

TARGET

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LUXEY INTERNATIONAL (HOLDINGS) LTD: TWENTY-THREE YEARS AND SIX MONTHS OF NOTHINGNESS

Luxey International (Holdings) Ltd (薈萃國際[控股]有限公司) (Code: 8041, The Growth Enterprise Market – The **GEM** – The Stock Exchange of Hongkong Ltd) can claim to have had a history, in one corporate form or another, going back 23 years.

But, during the past five Financial Years, ended June 30, 2022, Management has recorded amongst its worst financials in its relatively long history.

With regard to the 2022 Financial Year, Management announced that the Company's Revenue amounted to \$HK57,805,000.00, a 63-percent reduction, compared with the 2018-Year's Revenue of \$HK156,572,000.00.

In respect of the 2022 Financial Year, Management recorded a Net Loss Attributable to Shareholders of \$HK15,256,000.00.

It was the fifth-consecutive Financial Year of Management, having to record a Net Loss Attributable to Shareholders.

Statistics, of course, can prove something or next to nothing, but, in respect of the Financials of Luxey International (Holdings) Ltd, during the past five Financial Years, Management has been forced to learn how to sample the bitterness of tasting crow.

Luxey International (Holdings) Ltd: The GEM Company

The principal activities of Luxey International (Holdings) Ltd were stated at Page 118 of the 2022 Annual Report of the Company as follows:

1. The manufacturing and trading in swimwear and garment products;
2. E-Commerce and the provision of on-line shopping services; and,
3. Money lending.

At Pages Eight through to 10 of the 2022 Annual Report of Company, under the heading, '**MANAGEMENT DISCUSSION AND ANALYSIS**', one was informed of the following:

‘FINANCIAL PERFORMANCE

‘For the year ended 30 June 2022 (the “Year”), loss attributable to owners of the Company was approximately HK\$15,256,000. Comparing to loss attributable to owners of the Company for year ended 30 June 2021 of approximately HK\$5,170,000, the increase in loss attributable to the owners of the Company was mainly attributable to (i) decrease in other income of approximately HK\$1,346,000 (2021: HK\$6,489,000); and (ii) impairment losses under expected credit losses model approximately HK\$6,569,000 (2021: reversal impairment loss of HK\$9,022,000); partially set off by (i) decrease in administrative expenses of HK\$17,574,000 (2021: HK\$25,343,000); and (ii) increase in gross profit of approximately HK\$8,237,000 (2021: HK\$6,619,000), and (iii) decrease in finance costs approximately HK\$844,000 (2021: HK\$2,241,000).

‘Revenue and Gross (Loss)/Profit

‘For the Year, the Group’s total revenue and gross profit were approximately HK\$57,805,000 and HK\$8,237,000 respectively, as comparing to approximately HK\$71,207,000 and HK\$6,619,000 respectively for the year ended 30 June 2021.

‘Details of the decrease in total revenue and increase in gross loss are discussed below:

‘Manufacturing and trading of high-end swimwear and garment products (“Swimwear and garment segment”)

‘The revenue generated from Swimwear and garment segment for the Year was approximately HK\$27,824,000 (2021: HK\$16,499,000). Gross profit for the Year was approximately HK\$5,492,000 (2021: HK\$153,000). Gross profit ratio for the Year was 19.74% (2021: 0.93%). Increase in gross profit for the Year was mainly due to increase in revenue of swimwear and garment segment, as compared with the corresponding period in 2021. We saw a substantial increase in orders from our customers in Europe as the impact of COVID-19 mostly subsided and lives gradually returning to normal.

‘E-commerce and on-line shopping related services (“E-Commerce and on-line shopping related segment”)

‘The E-commerce and on-line shopping related segment mainly represents (i) buying, refurbishing and selling second hand mobile phones through online platforms, trading of cameras and electronic parts and (ii) acting as agents (“Agency Services”) for suppliers in arranging and providing value added services on facilitating the sale of second hand mobile phones to buyers through online shopping platforms. The revenue generated from E-Commerce and on-line shopping related segment for the Year was approximately HK\$28,465,000 (2021: HK\$50,771,000). Gross profit for the Year was approximately HK\$1,229,000 (2021: HK\$2,529,000). Gross

profit ratio for the Year was 4.32% (2021: 4.98%). The decrease in gross profit was mainly due to decrease in revenue. During the first half of 2022, due to the rampant COVID-19 in Hong Kong, the supply of second hand mobile phone was seriously disrupted due to temporary closure of most of the suppliers.

‘Money lending business (“Money lending segment”)

‘The revenue generated from Money lending segment for the Year was approximately HK\$1,516,000 (2021: HK\$3,937,000). Gross profit for the Year was approximately HK\$1,516,000 (2021: HK\$3,937,000). Gross profit ratio for the Year was 100% (2021: 100%).’

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