



**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 2021**

**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.**

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*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\$71,207,000 for the year ended 30 June 2021, representing approximately 8.5% decrease comparing to the year ended 30 June 2020.
- The Group's gross profit amounted to approximately HK\$6,619,000 for the year ended 30 June 2021.
- The Group has recorded a loss attributable to owners of the Company for the year ended 30 June 2021 of approximately HK\$5,170,000, representing a basic loss per share of HK0.66 cents.
- The Directors do not recommend the payment of any dividend for the year ended 30 June 2021.
- The Group has bank balances and cash of approximately HK\$17,963,000; no short-term and long-term borrowings as at 30 June 2021.

## 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 2021, together with the comparative audited figures for the year ended 30 June 2020, are as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2021

|  | Notes | 2021<br>HK\$'000      | 2020<br>HK\$'000       |
|--|-------|-----------------------|------------------------|
| <b>Revenue</b>   | 5     | 71,207                | 77,809                 |
| Cost of sales and service rendered                                   |       | <u>(64,588)</u>       | <u>(73,850)</u>        |
| <b>Gross profit</b>  |       | 6,619                 | 3,959                  |
| Other income   | 6     | 6,489                 | 1,521                  |
| Loss on written off of property, plant and equipment                 |       | (396)                 | (2,232)                |
| Impairment loss under expected credit loss model,<br>net of reversal |       | 9,022                 | (10,056)               |
| Selling expenses   |       | (137)                 | (1,193)                |
| Administrative expenses  |       | <u>(25,343)</u>       | <u>(23,914)</u>        |
| <b>Loss from operations</b>  |       | (3,746)               | (31,915)               |
| Finance costs  | 7     | <u>(2,241)</u>        | <u>(2,155)</u>         |
| <b>Loss before tax</b>   |       | (5,987)               | (34,070)               |
| Income tax credit  | 8     | <u>–</u>              | <u>122</u>             |
| <b>Loss for the year</b>   | 9     | <u><u>(5,987)</u></u> | <u><u>(33,948)</u></u> |
| <b>Loss for the year attributable to:</b>                            |       |                       |                        |
| Owners of the Company  |       | (5,170)               | (25,673)               |
| Non-controlling interests  |       | <u>(817)</u>          | <u>(8,275)</u>         |
|  |       | <u><u>(5,987)</u></u> | <u><u>(33,948)</u></u> |
| <b>Loss per share</b>  | 11    |                       |                        |
| Basic and diluted ( <i>cents per share</i> )                         |       | <u><u>(0.66)</u></u>  | <u><u>(3.49)</u></u>   |

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2021

|  | 2021<br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| <b>Loss for the year</b>   | <u>(5,987)</u>          | <u>(33,948)</u>         |
| <b>Other comprehensive (loss)/income:</b>                              |                         |                         |
| <i>Item that will not be reclassified to profit and loss:</i>          |                         |                         |
| Deficit on revaluation of property, plant and equipment                | –                       | (2,502)                 |
| <i>Item that will be reclassified subsequently to profit and loss:</i> |                         |                         |
| Exchange differences on translation of foreign operations              | <u>(341)</u>            | <u>2,346</u>            |
| <b>Other comprehensive loss for the year, net of tax</b>               | <u>(341)</u>            | <u>(156)</u>            |
| <b>Total comprehensive loss for the year</b>                           | <u><b>(6,328)</b></u>   | <u><b>(34,104)</b></u>  |
| <b>Total comprehensive loss for the year attributable to:</b>          |                         |                         |
| Owners of the Company  | (5,511)                 | (25,161)                |
| Non-controlling interests  | <u>(817)</u>            | <u>(8,943)</u>          |
|  | <u><b>(6,328)</b></u>   | <u><b>(34,104)</b></u>  |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

