



LUXKING GROUP HOLDINGS LIMITED

(Incorporated in Bermuda)

UNAUDITED FULL YEAR FINANCIAL STATEMENT ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2022

A. Condensed interim and full year consolidated statement of profit or loss and other comprehensive income.

	Group			Group		
	6 months ended 30 June			12 months ended 30 June		
	2022	2021	+ / (-)	2022	2021	+ / (-)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	265,585	257,738	3.0%	575,375	508,532	13.1%
Cost of sales	(230,475)	(222,195)	3.7%	(508,917)	(443,315)	14.8%
Gross profit	35,110	35,543	(1.2%)	66,458	65,217	1.9%
Other income	280	1,725	(83.8%)	585	2,896	(79.8%)
Selling and distribution costs	(10,737)	(10,704)	0.3%	(21,098)	(21,173)	(0.4%)
Administrative expenses	(21,222)	(16,911)	25.5%	(37,317)	(31,433)	18.7%
Impairment loss of trade receivables reversed	-	3,313	n/m	-	5,414	n/m
Other operating expenses	206	(56)	n/m	(27)	(59)	(54.2%)
Finance costs	(1,910)	(1,374)	39.0%	(4,404)	(2,776)	58.6%
Profit before income tax	1,727	11,536	(85.0%)	4,197	18,086	(76.8%)
Income tax expense	(18)	(1,704)	(98.9%)	(2,004)	(4,952)	(59.5%)
Profit for the period/year	1,709	9,832	(82.6%)	2,193	13,134	(83.3%)
Other comprehensive income						
Item that may be reclassified subsequently to profit or loss						
Exchange differences on translation of financial statements of foreign operations	949	(1,094)	n/m	359	(2,316)	n/m
Total comprehensive income attributable to the owners of the Company	2,658	8,738	(69.6%)	2,552	10,818	(76.4%)
Earning per share for profit attributable to the owners of the Company during the period/year						
- Basic and diluted (RMB)	0.1351	0.7772	(82.6%)	0.1734	1.0383	(83.3%)

n/m: not meaningful

B. Full year statements of financial position

	Group		Company	
	As at	As at	As at	As at
	30.6.2022	30.6.2021	30.6.2022	30.6.2021
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	56,272	49,388	-	-
Right-of-use assets	23,182	26,410	-	-
Interests in subsidiaries	-	-	88,702	91,354
Deposits for acquisition of property, plant and equipment	3,317	3,468	-	-
	82,771	79,266	88,702	91,354
Current assets				
Inventories	87,971	81,952	-	-
Trade receivables	77,973	87,824	-	-
Prepayments, deposits and other receivables	26,083	18,055	4	4
Restricted bank deposits	-	1,452	-	-
Cash and bank balances	29,554	18,850	-	-
	221,581	208,133	4	4
TOTAL ASSETS	304,352	287,399	88,706	91,358
EQUITY AND LIABILITIES				
Equity attributable to the owners of the Company				
Share capital	133,557	133,557	133,557	133,557
Reserves	(10,495)	(13,047)	(46,017)	(43,988)
Total equity	123,062	120,510	87,540	89,569
Current liabilities				
Trade and bills payables	44,138	59,068	-	-
Accrued expenses and other payables	13,301	14,401	1,166	1,789
Lease liabilities	3,108	3,137	-	-
Bank borrowings, secured	106,002	72,156	-	-
Income tax payables	994	1,355	-	-
	167,543	150,117	1,166	1,789
Non-current liabilities				
Lease liabilities	1,592	4,361	-	-
Deferred income	12,155	12,411	-	-
	13,747	16,772	-	-
Total liabilities	181,290	166,889	1,166	1,789
TOTAL EQUITY AND LIABILITIES	304,352	287,399	88,706	91,358

