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 2020

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher 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 that the companies listed on GEM are generally small and mid-sized companies, 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 revenue of approximately HK$77,809,000 for the year ended 30 June 2020, representing approximately 41% decrease comparing to the year ended 30 June 2019.

- The Group's gross profit amounted to approximately HK$3,959,000 for the year ended 30 June 2020.

- The Group has recorded a loss attributable to owners of the Company for the year ended 30 June 2020 of approximately HK$25,673,000, representing a basic loss per share of HK3.4909 cents.

- The Directors do not recommend the payment of any dividend for the year ended 30 June 2020.

- The Group has bank and cash balances of approximately HK$19,624,000; no short-term and long-term borrowings as at 30 June 2020.

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 2020, together with the comparative audited figures for the year ended 30 June 2019, are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2020

	Note	2020 HK$'000	2019 HK$'000
Revenue	5	**77,809**	131,778
Cost of sales and service rendered		**(73,850)**	(134,131)
Gross profit/(loss)		**3,959**	(2,353)
Other income	6	**1,521**	6,578
Write off/Impairment of property, plant and equipment		**(2,232)**	(1,201)
Allowance for trade and other receivables and loans receivables, net	9	**(10,056)**	14,615
Selling expenses		**(1,193)**	(1,150)
Administrative expenses		**(23,914)**	(25,971)
Loss from operations		**(31,915)**	(9,482)
Finance costs	7	**(2,155)**	(728)
Loss before tax		**(34,070)**	(10,210)
Income tax credit	8	**122**	782
Loss for the year		**(33,948)**	(9,428)
Attributable to:			
Owners of the Company		**(25,673)**	(3,898)
Non-controlling interests		**(8,275)**	(5,530)
		(33,948)	(9,428)
			(Restated)
Loss per share	11		
Basic *(cents per share)*		**(3.4909)**	(0.5339)
Diluted *(cents per share)*		**(3.4909)**	(0.5339)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2020

	Note	2020 HK$'000	2019 HK$'000
Loss for the year		**(33,948)**	(9,428)
Other comprehensive income:			
Item that will not be reclassified to profit or loss:			
Deficit on revaluation of property, plant and equipment		**(2,502)**	(2,624)
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**2,346**	(255)
Other comprehensive income for the year, net of tax		**(156)**	(2,879)
Total comprehensive income for the year		**(34,104)**	(12,307)
Attributable to:			
Owners of the Company		**(25,161)**	(5,630)
Non-controlling interests		**(8,943)**	(6,677)
		(34,104)	(12,307)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

	Note	2020 HK$'000	2019 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**2,449**	7,472
Club debenture		**–**	50
Right-of-use assets		**5,041**	–
Total non-current assets		**7,490**	7,522
CURRENT ASSETS			
Inventories		**2,995**	3,016
Trade and other receivables	*12*	**37,699**	44,260
Loans receivable		**79,932**	7,608
Pledged bank deposits		**263**	361
Bank and cash balances		**19,624**	47,701
Total current assets		**140,513**	102,946
CURRENT LIABILITIES			
Trade and other payables	*13*	**28,968**	20,798
Lease liabilities		**2,919**	–
Other loan		**1,500**	–
Loan from a shareholder		**58,000**	–
Employee benefit obligations		**2,521**	2,500
Current tax liabilities		**460**	477
Total current liabilities		**94,368**	23,775
Net current assets		**46,145**	79,171
Total assets less current liabilities		**53,635**	86,693
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**–**	122
Lease liabilities		**8,051**	–
Total non-current liabilities		**8,051**	122
NET ASSETS		**45,584**	86,571

	Note	2020 HK$'000	2019 HK$'000
CAPITAL AND RESERVES			
Equity attributable to owners of the Company			
Share capital	*14*	**261,844**	263,444
Reserves		**(197,703)**	(170,700)
		64,141	92,744
Non-controlling interests		**(18,557)**	(6,173)
TOTAL EQUITY		**45,584**	86,571

