



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

2016/17

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

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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 2016

		(Unaudited)			
		Three months ended 31 December		Six months ended 31 December	
Note	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	
Revenue	6	37,149	35,772	71,000	57,465
Cost of sales and service rendered		<u>(34,412)</u>	<u>(31,069)</u>	<u>(73,341)</u>	<u>(51,415)</u>
Gross profit/(loss)		2,737	4,703	(2,341)	6,050
Other income		1,031	93	2,437	2,567
Selling expenses		(80)	(68)	(145)	(129)
Administrative expenses		<u>(8,115)</u>	<u>(7,292)</u>	<u>(15,181)</u>	<u>(13,828)</u>
Loss from operations		(4,427)	(2,564)	(15,230)	(5,340)
Finance costs	7	<u>(260)</u>	<u>(98)</u>	<u>(455)</u>	<u>(186)</u>
Loss before tax		(4,687)	(2,662)	(15,685)	(5,526)
Income tax expense	8	-	(315)	-	(1,403)
Loss for the period	9	<u>(4,687)</u>	<u>(2,977)</u>	<u>(15,685)</u>	<u>(6,929)</u>
Attributable to:					
Owners of the Company		(3,929)	(1,664)	(11,761)	(3,853)
Non-controlling interests		<u>(758)</u>	<u>(1,313)</u>	<u>(3,924)</u>	<u>(3,076)</u>
		<u>(4,687)</u>	<u>(2,977)</u>	<u>(15,685)</u>	<u>(6,929)</u>
Loss per share	10				
Basic (cent per share)		<u>(0.070)</u>	<u>(0.033)</u>	<u>(0.219)</u>	<u>(0.078)</u>
Diluted (cent per share)		<u>(0.070)</u>	<u>(0.033)</u>	<u>(0.219)</u>	<u>(0.078)</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME***For the six months ended 31 December 2016*

	(Unaudited)			
	Three months ended 31 December		Six months ended 31 December	
	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Loss for the period	(4,687)	(2,977)	(15,685)	(6,929)
Other comprehensive income: <i>Item that may be reclassified to profit or loss:</i>				
Exchange differences on translating foreign operations	-	(126)	(4)	(126)
Other comprehensive income for the period, net of tax	-	(126)	(4)	(126)
Total comprehensive income for the period	(4,687)	(3,103)	(15,689)	(7,055)
Attributable to:				
Owners of the Company	(3,929)	(1,790)	(11,765)	(3,979)
Non-controlling interests	(758)	(1,313)	(3,924)	(3,076)
	(4,687)	(3,103)	(15,689)	(7,055)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016

		(Unaudited) 31 December 2016 <i>HK\$'000</i>	(Audited) 30 June 2016 <i>HK\$'000</i>
	<i>Note</i>		
Non-current assets			
Property, plant and equipment	12	28,417	30,590
Goodwill	13	101,064	101,064
Available-for-sale financial assets		2,998	2,998
Club debenture		50	50
		132,529	134,702
Current assets			
Inventories		16,780	13,285
Trade and other receivables	14	45,584	23,339
Pledged bank deposits		562	613
Bank and cash balances		74,760	48,556
		137,686	85,793
Current liabilities			
Trade and other payables	15	30,967	33,787
Loan from a non-controlling shareholder of a subsidiary		30,000	19,500
Employee benefit obligations		4,045	4,650
Current tax liabilities		5,547	6,922
		70,559	64,859
Net current assets		67,127	20,934
Total assets less current liabilities		199,656	155,636

		(Unaudited) 31 December 2016 <i>HK\$'000</i>	(Audited) 30 June 2016 <i>HK\$'000</i>
	<i>Note</i>		
Non-current liabilities			
Deferred tax liabilities		<u>732</u>	<u>732</u>
NET ASSETS		<u>198,924</u>	<u>154,904</u>
Capital and reserves			
Share capital		<u>267,194</u>	261,144
Reserves	16	<u>(70,996)</u>	<u>(112,890)</u>
Equity attributable to owners of the Company		<u>196,198</u>	148,254
Non-controlling interests		<u>2,726</u>	<u>6,650</u>
TOTAL EQUITY		<u>198,924</u>	<u>154,904</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2016

