Luxey

Luxey International (Holdings) Limited
薈萃國際(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8041)

Website: http://www.luxey.com.hk

ANNUAL RESULTS 2014

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors collectively and individually accept full responsibility, includes particulars given in compliance with GEM Listing Rules for the purpose of giving information with regard to the company. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

HIGHLIGHTS

- The Group has recorded a total turnover (including continuing and discontinued operations) of approximately HK$268,877,000 for the year ended 30 June 2014 representing approximately 39.83% decrease comparing to eighteen months ended 30 June 2013.

- The Group's gross profit amounted to approximately HK$130,623,000 for the year ended 30 June 2014.

- The Group has recorded a loss attributable to owners of the Company for the year ended 30 June 2014 of approximately HK$104,391,000, representing a basic loss per share of HK10.583 cents.

- The Directors do not recommend the payment of any dividend for the year ended 30 June 2014.

- The Group has bank and cash balances of approximately HK$43,565,000; short term borrowings of approximately HK$36,407,000 and long-term borrowings of approximately HK$55,710,000 as at 30 June 2014.

AUDITED ANNUAL RESULTS

The Board of Directors (the "Board") of the Company announces that the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 30 June 2014, together with the comparative audited figures for the eighteen months ended 30 June 2013, are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2014

	Note	**Year ended 30 June 2014** *HK$'000*	Eighteen months ended 30 June 2013 *HK$'000* (Restated)
Continuing operations			
Turnover	*4*	**96,644**	154,548
Cost of sales and service rendered		**(83,628)**	(111,869)
Gross profit		**13,016**	42,679
Other income	*5*	**7,999**	4,751
Impairment of goodwill	*12*	**(65,185)**	(59,300)
Selling expenses		**(3,522)**	(1,103)
Administrative expenses		**(39,259)**	(65,599)
Loss from operations		**(86,951)**	(78,572)
Finance costs	*6*	**(2,348)**	(3,570)
Share of losses of an associate	*13*	**(870)**	–
Loss before tax		**(90,169)**	(82,142)
Income tax credit/(expense)	*7*	**209**	(1,580)
Loss for the year/period from continuing operations		**(89,960)**	(83,722)
Discontinued operation			
Loss for the year/period from discontinued operation	*8*	**(26,141)**	(10,500)
Loss for the year/period	*9*	**(116,101)**	(94,222)

	Note	Year ended 30 June 2014 HK$'000	Eighteen months ended 30 June 2013 HK$'000 (Restated)
Attributable to:			
Owners of the Company			
Loss from continuing operations		**(86,784)**	(79,699)
Loss from discontinued operation		**(17,607)**	(5,293)
Loss attributable to owners of the Company		**(104,391)**	(84,992)
Non-controlling interests			
Loss from continuing operations		**(3,176)**	(4,023)
Loss from discontinued operation		**(8,534)**	(5,207)
Loss attributable to non-controlling interests		**(11,710)**	(9,230)
		(116,101)	(94,222)
Loss per share			
From continuing and discontinued operations			
– basic	*11(a)*	**HK(10.583) cents**	HK(9.834) cents
– diluted	*11(a)*	**HK(10.583) cents**	HK(9.834) cents
From continuing operations			
– basic	*11(b)*	**HK(8.798) cents**	HK(9.222) cents
– diluted	*11(b)*	**HK(8.798) cents**	HK(9.222) cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2014

	Year ended 30 June 2014 HK$'000	Eighteen months ended 30 June 2013 HK$'000
Loss for the year/period	**(116,101)**	(94,222)
Other comprehensive income:		
Item that will not be reclassified to profit or loss:		
Surplus on revaluation of property, plant and equipment	**568**	801
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**4**	10
Fair value changes of available-for-sale financial assets	**88**	(531)
	92	(521)
Other comprehensive income for the year/period, net of tax	**660**	280
Total comprehensive income for the year/period	**(115,441)**	(93,942)
Attributable to:		
Owners of the Company	**(103,731)**	(84,712)
Non-controlling interests	**(11,710)**	(9,230)
	(115,441)	(93,942)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2014

	Note	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment		**4,455**	16,591
Goodwill	*12*	**359,811**	424,996
Investment in an associate	*13*	**17,130**	–
Trademark		**–**	9,984
Available-for-sale financial assets		**10,506**	10,418
Club debenture		**–**	205
		391,902	462,194
Current assets			
Inventories		**7,810**	51,643
Trade and other receivables	*14*	**14,969**	44,876
Current tax assets		**–**	463
Pledged bank deposits		**165**	8,608
Bank and cash balances		**38,214**	72,367
		61,158	177,957
Non-current assets held for sale	*18*	**94,756**	–
		155,914	177,957
Current liabilities			
Trade and other payables	*15*	**25,817**	41,331
Bank and other loans		**–**	38,164
Finance lease payables		**–**	72
Employee benefit obligations		**5,378**	4,698
Current tax liabilities		**5,516**	5,851
		36,711	90,116
Liabilities directly associated with non-current assets held for sale	*18*	**74,663**	–
		111,374	90,116
Net current assets		**44,540**	87,841
Total assets less current liabilities		**436,442**	550,035

	Note	2014 HK$'000	2013 HK$'000
Non-current liabilities			
Deposits received		**–**	270
Promissory notes	*16*	**45,703**	43,355
Finance lease payables		**–**	84
Deferred tax liabilities		**699**	845
		46,402	44,554
NET ASSETS		**390,040**	505,481
Capital and reserves			
Share capital	*17*	**412,090**	412,090
Reserves		**(6,596)**	97,135
Equity attributable to owners of the Company		**405,494**	509,225
Non-controlling interests		**(15,454)**	(3,744)
TOTAL EQUITY		**390,040**	505,481

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014

	Attributable to owners of the Company											
	Share capital *(note 17)* *HK$'000*	Share premium *HK$'000*	Translation reserve *HK$'000*	Plant and machinery revaluation reserve *HK$'000*	Equity-settled share-based payment reserve *HK$'000*	Capital redemption reserve *HK$'000*	Convertible bond reserve *HK$'000*	Investment revaluation reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 January 2012	350,354	595,332	(88)	8	5,634	150	1,190	–	(437,925)	514,655	6,041	520,696
Total comprehensive income for the period	–	–	10	801	–	–	–	(531)	(84,992)	(84,712)	(9,230)	(93,942)
Share options lapsed	–	–	–	–	(4,270)	–	–	–	4,270	–	–	–
Conversion of convertible non-voting preference shares into ordinary shares *(note 17(b))*	(19,691)	19,691	–	–	–	–	–	–	–	–	–	–
Exercise of options issued by a non-wholly owned subsidiary	–	–	–	–	(1,364)	–	–	–	1,472	108	(108)	–
Purchase of non-controlling interests	–	–	–	–	–	–	–	–	247	247	(447)	(200)
Repayment of convertible bonds	–	–	–	–	–	–	(1,190)	–	1,190	–	–	–
Issue of new shares under rights issue *(note 17(c))*	81,427	(2,500)	–	–	–	–	–	–	–	78,927	–	78,927
Changes in equity for the period	61,736	17,191	10	801	(5,634)	–	(1,190)	(531)	(77,813)	(5,430)	(9,785)	(15,215)
At 30 June 2013 and 1 July 2013	412,090	612,523	(78)	809	–	150	–	(531)	(515,738)	509,225	(3,744)	505,481
Total comprehensive income and changes in equity for the year	–	–	4	568	–	–	–	88	(104,391)	(103,731)	(11,710)	(115,441)
At 30 June 2014	**412,090**	**612,523**	**(74)**	**1,377**	**–**	**150**	**–**	**(443)**	**(620,129)**	**405,494**	**(15,454)**	**390,040**

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of plant and machinery and certain investments.

