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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>*

**PROPOSED SHARE CONSOLIDATION  
AND  
PROPOSED RIGHTS ISSUE ON THE BASIS OF  
ONE (1) RIGHTS SHARE FOR EVERY TWO (2) CONSOLIDATED  
SHARES HELD ON THE RECORD DATE ON A  
NON-UNDERWRITTEN BASIS**

**Proposed Share Consolidation**

The Company proposed to implement the Share Consolidation on the basis that every 10 issued and unissued Shares of HK\$0.01 each will be consolidated into one Consolidated Share of HK\$0.10 each.

The Share Consolidation is conditional upon, among others, the Shareholders' approval at the EGM. A circular containing further information on the Share Consolidation and a notice to convene the EGM will be despatched to the Shareholders on or before 17 July 2020.

## **Proposed Rights Issue**

The Company proposes, subject to, amongst others, the Share Consolidation being effective, to raise gross proceeds of approximately HK\$34.5 million, before expenses (assuming no further issue or repurchase of Shares/Consolidated Shares on or before the Record Date), by way of the Rights Issue of up to 345,438,615 Rights Shares at the Subscription Price of HK\$0.10 per Rights Share on the basis of two (2) Rights Shares for every one (1) Consolidated Share held by the Qualifying Shareholders on the Record Date and payable in full on acceptance. The Rights Issue is non-underwritten irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event there is an under-subscription of the Rights Issue, the size of the Rights Issue will be reduced accordingly.

To qualify for the Rights Issue, a Qualifying Shareholder must be registered as a member of the Company as at the close of business on the Record Date. In order to be registered as members of the Company on the Record Date, all transfers of Shares (together with the relevant share certificate(s)) must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by not later than 4:30 p.m. on Tuesday, 11 August 2020. It is expected that the last day of dealings in the Shares on a cum-rights basis is Friday, 7 August 2020 and the Shares will be dealt with on an ex-rights basis from Monday, 10 August 2020.

## **WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND NIL-PAID RIGHTS SHARES**

**The Rights Issue is subject to the fulfillment of conditions set out in the section headed "Conditions of the Rights Issue" in this announcement. Shareholders and potential investors of the Company should note that if the conditions of the Rights Issue are not satisfied, the Rights Issue will not proceed.**

**Any dealings in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or Rights Shares in their nil-paid form are recommended to consult their professional advisers.**

**Subject to the fulfillment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares.**

## **(I) SHARE CONSOLIDATION**

The Directors proposed to implement the Share Consolidation on the basis that every 10 issued and unissued Shares will be consolidated into one Consolidated Share. Fractional Consolidated Shares will be disregarded and not issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefits of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Consolidated Shares regardless of the number of share certificates held by such holder.

### **Effects of the Share Consolidation**

As at the date of this announcement, the authorized share capital in ordinary shares of the Company consist of HK\$700,000,000 divided into 70,000,000,000 Shares of HK\$0.01 each, of which 6,908,772,313 Shares are in issue and fully paid. After the Share Consolidation becoming effective, the authorized share capital in ordinary shares of the Company will be HK\$700,000,000 divided into 7,000,000,000 Consolidated Shares of HK\$0.10 each, of which 690,877,231 Consolidated Shares will have been issued and fully paid.

The Consolidated Shares will rank pari passu in all respects with each other in accordance with the Company's memorandum and articles of association. Other than the expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the Shareholders, save for any fractional Consolidated Shares which may arise.

### **Conditions of the Share Consolidation**

The Share Consolidation is conditional upon the following:

- (1) the passing of the necessary resolution by the Shareholders to approve the Share Consolidation at the EGM; and
- (2) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Consolidated Shares to be in issue.

### **Listing application**

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares to be in issue upon the Share Consolidation taking effect.

## **REASONS FOR THE SHARE CONSOLIDATION**

According to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. According to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 30 August 2019, (i) any trading price less than HK\$0.10 will be considered as approaching the extremities of HK\$0.01; and (ii) taking into account the minimum transaction costs for a securities trade, the expected board lot value should be greater than HK\$2,000.