C. Full year statements of changes in equity

Group

	Share capital RMB'000	Share premium* RMB'000	Other reserves* RMB'000	Exchange reserve* RMB'000	Accumulated losses* RMB'000	Total equity RMB'000
At 1.7.2020	133,557	33,961	12,435	(14,607)	(55,654)	109,692
Profit for the year	-	-	-	-	13,134	13,134
Other comprehensive income, net of income tax						
- Exchange loss on translation of financial statements of foreign operations	-	-	-	(2,316)	-	(2,316)
Total comprehensive income for the year	-	-	-	(2,316)	13,134	10,818
Appropriation to other reserve	-	-	1,433	-	(1,433)	-
At 30.6.2021 and 1.7.2021	133,557	33,961	13,868	(16,923)	(43,953)	120,510
Profit for the year	-	-	-	-	2,193	2,193
Other comprehensive income, net of income tax						
- Exchange gain on translation of financial statements of foreign operations	-	-	-	359	-	359
Total comprehensive income for the year	-	-	-	359	2,193	2,552
Appropriation to other reserve	-	-	767	-	(767)	-
At 30.6.2022	133,557	33,961	14,635	(16,564)	(42,527)	123,062

* These reserve accounts comprise the consolidated reserves of a deficit of approximately RMB10,495,000 (2021: RMB13,047,000) in the consolidated statement of the financial position.

C. Full year statements of changes in equity

Company	Share capital RMB'000	Share premium* RMB'000	Exchange reserve* RMB'000	Accumulated losses* RMB'000	Total equity RMB'000
At 1.7.2020	133,557	33,961	(26,428)	(37,671)	103,419
Loss for the year	-	-	-	(4,770)	(4,770)
Other comprehensive income, net of income tax					
- Exchange loss on translation of the Company's financial statements to RMB	-	-	(9,080)	-	(9,080)
Total comprehensive income for the year	-	-	(9,080)	(4,770)	(13,850)
At 30.6.2021 and 1.7.2021	133,557	33,961	(35,508)	(42,441)	89,569
Loss for the year	-	-	-	(4,353)	(4,353)
Other comprehensive income, net of income tax					
- Exchange gain on translation of the Company's financial statements to RMB	-	-	2,324	-	2,324
Total comprehensive income for the year	-	-	2,324	(4,353)	(2,029)
At 30.6.2022	133,557	33,961	(33,184)	(46,794)	87,540

* These reserve accounts comprise Company's reserves of a deficit of approximately RMB46,017,000 (2021: RMB43,988,000) in the Company's statement of the financial position.

D. Consolidated full year statement of cash flows

	Group	
	Year ended 30.6.2022 RMB'000	Year ended 30.6.2021 RMB'000
Cash flows from operating activities		
Profit before income tax	4,197	18,086
Adjustments for:		
Interest income	(24)	(26)
Interest expenses	4,404	2,776
Depreciation of property, plant and equipment	12,330	13,464
Depreciation of right-of-use assets	3,759	3,130
Government grants	(256)	(409)
Impairment loss of trade receivables reversed	-	(5,414)
Inventories write-down	984	371
Gain on disposal of property, plant and equipment	(19)	(81)
Operating profit before working capital changes	25,375	31,897
Increase in inventories	(7,003)	(29,744)
Decrease in trade receivables	10,111	8,000
Increase in prepayments, deposits and other receivables	(8,191)	(3,027)
(Decrease)/increase in trade payables	(14,930)	31,323
(Decrease)/increase in accrued expenses and other payables	(1,143)	1,010
Cash generated from operations	4,219	39,459
Interest received	24	26
Income taxes paid	(2,373)	(5,290)
Net cash generated from operating activities	1,870	34,195
Cash flows from investing activities		
Release/(placement) in restricted bank deposits	1,452	(1,452)
Deposits paid for acquisition of property, plant and equipment	(1,983)	(3,468)
Purchases of property, plant and equipment	(17,092)	(6,302)
Purchase of right-of-use assets	-	(2,320)
Proceeds from disposal of property, plant and equipment	31	102
Net cash used in investing activities	(17,592)	(13,440)
Cash flows from financing activities		
Interest paid on bank borrowings	(3,948)	(2,319)
Receipt of government grants	-	2,320
Proceeds from bank borrowings	135,104	74,740
Repayments of bank borrowings	(101,258)	(93,755)
Repayments of principal portion of lease liabilities	(3,246)	(2,623)
Interest paid on lease liabilities	(456)	(457)
Net cash generated from/(used) in financing activities	26,196	(22,094)
Net increase/(decrease) in cash and cash equivalents	10,474	(1,339)
Cash and cash equivalents at beginning of year	18,850	20,307
Effect of foreign exchange rate changes, net	230	(118)
Cash and cash equivalents at end of year	29,554	18,850
Analysis of balances of cash and cash equivalents		
Cash and bank balances	29,554	18,850

E. NOTES TO THE CONDENSED INTERIM AND FULL YEAR CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1. Corporate Information

Luxking Group Holdings Limited (the “Company”) is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda. The principal place of business of the Company is located at Unit 6, 12/F, Tower A, New Mandarin Plaza, 14 Science Museum Road, Kowloon, Hong Kong. The Company’s shares are listed on the Main Board of the Singapore Exchange Securities Trading Limited (the “SGX-ST”).