In prior period, the Company changed its financial year end date from 31 December to 30 June in order to conform to the financial year end date of its principal operating subsidiaries. The current period financial statements cover a twelve-month period ended 30 June 2014 and the comparative financial statements cover an eighteen-month period ended 30 June 2013. The comparative amounts are therefore not entirely comparable.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised HKFRSs that are relevant to its operations and effective for its accounting year beginning on 1 July 2013. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years except as stated below.

a. Amendments to HKAS 1 "Presentation of Financial Statements"

Amendments to HKAS 1 titled Presentation of Items of Other Comprehensive Income introduce a new optional terminology for statement of comprehensive income and income statement that has been applied by the Group. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

The amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the change. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 did not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

b. ***HKFRS 12 "Disclosure of Interests in Other Entities"***

HKFRS 12 "Disclosure of Interests in Other Entities" specifies the disclosure requirements for subsidiaries, joint arrangements and associates, and introduces new disclosure requirements for unconsolidated structured entities.

The adoption of HKFRS 12 only affected the disclosures relating to the Group's subsidiaries and associates in the consolidated financial statements. HKFRS 12 has been applied retrospectively

c. ***HKFRS 13 "Fair Value Measurement"***

HKFRS 13 "Fair Value Measurement" establishes a single source of guidance for all fair value measurements required or permitted by HKFRSs. It clarifies the definition of fair value as an exit price, which is defined as a price at which an orderly transaction to sell the asset or transfer the liability would take place between market participants at the measurement date under market conditions, and enhances disclosures about fair value measurements.

The adoption of HKFRS 13 only affected disclosures on fair value measurements in the consolidated financial statements. HKFRS 13 has been applied prospectively.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position. The Group does not plan to adopt these standards prior to their mandatory effective date.

3. SEGMENT INFORMATION

The Group has three reportable segments as follows:

Swimwear	–	Manufacturing and trading of high-end swimwear and related garment products
Apparel and related accessories	–	Trading and retail of apparel and related accessories (discontinued operation)
On-line shopping and advertising	–	Provision of on-line shopping, advertising and media related services

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The Group's other operating segment includes general trading business. This segment does not meet any of the quantitative thresholds for determining reportable segment. The information of this other operating segment is included in the 'others' column.

Segment profits or losses do not include other income, finance costs, impairment of goodwill and corporate administrative and other operating expenses. Segment assets do not include available-for-sale financial assets, club debenture, goodwill and other assets for general administrative use. Segment liabilities do not include promissory notes and other liabilities for general administrative use.

Information about reportable segment profit or loss, assets and liabilities:

	Swimwear *HK$'000*	Apparel and related accessories (Discontinued operation) *HK$'000*	On-line shopping and advertising *HK$'000*	Others *HK$'000*	Total *HK$'000*
Year ended 30 June 2014					
Revenue from external customers	**93,322**	**172,233**	**3,322**	**–**	**268,877**
Segment loss	**(7,799)**	**(36,784)**	**(6,890)**	**–**	**(51,473)**
Depreciation	**1,604**	**5,191**	**422**	**–**	**7,217**
Share of losses of an associate	**870**	**–**	**–**	**–**	**870**
Income tax (credit)/expense	**(209)**	**174**	**–**	**–**	**(35)**
Additions to segment non-current assets	**148**	**3,896**	**569**	**–**	**4,613**
As at 30 June 2014					
Segment assets	**57,901**	**94,550**	**1,916**	**–**	**154,367**
Segment liabilities	**33,190**	**74,663**	**1,435**	**–**	**109,288**
Investment in an associate	**17,130**	**–**	**–**	**–**	**17,130**
Eighteen months ended 30 June 2013					
Revenue from external customers	119,563	292,325	32,639	2,346	446,873
Segment profit/(loss)	5,449	(24,251)	(11,756)	319	(30,239)
Depreciation	1,545	6,367	950	–	8,862
Income tax expense	1,580	1,326	–	–	2,906
Additions to segment non-current assets	852	20,699	606	–	22,157
As at 30 June 2013					
Segment assets	31,266	111,298	5,886	2,432	150,882
Segment liabilities	19,803	65,270	3,576	10	88,659

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities:

	Year ended 30 June 2014	Eighteen months ended 30 June 2013
	HK$'000	*HK$'000*
		(Restated)
Revenue		
Total revenue of reportable segments	**268,877**	446,873
Elimination of discontinued operation	**(172,233)**	(292,325)
Consolidated revenue from continuing operations	**96,644**	154,548
Profit or loss		
Total profit or loss of reportable segments	**(51,473)**	(30,239)
Impairment of goodwill	**(65,185)**	(59,300)
Other profit or loss	**557**	(4,683)
Elimination of discontinued operation	**26,141**	10,500
Consolidated loss for the year/period from continuing operations	**(89,960)**	(83,722)

	2014	2013
	HK$'000	*HK$'000*
Assets		
Total assets of reportable segments	**154,367**	150,882
Goodwill	**359,811**	424,996
Available-for-sale financial assets	**10,506**	10,418
Club debenture	**205**	205
Other assets	**22,927**	53,650
Consolidated total assets	**547,816**	640,151
Liabilities		
Total liabilities of reportable segments	**109,288**	88,659
Promissory notes	**45,703**	43,355
Other liabilities	**2,785**	2,656
Consolidated total liabilities	**157,776**	134,670

Apart from the above, the totals of other material items disclosed in the segment information are the same as the consolidated totals.

Geographical information:

	Revenue		Non-current assets	
	Year ended 30 June 2014	Eighteen months ended 30 June 2013	**2014**	2013
	HK$'000	*HK$'000* (Restated)	***HK$'000***	*HK$'000*
Hong Kong	**171,209**	317,285	**388,497**	457,226
People's Republic of China (the "PRC") except Hong Kong and Macau	**2,925**	12,740	**3,405**	4,968
United Kingdom	**23,341**	13,999	**–**	–
Spain	**11,406**	15,815	**–**	–
Hungary	**–**	3,561	**–**	–
Sweden	**16,985**	32,498	**–**	–
Macau	**626**	6,259	**–**	–
United States of America	**16,909**	3,313	**–**	–
Netherlands	**5,509**	15,405	**–**	–
Israel	**4,285**	13,604	**–**	–
France	**475**	914	**–**	–
Denmark	**966**	1,507	**–**	–
Ireland	**11,220**	8,397	**–**	–
Singapore	**1,465**	–	**–**	–
Others	**1,556**	1,576	**–**	–
Discontinued operation	**(172,233)**	(292,325)	**–**	–
Consolidated total	**96,644**	154,548	**391,902**	462,194

In presenting the geographical information, revenue is based on the locations of the customers.

4. TURNOVER

The Group's turnover which represents sales of goods to customers and revenue from provision of on-line shopping, advertising and media related services are as follows:

	Year ended 30 June 2014 HK$'000	Eighteen months ended 30 June 2013 HK$'000
Sales of goods	**265,555**	414,234
On-line shopping, advertising and media related service income	**3,322**	32,639
	268,877	446,873
Representing:		
Continuing operations	**96,644**	154,548
Discontinued operation (trading and retail of apparel and related accessories) *(note 8)*	**172,233**	292,325
	268,877	446,873

5. OTHER INCOME

	Year ended 30 June 2014 HK$'000	Eighteen months ended 30 June 2013 HK$'000
Alteration income	**223**	512
Commission income	**202**	1,254
Compensation income	**984**	–
Consultancy fee income	**7,779**	5,235
Distribution right fee income	**2,537**	8,270
Design fee income	**320**	79
Gain on disposal of property, plant and equipment	**–**	42
Interest income	**1,611**	1,191
Interest on promissory notes written back	**–**	103
Interest on other loan written back	**850**	1,596
Participation fee income	**1,080**	552
Reversal of allowance for receivables	**2,076**	–
Reversal of provision for employee benefit obligation	**121**	60
Sundry income	**4,102**	3,924
	21,885	22,818
Representing:		
Continuing operations	**7,999**	4,751
Discontinued operation *(note 8)*	**13,886**	18,067
	21,885	22,818

