



**LUXEY**  
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**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>



**First Quarterly Report**  
**2021/2022**

## 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 report, 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 report 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 report misleading.*

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months ended 30 September 2021

		(Unaudited) Three months ended 30 September	
	Note	2021 HK\$'000	2020 HK\$'000
<b>Revenue</b>	4	<b>13,383</b>	15,984
Cost of sales and service rendered		<b>(12,114)</b>	(13,955)
<b>Gross profit</b>		<b>1,269</b>	2,029
Other income		<b>171</b>	151
Selling expenses		<b>(10)</b>	(23)
Administrative expenses		<b>(4,496)</b>	(4,961)
<b>Loss from operations</b>		<b>(3,066)</b>	(2,804)
Finance costs	5	<b>(235)</b>	(977)
<b>Loss before tax</b>		<b>(3,301)</b>	(3,781)
Income tax expense	6	–	–
<b>Loss for the period</b>	7	<b>(3,301)</b>	(3,781)
<b>Attributable to:</b>			
Owners of the Company		<b>(3,237)</b>	(2,734)
Non-controlling interests		<b>(64)</b>	(1,047)
		<b>(3,301)</b>	(3,781)
<b>Loss per share</b>	8		
Basic (cent per share)		<b>(0.41)</b>	(0.36)
Diluted (cent per share)		<b>(0.41)</b>	(0.36)

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 September 2021

	<b>(Unaudited)</b>	
	<b>Three months ended</b>	
	<b>30 September</b>	
	<b>2021</b>	<b>2020</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Loss for the period</b>	<b>(3,301)</b>	(3,781)
<b>Other comprehensive (loss)/income:</b>		
<i>Item that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<b>16</b>	(309)
<b>Other comprehensive (loss)/income for the period, net of tax</b>	<b>16</b>	(309)
<b>Total comprehensive loss for the period</b>	<b>(3,285)</b>	(4,090)
<b>Attributable to:</b>		
Owners of the Company	<b>(3,221)</b>	(3,043)
Non-controlling interests	<b>(64)</b>	(1,047)
	<b>(3,285)</b>	(4,090)

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## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 September 2021

	(Unaudited)							Total equity HK\$'000
	Attributable to owners of the Company						Non-controlling interests	
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Capital redemption reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	HK\$'000	
At 1 July 2020	261,844	705,642	412	150	(903,907)	64,141	(18,557)	45,584
Issue of Shares	9,787	-	-	-	-	9,787	-	9,787
Total comprehensive loss	-	-	(309)	-	(2,734)	(3,043)	(1,047)	(4,090)
At 30 September 2020	271,631	705,642	103	150	(906,641)	70,885	(19,604)	51,281
At 1 July 2021	271,450	705,189	71	150	(909,077)	67,783	(19,374)	48,409
Total comprehensive loss	-	-	16	-	(3,237)	(3,221)	(64)	(3,285)
At 30 September 2021	271,450	705,189	87	150	(912,314)	64,562	(19,438)	45,124

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

*For the three months ended 30 September 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 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 Company and its subsidiaries (collectively the "Group") are engaged in:

- (i) manufacturing and trading of high-end swimwear and garment products;
- (ii) e-commerce and provision of on-line shopping and media related services; and
- (iii) money lending business.

### 2. BASIS OF PREPARATION

These unaudited condensed financial statements have been prepared in accordance with the applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited.

These unaudited condensed financial statements should be read in conjunction with the 2021 annual financial statements. The accounting policies and methods of computation used in the preparation of these unaudited condensed financial statements are consistent with those used in the annual financial statements for the year ended 30 June 2021.

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

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting period beginning on 1 July 2021. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not have any significant effect on the condensed financial statements.

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### 4. 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:

	(Unaudited)	
	Three months ended	
	30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15:		
Sales of goods	12,099	11,969
Subcontracting fee income	857	2,292
Revenue from contracts with customers recognised at a point in time	12,956	14,261
Revenue from other sources:		
Interest income from money lending business	427	1,723
	13,383	15,984

### 5. FINANCE COST

	(Unaudited)	
	Three months ended	
	30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on other loans	–	18
Interest on lease liabilities	235	271
Interest on loan from a shareholder	–	688
	235	977

**6. INCOME TAX EXPENSE**

No provision for Hong Kong Profits Tax is required for the three months ended 30 September 2021 and 30 September 2020 since the Group has no assessable profit for the periods.

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.