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2020

	Attributable to owners of the Company								
	Share capital *HK$'000*	Share premium *HK$'000*	Translation reserve *HK$'000*	Plant and machinery revaluation reserve *HK$'000*	Capital redemption reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 July 2018	266,194	701,292	(630)	10,123	150	(878,755)	98,374	(16,286)	82,088
Total comprehensive income for the year	–	–	(216)	(1,516)	–	(3,898)	(5,630)	(6,677)	(12,307)
Conversion of convertible non-voting preference shares into ordinary shares	(2,750)	2,750	–	–	–	–	–	–	–
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	16,790	16,790
Change in equity for year	(2,750)	2,750	(216)	(1,516)	–	(3,898)	(5,630)	10,113	4,483
At 30 June 2019	263,444	704,042	(846)	8,607	150	(882,653)	92,744	(6,173)	86,571
Initial adoption of HKFRS 16	–	–	–	–	–	(3,442)	(3,442)	(3,441)	(6,883)
At 1 July 2019	263,444	704,042	(846)	8,607	150	(886,095)	89,302	(9,614)	79,688
Total comprehensive income for the year	–	–	1,258	(746)	–	(25,673)	(25,161)	(8,943)	(34,104)
Conversion of convertible non-voting preference shares into ordinary shares	(1,600)	1,600	–	–	–	–	–	–	–
Transfer upon written off of plant and machinery	–	–	–	(7,861)	–	7,861	–	–	–
Change in equity for year	(1,600)	1,600	1,258	(8,607)	–	(17,812)	(25,161)	(8,943)	(34,103)
At 30 June 2020	261,844	705,642	412	–	150	(903,907)	64,141	(18,557)	45,584

1. GENERAL INFORMATION

Luxey International (Holdings) Limited (the "Company") was incorporated in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is Unit B, 5th Floor, Hang Cheong Factory Building, 1 Wing Ming Street, Cheung Sha Wan, Kowloon, Hong Kong. The Company's shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

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

(a) Application of new and revised HKFRSs

The Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features and 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 as described below, the application of the new revised HKFRSs and amendment to HKFRSs in the current year has had no material impact on the Group's accounting policies.

HKFRS 16 – Leases

The impact of the adoption of HKFRS 16 "Leases" has been summarised below. The other new or amended HKFRSs that are effective from 1 July 2019 did not have any significant impact on the Group's accounting policies.

(i) Impact of the adoption of HKFRS 16

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 "Leases" ("HKAS 17"), HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease", HK(SIC)-Int 15 "Operating Leases Incentives" and HK(SIC)-Int 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". From a lessee's perspective, almost all leases are recognised in the statement of financial position as a right-of-use assets and a lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17. For details of HKFRS 16 regarding its new definition of a lease, its impact on the Group's accounting policies and the transition method adopted by the Group as allowed under HKFRS 16, please refer to section (ii) to (iv) of this note.

The Group has applied HKFRS 16 using the cumulative effect approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application. The comparative information presented in 2019 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The following table summarises the impact of transition to HKFRS 16 on consolidated statement of financial position as of 30 June 2019 to that of 1 July 2019 as follows (increase/(decrease)):

	HK$'000
Consolidated statement of financial position as at 1 July 2019	
Rights-of-use assets	57
Lease liabilities (non-current)	5,920
Lease liabilities (current)	1,020
Accumulated losses	(3,442)
Non-controlling interests	(3,441)

The following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 as at 30 June 2019 could be reconciled to the lease liabilities at the date of initial application recognised in the consolidated statement of financial position as at 1 July 2019:

	HK$'000
Reconciliation of operating lease commitment to lease liabilities	
Operating lease commitment as of 30 June 2019	16,136
Less: short-term leases for which lease terms end within 30 June 2020	(6,259)
	9,877
Total lease liabilities discounted by the Group's incremental borrowing rate as of 1 July 2019	6,940

The lessee's incremental borrowing rate applied to lease liabilities recognised in the consolidated statement of financial position as at 1 July 2019 is ranging from 4.03% to 15.54%.

(ii) The new definition of a lease

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee applies the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group has elected not to separate non-lease components and accounted for all each lease component and any associated non-lease components as a single lease component for all leases.

(iii) Accounting as a lessee

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the consolidated statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets (the Group has leased mobile phones, laptop computers and photocopying machines) and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group recognised a right-of-use asset and a lease liability at the commencement date of a lease.

Right-of-use asset

The right-of-use asset is recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Except for right-of-use asset that meets the definition of an investment property or a class of property, plant and equipment to which the Group applies the revaluation model, the Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. For right-of-use asset that meets the definition of an investment property, they are carried at fair value and for right-of-use asset that meets the definition of a leasehold land and buildings held for own use, they are carried at cost.

