
| Bank balances and cash acquired | 3,393 |
| <hr/> | |

18. ACQUISITION OF SUBSIDIARIES (continued)

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 HK\$'000 (Unaudited) | At 30 September 2014 HK\$'000 (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.

MANAGEMENT DISCUSSION AND ANALYSIS **(continued)**

BUSINESS REVIEW AND PROSPECTS *(continued)*

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.

LIQUIDITY AND FINANCIAL RESOURCES (continued)

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.

FOREIGN EXCHANGE EXPOSURE

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

CAPITAL STRUCTURE

As at 31 March 2015, the total number of shares of HK\$0.1 each in the capital of the Company in issue was 817,257,035 and the capital and reserves attributable to the Company's equity holders amounted to HK\$1,192.5 million (30 September 2014: HK\$1,094.2 million).

Apart from those set out above, the current information in other management and discussion analysis has not changed materially from those information disclosed in the last published 2014 annual report.

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

As at 31 March 2015, the interests of the Directors in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") were as follows:

| Director | Type of interests | Number of issued ordinary shares held | Number of underlying shares held | Total interests | Percentage of interest |
|-------------------|-------------------|---------------------------------------|----------------------------------|-----------------|------------------------|
| Mr. Zhang Jinbing | Corporate (Notes) | 224,540,772 | - | 224,540,772 | 27.47% |

Notes:

- (a) The interest disclosed represents the 224,540,772 shares held by Prestige Rich Holdings Limited, a company incorporated in the British Virgin Islands which is wholly owned by Mr. Zhang Jinbing by virtue of Section 344(3) of the SFO.
- (b) All the interests disclosed above represent long positions in the shares of the Company.

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

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

Save as disclosed above, as at 31 March 2015, none of the Directors, or their associate(s) had any interests or short positions in the shares or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

SHARE OPTION SCHEME

The Company operates a share option scheme ("Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The Scheme was adopted at an annual general meeting held on 1 March 2013 and unless otherwise cancelled or amended, will remain in force for 10 years from its date of adoption on 1 March 2013.

Salient details of the Scheme are:

- (a) The maximum number of shares issuable upon exercise of the options which may be granted under the Scheme and any other share option scheme of the Group to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting;
- (b) The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the grant of the share options or other expiry date(s) stipulated in the Scheme, whichever is the earlier;
- (c) The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK\$1 by the grantee; and
- (d) The exercise price of the share options is determinable by the directors but may not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a trading day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the 5 trading days immediately preceding the date of the offer of the grant; and (iii) the nominal value of the Company's shares.

No share options were granted, cancelled or lapsed during the period.

Since adoption of the Scheme, no share options have been offered and/or granted to the directors of the Group under the Scheme.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2015, the following persons (other than the information disclosed in the section of Directors' Interests) had interest in the shares and the underlying shares of the Company which (a) would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO; or (b) were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

| Name | Number of issued ordinary shares and underlying shares held | Percentage of total issued |
|--|---|-------------------------------|
| Shanghai International Group Co., Ltd. | 1,185,432,526 (Notes (a) and (d)) | 14.51% |
| Hengdeli Holdings Limited | 100,000,000 (Notes (c) and (d)) | 12.24% |
| Alpha Key Investments Limited | 100,000,000 (Notes (c) and (d)) | 12.24% |
| Prestige Rich Holdings Limited | 224,540,772 (Notes (b) and (d)) | 27.47% |

Notes:

- (a) These interests included 1,185,432,526 shares undertaken under the arrangement of an open offer. Shanghai International Group Co., Ltd. ceased to be interested 1,185,432,526 shares on 17 April 2015 and the open offer was completed on 23 April 2015.

Details of such open offer have been disclosed in the announcements dated 4 February 2015, 25 February 2015 and 22 April 2015, circular dated 27 February 2015, and prospectus dated 26 March 2015 respectively.

- (b) These interests are also included as corporate interests of Mr. Zhang Jinbing, as disclosed under the heading "Directors' interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporations".
- (c) Alpha Key Investments Limited is a controlled corporation of Hengdeli Holdings Limited which is deemed to be interested in the same parcel of shares.
- (d) All the interests stated above represent long positions in the shares of the Company.

Save as disclosed above, as at 31 March 2015, there was no person who (i) had an interest or short position in the shares and underlying shares of the Company which (a) would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO; or (b) were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein; or (ii) were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying the right to vote in all circumstances at general meetings of the Company or any options in respect of such capital.

EMPLOYEES AND EMPLOYMENT POLICIES

As at 31 March 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, Jeffrey ("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, Jeffrey
Chairman

Hong Kong, 29 May 2015

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