|  | <i>Notes</i> | <b>2021</b><br><b>HK\$'000</b> | 2020<br>HK\$'000     |
|--|--------------|--------------------------------|----------------------|
| <b>NON-CURRENT ASSETS</b>                    |              |                                |                      |
| Property, plant and equipment                |              | 1,457                          | 2,449                |
| Right-of-use assets                          |              | <u>3,475</u>                   | <u>5,041</u>         |
| Total non-current assets                     |              | <u>4,932</u>                   | <u>7,490</u>         |
| <b>CURRENT ASSETS</b>                        |              |                                |                      |
| Inventories                                  |              | 3,141                          | 2,995                |
| Trade and other receivables                  | 12           | 35,755                         | 37,699               |
| Loan receivables                             |              | 18,700                         | 79,932               |
| Pledged bank deposits                        |              | 243                            | 263                  |
| Bank balances and cash                       |              | <u>17,963</u>                  | <u>19,624</u>        |
| <b>Total current assets</b>                  |              | <u>75,802</u>                  | <u>140,513</u>       |
| <b>CURRENT LIABILITIES</b>                   |              |                                |                      |
| Trade and other payables                     | 13           | 21,079                         | 28,968               |
| Lease liabilities                            |              | 2,550                          | 2,919                |
| Other loan                                   |              | –                              | 1,500                |
| Loan from a shareholder                      |              | –                              | 58,000               |
| Employee benefit obligations                 |              | 2,357                          | 2,521                |
| Current tax liabilities                      |              | <u>460</u>                     | <u>460</u>           |
| <b>Total current liabilities</b>             |              | <u>26,446</u>                  | <u>94,368</u>        |
| <b>Net current assets</b>                    |              | <u>49,356</u>                  | <u>46,145</u>        |
| <b>Total assets less current liabilities</b> |              | <u>54,288</u>                  | <u>53,635</u>        |
| <b>NON-CURRENT LIABILITIES</b>               |              |                                |                      |
| Lease liabilities                            |              | <u>5,879</u>                   | <u>8,051</u>         |
| <b>NET ASSETS</b>                            |              | <u><u>48,409</u></u>           | <u><u>45,584</u></u> |

|  | <b>2021</b>            | 2020            |
|--|------------------------|-----------------|
|  | <b><i>HK\$'000</i></b> | <i>HK\$'000</i> |
| <b>CAPITAL AND RESERVES</b>                  |                        |                 |
| Share capital                                | <b>271,450</b>         | 261,844         |
| Reserves                                     | <b>(203,667)</b>       | (197,703)       |
|  | <hr/>                  | <hr/>           |
| Equity attributable to owners of the Company | <b>67,783</b>          | 64,141          |
| Non-controlling interests                    | <b>(19,374)</b>        | (18,557)        |
|  | <hr/>                  | <hr/>           |
| <b>TOTAL EQUITY</b>                          | <b><u>48,409</u></b>   | <u>45,584</u>   |

# NOTES

For the year ended 30 June 2021

## 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 Caymen 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 GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

## 2. BASIS OF PREPARATION

The 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”). These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap.622).

## 3. APPLICATION OF NEW AND AMENDMENTS TO HKFRS

### (a) Application of amendments to HKFRSs

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 July 2020 for the preparation of the consolidated financial statements:

|   |                                   |
|---|-----------------------------------|
| Amendments to HKAS 1 and HKAS 8               | Definition of Material            |
| Amendments to HKFRS 3                         | Definition of a Business          |
| Amendments to HKFRS 9,<br>HKAS 39 and HKFRS 7 | Interest Rate Benchmark Reform    |
| Amendment to HKFRS 16                         | Covid-19-Related Rent Concessions |

Except as described below, the application of *Amendments to References to the Conceptual Framework in HKFRS Standards* and amendments to HKFRSs in the current year has no material impact on the Group’s financial performance and financial positions for current and prior years and/or on the disclosures set out in these consolidated financial statements.

## **Amendment to HKFRS 16 *Covid-19-Related Rent Concessions***

The Group has applied the amendment to HKFRS 16 for the first time in the current year. The amendment introduces a new practical expedient for lessees to elect not to assess whether a Covid-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the Covid-19 that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with this practical expedient, which means the lessee does not need to assess whether the rent concession meets the definition of lease modification. Lessees shall apply other requirements of HKFRS 16 in accounting for the rent concession.