Leasehold land and buildings that were held for rental or capital appreciation purpose would continue to be accounted for under HKAS 40 and would be carried at fair value. For leasehold land and buildings which is held for own use would continue to be accounted for under HKAS 16 and would be carried at cost. The adoption of HKFRS 16 therefore does not have any significant impact on these right-of-use assets. Other than the above right-of-use assets, the Group also has leased a number of properties under tenancy agreements which the Group exercises its judgement and determines that these are buildings leased for own use carried at cost. As a result, the right-of-use asset arising from the properties under tenancy agreements are carried at depreciated cost.

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group's incremental borrowing rate.

The following payments for the right of use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and; (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

(iv) Transition

As mentioned above, the Group has applied HKFRS 16 using the cumulative effect approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of accumulated losses at the date of initial application (1 July 2019). The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The Group has recognised the lease liabilities at the date of 1 July 2019 for leases previously classified as operating leases applying HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 July 2019.

The Group has elected to recognise all the right-of-use assets at 1 July 2019 for leases previously classified operating leases under HKAS 17 as if HKFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application. For all these right-of-use assets, the Group has applied HKAS 36 "Impairment of Assets" at 1 July 2019 to assess if there was any impairment as on that date.

The Group has also applied the follow practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; (ii) applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within 12 months of the date of initial application (1 July 2019) and accounted for those leases as short-term leases; (iii) exclude the initial direct costs from the measurement of the right-of-use asset at 1 July 2019 and (iv) used hindsight in determining the lease terms if the contracts contain options to extend or terminate the leases.

In addition, the Group has also applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease"; and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK(IFRIC)-Int 4.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 July 2019. These new and revised HKFRSs include the following which may be relevant to the Group.

The following new/revised HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 3	Definition of a Business[2]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRS 3	Reference to the Conceptual Framework[5]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[5]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 16	COVID-19-Related Concessions[6]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[5]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current[7]

1. Effective for annual periods beginning on or after 1 January 2020.
2. 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.
3. Effective for annual periods beginning on or after 1 January 2021.
4. The amendments were originally intended to be effective for periods beginning on or after 1 April 2018. The effective date has now been deferred/removed. Early application of the amendments continues to be permitted.
5. Effective for annual periods beginning on or after 1 January 2022.
6. Effective for annual periods beginning on or after 1 June 2020.
7. Effective for annual periods beginning on or after 1 January 2023.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

Except for the new and amendments to HKFRSs mentioned below, the management anticipates that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKFRS 3 – Definition of a Business

The amendments clarify that a business must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs, together with providing extensive guidance on what is meant by a "substantive process".

Additionally, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs, whilst narrowing the definition of "outputs" and a "business" to focus on returns from selling goods and services to customers, rather than on cost reductions.

An optional concentration test has also been added that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

Amendments to HKAS 1 and HKAS 8 – Definition of Material

The amendments clarify the definition and explanation of "material", aligning the definition across all HKFRS Standards and the Conceptual Framework, and incorporating supporting requirements in HKAS 1 into the definition.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 – Interest Rate Benchmark Reform

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

HKFRS 17 – Insurance Contracts

HKFRS 17 will replace HKFRS 4 as a single principle-based standard for the recognition, measurement, presentation and disclosure of insurance contracts in the consolidated financial statements of the issuers of those contracts.

Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and consolidated financial statements.

4. SEGMENT INFORMATION

The Group has three operating segments as follows:

Swimwear and garment	–	Manufacturing and trading of swimwear and garment products
E-Commerce and on-line shopping related	–	E-Commerce and provision of on-line shopping services
Money lending	–	Money lending business

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.

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 club debenture, goodwill and other assets for general administrative use. Segment liabilities do not include loan from a related company and other liabilities for general administrative use.

