



Luxey

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
2014/15



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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 2014

		(Unaudited)			
		Three months ended 31 December		Six months ended 31 December	
Note	2014 HK\$'000	2013 HK\$'000 (Restated)	2014 HK\$'000	2013 HK\$'000 (Restated)	
Continuing operations					
Turnover	6	30,446	20,419	44,231	27,226
Cost of sales and service rendered		(25,255)	(16,360)	(36,760)	(21,383)
Gross profit		5,191	4,059	7,471	5,843
Other income		861	2,045	2,188	3,343
Impairment of goodwill	14	(3,050)	(18,400)	(6,250)	(18,400)
Selling expenses		(84)	(129)	(175)	(251)
Administrative expenses		(6,387)	(8,107)	(12,606)	(16,085)
Loss from operations		(3,469)	(20,532)	(9,372)	(25,550)
Finance costs	7	(3,692)	(585)	(4,297)	(1,159)
Share of losses of an associate		(2,553)	-	(4,629)	-
Loss before tax		(9,714)	(21,117)	(18,298)	(26,709)
Income tax expense	8	(640)	(649)	(640)	(649)
Loss for the period from continuing operations		(10,354)	(21,766)	(18,938)	(27,358)
Discontinued operation					
(Loss)/profit for the period from discontinued operation	9	(909)	2,040	(9,255)	(5,926)
Loss for the period	10	(11,263)	(19,726)	(28,193)	(33,284)

		(Unaudited)			
		Three months ended 31 December		Six months ended 31 December	
Note	2014 HK\$'000	2013 HK\$'000 (Restated)	2014 HK\$'000	2013 HK\$'000 (Restated)	
Attributable to:					
Owners of the Company					
Loss from continuing operations	(10,149)	(21,001)	(17,995)	(25,837)	
Profit/(loss) from discontinued operation	440	1,411	(3,780)	(2,514)	
Loss attributable to owners of the Company	<u>(9,709)</u>	<u>(19,590)</u>	<u>(21,775)</u>	<u>(28,351)</u>	
Non-controlling interests					
Loss from continuing operations	(571)	(765)	(943)	(1,521)	
(Loss)/profit from discontinued operation	(983)	629	(5,475)	(3,412)	
Loss attributable to non-controlling interests	<u>(1,554)</u>	<u>(136)</u>	<u>(6,418)</u>	<u>(4,933)</u>	
	<u>(11,263)</u>	<u>(19,726)</u>	<u>(28,193)</u>	<u>(33,284)</u>	
Loss per share					
From continuing and discontinued operations					
Basic	11(a) HK(0.984) cent	HK(1.986) cents	HK(2.208) cents	HK(2.874) cents	
Diluted	HK(0.984) cent	HK(1.986) cents	HK(2.208) cents	HK(2.874) cents	
From continuing operations					
Basic	11(b) HK(1.029) cents	HK(2.129) cents	HK(1.824) cents	HK(2.619) cents	
Diluted	HK(1.029) cents	HK(2.129) cents	HK(1.824) cents	HK(2.619) cents	

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2014

	(Unaudited)			
	Three months ended		Six months ended	
	31 December		31 December	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period	(11,263)	(19,726)	(28,193)	(33,284)
Other comprehensive income:				
<i>Items that may be reclassified to profit or loss:</i>				
Exchange differences on translating foreign operations	12	–	14	(2)
Fair value changes of available-for-sale financial assets	(338)	(64)	(617)	270
Other comprehensive income for the period, net of tax	(326)	(64)	(603)	268
Total comprehensive income for the period	(11,589)	(19,790)	(28,796)	(33,016)
Attributable to:				
Owners of the Company	(10,035)	(19,654)	(22,378)	(28,083)
Non-controlling interests	(1,554)	(136)	(6,418)	(4,933)
	(11,589)	(19,790)	(28,796)	(33,016)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

		(Unaudited) 31 December 2014 HK\$'000	(Audited) 30 June 2014 HK\$'000
	<i>Note</i>		
Non-current assets			
Property, plant and equipment	13	2,981	4,455
Goodwill	14	353,561	359,811
Investment in an associate		12,502	17,130
Available-for-sale financial assets		16,831	10,506
		<u>385,875</u>	<u>391,902</u>
Current assets			
Inventories		38,650	7,810
Trade and other receivables	15	19,740	14,969
Pledged bank deposits		222	165
Bank and cash balances		20,935	38,214
		<u>79,547</u>	<u>61,158</u>
Non-current assets held for sale		–	94,756
		<u>79,547</u>	<u>155,914</u>
Current liabilities			
Trade and other payables	16	35,850	25,817
Employee benefit obligations		6,003	5,378
Current tax liabilities		6,156	5,516
		<u>48,009</u>	<u>36,711</u>
Liabilities directly associated with non-current assets held for sale		–	74,663
		<u>48,009</u>	<u>111,374</u>
Net current assets		<u>31,538</u>	<u>44,540</u>
Total assets less current liabilities		<u>417,413</u>	<u>436,442</u>

	<i>Note</i>	(Unaudited) 31 December 2014 HK\$'000	(Audited) 30 June 2014 HK\$'000
Non-current liabilities			
Promissory notes		–	45,703
Deferred tax liabilities		699	699
		699	46,402
NET ASSETS			
		416,714	390,040
Capital and reserves			
Share capital	17	225,364	412,090
Reserves		207,752	(6,596)
Equity attributable to owners of the Company		433,116	405,494
Non-controlling interests		(16,402)	(15,454)
TOTAL EQUITY			
		416,714	390,040

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2014

	(Unaudited)									
	Attributable to owners of the Company									
	Share capital	Share premium	Translation reserve	Plant and machinery revaluation reserve	Capital redemption reserve	Investment revaluation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2013	412,090	612,523	(78)	809	150	(531)	(515,738)	509,225	(3,744)	505,481
Total comprehensive income and changes in equity for the period	-	-	(2)	-	-	270	(28,351)	(28,083)	(4,933)	(33,016)
At 31 December 2013	412,090	612,523	(80)	809	150	(261)	(544,089)	481,142	(8,677)	472,465
At 1 July 2014	412,090	612,523	(74)	1,377	150	(443)	(620,129)	405,494	(15,454)	390,040
Total comprehensive income for the period	-	-	14	-	-	(617)	(21,775)	(22,378)	(6,418)	(28,796)
Capital reorganisation (note 17(b))	(236,726)	-	-	-	-	-	236,726	-	-	-
Settlement of promissory notes (note 17(c))	50,000	-	-	-	-	-	-	50,000	-	50,000
Disposal of subsidiaries (note 18)	-	-	-	-	-	-	-	-	5,470	5,470
Changes in equity for the period	(186,726)	-	14	-	-	(617)	214,951	27,622	(948)	26,674
At 31 December 2014	225,364	612,523	(60)	1,377	150	(1,060)	(405,178)	433,116	(16,402)	416,714