	(Unaudited)								
	Attributable to owners of the Company								
	Share capital	Share premium	Translation reserve	Plant and machinery revaluation reserve	Capital redemption 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
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	–	–	(126)	–	–	(3,853)	(3,979)	(3,076)	(7,055)
Bonus issue (note 16(a))	39,454	(39,454)	–	–	–	–	–	–	–
Conversion of series B convertible non-voting preference shares into ordinary shares (note 16(b))	(3,674)	3,674	–	–	–	–	–	–	–
De-registration of a subsidiary	–	–	–	–	–	–	–	450	450
Changes in equity for the period	35,780	(35,780)	(126)	–	–	(3,853)	(3,979)	(2,626)	(6,605)
At 31 December 2015	261,144	576,743	(200)	2,593	150	(648,970)	191,460	8,207	199,667
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)	–	–	(11,761)	(11,765)	(3,924)	(15,689)
Exercise of warrants (note 16(c))	50	846	–	–	–	–	896	–	896
Placing and subscription (note 16(d))	6,000	52,813	–	–	–	–	58,813	–	58,813
Changes in equity for the period	6,050	53,659	(4)	–	–	(11,761)	47,944	(3,924)	44,020
At 31 December 2016	267,194	630,402	(630)	4,453	150	(705,371)	196,198	2,726	198,924

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 31 December 2016*

	(Unaudited) Six months ended 31 December	
	2016 HK\$'000	2015 HK\$'000
NET CASH USED IN OPERATING ACTIVITIES	(41,508)	(19,348)
Purchases of property, plant and equipment	(2,588)	(6,069)
Proceed from disposal of property, plant and equipment	–	120
Other investing cash flows (net)	96	47
NET CASH USED IN INVESTING ACTIVITIES	(2,492)	(5,902)
Loan from a non-controlling shareholder of a subsidiary	10,500	9,500
Proceeds from exercise of warrants	896	–
Proceeds from placing and subscription	60,000	–
Share issue expenses paid	(1,187)	–
NET CASH GENERATED FROM FINANCING ACTIVITIES	70,209	9,500
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	26,209	(15,750)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	48,556	71,773
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(5)	(143)
CASH AND CASH EQUIVALENTS AT END OF PERIOD, REPRESENTED BY	74,760	55,880
Bank and cash balances	74,760	55,880

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 31 December 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.

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 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 Company and its subsidiaries (collectively the “Group”) have 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 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. 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.

(b) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2016:

The Group's financial controller is responsible for the fair value measurements of financial assets and financial 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	Fair value as at 31 December 2016
Private equity investments classified as available-for-sale financial assets	Market comparable approach	Average price book multiple	0.7608 (30 June 2016: 0.6890)	Increase	HK\$2,998,000 (30 June 2016: HK\$2,998,000)
		Average price sales multiple	0.9572 (30 June 2016: 0.7886)	Increase	
		Book value	HK\$23,727,000 (30 June 2016: HK\$30,563,000)	Increase	
		Annual sales	HK\$34,224,000 (30 June 2016: HK\$49,077,000)	Increase	
		Discount for lack of marketability	18.28% (30 June 2016: 24.90%)	Decrease	

There were no changes in valuation techniques used.

5. SEGMENT INFORMATION

The Group has two operating segments as follows:

Swimwear and garment	–	Manufacturing and trading of swimwear and garment products
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 and corporate administrative and other operating expenses. Segment assets do not include available-for-sale financial assets, goodwill, club debenture and other assets for general administrative use. Segment liabilities do not include other liabilities for general administrative use.

	Swimwear and garment <i>HK\$'000</i>	(Unaudited) On-line shopping and advertising <i>HK\$'000</i>	Total <i>HK\$'000</i>
Six months ended 31 December 2016:			
Revenue from external customers	71,000	–	71,000
Segment loss	(11,967)	–	(11,967)
As at 31 December 2016:			
Segment assets	109,553	–	109,553
Segment liabilities	<u>68,810</u>	<u>–</u>	<u>68,810</u>
Six months ended 31 December 2015:			
Revenue from external customers	52,965	4,500	57,465
Segment (loss)/profit	(5,679)	2,931	(2,748)
(Audited)			
As at 30 June 2016:			
Segment assets	107,112	1,243	108,355
Segment liabilities	<u>62,863</u>	<u>686</u>	<u>63,549</u>