6. FINANCE COSTS

	Year ended 30 June 2014 HK$'000	Eighteen months ended 30 June 2013 HK$'000
Finance lease charges	**8**	20
Interest on bank loans	**1,593**	2,702
Interest on convertible bonds	**–**	224
Interest on promissory notes	**2,348**	3,346
Interest on other loans wholly repayable within five years	**1,643**	1,596
	5,592	7,888
Representing:		
Continuing operations	**2,348**	3,570
Discontinued operation *(note 8)*	**3,244**	4,318
	5,592	7,888

7. INCOME TAX (CREDIT)/EXPENSE

	Year ended 30 June 2014 HK$'000	Eighteen months ended 30 June 2013 HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the year/period	**252**	2,759
Overprovision in prior years	**(80)**	(87)
	172	2,672
Current tax – PRC Enterprise Income Tax		
Provision for the year/period	**155**	329
Deferred tax	**(362)**	(95)
Income tax (credit)/expense	**(35)**	2,906
Representing:		
Continuing operations	**(209)**	1,580
Discontinued operation *(note 8)*	**174**	1,326
	(35)	2,906

Hong Kong Profits Tax has been provided at a rate of 16.5% (Eighteen months ended 30 June 2013: 16.5%) on the estimated assessable profit for the year/period.

Tax charges on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

The reconciliation between the income tax expense and the product of loss before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	Year ended 30 June 2014 *HK$'000*	Eighteen months ended 30 June 2013 *HK$'000*
Loss before tax		
Continuing operations	**(90,169)**	(82,142)
Discontinued operation *(note 8)*	**(15,825)**	(9,174)
	(105,994)	(91,316)
Tax at the domestic income tax rate of 16.5% (Eighteen months ended 30 June 2013: 16.5%)	**(17,489)**	(15,067)
Tax effect of income that is not taxable	**(929)**	(1,510)
Tax effect of expenses that are not deductible	**14,595**	15,555
Tax effect of other temporary differences not recognised	**523**	(100)
Tax effect of tax losses not recognised	**3,321**	4,284
Tax effect of utilisation of tax losses not previously recognised	**(29)**	(281)
Effect of different tax rates of subsidiaries	**53**	112
Overprovision in prior years	**(80)**	(87)
Income tax (credit)/expense	**(35)**	2,906

8. DISCONTINUED OPERATION

Pursuant to a sale and purchase agreement dated 28 July 2014 entered into between a wholly-owned subsidiary of the Company, Synergy Chain Limited ("Synergy") and an independent third party, Synergy disposed of 27.3% interests in Charmston (Holdings) Limited ("Charmston"), a company incorporated in Hong Kong at a consideration of HK$10,000,000. Charmston was engaged in investment holding, with its subsidiaries engaged in trading and retail of apparel and related accessories in Hong Kong. The disposal was expected to complete in October 2014 and the assets and liabilities of the operation were reclassified as held for sale at 30 June 2014 (note 18).

The loss for the year/period from the discontinued operation is analysed as follows:

	Year ended 30 June 2014 HK$'000	Eighteen months ended 30 June 2013 HK$'000
Loss of discontinued operation	**(15,999)**	(10,500)
Write-down of non-current assets held for sale *(note 18)*	**(10,142)**	–
	(26,141)	(10,500)

The results of the discontinued operation for the year/period, which have been included in consolidated profit or loss, are as follows:

	Year ended 30 June 2014 HK$'000	Eighteen months ended 30 June 2013 HK$'000
Turnover *(note 4)*	**172,233**	292,325
Cost of sales	**(54,626)**	(90,217)
Gross profit	**117,607**	202,108
Other income *(note 5)*	**13,886**	18,067
Selling expenses	**(75,668)**	(119,406)
Administrative expenses	**(68,406)**	(105,625)
Loss from operations	**(12,581)**	(4,856)
Finance costs *(note 6)*	**(3,244)**	(4,318)
Loss before tax	**(15,825)**	(9,174)
Income tax expense *(note 7)*	**(174)**	(1,326)
Loss for the year/period	**(15,999)**	(10,500)

During the year, Charmston and its subsidiaries paid approximately HK$1,771,000 (Eighteen months ended 30 June 2013: received HK$7,729,000) in respect of operating activities, paid approximately HK$3,895,000 (Eighteen months ended 30 June 2013: HK$22,638,000) in respect of investing activities and received approximately HK$5,700,000 (Eighteen months ended 30 June 2013: paid HK$9,552,000) in respect of financing activities.

9. LOSS FOR THE YEAR/PERIOD

The Group's loss for the year/period is stated after charging/(crediting) the following:

	Continuing operations		**Discontinued operation**		**Total**	
	Year ended 30 June 2014	Eighteen months ended 30 June 2013	**Year ended 30 June 2014**	Eighteen months ended 30 June 2013	**Year ended 30 June 2014**	Eighteen months ended 30 June 2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Auditor's remuneration	**840**	1,020	**400**	680	**1,240**	1,700
Cost of inventories sold	**83,628**	90,341	**54,626**	90,217	**138,254**	180,558
Depreciation	**2,487**	3,278	**5,191**	6,367	**7,678**	9,645
Amortisation of trademark (included in administrative expenses)	**–**	–	**416**	416	**416**	416
Allowance for inventories (included in cost of sales and service rendered)	**–**	1,400	**418**	2,315	**418**	3,715
Allowance for receivables	**2,394**	1,739	**1,244**	8,956	**3,638**	10,695
Reversal of allowance for receivables	**(1,505)**	–	**(571)**	–	**(2,076)**	–
Gain on disposal of property, plant and equipment	**–**	–	**–**	(42)	**–**	(42)
Write off of property, plant and equipment	**1,153**	74	**31**	639	**1,184**	713
Impairment of property, plant and equipment	**–**	–	**1,795**	–	**1,795**	–
Net foreign exchange losses	**233**	34	**67**	124	**300**	158
Operating lease charges for land and buildings (including contingent rentals of approximately HK$1,023,000 (Eighteen months ended 30 June 2013: HK$2,103,000))	**4,222**	7,046	**41,827**	66,014	**46,049**	73,060
Staff costs including directors' emoluments						
Salaries, bonus and allowances	**38,281**	55,569	**38,977**	60,456	**77,258**	116,025
Retirement benefit scheme contributions	**2,941**	4,487	**1,813**	2,677	**4,754**	7,164
Provision/(reversal) for employee benefit obligations	**1,448**	(78)	**(116)**	38	**1,332**	(40)
	42,670	59,978	**40,674**	63,171	**83,344**	123,149

There is reversal of allowance for receivables of approximately HK$2,076,000 for the year, being the result of persistent effort on the management of quality of trade receivables and certain long overdue debts are recovered during the year.

Cost of inventories sold includes staff costs, depreciation and operating lease charges of approximately HK$26,408,000 (Eighteen months ended 30 June 2013: HK$21,829,000) which are included in the amounts disclosed separately above.

10. DIVIDENDS

The directors do not recommend the payment of any dividend for the year ended 30 June 2014 (Eighteen months ended 30 June 2013: Nil).

11. LOSS PER SHARE

(a) From continuing and discontinued operations

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year/period attributable to owners of the Company of approximately HK$104,391,000 (Eighteen months ended 30 June 2013: HK$84,992,000) and the weighted average number of ordinary shares of 986,358,758 (Eighteen months ended 30 June 2013: 864,228,858, as adjusted to reflect the share consolidation on 23 April 2014, details refer to note 17(a)) in issue during the year/period, as adjusted to reflect the share consolidation on 23 April 2014.