Accounting for rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

The Group has elected to utilise the practical expedient for all rent concessions that meet the criteria. In accordance with the transitional provisions, the Group has applied the amendment retrospectively, and has not restated prior period figure. As the rent concessions have arisen during the current financial period, there is no retrospective adjustment to opening balance of accumulated losses as at 1 July 2020 on initial application of the amendment.



**(b) New and amendments to HKFRSs in issue but not yet effective**

The Group has not early applied new and amendments to HKFRSs that have been issued but are not yet effective:

|  |  |
|--|--|
| HKFRS 17   | Insurance Contracts and the related Amendments <sup>1</sup>  |
| Amendments to HKFRSs   | Annual Improvements to HKFRSs 2018 –2020 <sup>2</sup>  |
| Amendments to HKFRS 3  | Reference to the Conceptual Framework <sup>2</sup>   |
| Amendments to HKFRS 9, HKAS 39,<br>HKFRS 7, HKFRS 4 and HKFRS 16 | Interest Rate Benchmark Reform – Phase 2 <sup>4</sup>  |
| Amendments to HKFRS 10 and HKAS 28                               | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>                               |
| Amendments to HKFRS 16 (2021)                                    | Covid-19-Related Rent Concessions beyond 30 June 2021 <sup>5</sup>   |
| Amendments to HKAS 1   | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup> |
| Amendments to HKAS 1 and<br>HKFRS Practice Statement 2           | Disclosure of Accounting Policies <sup>1</sup>   |
| Amendments to HKAS 8   | Definition of Accounting Estimates <sup>1</sup>  |
| Amendments to HKAS 12  | Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>                                    |
| Amendments to HKAS 16  | Property, Plant and Equipment – Proceeds before Intended Use <sup>2</sup>  |
| Amendments to HKAS 37  | Onerous Contracts – Cost of Fulfilling a Contract <sup>2</sup>   |

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>4</sup> Effective for annual periods beginning on or after 1 June 2021.

<sup>5</sup> Effective for annual periods beginning on or after 1 April 2021.

The directors anticipate that the application of new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

#### 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 certain other income, finance costs, and corporate administrative and other operating expenses. Segment assets do not include other assets for general administrative use. Segment liabilities do not include other liabilities for general administrative use.

|   | Swimwear<br>and<br>garment<br><i>HK\$'000</i> | E-Commerce<br>and on-line<br>shopping<br>related<br><i>HK\$'000</i> | Money<br>lending<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
|---|---|---|-------------------------------------|--------------------------|
| <b>Year ended 30 June 2021</b>  |   |   |                                     |                          |
| Revenue from external customers   | 16,499  | 50,771  | 3,937                               | 71,207                   |
| Segment profit  | 4,076   | 7,080   | 3,164                               | 14,320                   |
| <i>Amounts included in the measure of<br/>segment profit or segment assets</i>        |   |   |                                     |                          |
| Depreciation of property, plant<br>and equipment                                      | 310   | –   | –                                   | 310                      |
| Depreciation of right-of-use assets   | 625   | 981   | 23                                  | 1,629                    |
| Gain on disposal of property,<br>plant and equipment                                  | 3,863   | –   | –                                   | 3,863                    |
| Loss on written off of property,<br>plant and equipment                               | 396   | –   | –                                   | 396                      |
| Write-down of inventories   | 48  | –   | –                                   | 48                       |
| Impairment loss under expected credit<br>loss model, net of reversal                  | (4,061)                                       | (4,634)   | (327)                               | (9,022)                  |
| Additions to non-current assets ( <i>note</i> )                                       | 115   | 884   | –                                   | 999                      |
| <b>As at 30 June 2021</b>   |   |   |                                     |                          |
| Segment assets  | 9,801   | 36,648  | 20,260                              | 66,709                   |
| Segment liabilities   | 25,623  | 3,943   | –                                   | 29,566                   |
|   | <u>          </u>                             | <u>          </u>   | <u>          </u>                   | <u>          </u>        |
|   | Swimwear<br>and<br>garment<br><i>HK\$'000</i> | E-Commerce<br>and on-line<br>shopping<br>related<br><i>HK\$'000</i> | Money<br>lending<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
| <b>Year ended 30 June 2020</b>  |   |   |                                     |                          |
| Revenue from external customers   | 46,443  | 28,486  | 2,880                               | 77,809                   |
| Segment (loss)/profit   | (9,019)                                       | (2,773)   | 1,078                               | (10,714)                 |
| <i>Amounts included in the measure of<br/>segment (loss)/profit or segment assets</i> |   |   |                                     |                          |
| Depreciation of property,<br>plant and equipment                                      | 1,651   | –   | –                                   | 1,651                    |
| Depreciation of right-of-use assets   | 331   | 77  | 34                                  | 442                      |
| Impairment loss under expected credit<br>loss model, net of reversal                  | 4,758   | 5,103   | 195                                 | 10,056                   |
| Loss on written off of property,<br>plant and equipment                               | (2,232)                                       | –   | –                                   | (2,232)                  |
| Additions to non-current assets ( <i>note</i> )                                       | 4,790   | 2,008   | –                                   | 6,798                    |
| <b>As at 30 June 2020</b>   |   |   |                                     |                          |
| Segment assets  | 19,001  | 41,397  | 82,377                              | 142,775                  |
| Segment liabilities   | 28,437  | 12,356  | 58,081                              | 98,874                   |
|   | <u>          </u>                             | <u>          </u>   | <u>          </u>                   | <u>          </u>        |

