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Luxxu

Luxxu Group Limited

Luxxu Group Limited

勵時集團有限公司

(formerly known as "Time2U International Holding Limited 時間由你國際控股有限公司")

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1327)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 December 2019 amounted to approximately RMB91.5 million (2018: approximately RMB106.9 million), representing a decrease of approximately 14.4% as compared with the preceding year.

- Gross profit for the year ended 31 December 2019 was approximately RMB14.3 million (2018: approximately RMB19.1 million), representing an decrease of approximately 25.1% as compared with the preceding year.

- Net loss for the year ended 31 December 2019 was approximately RMB127.1 million (2018: approximately RMB106.8 million).

- No dividend was proposed by the Board for the year ended 31 December 2019.

The board (the "Board") of directors (the "Directors") of Luxxu Group Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2019 together with the comparative figures for the corresponding period in 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
Revenue	5	**91,491**	106,948
Cost of sales		**(77,192)**	(87,871)
Gross profit		**14,299**	19,077
Other income and gain	6	**1**	43
Change in fair value of financial assets at fair value through profit or loss		**(3,400)**	(9,111)
Realised loss on disposal of financial assets at fair value through profit or loss		**–**	(267)
Provision for inventories		**(56,395)**	(51,846)
Selling and distribution expenses		**(25,826)**	(31,329)
Administrative expenses		**(26,078)**	(20,584)
Allowance for expected credit losses, net		**(27,960)**	(2,103)
Impairment loss on goodwill		**–**	(9,146)
Finance costs	7	**(1,658)**	(1,462)
Loss before taxation		**(127,017)**	(106,728)
Taxation	8	**(35)**	(89)
Loss for the year	9	**(127,052)**	(106,817)
Other comprehensive income for the year, net of tax			
Exchange differences on translation of foreign operations		**9,356**	28,800
Other comprehensive income for the year, net of tax		**9,356**	28,800
Total comprehensive loss for the year		**(117,696)**	(78,017)
			(Restated)
Loss per share attributable to owners of the Company			
Basic and diluted *(RMB)(cents)*	11	**36.76**	30.91

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
Assets			
Non-current assets			
Property, plant and equipment		**28,088**	31,727
Goodwill		**3,327**	3,100
		31,415	34,827
Current assets			
Inventories		**82,078**	149,296
Trade receivables	*12*	**95,841**	72,179
Financial asset at fair value through profit or loss		**7,574**	10,828
Deposits, prepayments and other receivables		**147,299**	209,806
Cash and bank balances		**1,851**	6,495
		334,643	448,604
Liabilities			
Current liabilities			
Trade payables	*13*	**3,922**	3,658
Accruals and other payables		**5,909**	6,284
Income tax payables		**243**	145
Obligations under finance lease – due within one year		**–**	6,000
		10,074	16,087
Net current assets		**324,569**	432,517
Total assets less current liabilities		**355,984**	467,344
Net assets		**355,984**	467,344
Equity			
Share capital		**29,181**	29,181
Reserves		**326,803**	438,163
Total equity		**355,984**	467,344

NOTES TO FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was a public limited company incorporated in the Cayman Islands on 3 December 2012 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Its shares are listed on The Stock Exchange of Hong Kong Limited. Its parent is Visual Wise Limited (incorporated in the British Virgin Islands). Its ultimate controlling party is Mr. Lin Zhiqiang. The Company has been registered as a non-Hong Kong company under Part 16 of the Hong Kong Companies Ordinance (Cap. 622) since 10 June 2013. Its shares were initially listed on Main Board of The Stock Exchange Hong Kong Limited.

The Company's registered office is located at Cricket Square, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at Room 17, 7/F, Block 1, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong.

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currencies of the Company and its operating subsidiary in the People's Republic of China (the "PRC") are Hong Kong dollars and Renminbi ("RMB") respectively. For the purpose of presenting the consolidated financial statements, the Group adopted RMB as its presentation currency. All financial information presented in RMB has been rounded to the nearest thousand.