Diluted loss per share

The exercise of the Group's outstanding convertible non-voting preference shares for the year ended 30 June 2014 would be anti-dilutive and there were no dilutive potential ordinary shares for the Company's options granted to an investor. The exercise of the Group's outstanding convertible non-voting preference shares and options issued by a non-wholly owned subsidiary for the eighteen months ended 30 June 2013 would be anti-dilutive and there were no dilutive potential ordinary shares for the options granted to an investor. Diluted loss per share was same as the basic loss per share from the continuing and discontinued operations for the year ended 30 June 2014 and eighteen months ended 30 June 2013.

(b) From continuing operations

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year/period attributable to owners of the Company of approximately HK$86,784,000 (Eighteen months ended 30 June 2013: HK$79,699,000) and the denominator used is the same as that detailed above for basic loss per share from continuing and discontinued operations.

Diluted loss per share

The exercise of the Group's outstanding convertible non-voting preference shares for the year ended 30 June 2014 and eighteen months ended 30 June 2013 would be anti-dilutive and there were no dilutive potential ordinary shares for the Company's options granted to an investor. Diluted loss per share was same as the basic loss per share from the continuing operations for the year ended 30 June 2014 and eighteen months ended 30 June 2013.

(c) From discontinued operation

Basic loss per share from the discontinued operation is HK1.785 cents per share (Eighteen months ended 30 June 2013: HK0.612 cent per share), based on the loss for the year/period from discontinued operation attributable to the owners of the Company of approximately HK$17,607,000 (Eighteen months ended 30 June 2013: HK$5,293,000) and the denominator used is the same as that detailed above for basic loss per share from continuing and discontinued operations.

The exercise of the Group's outstanding convertible non-voting preference shares for the year ended 30 June 2014 would be anti-dilutive and there were no dilutive potential ordinary shares for the Company's options granted to an investor. The exercise of the Group's outstanding convertible non-voting preference shares and options issued by a non-wholly owned subsidiary for the eighteen months ended 30 June 2013 would be anti-dilutive and there were no dilutive potential ordinary shares for the options granted to an investor. Diluted loss per share was same as the basic loss per share from the discontinued operation for the year ended 30 June 2014 and eighteen months ended 30 June 2013.

12. GOODWILL

	Group	
	2014	2013
	HK$'000	*HK$'000*
Cost		
At beginning and end of year/period	**745,102**	745,102
Accumulated impairment losses		
At beginning of year/period	**320,106**	260,806
Impairment loss recognised during the year/period	**65,185**	59,300
At end of year/period	**385,291**	320,106
Carrying amount		
At beginning of year/period	**424,996**	484,296
At end of year/period	**359,811**	424,996

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units ("CGUs") that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Provision of on-line shopping, advertising and media related services		
Luxey Online Solutions Limited *(note (a))*	**75,343**	75,343
Swimwear		
Easy Time Trading Limited *(note (b))*	**640,966**	640,966
Apparel and related accessories		
Charmston *(note (c))*	**28,793**	28,793
	745,102	745,102

Notes:

(a) The recoverable amount of the provision of on-line shopping, advertising and media related services CGU is determined from value in use calculation. The key assumptions for the value in use calculation are those regarding the discount rate, growth rate and budgeted gross margin and turnover during the period. The Group estimates discount rate using pre-tax rate that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rate is based on long-term average economic growth rate of the geographical area in which the business of the CGU operates. Budgeted gross margin and turnover are based on past practices and expectations on market development.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors for the next five (2013: five) years with residual period using the growth rate of 5% (2013: 5%). This rate does not exceed the average long-term growth rate for the relevant markets. The rate used to discount the forecast cash flows from the Group's activities of provision of on-line shopping, advertising and media related services is 15.05% (2013: 14.85%).

Based on the past performance, the Group has revised its cash flow forecasts for this CGU. The goodwill has therefore been reduced to its recoverable amount through recognition of an impairment loss against goodwill of approximately HK$36,392,000 (Eighteen months ended 30 June 2013: HK$22,100,000) during the year/period.

(b) The recoverable amount of the swimwear CGU is determined from fair value less costs of disposal using the income-based approach calculation. The key assumptions for the income-based approach calculation are similar to the value in use calculation of provision of on-line shopping, advertising and media related services CGU as stated in note (a) above.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors for the next five (2013: five) years with residual period using the growth rate of 5% (2013: 5%). This rate does not exceed the average long-term growth rate for the relevant markets. The rate used to discount the forecast cash flows from the Group's activities of manufacturing and trading of high-end swimwear and related garment products is 11.55% (2013: 17.19%). The calculation further considered a 17.44% (2013: 14.84%) discount on lack of marketability for the controlling interests.

(c) The recoverable amount of the apparel and related accessories CGU is determined from fair value less costs of disposal using the market-based approach calculated based on the average price-to-book ratio and average price-to-sales ratio of several companies listed on the Stock Exchange (the "comparables") after considering a 32.88% (2013: 25.45%) discount on lack of marketability for the controlling interests which is determined by the density function for the maximum of a Brownian motion process by adopting average annualised volatility of the comparables and assuming marketing period is approximately 6 (2013: 3) months.

The assets and liabilities attributable to the apparel and related accessories CGU have been reclassified to a disposal group held for sale at 30 June 2014 and the goodwill allocated to the apparel and related accessories CGU was considered as non-recoverable. An impairment loss against goodwill of approximately HK$28,793,000 was recognised during the year.

13. INVESTMENT IN AN ASSOCIATE

	Group	
	2014	2013
	HK$'000	*HK$'000*
Unlisted investments:		
Share of net assets	**17,130**	–

Details of the Group's associate and its subsidiary at 30 June 2014 are as follows:

Name	**Place of incorporation/ registration and operation**	**Issued and paid up capital**	**Percentage of ownership**		**Principal activities**
			Direct	**Indirect**	
Ricotex Industrial Company Limited ("Ricotex")	Hong Kong	Ordinary shares of HK$40,000,000	45%	–	Trading of garment products
Ricotex Industrial Co., Ltd.	Kingdom of Cambodia	Registered capital of US$1,000,000/ paid up capital of US$Nil	–	45%	Not yet commenced business

The following table shows information of associates that are material to the Group. These associates are accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the HKFRS financial statements of the associate and its subsidiary.

Name	**Ricotex**
Principal place of business/country of incorporation	Hong Kong/ Hong Kong
Principal activities	Trading of garment products
% of ownership interests/voting rights held by the Group	45%/45%
	HK$'000
At 30 June 2014:	
Non-current assets	1,756
Current assets	43,869
Current liabilities	(7,558)
Net assets	38,067
Group's share of carrying amount of interests	17,130
Year ended 30 June 2014:	
Revenue	–
Loss for the year	1,933
Other comprehensive income	–
Total comprehensive income	1,933

14. TRADE AND OTHER RECEIVABLES

	2014	2013
	HK$'000	*HK$'000*
Trade and bills receivables	**12,107**	16,324
Prepayments, deposits and other receivables	**2,862**	28,552
	14,969	44,876

The Group normally allows credit terms to customers except for retail customers ranging from 30 to 120 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

The ageing analysis of trade and bills receivables, based on the invoice date, and net of allowance, is as follows:

	2014	2013
	HK$'000	*HK$'000*
Current to 30 days	**5,335**	8,186
31 – 90 days	**4,421**	1,501
91 – 180 days	**2,128**	3,364
Over 180 days	**223**	3,273
	12,107	16,324

As at 30 June 2014, an allowance was made for estimated irrecoverable trade and bills receivables of approximately HK$2,252,000 (2013: HK$2,140,000).

