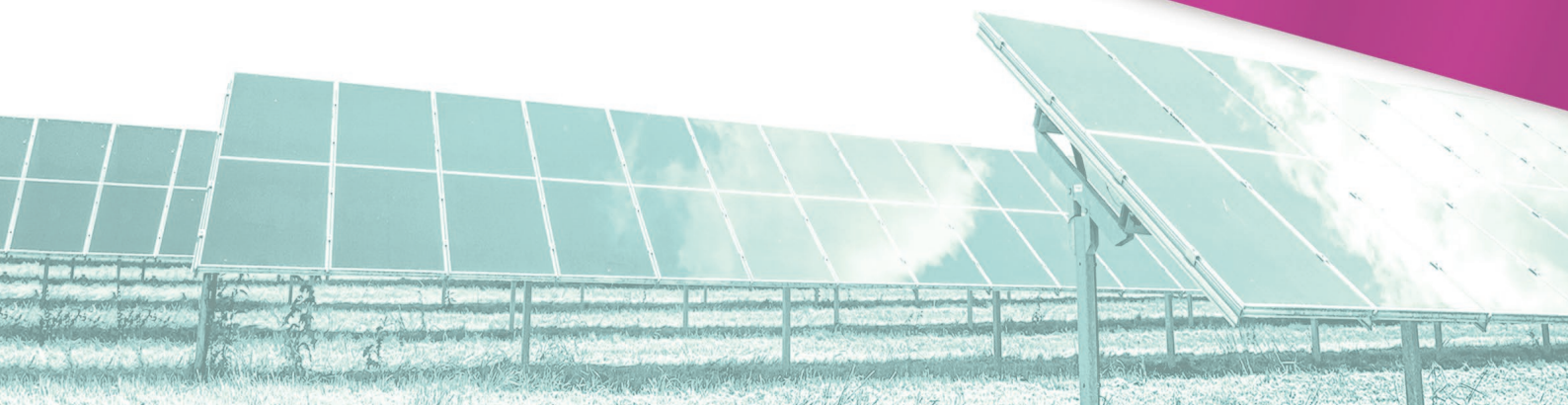




PAVING OUR WAY TO A GREENER FUTURE

SUSTAINABILITY
REPORT 2024



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INTRODUCTION

ABOUT THE GROUP

Luxking Group Holdings Limited (“**Luxking**”) listed under the stock code BKK on the mainboard of the Singapore Exchange since 2005, stands as a premier manufacturer of biaxially oriented polypropylene (“**BOPP**”) films and pressure-sensitive adhesive tape products. Headquartered in Hong Kong, Luxking’s manufacturing facilities are strategically located in Zhongshan, Guangdong, and Anlu, Hubei, within the People’s Republic of China (“**PRC**”).

The Group’s operations are segmented into four primary business areas: manufacturing BOPP films, general-purpose adhesive tapes (“**General tapes**”), and industrial specialty tapes (“**IS tapes**”) and trading adhesive tapes. Serving a diverse clientele across the printing, packaging, automotive, and electronic sectors both domestically and internationally, Luxking has built a reputation synonymous with reliability and performance. This growth and global recognition reflect the Group’s unwavering commitment to quality and customer satisfaction.

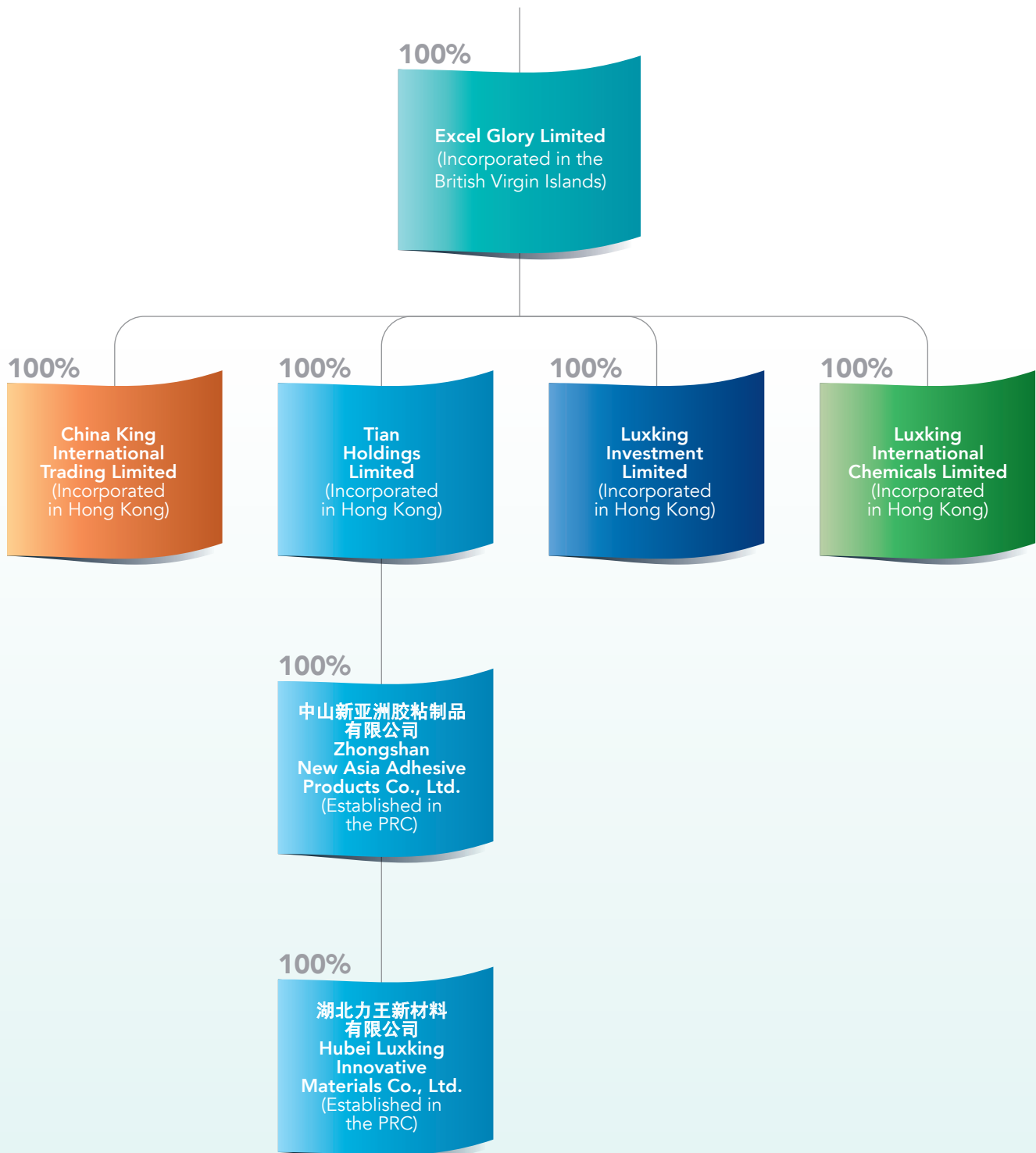
OUR VALUES AND MISSION

Dedicated to embedding sustainability into its operations, the Group upholds core values of pursuing excellence, fostering continuous innovation, and surpassing customer expectations. The Group is committed to achieving the principles of being “Dedicated, Professional, and Meticulous” in its approach to quality control.

CORPORATE STRUCTURE



LUXKING GROUP HOLDINGS LIMITED
(Incorporated in Bermuda)



Luxking Group Holdings Limited (“**Luxking**”) is pleased to present its seventh sustainability report as we strive to enhance our disclosures annually. We aim to present our Group’s sustainability policies, targets, key performance indicators, and progress based on our material sustainability topics. This report is submitted to Singapore Exchange Limited (“**SGX**”) as part of our ongoing communication efforts on our sustainability initiatives. Readers can find digital versions of these reports on the Luxking investor relations page.

This sustainability report is prepared with reference to the latest sustainability reporting framework from the Global Reporting Initiative (“**GRI**”). The reasons for opting for GRI as our sustainability reporting standard are further elaborated below.

SCOPE AND BOUNDARY

This report outlines Luxking’s performance from 1 July 2023 to 30 June 2024 (“**FY2024**”), specifically on the Group’s operations relating to our subsidiary Zhongshan New Asia Adhesive Products Co., Ltd. (“**Zhongshan Factory**”) which accounts for over 90% of the Group’s revenue and production volume. This subsidiary is responsible for the production processes of BOPP films, and General tapes and IS tapes (collectively referred to as the “**Tapes**”). Recently the Group has started operations at a new manufacturing facility in Hubei (“**Hubei Plant**”) and will include its operations in our reports in future.

In this report, references to “Luxking”, “the Group”, “the organization”, “the company”, and “we” refer to Luxking Group Holdings Limited unless otherwise specified. We strive to enhance our disclosures on the impacts of internal and external factors on business performance, significant events as well as risks and opportunities that may affect the Group’s business. We will continue to enhance the scope of our sustainability disclosures in the future, according to our evolving business objectives and improved data accessibility.

REPORTING STANDARDS

The Group prepared this sustainability report in compliance with the SGX-ST Listing Rules 711A and 711B, with implementation guidance as stipulated in the Practice Note 7.6: Sustainability Reporting Guide issued by the SGX. As with our previous reports, this sustainability report is developed with reference to the GRI’s international sustainability reporting framework, specifically, the GRI Standards 2021.

The Group has chosen the GRI Standards for its sustainability reporting framework due to several key factors. First, GRI is widely adopted globally across various industries, with over 10,000 reporters in more than 100 countries, making it the most common standard that enables easy comparison with local, regional, and global peers. Second, GRI’s standards are highly credible, having been continuously refined since 1997 by its Global Sustainability Standards Board and Stakeholder Council, and are trusted by governments, regulators, financial institutions, and civil society. Lastly, GRI provides convenient alignment with other international sustainability frameworks, such as Carbon Disclosure Project, Sustainability Accounting Standards Board and others, offering flexibility for future alignment if needed.

This report incorporates climate-related disclosures aligned with the Task Force on Climate-related Financial Disclosures (“**TCFD**”) guidelines. We are committed to gradually enhancing our sustainability reporting and will continue to improve our disclosures on the Group’s climate governance, strategy, risk management, and related metrics and targets in subsequent reports.

Our disclosures are designed to meet the GRI’s Reporting Principles, ensuring the high standards of report quality:



Readers may find the GRI Content Index and TCFD Content Index, corresponding to the different topic-specific disclosures, at the end of this report for reference.

ABOUT THIS REPORT

EXTERNAL ASSURANCE

Luxking recognises the importance of external assurance in strengthening the credibility of our sustainability reporting processes, particularly in verifying the accuracy of data collection and reporting practices. With the potential for the SGX to mandate external assurance for sustainability reports, the Group is actively monitoring the latest regulations issued by SGX. While we have not yet pursued external assurance for this report, we are committed to gradually incorporating it in the future as sustainability reporting standards continue to evolve, building on our current practice of internal reviews.

CONFIRMATION AND APPROVAL

Luxking's Board of Directors and senior management have approved the scope and content of this sustainability report as of 21 October 2024.