The Company is an investment company. The Group is principally engaged in the manufacture and sales of own-branded watches and jewelleries, including but not limited to diamond watches, tourbillion watches and luxury jewellery accessories, OEM watches and third-party watches.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

Statement of compliance

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKFRS 16 (since 1 January 2019) or HKAS 17 (before application of HKFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

3.1 New and Amendments to HKFRSs that are mandatority effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan, Amendment Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Except for the new and amendments to HKFRSs and interpretations mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs and interpretations will have no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 16 Leases

Transition and summary of effects arising from initial application of HKFRS 16

On 1 January 2019, the Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17, and the related interpretations. The Group applied the HKFRS 16 in accordance with the transition provisions of HKFRS 16.

Definition of lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) – Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessor

During the year ended 31 December 2019, application of HKFRS 16 by the Group as a lessor has no material impact on the Group's consolidated financial statements.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

ii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties in Hong Kong was determined on a portfolio basis;

iii. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension options;

iv. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and

v. relied on the assessment of whether leases are onerous by applying HKAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

	At 1 January 2019 *RMB'000*
Operating lease commitments disclosed as at 31 December 2018	–
Obligation under finance lease recognised as at 31 December 2018	6,000
Lease liabilities	6,000
Analysed as:	
Current	6,000
Non-current	–
	6,000

	Right-of-use assets *RMB'000*
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	–
Amounts included in property, plant and equipment under HKAS 17	
– Assets previously under finance leases *(note)*	31,727
By class	
Plant and machinery	31,727
	31,727

Note: In relation to assets previously under finance leases, the Group recategorised the carrying amounts of the relevant assets which were still under lease as at 1 January 2019 amounting to RMB31,727,000 as right-of-use assets. In addition, the Group reclassified the obligations under finance leases of RMB6,000,000 to lease liabilities as current liabilities at 1 January 2019.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

3.2 New and revised HKFRSs in issue but not yet effective

Issued but not yet effective Hong Kong Financial Reporting Standard

HKFRS 17	Insurance Contracts[2]
Amendments to HKFRS 3	Definition of a Business[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

[1] Effective for annual periods beginning on or after a date to be determined

[2] Effective for annual periods beginning on or after 1 January 2021

[3] Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

[4] Effective for annual periods beginning on or after 1 January 2020

4. OPERATING SEGMENT

Information reported internally to the chief operating decision makers for the purpose of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group currently operates in one business segment in manufacturing, trading and retailing business of watches.

A single management team reports to the chief operating decision makers who comprehensively manages the entire business. Accordingly, the Group does not have separate reportable segments.

Revenue from major products

	2019	2018
	RMB'000	*RMB'000*
Branded watches	**72,431**	85,691
OEM watches	**4,547**	5,380
Third-party watches	**14,513**	15,877
	91,491	106,948

Geographical information

Detailed below is information about the Group's revenue from external customers analysed by their geographical location: Group's operations are mainly located in HK and the PRC.

	2019	2018
	RMB'000	*RMB'000*
Asia (excluding the PRC)	**52,681**	39,255
The PRC	**34,214**	62,320
Europe	**4,596**	5,373
	91,491	106,948

The Group's non-current assets (excluding goodwill) are mainly located in the PRC.

Information about major customers

No individual customer contributed over 10% of total revenue of the Group during the years ended 31 December 2019 and 2018.

5. REVENUE

	2019	2018
	RMB'000	*RMB'000*
Branded watches	**72,431**	85,691
OEM watches	**4,547**	5,380
Third-party watches	**14,513**	15,877
Total revenue recognised at a point in time	**91,491**	106,948

All revenue contracts are for period of one year or less, as permitted by practical expedient under HKFRS 15, the transaction price allocated to these unsatisfied contract is not disclosed.