The principal activity of the Company is investment holding. Principal activities of the Company’s subsidiaries are production and trading of adhesive tapes and BOPP films, trading of polypropylene resin and investment holding.

The operations of the Company and its subsidiaries (the “Group”) are principally conducted in the People’s Republic of China, excluding Hong Kong and Macau (the “PRC”), and Hong Kong.

2. Basis of preparation

The condensed interim and full year financial statements for the six and twelve months ended 30 June 2022 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting issued by the International Accounting Standard Board. The condensed financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last audited financial statements for the financial year ended 30 June 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with IFRSs, except for the adoption of new and amended standards as set out in note 2.1.

The condensed interim and full year financial statements are presented in Renminbi (“RMB”), being the presentation currency of the Group. The functional currency of the Company is Hong Kong dollar (“HK\$”). In order to be consistent with the consolidated financial statements, the presentation currency of the Company is also RMB. Amounts are rounded to the nearest thousand, unless otherwise stated.

2.1 New and amended standards adopted by the Group

During the year, the Group has adopted all the new and amended IFRSs which are first effective for the reporting period and relevant to the Group as follows:

Amendments to IFRS 16: COVID-19-Related Rent Concessions Beyond 30 June 2021

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform - Phase 2

The new or amended IFRSs that are effective for the reporting period did not have any significant impact on the Group’s accounting policies.

2.2 Use of judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- Net realisable value of inventories
- Provision for expected credit losses of trade receivables

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period

4. Segmental reporting

The Group has identified the following reportable segments:

Manufacture of general purpose adhesive tapes ("General tapes") – manufacture and distribution of adhesive tapes such as stationary tapes, masking tapes and double-sided tapes for industrial, commercial and customer uses.

Manufacture of industrial specialty tapes ("IS tapes") – manufacture and distribution of adhesive tapes designed for more sophisticated industrial application such as manufacturing and/or assembly processes, especially used for mobile and electronic appliance.

Manufacture of biaxially oriented polypropylene films ("BOPP films") – manufacture and distribution of BOPP films for packaging in industries, such as food, pharmaceutical, medical and electrical industries.

Trading of tapes – distribution of General tapes and IS tapes in Hong Kong and overseas markets.

Each of these operating segments is managed separately as each of these product lines requires different resources as well as marketing approaches. The executive directors regularly review revenue, gross profit margin and operating results of each operating segment.

Information regarding the Group's reportable segments as provided to the Group's executive directors is set out below:

	Manufacture General tapes RMB'000	Manufacture IS tapes RMB'000	Manufacture BOPP films RMB'000	Trading of tapes RMB'000	Eliminations RMB'000	Group RMB'000
6 months ended 30 June 2022						
Revenue from external customers	52,788	68,824	110,535	33,438	-	265,585
Inter-segment sales	25,373	6,177	-	-	(31,550)	-
Reportable segment revenue	78,161	75,001	110,535	33,438	(31,550)	265,585
Reportable segment profit/(loss)	2,271	1,408	(1,356)	1,793	-	4,116
12 months ended 30 June 2022						
Revenue from external customers	109,892	154,543	235,539	75,401	-	575,375
Inter-segment sales	56,273	15,723	-	-	(71,996)	-
Reportable segment revenue	166,165	170,266	235,539	75,401	(71,996)	575,375
Reportable segment profit	1,745	2,878	4,864	3,091	-	12,578
Reportable segment assets	91,396	101,869	71,443	9,922	-	274,630
Corporate assets:						
Restricted bank deposits						29,554
Cash and bank balances						168
Other financial assets						
Consolidated total assets						304,352
Additions to non-current segment assets						
Property, plant and equipment	5,611	5,713	7,902	-	-	19,226
Right-of-use assets	131	133	184	-	-	448
	5,742	5,846	8,086	-	-	19,674
Reportable segment liabilities	21,335	21,719	30,042	-	-	73,096
Corporate liabilities:						
Bank borrowings						106,002
Other financial liabilities						1,198
Income tax payables						994
Consolidated total liabilities						181,290