REPORT FEEDBACK

The Group welcomes feedback from our stakeholders on this year's report. Please direct your feedback and comments through the following channels:

Mailing Address:

Luxking Group Holdings Limited
Unit 1206, 12/F., Tower A, New Mandarin Plaza, 14
Science Museum Road, Kowloon, Hong Kong

Tel: (852) 3102-8960

Fax: (852) 3102-1330

Email: office@luxkinggroup.com



DEAR STAKEHOLDERS,

I am proud to present Luxking's seventh Sustainability Report, which highlights our ongoing commitment to building a resilient and sustainable business. Throughout FY2024, we faced various challenges but we also seized numerous opportunities and this report offers a comprehensive overview of our efforts to adapt, innovate, and strengthen our sustainability practices, ensuring long-term success.

As we reflect on FY2024, I am pleased to report that Luxking has maintained stable employment levels, which underscores our commitment to fostering a reliable and secure working environment for our staff. Our ongoing investments in machinery and equipment have enhanced energy efficiency, resulting in reduced carbon emissions intensity and improved working conditions. These upgrades not only support our sustainability goals but also contribute positively to the well-being of our employees.

In our effort to engage with stakeholders, we conducted a comprehensive survey to gather valuable feedback and insights. This engagement is crucial as we strive to align our practices with stakeholder expectations and continually improve our operations.

Our journey with TCFD has made notable progress. We have undertaken a qualitative scenario analysis, examining potential climate-related impacts over 3, 10, and 25 years. As we advance, we will enhance our data collection on emissions and market trends and develop a strategic roadmap to address climate change challenges effectively.

Additionally, our commitment to corporate social responsibility is demonstrated through our charitable

contributions in FY2024. We donated a total of RMB 212,000, which includes support for underprivileged families, aid for local community eldercare activities, and a donation to the Red Cross Society of China Zhongshan Branch. This donation contributed to the Xiaolan Town 2024 Charity Walk project for the expansion of the Li Sheng Primary School faculty building.

This report is fully endorsed by the Board of Directors ("**Board**"), highlighting our commitment to integrating sustainability into the Group's business strategy. The Board has considered sustainability issues in the Group's business and strategy, determined the material environmental, social and governance ("**ESG**") factors and overseen the management and monitoring of the material ESG factors. Our dedicated Sustainability Committee, led by the Chief Sustainability Officer ("**CSO**") and overseen by the Board, ensures sustainability practices are deeply embedded across our organisation.

As we progress on our sustainability path, we remain unwavering in our commitment to our goals. We have refined our strategies to ensure alignment with our long-term vision, taking clear and decisive actions to build a more sustainable future. Through innovation, accountability, and strategic foresight, Luxking aims to create a lasting positive impact that resonates throughout our operations and benefits all stakeholders.

Leung Chee Kwong

Executive Chairman and Chief Executive Officer

MESSAGE FROM CHIEF SUSTAINABILITY OFFICER

At Luxking, sustainability is woven into the fabric of how we conduct business, engage with communities, and safeguard our environment. As the Chief Sustainability Officer, I am proud to share the progress we have made in FY2024.

This year, we made investments in production equipment which are more energy efficient. This resulted in reduced emissions intensity. Additionally, we undertook our first qualitative scenario analysis, marking a significant stride towards enhancing transparency and accountability across our operations. Our structured sustainability governance has enabled us to drive impactful change throughout the organisation. Despite evolving regulations and the pressing issue of climate change, we have successfully turned these challenges into opportunities for growth and innovation.

Looking ahead, we are focused on advancing our TCFD initiatives, closely monitoring our carbon emissions, and pursuing innovative solutions to reduce our environmental footprint. Our focus on sustainability is not just about adapting but flourishing in the face of uncertainty.

Luxking's path forward is defined by purpose, innovation, and responsibility. We hope to craft a future grounded in sustainable growth, forging new paths, and building lasting positive impacts for both our business and the wider community.

Leung Hi Man








Executive Director and Chief Sustainability Officer



STAKEHOLDER ENGAGEMENT

Luxking is dedicated to fostering long-term, meaningful relationships with our key stakeholders through a variety of communication channels. We recognise that our stakeholders are crucial to the long-term sustainability of our organisation. By actively engaging with them and listening to their concerns, we evaluate material sustainability issues and prioritise key initiatives to manage potential risks and seize emerging opportunities.

We continue to maintain ongoing dialogue with stakeholders through various channels, ensuring their input is integrated into our sustainability efforts. Any critical concerns raised are reported by the CSO to the Board. Moreover, an Internal Auditor, independent of the Group's business activities, conducted an annual review of the internal control process on Luxking's ESG governance for FY2024. This review underscores our commitment to transparency, accountability, and continuous improvement.

KEY STAKEHOLDER GROUPS	ENGAGEMENT PLATFORMS	FREQUENCY
INTERNAL STAKEHOLDERS		
Board of Directors, Management, Executive Staff, General Staff 	<ul style="list-style-type: none"> • Training and development programmes • Annual appreciation events and festival celebrations • Internal company discussions, interviews, and focus groups • Opinion and feedback boxes for factory staff 	<ul style="list-style-type: none"> • Ongoing • Ongoing • Ongoing • Ongoing
EXTERNAL STAKEHOLDERS		
Customers 	<ul style="list-style-type: none"> • Industry seminars, exhibitions and events • Company website • Dedicated customer support teams 	<ul style="list-style-type: none"> • Ongoing • Ongoing • Ongoing
Shareholders and Investors 	<ul style="list-style-type: none"> • Annual report and sustainability report • Announcements and circulars on SGX • Company website • Annual General Meeting 	<ul style="list-style-type: none"> • Annually • As required • Ongoing • Annually
Business Partners (including Suppliers, Distributors etc.) 	<ul style="list-style-type: none"> • Regular supplier visits and meetings • Events, trade shows and procurement fairs • Constant communication and evaluation process 	<ul style="list-style-type: none"> • Ongoing • Ongoing • Ongoing
Employees' families 	<ul style="list-style-type: none"> • Company events 	<ul style="list-style-type: none"> • As required
Governments and regulators 	<ul style="list-style-type: none"> • Participation in conferences, meetings and discussions • Factory site visits and office meetings 	<ul style="list-style-type: none"> • Ongoing • Ongoing
Banks and financial institutions 	<ul style="list-style-type: none"> • Communication through investor relations team • Announcements and circulars on SGX 	<ul style="list-style-type: none"> • Ongoing • As required

OUR APPROACH TO SUSTAINABILITY

MATERIALITY ASSESSMENT AND MATRIX

To ensure the continued relevance of our material ESG topics, we conducted a survey in FY2024 with internal and external stakeholders, receiving 197 valid responses. The Board has approved the final list of material ESG topics for inclusion in the Sustainability Report for FY2024 (“SR2024”).

The survey confirmed that 12 out of the 16 material topics from SR2023 remain critical or moderate and have been retained in SR2024. However, the importance of Market Presence, Indirect Economic Impacts, Freedom of Association and Collective Bargaining, and Marketing and Labelling has decreased. Despite this, further interviews indicated that Market Presence and Marketing and Labelling should still be retained, albeit with lower priority, while the other two topics were removed.

Comparing the FY2022 and FY2024 survey results, we observed increased importance in Waste Management, Anti-Competition, Supplier Environmental Assessment, Human Rights Assessment, and Customer Data Protection and Privacy. These five ESG topics have been added to SR2024 to reflect their growing relevance.

The materiality matrix, developed from the survey conducted in both English and Mandarin for a diverse group of stakeholders — including customers, suppliers, business partners, investors, employees, senior management, and Board members — continues to serve as a valuable tool. These 19 key material sustainability topics are of significant importance to Luxking’s business operations and have a substantial impact on the economy, environment, and society.

2024 MATERIALITY MATRIX OF LUXKING



Low	
● 2	Market Presence
● 28	Marketing and Labelling
Critical	
● 5	Anti-Corruption
● 7	Materials
● 8	Energy
● 9	Water and Effluents
● 11	Emissions
● 12	Waste
● 16	Occupational Health and Safety
● 21	Child Labour

Moderate	
● 6	Anti-Competition
● 13	Supplier Environmental Assessment
● 14	Employment System
● 15	Labour Management/ Relations
● 17	Training and Development
● 19	Non-Discrimination
● 22	Forced or Compulsory Labour
● 23	Human Rights Assessment
● 29	Customer Data Protection and Customer Privacy

OUR APPROACH TO SUSTAINABILITY



Further details on our TCFD implementation timeline are as follows:

	Year 1 (FY2023)	Year 2 (FY2024)	Year 3 (FY2025)
TCFD-aligned climate-related disclosures	<ul style="list-style-type: none"> • Described the governance structures, including Board oversight and the management’s role • Identified the climate-related risks and opportunities • Described the processes for identifying and managing climate-related risks • Disclosed our impacts in qualitative terms • Disclosed Scope 1 and Scope 2 GHG emissions from the whole Group 	<ul style="list-style-type: none"> • Included metrics used for assessment • Disclosed impacts in more quantitative terms • Disclosed Scope 1 and Scope 2 GHG emissions across the Group • Set targets in qualitative terms • Conducted qualitative scenario analysis 	<ul style="list-style-type: none"> • Detail scenario analysis with more quantitative outcomes • Include targets in quantitative terms • Mandatory disclosure of Scope 1 and Scope 2 GHG emissions across the Group

GOVERNANCE

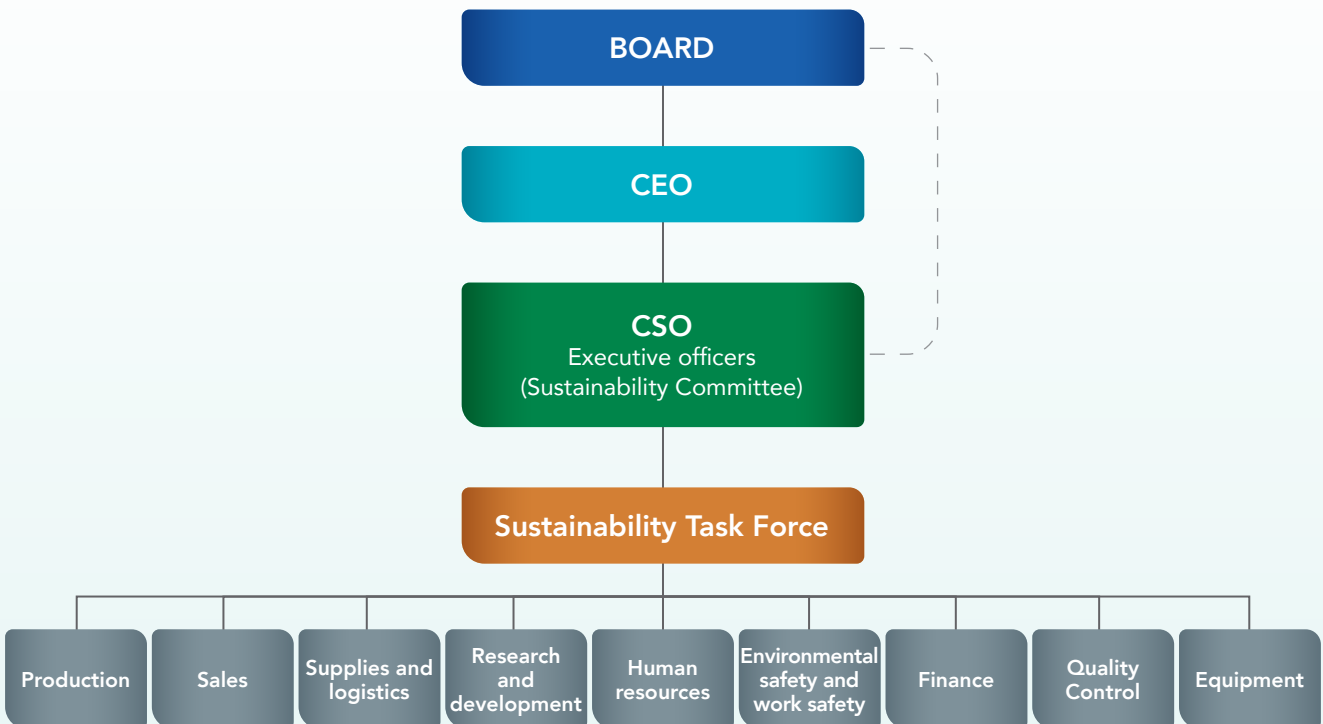
CORPORATE GOVERNANCE

The Group's ethical standards and governance framework offer a solid foundation for guiding corporate conduct. The Board sets the tone for ethical practices, and the Group's principles are designed to embed these values within our organisational culture.