6. OTHER INCOME AND GAIN

	2019	2018
	RMB'000	*RMB'000*
Bank interest income	**1**	–
Dividend income	**–**	43
	1	43

7. FINANCE COSTS

	2019	2018
	RMB'000	*RMB'000*
Finance charges on obligations under finance lease	**1,658**	1,462

8. TAXATION

	2019	2018
	RMB'000	*RMB'000*
Hong Kong profits tax	**35**	89
	35	89

9. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2019	2018
	RMB'000	*RMB'000*
Other staff costs:		
Salaries and other benefits	**7,201**	9,699
Retirement benefit schemes contribution	**827**	2,020
Total employee expenses	**8,028**	11,719
Advertising expenses	**18,484**	22,278
Auditors' remuneration	**1,000**	1,200
Cost of inventories recognised as cost of sales	**77,192**	87,871
Depreciation of property, plant and equipment	**4,418**	4,350
Allowance for expected credit losses, net	**27,960**	2,103
Share based payment expense	**6,336**	–

10. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2019, nor has any dividend been proposed since the end of the reporting period (2018: Nil).

11. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2019	2018
	RMB'000	*RMB'000*
Loss		
Loss for the purpose of basic and diluted loss per share, loss for the year attributable to owner of the Company	**(127,052)**	(106,817)
	'000	*'000*
Number of shares		
Weight average number of ordinary shares for the purpose of basic and diluted loss per share	**345,600**	345,600

(a) The calculation of the basic loss per share amount is based on the loss for the year attributable to owners of the Company of RMB127,052,000 (2018: RMB106,817,000) and the weighted average of 345,600,000 ordinary shares (2018: (Restated) 345,600,000) in issue during the year as adjusted to reflect the effect of the effect of the share consolidation. Comparative figure have also been adjusted on the assumption that the share consolidation had been effective in the prior period.

(b) Diluted loss per share for the years ended 31 December 2019 and 2018 were the same as basic loss per share as it is assumed that there is no potential dilutive ordinary shares in existence since the exercise of share options was anti-dilutive.

12. TRADE RECEIVABLES

	2019	2018
	RMB'000	*RMB'000*
Trade receivables	**130,879**	82,098
Less: Allowance for expected credit losses	**(35,038)**	(9,919)
	95,841	72,179

The Group generally allows credit period of 0 to 180 days to its trade customers. The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period:

	2019	2018
	RMB'000	*RMB'000*
0 to 30 days	**3,128**	4,831
31 to 60 days	**4,764**	5,432
61 to 90 days	**4,425**	8,228
91 to 180 days	**3,507**	4,180
Over 180 days	**80,017**	49,508
	95,841	72,179

13. TRADE PAYABLES

	2019	2018
	RMB'000	*RMB'000*
Trade payables	**3,922**	3,658

The average credit period on purchase of goods is 0 to 60 days. The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2019	2018
	RMB'000	*RMB'000*
0-30 days	**3,922**	3,658
	3,922	3,658

14. COMPARATIVE FINANCIAL INFORMATION

Certain comparative figures have been restated to confirm with current year's presentation.

15. EVENTS AFTER THE REPORTING PERIOD

(a) On 31 March 2020, the Company completed the consolidation of shares in the issued shares of the Company whereby every ten issued and unissued ordinary shares of HK$0.01 each are consolidated into one consolidated ordinary share of HK$0.1 each (the "Share Consolidation").

(b) Since January 2020, the outbreak on Novel Coronavirus ("COVID-19") has impacted the global business environment. Up to the date of these financial statements, COVID-19 has significant decrease in the Group's revenue. Pending the development and spread of COVID-19 subsequent to the date of the financial statements, further changes in economic conditions for the Group arising thereof may have impact on the financial results of the Group, the extent of which could not be estimated as at the date of these financial statements. The Group will continue to monitor the development of COVID-19 and react actively to its impact on the financial position and operating results of the Group.