The Company’s share prices have remained below HK\$0.10 for the past 24 months. In view of the prolonged period of share prices approaching extremity, there is no other alternative to increase the trading prices and the proposed Share Consolidation is justified to increase the corresponding share prices and to facilitate trading activities.

Based on the closing share price of HK\$0.024 on 2 July 2020 and the current board lot of 20,000, the proposed Share Consolidation will result in the value of each board lot at HK\$4,800.

Accordingly, the Board is of the view that the Share Consolidation is in the interest of the Company and the Shareholders as a whole.

## **ARRANGEMENT ON ODD LOT TRADING**

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company will appoint a securities firm to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be set out in the circular to be dispatched to the Shareholders in relation to the Share Consolidation.

## **EXCHANGE OF SHARE CERTIFICATES**

The new share certificates will be in the colour of purple in order to distinguish them from the existing share certificates which are pink in colour. Subject to the Share Consolidation becoming effective, Shareholders may during the prescribed period submit share certificates for existing Shares to the Company's branch share registrar in Hong Kong, Tricor Abacus Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, to exchange, at the expense of the Company, for certificates of the Consolidated Shares (on the basis of 10 existing Shares for one Consolidated Share) within the prescribed time. Thereafter, certificates of Shares will remain effective as documents of title but will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) per certificate issued or cancelled, whichever is higher, payable by Shareholders.

## **CONVERTIBLE PREFERENCE SHARES**

As at the date of this announcement, there are (i) outstanding 1,083,333,333 CPS convertible into 1,354,166,666 Shares and (ii) outstanding 189,100,000 Series B CPS convertible into 1,008,533,333 Shares. The Directors will determine according to the terms of the CPS and Series B CPS any adjustments required to be made in respect thereof as a result of the Share Consolidation. The Company will make further announcements about the adjustments in due course.

Save as aforesaid, as at the date of this announcement, the Company has no other outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable into Shares.

## **EGM AND CIRCULAR**

The Share Consolidation is subject to, among others, the Shareholders' approval at the EGM. A circular containing further information on the Share Consolidation and the notice of the EGM will be dispatched to the Shareholders on or before 17 July 2020.

The register of members of the Company will be closed from Friday, 31 July 2020 to Wednesday, 5 August 2020 (both days inclusive). No transfers of the Shares will be registered on these days.

## (II) RIGHTS ISSUE

The Board proposes, subject to, amongst others, the Share Consolidation becoming effective, the Rights Issue as follows:

### Issue statistics

Basis of the Rights Issue:	One (1) Rights Share for every two (2) Consolidated Shares held on the Record Date
Subscription Price:	HK\$0.10 per Rights Share
Number of Shares in issue as at the date of this announcement:	6,908,772,313
Number of Consolidated Shares in issue upon the Share Consolidation becoming effective:	690,877,231
Number of Rights Shares:	Up to 345,438,615 (assuming no Shares or Consolidated Shares are issued or repurchased on or before the Record Date) and up to 463,573,615 (assuming full conversion of the CPS and Series B CPS before the Record Date)
Total Number of Consolidated Shares in issue upon completion of the Rights Issue:	Up to 1,036,315,846 (assuming no Shares or Consolidated Shares are issued or repurchased on or before the Record Date) and up to 1,390,720,845 (assuming full conversion of the CPS and Series B CPS before the Record Date)
Gross proceeds from the Rights Issue:	Up to approximately HK\$34.5 million before expenses (assuming no Shares or Consolidated Shares are issued or repurchased on or before the Record Date)

As at the date of this announcement, there are (i) outstanding 1,083,333,333 CPS convertible into 1,354,166,666 Shares and (ii) outstanding 189,100,000 Series B CPS convertible into 1,008,533,333 Shares. According to the terms and conditions of the CPS and Series B CPS, the Rights Issue will not trigger automatic conversion of the CPS and Series B CPS. Save as aforesaid, as at the date of this announcement, the Company has no other outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable into Shares.

## **Undertakings**

The Company has not received any information or irrevocable undertaking from any substantial shareholder of their intention in relation to the Rights Shares to be provisionally allotted to them under the Rights Issue as at the date of this announcement.