	(Unaudited) Six months ended 31 December	
	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Reconciliation of segment profit or loss:		
Total profit or loss of reportable segments	(11,967)	(2,748)
Unallocated amounts:		
Other income	2,437	2,567
Administrative expenses	(5,700)	(6,562)
Finance costs	(455)	(186)
Consolidated loss for the period	(15,685)	(6,929)
	(Unaudited) 31 December 2016 <i>HK\$'000</i>	(Audited) 30 June 2016 <i>HK\$'000</i>
Reconciliation of segment assets:		
Total assets of reportable segments	109,553	108,355
Goodwill	101,064	101,064
Available-for-sale financial assets	2,998	2,998
Club debenture	50	50
Unallocated assets:		
Prepayments, deposits and other receivables	10,749	662
Pledged bank deposits	562	613
Bank and cash balances	45,239	6,753
Consolidated total assets	270,215	220,495
Reconciliation of segment liabilities:		
Total liabilities of reportable segments	68,810	63,549
Unallocated liabilities:		
Due to a substantial shareholder	100	130
Accruals and other payables	2,381	1,912
Consolidated total liabilities	71,291	65,591

6. 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 are as follows:

	(Unaudited) Six months ended 31 December	
	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Sales of goods	71,000	52,965
On-line shopping, advertising and media related service income	–	4,500
	71,000	57,465

7. FINANCE COSTS

	(Unaudited) Six months ended 31 December	
	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Interest on other loans	455	186

8. INCOME TAX EXPENSE

	(Unaudited)	
	Six months ended	
	31 December	
	2016	2015
	HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax Provision for the period	–	868
Deferred tax	–	535
Income tax expense	–	1,403

No provision for Hong Kong Profits Tax is required for the six months ended 31 December 2016 since the Group has no assessable profit for the period. Hong Kong Profits Tax was provided at a rate of 16.5% on the estimated assessable profit for the six months ended 31 December 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.

9. LOSS FOR THE PERIOD

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

	(Unaudited)	
	Six months ended	
	31 December	
	2016	2015
	HK\$'000	HK\$'000
Interest income	(45)	(84)
Depreciation	4,762	4,812
Directors' remuneration	1,422	1,427
Gain on disposal of property, plant and equipment	–	(120)

10. LOSS PER SHARE

Basic loss per share

For the six months ended 31 December 2016

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\$11,761,000 (2015: HK\$3,853,000) and the weighted average number of ordinary shares of 5,360,650,465 (2015: 4,959,022,051) in issue during the period.

For the three months ended 31 December 2016

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of approximately HK\$3,929,000 (2015: HK\$1,664,000) and the weighted average number of ordinary shares of 5,618,989,704 (2015: 4,986,250,312) in issue during the period.

Diluted loss per share

For the six months ended 31 December 2016

The exercise of the Group's outstanding convertible non-voting preference shares and the effect of all potential ordinary shares would be anti-dilutive for the six months ended 31 December 2016 and 31 December 2015. Diluted loss per share was the same as the basic loss per share for the six months ended 31 December 2016 and 31 December 2015.

For the three months ended 31 December 2016

The exercise of the Group's outstanding convertible non-voting preference shares would be anti-dilutive for the three months ended 31 December 2016. 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 31 December 2015. Diluted loss per share was the same as the basic loss per share for the three months ended 31 December 2016 and 31 December 2015.

11. DIVIDEND

The directors do not recommend the payment of dividend for the six months ended 31 December 2016 (2015: Nil).

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2016, the Group acquired property, plant and equipment of approximately HK\$2,588,000.

13. GOODWILL

	(Unaudited) 31 December 2016 <i>HK\$'000</i>	(Audited) 30 June 2016 <i>HK\$'000</i>
Cost		
At beginning and end of period/year	<u>777,766</u>	<u>777,766</u>
Accumulated impairment losses		
At beginning of period/year	676,702	638,802
Impairment loss recognised during the period/year	<u>–</u>	<u>37,900</u>
At end of period/year	<u>676,702</u>	<u>676,702</u>
Carrying amount		
At beginning of period/year	<u>101,064</u>	<u>138,964</u>
At end of period/year	<u>101,064</u>	<u>101,064</u>