SUSTAINABILITY GOVERNANCE

Luxking's commitment to integrating sustainability into our business strategy is anchored in the oversight of our Board of Directors. The Board plays a crucial role in confirming the impacts identified, overseeing the Group's ESG efforts, and providing guidance on ESG measures. Additionally, the Board is responsible for approving the scope, content, and targets of our sustainability report. Our Sustainability Committee, led by CSO Leung Hi Man, plays a crucial role in strategic planning and implementing sustainability initiatives, with direct reporting to the Chief Executive Officer ("CEO") and the Board. This committee works in close coordination with the Sustainability Task Force, composed of department leaders who translate strategic goals into actionable initiatives. As a key player in the materials industry, we are dedicated to meeting SGX's climate reporting requirements across all our wholly owned subsidiaries, with the Board's review and endorsement ensuring alignment with our sustainability objectives. The Board also receives annual updates on climate-related matters, ensuring our governance framework remains strong and responsive to these issues.

In FY2024, we enhanced our governance structure by leveraging the expertise of our Sustainability Committee, Sustainability Task Force, and external ESG consultants. This collaboration ensures accurate impact assessments and the approval of our report's scope and content. As part of our ongoing engagement strategy, we conducted the stakeholder engagement survey in FY2024 and continue to maintain open communication channels to incorporate stakeholder input into our sustainability initiatives. Additionally, an independent Internal Auditor conducted an annual review of our ESG governance processes, reinforcing our commitment to transparency and continuous improvement. All directors of the period have also completed the sustainability certification on "LED – Environmental, Social and Governance Essentials (Core)" from Singapore Institute of Directors, in 2023 or prior, further solidifying our dedication to responsible governance.



SUSTAINABILITY RISKS AND OPPORTUNITIES

As Luxking advances in its sustainability journey, it is essential to identify and assess risks and opportunities that could influence our business sustainability and its impact on people and the environment. Our risk management system and internal controls are designed to protect stakeholder interests and support the Group's strategic goals. We have integrated our sustainability factors into our risk management framework early this year.

This year, we have identified the following areas as critical sustainability risks and opportunities that may affect our operations and overall organisational health.

RISKS

OPPORTUNITIES

CLIMATE CHANGE

Climate change encompasses the broad shifts in weather patterns and temperature changes. This external phenomenon can affect our resource consumption rates and manufacturing capability as high temperatures, floods, and typhoons are increasing in intensity year-on-year. For more details, please refer to the Addressing Climate Change section of this report.

We are cognisant of the impacts of climate change and have taken steps to address this risk and identify new opportunities. With the solar panels at Zhongshan Factory in full operation, we were able to reduce the carbon footprint of our operations. For more details, please refer to the Addressing Climate Change section of this report.

TALENT ATTRACTION AND RETENTION

We recognise that retaining a skilled workforce is essential to the development of a strong talent pipeline and our long-term success. In the PRC, the combined effect of the ambition in the manufacturing industry and the economic downturn has increased the competitiveness within the talent market and for the companies to attract and retain these valuable talents. The risk of low retention rates can disrupt our operations and reduce the return on investment in talent development.

At Luxking, our dedication to nurturing a committed and passionate workforce positions us uniquely in the industry. By investing in long-term employee development and talent management, we not only ensure the retention of top talent but also foster an environment of innovation and continuous improvement. Our annual performance reviews and competitive compensation packages mean that our employees are motivated and aligned with our corporate goals. This approach to talent management gives us a competitive edge, ensuring that we are always at the forefront of industry developments, ready to seize new market opportunities and drive sustainable growth for the Group.

OUR PEOPLE

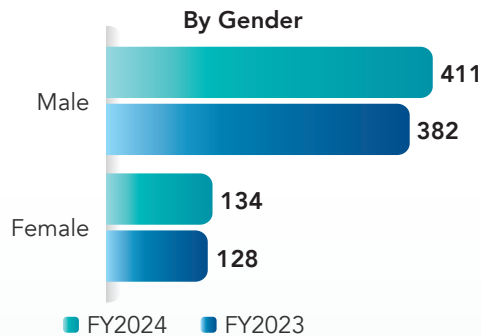
As a dedicated employer, Luxking remains steadfast in cultivating a safe, healthy, and inclusive work environment to attract, nurture, and retain top talent. Recognising that our employees are our greatest asset, we are committed to their well-being and professional development. In FY2024, we ensured comprehensive coverage for all employees through state pensions, insurance schemes, and employer's liability insurance for re-employment staff. Additionally, we uphold fair compensation practices, with our entry-level wage ratios by gender in line with local minimum wage standards.

Our commitment to local community engagement is reflected in our approach to talent acquisition. In FY2024, we maintained a strong focus on hiring locally, with 89.5% of our Senior Management and 87.1% of our Middle Management at our Zhongshan Factory recruited from Guangdong Province, where the facility is based. These figures are consistent with the previous year. The terms "Senior Management" and "Middle Management" correspond to our managerial and supervisory roles, respectively. The total workforce at our Zhongshan Factory has expanded to 545 employees, each playing a crucial role in Luxking's continued success. Our new hire rate¹ decreased from 24.5% in FY2023 to 21.0% in FY2024 while our employee turnover rate² from 17.8% in FY2023 to 14.1% in FY2024. This focus on developing local talent aligns with our strategic objectives and underscores our commitment to leveraging human capital for long-term growth.

OUR WORKFORCE

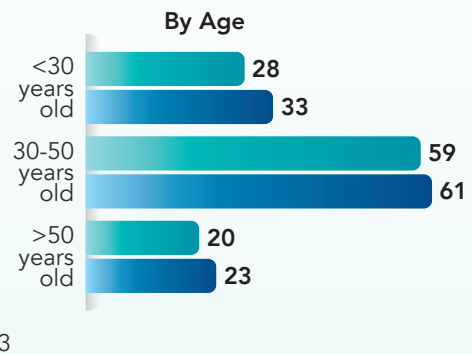
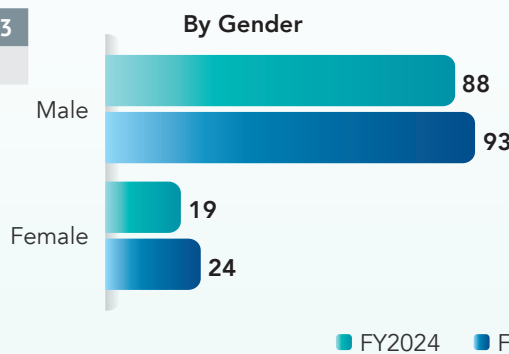
Total Number of Employees Within Our Zhongshan Factory

FY2024	FY2023
545	510



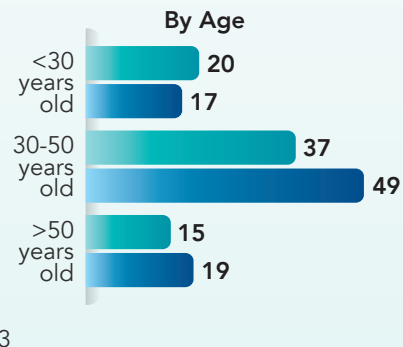
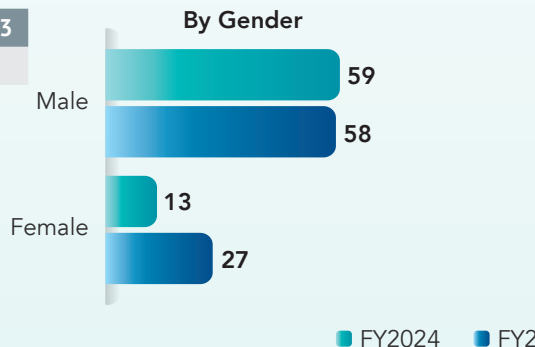
Total Number of New Hires Within Our Zhongshan Factory

FY2024	FY2023
107	117



Total Employee Turnover Within Our Zhongshan Factory

FY2024	FY2023
72	85



¹ Equals number of new hires for current reporting period divided by headcount as of the end of last reporting period

² Equals number of resignees for current reporting period divided by headcount as of the end of last reporting period

PERFORMANCE AND TARGETS

At Luxking, employee welfare remains a top priority. In FY2024, our key objectives included ensuring comprehensive coverage for all employees under state pensions and insurance schemes or equivalent policies, with re-employment staff protected by employer’s liability insurance. We also focused on guaranteeing that all employees receive wages above the minimum living standards, with compensation aligned to their roles.

We are proud to report that we achieved these goals during the reporting period, while extending Individual Work Injury Insurance for Specific Personnel (特定人员单项工伤保险) to re-employment staff and internship employees. At our Zhongshan Factory, every employee is covered by the appropriate insurances. This accomplishment underscores our commitment to employee welfare and our dedication to providing fair and adequate support. Looking forward to FY2025, we plan to maintain these standards. Our commitment to fostering a supportive and responsible work environment remains unwavering.

UPHOLDING HUMAN RIGHTS

As a leading organisation in our industry, we are committed to upholding human rights and maintaining an ethical workplace. In FY2024, we stood by our stringent policies against child labour, forced labour, and discriminatory practices by implementing rigorous hiring protocols. Our recruitment process is governed by our Company Recruitment Guide that ensure prospective employees are thoroughly vetted in line with our ethical standards. We strongly oppose any form of forced or compulsory labour and are dedicated to safeguarding our employees’ rights to freely associate and engage in collective bargaining, all in accordance with local regulations. We also enforce a firm policy against any form of mistreatment, such as harassment or inhumane treatment, across all levels of our operations. Given the labour laws governing our suppliers’ operations, we assess the risk of violations in these areas as low. However, we continue to actively monitor and engage with our suppliers to ensure they uphold our high standards.

Understanding the importance of compliance within our supply chain, we continue to assess and engage with our suppliers to mitigate any potential risks related to labour violations. To maintain trust and transparency, we adhere to a policy of providing our workforce with at least 30 days’ notice before implementing significant operational changes, as stipulated in our “Job Transfer Management System.” Furthermore, our ‘Requirement on Restricting Overtime Hours’ policy instituted clear guidelines on overtime, ensuring that any overtime work is consensual and appropriately compensated. At our Zhongshan Factory, our focus on ethical practices and transparent communication has helped us to successfully attract and retain a skilled workforce, committed to driving our mission forward.