**7. LOSS FOR THE PERIOD**

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

	<b>(Unaudited)</b>	
	<b>Three months ended</b>	
	<b>30 September</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Bank interest income	<b>(3)</b>	(2)
Depreciation of property, plant and equipment	<b>140</b>	150
Depreciation of right-of-use assets	<b>330</b>	123
Directors' remuneration	<b>357</b>	297
Gain on disposal of property, plant and equipment	<b>(87)</b>	—

**8. 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 period attributable to owners of the Company of approximately HK\$3,237,000 (2020: HK\$2,734,000) and the weighted average number of ordinary shares of 789,745,615 (2020: 756,780,719) in issue during the period.

***Diluted loss per share***

The exercise of the Group's outstanding convertible non-voting preference shares and the effect of all potential ordinary shares would be anti-dilutive for the three months ended 30 September 2021 and 30 September 2020. Diluted loss per share was the same as the basic loss per share for the three months ended 30 September 2021 and 30 September 2020.



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### 9. DIVIDEND

The directors do not recommend the payment of dividend for the three months ended 30 September 2021 (2020: Nil).

### 10. SEASONALITY

The Group's sales of swimwear and garment products are subject to seasonal fluctuations, with peak demand in the first quarter of each calendar year. This is due to high demand of swimwear and related garment products for the summer.

The Group's other operations are not subject to material seasonal fluctuations.

### 11. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the condensed financial statements, the Group had the following transactions with its related parties during the period:

	<b>(Unaudited)</b> <b>Three months ended</b> <b>30 September</b>	
	<b>2021</b> <b>HK\$'000</b>	<b>2020</b> <b>HK\$'000</b>
Rental expenses paid to a related company	–	114
Interest expenses paid to a major shareholder	–	688

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Performance

For the three months ended 30 September 2021 (the “Current Period”), loss attributable to owners of the Company was approximately HK\$3,237,000 (three months ended 30 September 2020: HK\$2,734,000).

Gross profit for the Current Period was approximately HK\$1,269,000 (three months ended 30 September 2020: HK\$2,029,000).

For the Current Period, the Group’s unaudited total revenue amounted to approximately HK\$13,383,000 (three months ended 30 September 2020: HK\$15,984,000) representing an decrease of approximately 16% over the corresponding period in 2020. Details of the decrease in total revenue 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 Current Period was approximately HK\$1,147,000 (three months ended 30 September 2020: HK\$3,528,000). Gross profit for the Current Period was approximately HK\$140,000 (three months ended 30 September 2020: gross loss HK\$218,000). Gross profit ratio for the Current Period was 12% (three months ended 30 September 2020: gross loss ratio 6%).

#### ***E-commerce and provision of on-line shopping and media related services (“E-commerce and on-line shopping related segment”)***

The revenue generated for the Current Period was approximately HK\$11,809,000 (three months ended 30 September 2020: HK\$10,733,000). Gross profit for the Current Period was approximately HK\$702,000 (three months ended 30 September 2020: HK\$524,000). Gross profit ratio for the Current Period was 6% (three months ended 30 September 2020: 5%).

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

The revenue generated from Money lending segment for the Current Period was approximately HK\$427,000 (three months ended 30 September 2020: HK\$1,723,000). Gross profit ratio for the Current Period was 100% (three months ended 30 September 2020: 100%).

### **Interim dividend**

The board of directors (the “Board”) does not recommend the payment of an interim dividend for the three months ended 30 September 2021 (three months ended 30 September 2020: Nil).

### **Operations**

During the Current Period, 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.

### **Contingent liabilities**

As at 30 September 2021, the Group did not have any material contingent liabilities (2020: Nil).

## **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. The Group will continue to adopt costs cutting measures and to rationalise its production base 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.

## **SHARE OPTION**

On 28 November 2017, the Company terminated the share option scheme adopted by the Company on 18 March 2008 and the rules of the new share option scheme (the "Scheme") be approved as the new share option scheme.

The Company operates the Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants include the full-time and part-time employees, executives, officers, directors, business consultants, suppliers, customers, legal and financial advisers of the Company and the Company's subsidiaries. The Scheme became effective on 28 November 2017 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of shares options in excess of this limit is subject to shareholders' approval in a general meeting.

At 30 September 2021, no option was outstanding under the Scheme (2020: Nil). Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares on the date of the offer.

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than five years from the date of the offer of the share options or the expiry date of the Scheme, if earlier.

## **DISCLOSURE OF INTERESTS**

### **Interests in Securities of Directors and Chief Executive**

As at 30 September 2021, none of the directors and chief executives of the Company has any interests or short positions in the shares ("Shares"), underlying Shares or debentures of the Company and its associated corporations (within the meaning of part XV of the Securities and Futures Ordinance, the Laws of Hong Kong (the "SFO")) which are required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the GEM Listing Rules relating to securities transaction by Directors.