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2014

	(Unaudited) Six months ended 31 December	
	2014 HK\$'000	2013 HK\$'000
NET CASH USED IN OPERATING ACTIVITIES	(18,222)	(30,925)
Purchases of property, plant and equipment	(2,150)	(2,502)
Disposal of subsidiaries (note 18)	736	–
Capital contribution to an associate	(9,000)	–
Other investing cash flows (net)	520	1,190
NET CASH USED IN INVESTING ACTIVITIES	(9,894)	(1,312)
Bank and other loans raised	4,318	13,156
Repayment of bank and other loans	(4,709)	(6,890)
Net inception of trust receipts loans	6,530	6,665
Repayment of finance lease payables	(26)	(36)
Finance lease charges paid	–	(4)
Interest paid	(881)	(869)
NET CASH GENERATED FROM FINANCING ACTIVITIES	5,232	12,022
NET DECREASE IN CASH AND CASH EQUIVALENTS	(22,884)	(20,215)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	43,565	72,367
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	254	(2)
CASH AND CASH EQUIVALENTS AT END OF PERIOD, REPRESENTED BY	20,935	52,150
Bank and cash balances	20,935	52,150

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 31 December 2014

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 Room 702, 7th Floor, Goodluck Industrial Centre, 808 Lai Chi Kok Road, Lai Chi Kok, Kowloon, Hong Kong. The Company's shares are listed on the Growth Enterprise Market 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 related garment products;
- (ii) trading and retail of apparel and related accessories (discontinued operation);
and
- (iii) provision of on-line shopping, advertising and media related services.

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 Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

These unaudited condensed financial statements should be read in conjunction with the 2014 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 2014.



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 2014. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position. The Group does not plan to adopt these standards prior to their mandatory effective date.

4. Fair value measurements

The carrying amounts of the Group’s financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosures of level in fair value hierarchy at 31 December 2014:

Description	Fair value measurements as at 31 December 2014 using:			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Recurring fair value measurements:				
Available-for-sale financial assets				
Debt investments	10,093	–	–	10,093
Private equity investments	–	–	6,738	6,738
Total recurring fair value measurements	10,093	–	6,738	16,831

Description	Fair value measurements as at 30 June 2014 using:			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Recurring fair value measurements:				
Available-for-sale financial assets				
Debt investments	10,506	–	–	10,506

(b) Reconciliation of assets measured at fair value based on level 3:

Description	Available- for-sale financial assets Equity investments <i>HK\$'000</i>
At 1 July 2014	–
Total gains or losses recognised in profit or loss (#)	(338)
Transfers into level 3	<u>7,076</u>
At 31 December 2014	<u>6,738</u>
(#) Include gains or losses for assets held at the end of reporting period	<u>(338)</u>

The total gains or losses recognised in other comprehensive income are presented in fair value changes of available-for-sale financial assets in the condensed consolidated statement of profit or loss and other comprehensive income.

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2014:

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Board of Directors at least twice a year.

Key unobservable inputs used in Level 3 fair value measurements are mainly as below:

Description	Valuation technique	Unobservable inputs	Value	Effect on fair value for increase of inputs
Private equity investments classified as available-for-sale financial assets	Market comparable approach	Average price book multiple	0.5334	Increase
		Average price sales multiple	0.5925	Increase
		Book value	HK\$72,329,000	Increase
		Annual sales	HK\$164,263,000	Increase
		Discount for lack of marketability	23.89%	Decrease

5. Segment information

The Group has three reportable segments as follows:

Swimwear	–	Manufacturing and trading of high-end swimwear and related garment products
Apparel and related accessories	–	Trading and retail of apparel and related accessories (discontinued operation)
On-line shopping and advertising	–	Provision of on-line shopping, advertising and media related services

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

Segment profits or losses do not include other income, finance costs, impairment of goodwill, gain on disposal of discontinued operation and corporate administrative expenses. Segment assets do not include available-for-sale financial assets, club debenture, goodwill and other assets for general administrative use. Segment liabilities do not include promissory notes and other liabilities for general administrative use.

	(Unaudited)			
	Swimwear	Apparel and related accessories (discontinued operation)	On-line shopping and advertising	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Six months ended 31 December 2014:				
Revenue from external customers	41,961	36,403	2,270	80,634
Segment loss	(3,076)	(14,181)	(2,007)	(19,264)
As at 31 December 2014:				
Segment assets	82,246	–	1,789	84,035
Segment liabilities	<u>45,468</u>	<u>–</u>	<u>1,799</u>	<u>47,267</u>
Six months ended 31 December 2013:				
Revenue from external customers	25,760	84,798	1,466	112,024
Segment loss	(579)	(11,489)	(3,978)	(16,046)
		(Audited)		
As at 30 June 2014:				
Segment assets	57,901	94,550	1,916	154,367
Segment liabilities	<u>33,190</u>	<u>74,663</u>	<u>1,435</u>	<u>109,288</u>

	(Unaudited)	
	Six months ended	
	31 December	
	2014	2013
	HK\$'000	HK\$'000
Reconciliation of segment profit or loss:		
Total profit or loss of reportable segments	(19,264)	(16,046)
Impairment of goodwill	(6,250)	(18,400)
Other profit or loss	(2,679)	1,162
Elimination of discontinued operation	9,255	5,926
	<hr/>	<hr/>
Consolidated loss for the period from continuing operations	(18,938)	(27,358)
	<hr/>	<hr/>
	(Unaudited)	(Audited)
	31 December	30 June
	2014	2014
	HK\$'000	HK\$'000
Reconciliation of segment assets:		
Total assets of reportable segments	84,035	154,367
Goodwill	353,561	359,811
Available-for-sale financial assets	16,831	10,506
Club debenture	–	205
Other assets	10,995	22,927
	<hr/>	<hr/>
Consolidated total assets	465,422	547,816
	<hr/>	<hr/>
Reconciliation of segment liabilities:		
Total liabilities of reportable segments	47,267	109,288
Promissory notes	–	45,703
Other liabilities	1,441	2,785
	<hr/>	<hr/>
Consolidated total liabilities	48,708	157,776
	<hr/>	<hr/>



6. Turnover

The Group's turnover which represents sales of goods to customers and revenue from provision of on-line shopping, advertising and media related services is as follows:

	(Unaudited)	
	Six months ended	
	31 December	
	2014	2013
	HK\$'000	HK\$'000
Sales of goods	78,364	110,558
On-line shopping, advertising and media related service income	2,270	1,466
	80,634	112,024
Representing:		
Continuing operations	44,231	27,226
Discontinued operation (trading and retail of apparel and related accessories) (note 9)	36,403	84,798
	80,634	112,024

7. Finance costs

	(Unaudited)	
	Six months ended	
	31 December	
	2014	2013
	HK\$'000	HK\$'000
Finance lease charges	–	4
Interest on bank loans	460	759
Interest on promissory notes	4,297	1,159
Interest on other loans	421	748
	5,178	2,670
Representing:		
Continuing operations	4,297	1,159
Discontinued operation (note 9)	881	1,511
	5,178	2,670

8. Income tax expense

	(Unaudited)	
	Six months ended	
	31 December	
	2014	2013
	HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax		
Provision for the period	640	656
Representing:		
Continuing operations	640	649
Discontinued operation (<i>note 9</i>)	–	7
	640	656

Hong Kong Profits Tax has been provided at a rate of 16.5% (2013: 16.5%) on the estimated assessable profit for the six months ended 31 December 2014.

Tax charges on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

9. Discontinued operation

Pursuant to a sale and purchase agreement dated 28 July 2014 entered into between a wholly-owned subsidiary of the Company, Synergy Chain Limited (“Synergy”) and an independent third party, Synergy disposed of 27.3% interests in Charmston (Holdings) Limited (“Charmston”), a company incorporated in Hong Kong, at a consideration of HK\$10,000,000. Charmston was engaged in investment holding, with its subsidiaries engaged in trading and retail of apparel and related accessories in Hong Kong. The disposal was completed on 21 October 2014 and the Group discontinued its trading and retail of apparel and related accessories business.

The results of the discontinued operation for the period from 1 July 2014 to 21 October 2014, which have been included in condensed consolidated statement of profit or loss, are as follows:

	(Unaudited)	
	Period from 1 July 2014 to 21 October 2014 HK\$'000	Six months ended 31 December 2013 HK\$'000
Loss of discontinued operation	(10,754)	(5,926)
Gain on disposal of discontinued operation <i>(note 18)</i>	1,499	–
	(9,255)	(5,926)
Turnover <i>(note 6)</i>	36,403	84,798
Cost of sales	(11,387)	(26,174)
Gross profit	25,016	58,624
Other income	4,307	7,075
Selling expenses	(21,015)	(38,709)
Administrative expenses	(18,181)	(31,398)
Loss from operations	(9,873)	(4,408)
Finance costs <i>(note 7)</i>	(881)	(1,511)
Loss before tax	(10,754)	(5,919)
Income tax expense <i>(note 8)</i>	–	(7)
Loss for the period	(10,754)	(5,926)

10. Loss for the period

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

	(Unaudited)					
	Six months ended 31 December					
	Continuing operations		Discontinued operation		Total	
	2014	2013	2014	2013	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income	(303)	(863)	(8)	(12)	(311)	(875)
Amortisation of trademark (included in administrative expenses)	-	-	128	208	128	208
Depreciation	1,483	1,373	1,251	2,448	2,734	3,821
Directors' remuneration	1,422	1,826	140	228	1,562	2,054
Reversal of allowance for inventories	-	-	(662)	(913)	(662)	(913)
Write off of property, plant and equipment	-	-	-	8	-	8

11. Loss/(earnings) per share**(a) From continuing and discontinued operations**

For the six months ended 31 December 2014

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\$21,775,000 (2013: HK\$28,351,000) and the weighted average number of ordinary shares of 986,358,758 (2013: 986,358,758, as adjusted to reflect the share consolidation on 23 April 2014) in issue during the period.

Diluted loss per share

The exercise of the Group's outstanding convertible non-voting preference shares for the six months ended 31 December 2014 and 31 December 2013 would be anti-dilutive and there were no dilutive potential ordinary shares for the Company's options granted to an investor. Diluted loss per share was the same as the basic loss per share from the continuing and discontinued operations for the six months ended 31 December 2014 and 31 December 2013.

For the three months ended 31 December 2014

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\$9,709,000 (2013: HK\$19,590,000) and the weighted average number of ordinary shares of 986,358,758 (2013: 986,358,758, as adjusted to reflect the share consolidation on 23 April 2014) in issue during the period.

Diluted loss per share

The exercise of the Group's outstanding convertible non-voting preference shares for the three months ended 31 December 2014 and 31 December 2013 would be anti-dilutive and there were no dilutive potential ordinary shares for the Company's options granted to an investor. Diluted loss per share was the same as the basic loss per share from the continuing and discontinued operations for the three months ended 31 December 2014 and 31 December 2013.

(b) From continuing operations

For the six months ended 31 December 2014

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\$17,995,000 (2013: HK\$25,837,000) and the denominator used is the same as that detailed above for basic loss per share from continuing and discontinued operations.

Diluted loss per share

The exercise of the Group's outstanding convertible non-voting preference shares for the six months ended 31 December 2014 and 31 December 2013 would be anti-dilutive and there were no dilutive potential ordinary shares for the Company's options granted to an investor. Diluted loss per share was the same as the basic loss per share from the continuing operations for the six months ended 31 December 2014 and 31 December 2013.

For the three months ended 31 December 2014

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\$10,149,000 (2013: HK\$21,001,000) and the denominator used is the same as that detailed above for basic loss per share from continuing and discontinued operations.

Diluted loss per share

The exercise of the Group's outstanding convertible non-voting preference shares for the three months ended 31 December 2014 and 31 December 2013 would be anti-dilutive and there were no dilutive potential ordinary shares for the Company's options granted to an investor. Diluted loss per share was the same as the basic loss per share from the continuing operations for the three months ended 31 December 2014 and 31 December 2013.

(c) From discontinued operation

For the six months ended 31 December 2014

Basic loss per share from the discontinued operation is HK0.384 cent per share (2013: HK0.255 cent per share), based on the loss for the period from discontinued operation attributable to the owners of the Company of approximately HK\$3,780,000 (2013: HK\$2,514,000) and the denominator used is the same as that detailed above for basic loss per share from continuing and discontinued operations.

The exercise of the Group's outstanding convertible non-voting preference shares for the six months ended 31 December 2014 and 31 December 2013 would be anti-dilutive and there were no dilutive potential ordinary shares for the Company's options granted to an investor. Diluted loss per share was same as the basic loss per share from the discontinued operation for the six months ended 31 December 2014 and 31 December 2013.

