



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>

Interim Report
2022/2023

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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 six months ended 31 December 2022

		(Unaudited)			
		Three months ended 31 December		Six months ended 31 December	
Note	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	
Revenue	5	16,402	13,685	34,565	27,068
Cost of sales and service rendered		<u>(12,243)</u>	<u>(10,498)</u>	<u>(28,866)</u>	<u>(22,612)</u>
Gross profit		4,159	3,187	5,699	4,456
Other income		508	81	1,183	165
Gain on disposal of property, plant and equipment		–	41	–	128
Selling expenses		(37)	(61)	(66)	(71)
Administrative expenses		<u>(4,070)</u>	<u>(4,116)</u>	<u>(8,576)</u>	<u>(8,612)</u>
Profit/(Loss) from operations		560	(868)	(1,760)	(3,934)
Finance costs	6	<u>(181)</u>	<u>(205)</u>	<u>(353)</u>	<u>(440)</u>
Profit/(Loss) before tax		379	(1,073)	(2,113)	(4,374)
Income tax expense	7	–	–	–	–
Profit/(Loss) for the period	8	<u>379</u>	<u>(1,073)</u>	<u>(2,113)</u>	<u>(4,374)</u>
Attributable to:					
Owners of the Company		432	(1,016)	(2,018)	(4,253)
Non-controlling interests		<u>(53)</u>	<u>(57)</u>	<u>(95)</u>	<u>(121)</u>
		<u>379</u>	<u>(1,073)</u>	<u>(2,113)</u>	<u>(4,374)</u>
Profit/(Loss) per share	9				
Basic (cent per share)		<u>0.05</u>	<u>(0.13)</u>	<u>(0.25)</u>	<u>(0.54)</u>
Diluted (cent per share)		<u>0.05</u>	<u>(0.13)</u>	<u>(0.25)</u>	<u>(0.54)</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2022

	(Unaudited)			
	Three months ended 31 December		Six months ended 31 December	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit/(Loss) for the period	379	(1,073)	(2,113)	(4,374)
Other comprehensive income: <i>Item that may be reclassified to profit or loss:</i>				
Exchange differences on translating foreign operations	44	531	607	547
Other comprehensive income for the period, net of tax	44	531	607	547
Total comprehensive income/(loss) for the period	423	(542)	(1,506)	(3,827)
Attributable to:				
Owners of the Company	476	(485)	(1,411)	(3,706)
Non-controlling interests	(53)	(57)	(95)	(121)
	423	(542)	(1,506)	(3,827)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

		(Unaudited) 31 December 2022 HK\$'000	(Audited) 30 June 2022 HK\$'000
	<i>Note</i>		
Non-current assets			
Property, plant and equipment	11	1,936	1,331
Right-of-use assets		1,561	2,138
Total non-current assets		3,497	3,469
Current assets			
Inventories		12,477	5,482
Trade and other receivables	12	35,035	33,254
Loan receivable		14,500	16,300
Bank and cash balances		4,191	6,842
Total current assets		66,203	61,878
Current liabilities			
Trade and other payables	13	28,908	22,875
Lease liabilities		2,450	2,637
Loan from a shareholder		986	–
Employee benefit obligations		3,338	3,114
Current tax liabilities		460	460
Total current liabilities		36,142	29,086
Net current assets		30,061	32,792
Total assets less current liabilities		33,558	36,261

	(Unaudited)	(Audited)
	31 December	30 June
	2022	2022
<i>Note</i>	HK\$'000	HK\$'000
Non-current liabilities		
Lease liabilities	<u>2,024</u>	<u>3,221</u>
NET ASSETS	<u>31,534</u>	<u>33,040</u>
Capital and reserves		
Share capital	14 270,910	270,910
Reserves	<u>(219,567)</u>	<u>(218,156)</u>
Equity attributable to owners of the Company	51,343	52,754
Non-controlling interests	<u>(19,809)</u>	<u>(19,714)</u>
TOTAL EQUITY	<u>31,534</u>	<u>33,040</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2022

