

**LUXEY INTERNATIONAL (HOLDINGS) LTD:  
THIS COMPANY CONTINUES TO LOSE MONEY, HAND OVER FIST**

Investors, who are, still, holding onto their watered-down shares in [Luxey International \(Holdings\) Ltd \(LI\)](#) (Code: 8041, The Growth Enterprise Market [The GEM] of The Stock Exchange of Hongkong Ltd) can rest easily, tonight, in the almost certain knowledge that their company continues to lose money.

According to the calculations of **TARGET** (), in terms of the real losses, attributable to shareholders, Luxey International must have dropped at least \$HK35,275,000 in respect of the first half of the Financial Year, ended December 31, 2013.

With regard to the 72 months, ended December 31, 2013, this Company has lost not less than \$HK544.09 million, according to the calculations of Management, contained in an official announcement, dated March 18, 2014.

How accurate is that figure, **TARGET** has grave doubts, however.

In an obvious attempt to be in a position to raise more money in order to bolster the Company's flagging coffers, the March 18 announcement was, inter alia, an attempt to give an explanation to shareholders as to Management's rationale behind the proposal to engineer a Share Consolidation and Capital Reorganisation.

In a nutshell, what Management proposed was to implement a Share Consolidation of five existing shares of the Nominal Value of five cents per share into one Consolidated Share of 25 cents.

Immediately following this corporate manoeuvre, there would be a Capital Reorganisation whereby (i) there would be a reduction in the Nominal Value of each Consolidated Share from 25 cents to one cent and (ii) a subdivision of each authorised but unissued Consolidated Share into 25 New Shares of one cent per share.

At Page 8 of this March 18 announcement, it is stated:

*'As at 31 December 2013, the Company had consolidated accumulated losses of approximately HK\$544.09 million. It is expected that the accumulated losses of the Company will be reduced after the Capital Reorganisation. It will therefore facilitate any dividend payment by the Company as and when appropriate in the future. In addition, the Company is prohibited from issuing new shares at below their par value under the Company's articles of association and without the Court's approval under the Companies Law of the Cayman Islands. The reduced par value of the New Shares will give the Company greater flexibility in pricing any future issue of shares. Therefore the Directors consider that the Capital Reorganisation is in the interests of the Company and the Shareholders as a whole.'*

That which is not stated in the above statement is that dividends can only be paid out of profits because, otherwise, any proposed dividend payment by a company without profits would, in essence, be tantamount to an attempt to reduce the total number of issued and fully paid-up shares.

Thus, it follows that this Company has been unable to recommend or to pay a dividend to its shareholders over the past 72 months.

And, it is likely that it will be another decade or so before Management of Luxey International would be in a position to recommend a dividend payment – if at all.

Further, it is very clear, on scanning the latest official Company announcements, that it is Management's intention to raise more money by issuing New Shares at an appropriate time, determined by Chairman Joseph Lau Chi Yuen ().

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