For the three months ended 31 December 2014

Basic earnings per share from the discontinued operation is HK0.045 cent per share (2013: HK0.143 cent per share), based on the profit for the period from discontinued operation attributable to the owners of the Company of approximately HK\$440,000 (2013: HK\$1,411,000) and the denominator used is the same as that detailed above for basic loss per share from continuing and discontinued operations.

The exercise of the Group's outstanding convertible non-voting preference shares for the three months ended 31 December 2014 and 31 December 2013 would be anti-dilutive for the calculation of diluted loss per share from continuing operations and there were no dilutive potential ordinary shares for the Company's options granted to an investor. Diluted earnings per share was same as the basic earnings per share from the discontinued operation for the three months ended 31 December 2014 and 31 December 2013.

12. Dividend

The directors do not recommend the payment of dividend for the six months ended 31 December 2014 (2013: Nil).

13. Property, plant and equipment

During the six months ended 31 December 2014, the Group acquired property, plant and equipment of approximately HK\$2,150,000.

14. Goodwill

	(Unaudited) 31 December 2014 HK\$'000	(Audited) 30 June 2014 HK\$'000
Cost		
At beginning of period/year	745,102	745,102
Write off on disposal of Charmston	(28,793)	–
At end of period/year	716,309	745,102
Accumulated impairment losses		
At beginning of period/year	385,291	320,106
Impairment loss recognised during the period/year	6,250	65,185
Write off on disposal of Charmston	(28,793)	–
At end of period/year	362,748	385,291
Carrying amount		
At beginning of period/year	359,811	424,996
At end of period/year	353,561	359,811

The Group carried out reviews of the recoverable amount of the provision of on-line shopping, advertising and media related services, having regard to continuous losses making generated from the provision of on-line shopping, advertising and media related services cash-generating unit (“CGU”) carried on by Luxey Online Solutions Limited as a result of (i) keen competition in the on-line group buying market in Hong Kong; and (ii) the on-line group buying market is slowing down in Hong Kong.

The recoverable amount of the provision of on-line shopping, advertising and media related services CGU has been determined from value in use calculation. The key assumptions are those regarding the discount rate, growth rate and budgeted gross margin and turnover during the period. The Group estimates discount rate using pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the CGU. The growth rate is based on long-term average economic growth rate of the geographical area in which the business of the CGU operates. Budgeted gross margin and turnover are based on past practices and expectations on market development.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors for the next five years with the residual period using the growth rate of 5%. This rate does not exceed the average long-term growth rate for the relevant markets. The rate used to discount the forecast cash flows from the provision of on-line shopping, advertising and media related services CGU is 13.22%. Based on the past performance, the Group has revised its cash flow forecasts for this CGU. The goodwill has therefore been reduced to its recoverable amount through recognition of an impairment loss against goodwill of approximately HK\$6,250,000 during the six months ended 31 December 2014 (2013: HK\$18,400,000).

15. Trade and other receivables

	(Unaudited) 31 December 2014 HK\$'000	(Audited) 30 June 2014 HK\$'000
Trade and bills receivables	17,067	12,107
Prepayments, deposits and other receivables	2,673	2,862
	19,740	14,969

The Group normally allows credit terms to customers ranging from 30 to 120 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 2014 HK\$'000	(Audited) 30 June 2014 HK\$'000
Current to 30 days	13,291	5,335
31 – 90 days	558	4,421
91 – 180 days	–	2,128
Over 180 days	3,218	223
	17,067	12,107

16. Trade and other payables

	(Unaudited)	(Audited)
	31 December	30 June
	2014	2014
	HK\$'000	HK\$'000
Trade payables	10,997	2,415
Due to a substantial shareholder	495	495
Due to a director	5,000	–
Due to an associate	–	9,000
Other payables	19,358	13,907
	35,850	25,817

The amounts due to a substantial shareholder and a director are unsecured, interest-free and have no fixed terms of repayment. The amount due to an associate was unsecured, interest-free and repayable on demand.

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

	(Unaudited)	(Audited)
	31 December	30 June
	2014	2014
	HK\$'000	HK\$'000
Current to 30 days	10,192	2,231
31 – 90 days	734	105
91 – 180 days	2	19
Over 180 days	69	60
	10,997	2,415

17. **Share capital**

	(Unaudited) 31 December 2014 HK\$'000	(Audited) 30 June 2014 HK\$'000
Authorised:		
70,000,000,000 (At 30 June 2014: 2,800,000,000) ordinary shares of HK\$0.01 (At 30 June 2014: HK\$0.25) each	700,000	700,000
2,000,000,000 convertible non-voting preference shares of HK\$0.15 each	300,000	300,000
312,500,000 (At 30 June 2014: Nil) series B convertible non-voting preference shares of HK\$0.16 (At 30 June 2014: Nil) each	50,000	–
	1,050,000	1,000,000
Issued and fully paid:		
986,358,758 ordinary shares of HK\$0.01 (At 30 June 2014: HK\$0.25) each	9,864	246,590
1,103,333,333 convertible non-voting preference shares of HK\$0.15 each	165,500	165,500
312,500,000 (At 30 June 2014: Nil) series B convertible non-voting preference shares of HK\$0.16 (At 30 June 2014: Nil) each	50,000	–
	225,364	412,090

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

		Number of ordinary shares of HK\$0.05 each '000	Number of ordinary shares of HK\$0.25 each '000	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 HK\$'000
Authorised:							
At 1 July 2013		14,000,000	-	-	2,000,000	-	1,000,000
Share consolidation	(a)	(14,000,000)	2,800,000	-	-	-	-
At 30 June 2014 and 1 July 2014		-	2,800,000	-	2,000,000	-	1,000,000
Capital reorganisation	(b)	-	(2,800,000)	70,000,000	-	-	-
Increase in authorised share capital	(c)	-	-	-	-	312,500	50,000
At 31 December 2014		-	-	70,000,000	2,000,000	312,500	1,050,000
Issued and fully paid:							
At 1 July 2013		4,931,794	-	-	1,103,333	-	412,090
Share consolidation	(a)	(4,931,794)	986,359	-	-	-	-
At 30 June 2014 and 1 July 2014		-	986,359	-	1,103,333	-	412,090
Capital reorganisation	(b)	-	(986,359)	986,359	-	-	(236,726)
Settlement of promissory notes	(c)	-	-	-	-	312,500	50,000
At 31 December 2014		-	-	986,359	1,103,333	312,500	225,364

Notes:

- (a) On 23 April 2014, every 5 shares of HK\$0.05 each in the issued and unissued share capital of the Company were consolidated into one consolidated share of HK\$0.25 each in the issued and unissued share capital of the Company.