## **Subscription Price**

The subscription price of HK\$0.10 per Rights Share is payable in full when a Qualifying Shareholder accepts his/her/its provisional allotment under the Rights Issue or applies for excess Rights Shares or when a transferee of nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 58.3% to the theoretical closing price of HK\$0.24 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.024 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 59.3% to the theoretical closing price of HK\$0.246 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of HK\$0.024 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 59.8% to the average theoretical closing price of approximately HK\$0.249 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of approximately HK\$0.0249 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 48.2% to the theoretical ex-rights price of approximately HK\$0.193 per Consolidated Share (taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.024 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (v) a discount of approximately 16.7% to the net asset value of the Company of approximately HK\$0.12 per Consolidated Share based on the unaudited consolidated net asset value of the Company of approximately HK\$82,223,000 as at 31 December 2019 and 690,877,231 Consolidated Shares assuming the Share Consolidation has become effective.

The theoretical diluted price, the benchmarked price and the theoretical dilution effect (as those terms are defined under Rule 10.44A of the GEM Listing Rules) for the Rights Issue are HK\$0.197 per Consolidated Share, HK\$0.246 per Consolidated Share and 19.9%, respectively. During the 12 month period immediately preceding the date of this announcement, the Company has not undertaken (whether by reference to the date of announcement or the date of share issue) any rights issue, open offer or specific mandate placing.

The Subscription Price was determined with reference to, among other things, the recent market prices of the Shares, the current market conditions, and the amount of funds the Company intends to raise under the Rights Issue. It is a general market practice for the listed companies on the Stock Exchange to issue rights shares at a discount to the prevailing market price in order to enhance the attractiveness of rights issues. Since the Rights Shares are offered to all Qualifying Shareholders, the Directors is of view that setting the Subscription Price at a relatively substantial discount to the prevailing market price of the Shares would encourage the Qualifying Shareholders to participate in the Rights Issue and to maintain their shareholdings in the Company and participate in the potential growth of the Group. Each Qualifying Shareholder is offered equal opportunity to subscribe for the Rights Shares at the Subscription Price in proportion to her shareholding in the Company held on the Record Date and hence the interest of the Qualifying Shareholders will not be prejudiced by the substantial discount of the Subscription Price to the market price of the Shares.

The Directors consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Status of the Rights Shares**

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* with the then existing Consolidated Shares in issue on the date of allotment and issue of the Rights Shares in all respects. Holders of such Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the Rights Shares.

### **Basis of provisional allotment**

The basis of the provisional allotment shall be one (1) Rights Share for every two (2) Consolidated Shares held by a Qualifying Shareholder as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a remittance for the full amount payable for the Rights Shares being applied for with the Registrar by the Acceptance Date.



## **Qualifying Shareholders**

To qualify for the Rights Issue, a Qualifying Shareholder must be registered as a member of the Company as at the close of business on the Record Date. In order to be registered as members of the Company on the Record Date, all transfers of Shares or Consolidated Shares (together with the relevant share certificate(s)) must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by not later than 4:30 p.m. on Tuesday, 11 August 2020. It is expected that the last day of dealings in the Consolidated Shares on a cum-rights basis is Friday, 7 August 2020 and the Consolidated Shares will be dealt with on an ex-rights basis from Monday, 10 August 2020.

The Company will send the Prospectus Documents to the Qualifying Shareholders on the Despatch Date. The Company will send the Prospectus only to the Excluded Shareholders (if any) for information purposes on the same date.

## **Excluded Shareholders**

The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

The Company is currently making enquiries as to whether the issue of the Rights Shares to the Overseas Shareholders may contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange. If, after making such enquiries, the Directors are of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirement of the relevant regulatory body or stock exchange in that place, not to offer the Rights Shares to such Overseas Shareholders, no provisional allotment of nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. In such circumstances, the Rights Issue will not be extended to the Excluded Shareholders. The Company will send the Prospectus only to the Excluded Shareholders for their information.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders in nil-paid form, to be sold as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of HK\$100 or more will be paid pro rata (but rounded down to the nearest cent) to the relevant Excluded Shareholders in Hong Kong dollars. The Company will retain individual amounts of less than HK\$100 for its own benefit.