Reconciliation of allowance for trade and bills receivables:

	2014	2013
	HK$'000	*HK$'000*
At beginning of year/period	**2,140**	1
Allowance for the year/period	**3,431**	2,139
Amounts written off	**(180)**	–
Reversal of allowance for the year/period	**(1,505)**	–
Transfer to non-current assets held for sale	**(1,634)**	–
At end of year/period	**2,252**	2,140

As of 30 June 2014, trade and bills receivables of approximately HK$2,351,000 (2013: HK$6,773,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade and bills receivables is as follows:

	2014	2013
	HK$'000	*HK$'000*
Up to 90 days	**–**	136
91 – 180 days	**2,128**	3,364
Over 180 days	**223**	3,273
	2,351	6,773

The carrying amounts of the Group's trade and bills receivables are denominated in the following currencies:

	2014	2013
	HK$'000	*HK$'000*
Hong Kong dollars	**326**	7,252
United States dollars	**11,751**	6,517
Macau Pataca	**–**	261
Renminbi ("RMB")	**30**	2,294
Total	**12,107**	16,324

15. TRADE AND OTHER PAYABLES

	2014	2013
	HK$'000	*HK$'000*
Trade payables	**2,415**	11,792
Due to a substantial shareholder	**495**	495
Due to an associate	**9,000**	–
Accruals and other payables	**13,907**	29,044
	25,817	41,331

The amount due to a substantial shareholder is unsecured, interest-free and has no fixed terms of repayment. The amount due to an associate is unsecured, interest-free and repayable on demand.

The ageing analysis of trade payables, based on the date of receipt of goods, is as follows:

	2014	2013
	HK$'000	*HK$'000*
Current to 30 days	**2,231**	2,303
31 – 90 days	**105**	6,452
91 – 180 days	**19**	213
Over 180 days	**60**	2,824
	2,415	11,792

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	2014	2013
	HK$'000	*HK$'000*
Hong Kong dollars	**1,679**	6,782
United States dollars	**56**	43
RMB	**680**	4,967
Total	**2,415**	11,792

16. PROMISSORY NOTES

	2014	2013
	HK$'000	*HK$'000*
At beginning of year/period	**43,355**	52,512
Repayment	**–**	(12,400)
	43,355	40,112
Interest charged	**2,348**	3,243
At end of year/period	**45,703**	43,355

Promissory notes with principal amount of HK$50,000,000 shall be repayable in one lump sum on the fifth anniversary of the date of the issue of the promissory notes at no interest. These promissory notes are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method. The effective interest rate is 5.325%.

17. SHARE CAPITAL

	2014	2013
	HK$'000	*HK$'000*
Authorised:		
2,800,000,000 (2013: 14,000,000,000) ordinary shares of HK$0.25 (2013: HK$0.05) each	**700,000**	700,000
2,000,000,000 convertible non-voting preference shares of HK$0.15 each	**300,000**	300,000
	1,000,000	1,000,000
Issued and fully paid:		
986,358,758 (2013: 4,931,793,790) ordinary shares of HK$0.25 (2013: HK$0.05) each	**246,590**	246,590
1,103,333,333 (2013: 1,103,333,333) convertible non-voting preference shares of HK$0.15 each	**165,500**	165,500
	412,090	412,090

A summary of the movements in the authorised and issued share capital of the Company during the year ended 30 June 2014 and eighteen months ended 30 June 2013 is as follows:

	Note	**Number of ordinary shares of HK$0.05 each** *'000*	**Number of ordinary shares of HK$0.25 each** *'000*	**Number of convertible non-voting preference shares of HK$0.15 each** *'000*	**Par value** *HK$'000*
Authorised:					
At 1 January 2012, 30 June 2013 and 1 July 2013		14,000,000	–	2,000,000	1,000,000
Share consolidation	*(a)*	(14,000,000)	2,800,000	–	–
At 30 June 2014		–	2,800,000	2,000,000	1,000,000
Issued and fully paid:					
At 1 January 2012		3,097,093	–	1,303,333	350,354
Conversion of convertible non-voting preference shares	*(b)*	206,154	–	(200,000)	(19,691)
Issue of new shares under rights issue	*(c)*	1,628,547	–	–	81,427
At 30 June 2013 and 1 July 2013		4,931,794	–	1,103,333	412,090
Share consolidation	*(a)*	(4,931,794)	986,359	–	–
At 30 June 2014		–	986,359	1,103,333	412,090

Notes:

(a) On 23 April 2014, every 5 shares of HK$0.05 each in the issued and unissued share capital of the Company were consolidated into one consolidated share of HK$0.25 each in the issued and unissued share capital of the Company.

(b) During the eighteen months ended 30 June 2013, 206,153,846 ordinary shares of HK$0.05 each were issued as a result of the conversion of 200,000,000 convertible non-voting preference shares.

(c) On 3 July 2012, 1,628,546,648 ordinary shares of HK$0.05 each were issued at HK$0.05 per share by way of a rights issue on the basis of one rights share for every two shares held. The shares rank pari passu in all respects with the ordinary shares of the Company in issue on that date.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total liabilities (including current and non-current liabilities as shown in the consolidated statement of financial position) less cash and cash equivalents. Total equity represents the equity as shown in the consolidated statement of financial position.

The gearing ratios at 30 June 2014 and 2013 are as follows:

	2014	2013
	HK$'000	*HK$'000*
Total debt	**157,776**	134,670
Less: cash and cash equivalents	**(43,565)**	(72,367)
Net debt	**114,211**	62,303
Total equity	**390,040**	505,481
Gearing ratio	**29%**	12%

The increase in gearing ratio during the year resulted primarily from the increase of bank and other loans and decrease in cash and cash equivalents.

The Group is not subject to any externally imposed capital requirements.

18. NON-CURRENT ASSETS HELD FOR SALE

On 19 May 2014, the directors resolved to dispose of all or part of its business in the trading and retail of apparel and related accessories in Hong Kong. Negotiations with several interested parties have subsequently taken place. The assets and liabilities attributable to the trading and retail of apparel and related accessories business, which are expected to be sold within twelve months, have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position. The disposal group is included in the Group's apparel and related accessories segment.

The major classes of assets and liabilities comprising the disposal group classified as held for sale at 30 June 2014 are as follows:

	HK$'000
Property, plant and equipment	6,890
Trademark	9,568
Club debenture	205
Inventories	43,641
Trade and other receivables	30,866
Current tax assets	62
Pledged bank deposits	8,315
Bank and cash balances	5,351
Total assets classified as held for sale	104,898
Write-down of non-current assets held for sale *(note 8)*	(10,142)
	94,756
Trade and other payables	27,627
Bank and other loans	46,330
Finance lease payables	84
Employee benefit obligations	368
Current tax liabilities	254
Total liabilities associated with assets classified as held for sale	74,663
Net assets of disposal group	20,093

MANAGEMENT DISCUSSION AND ANALYSIS

Voluntarily winding up of Info-Source Media Limited

On 11 January 2013, a special resolution was passed by the shareholders of Info-Source Media Limited ("Info-Source") to voluntarily wind up Info-Source. The Group holds 20% equity interests in Info-Source and is classified as available-for-sale financial assets. The investment was fully impaired during the year ended 31 December 2010. It is the Directors' opinion that the winding up of Info-Source will not have a material impact on the Group's financial position. The voluntarily winding up process is not yet completed as at the date of this announcement.

Formation of a Joint Venture

On 25 February 2014, Ratio Knitting Factory Limited ("Ratio"), a wholly-owned subsidiary of the Company and two independent third parties entered into a shareholders agreement (the "Shareholders Agreement") in relation to the formation and operation of Ricotex Industrial Company Limited ("Ricotex") (formerly known as Upper Mega Limited). Ricotex and its subsidiary will be principally engaged in trading and manufacturing of garment products and related accessories and other related business, including but not limited to establishing and operating a garment manufacturing plant in the Kingdom of Cambodia ("Cambodia"). Pursuant to the Shareholders Agreement, Ratio is holding 45% of the issued share capital of Ricotex. Ratio will contribute HK$18,000,000 in cash by way of capital contribution in its respective shares and Ratio is committed to contribute a further HK$10,000,000 towards Ricotex by way of interest-bearing shareholders' loan if Ricotex requires further financing. Therefore, the maximum contribution from Ratio to Ricotex is HK$28,000,000. Ricotex is accounted for as an associate of the Company. Please refer to announcement dated 25 February 2014 for details.