BUSINESS REVIEW, OUTLOOK AND FUTURE PROSPECTS

During FY2019, the Group changed the company name to Luxxu Group Limited as the Board considers that the new name and new dual foreign name in Chinese of the Company can better reflect the strategic direction and business focus of the Group on luxury market, including but not limited to luxury consumer goods, high-ended watches, jewelleries, and luxury lifestyle consumption products in the future. The Board also believes that the new name can provide the Company with a more defined corporate image and identity which will benefit the business development of the Group and is in the interests of the Company and the Shareholders as a whole.

In 2019, the Group continued to focus on its business operations which (i) cooperate with different industry experts to design and sales of prestige and high-end watches and accessories, including but not limited to diamond tourbillon watches and luxury jewellery watches; (ii) design, production and assembly of watches for our OEM customers; and (iii) manufacture and sales of our own brands watches.

Due to the prolonged Sino-US trade dispute, the sales in FY2019 has been affected due to the uncertainties which may bring from the Sino-US trade dispute and also the moderation in retail sales in Hong Kong because of the social demonstration. According to the statistics from The Census and Statistics Department, retail sales of the jewellery, watches and clocks, and valuable gifts category in Hong Kong has decreased approximately 21%, 41% and 47% for FY2019, 6 months and 3 months ended 31 December 2019 respectively, when comparing with 2018.

Going forward, the Group aimed to offer premium quality products to customers and will continue to strengthen our core competitiveness by improving our watch and jewellery design and development capabilities by upholding the design and artistic knowledge of the design team and recruitment of additional talents. In view of the Sino-US trade dispute mentioned above, the cooling economy in the PRC and also the outbreak of the coronarius in Hong Kong and the PRC, the Group expects 2020 will be a challenging year. The Group will closely monitor the market response and remix the business and product portfolio to suit the market needs, including but not limited to design, manufacture and sales of prestige and high-end watches and jewelleries and stay competitive.

Although there is a cooling economy in the PRC, in view of (i) the growing middle-class, (ii) increase of disposal income, in particular among Chinese women; and (iii) the rising women's job participation rate, the Group still believe that there is a strong force behind the consumption of prestige and high-end watches and luxury jewelleries and accessories in long run. The Group should allocate more resources and effort to strengthen our design team and consider crossover design with some famous designer so that the Group can offer fashionable and affordable watches and jewelleries suitable for wearing in workplace.

Looking beyond the near-term uncertainties, the Group remains committed to seeking and seizing new opportunities, and is well-prepared to shine in the future.

FINANCIAL REVIEW

Revenue

Our revenue decreased by approximately RMB15.4 million or approximately 14.4% from approximately RMB106.9 million for the year ended 31 December 2018 to approximately RMB91.5 million for the year ended 31 December 2019. The decrease in revenue was mainly attributable to (i) decrease of sales demand watches due to the uncertainties which may bring from Sino-US trade dispute and also the ongoing political and social unrest in Hong Kong; and (ii) the decrease in average selling price for the year ended 31 December 2019.

Cost of sales

Our cost of sales decreased by approximately RMB10.7 million or approximately 12.2% from approximately RMB87.9 million for the year ended 31 December 2018 to approximately RMB77.2 million for the year ended 31 December 2019. The decrease was in line with the decrease in revenue.

Gross profit and gross profit margin

Our gross profit decreased by approximately RMB4.8 million or approximately 25.1% from approximately RMB19.1 million for the year ended 31 December 2018 to approximately RMB14.3 million for the year ended 31 December 2019 which was in line with the decrease in the average selling price for the year ended 31 December 2019. Our overall gross profit margin decreased from approximately 17.8% for the year ended 31 December 2018 to approximately 15.6% for the year ended 31 December 2019. The decrease was mainly attributable to the decrease in average selling price during the year ended 31 December 2019.

Selling and distribution expenses

Our selling and distribution expenses decreased by approximately RMB5.5 million or approximately 17.6% from approximately RMB31.3 million for the year ended 31 December 2018 to approximately RMB25.8 million for the year ended 31 December 2019. The decrease was in line with the decrease of revenue.