- (b) On 20 August 2014, the par value of each issued consolidated share of HK\$0.25 was reduced to HK\$0.01 by cancelling paid-up capital to the extent of HK\$0.24 on each issued consolidated share. Immediately following the capital reduction, each authorised and unissued consolidated share was subdivided into 25 new shares of HK\$0.01 each.
- (c) By an ordinary resolution passed on 26 November 2014 the authorised share capital was increased from HK\$1,000,000,000 divided into 70,000,000,000 ordinary shares of HK\$0.01 each and 2,000,000,000 convertible non-voting preference shares of HK\$0.15 each to HK\$1,050,000,000 divided into 70,000,000,000 ordinary shares of HK\$0.01 each, 2,000,000,000 convertible non-voting preference shares of HK\$0.15 each and 312,500,000 series B convertible non-voting preference shares of HK\$0.16 each by the creation of an additional 312,500,000 series B convertible non-voting preference shares of HK\$0.16 each.

On 15 December 2014, 312,500,000 series B convertible non-voting preference shares of HK\$0.16 each were issued for settlement of promissory notes in the principal amount of HK\$50,000,000.

18. Disposal of subsidiaries

As referred to in note 9 to the condensed financial statements, on 21 October 2014, the Group discontinued its trading and retail of apparel and related accessories business at the time of the disposal of Charmston. At the same time, the Company waived a loan to Charmston of approximately HK\$29,000,000.

Net liabilities at the date of disposal were as follows:

	<i>HK\$'000</i>
Property, plant and equipment	7,673
Trademark	9,429
Club debenture	205
Inventories	64,422
Trade and other receivables	30,064
Current tax assets	934
Pledged bank deposits	8,049
Bank and cash balances	8,541
Trade and other payables	(56,776)
Bank and other loans	(81,469)
Finance lease payables	(58)
Employee benefit obligations	(368)
Current tax liabilities	(120)
	<hr/>
Net liabilities disposed of	(9,474)
Reversal of write-down of non-current assets held for sale	(10,142)
Non-controlling interests	5,470
Waiver of loan to Charmston	29,000
Direct cost to the disposal	723
Fair value of investment in subsidiary retained	(7,076)
Gain on disposal of subsidiaries (<i>note 9</i>) (*)	1,499
	<hr/>
Total consideration – satisfied by cash	<hr/> <u>10,000</u>

HK\$'000

Net cash inflow arising on disposal:	
Cash consideration received	10,000
Cash paid for direct cost	(723)
Cash and cash equivalents disposed of	<u>(8,541)</u>
	<u>736</u>

(*): The portion of the gain attributable to recognising the investment retained in the subsidiary at its fair value is approximately HK\$8,937,000. The gain is included in loss for the period from discontinued operation.

19. Seasonality

The Group's sales of high-end swimwear and related 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.

20. Contingent liabilities

The Group did not have any significant contingent liabilities at 31 December 2014 (At 30 June 2014: Nil).

21. Capital commitments

The Group did not have any significant capital commitments at 31 December 2014 (At 30 June 2014: Nil).

22. Lease commitments

At 31 December 2014 the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	(Unaudited) 31 December 2014 <i>HK\$'000</i>	(Audited) 30 June 2014 <i>HK\$'000</i>
Within one year	3,528	43,147
In the second to fifth years inclusive	3,892	37,961
	7,420	81,108

23. 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 2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Sales to an associate	849	–
Purchases from an associate	1,061	–

24. Approval of financial statements

The financial statements were approved and authorised for issue by the Board of Directors on 11 February 2015.



MANAGEMENT DISCUSSION AND ANALYSIS

Voluntarily winding up of Info-Source Media Limited

On 11 January 2013, a special resolution was passed by the shareholders of Info-Source Media Limited (“Info-Source”) to voluntarily wind up Info-Source. The Group holds 20% equity interests in Info-Source and is classified as available-for-sale financial assets. The investment was fully impaired during the year ended 31 December 2010. It is the directors’ opinion that the winding up of Info-Source will not have a material impact on the Group’s financial position. The voluntarily winding up process is not yet completed as at the date of this report.

Capital Reorganisation

On 18 March 2014, the board of directors (the “Board”) proposed to implement the share consolidation and capital reorganisation. Immediately after the share consolidation with effective on 23 April 2014, the Board proposes to implement the capital reorganisation involving (i) a reduction in the par value of each issued consolidated share from HK\$0.25 to HK\$0.01 and (ii) a subdivision of each authorised but unissued consolidated share into 25 new shares of HK\$0.01 each (“Capital Reorganisation”). The Capital Reorganisation was approved by a special resolution passed at the extraordinary general meeting of the Company held on 23 April 2014 and with sanction of an Order of the Grand Court of the Cayman Islands dated 15 August 2014. The Capital Reorganisation became effective on 20 August 2014.

Please refer to announcements dated 18 March 2014, 23 April 2014, 11 August 2014 and 20 August 2014 and circular dated 28 March 2014 for details.

Subscription agreement and disposal of partial issued share capital of Charmston (Holdings) Limited (“Charmston”)

- (a) On 28 July 2014, (i) Charmston, a non-wholly owned subsidiary of the Company, (ii) Synergy Chain Limited (“Synergy”), a wholly-owned subsidiary of the Company, which held 51% of the issued share capital of Charmston; (iii) Datamax Limited and Capital Master Holdings Limited, which held 49% of the issued share capital of Charmston; and (iv) Hoyden Ventures Limited (“Hoyden”), an independent third party, entered into the subscription agreement pursuant to which Hoyden has conditionally agreed to subscribe for 45% of the total number of issued share of Charmston as enlarged by the subscription at the consideration of HK\$30,000,000 in cash (“Subscription”).

- (b) On 28 July 2014, Synergy entered into the sale and purchase agreement with Hoyden, pursuant to which Hoyden has conditionally agreed to acquire and Synergy has conditionally agreed to sell 273 Charmston shares which represented 15% of the total number of issued share capital of Charmston as enlarged by the Subscription, at the consideration of HK\$10,000,000 in cash ("Share Disposal").

The Subscription and Share Disposal shall be completed simultaneously and conditional upon (i) satisfactory due diligence result; (ii) capitalisation or waiver of the existing shareholders loan of Charmston; and (iii) the Company having obtained approval from its shareholders and The Stock Exchange of Hong Kong Limited. The Purchaser shall also procure discharge of the existing corporate guarantee given by the Company in favour of Charmston's banker.