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

	Swimwear and garment *HK$'000*	E-Commerce and on-line shopping related *HK$'000*	Money lending *HK$'000*	Total *HK$'000*
Year ended 30 June 2020				
Revenue from external customers	**46,443**	**28,486**	**2,880**	**77,809**
Segment (loss)/profit	**(23,852)**	**(7,125)**	**1,078**	**(29,899)**
Depreciation of property, plant and equipment	**1,651**	**–**	**–**	**1,651**
Depreciation of right-of-use assets	**331**	**77**	**34**	**442**
Income tax credit	**(122)**	**–**	**–**	**(122)**
Other material non-cash items:				
Allowance for receivables	**4,758**	**5,103**	**195**	**10,056**
Additions to segment non-current assets	**1,323**	**–**	**–**	**1,323**
As at 30 June 2020				
Segment assets	**19,001**	**41,397**	**82,377**	**142,775**
Segment liabilities	**28,437**	**12,356**	**58,081**	**98,874**
Year ended 30 June 2019				
Revenue from external customers	44,721	86,637	420	131,778
Segment (loss)/profit	(21,326)	1,402	(197)	(20,121)
Depreciation of property, plant and equipment	4,372	–	–	4,372
Income tax credit	(782)	–	–	(782)
Other material non-cash items:				
Allowance for receivables	(5)	(1,748)	(88)	(1,841)
Additions to segment non-current assets	1,307	–	–	1,307
As at 30 June 2019				
Segment assets	37,053	41,730	12,134	90,917
Segment liabilities	20,368	1,408	44	21,820

Reconciliations of segment profit or loss:

	2020 *HK$'000*	2019 *HK$'000*
Total profit or loss of reportable segments	**(29,899)**	(20,121)
Impairment of goodwill	**–**	–
Unallocated amounts:		
Other income	**48**	18,809
Administrative expenses	**(4,091)**	(7,946)
Finance costs	**(6)**	(170)
Consolidated loss for the year	**(33,948)**	(9,428)

Reconciliations of segment assets and liabilities:

	2020 *HK$'000*	2019 *HK$'000*
Assets		
Total assets of reportable segments	**142,775**	90,917
Club debenture	**–**	50
Other assets	**5,228**	19,501
Consolidated total assets	**148,003**	110,468
Liabilities		
Total liabilities of reportable segments	**98,874**	21,820
Other liabilities	**3,545**	2,077
Consolidated total liabilities	**102,419**	23,897

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

Geographical information:

The Group's revenue from external customers by location of the customers and information about its non-current assets by location of assets are detailed below:

	Revenue		Non-current assets	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**19,743**	66,163	**439**	622
PRC except Hong Kong and Macau	**2,158**	155	**6,648**	2,274
Cambodia	**12,032**	11,827	**403**	4,626
United Kingdom	**4,359**	13,758	**–**	–
Spain	**4,612**	3,353	**–**	–
Sweden	**6,684**	8,688	**–**	–
United States of America (the "USA")	**639**	249	**–**	–
Netherlands	**2,527**	4,741	**–**	–
Israel	**–**	1,178	**–**	–
Italy	**7,757**	14,711	**–**	–
France	**12,135**	4,731	**–**	–
Others	**5,163**	2,224	**–**	–
Consolidated total	**77,809**	131,778	**7,490**	7,522

Revenue from major customers:

	2020	2019
	HK$'000	*HK$'000*
Swimwear and garment segment		
Customer a	**8,528**	N/A*
E-Commerce and on-line shopping related segment		
Customer b	**N/A***	64,538

* *The Corresponding revenue does not contributed over 10% of the total revenue of the Group in the respective year.*

5. REVENUE

The Group's revenue which represents sales of goods to customers, subcontracting fee income and interest income from money lending business are as follows:

	2020	2019
	HK$'000	*HK$'000*
Sales of goods	**62,879**	119,531
Subcontracting fee income	**12,050**	11,827
Interest income from money lending business	**2,880**	420
	77,809	131,778

6. OTHER INCOME

	2020	2019
	HK$'000	*HK$'000*
Design fee income	**295**	–
Insurance claim received	**–**	42
Interest income	**63**	137
Reversal of provision for employee benefit obligations	**–**	1,260
Government grants *(note)*	**338**	1,298
Sundry income	**4**	32
Interest income from customer late payment	**–**	2,554
Sale of scrap product	**821**	1,255
	1,521	6,578

Note: Government grants were received as refund of value-added tax and export duty. There are no unfulfilled conditions or contingencies attached to the grants.

7. FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
Interest on other loans	**6**	728
Interest on loan from a shareholder	**1,052**	–
Interest on lease liabilities	**1,097**	–
	2,155	728

8. INCOME TAX CREDIT

	2020	2019
	HK$'000	*HK$'000*
Deferred tax	**(122)**	(782)
Income tax credit	**(122)**	(782)

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the year (2019: Nil).