## **Closure of register of members**

The register of members of the Company will be closed from Wednesday, 12 August 2020 to Tuesday, 18 August 2020 (both days inclusive). No transfers of the Shares will be registered on these days.

## **Fractional entitlement to the Rights Shares**

The Company will not provisionally allot fractions of Rights Shares. All fractions of Rights Shares will be aggregated and sold in the market and, if a premium (net of expenses) can be achieved, the Company will keep the net proceeds for its own benefit. Any unsold fractions of Rights Shares will be available for excess application.

## **Application for the excess Rights Shares**

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Excluded Shareholders and for any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise not subscribed for by transferees of nil-paid Rights Shares.

Application for excess Rights Shares can be made only by duly completing and signing the EAF (in accordance with the instructions printed therein) and lodging the same with a separate cheque or banker's cashier order for the excess Rights Shares being applied for with the Registrar by 4:00 p.m. on Wednesday, 2 September 2020.

The Directors will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis on the principle that any excess Rights Shares will be allocated to the applying Qualifying Shareholders on a pro rata basis in proportion to the number of excess Rights Shares being applied for under each application. No reference will be made to the Rights Shares comprised in acceptance by the PAL or the number of Shares held by Qualifying Shareholders. No preference will be given to topping up odd lots to whole board lots.

If the aggregate number of Rights Shares not taken up by the Qualifying Shareholders and/or transferees of nil-paid Rights Shares under PALs is greater than the aggregate number of excess Rights Shares being applied for under EAFs, the Directors will allocate to each Qualifying Shareholder who applies for excess Rights Shares the actual number of excess Rights Shares being applied for.

Shareholders with Shares held by a nominee (or which are held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company. Accordingly, such Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the relevant beneficial owners individually.

Shareholders with Shares held by a nominee (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of their relevant Shares under their own names prior to the Record Date for the purpose of the Rights Issue. Shareholders and investors should consult their professional advisers if they are in doubt as to their status.

### **Application for listings**

The Company will apply to the Listing Committee for the listings of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. The nil-paid Rights Shares shall have the same board lot size as the Shares and Consolidated Shares, i.e. 20,000 Shares/Consolidated Shares in one board lot.

Dealings in the Rights Shares in their nil-paid and fully-paid forms will be subject to the payment of stamp duty and other applicable fees in Hong Kong.

### **Rights Shares will be eligible for admission into CCASS**

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

### **Share certificates and refund cheques for the Rights Issue**

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by Thursday, 10 September 2020 by ordinary post at their own risk. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted by Thursday, 10 September 2020 by ordinary post to the applicants at their own risk.

## **Non-underwritten basis**

Subject to the fulfillment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event there is an under-subscription of the Rights Issue, any unsubscribed Rights Shares will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

The legal adviser of the Company has confirmed that there are no applicable statutory requirements under the laws of the Cayman Islands regarding minimum subscription levels in respect of the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, the Shareholder who applies to take up all or part of his entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer under the Takeovers Code, unless a waiver from the Executive (as defined in the Takeovers Code) has been obtained. Accordingly, the Rights Issue will be made on the term that the Company will provide for Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the applications of any Shareholder for his entitlement under the PAL or for excess Rights Shares under the EAF will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code.

## **Conditions of the Rights Issue**

The Rights Issue is conditional upon the fulfillment of each of the following conditions:

- (a) the Share Consolidation having become effective;
- (b) the Stock Exchange having authorised the registration of, and the Companies Registry in Hong Kong having registered, respectively, not later than the Despatch Date, each of the Prospectus Documents duly certified in compliance with the Companies (WUMP) Ordinance (and all other documents required to be attached thereto or otherwise filed or delivered) and otherwise complying with the requirements of the Companies (WUMP) Ordinance and the Listing Rules;
- (c) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus to the Non-Qualifying Shareholder(s), if any, and for information purposes only, on or before the Despatch Date;
- (d) the Listing Committee granting and not having revoked, listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms by no later than the Despatch Date and such listings and permission to deal not having been withdrawn or revoked.

