



LUXKING GROUP HOLDINGS LIMITED

(Incorporated in Bermuda)

FULL YEAR FINANCIAL STATEMENT ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2020

PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

The directors are pleased to announce the unaudited operating results of the Group for the year ended 30 June 2020.

UNAUDITED RESULTS FOR THE YEAR ENDED 30 JUNE 2020

1(a)(i) Income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group Year ended 30.6.2020 RMB'000	Group Year ended 30.6.2019 RMB'000	+ / (-) %
Revenue	398,437	376,873	5.7%
Cost of sales	(343,160)	(350,014)	(2.0%)
Gross profit	55,277	26,859	105.8%
Other income (Note 1)	5,065	860	489.0%
Selling and distribution costs	(16,594)	(16,797)	(1.2%)
Administrative expenses	(31,383)	(29,280)	7.2%
Impairment loss of trade and bills receivables	(3,581)	(29,207)	(87.7%)
Other operating expenses	(243)	(8,876)	(97.3%)
Finance costs	(5,509)	(6,426)	(14.3%)
Profit/(Loss) before income tax	3,032	(62,867)	n/m
Income tax expense	(2,968)	(1,957)	51.7%
Profit/(Loss) for the year	64	(64,824)	n/m

n/m = not meaningful

1(a)(ii) A statement of profit or loss and other comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group Year ended 30.6.2020 RMB'000	Group Year ended 30.6.2019 RMB'000	+ / (-) %
Profit/(Loss) for the year	64	(64,824)	n/m
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of financial statements of foreign operations	951	1,273	(25.3%)
Total comprehensive income attributable to the owners of the Company	1,015	(63,551)	n/m

1(a)(iii) Profit/(Loss) before income tax is arrived at after charging/(crediting): -

	Group Year ended 30.6.2020 RMB'000	Group Year ended 30.6.2019 RMB'000	+ / (-) %
Depreciation of property, plant and equipment	14,184	14,651	(3.2%)
Loss on disposal of property, plant and equipment	42	-	n/m
Property, plant and equipment written-off	-	4	n/m
Fair value loss/(gain) on investment property	155	(7)	n/m
Amortisation of land use rights	-	111	n/m
Depreciation of right-of-use assets *	2,371	-	n/m
Inventories (write-back)/write-down	(6,740)	1,070	n/m
Interest expenses	5,509	6,426	(14.3%)
Net foreign exchange loss	100	1,893	(94.7%)

* The increase mainly due to the adoption of IFRS 16 Leases

Note 1:

Other income comprises the following items: -

	Group Year ended 30.6.2020 RMB'000	Group Year ended 30.6.2019 RMB'000	+ / (-) %
Fair value gain on investment property	-	7	n/m
Interest income	32	62	(48.4%)
Net gain on sale of raw materials	24	289	(91.7%)
Write-back of impairment of trade receivables	4,736	417	1,035.7%
Government grants and subsidies	145	-	n/m
Others	128	85	50.6%
	5,065	860	489.0%

n/m = not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at 30.6.2020 RMB'000	As at 30.6.2019 RMB'000	As at 30.6.2020 RMB'000	As at 30.6.2019 RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	56,571	70,243	-	-
Investment property	-	435	-	-
Land use rights	-	7,388	-	-
Right-of-use assets	19,479	-	-	-
Interests in subsidiaries	-	-	104,835	105,448
Deposits for acquisition of land use rights	-	4,100	-	-
	76,050	82,166	104,835	105,448
Current assets				
Inventories	52,579	53,855	-	-
Trade and bills receivables	91,423	117,815	-	-
Prepayments, deposits and other receivables	16,087	12,378	6	12
Restricted bank deposits	-	1,109	-	-
Cash and bank balances	20,307	19,248	-	-
	180,396	204,405	6	12
TOTAL ASSETS	256,446	286,571	104,841	105,460
EQUITY AND LIABILITIES				
Equity attributable to the owners of the Company				
Share capital	133,557	133,557	133,557	133,557
Reserves	(23,865)	(24,880)	(30,138)	(29,503)
Total equity	109,692	108,677	103,419	104,054
Current liabilities				
Trade payables	27,745	34,073	-	-
Accrued expenses and other payables	13,545	14,221	1,422	1,406
Lease liabilities	1,306	-	-	-
Bank borrowings, secured	91,171	111,998	-	-
Other borrowings	-	12,525	-	-
Income tax payables	1,724	977	-	-
	135,491	173,794	1,422	1,406
Non-current liabilities				
Lease liabilities	763	-	-	-
Deferred income	10,500	4,100	-	-
	11,263	4,100	-	-
Total liabilities	146,754	177,894	1,422	1,406
TOTAL EQUITY AND LIABILITIES	256,446	286,571	104,841	105,460

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30.6.2020		As at 30.6.2019	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
91,171	-	113,123	11,400

Details of any collateral

The Group's bank borrowings of RMB91,171,000 represent: -

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

As at 30 June 2020, 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, the Group's certain right-of-use assets and the land use rights of the Company's substantial shareholder.