PERFORMANCE AND TARGETS

In FY2024, we established specific targets centred on upholding and promoting fundamental human rights within our organisation and supply chain. We are proud to report that these targets have been fully realised, with zero reported incidents of child labour, forced labour, or other human rights violations throughout the year. To ensure ongoing compliance, we conducted regular assessments and updates of our recruitment policies in alignment with the most current local labour laws and regulations.

We have implemented measures to confirm that both Luxking and our suppliers strictly prohibit the use of child labour in any form. Maintaining open and continuous dialogue with our employees has been integral in understanding and addressing their needs, thereby preventing any occurrences of forced or compulsory labour. We also steadfastly support and respect our employees’ rights to freedom of association and collective bargaining, facilitated through effective and consistent communication channels.

These achievements underscore our enduring commitment to human rights across all aspects of our operations. We will continue to actively engage with our stakeholders, rigorously monitor our practices, and take proactive steps to ensure that these essential principles remain at the forefront of our business endeavours.



OCCUPATIONAL HEALTH AND SAFETY

Luxking places a high priority on Occupational Health and Safety (“OHS”) as a cornerstone of our operational integrity. In FY2024, we reinforced our commitment to creating a safe working environment, particularly for our production line employees and special equipment operators at the Zhongshan Factory.

Our approach to OHS involves continuous improvement through regular inspections and surprise audits. We generate two annual reports focusing on production safety and OHS for the BOPP films and Tapes segments. These reports include evaluations of incidents, with teams recommending corrective actions to supervisors to address any safety concerns swiftly.

Since our founding, we have implemented a comprehensive OHS management system that safeguards our employees’ well-being. In FY2024, we ensured that every employee remained fully covered under this system, in accordance with the Production Safety Law of the PRC. We also provided ongoing training and updates tailored to specific job roles, emphasising the importance of adhering to OHS standards. We managed this material topic by reviewing our OHS guidelines and handbooks yearly, monitoring OHS-related incidents, and implementing improvements based on evaluations. Our incident rate remained very low, reflecting the effectiveness of our actions.

To maintain high safety awareness, we required all new hires to undergo rigorous safety training and pass a safety examination, as outlined in our Safety Production Training System and compliant with PRC regulations. Chemical operators received 72 hours of specialised training, while other workers completed 24 hours. Additionally, all special equipment operators were required to obtain certification through professional training approved by the relevant authorities before commencing their duties.

Zhongshan Factory
(Within reporting scope)

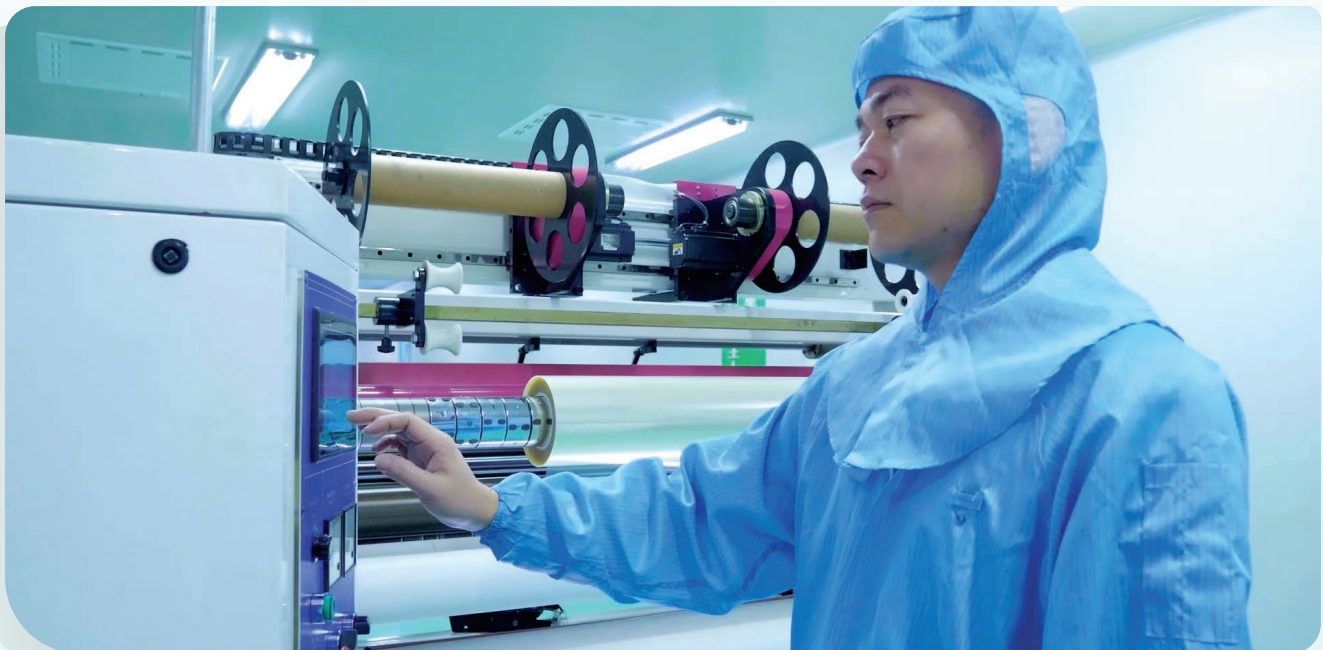
545

Number of employees covered by the Group’s health and safety management system (internally audited)



100

Percentage of employees covered by the Group’s occupational health and safety management system (internally audited)



PERFORMANCE AND TARGETS

In FY2024, three minor injuries were reported: two finger fractures and one arm fracture. These three minor injuries led to more stringent safety training and emphasis on safety protocols. Each case was handled swiftly, and the injured workers have made a full recovery. The incidents occurred due to momentary lapses in focus, leading us to provide additional safety training tailored to the roles most affected, with a renewed emphasis on proper safety protocols and attentiveness.

As part of our ongoing safety improvement efforts, we conducted a thorough review of the BOPP and Tapes production lines, resulting in updated OHS guidelines and revised handbooks. These changes were implemented in consultation with employees and reflect our commitment to continuous enhancement of safety standards.

Our comprehensive approach to OHS included regular audits, hazard assessments, and incident investigations, all in line with regulatory requirements. These efforts have strengthened our OHS framework and supported our goal of reducing risks in the workplace.

Our short-term target is on refining the evaluation of our safety processes and ensuring ongoing improvements. We are committed to maintaining a proactive safety culture and a work environment that prioritises the health and safety of every employee.



Number of work-related fatalities

FY2024: 0
FY2023: 0



Number of recordable work-related injuries

FY2024: 3
FY2023: 1



Number of work-related fatalities

FY2024: 0
FY2023: 0



Number of recordable work-related injuries

FY2024: 0
FY2023: 0

TRAINING AND DEVELOPMENT



At Luxking, we firmly believe that continuous learning is key to cultivating a highly skilled and motivated workforce. By prioritising professional development, we not only enhance individual capabilities but also support our broader business objectives.

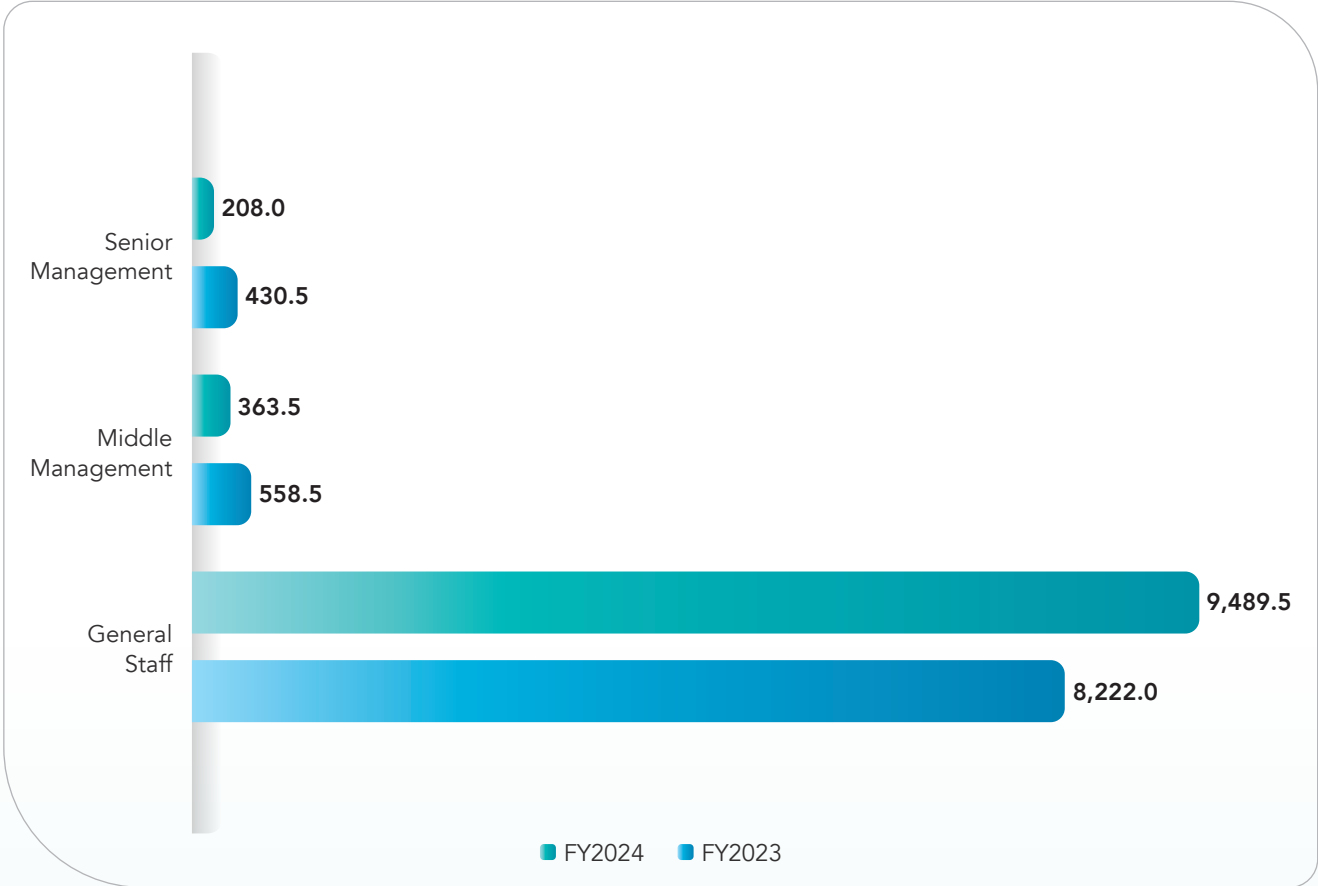
Our commitment to employee development is reflected in the extensive training programs we offered throughout FY2024, designed to equip staff with up-to-date skills and knowledge relevant to their roles. This investment in education directly contributes to higher job satisfaction, improved performance, and strengthened employee retention. We also encourage open communication to ensure training is tailored to employee needs, allowing all levels of staff to express their career aspirations and development goals through supervisors or suggestion box.

By aligning our development initiatives with both individual aspirations and company goals, we foster an environment where growth is actively supported.