14. TRADE AND OTHER RECEIVABLES

	(Unaudited) 31 December 2016 HK\$'000	(Audited) 30 June 2016 HK\$'000
Trade and bills receivables	31,864	20,590
Prepayments, deposits and other receivables	13,720	2,749
	45,584	23,339

The Group normally allows credit terms to customers ranging from 30 to 90 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 2016 HK\$'000	(Audited) 30 June 2016 HK\$'000
Current to 30 days	7,607	14,996
31 – 90 days	24,098	3,930
91 – 180 days	90	1,644
Over 180 days	69	20
	31,864	20,590

15. TRADE AND OTHER PAYABLES

	(Unaudited) 31 December 2016 <i>HK\$'000</i>	(Audited) 30 June 2016 <i>HK\$'000</i>
Trade payables	9,907	13,194
Due to a substantial shareholder	100	130
Due to a non-controlling shareholder of a subsidiary	1,073	618
Accruals and other payables	19,887	19,845
	30,967	33,787

The amount due to a substantial shareholder is unsecured, interest-free and has no fixed terms of payment. The amount due to a non-controlling shareholder of a subsidiary is 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) 31 December 2016 <i>HK\$'000</i>	(Audited) 30 June 2016 <i>HK\$'000</i>
Current to 30 days	4,144	9,802
31 – 90 days	5,629	3,382
91 – 180 days	114	–
Over 180 days	20	10
	9,907	13,194

16. SHARE CAPITAL

Authorised:

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
 312,500,000 series B convertible non-voting preference shares of HK\$0.16 each

Issued and fully paid:

5,703,772,313 (At 30 June 2016: 5,098,793,790) ordinary shares of HK\$0.01 each
 1,103,333,333 (At 30 June 2016: 1,103,333,333) convertible non-voting preference shares of HK\$0.15 each
 279,100,000 (At 30 June 2016: 279,100,000) series B convertible non-voting preference shares of HK\$0.16 each

(Unaudited)	(Audited)
31 December	30 June
2016	2016
HK\$'000	HK\$'000
700,000	700,000
300,000	300,000
50,000	50,000
1,050,000	1,050,000
57,038	50,988
165,500	165,500
44,656	44,656
267,194	261,144

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

	Number of ordinary shares of HK\$0.01 each	Number of convertible non-voting preference shares of HK\$0.15 each	Number of series B convertible non-voting preference shares of HK\$0.16 each	Par value HK\$'000
<i>Note</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>
Authorised:				
At 1 July 2015, 30 June 2016, 1 July 2016 and 31 December 2016	70,000,000	2,000,000	312,500	1,050,000
Issued and fully paid:				
At 1 July 2015	986,359	1,103,333	312,500	225,364
Bonus issue (a)	3,945,435	–	–	39,454
Conversion of series B convertible non-voting preference shares (b)	167,000	–	(33,400)	(3,674)
At 30 June 2016 and 1 July 2016	5,098,794	1,103,333	279,100	261,144
Exercise of warrants (c)	4,978	–	–	50
Placing and subscription (d)	600,000	–	–	6,000
At 31 December 2016	5,703,772	1,103,333	279,100	267,194

Notes:

- (a) On 18 May 2015, the Board of Directors 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"). The bonus shares, upon allotment and issue, will be credited as fully paid at par by way of capitalisation of an amount equal to the total par value of the bonus shares standing to the credit of the share premium account of the Company. The Board of Directors also proposed a bonus warrant issue to the qualifying shareholders on the basis of one warrant for every one existing share held on the Record Date. Each warrant will entitle the holder thereof to subscribe in cash for one warrant share at an initial subscription price of HK\$0.18 per warrant share, subject to adjustment, on the date falling 12 months from the date of issue of the warrants (the "Warrants").

The issue of bonus shares and bonus Warrants were approved by the shareholders at the extraordinary general meeting of the Company held on 24 June 2015 and a total of 3,945,435,032 bonus shares and 986,358,758 Warrants were issued on 13 July 2015.

- (b) During the year ended 30 June 2016, 167,000,000 ordinary shares of HK\$0.01 each were issued as a result of the conversion of 33,400,000 series B convertible non-voting preference shares.
- (c) 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.