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 credit and the product of loss before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2020	2019
	HK$'000	*HK$'000*
Loss before tax	**(34,070)**	(10,210)
Tax at the Hong Kong Profits Tax rate of 16.5% (2019: 16.5%)	**(5,622)**	(1,685)
Tax effect of income that is not taxable	**(66)**	(2,946)
Tax effect of expenses that are not deductible	**611**	1,941
Tax effect of other temporary differences not recognised	**1,754**	–
Tax effect of tax losses not recognised	**5,665**	5,054
Tax effect of utilisation of tax losses not previously recognised	**–**	(2,460)
Effect of different tax rates of subsidiaries	**(2,464)**	(686)
Income tax credit	**(122)**	(782)

9. LOSS FOR THE YEAR

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

	2020	2019
	HK$'000	*HK$'000*
Auditor's remuneration	**480**	460
Cost of inventories sold	**73,850**	134,131
Depreciation of property, plant and equipment	**1,766**	4,400
Depreciation of right-of-use assets	**442**	–
Allowance for trade and loan receivables	**10,056**	1,841
Reversal of allowance for receivables	**–**	(16,456)
Loss on disposal of property, plant and equipment	**–**	56
Write off/Impairment of property, plant and equipment	**2,232**	1,201
Net foreign exchange losses	**267**	152
Expenses incurred for short-term lease	**6,259**	–
Operating lease charges for land and buildings	**–**	4,957

There is a reversal of allowance for receivables of approximately HK$16,456,000 for the year ended 30 June 2019, being the result of persistent effort on the management of quality of trade receivables and certain long overdue debts are recovered during the year ended 30 June 2019.

Cost of inventories sold includes staff costs, depreciation and operating lease charges of approximately HK$16,351,000 (2019: HK$20,169,000) 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 2020 (2019: Nil).

11. LOSS PER SHARE

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 attributable to owners of the Company of approximately HK$25,673,000 (2019: HK$3,898,000) and the weighted average number of ordinary shares of 735,434,416 (2019: 730,052,929 (Restated)) in issue during the year.

On 5 August 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$0.10 each (the "Share Consolidation").

On 10 September 2020, the Company completed a rights issue on basis of 1 rights share for every 2 consolidated shares in issue at a subscription price of HK$0.10 per rights share and raised approximately HK$9,787,000 before expenses by way issuing up to 97,868,384 rights shares ("Rights Issues").

For the years ended 30 June 2020 and 2019, the weighted average number of shares has been adjusted for the effect of the Share Consolidation and Rights Issues.

Diluted loss per share

The exercise of the Group's outstanding convertible non-voting preference shares would be anti-dilutive for the year ended 30 June 2020 and 2019. Diluted loss per share was the same as the basic loss per share for the years ended 30 June 2020 and 30 June 2019.

12. TRADE AND OTHER RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Trade receivables	**5,266**	39,899
Prepayments and deposits	**3,072**	4,361
Other receivables *(note)*	**29,361**	–
	37,699	44,260

Note: The amount represented receivables from network platforms.

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 14 to 90 days. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

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

	2020	2019
	HK$'000	*HK$'000*
Current to 30 days	**1,928**	4,632
31 – 90 days	**72**	24,759
91 – 180 days	**351**	855
Over 180 days	**2,915**	9,653
	5,266	39,899

As at 30 June 2020, an allowance was made for estimated irrecoverable trade receivables of approximately HK$13,925,000 (2019: HK$5,435,000).

Reconciliation of allowance for trade receivables:

	2020	2019
	HK$'000	*HK$'000*
At beginning of the year	**5,435**	20,138
Allowance for the year	**8,490**	1,753
Reversal of allowance for the year	**–**	(16,456)
At end of the year	**13,925**	5,435

13. TRADE AND OTHER PAYABLES

	2020	2019
	HK$'000	*HK$'000*
Trade payables	**3,866**	3,450
Due to a substantial shareholder *(note)*	**100**	100
Accruals and other payables	**25,002**	17,248
	28,968	20,798

Note: The amount is unsecured, interest-free and has no fixed terms of repayment.