*Note:* Included additions to property, plant and equipment and right-of-use assets.

**Reconciliations of segment profit or loss:**

|   | 2021<br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Total profit or loss of reportable segments | 14,320                  | (10,714)                |
| Unallocated amounts:                        |                         |                         |
| Other income                                | 2,991                   | 48                      |
| Administrative expenses                     | (23,249)                | (23,276)                |
| Finance costs                               | (49)                    | (6)                     |
|   | <u>          </u>       | <u>          </u>       |
| Consolidated loss for the year              | <u><u>(5,987)</u></u>   | <u><u>(33,948)</u></u>  |

**Reconciliations of segment assets and liabilities:**

|  | 2021<br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| <b>Assets</b>                            |                         |                         |
| Total assets of reportable segments      | 66,709                  | 142,775                 |
| Other assets                             | 14,025                  | 5,228                   |
|  | <u>          </u>       | <u>          </u>       |
| Consolidated total assets                | <u><u>80,734</u></u>    | <u><u>148,003</u></u>   |
| <b>Liabilities</b>                       |                         |                         |
| Total liabilities of reportable segments | 29,566                  | 98,874                  |
| Other liabilities                        | 2,759                   | 3,545                   |
|  | <u>          </u>       | <u>          </u>       |
| Consolidated total liabilities           | <u><u>32,325</u></u>    | <u><u>102,419</u></u>   |

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      |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | 2021<br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i> | 2021<br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i> |
| Hong Kong (country of domicile)   | 4,471                   | 19,743                  | 606                     | 439                     |
| People's Republic of China (the "PRC")<br>(exclude Hong Kong and Macau) | 2,542                   | 2,158                   | 4,326                   | 6,648                   |
| Kingdom of Cambodia   | 1,926                   | 12,032                  | –                       | 403                     |
| United Kingdom  | 6,939                   | 4,359                   | –                       | –                       |
| Spain   | 7,072                   | 4,612                   | –                       | –                       |
| Sweden  | –                       | 6,684                   | –                       | –                       |
| The Netherlands   | 3,568                   | 2,527                   | –                       | –                       |
| Italy   | 13,834                  | 7,757                   | –                       | –                       |
| France  | 11,642                  | 12,135                  | –                       | –                       |
| Germany   | 8,638                   | –                       | –                       | –                       |
| Greece  | 3,283                   | –                       | –                       | –                       |
| Czech Republic  | 2,013                   | –                       | –                       | –                       |
| Others  | 5,279                   | 5,802                   | –                       | –                       |
| Total   | <u>71,207</u>           | <u>77,809</u>           | <u>4,932</u>            | <u>7,490</u>            |

**Revenue from major customers:**

|                              | 2021<br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i> |
|------------------------------|-------------------------|-------------------------|
| Swimwear and garment segment |                         |                         |
| Customer A                   | <u>N/A*</u>             | <u>8,528</u>            |

\* *The corresponding revenue does not contribute over 10% of the total revenue of the group in the respective year.*

Except for disclosed above, no other customers contributed 10% or more to the Group's revenue for both years.