	(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	Non-controlling interests HK\$'000	
As at 1 July 2021	271,450	705,189	71	150	(909,077)	67,783	(19,374)	48,409
Total comprehensive income for the period	-	-	547	-	(4,253)	(3,706)	(121)	(3,827)
As at 31 December 2021	271,450	705,189	618	150	(913,330)	64,077	(19,495)	44,582
As at 1 July 2022	270,910	705,729	298	150	(924,333)	52,754	(19,714)	33,040
Total comprehensive income for the period	-	-	607	-	(2,018)	(1,411)	(95)	(1,506)
As at 31 December 2022	270,910	705,729	905	150	(926,351)	51,343	(19,809)	31,534

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2022

	(Unaudited)	
	Six months ended	
	31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	(1,235)	(11,532)
Purchase of property, plant and equipment	(971)	(237)
Proceeds from disposal of property, plant and equipment	–	128
Increase in pledged bank deposits	–	(1)
Other investing cash flows (net)	3	4
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	(968)	(106)
Loan from a shareholder	5,000	–
Repayment to loan from a shareholder	(4,014)	–
Repayment of lease liabilities	(1,688)	(1,256)
Interest paid on lease liabilities	(304)	(440)
Interest paid	(49)	–
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	(1,055)	(1,696)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(3,258)	(13,334)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	6,842	17,963
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	607	547
CASH AND CASH EQUIVALENTS AT END OF PERIOD, REPRESENTED BY	4,191	5,176
Bank and cash balances	4,191	5,176

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

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 AND ACCOUNTING POLICIES

These unaudited condensed financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and 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 2022 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 2022.

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 HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 July 2022. 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.

4. SEGMENT INFORMATION

The Group has three reportable 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 and media related services
Money lending	– Money lending business

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

Segment profits or losses do not include other income, finance costs and corporate administrative and other operating expenses. Segment assets do not include goodwill, club debenture and other assets for general administrative use. Segment liabilities do not include other liabilities for general administrative use.

	(Unaudited)			
	Swimwear and garment <i>HK\$'000</i>	E-commerce and on-line shopping related <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
Six months ended				
31 December 2022:				
Revenue from external customers	16,534	17,284	747	34,565
Segment (loss)/profit	556	(991)	675	240
As at 31 December 2022:				
Segment assets	16,970	36,169	14,592	67,731
Segment liabilities	28,172	6,978	990	36,140

	(Unaudited)			
	Swimwear and garment <i>HK\$'000</i>	E-commerce and on-line shopping related <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
Six months ended 31 December 2021:				
Revenue from external customers	8,740	17,546	782	27,068
Segment (loss)/profit	(1,865)	(758)	763	(1,860)
As at 31 December 2021:				
Segment assets	14,305	38,832	16,533	69,670
Segment liabilities	<u>27,985</u>	<u>3,445</u>	<u>–</u>	<u>31,430</u>

	(Unaudited)	
	Six months ended 31 December	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Reconciliation of segment profit or loss:		
Total profit or loss of reportable segments	240	(1,860)
Unallocated amounts		
Other income	17	9
Administrative expenses	(2,370)	(2,083)
Finance costs	<u>–</u>	<u>(440)</u>
Consolidated loss for the period	<u>(2,113)</u>	<u>(4,374)</u>

	(Unaudited) 31 December 2022 HK\$'000	(Audited) 30 June 2022 HK\$'000
Reconciliation of segment assets:		
Total assets of reportable segments	67,731	62,335
Other assets	1,969	3,012
Consolidated total assets	69,700	65,347
Reconciliation of segment liabilities:		
Total liabilities of reportable segments	36,140	30,835
Other liabilities	2,026	1,472
Consolidated total liabilities	38,166	32,307

5. REVENUE

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

	(Unaudited) Six months ended 31 December 2022 HK\$'000	2021 HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15:		
Sales of swimwear and garment products	16,534	7,844
Sales of second hand mobile phones	17,284	17,546
Subcontracting fee income	–	896
Revenue from contracts with customers recognised at a point in time	33,818	26,286
Revenue from other sources:		
Interest income from money lending business	747	782
	34,565	27,068

6. FINANCE COSTS

	(Unaudited)	
	Six months ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
Interest on loan from a shareholder	49	–
Interest on lease liabilities	304	440
	353	440

7. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax is required for the six months ended 31 December 2022 and 31 December 2021 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.