The conditions precedent set out above are incapable of being waived by the Company. If the conditions precedent set out in the above paragraphs are not satisfied by the Acceptance Date, the Rights Issue will not proceed.

## EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there is no further issue or repurchase of Shares/Consolidated Shares from the date of this announcement up to and including the date of completion of the Rights Issue, the tables below set out the shareholding structures of the Company in various scenarios:

- (I) (i) as at the date of this announcement; (ii) immediately after the Share Consolidation becoming effective; and (iii) immediately after completion of the Rights Issue:

Shareholders	As at the date of this announcement		Immediately after the Share Consolidation becoming effective		Immediately after completion of the Rights Issue assuming all Shareholders have taken up the Rights Shares	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Lau Chi Yuen Joseph ( <i>Note 1</i> )	1,490,741,995	21.58	149,074,199	21.58	223,611,298	21.58
Big Good Management Limited	1,350,533,845	19.55	135,053,384	19.55	202,580,076	19.55
Wide Select Investments Limited	916,420,000	13.26	91,642,000	13.26	137,463,000	13.26
Other Shareholders	3,151,076,473	45.61	315,107,647	45.61	472,661,470	45.61
Total	<u>6,908,772,313</u>	<u>100.00</u>	<u>690,877,231</u>	<u>100.00</u>	<u>1,036,315,846</u>	<u>100.00</u>

- (II) (i) as at the date of this announcement; (ii) immediately after the Share Consolidation becoming effective; and (iii) immediately after completion of the Rights Issue assuming only the substantial shareholders of the Company have taken up the Rights Shares:

Shareholders	As at the date of this announcement		Immediately after the Share Consolidation becoming effective		Immediately after completion of the Rights Issue assuming only the substantial shareholders of the Company have taken up the Rights Shares	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Lau Chi Yuen Joseph ( <i>Note 1</i> )	1,490,741,995	21.58	149,074,199	21.58	223,611,298	25.45
Big Good Management Limited	1,350,533,845	19.55	135,053,384	19.55	202,580,076	23.05
Wide Select Investments Limited	916,420,000	13.26	91,642,000	13.26	137,463,000	15.64
Other Shareholders	3,151,076,473	45.61	315,107,647	45.61	315,107,647	35.86
Total	<u>6,908,772,313</u>	<u>100.00</u>	<u>690,877,231</u>	<u>100.00</u>	<u>878,762,021</u>	<u>100.00</u>

(III) (i) as at the date of this announcement; (ii) assuming full conversion of the CPS and Series B CPS immediately after the Share Consolidation becoming effective; and (iii) immediately after completion of the Rights Issue assuming only the substantial shareholders of the Company have taken up the Rights Shares:

Shareholders	As at the date of this announcement		Assuming full conversion of the CPS and Series B CPS immediately after the Share Consolidation becoming effective ( <i>Note 2</i> )		Immediately after completion of the Rights Issue assuming only the substantial shareholders of the Company have taken up the Rights Shares ( <i>Note 3</i> )	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Lau Chi Yuen Joseph ( <i>Note 1</i> )	1,490,741,995	21.58	149,074,199	18.72	223,611,298	23.10
Big Good Management Limited	1,350,533,845	19.55	238,143,837	29.90	289,480,601	29.90
Wide Select Investments Limited	916,420,000	13.26	91,642,000	11.51	137,463,000	14.20
Other CPS holder	0	0.00	2,500,000	0.31	2,500,000	0.26
Other Shareholders	3,151,076,473	45.61	315,107,647	39.56	315,107,647	32.55
Total	<u>6,908,772,313</u>	<u>100.00</u>	<u>796,467,683</u>	<u>100.00</u>	<u>968,162,546</u>	<u>100.00</u>

*Note 1:* The Shares are held as to 74,000,000 Shares by Mr. Lau Chi Yuen Joseph personally and as to 1,416,741,995 Shares by JL Investments Capital Limited which is wholly-owned by Mr. Lau Chi Yuen Joseph.

