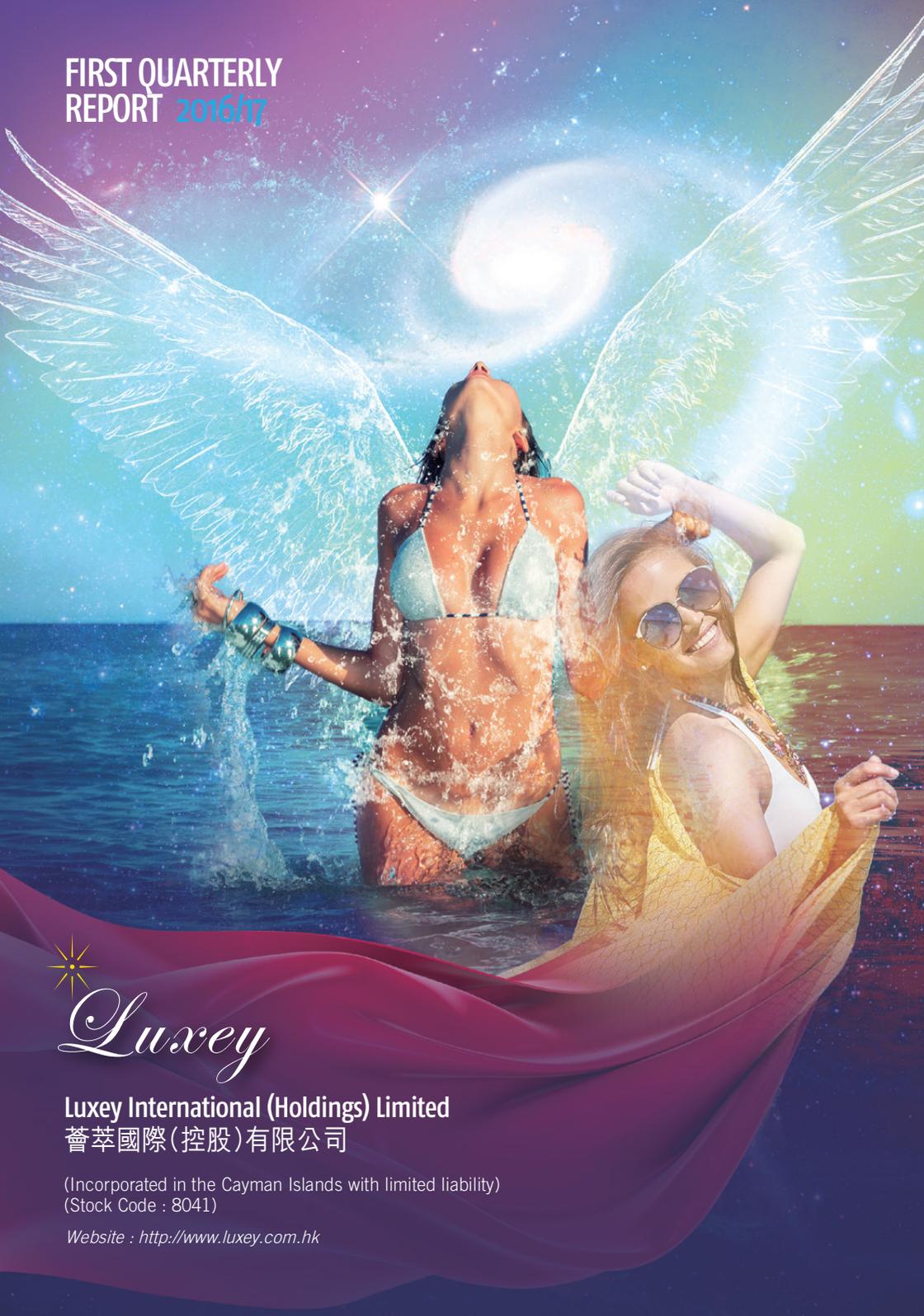


FIRST QUARTERLY
REPORT 2016/17




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>

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors collectively and individually accept full responsibility, includes particulars given in compliance with GEM Listing Rules for the purpose of giving information with regard to the company. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months ended 30 September 2016