EMPLOYEE GROUP	TRAINING DEVELOPMENT TOPICS
General Staff	<ul style="list-style-type: none"> • Technical training on specialist equipment uses • Fire safety equipment inspection and training • Emergency evacuation rehearsals • Promoting Anti-Corruption and Integrity Education • Workplace Safety Training • Machine Safety Operation and Production Management • Strengthening Chemical Leak Prevention Awareness • Water, Electricity, Biomass Usage Statistical Analysis Training
Middle Management	<ul style="list-style-type: none"> • How to prevent OHS accidents in the workplace • Technical training on specialist equipment uses • Enhanced training for nurturing and coaching new employees • Sustainable Development Working Group Training
Senior Management	<ul style="list-style-type: none"> • Sales and Negotiation Tactics • Marketing and Pricing Decision-making • Client Persuasion Techniques • Introduction to the Task Force on Climate-related Financial Disclosures

The total number of total employee training hours at our Zhongshan Factory are presented below:

Total Training Hours



We have crafted a comprehensive training framework designed to address the unique needs of different employee groups, ensuring that each program is relevant to their roles and responsibilities. For Senior and Middle Management, the focus is on leadership development, improving production efficiency, and fostering collaboration with external partners. Meanwhile, for operational and general staff, the emphasis is placed on mastering specialised tools, improving day-to-day operational efficiency, and adhering to rigorous safety standards.

This targeted approach ensures that every employee receives the necessary skills and knowledge to excel in their roles, contributing to the company’s success and commitment to maintaining high safety and performance standards throughout FY2024.

PERFORMANCE AND TARGETS

In FY2023, we achieved full participation in performance and career development reviews for all employees, a benchmark we successfully maintained in FY2024.

Our short-term target is to refine and enhance our training and educational content. While we maintained consistent training hours for our general workforce, we responded to feedback from middle and senior management by streamlining and updating materials to better align with their needs for efficiency and relevance. This ongoing adjustment reflects our commitment to providing effective, tailored development opportunities across all levels of the organisation.

EMBRACING DIVERSITY

At Luxking, we recognise that a diverse workforce is key to driving innovation, fostering collaboration, and enhancing organisational growth. By embracing different perspectives, skills, and backgrounds, we create an environment where creativity thrives, and ideas are freely exchanged.

Our dedication to diversity is formalised through our Employee Handbook, ensuring that all hiring and employment practices are rooted in merit and fairness, free from discrimination. We actively cultivate a workplace where inclusivity is prioritised, promoting equal opportunities for all employees.

On March 8, 2024, our Zhongshan Factory celebrated International Women's Day, recognising the contributions of our female employees. We also expanded our efforts in workplace harmony this year with additional company dinners and activities, fostering greater connections among employees from various departments and backgrounds.

PERFORMANCE AND TARGETS

In FY2024, we successfully achieved our goal of maintaining a zero-tolerance policy on discrimination, with no incidents reported. Our focus on workplace harmony encourages employees to contribute feedback and suggestions to enhance inclusivity.

Moving forward, we will continue to enhance our efforts to promote diversity across the organisation, recognising that diversity is a vital driver of innovation and success.



ANTI-CORRUPTION

At Luxking, we understand the serious consequences corruption can have on businesses, societies, and individuals, including its adverse effects on human rights. To uphold ethical business practices, we have instituted comprehensive policies on conflict of interest, employee conduct, and whistleblowing.

Since 2008, our internal whistleblowing policy has allowed employees to report concerns about misconduct confidentially. Reports can be escalated internally for investigation, with an option to directly contact the Audit Committee via a dedicated email for those preferring anonymity or bypassing executive personnel.

We prioritise compliance by regularly engaging employees through targeted training sessions and clear communication on anti-corruption measures. This proactive approach ensures our workforce is well-informed of evolving regulations and maintains a culture of integrity across the organisation.

PERFORMANCE AND TARGETS

At Luxking, we prioritise the importance of building a corruption-free environment through education and communication. Our short-term targets include providing targeted training to raise employee awareness, informing our business partners of our anti-corruption policy, and ensuring full compliance with all relevant legal and regulatory frameworks.

As of June 30, 2024, we have effectively communicated our anti-corruption policies to all governance members, permanent staff, and business partners. In FY2024, 342 employees, including temporary staff, received either introductory or refresher anti-corruption training. This commitment to continuous education ensures that all team members remain vigilant. Notably, there were no confirmed incidents of corruption, employee dismissals, contract terminations, or legal actions related to corruption.

We also conducted a review of our business partnerships, confirming that all of our partners either adhere to their own anti-corruption policies or align with ours. Coupled with employee training and whistleblowing system, these measures form the foundation of Luxking's approach to upholding high ethical standards across our operations. Moving forward, we remain committed to strengthening these efforts and ensuring our practices are continuously reviewed and enhanced.

ANTI-COMPETITIVE BEHAVIOUR

Anti-competitive behaviour carries significant implications for our business, the broader economy, and society at large. As such, Luxking is committed to fostering a fair and transparent marketplace. We strictly adhere to all relevant laws, regulations, and ethical business standards to ensure that our operations reflect high level of integrity. By actively promoting fair competition, we not only safeguard our reputation but also contribute to a healthier business environment that benefits all stakeholders. Our dedication to compliance and ethical practices underscores our responsibility to act as a trusted and accountable industry player.

PERFORMANCE AND TARGETS

In FY2024, we are pleased to share that there are no legal actions pending or completed regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation. Our short-term target is to maintain zero legal actions related to anti-competitive behaviour, anti-trust violations, or monopolistic practices. In the medium term, we aim to actively engage with our suppliers to promote adherence to anti-competitive regulations, ensuring that they align with our commitment to ethical business conduct. As part of our long-term strategy, we plan to formalise this commitment by having all suppliers sign an anti-competitive behaviour agreement. This approach reinforces our dedication to fostering a competitive, fair, and transparent marketplace, while extending these values throughout our supply chain.

MARKETING AND LABELLING

In the chemical manufacturing sector, effective marketing and accurate labelling extend beyond promotional activities to encompass critical safety and compliance considerations. At Luxking, we understand that our marketing and labelling practices significantly impact various stakeholders, including economic, environmental, and human rights aspects. These practices are essential for safeguarding both employee well-being and consumer safety.

At our Zhongshan Factory, we have a rigorous Environment and Chemical Substance Management system in place designed to protect all involved parties from chemical hazards. Additionally, we have developed an Environment Management and Chemical Substance Guidance document that outlines procedures for monitoring chemical use, supply chain documentation, and a list of prohibited hazardous substances from our product lines. This system includes detailed guidelines on handling and documenting chemicals, ensuring that our product lines exclude prohibited hazardous substances.

We prioritise evaluating health and safety impacts during the product design phase and ensure adherence to relevant national and international regulations. Our compliance is verified through regular assessments against standards such as Restriction of Hazardous Substances Directive, Registration, Evaluation, Authorisation and Restriction of Chemicals, EU Persistent Organic Pollutants, and California Proposition 65. We consistently monitor updates from these regulatory bodies and conduct compliance assessments on our products in a timely manner. Additionally, we provide Material Safety Data Sheets for all products, promoting transparency and supporting informed decision-making for our customers.

PERFORMANCE AND TARGETS

In FY2024, we recorded no incidents of regulatory breaches, fines, or penalties related to product information and labelling accuracy. We ensure that all product components, usage instructions, and disposal guidelines are clearly communicated to our customers. Each product undergoes independent laboratory testing to verify compliance with regulations regarding harmful substances, and we secure detailed reports confirming these assessments.

Our quality assurance framework, encompassing the “不合格与客户投诉控制程序” (Non-compliance and Customer Complaint Control Procedures) and the “采购与供应商控制程序” (Procurement and Supplier Control Procedures), underpins our commitment to maintaining high standards in marketing and labelling.

In summary, Luxking’s dedication to ethical marketing and precise labelling reflects our commitment to safety, transparency, and regulatory compliance. By embedding these principles into our operational practices, we safeguard our employees and customers while positively impacting the industry and community. Our FY2024 achievements underscore our steadfast commitment to excellence in these vital areas and our short-term target is to continue to uphold a flawless record in marketing and labelling compliance, which we successfully maintained throughout FY2024.



CUSTOMER DATA PROTECTION AND CUSTOMER PRIVACY

Customer data protection and privacy are cornerstones of our business strategy, reflecting our deep commitment to safeguarding sensitive information. In response to rising concerns about data security, we have enhanced our privacy measures to ensure robust protection of customer data:

- We classify operational data into three distinct categories based on its sensitivity, ensuring the appropriate level of security and access control is applied to each category.
- Access to customer information is strictly limited to personnel with a legitimate “need-to-know” basis, reducing the risk of unauthorised access.
- Confidential customer data is securely stored within a controlled IT system, with access restricted to authorised personnel only. Any requests to duplicate or transfer this data require formal approval.
- All employees are mandated to uphold the confidentiality of the company's trade secrets and proprietary information, including customer data, with specific guidelines detailed in the Employee Handbook.

Our comprehensive policies include the Employee Handbook, Confidentiality and Non-Competition Agreement, Regulations on Computer Usage Management, and Customer Supplier Property Management Standards.

In the unfortunate event of a suspected or actual data breach, both the Human Resources and IT Administrators are immediately alerted to take swift remedial action. Senior management will evaluate the situation and, if necessary, collaborate with relevant authorities to investigate and resolve the breach promptly. This proactive approach underscores our ongoing dedication to maintaining trust and ensuring high standards of data security across our operations.

PERFORMANCE AND TARGETS

In FY2024, we successfully reported zero incidents of data breaches, underscoring the effectiveness of our data protection protocols. As we look ahead, our goal is to maintain this record of zero data breaches by continuously enhancing our cybersecurity measures and reinforcing employee awareness on data security best practices. We remain committed to upholding high standards of data privacy and safeguarding our customers' confidential information at all times.

ENVIRONMENTAL STEWARDSHIP

WATER STEWARDSHIP

At Luxking, we prioritise effective water stewardship as a fundamental element of our sustainability strategy. Understanding the critical importance of water in both our manufacturing operations and the larger ecological context, we rigorously monitor our water withdrawal and effluent discharge.

MANAGING WATER WITHDRAWAL

Our Zhongshan Factory, dedicated to producing BOPP films and Tapes, utilises water extensively for manufacturing processes, evaporative cooling, sanitation, and employee use. We are cognisant of the potential environmental and community impacts and have implemented proactive strategies to optimise our water management practices.

To ensure consistency in our reporting, we apply a standard conversion rate of 1 megalitre (ML) for every 1,000 tonnes of water withdrawn, maintaining alignment with our historical data reporting methods.

Water Withdrawal Data	FY2024	FY2023
Water withdrawn from third-party sources (ML)	177.4	199.4
Water intensity (ML/million RMB ³)	0.325	0.404



³ As the water withdrawal disclosed above was purely attributable to the Zhongshan factory, water intensity is computed based on revenue attributable to the Zhongshan factory for comparability (RMB 545.9 million for FY2024).

MANAGING EFFLUENTS DISCHARGE

Effective management of effluent discharge is central to our environmental responsibility. Our Environmental Safety Department rigorously oversees the quality of treated effluents, maintaining strict adherence to local regulations and the ISO 14001:2015 standards.

PERFORMANCE AND TARGETS

In FY2024, we maintained our water management practices by implementing regular inspections for leaks, monitoring anomalies in water use, and promoting conservation efforts among employees. We are pleased to report that we successfully achieved our FY2023 target, with a notable reduction in water intensity from the previous year. Specifically, water withdrawals from third-party sources decreased by 22.0 ML, resulting in a reduction in water intensity by 0.079 ML/million RMB. This progress is largely attributable to a reduction in the maintenance works for cooling systems where maintenance works of various equipment are carried out in one to three years cycles. In addition, cooler temperatures and increased precipitation during the year, resulted in reduced consumption of water for cooling of production units' rooftops.