The Subscription and Share Disposal were approved by the shareholders on 15 October 2014 and completed on 21 October 2014. Details of the Subscription and Share Disposal are set out in the announcement of the Company dated 31 July 2014 and circular dated 25 September 2014.

After the completion of the Subscription and Share Disposal on 21 October 2014, the Group held approximately 13% of the issued share capital of Charmston. Charmston ceased to be a subsidiary of the Company and the financial results and position of Charmston and its subsidiaries were deconsolidated from the financial statements of the Group and were accounted for as available-for-sale financial assets. Details of the gain on disposal is set out in note 18 to the condensed financial statements.

Connected transaction on issuance of series B convertible non-voting preference shares for settlement of promissory note

On 6 October 2014, the Company and Big Good Management Limited ("Big Good"), a substantial shareholder of the Company, entered into a subscription agreement pursuant to which the Company has conditionally agreed to issue and Big Good has conditionally agreed to subscribe for 312,500,000 series B convertible non-voting preference shares ("Series B CPS") in the principal amount of HK\$50,000,000 to be settled by Big Good by way of set off against the promissory note, which will be due on 31 March 2016. The conversion price of the Series B CPS is HK\$0.16 per share. The transaction was approved on 26 November 2014 by an ordinary resolution. On 15 December 2014, 312,500,000, Series B CPS were issued for settlement of the promissory note in the principal amount of HK\$50,000,000.

By an ordinary resolution passed on 26 November 2014 the authorised share capital was increased from HK\$1,000,000,000 divided into 70,000,000,000 ordinary shares of HK\$0.01 each and 2,000,000,000 convertible non-voting preference shares of HK\$0.15 each to HK\$1,050,000,000 divided into 70,000,000,000 ordinary shares of HK\$0.01 each, 2,000,000,000 convertible non-voting preference shares of HK\$0.15 each and 312,500,000 series B convertible non-voting preference shares of HK\$0.16 each by the creation of an additional 312,500,000 series B convertible non-voting preference shares of HK\$0.16 each.

Details of the transaction is set out in the announcements of the Company dated 6 October 2014 and 26 November 2014 and circular dated 10 November 2014.

Financial Performance

For the six months ended 31 December 2014 (the "Current Period"), loss attributable to owners of the Company (including continuing and discontinued operations) was approximately HK\$21,775,000 (six months ended 31 December 2013: HK\$28,351,000). Decreased in loss attributable to owners of the Company was mainly attributable to approximately HK\$6,250,000 impairment of goodwill made in the Current Period (six months ended 31 December 2013: HK\$18,400,000).

Gross profit (including continuing and discontinued operations) for the Current Period was approximately HK\$32,487,000 (six months ended 31 December 2013: HK\$64,467,000), representing a decrease of approximately 50% over the corresponding period in 2013.

For the Current Period, the Group's unaudited total turnover (including continuing and discontinued operations) amounted to approximately HK\$80,634,000 (six months ended 31 December 2013: HK\$112,024,000) representing a decrease of approximately 28% over the corresponding period in 2013. Details of the decrease in total turnover (including continuing and discontinued operations) are discussed below:

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

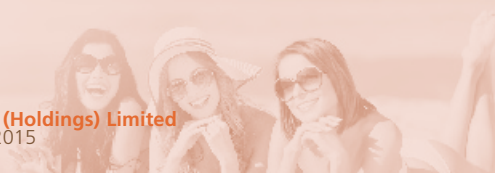
The turnover generated from Swimwear segment for the Current Period was approximately HK\$41,961,000 (six months ended 31 December 2013: HK\$25,760,000). Increase in turnover was mainly due to the Group has successfully received some new orders from several new customers during the Current Period. Gross profit for the Current Period was approximately HK\$6,538,000 (six months ended 31 December 2013: HK\$5,446,000). Gross profit ratio for the Current Period was 16% (six months ended 31 December 2013: 21%). Decrease in gross profit ratio for the Current Period was mainly due to the continuous increase in raw materials cost and shortage of skilled labour which resulted in increase in sub-contracting charges.

Provision of on-line shopping, advertising and media related services ("On-line shopping and advertising segment")

The turnover generated from On-line shopping and advertising segment for the Current Period was approximately HK\$2,270,000 (six months ended 31 December 2013: HK\$1,466,000). Gross profit for the Current Period was approximately HK\$933,000 (six months ended 31 December 2013: HK\$397,000). Increase in gross profit for the Current Period was mainly due to the Group has more focus on on-line and magazine advertising section during the Current Period and the gross profit for provision for on-line and magazine advertisements are relatively higher than the online shopping.

Trading and retail of apparel and related accessories ("Apparel and related accessories segment") (Discontinued Operation)

The turnover generated from Apparel and related accessories segment for the Current Period was approximately HK\$36,403,000 (six months ended 31 December 2013: HK\$84,798,000). Gross profit for the Current Period was approximately HK\$25,016,000 (six months ended 31 December 2013: HK\$58,624,000). Significant decrease in turnover is mainly due to the disposal of this segment had been completed in October 2014 and no consolidation is required for this segment.



Impairment of Goodwill

For the Current Period, impairment of goodwill of approximately HK\$6,250,000 are made for the provision of on-line shopping, advertising and media related services cash-generating unit (six months ended 31 December 2013: HK\$18,400,000).

(i) *The impairment of goodwill relates to the provision of on-line shopping, advertising and media related services cash-generating unit ("Provision of on-line shopping, advertising and media related services CGU")*

The recoverable amount of the Provision of on-line shopping, advertising and media related services CGU is determined from value in use calculation. The key assumptions are those regarding the discount rate, growth rate and budgeted gross margin and turnover during the Current Period. The Group estimates discount rate using pre-tax rate that reflect current market assessments of the time value of money and the risks specific to the Provision of on-line shopping, advertising and media related services CGU. The growth rate is based on long-term average economic growth rate of the geographical area in which the business of the Provision of on-line shopping, advertising and media related services CGU operates. Budgeted gross margin and turnover are based on past practices and expectations on market development. The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the Directors for the next five years with the residual period using the growth rate of 5%. This rate does not exceed the average long-term growth rate for the relevant markets. The rate used to discount the forecast cash flows from the Provision of on-line shopping, advertising and media related services CGU is 13.22%. Based on the past performance, the Group has revised its cash flow forecasts for Provision of on-line shopping, advertising and media related services CGU. The goodwill has therefore been reduced to its recoverable amount through recognition of an impairment loss against goodwill of approximately HK\$6,250,000 during the Current Period (six months ended 31 December 2013: HK\$18,400,000).

Interim dividend

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2014 (six months ended 31 December 2013: Nil).