		(Unaudited) Three months ended 30 September	
		2016	2015
		HK\$'000	HK\$'000
	Note		
Revenue	4	33,851	21,693
Cost of sales and service rendered		(38,929)	(20,346)
Gross (loss)/profit		(5,078)	1,347
Other income		1,406	2,474
Selling expenses		(65)	(61)
Administrative expenses		(7,066)	(6,536)
Loss from operations		(10,803)	(2,776)
Finance costs		(195)	(88)
Loss before tax		(10,998)	(2,864)
Income tax expense	5	–	(1,088)
Loss for the period	6	(10,998)	(3,952)
Attributable to:			
Owners of the Company		(7,832)	(2,189)
Non-controlling interests		(3,166)	(1,763)
		(10,998)	(3,952)
Loss per share	7		
Basic (cent per share)		(0.15)	(0.04)
Diluted (cent per share)		(0.15)	(0.04)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 September 2016

	(Unaudited)	
	Three months ended	
	30 September	
	2016	2015
	HK\$'000	HK\$'000
Loss for the period	(10,998)	(3,952)
Other comprehensive income:		
<i>Item that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	(4)	–
Other comprehensive income for the period, net of tax	(4)	–
Total comprehensive income for the period	(11,002)	(3,952)
Attributable to:		
Owners of the Company	(7,836)	(2,189)
Non-controlling interests	(3,166)	(1,763)
	(11,002)	(3,952)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 September 2016

(Unaudited)

	Attributable to owners of the Company								
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Plant and machinery revaluation reserve <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non-controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 July 2015	225,364	612,523	(74)	2,593	150	(645,117)	195,439	10,833	206,272
Total comprehensive income for the period	-	-	-	-	-	(2,189)	(2,189)	(1,763)	(3,952)
Bonus issue	39,454	(39,454)	-	-	-	-	-	-	-
Changes in equity for the period	39,454	(39,454)	-	-	-	(2,189)	(2,189)	(1,763)	(3,952)
At 30 September 2015	264,818	573,069	(74)	2,593	150	(647,306)	193,250	9,070	202,320
At 1 July 2016	261,144	576,743	(626)	4,453	150	(693,610)	148,254	6,650	154,904
Total comprehensive income for the period	-	-	(4)	-	-	(7,832)	(7,836)	(3,166)	(11,002)
Exercise of warrants (note 9)	50	846	-	-	-	-	896	-	896
Changes in equity for the period	50	846	(4)	-	-	(7,832)	(6,940)	(3,166)	(10,106)
At 30 September 2016	261,194	577,589	(630)	4,453	150	(701,442)	141,314	3,484	144,798

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the three months ended 30 September 2016

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 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 swimwear and garment products; and
- (ii) provision of on-line shopping, advertising and media related services.

2. BASIS OF PREPARATION

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

These unaudited condensed financial statements should be read in conjunction with the 2016 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 2016.

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

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting period beginning on 1 July 2016. 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. REVENUE

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

	(Unaudited)	
	Three months ended	
	30 September	
	2016	2015
	HK\$'000	HK\$'000
Sales of goods	33,851	17,943
On-line shopping, advertising and media related service income	—	3,750
	33,851	21,693

5. INCOME TAX EXPENSE

	(Unaudited) Three months ended 30 September	
	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax		
Provision for the period	–	416
Deferred tax	–	672
	–	1,088

No provision for Hong Kong Profits Tax is required for the three months ended 30 September 2016 since the Group has no assessable profit for the period. Hong Kong Profits Tax had been provided at 16.5% on the estimated assessable profit for the three months ended 30 September 2015.

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.

6. LOSS FOR THE PERIOD

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

	(Unaudited)	
	Three months ended	
	30 September	
	2016	2015
	HK\$'000	HK\$'000
Interest income	(9)	(15)
Depreciation	2,336	2,337
Directors' remuneration	711	716
Reversal of allowance for receivables	(782)	–

7. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of approximately HK\$7,832,000 (2015: HK\$2,189,000) and the weighted average number of ordinary shares of 5,102,311,225 (2015: 4,931,793,790) in issue during the period.

Diluted loss per share

The exercise of the Group's outstanding convertible non-voting preference shares and the effect of all potential ordinary shares would be anti-dilutive for the three months ended 30 September 2016 and 30 September 2015. Diluted loss per share was the same as the basic loss per share for the three months ended 30 September 2016 and 30 September 2015.

8. DIVIDEND

The directors do not recommend the payment of dividend for the three months ended 30 September 2016 (2015: Nil).