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

	2020	2019
	HK$'000	*HK$'000*
Current to 30 days	**613**	1,977
31 – 90 days	**648**	664
91 – 180 days	**2,312**	711
Over 180 days	**293**	98
	3,866	3,450

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

	2020	2019
	HK$'000	*HK$'000*
Hong Kong dollars	**3,850**	3,196
RMB	**16**	254
Total	**3,866**	3,450

14. SHARE CAPITAL

	2020	2019
	HK$'000	*HK$'000*
Authorised:		
70,000,000,000 ordinary shares of HK$0.01 each	**700,000**	700,000
2,000,000,000 convertible non-voting preference shares of HK$0.15 each	**300,000**	300,000
312,500,000 series B convertible non-voting preference shares of HK$0.16 each	**50,000**	50,000
	1,050,000	1,050,000
Issued and fully paid:		
6,908,772,313 (2019: 6,828,772,313) ordinary shares of HK$0.01 each	**69,088**	68,288
1,083,333,333 (2019: 1,083,333,333) convertible non-voting preference shares of HK$0.15 each	**162,500**	162,500
189,100,000 (2019: 204,100,000) series B convertible non-voting preference shares of HK$0.16 each	**30,256**	32,656
	261,844	263,444

A summary of the movements in the authorised and issued share capital of the Company during the years ended 30 June 2020 and 2019 is as follows:

	Note	Number of ordinary shares of HK$0.01 each	Number of convertible non-voting preference shares of HK$0.15 each	Number of series B convertible non-voting preference shares of HK$0.16 each	Par value
		'000	'000	'000	HK$'000
Authorised:					
At 1 July 2018, 30 June 2019, 1 July 2019 and 30 June 2020		70,000,000	2,000,000	312,500	1,050,000
Issued and fully paid:					
At 1 July 2018		6,803,772	1,103,333	204,100	266,194
Conversion of convertible non-voting preference shares	*(a)*	25,000	(20,000)	–	(2,750)
At 30 June 2019 and 1 July 2019		6,828,772	1,083,333	204,100	263,444
Conversion of series B convertible non-voting preference shares	*(b)*	80,000	–	(15,000)	(1,600)
At 30 June 2020		6,908,772	1,083,333	189,100	261,844

Notes:

(a) On 10 August 2018, 25,000,000 ordinary shares of HK$0.01 each were issued as a result of the conversion of 20,000,000 convertible non-voting preference shares.

(b) On 12 February 2020 and 3 April 2020, a total of 80,000,000 ordinary shares of HK$0.01 each were issued as a result of the conversion of 15,000,000 series B Convertible non-voting preference shares.

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 2020 and 2019 are as follows:

	2020	2019
	HK$'000	*HK$'000*
Total debt	**102,419**	23,897
Less: cash and cash equivalents	**(19,624)**	(47,701)
Net debt	**82,795**	(23,804)
Total equity	**45,584**	86,571
Gearing ratio	**182%**	N/A

The only externally imposed capital requirement is that for the Group to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares. The Group received a report from the share registrars on substantial share interests showing the non-public float and it demonstrated continuing compliance with the 25% limit throughout the year.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

For the year ended 30 June 2020 (the "Year"), loss attributable to owners of the Company was approximately HK$25,673,000. Comparing to loss attributable to owners of the Company for year ended 30 June 2019 of approximately HK$3,898,000, the increase in loss attributable to the owners of the Company was mainly attributable to (i) decrease in other income of approximately HK$1,521,000 (2019: HK$6,578,000); (ii) increase in write off/impairment of property, plant and equipment of approximately HK$2,232,000 (2019: HK$1,201,000); (iii) allowance for trade and other receivables to approximately HK$10,056,000 (2019: reverse HK$14,615,000); and (iv) increase in finance cost HK$2,155,000 (2019: HK$728,000); and partially set off by (i) decrease in administrative expenses, HK$23,914,000 (2019: HK$25,971,000); and (ii) increase in gross profit of approximately $3,959,000 (2019: gross loss 2,353,000).

Revenue and Gross (Loss)/Profit

For the Year, the Group's total revenue and gross profit were approximately HK$77,809,000 and HK$3,959,000 respectively, as comparing to approximately HK$131,778,000 and gross loss HK$2,353,000 respectively for the year ended 30 June 2019.

Details of the decrease in total revenue and decrease in gross loss are discussed below:

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

The revenue generated from Swimwear and garment segment for the Year was approximately HK$46,443,000 (2019: HK$44,721,000). Gross loss for the Year was approximately HK$1,252,000 (2019: HK$6,888,000). Gross loss for the Year was 2.70% (2019: gross loss ratio of 15.40%). Decrease in gross loss for the Year was mainly due to decrease in labour cost, as compared with the corresponding period in 2019.