8. LOSS FOR THE PERIOD

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

	(Unaudited)	
	Six months ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
Interest income	(3)	(4)
Depreciation of property, plant and equipment	366	249
Depreciation of right-of-use assets	511	627
Directors' remuneration	762	714
Gain on disposal of property, plant and equipment	–	(128)
Government grant	1,105	(142)

9. LOSS PER SHARE

Basic profit/loss per share

For the six months ended 31 December 2022

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\$2,018,000 (2021: HK\$4,253,000) and the weighted average number of ordinary shares of 792,745,915 (2021: 789,745,615) in issue during the period.

For the three months ended 31 December 2022

The calculation of basic profit/loss per share attributable to owners of the Company is based on the profit for the period attributable to owners of the Company of approximately HK\$432,000 (2021: loss HK\$1,016,000) and the weighted average number of ordinary shares of 792,745,915 (2021: 789,745,615) in issue during the period.

Diluted profit/loss per share

For the six months ended 31 December 2022

The exercise of the Group's outstanding convertible non-voting preference shares would be anti-dilutive for the six months ended 31 December 2022. 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 six months ended 31 December 2021. Diluted loss per share was the same as the basic loss per share for the six months ended 31 December 2022 and 31 December 2021.

For the three months ended 31 December 2022

The exercise of the Group's outstanding convertible non-voting preference shares would be anti-dilutive for the three months ended 31 December 2022 and 31 December 2021. Diluted profit/loss per share was the same as the basic profit/loss per share for the three months ended 31 December 2022 and 31 December 2021.

10. DIVIDEND

The directors do not recommend the payment of dividend for the six months ended 31 December 2022 (2021: Nil).

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2022, the Group acquired property, plant and equipment of approximately HK\$971,000 (2021: nil).

During the six months ended 31 December 2022, the Group did not have any disposal of certain plant and equipment (2021: disposal HK\$128,000).

12. TRADE AND OTHER RECEIVABLES

	(Unaudited) 31 December 2022 <i>HK\$'000</i>	(Audited) 30 June 2022 <i>HK\$'000</i>
Trade and bills receivables	33,502	31,475
Prepayments, deposits	1,354	1,472
Other receivables	179	307
	35,035	33,254

The Group normally allows credit terms to customers ranging from 14 to 180 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

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

	(Unaudited) 31 December 2022 <i>HK\$'000</i>	(Audited) 30 June 2022 <i>HK\$'000</i>
Current to 30 days	7,667	5,539
31 – 90 days	4,122	812
91 – 180 days	12,142	7,294
Over 180 days	9,571	17,830
	33,502	31,475

13. TRADE AND OTHER PAYABLES

	(Unaudited)	(Audited)
	31 December	30 June
	2022	2022
	HK\$'000	HK\$'000
Trade payables	7,983	3,383
Due to a substantial shareholder	100	100
Contract liabilities	553	553
Accruals and other payables	20,272	18,839
	28,908	22,875

The amount due to a substantial shareholder is unsecured, interest-free and has no fixed terms of payment.

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

	(Unaudited)	(Audited)
	31 December	30 June
	2022	2022
	HK\$'000	HK\$'000
Current to 30 days	1,247	3,383
31 – 90 days	–	–
91 – 180 days	6,736	–
Over 180 days	–	–
	7,983	3,383

14. SHARE CAPITAL

	(Unaudited) 31 December 2022 <i>HK\$'000</i>	(Audited) 30 June 2022 <i>HK\$'000</i>
Authorised:		
7,000,000,000 ordinary shares of HK\$0.10	700,000	700,000
2,000,000,000 convertible non-voting preference shares of HK\$0.15 each	300,000	300,000
312,500,000 series B convertible non-voting preference shares of HK\$0.16 each	50,000	50,000
	1,050,000	1,050,000
Issued and fully paid:		
792,745,615 (At 30 June 2022: 792,745,615) ordinary shares of HK\$0.10 each	79,275	79,275
1,083,333,333 convertible non-voting preference shares of HK\$0.15 each	162,500	162,500
182,092,500 (At 30 June 2022: 182,092,500) series B convertible non-voting preference shares of HK\$0.16 each	29,135	29,135
	270,910	270,910