9. EXERCISE OF WARRANTS

On 28 July 2016, an aggregate of 4,978,523 ordinary shares were issued as a result of the exercise of the subscription rights attaching to 4,978,523 warrants. The subscription rights attaching to the remaining 981,380,235 warrants expired on 12 July 2016. The premium on the issue of shares, amounting to approximately HK\$846,000 was credited to the Company's share premium account.

10. 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)	
	Three months ended	
	30 September	
	2016	2015
	HK\$'000	HK\$'000
Rental expenses paid to a related company	258	288

A director, Mr. Lau Chi Yuen, Joseph, is the owner of the related company.

11. 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.

12. EVENTS AFTER THE REPORTING PERIOD

On 18 July 2016, the Company and the placing agent entered into a placing agreement, pursuant to which the placing agent agreed to procure not less than six places to purchase up to 300,000,000 shares at placing price of HK\$0.10 per share (the "Placing"). On the same date, the Company and JL Investments Capital Limited (the "Subscriber"), a substantial shareholder of the Company, entered into a subscription agreement, pursuant to which the Subscriber agreed to subscribe for and the Company agreed to allot and issue an aggregate of 300,000,000 shares at subscription price of HK\$0.10 per share (the "Subscription").

The Placing and Subscription were approved by the shareholders at the extraordinary general meeting of the Company held on 7 September 2016. The Placing and Subscription was completed on 14 October 2016 and the premium on the issue of shares, amounting to approximately HK\$52,800,000, net of share issue expenses, was credited to the Company's share premium account. The shares rank pari passu in all respects with the ordinary shares of the Company in issue on the date of allotment.

MANAGEMENT DISCUSSION AND ANALYSIS

Bonus Issue of Shares and Warrants

On 18 May 2015, (i) the Board proposed a bonus share issue to the qualifying shareholders on the basis of four bonus shares for every one existing share held on 3 July 2015 (the "Record Date"); and (ii) the Board also proposed the bonus warrant issue to the qualifying shareholders on the basis of one warrant for every one existing share held on the Record Date.

By an ordinary resolution passed on 24 June 2015, a bonus share was issued to shareholders on the basis of four bonus shares for every one existing share held on the Record Date. The bonus shares were credited as fully paid at par by way of capitalisation of an amount equal to the total par value of bonus shares standing to the credit of the share premium account of the Company. On the same day, another ordinary resolution passed for an issuance of bonus warrant to shareholders on the basis of one warrant for every one existing share held on the Record Date. Each warrant entitled the holder to subscribe in cash for one share at an initial subscription price of HK\$0.18 per warrant share, on the date falling 12 months from the date of issuance of the warrant. Issuance of bonus shares and bonus warrant were completed on 13 July 2015. Subsequently, 4,978,523 ordinary shares were issued from the exercise of bonus warrants on 28 July 2016.

Pursuant to the terms of convertible non-voting preference shares ("CPS") and series B convertible non-voting preference shares ("Series B CPS"), the conversion price of the outstanding CPS and Series B CPS were adjusted from HK\$0.65 per share to HK\$0.13 per share and HK\$0.16 per share to HK\$0.032 per share respectively as a result of the bonus share issue. The said adjustments took effect immediately after 3 July 2015. No adjustment was required to be made as a result of the bonus warrant issue.

Details of the transaction is set out in the announcements of the Company dated 18 May 2015, 24 June 2015, 25 June 2015, 3 July 2015, 9 July 2015 and 1 June 2016 and circulars dated 5 June 2015 and 3 June 2016.

On 28 July 2016, an aggregate of 4,978,523 ordinary shares were issued as a result of the exercise of the subscription rights attaching to 4,978,523 warrants. The subscription rights attaching to the remaining 981,380,235 warrants expired on 12 July 2016. The premium on the issue of shares, amounting to approximately HK\$846,000 was credited to the Company's share premium account.

Placing and Subscription of New Shares under Specific Mandate

On 18 July 2016, the Company and the placing agent entered into a placing agreement, pursuant to which the placing agent agreed to procure not less than six placees to purchase up to 300,000,000 shares at placing price of HK\$0.10 per share (the "Placing"). On the same date, the Company and JL Investments Capital Limited (the "Subscriber"), a substantial shareholder of the Company, entered into a subscription agreement, pursuant to which the Subscriber agreed to subscribe for and the Company agreed to allot and issue an aggregate of 300,000,000 shares at subscription price of HK\$0.10 per share (the "Subscription").