E-Commerce and on-line shopping related services ("E-Commerce and on-line shopping related segment")

The E-commerce and on-line shopping related segment mainly represents (i) buying, refurbishing and selling second hand mobile phones through online platforms, trading of cameras and electronic parts and (ii) acting as agents ("Agency Services") for suppliers in arranging and providing value added services on facilitating the sale of second hand mobile phones to buyers through online shopping platforms. The revenue generated from E-Commerce and on-line shopping related segment for the Year was approximately HK$28,486,000 (2019: HK$86,637,000). Gross profit for the Year was approximately HK$2,331,000 (2019: HK$4,115,000). Gross profit ratio for the Year was 8.18% (2019: 4.75%). The decrease in revenue was mainly increase in Agency Services.

Money lending business ("Money lending segment")

The revenue generated from Money lending segment for the Year was approximately HK$2,880,000 (2019: HK$420,000). Gross profit for the Year was approximately HK$2,880,000 (2019: HK$420,000). Gross profit ratio for the Year was 100% (2019: 100%).

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 2020, the Group had total assets of approximately HK$148,003,000 (2019: HK$110,468,000). As at 30 June 2020, the Group had short term borrowings HK$59,500,000 (2019: nil). The increase of total borrowings was mainly due to increase of the shareholders loan during the Year. As at 30 June 2020, the Group had bank and cash balances of approximately HK$19,624,000 (2019: HK$47,701,000). The Group has a current ratio of approximately 1.49 comparing to that of 4.33 as at 30 June 2019. As at 30 June 2020, the Group's gearing ratio of 182% (2018: -27%) was 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.

USE OF PROCEEDS

The Subscription was completed and shares were issued on 30 November 2017. The premium on the issue of shares, amounting to approximately HK$62,890,000, net of share issue expenses, was credited to the Company's share premium account.

All proceeds have been utilised by the Group as to (a) approximately HK$30 million as working capital for its swimwear and garment business including but not limited to purchase of raw materials, rental, wages and other administrative expenses; (b) approximately HK$30 million as working capital for its trading business including but not limited to purchase of inventories; and (c) approximately HK$9.8 million as general working capital of the Group including administrative expenses, professional fees and general corporate expenses. Such use was in accordance with the intended use are set out in the announcement of the Company dated 10 April 2018.

The Company has not conducted any equity fund raising activities during the Year.

KEY RISKS AND UNCERTAINTIES

Our Group's financial condition, results of operations and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to our Group's businesses. The following are the key risks and uncertainties identified by our Group. There may be other risks and uncertainties in addition to those shown below which are not known to our Group or which may not be material now but could be material in the future:

1. **Reliance on a small number of key suppliers**

   The Group's five largest suppliers, which accounted for 40% (2019: 65%) of the Group's total purchases, There is no assurance that these major suppliers shall continue to provide the goods to us at price acceptable to our Group. In the event that our Group were unable to retain these suppliers, or procure replacement suppliers, our business, results of operations, profitability and liquidity might be adversely affected. However, the Group has established strong business relationship with these major suppliers.

2. Reliance on a small number of key customers

The Group's five largest customers, which accounted for 38% (2019: 71%) of the Group's total revenue. There is no assurance that major customers will continue to conduct business with us. In the event that major customers materially reduce their purchase orders with the Group or cease to conduct business with the Group and the Group fails to obtain a comparable level of purchase orders from new customers, the Group's business, result of operations and financial condition may be adversely affected. Customer satisfaction with our products has a profound effects on our profitability. To provide good quality services to our customers, our Group is in constant communication with our customers and potential customers to uncover and create customer needs and help customers make informed decision.

3. Foreign exchange rate risk

The Group business transactions, assets and liabilities are mainly denominated in Hong Kong dollars, Renminbi and United States dollars, of which the Group's exposure to foreign exchange risk is considered as limited. During the Year, the Group did not carry out any hedging activity against foreign currency risk. Any substantial exchange rate fluctuation of foreign currencies against Renminbi may have a financial impact on 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.

4. Investment risk

Investment risk can be defined as the likelihood of occurrence of losses relative to the expected return on any particular investment. Key concern of investment framework will be balancing risk and return across different investments, and thus risk assessment is a core aspect of the investment decision process. Proper authorisation system has been set up and detailed analysis will be made before approving investments. Regular updates on the progress of the investments of our Group would be submitted to the Board of Directors.