### **Interests in Securities of Substantial Shareholders**

As far as was known to any Director or chief executive of the Company, as at 30 September 2021, the persons or companies (not being a Director or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group were as follows:

**(i) Long positions in Shares**

Name of Shareholder	Number of Shares	Type of interests	Approximate percentage of issued share capital (%) <i>(Note 1)</i>
Mr. Lau Chi Yuen ("Mr. Lau")	149,074,199 <i>(Note 2)</i>	Personal & Corporate	18.88%
JL Investments Capital Limited ("JL Investments")	141,674,199	Beneficial	17.94%
Big Good Management Limited ("Big Good")	135,053,384	Beneficial	17.10%
Mr. Ma Hoi Cheuk ("Mr. Ma")	135,053,384 <i>(Note 3)</i>	Corporate	17.10%
Wide Select Investments Limited ("Wide Select")	126,642,000	Beneficial	16.04%
Mr. Lee Yim ("Mr. Lee")	126,642,000 <i>(Note 4)</i>	Corporate	16.04%

*Notes:*

1. The percentage of issued share capital had been arrived at on the basis of a total of 789,745,615 Shares in issue as at 30 September 2021.
2. These shares are held as to 7,400,000 shares by Mr. Lau personally and as to 141,674,199 shares by JL Investments Capital Limited, which is wholly-owned by Mr. Lau. Mr. Lau is deemed to be interested in the shares held by JL Investments.
3. Big Good is wholly-owned by Mr. Ma who is deemed to be interested in underlying shares held by Big Good.
4. Wide Select is wholly-owned by Mr. Lee who is deemed to be interested in underlying shares held by Wide Select.

Save as disclosed above, as at 30 September 2021, the Directors were not aware of any other person who had an interest or short positions in the shares or underlying shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who was interested in 5% or more of the nominal value of any class of share capital, or options in respect of such capital, carrying rights to vote in all circumstances at general meetings of the Company.

**(ii) Long positions in the shares and underlying shares of equity derivatives of the Company**

Name of Shareholder	Number of Shares	Type of interests	Approximate percentage of issued share capital (%) <i>(Note 1)</i>
Big Good	249,225,166 <i>(Note 3 &amp; 4)</i>	Beneficial	31.56%
Mr. Ma	249,225,166 <i>(Note 2)</i>	Corporate	31.56%

*Notes:*

1. see Note 1 on page 13.
2. see Note 3 on page 13.
3. Big Good was the holder of 1,063,333,333 convertible non-voting preference shares of HK\$0.15 each which have no voting rights and are convertible into ordinary shares. Pursuant to the terms of the convertible non-voting preference shares, the conversion price of the outstanding convertible non-voting preference shares has been adjusted from HK\$1.20 per share to HK\$1.121 per share as a result of the Rights Issue. The said adjustment took effect on 19 August 2020, being the day next following the Record Date.
4. Big Good was also the holder of 187,348,125 series B convertible non-voting preference shares of HK\$0.16 each which have no voting rights and are convertible into ordinary shares. Pursuant to the terms of the series B convertible non-voting preference shares, the conversion price of the outstanding series B convertible non-voting preference shares had been adjusted from HK\$0.30 per share to HK\$0.2803 per share as a result of the Rights Issue. The said adjustment took effect on 19 August 2020, being the day next following the Record Date.

As far as the Directors are aware, saved as disclosed herein, as at 30 September 2021, no persons have short positions in shares or underlying shares of equity derivatives of the Company.

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

The Company had not redeemed any of its Shares during the Current Period. Neither the Company nor any of its subsidiaries had purchased or sold any Shares during the Current Period.

## **COMPETING INTERESTS**

The Directors are not aware of, as at 30 September 2021, any business or interest of each Director, substantial shareholder and management shareholder (as defined in the GEM Listing Rules) and their respective associates that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

## **AUDIT COMMITTEE**

The Company established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules.

The primary duties of the audit committee are (i) to review the annual reports and accounts, half-year reports and quarterly reports and give advice and comments thereon to the Directors; and (ii) to review and supervise the financial reporting process and internal controls. The audit committee comprises three Independent Non-executive Directors of the Company.

The audit committee has reviewed the Group's unaudited results for the three months ended 30 September 2021.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Board is committed to maintain high standards of corporate governance for the Company. During the Current Period, 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.

## **DIRECTORS' SECURITIES TRANSACTIONS**

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 three months ended 30 September 2021.

The Company has adopted the same code of conduct for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company.

No incident of non-compliance of the code of conduct by the relevant employees was noted by the Company.

By Order of the Board  
**Luxey International (Holdings) Limited**  
**Lau Chun Fat, George**  
*Chairman*

Hong Kong, 9 November 2021