The Placing and Subscription were approved by the shareholders at the extraordinary general meeting of the Company held on 7 September 2016. The Placing and Subscription were completed and shares were issued on 14 October 2016. The premium on the issue of shares, amounting to approximately HK\$52,800,000, net of share issue expenses, was credited to the Company's share premium account. The shares rank pari passu in all respects with the ordinary shares of the Company in issue on the date of allotment.

Pursuant to the terms of CPS and Series B CPS, the conversion price of the outstanding CPS and Series B CPS were adjusted from HK\$0.13 per share to HK\$0.12 per share and HK\$0.032 per share to HK\$0.030 per share respectively as a result of the Placing and Subscription. The said adjustments took effect immediately after 15 July 2016.

Please refer to announcements of the Company dated 18 July 2016, 8 August 2016, 22 August 2016, 7 September 2016 and 14 October 2016 and circular dated 22 August 2016 for details.

Financial Performance

For the three months ended 30 September 2016 (the "Current Period"), loss attributable to owners of the Company was approximately HK\$7,832,000 (three months ended 30 September 2015: HK\$2,189,000).

Gross loss for the Current Period was approximately HK\$5,078,000 (three months ended 30 September 2015: Gross profit of HK\$1,347,000), representing a decrease of approximately 477% over the corresponding period in 2015.

For the Current Period, the Group's unaudited total revenue amounted to approximately HK\$33,851,000 (three months ended 30 September 2015: HK\$21,693,000) representing an increase of approximately 56% over the corresponding period in 2015. Details of the increase in total revenue are discussed below:

Manufacturing and trading of swimwear and garment products ("Swimwear and garment segment")

The revenue generated from Swimwear and garment segment for the Current Period was approximately HK\$33,851,000 (three months ended 30 September 2015: HK\$17,943,000). Gross loss for the Current Period was approximately HK\$5,078,000 (three months ended 30 September 2015: HK\$2,326,000). Gross loss ratio for the Current Period was 15% (three months ended 30 September 2015: 13%). Increase in revenue was mainly due to the continuous development and expansion of a non-wholly owned subsidiary, Ricotex Industrial Company Limited ("Ricotex"), and it was partially offset by the decrease in orders for high-end swimwear from several customers whose were affected by the economic downturn of European market and the effect of the withdrawal of the United Kingdom from the European Union. Increase in gross loss for the Current Period was mainly due to the decrease in orders for high-end swimwear and the increase in portion of lower gross profit margin of garment products, of which run by Ricotex, in the factories in Kingdom of Cambodia ("Cambodia") and the factory overhead in Cambodia had not been fully utilised by the current operation in Cambodia.

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

This segment became inactive during the Period. The revenue generated from On-line shopping and advertising segment for the three months ended 30 September 2015 was approximately HK\$3,750,000.

Interim dividend

The Board does not recommend the payment of an interim dividend for the three months ended 30 September 2016 (three months ended 30 September 2015: 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.

Connected Transactions

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

Purchases of raw materials and sell of products

Ricotex entered into (i) the supply agreement with Dakota Industrial Company Limited ("Dakota") pursuant to which Dakota has agreed to supply raw materials to Ricotex and (ii) the sales agreement with Dakota pursuant to which Ricotex has agreed to sell products to Dakota.

During the Current Period, Ricotex sold products to Dakota totally approximately HK\$27,582,000.

Billions Field Development Limited (“Billions Field”), is a connected person of the Company at the subsidiary level by holding 50% of the issued share capital in Ricotex; all shareholders of Dakota are family members of each other. The majority shareholders of Dakota and their immediately family members are also majority shareholders of Billions Field. Hence, Dakota is an associate of Billions Field through common shareholders and is also a connected person of the Company at the subsidiary level. Therefore the transactions under the supply agreement and sales agreement constituted continuing connected transactions of the Company under the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”).

Subscription of shares

On 18 July 2016, the Company and the Subscriber, a substantial shareholder of the Company, entered into a subscription agreement, pursuant to which the Subscriber agreed to the Subscription. The Subscription was approved by the shareholders at the extraordinary general meeting of the Company held on 7 September 2016. The Subscription had been completed on 14 October 2016. Please refer to announcements of the Company dated 18 July 2016, 8 August 2016, 22 August 2016, 7 September 2016 and 14 October 2016 and circular dated 22 August 2016 for details.