Administrative expenses

Our administrative expenses increased by approximately RMB5.5 million or approximately 26.7% from approximately RMB20.6 million for the year ended 31 December 2018 to approximately RMB26.1 million for the year ended 31 December 2019. The increase was mainly attributable to the absence of share based payment expense of approximately RMB6.3 million.

Loss before taxation

As a result of the foregoing, our loss before taxation increased by approximately RMB20.3 million to approximately RMB127 million for the year ended 31 December 2019 as against a loss before taxation of approximately RMB106.7 million for the year ended 31 December 2018.

Taxation

Our income tax expense was RMB89,000 for the year ended 31 December 2018 and our income tax expense was approximately RMB35,000 for the year ended 31 December 2019.

Loss for the year

As a result of the foregoing, we recorded a loss for the year of approximately RMB127.1 million for the year ended 31 December 2019 as against a loss for the year of approximately RMB106.8 million for the year ended 31 December 2018.

FINANCIAL POSITION

The Group funded its liquidity and capital requirements primarily through cash inflows from operating activities, placing of shares, rights issue of shares and bank borrowings.

As at 31 December 2019, the Group's total cash and bank balances were approximately RMB1.9 million (31 December 2018: approximately RMB6.5 million), most of which are held in RMB and HKD. The current ratio (defined as current assets divided by current liabilities) of the Group increased from 27.9 times as at 31 December 2018 to 33.2 times as at 31 December 2019. The gearing ratio (defined as total interest-bearing borrowings divided by shareholders' equity) of the Group decreased from approximately 1.3% as at 31 December 2018 to zero as there was no interest-bearing borrowings as at 31 December 2019.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Group did not carry out any material acquisition nor disposal of any subsidiaries for the year ended 31 December 2019.

SIGNIFICANT INVESTMENTS IN LISTED SECURITIES

Name of investee	As at 1 January 2019	Loss on disposal	Fair value loss	As at 31 December 2019	Percentage to the Group's audited total assets as at 31 December 2019	Number of shares held by the Group as at 1 January 2019	Percentage of shareholding held by the Group as at 1 January 2019	Number of shares held by the Group as at 31 December 2019	Percentage of shareholding held by the Group as at 31 December 2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*%*		*%*		*%*
Significant investments									
China Automotive Interior Decoration Holdings Limited ("China Automotive") (stock code: 48.HK) *(note)*	4,382	–	(1,513)	2,492	0.7%	16,355,200	4.11%	16,355,200	4.11%
Other listed securities	3,701	–	(1,887)	5,082	1.4%				
Total	10,828	–	(3,400)	7,574	2.1%				

Note:

China Automotive is principally engaged in the manufacture and sale of nonwoven fabric products used in automotive interior decoration parts and other parts, trading of rubber and food products. Based on China Automotive's unaudited annual result announcement for the year ended 31 December 2019, revenue and loss of China Automotive was approximately RMB260,896,000 and RMB30,176,000 respectively.

The future performance of the listed securities may be influenced by the Hong Kong stock market. In this regard, the Group will continue to maintain a diversified investment portfolio and closely monitor the performance of its investments and the market trends to adjust its investment strategies.

Except the significant investments disclosed above, at 31 December 2019, there was no investment held by the Group the value of which was more than 5% of the total assets of the Group and no investment held by the Group contributed more than 10% of the realised or unrealised loss for the year ended 31 December 2019.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, the Group had a total of 113 (2018: 179) employees. The total remuneration costs incurred by the Group for the financial year 2019 were approximately RMB8 million (2018: approximately RMB11.7 million). We review the performance of our employees annually and use the results of such review in our annual salary review and promotion appraisal, in order to attract and retain valuable employees.

DEBTS AND CHARGE ON ASSETS

As at 31 December 2019, none of the assets of the Group has been pledged to secure any banking facilities granted to the Group (2018: Nil).