## 5. REVENUE

|   | 2021<br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Revenue from contracts with customers within the scope of HKFRS 15: |                         |                         |
| Sales of goods  | 62,813                  | 62,879                  |
| Subcontracting fee income   | <u>4,457</u>            | <u>12,050</u>           |
| Revenue from contracts with customers recognised at a point in time | 67,270                  | 74,929                  |
| Revenue from other sources:   |                         |                         |
| Interest income from money lending business                         | <u>3,937</u>            | <u>2,880</u>            |
|   | <u><b>71,207</b></u>    | <u><b>77,809</b></u>    |

## 6. OTHER INCOME

|  | 2021<br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Design fee income                                      | 4                       | 295                     |
| Interest income  | 11                      | 63                      |
| Gain on disposal of property, plant and equipment      | 3,863                   | –                       |
| Reversal of provision for employee benefit obligations | 463                     | –                       |
| Government grants ( <i>note a</i> )                    | 825                     | 338                     |
| Gain on early termination of lease                     | 29                      | –                       |
| Sundry income  | 253                     | 4                       |
| Covid-19-related rent concession ( <i>note b</i> )     | 1,004                   | –                       |
| Sale of scrap materials                                | <u>37</u>               | <u>821</u>              |
|  | <u><b>6,489</b></u>     | <u><b>1,521</b></u>     |

### Notes:

- (a) Government grants were received as Employment Support Scheme provide by Hong Kong Government and refund of value-added tax and export duty as a support. There are no unfulfilled conditions or contingencies attached to the grants.
- (b) The rent concession had satisfied the practical expedient of HKFRS 16 and the amount recognised in profit or loss to reflect changes in lease payments that arised from Covid-19.

## 7. FINANCE COST

|                                     | 2021<br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i> |
|-------------------------------------|-------------------------|-------------------------|
| Interest on other loan              | 49                      | 6                       |
| Interest on loan from a shareholder | 1,060                   | 1,052                   |
| Interest on lease liabilities       | <u>1,132</u>            | <u>1,097</u>            |
|                                     | <u><u>2,241</u></u>     | <u><u>2,155</u></u>     |

## 8. INCOME TAX CREDIT

|                     | 2021<br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i> |
|---------------------|-------------------------|-------------------------|
| Deferred tax credit | <u><u>-</u></u>         | <u><u>(122)</u></u>     |

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

No provision for Hong Kong Profits Tax has been made for both years as the Group has no assessable profits arising in Hong Kong or taxable profits were wholly absorbed by estimated tax losses brought forward.

No provision for the PRC Enterprise Income Tax has been made for both years as the Group has no assessable profits arising in the PRC.

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.

## 9. LOSS FOR THE YEAR

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

|   | 2021<br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Auditor's remuneration for audit services                             | 460                     | 480                     |
| Cost of inventories sold  | 55,613                  | 57,499                  |
| Depreciation of property, plant and equipment                         | 310                     | 1,766                   |
| Depreciation of right-of-use assets                                   | 1,749                   | 442                     |
| Impairment loss under expected credit loss model,<br>net of reversal: |                         |                         |
| – trade and other receivables   | (8,695)                 | 9,861                   |
| – loan receivables  | (327)                   | 195                     |
| Loss on written off of property, plant and equipment                  | 396                     | 2,232                   |
| Net foreign exchange losses   | 720                     | 267                     |
| Expenses relating to short-term leases                                | –                       | 6,259                   |
| Write-down of inventories   | 48                      | –                       |
|   | <u>48</u>               | <u>–</u>                |

## 10. DIVIDENDS

The directors do not recommend the payment of any dividend for the year ended 30 June 2021 (2020: 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\$5,170,000 (2020: HK\$25,673,000) and the weighted average number of ordinary shares of 779,660,976 (2020: 735,434,416) in issue during the year.