- (d) 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 and a total of 600,000,000 ordinary shares were issued on 14 October 2016. The premium on the issue of shares, amounting to approximately HK\$52,813,000, net of share issue expenses, was credited to the Company's share premium account.

17. 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.

18. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 31 December 2016 (At 30 June 2016: Nil).

19. CAPITAL COMMITMENTS

The Group did not have any significant capital commitments at 31 December 2016 (At 30 June 2016: Nil).

20. LEASE COMMITMENTS

At 31 December 2016 the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	(Unaudited) 31 December 2016 <i>HK\$'000</i>	(Audited) 30 June 2016 <i>HK\$'000</i>
Within one year	5,947	6,442
In the second to fifth years inclusive	13,607	14,730
After five years	7,623	9,147
	27,177	30,319

21. 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 2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Rental expenses paid to a related company	1,332	926

22. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 9 February 2017.

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 warrants (the "Warrants"). Issuance of bonus shares and bonus warrant are completed on 13 July 2015. 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.

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 Warrants 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.

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\$52,813,000, net of share issue expenses, was credited to the Company's share premium account. The share 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 six months ended 31 December 2016 (the “Current Period”), loss attributable to owners of the Company was approximately HK\$11,761,000 (six months ended 31 December 2015: HK\$3,853,000), representing an increase of approximately 205% over the corresponding period in 2015.

Gross loss for the Current Period was approximately HK\$2,341,000 (six months ended 31 December 2015: Gross profit of HK\$6,050,000), representing a decrease of approximately 139% over the corresponding period in 2015.

For the Current Period, the Group’s unaudited total revenue amounted to approximately HK\$71,000,000 (six months ended 31 December 2015: HK\$57,465,000) representing an increase of approximately 24% over the corresponding period in 2015. Details of the increase in total revenue and decrease in gross profit 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\$71,000,000 (six months ended 31 December 2015: HK\$52,965,000). Gross loss for the Current Period was approximately HK\$2,341,000 (six months ended 31 December 2015: Gross profit of HK\$1,707,000). Gross loss ratio for the Current Period was 3% (six months ended 31 December 2015: Gross profit ratio of 3%). Increase in revenue was mainly due to the increase in orders for lower gross profit margin of garment products in Ricotex Industrial Company Limited (“Ricotex”) with its factories located in the Kingdom of Cambodia (“Cambodia”). However, it was offset by the decrease in revenue for high-end swimwear products as the orders for high-end swimwear products has substantially dropped. These customers were affected by the economic downturn of European market and the effect of the withdrawal of the United Kingdom from the European Union. Decrease in gross profit for the Current Period was mainly due to (i) substantially decrease in orders, with relatively lower gross profit margin as compared with the corresponding period in 2015, for high-end swimwear products, (ii) continuous increase in portion of garment products of lower gross profit margin and (iii) increase in factory overhead for the expansion in Cambodia of which the operation had not been fully utilised during the Period.

***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 six months ended 31 December 2015 was approximately HK\$4,500,000.

Interim dividend

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2016 (six months ended 31 December 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.

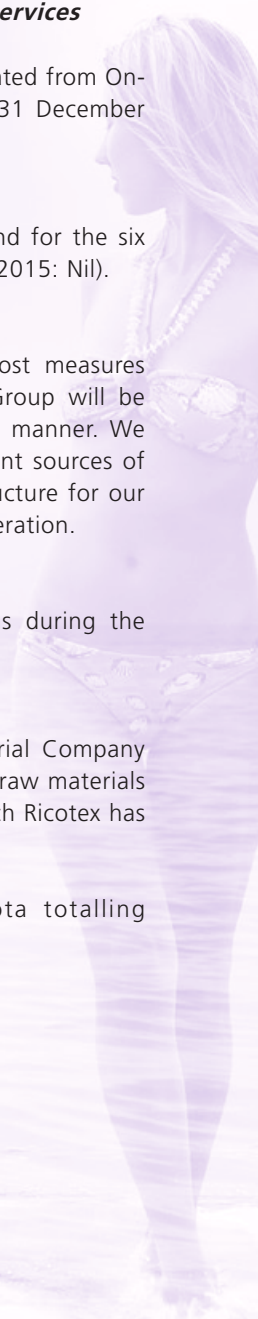
Connected Transactions

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 totalling approximately HK\$54,931,000.