	Manufacture General tapes RMB'000	Manufacture IS tapes RMB'000	Manufacture BOPP films RMB'000	Trading of tapes RMB'000	Eliminations RMB'000	Group RMB'000
6 months ended 30 June 2021						
Revenue from external customers	52,912	63,754	104,460	36,612	-	257,738
Inter-segment sales	24,573	10,254	-	-	(34,827)	-
Reportable segment revenue	77,485	74,008	104,460	36,612	(34,827)	257,738
Reportable segment profit	3,226	3,762	5,383	2,009	-	14,380
12 months ended 30 June 2021						
Revenue from external customers	95,626	139,504	206,901	66,501	-	508,532
Inter-segment sales	44,228	19,063	-	-	(63,291)	-
Reportable segment revenue	139,854	158,567	206,901	66,501	(63,291)	508,532
Reportable segment profit	3,956	11,064	7,215	3,312	-	25,547
Reportable segment assets	61,612	94,160	98,928	10,732	-	265,432
Corporate assets:						
Restricted bank deposits						1,452
Cash and bank balances						18,850
Other financial assets						330
Property, plant and equipment						1,335
Consolidated total assets						287,399
Additions to non-current segment assets						
Property, plant and equipment	1,764	1,917	2,621	-	-	6,302
Right-of-use assets	2,904	3,156	4,312	-	-	10,372
	4,668	5,073	6,933	-	-	16,674
Reportable segment liabilities	28,250	26,749	36,556	-	-	91,555
Corporate liabilities:						
Bank borrowings						72,156
Other financial liabilities						1,823
Income tax payables						1,355
Consolidated total liabilities						166,889

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the financial statements as follows:

	6 months ended 30 June		12 months ended 30 June	
	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Reportable segment profit	4,116	14,380	12,578	25,547
Interest income	15	10	24	26
Unallocated corporate income	-	-	-	174
Unallocated corporate expenses	(494)	(1,480)	(4,001)	(4,885)
Finance costs	(1,910)	(1,374)	(4,404)	(2,776)
Profit before income tax	1,727	11,536	4,197	18,086

The Group's revenue from external customers and non-current assets are divided into the following geographical areas:

	Revenue from external customers		Revenue from external customers	
	6 months ended 30 June		12 months ended 30 June	
	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
The PRC	232,147	221,127	499,974	442,032
Hong Kong	664	1,190	1,434	1,490
Other countries	32,774	35,421	73,967	65,010
	265,585	257,738	575,375	508,532

Geographical location of customers is based on the location at which the goods are delivered whilst that of non-current assets is based on the physical location of the asset.

	Non-current assets	
	2022	2021
	RMB'000	RMB'000
The PRC	79,667	76,149
Hong Kong	3,104	3,117
	82,771	79,266

Revenue from the major customers with whom transactions have exceeded 10% of the Group's revenue is as follows:

	6 months ended 30 June		12 months ended 30 June	
	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Customer A (Manufacture of BOPP films)	*n/a	31,158	60,465	70,558

* Accounted for less than 10% of the Group's revenue

A breakdown of sales and operating profit after tax:

	Group Year ended 30.6.2022 RMB'000	Group Year ended 30.6.2021 RMB'000	Increase/ (decrease) %
(a) Sales reported for the 1st half year	309,790	250,794	23.5%
(b) Operating profit after tax for the 1st half year	484	3,302	(85.3%)
(c) Sales reported for the 2nd half year	265,585	257,738	3.0%
(d) Operating profit after tax for the 2nd half year	1,709	9,832	(82.6%)

5. Other income

	Group 6 months ended 30 June 2022 RMB'000		Group 12 months ended 30 June 2022 RMB'000	
	2021 RMB'000	2021 RMB'000	2021 RMB'000	2021 RMB'000
Interest income	15	10	24	26
Net gain/(loss) on disposal of property, plant and equipment	19	(139)	19	81
Government grants and subsidies	137	409	384	409
Net foreign exchange (loss)/gain	(49)	1,305	-	2,187
Others	158	140	158	193
	280	1,725	585	2,896