A summary of the movements in the issued share capital of the Company is as follows:

	Number of ordinary shares of HK\$0.01 each '000	Number of convertible non-voting preference shares of HK\$0.15 each '000	Number of series B convertible non-voting preference shares of HK\$0.16 each '000	Par value '000
Authorised:				
As at 1 July 2021, as at 31 December 2021, as at 30 June 2022, as at 1 July 2022 and as at 31 December 2022	7,000,000	2,000,000	312,500	1,050,000
Issued and fully paid:				
As at 30 June 2021, as at 1 July 2021 and as at 31 December 2021	789,745	1,083,333	187,348	271,450
Conversion of convertible non-voting preference shares into ordinary shares (a)	3,000	–	(5,255)	(540)
As at 30 June 2022, as at 1 July 2022 and as at 31 December 2022	792,745	1,083,333	182,093	270,910

Note:

- (a) On 26 May 2022, 3,000,000 ordinary shares of HK\$0.10 each were issued as a result of the conversion of 5,255,625 series B convertible non-voting preference shares of HK\$0.16 each.

15. 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.

16. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 31 December 2022 (At 30 June 2022: Nil).

17. PENDING LITIGATIONS

- (a) On 19 January 2004, a winding up petition was filed against the Company by certain ex-senior employees of the Group claiming for payment in the sum of approximately HK\$594,000 from the Company in respect of an award/order dated 20 October 2003 granted by the Labour Tribunal in respect of the severance and bonus dispute between the Company and the ex-senior employees. The unsettled amounts of approximately HK\$594,000 were fully accrued in trade and other payables during the year ended 30 June 2005 and remain outstanding as at 30 June 2020 and 31 December 2020 even though the case had ceased to be active since the year ended 30 June 2005.
- (b) On 24 July 2018, Ratio Knitting Factory Limited (“Ratio”), a wholly-owned subsidiary of the Company, received a claim from a former director of Ratio for a total sum of approximately HK\$913,000 in respect of the salary and severance dispute between Ratio and the former director. The Company considered that she was not entitled to the said sum for the major reasons that her employment was terminated because of her misconducts and the termination payment made by Ratio to her was more than sufficient. The Company also commenced the action in the High Court against her for, inter alia, breach of fiduciary duties and contractual duties owed by her to Ratio. The Group seeks an order for damages and/or account of profit against her, which are subject to assessment.

18. CAPITAL COMMITMENTS

The Group did not have any significant capital commitments at 31 December 2022 (At 30 June 2022: Nil).

19. 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:

	(Unaudited)	
	Six months ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
Interest expenses paid to a shareholder	49	–

20. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 10 February 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

For the six months ended 31 December 2022 (the “Current Period”), loss attributable to owners of the Company was approximately HK\$2,018,000 (six months ended 31 December 2021: HK\$4,253,000), representing a decrease of approximately 52.55% over the corresponding period in 2021.

Gross profit for the Current Period was approximately HK\$5,699,000 (six months ended 31 December 2021: HK\$4,456,000).

For the Current Period, the Group’s unaudited total revenue amounted to approximately HK\$34,565,000 (six months ended 31 December 2021: HK\$27,068,000) representing an increase of approximately 27.70% over the corresponding period in 2021. Details of the increase 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 Current Period was approximately HK\$17,284,000 (six months ended 31 December 2021: HK\$8,740,000). Gross profit for the Current Period was approximately HK\$4,449,000 (six months ended 31 December 2021: HK\$2,647,000). Gross profit ratio for the Current Period was 25.74% (six months ended 31 December 2021: 30.29%). Decrease in gross profit ratio for the Current Period was mainly due to increase in lower profit margin orders for swimwear and garment segment.