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 immediate 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 was 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 (“Mr. Lau”), chairman, Executive Director and substantial shareholder of the Company. The Subscriber and Mr. Lau together hold 1,179,841,995 shares representing approximately 23.12% of the Company’s total issued share capital before the completion of the Subscription. 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.

Liquidity and Financial Resources

As at 31 December 2016, the Group had net current assets of approximately HK\$67,127,000 (At 30 June 2016: HK\$20,934,000). The current assets comprised bank and cash balances of approximately HK\$74,760,000 (At 30 June 2016: HK\$48,556,000), pledged bank deposits of approximately HK\$562,000 (At 30 June 2016: HK\$613,000), trade and other receivables of approximately HK\$45,584,000 (At 30 June 2016: HK\$23,339,000) and inventories of approximately HK\$16,780,000 (At 30 June 2016: HK\$13,285,000). The current liabilities comprised trade payables, accrued charges and other payables of approximately HK\$40,559,000 (At 30 June 2016: HK\$45,359,000), and loan from a non-controlling shareholder of a subsidiary of approximately HK\$30,000,000 (At 30 June 2016: HK\$19,500,000).

As at 31 December 2016, the Group had no significant exposure to fluctuations in exchange rates and any related hedges.

As at 31 December 2016, the Group had total assets of approximately HK\$270,215,000 (At 30 June 2016: HK\$220,495,000). As at 31 December 2016, the Group did not have any long term borrowings (At 30 June 2016: Nil). As at 31 December 2016, the Group had a current ratio of approximately 1.95 comparing to that of 1.32 as at 30 June 2016. As at 31 December 2016, the Group gearing ratio of -1.7% (At 30 June 2016: 11%) was calculated as net debt divided by total equity. 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 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.

Subsequent to the issuance of bonus share, the conversion price of the outstanding CPS has been adjusted from HK\$0.65 per share to HK\$0.13 per share; and Series B CPS has been adjusted from HK\$0.16 per share to HK\$0.032 per share. These said adjustments effected immediately after 3 July 2015. No adjustment was required to make as a result of the Warrants issue for both CPS and Series B CPS.

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. On the same date, the Company and 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 Placing and Subscription were approved by the shareholders at the extraordinary general meeting of the Company held on 7 September 2016 and a total of 600,000,000 ordinary shares were issued on 14 October 2016. The premium on the issue of shares, amounting to approximately HK\$52,813,000, net of share issue expenses, was credited to the Company's share premium account.

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.

As at 31 December 2016, issued and fully paid share capital of the Company included (a) 5,703,772,313 ordinary shares of HK\$0.01 each (At 30 June 2016: 5,098,793,790 of HK\$0.01 each); (b) 1,103,333,333 CPS (At 30 June 2016: 1,103,333,333) of HK\$0.15 each; and (c) 279,100,000 Series B CPS (At 30 June 2016: 279,100,000) of HK\$0.16 each.