6. Profit before income tax

	Group 6 months ended 30 June 2022 RMB'000		Group 12 months ended 30 June 2022 RMB'000	
	2021 RMB'000	2021 RMB'000	2021 RMB'000	2021 RMB'000
Profit before income tax is arrived at after charging/(crediting):				
Depreciation of property, plant and equipment	6,558	7,377	12,330	13,464
Depreciation of right-of-use assets	1,893	1,686	3,759	3,130
Inventories write-down	984	371	984	371
Interest expenses	1,910	1,374	4,404	2,776
Net foreign exchange loss/(gain)	1,492	(1,305)	1,275	(2,187)

7. Taxation

The Group calculates the period income tax expenses using the tax rate that would be applicable to the external total annual earnings. The major components of income tax expense in the condensed interim and full year consolidated statement of the profit or loss are:

	Group			
	6 months ended 30 June		12 months ended 30 June	
	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
The PRC				
Current Tax	(5)	1,694	1,945	4,942
Hong Kong				
Current Tax	41	46	77	46
Overprovision in respect of prior years	(18)	(36)	(18)	(36)
	23	10	59	10
Total income tax expense	18	1,704	2,004	4,952

8. Dividends

The directors do not recommend the payment of a dividend for the years ended 30 June 2022 and 2021.

9. Earnings per share

The calculation of basic earnings per share for the 6 months ended 30 June 2022 is based on the profit attributable to owners of the Company of approximately RMB1,709,000 (6 months ended 30 June 2021: RMB9,832,000) divided by 12,650,000 (6 months ended 30 June 2021: 12,650,000) ordinary shares in issue during the period.

The calculation of basic earnings per share for the year ended 30 June 2022 is based on the profit attributable to owners of the Company of approximately RMB2,193,000 (year ended 30 June 2021: RMB13,134,000) divided by 12,650,000 (2021: 12,650,000) ordinary shares in issue during the year.

Diluted earnings per share for the financial years ended 30 June 2022 and 2021 is the same as basic earnings per share, as the Group has no dilutive potential shares during the current and prior year.

10. Net asset value

	Group		Company	
	As at 30.6.2022	As at 30.6.2021	As at 30.6.2022	As at 30.6.2021
	RMB	RMB	RMB	RMB
Net assets value per ordinary share	9.73	9.53	6.92	7.08

Net assets value per ordinary share is calculated based on the issued ordinary shares of 12,650,000 ordinary shares as at 30 June 2022 and 2021.

11. Property, plant and equipment

During the 6 months ended 30 June 2022, the Group acquired asset amounting to RMB11,326,000 (6 months ended 30 June 2021: RMB4,436,000).

During the 12 months ended 30 June 2022, the Group acquired asset amounting to RMB17,092,000 (12 months ended 30 June 2021: RMB6,302,000).

As at 30 June 2022, the Group has capital commitments of RMB748,000 (2021: RMB4,938,000) which is contracted but not provided for in respect of property, plant and equipment.

12. Bank borrowings, secured

Amount repayable in one year or less, or on demand

As at 30.6.2022		As at 30.6.2021	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
106,002	-	72,156	-

Details of any collateral

The Group's bank borrowings of RMB106,002,000 represent: -

- (i) bank loans granted by Bank of Communications in the People's Republic of China (the "PRC");
- (ii) invoice finance granted by Industrial and Commercial Bank of China Limited and China Construction Bank and Bank;

As at 30 June 2022, the Group's bank borrowings were secured by Mr Leung Chee Kwong, director of the Company, the pledge of certain of the Group's property, plant and equipment and right-of-use assets, and the land use rights of the Company's substantial shareholder.

As at 30 June 2022, these bank borrowings bear fixed interest rates ranging from 3.9% to 4.2% per annum and floating interest rates ranging from 1.1% to 3.1% per annum.

13. Share capital – Group and Company

	30 June 2022		30 June 2021	
	HK\$'000	RMB'000	HK\$'000	HK\$'000
Authorised:				
50,000,000 ordinary shares of HK\$10.00 each	500,000	530,000	500,000	530,000
Issued and full paid:				
12,650,000 ordinary shares of HK\$10.00 each	126,500	133,557	126,500	133,557

(There were no treasury shares)

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share at shareholders' meetings of the Company without restriction.

14. Subsequent events

There are no known subsequent events which have led to adjustments to this set of financial statements.