*Note 2:* Conversion of the CPS and Series B CPS are subject to the restrictions, among others, that the holder thereof shall not trigger a general offer under the Takeovers Code and the public float of the Shares/Consolidated Shares will not fall below the minimum public float requirement under the GEM Listing Rules.

*Note 3:* The applications of any Shareholder for his entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation to make a general offer under the Takeovers Code.

## EXPECTED TIMETABLE

Set out below is the expected timetable for the implementation of the Share Consolidation and Rights Issue:

Despatch of circular with notice of EGM .....	On or before Friday, 17 July 2020
Latest time for lodging transfers of Shares in order to qualify for EGM .....	4:30 p.m. on Thursday, 30 July 2020
Register of members closes (both days inclusive) .....	From Friday, 31 July 2020 to Wednesday, 5 August 2020
Latest time for lodging proxy form .....	11:00 a.m. on Monday, 3 August 2020
Record date for EGM .....	Wednesday, 5 August 2020
Date of EGM. ....	11:00 a.m. on Wednesday, 5 August 2020
Announcement on results of EGM .....	Wednesday, 5 August 2020
Register of members re-opens .....	Thursday, 6 August 2020
Effective date for the Share Consolidation .....	9:00 a.m. on Friday, 7 August 2020

First day for free exchange of existing share certificates for new share certificates .....	Friday, 7 August 2020
Dealing in Consolidated Shares commences .....	9:00 a.m. Friday, 7 August 2020
Original counter for trading in Shares in board lots of 20,000 Shares (in the form of existing share certificates) temporarily closes .....	9:00 a.m. Friday, 7 August 2020
Temporary counter for trading in Consolidated Shares in board lots of 2,000 Consolidated Shares (in the form of existing share certificates) opens .....	9:00 a.m. Friday, 7 August 2020
Last day of dealings in the Consolidated Shares on a cum-entitlement basis relating to the Rights Issue .....	Friday, 7 August 2020
First day of dealings in Consolidated Shares on an ex-entitlement basis relating to the Rights Issue .....	Monday, 10 August 2020
Latest time for the Shareholders to lodge transfer documents of Consolidated Shares in order to be qualified for the Rights Issue .....	4:30 p.m. Tuesday, 11 August 2020
Register of members closes (both days inclusive) .....	From Wednesday, 12 August 2020 to Tuesday, 18 August 2020
Record date for the Rights Issue .....	Tuesday, 18 August 2020



Register of members of the Company re-opens . . . . .	Wednesday, 19 August 2020
Despatch of the Prospectus Documents . . . . .	Wednesday, 19 August 2020
First day of dealings in nil-paid Rights Shares . . . . .	Friday, 21 August 2020
Original counter for trading in Consolidated Shares in board lots of 20,000 Consolidated Shares (in the form of new share certificates) re-opens. . . . .	9:00 a.m. Friday, 21 August 2020
Parallel trading in Consolidated Shares (in the form of new share certificates and existing share certificates) commences . . . . .	9:00 a.m. Friday, 21 August 2020
Designated broker starts to stand in the market to provide matching services for odd lots of Consolidated Shares . . . . .	Friday, 21 August 2020
Latest time for splitting the PAL . . . . .	4:00 p.m. Tuesday, 25 August 2020
Last day of dealing in nil-paid Rights Shares . . . . .	Friday, 28 August 2020
Latest time for acceptance of and payment for the Rights Shares and application for excess Rights Shares . . . . .	4:00 p.m. Wednesday, 2 September 2020
Latest time for the Rights Issue to become unconditional (being the first Business Day following the Latest Acceptance Date) . . . . .	4:00 p.m. Thursday, 3 September 2020
Announcement of allotment results of the Rights Issue. . . . .	Wednesday, 9 September 2020

Temporary counter for trading in Consolidated Shares  
in board lots of 2,000 Consolidated Shares  
(in the form of existing share certificates) closes .....4:10 p.m.  
Thursday,  
10 September 2020