As at 30 June 2020, issued and fully paid share capital of the Company included (a) 6,908,772,313 (2019: 6,828,772,313) ordinary shares of HK$0.01 each; (b) 1,083,333,333 convertible non-voting preference shares ("CPS") (2019: 1,083,333,333) of HK$0.15 each; and (c) 189,100,000 (2019: 204,100,000) series B convertible non-voting preference shares ("Series B CPS") of HK$0.16 each. Pursuant to the terms of the CPS and Series B CPS, the conversion prices of the outstanding CPS and Series B CPS were adjusted from HK$0.65 and HK$0.16 per share to HK$0.13 and HK$0.032 per share respectively as a result of completion of the rights issue, and further adjusted to HK$0.12 and HK$0.030 per share respectively as a result of completion of the placing and subscription on 14 October 2016.

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 14 to 180 days to its trade customers.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2020, the Group had 722 full time employees compared with that of 711 in the previous financial year. The staff costs, including directors' remuneration, were approximately HK$28,349,000 (2019: HK$33,397,000). The Group offers a comprehensive remuneration package and benefits to its full time employees in compliance with the regulations in Hong Kong, the PRC and the Cambodia 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 2020, the Group did not have any material contingent liabilities (2019: Nil).

CHARGE ON ASSETS

The Group has pledged bank deposits of approximately HK$263,000 (2019: HK$361,000) to secure banking facilities granted to the Group.

PROSPECT

The adverse impact of the coronavirus pandemic on the Group's manufacturing and trading of swimwear and garment products segment has begun to materialize and reflected on the significant reduction of orders on hand. The prospects for this segment remain challenging as it is closely tied to the development of the coronavirus pandemic. The Group will continue to adopt costs cutting measures in response to the current unfavourable market condition which is expected to be temporary. The Group is well position to capture the business opportunities from the expected market recovery. The Company is committed to maintaining this segment as the Group's principal business despite the uncertainties ahead. The Company will continue to deepen its relationships with existing customers and will seek new business opportunities with new customers including domestic customers in China.

For the E-commerce and on-line shopping related segment, due to the coronavirus pandemic, global trading activities and logistics were seriously disrupted which adversely affected the supply of second hand mobile phones. However the online demand for such products remained strong even in the midst of the pandemic. It is expected that with the gradual resumption of trading activities and cargo movement, this segment will catch up quickly. The Group intends to further expand its scale of operation in this segment and capture the business opportunities from the expected market recovery.

For the money leading business, the Group will continue to maintain and develop the business and to allocate sufficient resources to meet business demands.

The management of the Group continues to formulate its business strategies to optimise the use of its operating and financial resources. It will consider to diversify its operations where appropriate business opportunities arise.

The directors of the Company (the "Directors") are pleased to submit their report together with the audited financial statements of the Company and its subsidiaries (collectively, the "Group") for the year ended 30 June 2020 (the "Year").

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

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

COMPETING INTERESTS

The Directors are not aware of, as at 30 June 2020, 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.

DIVIDEND POLICY

The Board has adopted a dividend policy (the"Dividend Policy")during the year, according to the Dividend Policy, when determining whether to declare any dividend in the future and the amount of dividend to be declared, the Board shall take into account, included but not limited to:

(i) the Group's liquidity position and future commitments; (ii) the Group's actual and expected financial performance; (iii) the Group's business operation strategy, including expected working capital requirements, capital expenditure requirements and future expansion plans; (iv) the general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Company; (v) retained earnings and distributable reserves of the Company; (vi) any restrictions on payment of dividends that may be imposed by the Group's lenders; and (vii) any other factors that the Board deems appropriate.

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.4.1 of the CG Code as detailed below:

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.

AUDITOR

The consolidated financial statements for the Year have been audited by Elite Partners CPA Limited. A resolution will be submitted to the Annual General Meeting to re-appoint Elite Partners CPA Limited as auditor of the Company.

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.

PRELIMINARY ANNOUNCEMENT OF THE RESULTS AGREED BY AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Group's auditor, Elite Partners CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by Elite Partners CPA 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 Elite Partners CPA Limited on the preliminary announcement.

PUBLICATION ON ANNUAL RESULTS AND ANNUAL REPORT

This results announcement of the Group for the Year 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 of
Luxey International (Holdings) Limited
Chan Hiu Kwan
Executive Director

Hong Kong, 24 September 2020

As at the date of this announcement, the Board comprises two (2) Executive Directors, namely, Mr. Lau Chun Fat, George and Ms. Chan Hiu Kwan, 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.