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

1. Review

The full year statement of financial position of Luxking Group Holdings Limited and its subsidiaries as at 30 June 2022 and the related condensed interim and full year consolidated profit or loss and other comprehensive income for the six-month and twelve-month period then ended, the consolidated full year statement of changes in equity and the consolidated full year statement of cash flows for the twelve-month period then ended and certain explanatory notes have not been audited or reviewed.

Review of performance of the Group

FY2022 vs FY2021

Group Revenue

The Group's revenue increased 13.1% from RMB508.5 million in FY2021 to RMB575.4 million in FY2022. This was driven mainly by adjustments to selling prices of the Group's products in response to higher cost of raw materials. On the other hand, the Group's overall sales volume softened in FY2022 compared to FY2021. This was due mainly to slower market conditions in the second half of FY2022 following the pandemic-induced lockdown measures in China that have affected businesses and consumers.

The biaxially oriented polypropylene films ("BOPP films") segment recorded 13.8% increase in sales from RMB206.9 million in FY2021 to RMB235.6 million in FY2022. This was attributed mainly to higher sales volume as well as an increase in the selling prices of the Group's products in tandem with higher cost of raw materials.

Sales of industrial specialty tapes ("IS tapes") increased 7.2% from RMB159.4 million in FY2021 to RMB170.9 million in FY2022, driven mainly by adjustments to selling prices of the Group's products to partially compensate for the surge in cost of raw materials. This helped to offset a moderate decrease in sales volume of IS tapes in FY2022.

Sales of general purpose tapes ("General tapes") were up 18.8% from RMB142.2 million in FY2021 to RMB168.9 million in FY2022. This was attributed to adjustments to selling prices of the Group's products as a result of higher raw material costs, which mitigated the impact of weaker demand for General tapes in FY2022.

As a result, the BOPP segment's revenue contribution remained stable at 40.9% in FY2022 (40.7% in FY2021) while the IS tapes segment accounted for a lower 29.7% of total sales in FY2022 (31.3% in FY2021). General tape segment's revenue contribution increased slightly to 29.4% in FY2022 (28.0% in FY2021).

In terms of revenue by geographical markets, sales in the domestic market climbed 13.1% from RMB442.0 million in FY2021 to RMB500.0 million in FY2022 on the back on higher revenue from the BOPP films, IS tapes and General tapes segments. Sales to overseas markets also increased 13.4% from RMB66.5 million in FY2021 to RMB75.4 million in FY2022 attributed to higher export sales of General tapes. As a result, the domestic market accounted for 86.9% of Group revenue and the remaining 13.1% of revenue derived from overseas markets in FY2022 (unchanged from FY2021).

Group Gross Profit and Gross Profit Margin

The Group registered gross profit of RMB66.5 million in FY2022, which was a slight increase from RMB65.2 million in FY2021. Gross profit margin eased to 11.6% in FY2022 from 12.8% in FY2021, due to the increase in cost of raw materials and impairment of inventories. The Group recorded higher inventory impairment of RMB1.0 million in FY2022 compared to RMB0.4 million in FY2021.

Other Income

Other income decreased from RMB2.9 million in FY2021 to RMB0.6 million in FY2022, due mainly to an absence of net foreign exchange gain. The Group recorded a net foreign exchange gain of RMB2.2 million in FY2021 as compared to a net foreign exchange loss of RMB1.3 million in FY2022 as a result of the depreciation of RMB currency against the US Dollar.

Selling and Distribution Costs, Administrative and Other Operating Expenses

Selling and distribution costs remained relatively stable at RMB21.1 million in FY2022 compared to RMB21.2 million in FY2021. Administrative expenses increased 18.7% from RMB31.4 million in FY2021 to RMB37.3 million in FY2022. This increase was attributed to salary increments, expansion of staff strength for the plant in Hubei, and a net foreign exchange loss (as explained above).

Finance Costs

Finance costs increased 58.6% from RMB2.8 million in FY2021 to RMB4.4 million in FY2022 due mainly to an increase in bank borrowings and higher interest rate.

Income Tax

Income tax expense declined 59.5% from RMB5.0 million in FY2021 to RMB2.0 million in FY2022 in tandem with the decrease in the Group's taxable income.