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\$16,534,000 (six months ended 31 December 2021: HK\$17,546,000). Gross profit for the Current Period was approximately HK\$503,000 (six months ended 31 December 2021: HK\$1,027,000). Gross profit ratio for the Current Period was 3.04% (six months ended 31 December 2021: 5.85%). The decrease in gross profit and margin was due to weaker sales pricing as a result of the strong US dollar.

Money lending business (“Money lending segment”)

The revenue generated from Money lending segment for the Current Period was approximately HK\$747,000 (six months ended 31 December 2021: HK\$782,000). Gross profit for the Current Period was approximately HK\$747,000. Gross profit ratio for the Current Period was 100% (six months ended 31 December 2021: 100%).

Interim dividend

The board of directors (the “Board”) does not recommend the payment of an interim dividend for the six months ended 31 December 2022 (six months ended 31 December 2021: 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.

Foreign Exchange Exposure

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

Capital Structure

As at 31 December 2022, issued and fully paid share capital of the Company included (a) 792,745,615 ordinary shares of HK\$0.10 each (At 30 June 2022: 792,745,615); (b) 1,083,333,333 CPS (At 30 June 2022: 1,083,333,333) of HK\$0.15 each; and (c) 182,092,500 Series B CPS (At 30 June 2022: 182,092,500) of HK\$0.16 each.

Employees and Remuneration Policy

As at 31 December 2022, the Group had 93 full time employees (At 30 June 2022: 95). The Group offers a comprehensive remuneration package and benefits to its full time employees in compliance with the regulations in Hong Kong, the People's Republic of China and 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 31 December 2022, the Group did not have any material contingent liabilities (At 30 June 2022: Nil).

Charge on Assets

As at 31 December 2022, the Group did not have any material charge on assets (At 30 June 2022: Nil).

PROSPECT

We expect that the Group's manufacturing and trading of swimwear and garment products segment will continue to improve as COVID-19 continue to subside worldwide. 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 strong US dollar, there was a downward pressure in the selling price of second hand mobile phones while the purchase costs remained still. The Group will closely monitor the market challenges and to maintain this segment in healthy operation.

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 31 December 2022, no option was outstanding under the Scheme (2021: 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 31 December 2022, none of the directors and chief executives of the Company has any interests and 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 31 December 2022, 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 (%) (Note 1)
Mr. Lau Chi Yuen, Joseph ("Mr. Lau")	149,294,199 (Note 2)	Personal & Corporate	18.83%
JL Investments Capital Limited	141,674,199	Beneficial	17.87%
Big Good Management Limited ("Big Good")	135,053,384	Beneficial	17.04%
Mr. Ma Hoi Cheuk ("Mr. Ma")	135,053,384 (Note 3)	Corporate	17.04%
Wide Select Investments Limited ("Wide Select")	126,642,000	Beneficial	15.98%
Mr. Lee Yim ("Mr. Lee")	126,642,000 (Note 4)	Corporate	15.98%

Notes:

- The percentage of issued share capital had been arrived at on the basis of a total of 792,745,615 Shares in issue as at 31 December 2022.
- These shares are held as to 7,620,000 shares by Mr. Lau personally and as to 141,674,199 shares by JL Investments Capital Limited ("JL Investments"), which is wholly-owned by Mr. Lau. Mr. Lau is deemed to be interested in the shares held by JL Investments.
- Big Good is wholly-owned by Mr. Ma who is deemed to be interested in underlying shares held by Big Good.
- 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 31 December 2022, 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>
Wide Select	246,225,166 <i>(Note 3 & 4)</i>	Beneficial	31.06%
Mr. Lee	246,225,166 <i>(Note 2)</i>	Corporate	31.06%

Notes:

1. see Note 1 on page 25.
2. see Note 4 on page 25.
3. Wide Select 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. Wide Select was also the holder of 182,092,500 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 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, save as disclosed herein, as at 31 December 2022, 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 31 December 2022, 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 six months ended 31 December 2022.

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.

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 six months ended 31 December 2022.

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, 10 February 2023