The Subscriber is wholly and beneficially owned by Mr. Lau Chi Yuen, Joseph, chairman, Executive Director and substantial shareholder of the Company. The Subscriber and Mr. Lau Chi Yuen, Joseph, together hold 1,179,841,995 shares representing approximately 23.12% of the Company’s total issued share capital as at 30 September 2016. Hence, the Subscriber is a connected person of the Company. Therefore the Subscription constituted connected transaction of the Company under the GEM Listing Rules.

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

Contingent liabilities

As at 30 September 2016, the Group did not have any material contingent liabilities (2015: Nil).

PROSPECT

For the Swimwear and garment segment, due to the recent economic downturn of European market and effect of the withdrawal of the United Kingdom from the European Union, the orders on hand for high-end swimwear for factory located in the People's Republic of China decreased and is expected to decrease continuously in the coming year as comparing with last year. In order to seek new business opportunities, a non-wholly owned subsidiary, Ricotex, has established and is operating two factories in the Cambodia, to manufacture swimwear and garment products. Due to the import tariff tax benefit offered to European customers, the operation in Ricotex can stimulate and increase revenue for swimwear and garment segment in the future. In order to diversify our products, we are developing new products with our new/existing business partners, we expect there would be new orders received in coming years. Also, our Group continues to closely monitor and control cost in order to push up the gross profit margin of Swimwear and garment segment.

For the On-line shopping and advertising segment, it has been making losses for several years and became in-active. Our Group continues to seek and explore other business opportunity for the On-line shopping and advertising segment.

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 including but not limited to invest in financial instruments in order to ensure cash availability through managing cash on hand to best meet the Group cash and liquidity needs to manage risk. 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 30 September 2016 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")	1,179,841,995 <i>(Note 2)</i>	Personal and corporate <i>(Note 2)</i>	23.12%

Notes:

- The percentage of issued share capital had been arrived at on the basis of a total of 5,103,772,313 Shares in issue as at 30 September 2016.
- These shares are held as to 63,100,000 shares by Mr. Lau personally and as to 1,116,741,995 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.

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

As at 30 September 2016, 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.

At 30 September 2016, no option was outstanding under the New Share Option Scheme (2015: 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; and (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 30 September 2016, 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 ("Big Good")	969,000,000	Beneficial	18.99%
Mr. Ma Hoi Cheuk ("Mr. Ma")	969,000,000 <i>(Note 1)</i>	Corporate	18.99%

Notes:

1. Big Good is wholly-owned by Mr. Ma who is deemed to be interested in underlying shares held by Big Good.
2. see Note 1 on page 17.

Save as disclosed above, as at 30 September 2016, 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 (%) (Note 1)
Big Good	2,817,699,999 (Note 3 & 4)	Beneficial	55.21%
Mr. Ma	2,817,699,999 (Note 2)	Corporate	55.21%

Notes:

1. see Note 1 on page 17.
2. see Note 1 on page 20.
3. Big Good was the holder of 1,063,333,333 convertible non-voting preference shares of HK\$0.15 each which have no voting rights and are convertible into ordinary shares. Pursuant to the terms of the convertible non-voting preference shares, the conversion price of the outstanding convertible non-voting preference shares has been adjusted from HK\$0.13 per share to HK\$0.12 per share effective immediately after 15 July 2016 as a result of completion of the Subscription and Placing on 14 October 2016.
4. Big Good was also the holder of 279,100,000 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\$0.032 to HK\$0.030 per share effective immediately after 15 July 2016 as a result of completion of the Subscription and Placing on 14 October 2016.

As far as the Directors are aware, saved as disclosed herein, as at 30 September 2016, no persons have short positions in shares or underlying shares of equity derivatives of the Company.

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

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

COMPETING INTERESTS

The Directors are not aware of, as at 30 September 2016, any business or interest of each Director, substantial shareholder and management shareholder (as defined in the GEM Listing Rules) and their respective associates that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

AUDIT COMMITTEE

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

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

The audit committee has reviewed the Group's unaudited results for the three months ended 30 September 2016.

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

Under the code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. Lau Chi Yuen, Joseph, the chairman of the Company, took up the role of Chief Executive Officer ("CEO") since the position became vacant on 30 June 2014, 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 three months ended 30 September 2016.

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, 9 November 2016