Share Consolidation and Capital Reorganisation

On 18 March 2014, the Board of Directors proposed to implement the share consolidation and capital reorganisation.

1. Share consolidation

The Board of Directors proposed to implement the share consolidation on the basis that every 5 issued and unissued shares of HK$0.05 each will be consolidated into one consolidated share of HK$0.25 each ("Share Consolidation").

Share Consolidation was effected immediately after the approval of shareholders by an ordinary resolution passed at the extraordinary general meeting of the Company held on 23 April 2014.

2. Capital reorganisation

Immediately after the Share Consolidation as set out in (1) above becoming effective, the Board of Directors proposes to implement the capital reorganisation involving (i) a reduction in the par value of each issued consolidated share from HK$0.25 to HK$0.01 and (ii) a subdivision of each authorised but unissued consolidated share into 25 new shares of HK$0.01 each ("Capital Reorganisation"). The Capital Reorganisation was approved by a special resolution passed at the extraordinary general meeting of the Company held on 23 April 2014 and with sanction of an Order of the Grand Court of the Cayman Islands dated 15 August 2014. The Capital Reorganisation became effective on 20 August 2014.

Please refer to announcements dated 18 March 2014, 23 April 2014, 11 August 2014 and 20 August 2014 and circular dated 28 March 2014 for details.

Events After the Reporting Period

1. Subscription Agreement

On 28 July 2014, (i) Charmston (Holdings) Limited ("Charmston"), a non-wholly owned subsidiary of the Company, (ii) Synergy Chain Limited ("Synergy"), a wholly-owned subsidiary of the Company, which currently holds 51% of the issued share capital of Charmston; (iii) Datamax Limited and Capital Master Holdings Limited, which currently holds 49% of the issued share capital of Charmston; and (iv) Hoyden Ventures Limited ("Hoyden"), an independent third party, entered into the subscription agreement pursuant to which Hoyden has conditionally agreed to subscribe for 45% of the total number of issued share capital of Charmston as enlarged by the subscription at the consideration of HK$30,000,000 in cash ("Subscription"). The Subscription was still subject to other conditions and not yet completed as at the date of this announcement.

Please refer to announcement dated 31 July 2014 and circular dated 25 September 2014 for details.

2. Disposal of partial issued share capital of Charmston

On 28 July 2014, Synergy entered into the sale and purchase agreement with Hoyden, pursuant to which Hoyden has conditionally agreed to acquire and Synergy has conditionally agreed to sell 273 Charmston shares which represented 15% of the total number of issued share capital of Charmston as enlarged by the Subscription, at the consideration of HK$10,000,000 in cash ("Share Disposal"). Upon completion of the Subscription and Share Disposal, Synergy will hold approximately 13% of the issued share capital in Charmston. Charmston will cease to be a subsidiary of the Company and the financial results and position of Charmston and its subsidiaries ("Charmston Group") will be deconsolidated from the financial statement of the Company.

The Share Disposal was still subject to other conditions and not yet completed as at the date of this announcement.

Please refer to announcement dated 31 July 2014 and circular dated 25 September 2014 for details.

Charmston Group was engaged in trading and retail of apparel and related accessories in Hong Kong. The assets and liabilities attributable to the trading of apparel and related accessories business, which expected to be sold within twelve months, have been classified as a disposal group held for sale and are presented in the consolidated statement of financial position as at 30 June 2014. The disposal group is included in the Group's apparel and related accessories segment. For the year ended 30 June 2014, write-down of non-current assets held for sale of approximately HK$10,142,000 and impairment of goodwill made for apparel and related accessories cash-generating unit of approximately HK$28,793,000 had been recognised in the consolidated profit or loss. Details of the discontinued operation and non-current assets held for sale are set out in notes 8 and 18 of this announcement.

FINANCIAL REVIEW

Finance results

For the year ended 30 June 2014 (the "Year"), loss attributable to owners of the Company (including continuing and discontinued operations) was approximately HK$104,391,000. Comparing to loss attributable to owners of the Company (including continuing and discontinued operations) for the eighteen months ended 30 June 2013 of approximately HK$84,992,000, the increase in loss attributable to the owners of the Company was mainly attributable to (i) substantial decrease in the gross profit from manufacturing and trading of high-end swimwear and related garment products; (ii) write-down of non-current assets held for sale of approximately HK$10,142,000 and impairment of goodwill made for apparel and related accessories cash-generating unit of approximately HK$28,793,000 arising from disposal of part of the issued share capital of Charmston Group for the Year; (iii) allowance for impairment of goodwill of approximately HK$36,392,000 was made for provision of on-line shopping, advertising and media related services cash-generating unit for the Year (eighteen months ended 30 June 2013: HK$22,100,000); (iv) no allowance for impairment of goodwill was made for swimwear cash-generating unit for the Year (eighteen months ended 30 June 2013: HK$37,200,000); and (v) net allowance for trade and other receivables decreased by HK$9,133,000 (eighteen months ended 30 June 2013: HK$10,651,000).

Revenue and Gross Profit

For the Year, the Group's total turnover (including continuing and discontinued operations) and gross profit (including continuing and discontinued operations) were approximately HK$268,877,000 and HK$130,623,000 respectively, as comparing to HK$446,873,000 and HK$244,787,000 respectively for the eighteen months ended 30 June 2013.

Details of the decrease in total revenue are discussed below:

Manufacturing and trading of high-end swimwear and related garment products ("Swimwear segment")

The turnover generated from Swimwear segment for the Year was approximately HK$93,322,000 (eighteen months ended 30 June 2013: HK$119,563,000). Gross profit for the Year was approximately HK$11,579,000 (eighteen months ended 30 June 2013: HK$29,860,000). Gross profit ratio for the Year was 12.41% (eighteen months ended 30 June 2013: 24.97%). Decrease in gross profit for the Year was mainly due to the continuously increase in raw materials cost and shortage of skilled labour which resulted in increase in sub-contracting charges.

Trading and retail of apparel and related accessories ("Apparel and related accessories segment")

The turnover generated from Apparel and related accessories segment for the Year was approximately HK$172,233,000 (eighteen months ended 30 June 2013: HK$292,325,000). The decrease in turnover for the Year was mainly affected by the sluggish retail market in Hong Kong, which leading the demand for consumer goods is decreased and the consumer spending sentiment was fallen accordingly. Gross profit for the Year was approximately HK$117,607,000 (eighteen months ended 30 June 2013: HK202,108,000). Gross profit ratio for the Year was 68.28% (eighteen months ended 30 June 2013: 69.14%).

Provision of on-line shopping, advertising and media related services ("On-line shopping and advertising segment")

The turnover generated from On-line shopping and advertising segment for the Year was approximately HK$3,322,000 (eighteen months ended 30 June 2013: HK$32,639,000). Substantial decrease in turnover for the Year was mainly due to (i) keen competition in the on-line group buying market in Hong Kong; (ii) the on-line group buying market is slowing down in Hong Kong; and (iii) no income was received from provision of information technology consulting and on-line marketing services during the Year (eighteen months ended 30 June 2013: HK$8,487,000). Gross profit for the Year was approximately HK$1,437,000 (eighteen months ended 30 June 2013: HK$12,485,000). Gross profit ratio for the Year was 43.26% (eighteen months ended 30 June 2013: 38.25%).