Operations

During the Current Period under review, the Group keeps on maintaining an effective cost measures in controlling the cost structure of its operations. Besides, the Group will be extremely prudent in the development of its operations. 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.

Connected Transactions And Continuing Connected Transactions

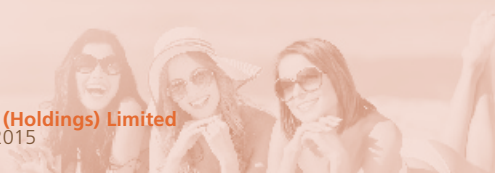
The Group has entered into the following connected transaction during the Current Period and up to the date of this report:

Lease of an office premise

During the Current Period, the Group signed a leasing agreement with Gain Easy Development Limited for an office premise. During the Current Period, the total rental payment was approximately HK\$710,000.

Mr. Lee Tang Kit, Philip, is a connected person of the Company by virtue of his beneficial interest in Charmston and Gain Easy Development Limited and he is also a director of a subsidiary of the Company. Accordingly, lease of an office premise constituted continuing connected transactions of the Company under the Rules Governing of the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("GEM Listing Rules"). After the completion of Subscription and Share Disposal on 21 October 2014, the Group held approximately 13% of the issued share capital of Charmston. Charmston ceased to be a subsidiary of the Company and therefore Mr. Lee Tang Kit, Philip, ceased to be a connected person of the Company from 21 October 2014.

Except for the aforesaid, during the Current Period and up to the date of this report, no other connected transactions were entered into between the Company or any of its subsidiaries and a connected person as defined under GEM Listing Rules.



Liquidity and Financial Resources

As at 31 December 2014, the Group had net current assets of approximately HK\$31,538,000 (At 30 June 2014: HK\$44,540,000). The current assets comprised bank and cash balances of approximately HK\$20,935,000 (At 30 June 2014: HK\$38,214,000), pledged bank deposits of approximately HK\$222,000 (At 30 June 2014: HK\$165,000), non-current assets held for sale of HK\$Nil (At 30 June 2014: HK\$94,756,000), trade and other receivables of approximately HK\$19,740,000 (At 30 June 2014: HK\$14,969,000) and inventories of approximately HK\$38,650,000 (At 30 June 2014: HK\$7,810,000). The current liabilities comprised trade payables, accrued charges and other payables of approximately HK\$48,009,000 (At 30 June 2014: HK\$36,711,000), and liabilities directly associate with non-current assets held for sale of HK\$Nil as at 31 December 2014 (At 30 June 2014: HK\$74,663,000).

As at 31 December 2014, the Group had no significant exposure to fluctuations in exchange rates and any related hedges.

As at 31 December 2014, the Group had total assets of approximately HK\$465,422,000 (At 30 June 2014: HK\$547,816,000). As at 31 December 2014, the Group did not have any long term borrowings (At 30 June 2014: HK\$45,703,000). As at 31 December 2014, the Group has a current ratio of approximately 1.66 comparing to that of 1.40 as at 30 June 2014. As at 31 December 2014, the Group's gearing ratio of 6.66% was calculated as net debt divided by total equity (At 30 June 2014: 29.3%). Net debt is calculated as total liabilities (including current and non-current liabilities as shown in the condensed consolidated statement of financial position) less cash and cash equivalents. Total equity represents the equity as shown in the condensed consolidated statement of financial position.

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

On 23 April 2014, every 5 shares of HK\$0.05 each in the issued and unissued share capital of the Company were consolidated into one consolidated share of HK\$0.25 each in the issued and unissued share capital of the Company.

On 20 August 2014, the par value of each issued consolidated share of HK\$0.25 was reduced to HK\$0.01 by cancelling paid-up capital to the extent of HK\$0.24 on each issued consolidated share. Immediately following the capital reduction, each authorised and unissued consolidated share was subdivided into 25 new shares of HK\$0.01 each.

By an ordinary resolution passed on 26 November 2014 the authorised share capital was increased from HK\$1,000,000,000 divided into 70,000,000,000 ordinary shares of HK\$0.01 each and 2,000,000,000 convertible non-voting preference shares of HK\$0.15 each to HK\$1,050,000,000 divided into 70,000,000,000 ordinary shares of HK\$0.01 each, 2,000,000,000 convertible non-voting preference shares of HK\$0.15 each and 312,500,000 series B convertible non-voting preference shares of HK\$0.16 each by the creation of an additional 312,500,000 series B convertible non-voting preference shares of HK\$0.16 each.

As at 31 December 2014, issued and fully paid share capital of the Company included (a) 986,358,758 ordinary shares of HK\$0.01 each (At 30 June 2014: 986,358,758 of HK\$0.25 each); (b) 1,103,333,333 convertible non-voting preference shares (At 30 June 2014: 1,103,333,333) of HK\$0.15 each. 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\$0.15 per share to HK\$0.13 per share as a result of completion of the rights issue, and further adjusted to HK\$0.65 per share as a result of completion of the share consolidation; and (c) 312,500,000 series B convertible non-voting preference shares of HK\$0.16 each (At 30 June 2014: Nil).



Employees and Remuneration Policy

As at 31 December 2014, the Group had 265 full time employees (At 30 June 2014: 426). The staff costs, including directors' remuneration, were approximately HK\$23,892,000 (Six months ended 31 December 2013: HK\$35,662,000). The Group offers a comprehensive remuneration package and benefits to its full time employees in compliance with the regulations in Hong Kong and the People's Republic of China (the "PRC") 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 2014, the Company did not have any material contingent liabilities. As at 31 December 2013, the Company has issued a guarantee of approximately HK\$26,650,000 to a bank in respect of a banking facility granted to a subsidiary.

Charge on Assets

As at 31 December 2014, (i) the Group has no pledged property, plant and equipment (At 30 June 2014: HK\$Nil) and no finance lease payables (At 30 June 2014: HK\$84,000); and (ii) the Group has pledged bank deposits of approximately HK\$222,000 (At 30 June 2014: HK\$8,480,000) to secure banking facilities granted to the Group.

PROSPECT

For the Swimwear segment, with the effort of our management, the orders on hand increased gradually in comparing with last year. Coupling with the establishment of a new associate, Ricotex Industrial Company Limited ("Ricotex"), which is aiming at starting a new factory in the Kingdom of Cambodia, we believed that the contributions of this business segment would be fruitful. Many of our existing swimwear customers placed more emphasis on our future production capacity as well as the cost structures. As such, it is believed that Ricotex can provide workable solutions to tackle these issues while retaining our customers and providing more opportunity to secure new orders in future.