Parallel trading in Consolidated Shares in the form of  
new share certificates and existing share certificates closes. ....4:10 p.m.  
Thursday,  
10 September 2020

Designated broker ceases to stand in the market to provide  
matching services for odd lots of Consolidated Shares .....4:10 p.m.  
Thursday,  
10 September 2020

Despatch of share certificates for fully-paid  
Rights Shares and refund cheques (if any) in relation to wholly or  
partially unsuccessful applications for excess Rights Shares .....Thursday,  
10 September 2020

Commencement of dealings in fully-paid Rights Shares ..... 9:00 a.m. Friday,  
11 September 2020

Last day for free exchange of existing  
share certificates for new share certificates ..... Monday,  
14 September 2020

## **REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS**

The Group is principally engaged in (i) manufacturing and trading of swimwear and garment products, (ii) e-commerce and provision of on-line shopping services; and (iii) money lending business.

Assuming that there is no change in the number of issued Shares on or before the Record Date and all Rights Shares to be issued under the Rights Issue have been taken up in full, the gross proceeds from the Rights Issue will be approximately HK\$34.5 million. The net proceeds from the Rights Issue (after deduction of estimated professional fees and other related expenses of approximately HK\$0.5 million) are estimated to be approximately HK\$34 million, which are intended to be applied in following manner:

1. approximately HK\$17 million to finance the Group's e-commerce and online shopping services business;
2. approximately HK\$17 million to finance the Group's money lending business.

As the Rights Issue will be on a non-underwritten basis, the actual amount of the net proceeds of the Rights Issue cannot be ascertained at this point but will in any event be applied on a pro rata basis towards the above purposes. The coronavirus pandemic has recently showed signs of easing in different parts of the world and it is believed that global economic order will gradually resume. In view of the recent propitious market condition, the Company expects that the Rights Issue will be well received by Shareholders who are offered the opportunity to participate in the potential growth of the Group's businesses using the net proceeds from the Rights Issue. There is no minimum amount of proceeds that the Company intends to raise. The net proceeds will be used for funding the trading and online shopping operations in order to enhance the Group's overall trading capacity and working capital resources. The net proceeds will also be used for funding the money lending operation which invariably depends on the financial resources of the Group.

The Group's e-commerce and online shopping services business 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 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 second hand mobile phones are sold through global online shopping platforms such as Amazon and eBay. As disclosed in the Company's third quarterly report for the nine months ended 31 March 2020, the profit margin of this segment improved from 4.5% to 10%. The revenue and gross profit of this segment for the same period dropped significantly due to the shift in focus on higher profit margin order as well as the impact of the coronavirus pandemic. 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's business will catch up quickly. The Company considers that proceeds from the Rights Issue will enable the Group to further expand its scale of operation in this segment and to capture the business opportunities from the expected market recovery.

The Group's money lending business is operated through its licensed money lender subsidiary in Hong Kong. As disclosed in the Company's third quarterly report for the nine months ended 31 March 2020, the gross profit of this segment for the period increased significant to approximately HK\$1.2 million. The coronavirus pandemic has no adverse impact on this segment. The Company is optimistic on the prospect of this segment as it provides a steady stream of income to the Group. The proceeds from the Rights Issue will enable the Group to further expand its scale of operation in his segment which is expected to provide a stronger and steady income for development of the Group.

For the nine months ended 31 March 2020, the performance of the Group's manufacturing and trading of swimwear and garment products segment remained steady and recorded a gross profit instead of gross loss compared with last year. However the adverse impact of the coronavirus pandemic on this 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.

As at the date hereof, save for the Rights Issue, the Company does not have any plan to conduct further rights issue or other fund-raising activities. However, should any other funding needs or any potential investment opportunities or any change of the Company's current circumstances and existing business plans arise in the next 12 months, the Company may consider other funding methods to finance any such funding needs.

Apart from the Rights Issue, the Directors have considered other debt/equity fund raising alternatives such as bank borrowings, placing or an open offer. The Directors noted that bank borrowings will carry interest costs and may require the provision of security and creditors will rank before the Shareholders, and placings will dilute the interests of Shareholders without giving them the opportunity to take part in the exercise. As opposed to an open offer, the Rights Issue enables the Shareholders to sell the nil-paid rights in the market. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Company.