FOREIGN CURRENCY RISK

The Group mainly operates in the PRC and Hong Kong and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to RMB and United States dollars ("USD"). During the years ended 31 December 2019 and 2018, the Group has not entered into any hedging arrangements. However the management will continue to monitor closely its foreign currency exposure and requirements and to arrange for hedging facilities when necessary.

CAPITAL COMMITMENTS

The Group had no capital commitments as at 31 December 2019 and 2018.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2019 and 2018.

FINAL DIVIDENDS

The Board did not recommend the payment of any final dividend for the year ended 31 December 2019 (2018: Nil).

AUDIT COMMITTEE

The audit committee (the "Audit Committee") consists of three members, all being independent non-executive Directors, namely, Mr. Yu Chon Man (Chairman), Ms. Duan Baili and Mr. Zhong Weili. The duties of the Audit Committee include, without limitation, (a) making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, approving the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; (b) monitoring integrity of the Group's financial statements, annual report and accounts and half-year report, and reviewing significant financial reporting judgments contained therein; (c) reviewing the Group's financial control, internal control and risk management systems; and (d) reviewing reports made by the corporate guarantee committee, a committee closely monitoring the Group's activities for the provision of corporate guarantee and to enforce the prohibition on provision of corporate guarantee to any party other than member of the Group. The Group's annual results for the year ended 31 December 2019 have been reviewed by the Audit Committee.

EVENTS AFTER THE REPORTING PERIOD

(a) On 31 March 2020, the Company completed the consolidation of shares in the issued shares of the Company whereby every ten issued and unissued ordinary shares of HK$0.01 each are consolidated into one consolidated ordinary share of HK$0.1 each (the "Share Consolidation").

(b) Since January 2020, the outbreak on Novel Coronavirus ("COVID-19") has impacted the global business environment. Up to the date of these financial statements, COVID-19 has significant decrease in the Group's revenue. Pending the development and spread of COVID-19 subsequent to the date of the financial statements, further changes in economic conditions for the Group arising thereof may have impact on the financial results of the Group, the extent of which could not be estimated as at the date of these financial statements. The Group will continue to monitor the development of COVID-19 and react actively to its impact on the financial position and operating results of the Group.

SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED

The figures in respect of the consolidated statement of financial position, consolidated income statement and consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2019 of the Group as set out in the preliminary announcement have been agreed by the Company's auditor, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on the preliminary announcement.

COMPLIANCE WITH CG CODE

The Board has reviewed the Company's corporate governance practices and is satisfied that it has been adopted and complied with the code provisions (the "Code Provisions") set out in the Corporate Governance Code and Corporate Governance Report in Appendix 14 to the Listing Rules throughout the year ended 31 December 2019 expect for the following deviation:

Code provision A.6.7 of the Corporate Governance Code stipulates that independent non-executive directors and other non-executive directors should attend general meetings. Due to other business engagement, the independent non-executive Director, Mr. Zhong Weili, was unable to attend the annual general meeting of the Company held on 13 June 2019. For deviations from code provision A.6.7 of the Corporate Governance Code, the Company Secretary had reminded the relevant independent non-executive Director to attend general meetings of the Company in future.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. All Directors confirmed that they have complied with the Model Code throughout the year ended 31 December 2019.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company’s listed securities during the year ended 31 December 2019.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND THE ANNUAL REPORT

This results announcement is published on the Company’s website (www.hklistco.com/1327) and the website of the Stock Exchange (www.hkexnews.hk). The Company’s 2019 Annual Report containing all information required under the Listing Rules will be despatched to the shareholders of the Company and available on the above websites in due course.

By Order of the Board
Luxxu Group Limited
Yang Xi
Executive Director

Hong Kong, 31 March 2020

As at the date of this announcement, the Board comprises three executive Directors being Mr. See Ching Chuen, Mr. Yang Xi and Mr. Zou Weikang; and three independent non-executive Directors, being Mr. Yu Chon Man, Ms. Duan Baili and Mr. Zhong Weili.