Looking ahead, our goal is to maintain water intensity at 0.365 ML/million RMB, an improvement from our FY2024 target of 0.405ML/million RMB. Despite achieving an actual intensity of 0.325 ML/million RMB in FY2024, we have set a more conservative target in anticipation of major maintenance work on cooling systems and expected higher temperatures in FY2025. These achievements underscore Luxking's commitment to environmental sustainability. Through strategic initiatives, regular assessments, and a focus on continuous improvement, we are effectively reducing our water footprint and positively impacting the communities and ecosystems we serve. We acknowledge that sustainable water management is an ongoing journey and remain dedicated to adopting innovative practices and solutions to enhance our environmental performance in the future.

OPTIMISING MATERIALS CONSUMPTION

At Luxking, our commitment to responsible material consumption is a cornerstone of our sustainability efforts. In FY2024, we have made notable strides in optimising our material usage, underscoring our dedication to both environmental stewardship and operational excellence.

Our Equipment department has been proactive in integrating advanced technology and upgrading machinery to boost production efficiency. This year, we invested in two high-capacity adhesive coating machines, which has minimised product defects and material waste.

Additionally, our Research and Development (“R&D”) and Production teams have collaborated intensively to monitor and refine production processes. This joint effort has successfully enhanced material efficiency, further supporting our sustainability goals. Through these initiatives, Luxking continues to advance its sustainability journey by ensuring effective and responsible consumption of materials.

TYPE	CATEGORY	MATERIAL USED	FY2024	FY2023
			WEIGHT (TONNE)	
Packaging Materials	Renewable materials	Wooden pallet	957.0	744.5
	Renewable materials	Paper (paper carton, cardboard, etc)	999.5	866.1
	Non-renewable materials	Plastics (shrink wrap, bubble wrap, etc)	93.4	84.7

PERFORMANCE AND TARGETS

At Luxking, advancing our materials management practices is central to our sustainability strategy. In FY2024, we made progress by incorporating eight new eco-friendly and biodegradable materials into our system. This development allows our R&D teams to provide customers with tailored, sustainable material recommendations.

Additionally, we have met our FY2023 goal of including packaging reuse information in our sustainability report. This can be found in the Managing Waste section of the report.

Our achievement in integrating biodegradable and environmentally responsible materials into our product development underscores our commitment to both innovation and environmental stewardship. By engaging with stakeholders, we have refined our material recommendations to align with both customer needs and our sustainability objectives.

The strides we have made in optimising material consumption this year highlight Luxking’s dedication to efficient resource management. Through strategic investments, collaborative efforts, and rigorous monitoring, we are advancing towards a reduced material footprint and improved operational efficiency. We remain focused on pursuing innovative solutions and best practices to enhance our performance in the years ahead.

MANAGING WASTE

This year marks Luxking's inaugural reporting on waste management, reflecting our commitment to transparency in our environmental practices. As this is our first year addressing this material topic, we do not have prior year data for comparison.

At Luxking, our waste is a by-product of our production processes. Our waste management framework is underpinned by several key procedures, including the Environmental Monitoring and Measurement Management Procedure, Environmental Operation Control Procedure, and the Resource Recycling Management Measures.

We manage waste through a structured process that includes receiving detailed reports from third-party contractors responsible for the direct disposal of waste. Internal departments also contribute to our waste management efforts by reporting on the reuse of waste materials. This dual reporting system allows us to track waste generated from our own activities and enhance reuse of materials comprehensively.

In our ongoing efforts to enhance sustainability, Luxking actively repairs usable wooden pallets for reuse and reprocesses applicable paper cores. These practices underscore our commitment to minimising waste and maximising resource efficiency.

Through these initiatives, we are working towards having robust waste management practices that align with our environmental stewardship goals. As we continue to develop and refine our waste management strategies, we remain dedicated to enhancing our operational efficiency and contributing positively to environmental sustainability.

PERFORMANCE AND TARGETS

In FY2024, Luxking has started to report on our waste management as part of our commitment to environmental responsibility. We successfully diverted 45.9 tonnes of non-hazardous waste from disposal through the repair and reuse of paper cores and wooden pallets. This included 17.3 tonnes of wood and 28.6 tonnes of paper. Hazardous waste disposal amounted to 25.3 tonnes, all of which was incinerated without energy recovery. Non-hazardous waste totalled 657.6 tonnes, with disposal via incineration with energy recovery.

As this is our inaugural year reporting on waste management, we are currently developing targeted goals for future improvements. We aim to establish specific, measurable targets in our subsequent reports to enhance our waste diversion strategies and overall sustainability practices.

SUPPLIER ENVIRONMENTAL ASSESSMENT

Currently, our Procurement and Supplier Control Procedure (采购与供应商控制程序) is in place to ensure a comprehensive evaluation of our suppliers. This procedure primarily focuses on verifying the legitimacy of our suppliers, ensuring the quality and safety of raw materials, and maintaining high delivery standards. By upholding these rigorous assessments, we ensure that our supply chain aligns with our operational excellence and commitment to product integrity. As we evolve, we continue to refine these procedures to include broader environmental and sustainability considerations.

PERFORMANCE AND TARGETS

We have not yet formalised specific environmental criteria for the assessment of our current and new suppliers. However, we aim to initiate a comprehensive supplier environmental assessment process starting in FY2025. As part of this initiative, we will first identify suppliers with significant environmental impact and prioritise them for thorough evaluation. Simultaneously, all new suppliers will undergo environmental assessments as part of our screening criteria to ensure alignment with our sustainability objectives and commitment to responsible sourcing.

ADDRESSING CLIMATE CHANGE



Addressing climate change is one of the key priorities at Luxking, and we are fully committed to mitigating its impact. Our approach integrates comprehensive energy management, emissions reduction, and a focus on incorporating renewable energy into our operations. Recognising the significant risks climate change poses to our business, workforce, and the environment, we are actively developing strategies to safeguard against these challenges.

This year, we advanced our sustainability efforts by expanding our TCFD reporting, further aligning our practices with global standards. Our climate strategy prioritises responsible business conduct and the exploration of innovative approaches to enhance energy efficiency. In FY2024, our solar panel system at the Zhongshan Factory generated 1,660 MWh of energy, of which 1,554 MWh was utilised in our operations, contributing to 5.2% of the total electricity consumption at the factory.

To further our efforts, we have invested in energy-efficient technologies, including two high-capacity adhesive coating machines, as well as four rotor pumps, a rewinding machine, and a cutting machine. These upgrades have optimised energy consumption and improved overall operational efficiency, achieving our target of continually seeking ways to reduce our carbon footprint.

Looking ahead, we remain committed to identifying and implementing new energy-saving solutions to support our short-term goal of reducing emissions and enhancing sustainability across our operations.

The following tables⁴ present our energy consumption and emissions data⁵ for FY2024. Intensity ratios are calculated using revenue as the denominator, which in this case is RMB553.5 million.

Scope 1 Emissions and Intensity

Non-Renewable Fuel Consumption by whole Group			CO ₂ equivalent (tonnes)		Emissions Intensity (tonnes/ Million RMB)	
Fuel	FY2024	FY2023	FY2024	FY2023	FY2024	FY2023
Diesel	67,300 L	61,700 L	183.75	168.46	0.33	0.34
Gasoline	8,900 L	8,300 L	20.57	19.18	0.04	0.04
Natural Gas	355,000 m ³	663,000 m ³	6,488.76	12,118.44	11.72	24.44
Airconditioning and Refrigeration Equipment	50.62 kg	8.14 kg	88.65	6.74	0.16	0.01
Total			6,781.73	12,312.82	12.25	24.83

Biogenic CO₂ emissions

Renewable Fuel Consumption by the whole Group	FY2024	FY2023
Biomass	18,100 tonnes	14,800 tonnes
CO ₂ equivalent (tonnes)	33,214	27,196
Intensity (tonnes/Million RMB)	60.01	54.85

There has been a substantial reduction in total Scope 1 emissions, decreasing from 12,312.82 tCO₂e in FY2023 to 6,781.73 tCO₂e in FY2024. This decrease is primarily attributed to a significant reduction in natural gas consumption, which resulted from an increase in the use of biomass as an alternative fuel instead.

Scope 2 Emissions and Intensity

	FY2024	FY2023
Solar Power Generated by Zhongshan Factory	1,660 MWh	1,793 MWh
Solar Power Consumed by Zhongshan Factory	1,554 MWh	1,632 MWh
Solar Power Sold back to the grid	106 MWh	161 MWh
Electricity purchased from the grids ⁶	30,525 MWh	27,332 MWh
Total Electricity Consumption by whole Group	32,079 MWh	28,964 MWh

Based on national grid emission factor⁷, the emissions associated with our Scope 2 electricity usage rose from 22,035 tCO₂e in FY2023 to 23,614 tCO₂e in FY2024. Despite this increase in total emissions, our energy intensity improved, decreasing from 58.42 MWh/Million RMB in FY2023 to 57.96 MWh/Million RMB in FY2024. This reduction in energy intensity is attributed mainly to investments in new machinery, thus improving energy efficiency.

⁴ This reporting scope includes data from the Group as a whole, including Zhongshan Factory and the additional Hubei Plant usage.

⁵ Emission factors for fossil fuels, natural gas and biomass are derived from the International Carbon Bank and Exchange Carbon Database while emission factors for refrigerants are derived from Intergovernmental Panel on Climate Change

⁶ Electricity sourced from external providers are drawn from the national grids.

⁷ Emission factors are derived and applied on a location-basis from the China Ministry of Ecology and Environment's report on "2021 年度减排项目中国区域电网基准线排放因子" and the CLP Power Hong Kong Limited

ADDRESSING CLIMATE CHANGE

We have made progress in energy efficiency in FY2024, and we are committed to improving further in the coming years. Our efforts to address climate change and our alignment with TCFD recommendations show our dedication to being a responsible and forward-thinking organisation.



METRICS AND TARGETS

At Luxking, we are committed to advancing transparency in our climate-related reporting. Our focus includes monitoring and improving our performance metrics, particularly in the context of our operations at the Zhongshan Factory, where we primarily utilise natural gas and biomass for stationary combustion. Additionally, mobile combustion is a significant concern, with most of our fleet of forklifts and trucks currently running on diesel. We hope to transit to more sustainable fuel alternatives for these vehicles.

As a chemicals manufacturer, we recognise that energy consumption and emissions will inevitably rise in tandem with production volumes and revenue growth. Therefore, our primary goal is to manage energy and emission intensity, ensuring that even as we scale, we continue to minimise our environmental impact through improved efficiency and sustainable practices.

In our journey towards comprehensive climate reporting, we are working towards formulating clear and measurable targets for our carbon footprint. These targets, currently under development, will encompass both direct and indirect emissions and adhere to international best practices. However, setting these targets requires a careful, data-driven approach. The fluctuations in the production economic cycle can impact the intensity ratios, which is why we are taking the necessary time to gather a broader base of data. This will allow us to establish more accurate and meaningful targets and align with TCFD recommendations. Luxking aims to ensure that our operations are not only efficient but also reflect high standards of environmental responsibility by the end of our implementation phase.