Group Net Profit

As a result of the above, and the absence of a reversal of impairment of trade receivables for FY2022, the Group's net profit declined 83.3% from RMB13.1 million in FY2021 to RMB2.2 million in FY2022.

Review of Financial Position as at 30 June 2022

Non-current assets increased from RMB79.3 million as at 30 June 2021 to RMB82.8 million as at 30 June 2022. This was due mainly to an increase in property, plant and equipment for the Group's new manufacturing plant in Hubei Province ("Hubei plant"), installation of solar system and certain upgrade of property, plant and equipment at its factory in Zhongshan, Guangdong Province ("Zhongshan factory"), offset by depreciation expenses and reduction in right-of-use assets.

Inventories increased from RMB82.0 million as at 30 June 2021 to RMB88.0 million as at 30 June 2022, due mainly to additional stock following the commencement of production at the Hubei plant in the second half of FY2022.

Trade receivables decreased from RMB87.8 million as at 30 June 2021 to RMB78.0 million as at 30 June 2022 due mainly to more stringent credit control. Debtor turnover days shortened to 49 days for FY2022 compared to 63 days in FY2021.

Prepayments, deposits and other receivables increased from RMB18.1 million as at 30 June 2021 to RMB26.1 million as at 30 June 2022. This was attributed mainly to an increase in value-added tax receivables arising from the purchase of raw materials, as well as increase in deposits paid to suppliers.

Cash and bank balances increased from RMB18.9 million as at 30 June 2021 to RMB29.6 million as at 30 June 2022, due mainly to net proceeds from bank borrowings. Total borrowings increased from RMB72.2 million as at 30 June 2021 to RMB106.0 million as at 30 June 2022. This was attributed mainly to an increase in banks' invoice financing facilities for certain purchases of raw materials.

Trade and bills payables decreased from RMB59.1 million as at 30 June 2021 to RMB44.1 million as at 30 June 2022 as the Group utilised banks' invoice financing facilities as mentioned above.

Accrued expenses and other payables decreased from RMB14.4 million as at 30 June 2021 to RMB13.3 million as at 30 June 2022 due mainly to the absence of management bonus and decrease of other accrued expenses.

The Group recognised lease liabilities of RMB4.7 million as at 30 June 2022 compared to RMB7.5 million as at 30 June 2021 due to a reduction in right-of-use assets and repayment of lease liabilities.

Income tax payables decreased from RMB1.4 million as at 30 June 2021 to RMB1.0 million as at 30 June 2022. Deferred income as at 30 June 2022 stood at RMB12.2 million, which arose from a local government grant for the Group's manufacturing plant in Hubei.

Group Cash Flows

Net cash generated from operating activities during FY2022 amounted to RMB1.9 million. This was derived primarily from operating profit before working capital changes of RMB25.4 million, offset by net working capital outflows of around RMB21.2 million and income taxes paid of RMB2.4 million. Net cash used in investing activities amounted to RMB17.6 million in FY2022, attributed mainly to purchases of property, plant and equipment. Net cash generated from financing activities in FY2022 was RMB26.2 million, due mainly to the net proceeds from bank borrowings.

2. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The Group's financial results for FY2022 are in line with the profit guidance announcement released on 25 August 2022.

3. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The operating landscape is expected to remain challenging as the prevailing geopolitical tensions, fluid pandemic situation, supply chain shortages and inflationary cost pressures as well as rising interest rates continue to weigh on the outlook of the global economy. In China, the government's recent lockdown measures to curb the spread of Covid-19 had led to mobility restrictions, manpower constraints and disruptions to delivery and freight schedules. These had wider ramifications on the country's economy as the measures dampened the general business environment and consumer spending.

The consequent contraction of business activities in China had an adverse impact on the Group's sales during the second half of FY2022. Besides potentially slower demand conditions, operating cost pressures, volatility in USD/RMB exchange rates on its export sales and intense competitive pressures will continue to affect the Group's profit margins going forward.

Amid this challenging business environment, the Group intends to work on maintaining competitiveness of its products, retaining good relationships with existing customers and expanding its customer base to sustain capacity utilisation. The Group will also focus on initiatives to raise its operational cost and production efficiencies while executing its long term business strategy to build its BOPP films, IS tapes and General tapes businesses.