The weighted average number of ordinary shares for the year ended 30 June 2020 for the purposes of calculating basic and diluted loss per share have been adjusted for capital reorganisation and rights issue which took place on 5 August 2020 and 10 September 2020 respectively.

### 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 2021 and 2020. Diluted loss per share was the same as the basic loss per share for the years ended 30 June 2021 and 2020.



## 12. TRADE AND OTHER RECEIVABLES

|   | 2021<br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Trade receivables from contracts with customers       | 33,569                  | 19,191                  |
| <i>Less: allowance for credit losses</i>              | <u>(6,135)</u>          | <u>(13,925)</u>         |
| Trade receivables, net of allowance for credit losses | 27,434                  | 5,266                   |
| Prepayments and deposits                              | 1,657                   | 3,072                   |
| Other receivables ( <i>note</i> )                     | <u>6,664</u>            | <u>29,361</u>           |
|   | <u><u>35,755</u></u>    | <u><u>37,699</u></u>    |

*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 180 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 earlier of the invoice date or revenue recognition date, and net of allowance for credit losses, is as follows:

|               | 2021<br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i> |
|---------------|-------------------------|-------------------------|
| 0 – 30 days   | 2,931                   | 1,928                   |
| 31 – 90 days  | 6,927                   | 72                      |
| 91 – 180 days | 13,249                  | 351                     |
| Over 180 days | <u>4,327</u>            | <u>2,915</u>            |
|               | <u><u>27,434</u></u>    | <u><u>5,266</u></u>     |

**13. TRADE AND OTHER PAYABLES**

|  | <b>2021</b>            | 2020            |
|--|------------------------|-----------------|
|  | <b><i>HK\$'000</i></b> | <i>HK\$'000</i> |
| Trade payables                                   | <b>3,266</b>           | 3,866           |
| Due to a substantial shareholder ( <i>note</i> ) | <b>100</b>             | 100             |
| Accruals and other payables                      | <b>17,713</b>          | 25,002          |
|  | <hr/>                  | <hr/>           |
|  | <b>21,079</b>          | 28,968          |
|  | <hr/> <hr/>            | <hr/> <hr/>     |

*Note:* The amount is unsecured, interest-free and repayable on demand.

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

|               | <b>2021</b>            | 2020            |
|---------------|------------------------|-----------------|
|               | <b><i>HK\$'000</i></b> | <i>HK\$'000</i> |
| 0 – 30 days   | <b>3,266</b>           | 613             |
| 31 – 90 days  | –                      | 648             |
| 91 – 180 days | –                      | 2,312           |
| Over 180 days | –                      | 293             |
|               | <hr/>                  | <hr/>           |
|               | <b>3,266</b>           | 3,866           |
|               | <hr/> <hr/>            | <hr/> <hr/>     |

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL PERFORMANCE

For the year ended 30 June 2021 (the “Year”), loss attributable to owners of the Company was approximately HK\$5,170,000. Comparing to loss attributable to owners of the Company for year ended 30 June 2020 of approximately HK\$25,673,000, the decrease in loss attributable to the owners of the Company was mainly attributable to (i) increase in other income of approximately HK\$6,489,000 (2020: HK\$1,521,000); (ii) decrease in loss on written off of property, plant and equipment of approximately HK\$396,000 (2020: HK\$2,232,000); (iii) reversal of impairment loss under expected credit loss model to approximately HK\$9,022,000 (2020: impairment loss of HK\$10,056,000); (iv) decrease in selling expenses of HK\$137,000 (2020: HK\$1,193,000); and (v) increase in gross profit of approximately HK\$6,619,000 (2020: HK\$3,959,000).

### Revenue and Gross Profit

For the Year, the Group’s total revenue and gross profit were approximately HK\$71,207,000 and HK\$6,619,000 respectively, as comparing to approximately HK\$77,809,000 and HK\$3,959,000 respectively for the year ended 30 June 2020.