CLIMATE STRATEGY AND RESILIENCE

Understanding Climate Risks and Opportunities Over Time Horizons

At Luxking, we have established timeframes to address climate-related challenges, ensuring that our short-term, medium-term, and long-term goals guide a progressive shift towards climate resilience. In the short term, we are focused on operational adjustments to enhance resilience, while the medium term will see us integrating climate-related opportunities into our broader strategy. By 2050, our goal is to fully embed climate-resilient operations across the business. For our scenario analysis, we assess climate risks over the same time horizons, considering both historical trends and scientific projections of rising temperatures and extreme weather events. Through this approach, we have evaluated our risks and opportunities, choosing to prioritise key risks in this report.

Time Horizons

- Short-term (up to 2027)
- Medium-term (up to 2035)
- Long-term (up to 2050)

Given the dynamic nature of climate change, these time horizons allow us to systematically assess the changing climate conditions and their potential impacts on our business. This approach ensures that we remain proactive in our climate resilience efforts, continually adapting our strategies to address both current and future climate-related challenges.

As part of Luxking's commitment to addressing climate change and its associated risks, we have commenced our climate scenario analysis from this year, to assess the resilience of our business strategies. This analysis forms a critical component of our climate risk management and aligns with the recommendations of the TCFD. Through this approach, we aim to understand the potential impacts of different climate scenarios on our operations, enabling us to make informed decisions and develop strategies that enhance our climate resilience.

Our scenario analysis references climate-related scenarios aligned with international climate agreements such as the Paris Agreement, the Intergovernmental Panel on Climate Change ("IPCC") scenarios, and China's specific climate policies. The Paris Agreement aims to limit global warming to well below 2°C, preferably to 1.5°C, compared to pre-industrial levels. The IPCC provides a range of scenarios including Representative Concentration Pathways ("RCPs") which offer a comprehensive analysis of potential future climate conditions. China's specific climate policies are considered due to the country's significant role in global emissions and its direct impact on our operations.

We selected the 1.5°C and 4°C scenarios for the following reasons:

1.5°C Scenario: This scenario aligns with the goals of the Paris Agreement and represents an ambitious global effort to limit warming to 1.5°C above pre-industrial levels. This scenario assumes significant reductions in greenhouse gas emissions and presents milder climate impacts. It helps us understand the benefits and opportunities associated with strong climate action, including reduced risks, and enhanced operational efficiencies.

4°C Scenario: This scenario reflects a future where global efforts to reduce emissions are insufficient, leading to more severe climate impacts. It is important to consider this scenario to prepare for potential high-risk situations, including extreme weather events, regulatory challenges, and operational disruptions. It allows us to develop robust strategies to mitigate these risks and ensure business continuity.

By integrating scenario analysis into our risk management framework, we enhance our ability to adapt to climate-related changes, ensuring that our operations remain resilient and competitive in a low-carbon future. Our findings from the scenario analysis will guide our strategic planning and investment decisions, reinforcing our commitment to sustainability and long-term value creation for our stakeholders.

ADDRESSING CLIMATE CHANGE

Impact of China's Climate Situation on Luxking

China's Climate Situation Under Different Scenarios

1.5°C Scenario: Aligning with the Paris Agreement Goals

China has pledged to peak carbon emissions by 2030 and achieve carbon neutrality by 2060. This scenario assumes significant global efforts to reduce greenhouse gas emissions, resulting in milder climate impacts. Under this scenario, Luxking anticipates:

- **Reduced Physical Risks:** Less severe heatwaves and fewer extreme weather events will lower the strain on our manufacturing processes and cooling systems.
- **Increased Transition Risks:** Although the physical risks are reduced, China is likely to implement more stringent climate policies to meet its emissions targets. This will increase compliance costs as businesses, including Luxking, must adhere to new regulations and standards. The risk of regulatory penalties and compliance costs will be higher, but these structured and predictable climate policies will also offer a more stable operating environment.
- **Increased Opportunities:** There will be greater scope for investments in energy-efficient technologies and renewable energy, which will enhance our brand reputation.

4.0°C Scenario: Reflecting More Severe Climate Change Impacts

This scenario reflects a future with insufficient global efforts to curb emissions, leading to more severe climate impacts. Under this scenario, Luxking expects:

- **Increased Physical Risks:** The frequency and intensity of extreme weather events will likely increase, causing significant disruptions to our manufacturing and supply chains. Operational costs will rise due to increased energy consumption and the need for advanced cooling systems.
- **Decreased Transition Risks:** In this scenario, the focus might shift away from stringent policy implementation towards immediate physical risk management, potentially leading to less rigorous regulatory measures. However, this can result in unpredictable regulatory environments and higher long-term risks.
- **Enhanced Opportunities:** The demand for innovative, climate-resilient products will grow. Luxking will have the potential to lead in sustainability practices and technologies, enhancing our competitive advantage. There will be significant opportunities in developing and providing products that are designed to withstand severe climate conditions.

Transition Plan for Luxking

To navigate these scenarios, Luxking has developed a preliminary transition plan focusing on the following elements:

- 1. Investing in Energy Efficiency and Renewable Energy:**
 - Continuously review and upgrade existing machinery and processes to improve energy efficiency.
 - Increase the use of renewable energy sources to help reduce our carbon footprint and operational costs.
- 2. Enhancing Supply Chain Resilience:**
 - Collaborate with suppliers to adopt sustainable practices, ensuring a resilient and eco-friendly supply chain.
 - Implement robust risk management strategies to handle disruptions caused by extreme weather events.
- 3. Focusing on Compliance and Innovation:**
 - Stay updated with China's evolving climate policies to ensure compliance, avoiding penalties and enhancing market access.
 - Invest in R&D to develop new, environmental friendly products that meet changing market demands and regulatory requirements.
- 4. Scenario-Based Strategic Planning:**
 - Conduct regular scenario analyses to anticipate and prepare for various climate futures.
 - Develop flexible strategies that allow us to adjust our approach based on the severity of climate impacts and regulatory changes.

By implementing these strategies, Luxking aims to manage climate risks effectively, leverage emerging opportunities, and ensure long-term sustainability and growth. Our commitment to sustainability and proactive planning will help us navigate the complexities of climate change, ensuring that our operations remain resilient and competitive in a low-carbon future.

Scenarios – Climate-related Risks

Type and Name of Risk	Risk Description	Scope of Risk (by Sector or Geographical) and Timeframe	Potential (Financial) Impact	Likelihood (scale of 1 to 5)	Risk Management and Mitigation	
					1.5°C	4.0°C
Climate-related Chronic Physical Risks – Long Term	Adhesive formulations and curing processes are often sensitive to environmental conditions. Changes in precipitation patterns and rising mean temperatures can affect Luxking's manufacturing processes and worker productivity. Excessive heat can strain cooling systems, increase energy costs, and require additional investments in climate control measures. Higher temperatures and drier conditions may accelerate the curing process, leading to reduced workability and potential quality issues. Furthermore, heat-related health concerns for workers may also arise, requiring proper safety measures and potential adjustments to working conditions. Conversely, lower temperatures or increased humidity levels may prolong curing times, affecting production timelines and product quality.	By sector and geography; Medium to long term	Changes in regional rainfall and rising average temperatures can impact Luxking's manufacturing processes, worker productivity, and product quality. In the short term, cooling machines such as evaporative air coolers and cooling materials will be added to regulate the temperature of the working environment, with an estimated cost of 100,000 RMB per year. The medium and long-term plan is to introduce enclosed systems for the existing machineries to contain the heat from production, with an estimated cost of 2 million RMB.	4	<ul style="list-style-type: none"> Continuously review and refine current formulation processes. Introduce new equipment, methods, and formulations to produce higher quality products. Continuously review and improve current working environments, enhancing processes, and elevating workers' working conditions and productivity. 	<ul style="list-style-type: none"> Increase investment in R&D, machinery, equipment, and working environments to combat the extreme impacts of climate change under the 4.0°C scenario. These investments will likely exceed those required for the 1.5°C scenario. Provide better benefits and working conditions for employees to mitigate the severe effects of elevated temperatures on productivity. Invest in more automated machinery to maintain productivity levels in high-temperature environments.

ADDRESSING CLIMATE CHANGE

Scenarios – Climate-related Risks

Type and Name of Risk	Risk Description	Scope of Risk (by Sector or Geographical) and Timeframe	Potential (Financial) Impact	Likelihood (scale of 1 to 5)	Risk Management and Mitigation	
					1.5°C	4.0°C
Acute Climate-related Physical Risks – Short Term	Climate change is affecting the frequency and intensity of extreme weather events, including heavy rainfall, typhoons, and storms, posing risks to Luxking's facilities, transport networks, and supply chains. Strong winds and floods may lead to production delays, damage to inventory or infrastructure, and delays in the delivery of raw materials or finished products.	By geography; Short to medium term	<p>Strong winds and floods could result in production delays, damage to stock or infrastructure, and delays in delivering raw materials or finished goods, leading to financial loss.</p> <p>In order to cope with the impact of extreme weather, the company intends to carry out the following improvements:</p> <ul style="list-style-type: none"> - Maintenance on the rooftops of the company's factory building, with an estimated expenditure of 1.6 million RMB in the next 10 years. - Maintenance of internal drainage system, which is estimated to be 20,000 RMB per year. - Maintenance of solar panel photovoltaics, with an annual expenditure of 70,000 RMB; and further expenses for photovoltaic repairment due to equipment failure, physical damage, etc. are expected to be 30,000 RMB per year. - The safety and environmental department is expected to strengthen the investigation of safety hazards and enhance drills annually, with an estimated cost of 10,000 RMB per year. 	5	<ul style="list-style-type: none"> Develop and regularly review measures against wind and flood. Enhance drills and exercises. Invest in equipment to combat disasters, such as water pumps to address extreme weather calamities. Strengthen inspections and reviews of underground drainage systems. Continuously review and improve current inventory conditions, logistics control measures, and emergency plans. Conduct yearly review meeting involving all departments. Add extreme weather clauses to contracts. 	<ul style="list-style-type: none"> Relocate warehouse facilities to safer areas. Build stronger warehouse facilities to withstand extreme weather events. Account for higher insurance premiums. Anticipate frequent disruptions in material deliveries within the supply chain. Maintain a higher inventory volume to avoid production delays due to delivery issues.

Scenarios – Climate-related Risks

Type and Name of Risk	Risk Description	Scope of Risk (by Sector or Geographical) and Timeframe	Potential (Financial) Impact	Likelihood (scale of 1 to 5)	Risk Management and Mitigation	
					1.5°C	4.0°C
Transition - Policy and Law Compliance Risk	Transition risks may arise from constantly changing regulations and policies aimed at mitigating climate change, including environmental regulations, energy efficiency standards, and product labelling requirements.	By sector and geography; medium term	<p>Non-compliance or failure to adapt to new regulations could lead to penalties, reputational damage, or restricted market access.</p> <p>The company has decided to increase investment in the transformation of production equipment in response to climate change, for example, adding environmental protection equipment. It is expected to invest about 10-20 million RMB in the next 10 years.</p> <p>Currently, regulatory monitoring expenses and certification fees for environmental protection and safety amount to approximately 750,000 RMB per year.</p>	4	<ul style="list-style-type: none"> Stay updated with the latest laws and regulations, reviewing, and refining existing measures to align with the most recent legal requirements. Make gradual investment in the property, plant and equipment to align with legal standards. 	<ul style="list-style-type: none"> Ensure compliance with high standards imposed by government and regulators to combat extreme climate change. Prepare for new taxes and payments associated with updated energy standards and environmental regulations. Implement proactive measures to avoid violations and subsequent higher fines, including continuous monitoring and updating of compliance protocols.