For its BOPP films segment, the Group plans to align its production mix of standard and high-end BOPP films to current market demand. With respect to the IS tapes business, the Group will continue working to sharpen its competitive advantages in its major customer segments by developing and tailoring new products to customers' requirements. The Group will also carry on with its R&D work in the development of new IS tape products that will enable it to penetrate new industries. To mitigate weaker domestic demand, the Group is looking to seize opportunities in overseas markets for its General tapes and IS tapes business segments.

As part of its longer term strategy, the Group has embarked on plans to upgrade its facilities, expand capabilities and capacity, as well as raise its vertical integration capabilities.

The Group continues to upgrade its Zhongshan factory by making improvements to existing machinery and installing new equipment to enhance production flow, efficiency, output and quality. In FY2022, it invested around RMB3.2 million on new equipment and facility upgrades, as well as installed a solar energy system costing around RMB6.3 million to generate power for the factory. This solar energy system, which can generate peak output of about 1.6MWp, is in line with the Group's objective to move towards a green and sustainable future and also expected to contribute to its performance. The Group has plans to make further upgrades to existing machinery and add new equipment at the Zhongshan factory. It will also consider installing a new production line should the need arise.

At the new Hubei plant, the Group has completed installation of the Polyethylene ("PE") extrusion coating line. This line increases the Group's vertically-integrated capabilities.

When fully operational, the PE coating line is expected to yield higher cost efficiencies as approximately 60% of the monthly output of PE-coated paper will be used by the Zhongshan factory, where the PE-coated paper will be further processed into release liners for the manufacture of double-sided tapes. The remaining 40% of monthly output of PE-coated paper will be sold to third parties.

To raise production efficiency and expand its reach to new markets, the Group intends to invest in a silicone release coating line in Hubei plant to process the PE-coated paper into release liners. The release liners can be used by its Zhongshan factory and for sale to third parties. The silicone release coating line is expected to cost around RMB3.0 million.

The Group is building the Hubei plant in phases according to the market situation. Construction of a second production space is underway and scheduled to be completed in the first half of FY2023. This new production space is being built in advance to provide the Group with the ability to respond quickly if and when new projects commence.

For the Hubei plant, the Group invested around RMB9.6 million in FY2022 primarily for the purchase and installation of machinery, equipment and facilities for the PE coating line, construction of the second production space, and overall plant facilities.

4. Dividend information

- (a) Current financial period reported on
No dividend has been declared or recommended for the current financial period reported on.
- (b) Corresponding period of the immediate preceding financial year
No dividend has been declared or recommended for the corresponding period of the immediate preceding financial year.
- (c) Date payable
Not applicable
- (d) Book closure date
Not applicable
- (e) If no dividend has been declared (recommended), a statement to that effect and the reasons for the decision.
No dividend has been declared or recommended for the year ended 30 June 2022 as the Group wants to conserve fund for working capital purpose during this challenging business conditions.

5. Interested person transactions

There was no IPT mandate has been obtained under Rule 920(1)(a)(ii) in FY2022.

6. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720 (1)

Pursuant to Rule 720(1) of the Listing Manual, the Company has procured undertakings from all its directors and executive officers.

7. Review of performance of the Group - turnover and earnings

Please refer to point 1 in this section.

8. Disclosure of person occupying a managerial position who are related to a director, CEO or substantial shareholder

Name	Age	Family Relationship with any Director and/or Chief Executive Officer and/or Substantial Shareholder	Current position and duties, and the year position was first held	Details of changes in duties and position held, if any, during the year
Leung Hi Man	41	Daughter of Mr Leung Chee Kwong, Chief Executive Director and Executive Chairman	<p>Executive Director since 1 September 2017.</p> <p>Ms Leung Hi Man is responsible for overseeing the finance department, the formulation and execution of overall business strategies and policies of the Group, and strategy planning and execution of sustainability efforts across the Group.</p> <p>She assists in the marketing and sales of Hong Kong subsidiary, Luxking International Chemicals Limited, since October 2005.</p> <p>In addition, she is also responsible for the Sales and Marketing Department of Hong Kong subsidiary, China King International Trading Limited, since October 2006.</p>	<p>Ms Leung Hi Man was appointed as an Executive Director of the Company with effect from 1 September 2017.</p> <p>Ms Leung was appointed as the Chief Sustainability Officer of the Company effective January 2022</p>

BY ORDER OF THE BOARD

Yoo Loo Ping
Company Secretary

29 August 2022