Based on the above, the Board considers that raising capital through the Rights Issue is in the interests of the Company and the Shareholders as a whole. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted.

## **ADJUSTMENTS TO THE CONVERTIBLE SECURITIES**

In accordance with the terms of the CPS and Series B CPS respectively, the Rights Issue may lead to adjustment to the conversion price of the outstanding CPS and Series B CPS respectively. Further announcement will be made by the Company in this regard as and when appropriate.

## **FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS**

The Company did not conduct any equity fund raising activities during the 12 months immediately preceding the date of this announcement.

## **GEM LISTING RULES IMPLICATIONS**

As the Company has not conducted any rights issue or open offer within the 12-month period prior to the date of this announcement, the Rights Issue will not increase the number of issued share or market capitalisation of the Company by more than 50%, the Rights Issue is not subject to Shareholders' approval under the GEM Listing Rules.

## GENERAL

It is expected that the Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders on Wednesday, 19 August 2020 and the Prospectus only will be despatched to the Excluded Shareholders (if any) for their information only.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the expressions below have the following meanings:

“Acceptance Date”	4:00 p.m. on Wednesday, 2 September 2020 (or such other time and date as may be determined by the Company), being the latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday or a Sunday or public holiday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is issued in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Luxey International (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM
“Companies (WUMP) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
“Consolidated Shares”	new ordinary share(s) of HK\$0.10 each in the share capital of the Company after the Share Consolidation becoming effective

“CPS”	1,083,333,333 convertible preference shares of par value HK\$0.15 each in the issued share capital of the Company which entitle the holder(s) of which to convert into a total of 1,354,166,666 Shares (subject to adjustments, if any)
“Despatch Date”	Wednesday, 19 August 2020 or such other date as the Company may determine, being the date on which the Prospectus Documents are posted to the Qualifying Shareholders
“Director(s)”	the director(s) of the Company
“EAF(s)”	the excess application form(s) for use by the Qualifying Shareholders who wish to apply for Rights Shares in excess for their pro-rata entitlements under the Rights Issue
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Share Consolidation
“Excluded Shareholder(s)”	the Overseas Shareholder(s) who the Directors, after making enquiries regarding the legal restrictions, if any, under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange in the place where the Overseas Shareholder(s) resides, consider it necessary or expedient not to offer them the Rights Shares
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	the lawful currency for the time being of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	2 July 2020, being the last trading day of the Shares on the Stock Exchange before the release of this announcement

“Overseas Shareholder(s)”	the Shareholder(s) whose registered address(es) as shown in the register of members of the Company on the Record Date is/are outside of Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL and the EAF
“Qualifying Shareholder(s)”	the Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date, other than the Excluded Shareholders
“Record Date”	Tuesday, 18 August 2020, the record date to determine entitlements to the Rights Issue
“Registrar”	the branch share registrar of the Company in Hong Kong, being Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Rights Issue”	the proposed issue by way of rights of one (1) Rights Share for every two (2) Consolidated Shares in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions to be set out in the Prospectus Documents
“Rights Share(s)”	new Consolidated Share(s) to be allotted and issued by the Company under the Rights Issue
“Series B CPS”	189,100,000 convertible preference shares of par value HK\$0.16 each in the issued share capital of the Company which entitle the holder(s) of which to convert into a total of 1,008,533,333 Shares (subject to adjustments, if any)
“Shareholder(s)”	the holder(s) of the Shares and/or Consolidated Shares



“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company prior to the Share Consolidation becoming effective
“Share Consolidation”	the proposed consolidation of every 10 issued and unissued Shares into one Consolidated Share in the issued and unissued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the issue price of HK\$ 0.10 per Rights Share at which the Rights Shares are proposed to be offered for subscription
“substantial shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent

By Order of the Board of  
**Luxey International (Holdings) Limited**  
**Chan Hiu Kwan**  
*Executive Director*

Hong Kong, 2 July 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, 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.*