Impairment of Goodwill

For the Year, the Group's total impairment of goodwill was approximately HK$65,185,000, comparing to approximately HK$59,300,000 for the eighteen months ended 30 June 2013.

(i) ***The impairment of goodwill relates to the provision of on-line shopping, advertising and media related services cash-generating unit ("Provision of on-line shopping, advertising and media related services CGU")***

For the Year, an impairment of goodwill related to Provision of on-line shopping, advertising and media related services CGU was approximately HK$36,392,000, comparing to approximately HK$22,100,000 for the eighteen months ended 30 June 2013.

The recoverable amount of the Provision of on-line shopping, advertising and media related services CGU is determined from value in use calculation. The key assumptions for the value in use calculation are those regarding the discount rate, growth rate and budgeted gross margin and turnover during the period. The Group estimates discount rate using pre-tax rate that reflect current market assessments of the time value of money and the risks specific to the Provision of on-line shopping, advertising and media related services CGU. The growth rate is based on long-term average economic growth rate of the geographical area in which the business of the Provision of on-line shopping, advertising and media related services CGU operates. Budgeted gross margin and turnover are based on past practices and expectations on market development. The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the Directors for the next five years with residual period using the growth rate of 5%. This rate does not exceed the average long-term growth rate for the relevant markets. The rate used to discount the forecast cash flows from the Group's activities of the Provision of on-line shopping, advertising and media related services CGU is 15.05%. Based on the past performance, the Group has revised its cash flow forecasts for the Provision of on-line shopping, advertising and media related services CGU. The goodwill has therefore been reduced to its recoverable amount through recognition of an impairment loss against goodwill of approximately HK$36,392,000 during the Year.

(ii) ***The impairment of goodwill relates to the swimwear cash-generating unit ("Swimwear CGU")***

For the Year, no impairment of goodwill relates to Swimwear CGU was made, comparing to approximately HK$37,200,000 for the eighteen months ended 30 June 2013.

The recoverable amount of the Swimwear CGU is determined from fair value less cost of disposal using the income-based approach calculation. The key assumptions for the income-based approach calculation are similar to the value in use calculation of Provision of on-line shopping, advertising and media related services CGU as stated in note (i) above. The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the Directors for the next five years with residual period using the growth rate of 5%. This rate does not exceed the average long-term growth rate for the relevant markets. The rate used to discount the forecast cash flows from the Group's activities of manufacturing and trading of high-end swimwear and related garment products is 11.55%. The calculation further considers a 17.44% discount on lack of marketability for the controlling interests.

(iii) The impairment of goodwill relates to the apparel and related accessories cash-generating unit ("Apparel and related accessories CGU")

The recoverable amount of the Apparel and related accessories CGU is determined from fair value less costs of disposal using the market-based approach calculated based on the average price-to-book ratio and average price-to-sales ratio of several companies listed on the Growth Enterprise Market of the Stock Exchange (the "comparables") after considering a 32.88% discount on lack of marketability for the controlling interests which is determined by the density function for the maximum of a Brownian motion process by adopting average annualised volatility of the comparables and assuming marketing period is approximately 6 months.

The assets and liabilities attributable to the Apparel and related accessories CGU have been reclassified to a disposal group held for sale at 30 June 2014 and the goodwill allocated to the Apparel and related accessories CGU was considered as non-recoverable. An impairment loss against goodwill of approximately HK$28,793,000 was recognised during the Year.

Allowance for trade and other receivables

During the Year, the total net allowance for trade and other receivables of approximately HK$1,562,000 is made, as comparing to approximately HK$10,695,000 for the eighteen months ended 30 June 2013.

During the Year, the Group has issued several demand letters for the collection of debts to the debtors. Despite several requests and demand from the Group, debtors defaulted in the repayment of debts as and when they fell due, the Board has assessed and believed that the total trade and other receivables of approximately HK$3,638,000 would have difficulties in recovering and therefore an allowance for trade and other receivables was provided.

OPERATIONS

During the Year, the Group maintained an effective cost measures in controlling the cost structure of its operations. Besides, the Group will be extremely prudent in the expansion of its operations in an organic manner. We also believe that it is of the Group's best interest to explore different sources of income while still maintains an effective and efficient overhead structure for our supporting departments in each of the business segments under operation.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2014, the Group had total assets (including continuing and discontinued operations) of approximately HK$547,816,000 (2013: HK$640,151,000). As at 30 June 2014, the Group had short term borrowings (including continuing and discontinued operations) of approximately HK$36,407,000 (2013: HK$38,236,000) and long-term borrowings (including continuing and discontinued operations) of approximately HK$55,710,000 (2013: HK$43,439,000). The increase of total borrowings (including continuing and discontinued operations) was mainly due to approximately HK$10,000,000 new loan borrowed by Charmston Group during the year. As at 30 June 2014, the Group had bank and cash balances (including continuing and discontinued operations) of approximately HK$43,565,000 (2013: HK$72,367,000). The Group has a current ratio of approximately 1.40 comparing to that of 1.97 as at 30 June 2013. As at 30 June 2014, the Group's gearing ratio of 29% was calculated as net debt divided by total equity (2013: 12%). Net debt is calculated as total liabilities (including current and non-current liabilities as shown in the consolidated statement of financial position) less cash and cash equivalents. Total equity represents the equity as shown in the consolidated statement of financial position.

FOREIGN EXCHANGE EXPOSURE

As most of the Group's business transactions, assets and liabilities are principally denominated in Hong Kong dollars, United States dollars and Renminbi, the Group's exposure to exchange rate risk is limited. It is the Group's treasury policy to manage its foreign currency exposure only when its potential financial impact is material to the Group. The Group will continue to monitor its foreign exchange position and, if necessary, utilise hedging tools, if available, to manage its foreign currency exposure.

CAPITAL STRUCTURE

Pursuant to an ordinary resolution passed at the extraordinary general meeting on 23 April 2014, the Share Consolidation was approved and effective on 23 April 2014, every 5 shares of HK$0.05 each in the issued and unissued share capital of the Company were consolidated into one consolidated share of HK$0.25 each in the issued and unissued share capital of the Company.

As at 30 June 2014, the total number of issued ordinary shares were 986,358,758 of HK$0.25 each (2013: 4,931,793,790 of HK$0.05 each) and total number of issued convertible non-voting preference shares were 1,103,333,333 of HK$0.15 each (2013: 1,103,333,333 of HK$0.15 each). Pursuant to the terms of the convertible non-voting preference shares, the conversion price of the outstanding convertible non-voting preference shares has been adjusted from HK$0.13 per share to HK$0.65 per share as a result of completion of the Share Consolidation.

SIGNIFICANT INVESTMENTS

As at 30 June 2014, the Group had debt investments of approximately HK$10,506,000 (2013: HK$10,418,000) which is classified as available-for-sale financial assets.

HEDGING POLICY

The Group does not have any material exposure to fluctuations in exchange or interest rates. Therefore, no hedging measures have been taken at present.

CREDIT POLICY

The credit terms given to customers are generally based on the financial strengths of individual customers. The Group generally allows an average credit term of 30 to 120 days to its trade customers.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2014, the Group had 426 full time employees compared with that of 476 in the previous financial year. The staff costs, including directors' remuneration, were approximately HK$83,344,000 (eighteen months ended 30 June 2013: HK$123,149,000). The Group offers a comprehensive remuneration package and benefits to its full time employees in compliance with the regulations in Hong Kong and the People's Republic of China ("PRC") respectively, including medical scheme, provident fund or retirement fund. In addition, the Group adopts a share option scheme for eligible employees (including Directors) and consultants to provide incentives to participants for their contributions and continuing efforts to promote the interests of the Group.

CONTINGENT LIABILITIES

As at 30 June 2014, the Group did not have any material contingent liabilities.