Employees and Remuneration Policy

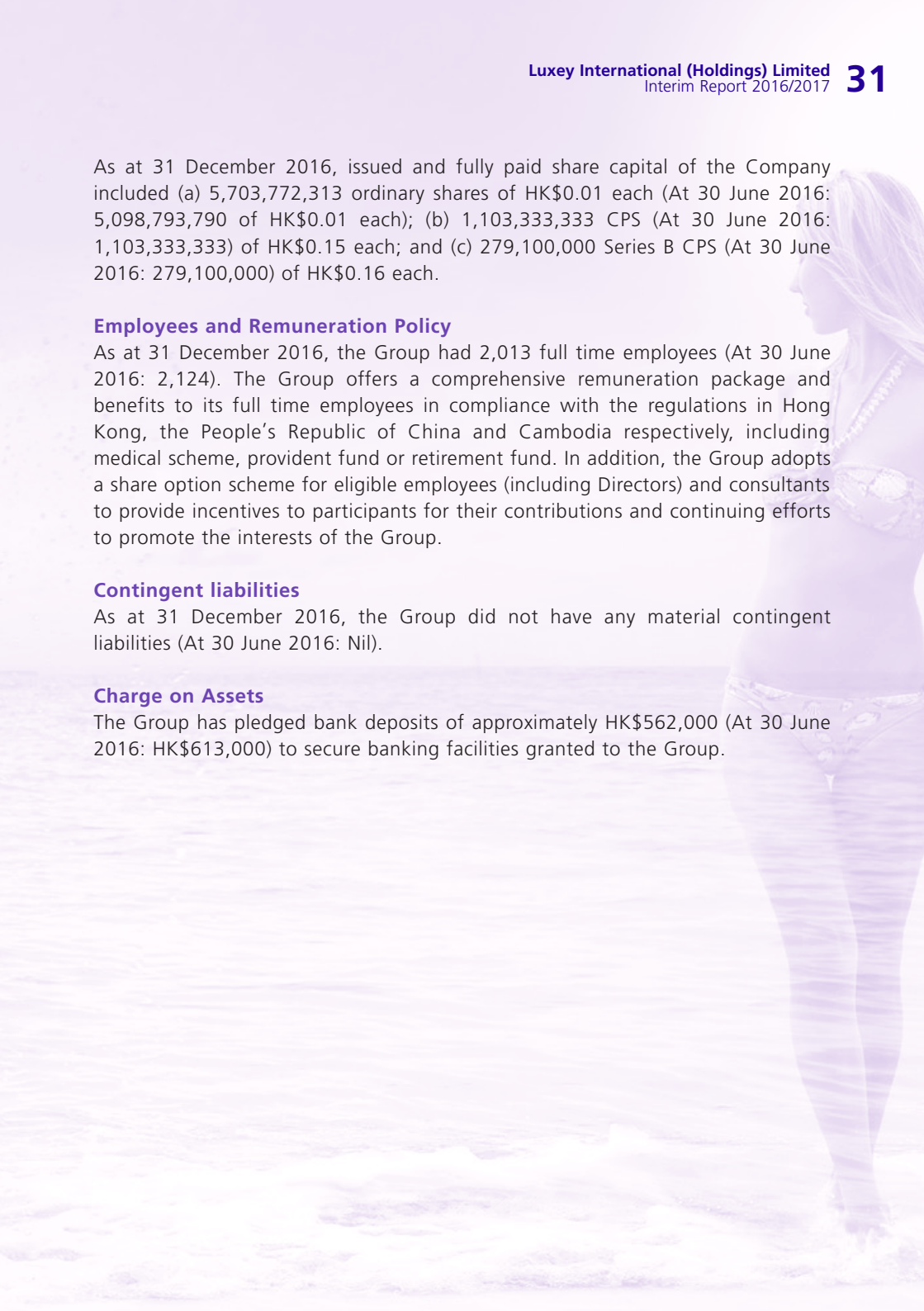
As at 31 December 2016, the Group had 2,013 full time employees (At 30 June 2016: 2,124). The Group offers a comprehensive remuneration package and benefits to its full time employees in compliance with the regulations in Hong Kong, the People's Republic of China and Cambodia respectively, including medical scheme, provident fund or retirement fund. In addition, the Group adopts a share option scheme for eligible employees (including Directors) and consultants to provide incentives to participants for their contributions and continuing efforts to promote the interests of the Group.

Contingent liabilities

As at 31 December 2016, the Group did not have any material contingent liabilities (At 30 June 2016: Nil).

Charge on Assets

The Group has pledged bank deposits of approximately HK\$562,000 (At 30 June 2016: HK\$613,000) to secure banking facilities granted to the Group.



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 for high-end swimwear products decreased substantially 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 benefits offer to European customers, the operation in Ricotex may attract more European customers and hopefully Ricotex can stimulate and increase revenue for Swimwear and garment segment in the future. In order to diversify our products, we are also 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 inactive. 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 management 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 31 December 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	1,479,841,995 <i>(Note 2)</i>	Personal and corporate <i>(Note 2)</i>	25.94%

Notes:

1. The percentage of issued share capital had been arrived at on the basis of a total of 5,703,772,313 Shares in issue as at 31 December 2016.
2. These shares are held as to 63,100,000 shares by Mr. Lau personally and as to 1,416,741,995 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 31 December 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.