For the Apparel and related accessories segment, the apparel retail market in Hong Kong remains tough and highly competitive in the year of 2014 and the Company is of the view that the retail market will remain harsh in the near future. In view of this, the Group entered into the agreement for the Subscription and Share Disposal on 28 July 2014. The management of the Group believed that the Subscription and Share Disposal will relieve the Company from further straining its cashflow into Charmston and its subsidiaries (the “Charmston Group”). The release of the Company from the corporate guarantee will further relieve the Group from the contingent liabilities towards the Charmston Group. The proceeds from the Share Disposal will further improve the cash position of the Group.

Given the disappointing past performance of the Charmston Group and the unattractive prospects of the local retail market, the Group will focus its resources in developing its high-end swimwear manufacturing and trading business after completion of the Subscription and Share Disposal on 21 October 2014.

For the On-line shopping and advertising segment, it has been making losses for several years and this business segment’s performance continues to be impacted by the keen on-line shopping and advertising competitive pressure. The Group is taking measures to restructure and/or significantly scale down this business segment in order to alleviate the financial situation of the Group.

The management of the Group continues to formulate its business strategies to optimise the use of its operating and financial resources. It will also consider to reorganise the non-performing business segments including but not limited to the disposal or downsizing of the non-performing business segments.

DISCLOSURE OF INTERESTS

Interests in Securities of Directors and Chief Executive

As at 31 December 2014, the interests and short positions of the Directors 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, were as follows:

(i) *Long positions in Shares*

Name of Director	Number of Shares	Capacity/nature of interest	Approximate percentage of issued share capital <i>(Note 1)</i>
Mr. Lau Chi Yuen, Joseph ("Mr. Lau")	227,968,399 <i>(Note 2)</i>	Personal and corporate <i>(Note 2)</i>	23.11%

Notes:

1. The percentage of issued share capital had been arrived at on the basis of a total of 986,358,758 Shares in issue as at 31 December 2014.
2. These shares are held as to 4,620,000 shares by Mr. Lau personally and as to 223,348,399 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 Capital Limited.

Save as disclosed above, as at 31 December 2014, none of the Directors had interests in any securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and 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.

(ii) *Short positions in the Shares and underlying Shares of equity derivatives of the Company*

As at 31 December 2014, none of the Directors had short positions in Shares or underlying Shares of equity derivatives of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION

On 18 March 2008, the Company terminated share option scheme adopted by the Company on 29 April 2002 and the rules of the new share option scheme (the "New Share Option Scheme") be approved and adopted as the new share option scheme. For further details of these, please refer to the circular dated 29 February 2008.

The New Share Option Scheme is valid and effective for the period of ten years commencing on the date on which it was adopted. The purpose of the New Share Option Scheme is to provide incentives or rewards for contribution to eligible participants who have made or may make to the Group or any invested entity. Under the terms of the New Share Option Scheme, the Board may, at its discretion, grant options to any of the participant. Participant means any employees and any Directors (including Executive, Non-executive and Independent Non-executive Directors) of any member of the Group or any invested entity. The total number of shares which may fall to be issued upon exercise of all of the outstanding options granted and yet to be exercised under the New Share Option Scheme of the Company must not exceed 30% of the shares in issue from time to time. The New Share Option Scheme will remain in force for a period of ten years commencing the date on which the scheme becomes unconditional.

As a result of the share consolidation on 29 May 2009, the exercise price of the outstanding options was adjusted from HK\$0.092 to HK\$0.46 per share and the number of shares falling to be issued upon exercise of the options was adjusted from 402,360,000 shares to 80,472,000 shares. It was certified that the above adjustments are in compliance with Rule 23.03(13) of the GEM Listing Rules.

At 31 December 2014, no option was outstanding under the New Share Option Scheme (At 30 June 2014: Nil). The total number of shares in respect of which options may be granted under the New Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue as at the date of approval of the New Share Option Scheme, without prior approval from the Company's shareholders. The number of shares in respect of which options may be granted to any individual in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue at any point of time, without prior approval from the Company's shareholders. Options granted to a connected person (as such term defined in the GEM Listing Rules) of the Company in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5 million must be approved in advance by the Company's shareholders.

The subscription price will be determined by the Board and will be the highest of (i) the quoted closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the offer date; (ii) the average of the closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheets on the five business days immediately preceding the offer date. Any options granted under the New Share Option Scheme shall end in any event not later than ten years from the grant date. A nominal value of HK\$10.00 is payable on acceptance of each grant of options.

Interests in securities of substantial shareholders

As far as was known to any Director or chief executive of the Company, as at 31 December 2014, 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 2)</i>
Big Good Management Limited	160,400,000	Beneficial	16.26%
Mr. Ma Hoi Cheuk ("Mr. Ma")	160,400,000 <i>(Note 1)</i>	Corporate	16.26%

Notes:

1. Big Good Management Limited is wholly-owned by Mr. Ma who is deemed to be interested in underlying shares held by Big Good Management Limited.
2. see Note 1 on page 42.

Save as disclosed above, as at 31 December 2014, 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 Management Limited	557,884,615 <i>(Note 3, 4)</i>	Beneficial	56.56%
Mr. Ma	557,884,615 <i>(Note 2)</i>	Corporate	56.56%

Notes:

1. see Note 1 on page 42.
2. see Note 1 on page 45.
3. Big Good Management Limited 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\$0.13 per share to HK\$0.65 per share as a result of completion of the share consolidation on 23 April 2014.
4. Big Good Management Limited was also the holder of 312,500,000 series B convertible non-voting preference shares of HK\$0.16 each which have no voting rights and are convertible into ordinary shares.

As far as the Directors are aware, saved as disclosed herein, as at 31 December 2014, 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 2014, 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 2014.

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. 2.1 and A.4.1 of the CG Code as detailed below:

Code Provision A.2.1

Pursuant to A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Following the resignation of Mr. Chung Man Wai on 30 June 2014, Mr. Lau Chi Yuen, Joseph, the chairman of the Company, took up the role of Chief Executive Officer ("CEO") and thus there has been no segregation of duties during the Current Period. The Board has evaluated the current situation of the Group

and taken into account of the experience and past performance of Mr. Lau Chi Yuen, Joseph, the Board was of the opinion that it was appropriate and in the best interest of the Company at the present stage for vesting the roles of the Chairman and the CEO of the Company in the same person as it helps to facilitates the execution of the Group's business strategies and maximises the effectiveness of its operation. The Board will nevertheless review this structure from time to time and will consider the segregation of the two roles at the appropriate time.

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 six months ended 31 December 2014.

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 Chi Yuen, Joseph
Chairman

Hong Kong, 11 February 2015