As at 30 June 2014, the Company has issued a guarantee of approximately HK$26,650,000 (as at 30 June 2013: HK$26,650,000) to a bank in respect of a banking facility granted to a subsidiary.

Litigation

(i) The Company received a writ of summons HCA 1977/2013 ("First Writ") dated 16 October 2013 issued from High Court of Hong Kong by the plaintiff ("Plaintiff"), a third party, in which the Company and all Directors were named as defendants. As appeared on the indorsement of claim in the First Writ, the Plaintiff alleged that in reliance of the representations made by the Company and its Directors in the Company information sheet dated 7 February 2013, 5th quarterly report 2012/2013 and annual report 2013 to the effect that Excel Courage Holdings Limited ("ECHL"), whose sole owner was Mr. Wong Sin Lai, was a substantial shareholder of the Company holding 974,180,000 shares ("Sale Shares"), the Plaintiff entered into an agreement with ECHL to purchase the Sale Shares. The Plaintiff alleged that such representations were false and he suffered loss and damages as a result. The Plaintiff claims against the Company and its Directors for, among others, damages to be assessed. All claims of the Plaintiff in the First Writ against the Company and all its Directors (except Mr. Lau Chi Yuen, Joseph) was dismissed by the High Court of Hong Kong on 9 June 2014. Subsequently on 28 July 2014, all claims of the Plaintiff in the First Writ against Mr. Lau Chi Yuen, Joseph was dismissed by the High Court. Please refer to the announcements dated 17 October 2013, 9 June 2014 and 20 August 2014 for details.

(ii) The Company received a writ of summons HCA 2063/2013 (the "Second Writ") dated 28 October 2013, issued from High Court of Hong Kong by the Plaintiff, in which the Company and all Directors were named as defendants among others. As appeared on the indorsement of claim in the Second Writ, the Plaintiff claimed against the defendants for damages of HK$39,326,264 and interest and costs. The Plaintiff alleged that, among others, one of the Directors, Mr. Lau Chi Yuen, Joseph had deceived him by making false statements in the Company's circular published on 11 June 2012, in various documents of a company known as Excel and in certain declarations in the action HCA 1827/2013; that Mr. Lau Chi Yuen, Joseph had abused the court process and had engaged in false dealings with the Company's shares; and that other Directors of the Company have been negligent and in breach of their duties of directors. All claims of the Plaintiff in the Second Writ against the Company and all its Directors (except Mr. Lau Chi Yuen, Joseph) was dismissed by the High Court of Hong Kong on 9 June 2014. Subsequently on 28 July 2014, all claims of the Plaintiff in the Second Writ against Mr. Lau Chi Yuen, Joseph was dismissed by the High Court. Please refer to the announcements dated 29 October 2013, 9 June 2014 and 20 August 2014 for details.

CHARGE ON ASSETS

As at 30 June 2014, (i) the Group has pledged property, plant and equipment with no carrying amount (2013: HK$91,000) to secure the finance lease payables of approximately HK$84,000 (2013: HK$156,000); and (ii) the Group has pledged bank deposits of approximately HK$8,480,000 (2013: HK$8,608,000) to secure banking facilities granted to the Group.

PROSPECTS

For the Swimwear segment, with the effort of our management, the orders on hand increased gradually in comparing with last year. Coupling with the establishment of new associate, Ricotex, which is aiming at starting a new factory in Cambodia, we believed that the contributions of this business segment would be fruitful. Many of our existing swimwear customers placed more emphasis on our future production capacity as well as the cost structures. As such, it is believed that Ricotex can provide workable solutions to tackle these issues while retaining our customers and providing more opportunity to secure new orders in future.

For the Apparel and related accessories segment, the apparel retail market in Hong Kong remains tough and highly competitive in the year of 2014 and the Company is of the view that the retail market will remain harsh in the near future. In view of this, the Group has entered into Subscription and Share Disposal on 28 July 2014, the management of the Group believed that the Subscription will relieve the Company from further straining its cashflow into the Charmston Group. The release of the Company from the corporate guarantee will further relieve the Group from the contingent liabilities towards the Charmston Group. The proceeds from the Share Disposal will further improve the cash position of the Group.

Given the disappointing past performance of the Charmston Group and the unattractive prospects of the local retail market, the Group will focus its resources in developing its high-end swimwear manufacturing and trading business after completion of the Subscription and Share Disposal.

For the On-line shopping and advertising segment, following the transformation of our group buying web-site (Babybamboo.com.hk) into web-based buying platform, the management of this business segment continuous to place effort to derive more revenue from this website by performing regular promotion exercise like offering more variety of products in factory outlet prices. On the other hand, we also focus on the provision of online advertising and social networking (e,g. Facebook promotion) in both Hong Kong and the PRC. Recently, we reactivate our business cooperation with China Post Hong Kong Limited to act as its advertising agent in its publication which intends to provide Hong Kong's shopping information to the PRC travelers.

The management of the Group continues to formulate its business strategies to optimise the use of its operating and financial resources. It will also consider to reorganise the non-performing business segments including but not limited to the disposal or downsizing of the non-performing business segments.

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

There are no purchase, sale or redemption of the Company's listed securities by the Group during the Year.

DIVIDENDS

The directors do not recommend the payment of any dividend for the year ended 30 June 2014 (Eighteen months ended 30 June 2013: Nil).

COMPETING INTERESTS

The Directors are not aware of, as at 30 June 2014, any business or interest of each Director, substantial shareholder and management shareholders (as defined in the GEM Listing Rules) and their respective associates that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

AUDIT COMMITTEE

The audit committee has reviewed the Group's audited results for the year ended 30 June 2014.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintain high standards of corporate governance for the Company. During the Year, the Company is in compliance with the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules except provisions A. 2.1 and A.4.1 of the CG Code as detailed below:

Code Provision A.2.1

Pursuant to A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Following the resignation of Mr. Chung Man Wai on 30 June 2014, Mr. Lau Chi Yuen, Joseph, the chairman of the Company, took up the role of Chief Executive Officer and thus there has been no segregation of duties for a very short period during the Year.

Code Provision A.4.1

Under the code provision A.4.1 of the CG Code, Non-executive Directors should be appointed for a specific term, subject to re-election. The current Independent Non-executive Directors are not appointed for specific terms, but are subject to retirement and re-election at Annual General Meeting of the Company in line with the Company's Articles of Association. As such, the Company considers that sufficient measures have been taken to ensure the Company's corporate governance practices are no less exacting than those in the CG Code.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors of the Company have complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company throughout the year ended 30 June 2014.

PRELIMINARY ANNOUNCEMENT OF THE RESULTS AGREED BY AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 30 June 2014 have been agreed by the Group's auditor, RSM Nelson Wheeler, to the amounts set out in the Group's audited consolidated financial statements for the year ended 30 June 2014. The work performed by RSM Nelson Wheeler 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 RSM Nelson Wheeler on the preliminary announcement.

PUBLICATION ON ANNUAL RESULTS AND ANNUAL REPORT

This results announcement of the Group for the year ended 30 June 2014 is available for viewing on the website of the Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and on the website of the Company at www.luxey.com.hk. The annual report will be despatched to the shareholders of the Company and will also be available for viewing at the aforesaid websites in due course.

By Order of the Board
Luxey International (Holdings) Limited
Lau Chi Yuen, Joseph
Chairman

Hong Kong, 25 September 2014

As at the date of this announcement, the Board comprises two (2) Executive Directors, namely, Mr. Lau Chi Yuen, Joseph (Chairman) and Mr. Lau Chun Fat, George, and three (3) Independent Non-executive Directors, namely Dr. Lee Chung Mong, John, Mr. Tam Wing Kin and Mr. Fung Chan Man, Alex.

This announcement will remain on the GEM website at http://www.hkgem.com on the "Latest Company Announcements" page for 7 days from the date of its posting and on the website of the Company.