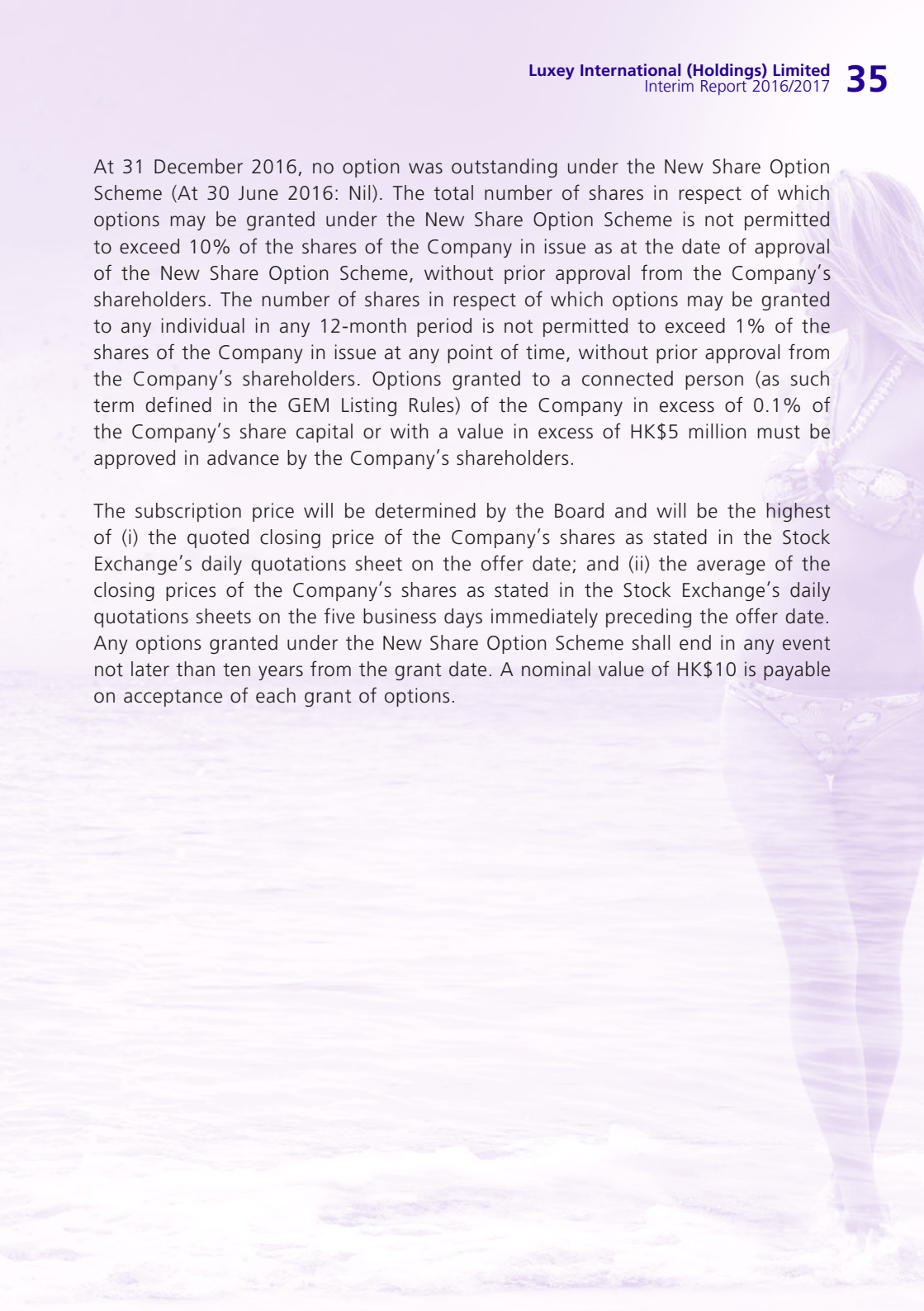
SHARE OPTION

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 31 December 2016, no option was outstanding under the New Share Option Scheme (At 30 June 2016: 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 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 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")	950,533,845	Beneficial	16.67%
Mr. Ma Hoi Cheuk ("Mr. Ma")	950,533,845 <i>(Note 1)</i>	Corporate	16.67%

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 33.

Save as disclosed above, as at 31 December 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	49.40%
Mr. Ma	2,817,699,999 (Note 2)	Corporate	49.40%

Notes:

1. see Note 1 on page 33.
2. see Note 1 on page 36.
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 31 December 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 31 December 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 six months ended 31 December 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, 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, 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 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 February 2017