Details of the decrease in total revenue and increase in gross profit 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\$16,499,000 (2020: HK\$46,443,000). Gross profit for the Year was approximately HK\$153,000 (2020: Gross Loss HK\$1,252,000). Gross profit ratio for the Year was 0.93% (2020: Gross Loss 2.70%). Increase in gross profit for the Year was mainly due to decrease in labour cost for swimwear and garment segment, as compared with the corresponding period in 2020.

### ***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\$50,771,000 (2020: HK\$28,486,000). Gross profit for the Year was approximately HK\$2,529,000 (2020: HK\$2,331,000). Gross profit ratio for the Year was 4.98% (2020: 8.18%). The decrease in gross profit ratio was mainly due to decrease in Agency Services which Agency Services had a higher profit margin.

### ***Money lending business (“Money lending segment”)***

The revenue generated from Money lending segment for the Year was approximately HK\$3,937,000 (2020: HK\$2,880,000). Gross profit for the Year was approximately HK\$3,937,000 (2020: HK\$2,880,000). Gross profit ratio for the Year was 100% (2020: 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 2021, the Group had total assets of approximately HK\$80,734,000 (2020: HK\$148,003,000). As at 30 June 2021, the Group had no short term borrowings (2020: HK\$59,500,000). The decrease of total borrowings was mainly due to repayment of the shareholder loan and other loan during the Year. As at 30 June 2021, the Group had bank balances and cash of approximately HK\$17,963,000 (2020: HK\$19,624,000). The Group has a current ratio of approximately 2.87 comparing to that of 1.49 as at 30 June 2020. As at 30 June 2021, the Group’s gearing ratio of 30% (2020: 182%) was calculated as net debts divided by total equity. Net debts 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 NET PROCEEDS FROM THE RIGHTS ISSUE

Net proceeds received from rights issue are approximately HK\$9.2 million. As of 30 June 2021, the Group had used the net proceeds from the rights issue in the following manner and according to the intended uses set out in the Prospectus. The utilisation of the net proceeds were summarised as follows:

|  | <b>Intended<br/>use of net<br/>proceeds from<br/>Rights Issues</b> | <b>Utilised<br/>as at<br/>30 June 2021</b> |
|--|--|--|
| <i>HK\$ million</i>  |  |  |
| Finance the Group's e-commerce and<br>online shopping service business | 4.6  | 4.6  |
| Finance the Group's money lending business                             | 4.6  | 4.6  |
| Total  | <u>9.2</u>   | <u>9.2</u>                                 |

## 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 75% (2020: 40%) 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 14% (2020: 38%) 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 2021, issued and fully paid share capital of the Company included (a) 789,745,615 (2020: 6,908,772,313) ordinary shares of HK\$0.10 each (2020: HK\$0.01 each); (b) 1,083,333,333 convertible non-voting preference shares ("CPS") (2020: 1,083,333,333) of HK\$0.15 each; and (c) 187,348,125 (2020: 189,100,000) 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\$1.2 and HK\$0.3 per share to HK\$1.121 and HK\$0.2803 per share respectively as a result of the rights issue. The said adjustment took effect on 19 August 2020, being the day next following the Record Date.

## **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 2021, the Group had 88 full time employees compared with that of 722 in the previous financial year. The staff costs, including directors' remuneration, were approximately HK\$18,049,000 (2020: HK\$28,349,000). 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 2021, the Group did not have any material contingent liabilities (2020: Nil).

## **CHARGE ON ASSETS**

The Group has pledged bank deposits of approximately HK\$243,000 (2020: HK\$263,000) 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 reflected on the significant reduction of orders. The prospects for this segment remain challenging as it is closely tied to the development of the coronavirus pandemic. In order to rationalise its production costs and to align with the demands from customers, the Group has shut down its production base in Cambodia and redirect all its customer orders to its production base in China. 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.

## **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.

## **COMPETING INTERESTS**

The Directors are not aware of, as at 30 June 2021, 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.



## **AUDIT COMMITTEE**

The audit committee has reviewed the Group's audited results for the year.

## **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](http://www.hkexnews.hk) and on the website of the Company at [www.luxey.com.hk](http://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, 23 September 2021

*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, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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.*

*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.*