ADDRESSING CLIMATE CHANGE

Scenarios – Climate-related Risks

Type and Name of Risk	Risk Description	Scope of Risk (by Sector or Geographical) and Timeframe	Potential (Financial) Impact	Likelihood (scale of 1 to 5)	Risk Management and Mitigation	
					1.5°C	4.0°C
Transition – Technology R&D Risk	Transitioning to a low-carbon economy typically requires the development of new technologies and processes. Technological advancements in the adhesive industry might include the development of adhesive tapes based on biomaterials or more energy-efficient manufacturing methods.	By sector; medium term	<p>The research and development of new technologies and processes involve substantial upfront costs and the risk of investment failure. Failing to keep pace with technological changes might result in a loss of competitive advantage or market share.</p> <p>In order to better transition to a low-carbon economy, the company introduced new equipment aimed at increasing production efficiency worth approximately 5 million RMB in FY2024.</p> <p>In the long-term, we plan to gradually phase out and update the old production equipment, with an estimated cost of 35 million RMB within 10 years.</p>	4	<ul style="list-style-type: none"> Continuously review and refine current formulation processes. Gradual investment in new equipment, methods, and formulas to produce higher quality, more environmentally friendly products. 	<ul style="list-style-type: none"> Develop and invest in products with higher requirements to withstand extreme weather conditions, such as high temperature and weather resistance. Allocate significant investment to keep pace with technological advancements, ensuring the adoption of new technologies and processes that enhance sustainability and competitiveness.

Scenarios – Climate-related Opportunities

Type and Name of Opportunity	Description	Scope of Opportunities (by Sector or Geographical) and Timeframe	Potential (Financial) Impact	Likelihood (scale of 1 to 5)	Management and Mitigation	
					1.5°C	4.0°C
Energy Source Energy-Efficient Manufacturing	Invest in energy-efficient machinery and renewable energy sources for manufacturing facilities. This can reduce energy costs and carbon emissions	By geography; Short to long-term	Reducing energy costs can also enhance customer brand recognition, leading to increased sales. However, this approach may result in an increased investment in fixed assets and a rise in operational costs. The maintenance cost of solar panel photovoltaic equipment is about 70,000 RMB per year currently. Additional future expense for photovoltaic repairment is expected to be 30,000 RMB per year. In the medium term, we also expect to replace existing diesel forklifts with electric forklifts, with an expected expenditure of 360,000 RMB.	4	<ul style="list-style-type: none"> Continuously review existing equipment and processes. Gradual introduction of new equipment and methods to achieve energy-saving and emission reduction goals. Explore energy-saving and carbon-reducing measures from multiple angles. 	<ul style="list-style-type: none"> Invest significantly in state-of-the-art machinery and equipment to enhance energy efficiency. Implement more radical energy-saving and carbon-reducing measures to further decrease emissions.
Products and Services Supply Chain Sustainability	Collaborate with suppliers to ensure they adopt sustainable practices, leading to a more resilient and eco-friendly supply chain.	By sector; Short to long-term	While increasing customer brand recognition has the potential to elevate sales, however introducing these initiatives during the early market stages might result in a surge in the cost of raw materials. In the short term, the procurement department will continue to understand new materials and participate in exchange meetings and exhibitions for research and learning. We expect the costs to be about 100,000 RMB per year.	3	<ul style="list-style-type: none"> Continuously keep abreast of new materials in the market, attend exchange meetings, exhibitions to learn new technologies. Constantly communicate with suppliers about green technology information and apply it to product development. 	<ul style="list-style-type: none"> Invest significantly in R&D to stay ahead of market trends and meet our customers' needs, which ensures our products remain competitive and are aligned with the latest advancements in sustainability and technology.

ADDRESSING CLIMATE CHANGE

Scenarios – Climate-related Opportunities

Type and Name of Opportunity	Description	Scope of Opportunities (by Sector or Geographical) and Timeframe	Potential (Financial) Impact	Likelihood (scale of 1 to 5)	Management and Mitigation	
					1.5°C	4.0°C
Products and Services Eco-friendly and high-functionality product development	As sustainability becomes increasingly important, customers may favour environmentally friendly and low-impact products and solutions that exhibit specific qualities such as resistance to extreme temperatures, moisture, or UV radiation.	By sector; Short to long-term	<p>While increasing customer brand recognition has the potential to elevate sales, however introducing these initiatives during the early market stages might result in a surge in the cost of management systems.</p> <p>Course fees for the latest green certifications such as Forest Stewardship Council and ISO, may cost 30,000 to 50,000 RMB per year in the short term. The expected expenditure for the medium term is 500,000 RMB.</p> <p>In the short term, regulatory monitoring for environmental protection and safety, with certification expenses of approximately 750,000 RMB per year.</p>	4	<ul style="list-style-type: none"> Continuously review and refine current formulation processes to greener options. Gradual investment in new equipment, methods, and formulas to produce higher quality, more environmentally friendly products. 	<ul style="list-style-type: none"> Develop and invest in products with higher requirements to withstand extreme weather conditions, such as high temperature and weather resistance. Allocate significant investment to keep pace with technological advancements, ensuring the adoption of new technologies and processes that enhance sustainability and competitiveness.

RISK MANAGEMENT

In alignment with TCFD recommendations, Luxking has enhanced its approach to managing climate-related risks and opportunities. We recognise the significant physical risks associated with flooding, particularly at our Zhongshan Factory. In response, we have invested in water pumps, sandbags, and improved our drainage system to mitigate these risks. We are committed to continually refining our flood management practices, providing comprehensive flood-fighting training to our staff, and investing in advanced flood control technologies.

Furthermore, Luxking is actively preparing for the transition to a low-carbon economy by recalibrating our product portfolio and business strategies. To address transition risks and potential supply chain disruptions, we are strengthening partnerships with suppliers to align their operations with our sustainability objectives and enhance supply chain resilience.

Our management conducts an annual review of the Enterprise Risk Management framework to evaluate past events, assess their financial impact, and ensure the effectiveness of our risk management strategies. Additionally, we have established an ESG control framework and data control manual. Annual internal audits will verify the accuracy and effectiveness of our ESG data collection, underscoring our commitment to transparency, accountability, and continuous improvement.



GRI CONTENT INDEX

Statement of Use	Luxking Group Holdings Limited has reported with reference to the GRI Standards for the period starting 1 July 2023 to 30 June 2024.
GRI 1 Used	GRI 1: Foundation 2021

Disclosure	Description	Page	Remarks
The organisation and its reporting practices			
2-1	Organisational details	1-3	
2-2	Entities included in the organisation's sustainability reporting	3	
2-3	Reporting period, frequency and contact point	3-4	
2-4	Restatements of information	NIL	
2-5	External assurance	4	
Activities and workers			
2-6	Activities, value chain and other business relationships	1	
2-7	Employees	12	
2-8	Workers who are not employees	NIL	
Governance			
2-9	Government structure and composition	10	
2-10	Nomination and selection of the highest governance body	AR: Pg 18-22	
2-11	Chair of the highest governance body	AR: Pg 20	
2-12	Role of the highest governance body in overseeing the management of impacts	10	
2-13	Delegation of responsibility for managing impacts	10	
2-14	Role of the highest governance body in sustainability reporting	10	
2-15	Conflicts of interest	AR: Pg 15-17	
2-16	Communication of critical concerns	AR: Pg 30	
2-17	Collective knowledge of the highest governance body	10	
2-18	Evaluation of the performance of the highest governance body	AR: Pg 23	
Strategy, Policies and Practices			
2-22	Statement on sustainable development strategy	5	
2-23	Policy commitments	12-37	
2-24	Embedding policy commitments	12-37	
2-25	Processes to remediate negative impacts	12-37	
2-26	Mechanisms for seeking advice and raising concerns	19	
Stakeholder Engagement			
2-29	Approach to stakeholder engagement	7	
2-30	Collective bargaining agreements	13	Collective bargaining is observed in accordance with local laws and regulations.

Disclosure	Description	Page	Remarks
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	8	
3-2	List of material topics	8	
3-3	Management of material topics	8	
GRI 202: Market Presence 2016			
202-2	Proportion of senior management hired from the local community	12	
GRI 205: Anti-Corruption 2016			
205-2	Communication and training about anti-corruption policies and procedures	19	
205-3	Confirmed incidents of corruption and actions taken	19	
GRI 206: Anti-competitive Behaviour 2016			
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	19	
GRI 301: Materials 2016			
301-1	Materials used by weight or volume	24	
GRI 302: Energy			
302-1	Energy consumption within the organization	27	
302-3	Energy intensity	27	
GRI 303: Water and Effluents 2018			
303-1	Interactions with water as a shared resource	22-23	
303-2	Management of water discharge-related impacts	22-23	
303-3	Water withdrawal	22-23	
GRI 305: Emissions			
305-1	Direct (Scope 1) GHG emissions	27	
305-2	Energy indirect (Scope 2) GHG emissions	27	
305-4	GHG emissions intensity	27	
GRI 306: Waste 2020			
306-1	Waste generation and significant waste-related impacts	25	
306-2	Management of significant waste-related impacts	25	
306-4	Waste diverted from disposal	25	
306-5	Waste directed to disposal	25	
GRI 308: Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	25	
308-2	Negative environmental impacts in the supply chain and actions taken	25	

GRI CONTENT INDEX

Disclosure	Description	Page	Remarks
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	12-13	
GRI 402: Labour/ Management Relations 2016			
402-1	Minimum notice periods regarding operational changes	13	
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	14-15	
403-2	Hazard identification, risk assessment, and incident investigation	14-15	
403-4	Worker participation, consultation, and communication on occupational health and safety	14-15	
403-5	Worker training on occupational health and safety	14-15	
403-9	Work-related injuries	14-15	
403-10	Work-related ill health	14-15	
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	16-17	
404-2	Programs for upgrading employee skills and transition assistance programs	16-17	
404-3	Percentage of employees receiving regular performance and career development reviews	16-17	
GRI 406: Non-Discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	18	
GRI 408: Child Labour 2016			
408-1	Operations and suppliers at significant risk for incidents of child labour	13	
GRI 409: Forced or Compulsory Labour 2016			
409-1b	Measures taken by the organisation in the reporting period intended to contribute to the elimination of all forms of forced or compulsory labour	13	
GRI 417: Marketing and Labelling 2016			
417-1	Requirements for product and service information and labelling	20	
417-2	Incidents of non-compliance concerning product and service information and labelling	20	
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	21	

Disclosure Focus Area	Recommended Disclosure	Page Reference, Remarks
Governance		
Disclose the organisation's governance around climate-related risks and opportunities.	a. Describe the board's oversight of climate-related risks and opportunities.	10
	b. Describe management's role in assessing and managing climate-related risks and opportunities.	10
Strategy		
Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.	a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	29-36
	b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	29-36
	c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	29-36
Risk Management		
Disclose how the organisation identifies, assesses and manages climate-related risks.	a. Describe the organisation's processes for identifying and assessing climate-related risks.	37
	b. Describe the organisation's processes for managing climate-related risks	37
	c. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	37
Metrics and Targets		
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	28
	b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	27
	c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	28



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