As at 30 June 2020, these bank borrowings bear fixed interest rates ranging from 1.4% to 5.2% per annum and floating interest rates ranging from 1.7% to 1.8% per annum.

- 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group Year ended 30.6.2020	Group Year ended 30.6.2019
Cash flows from operating activities		
Profit/(Loss) before income tax	3,032	(62,867)
Adjustments for:		
Fair value loss/(gain) on investment property	155	(7)
Interest income	(32)	(62)
Interest expenses	5,509	6,426
Amortisation of land use rights	-	111
Depreciation of right-of-use assets	2,371	-
Depreciation of property, plant and equipment	14,184	14,651
Loss on disposal of property, plant and equipment	42	-
Impairment of trade receivables	3,581	29,207
Inventories (write-back)/write-down	(6,740)	1,070
Property, plant and equipment written-off	-	4
Write-back of impairment of trade receivables	(4,736)	-
Operating profit/(loss) before working capital changes	17,366	(11,467)
Decrease in inventories	8,032	4,290
Decrease in trade and bills receivables	27,945	33,286
(Increase)/Decrease in prepayments, deposits and other receivables	(3,206)	807
Decrease in trade payables	(6,330)	(831)
Decrease in accrued expenses and other payables	(567)	(318)
Cash generated from operations	43,240	25,767
Interest received	32	62
Income taxes paid	(2,241)	(2,026)
Net cash generated from operating activities	41,031	23,803
Cash flows from investing activities		
Increase in deposit for acquisition of land use rights	-	(4,100)
Decrease/(Increase) in restricted bank deposits	1,109	(67)
Purchases of property, plant and equipment	(4,061)	(2,779)
Proceeds from disposal of property, plant and equipment	8	-
Proceeds from disposal of investment property	280	-
Purchase of right-of-use assets	(2,300)	-
Purchase of land use rights	-	(4,100)
Net cash used in investing activities	(4,964)	(11,046)
Cash flows from financing activities		
Interest on bank borrowings and other borrowings	(5,576)	(6,611)
Increase in deferred income	6,400	4,100
Proceeds from bank borrowings	127,900	158,718
Repayments of bank borrowings	(148,898)	(153,499)
Proceeds from other borrowings	-	3,000
Repayments of other borrowings	(11,400)	(17,975)
Repayments of principal portion of lease liabilities	(3,486)	-
Interest paid on lease liabilities	(97)	-
Net cash used in financing activities	(35,157)	(12,267)
Net increase in cash and cash equivalents	910	490
Cash and cash equivalents at beginning of year	19,248	18,638
Effect of foreign exchange rate changes, net	149	120
Cash and cash equivalents at end of year	20,307	19,248
Analysis of balances of cash and cash equivalents		
Cash and bank balances	20,307	19,248

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group

	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Exchange reserve RMB'000	Retained profits/ (Accumulated losses) RMB'000	Total equity RMB'000
At 1.7.2018	133,557	33,961	11,599	(16,831)	9,942	172,228
Loss for the year	-	-	-	-	(64,824)	(64,824)
Other comprehensive income, net of income tax						
- Exchange gain on translation of financial statements of foreign operations	-	-	-	1,273	-	1,273
Total comprehensive income for the year	-	-	-	1,273	(64,824)	(63,551)
At 30.6.2019 and 1.7.2019	133,557	33,961	11,599	(15,558)	(54,882)	108,677
Profit for the year	-	-	-	-	64	64
Other comprehensive income, net of income tax						
- Exchange gain on translation of financial statements of foreign operations	-	-	-	951	-	951
Total comprehensive income for the year	-	-	-	951	64	1,015
Appropriation to other reserve	-	-	836	-	(836)	-
At 30.6.2020	133,557	33,961	12,435	(14,607)	(55,654)	109,692

* These reserve accounts comprise the consolidated reserves of a deficit of approximately RMB23,865,000 (2019: RMB24,880,000) in the consolidated statement of the financial position.

- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Company	Share capital RMB'000	Share premium RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
At 1.7.2018	133,557	33,961	(34,747)	(29,112)	103,659
Loss for the year	-	-	-	(4,012)	(4,012)
Other comprehensive income, net of income tax					
- Exchange gain on translation of the Company's financial statements to RMB	-	-	4,407	-	4,407
Total comprehensive income for the year	-	-	4,407	(4,012)	395
At 30.6.2019 and 1.7.2019	133,557	33,961	(30,340)	(33,124)	104,054
Loss for the year	-	-	-	(4,547)	(4,547)
Other comprehensive income, net of income tax					
- Exchange gain on translation of the Company's financial statements to RMB	-	-	3,912	-	3,912
Total comprehensive income for the year	-	-	3,912	(4,547)	(635)
At 30.6.2020	133,557	33,961	(26,428)	(37,671)	103,419

* These reserve accounts comprise Company's reserves of a deficit of approximately RMB30,138,000 (2019: RMB29,503,000) in the Company's statement of the financial position.

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Not applicable

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Ordinary shares	
	As at 30.6.2020	As at 30.6.2019
Total number of issued shares	12,650,000	12,650,000

(There were no treasury shares)

- 1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable

- 3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: -**

- (a) Updates on the efforts taken to resolve each outstanding audit issue.
(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in item 5 below, the same accounting policies and methods of computations used in the audited financial statements for the year ended 30 June 2019 have been applied to the financial statements for the current year.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted all the applicable new and amended International Financial Reporting Standards (“IFRS”) that are effective during the period. The impact of the adoption of IFRS 16 Leases (“IFRS 16”) have been summarised in below. The other new or amended IFRSs that are effective from 1 July 2019 did not have any significant impact on the Group’s accounting policies.

Under the new IFRS 16, an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset) and the corresponding liability for the obligation to make lease payments (i.e. the lease liability) are recognised (“ROU”). Interest expense on the lease liability and the depreciation expense on the ROU asset are recognised separately in the income statement.

The Group has recognised the lease liabilities at the date of 1 July 2019 for leases previously classified as operating leases applying IAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate at 1 July 2019.

The Group has elected to recognise all the right-of-use assets at 1 July 2019 for leases previously classified operating leases under IAS 17 as if IFRS 16 had been applied and discounted using the lessee’s incremental borrowing rate at the date of initial application. For all these right-of-use assets, the Group has applied IAS 36 Impairment of Assets at 1 July 2019 to assess if there was any impairment as on that date.

ROU assets are measured using the cost model and are carried at cost less accumulated depreciation and accumulated impairment loss, if any, subsequent to initial recognition. The carrying amount for lease liabilities subsequent to initial recognition would take into account interest on the lease liabilities, lease payments made and any reassessment or lease modifications.

The following tables summarised the impact of transition to IFRS 16 on statement of financial position as of 30 June 2019 to that of 1 July 2019 as follows (increase/(decrease)):

	RMB’000
Statement of financial position as at 1 July 2019	
Land use rights	(7,388)
Right-of-use assets	13,897
Property, plant and equipment - leasehold land and buildings	(3,499)
Lease liabilities	4,135
Other borrowings - finance lease liabilities	(1,125)

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group Year ended 30.6.2020 RMB Cents	Group Year ended 30.6.2019 RMB Cents
Basic earnings/(loss) per ordinary share	0.51	(512.44)

Basic earnings/(loss) per ordinary share for the year ended 30 June 2020 are calculated based on the profit attributable to the owners of the Company of approximately RMB64,000 (FY2019: loss of RMB64,824,000) divided by 12,650,000 (FY2019: 12,650,000) ordinary shares in issue during the year.

Diluted earnings/(loss) per share for the year ended 30 June 2020 and 2019 are the same as the basic earnings/(loss) per share, as the Group has no dilutive potential shares during both years.

7. Net assets value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the: -

- (a) **current financial period reported on; and**
 (b) **immediately preceding financial year.**

	Group		Company	
	As at 30.6.2020	As at 30.6.2019	As at 30.6.2020	As at 30.6.2019
	RMB	RMB	RMB	RMB
Net assets value per ordinary share	8.67	8.59	8.18	8.23

Net assets value per ordinary share is calculated based on the issued ordinary shares of 12,650,000 ordinary shares as at 30 June 2020 and 30 June 2019.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: -

- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

- (a) **Review of profit and loss**

FY2020 vs FY2019

Group Revenue

Notwithstanding the challenging operating environment, the Group's revenue increased 5.7% from RMB376.9 million in FY2019 to RMB398.4 million in FY2020.

The Group's factory in Zhongshan was closed for an extended period during the Chinese New Year holiday period in compliance with a directive issued on 28 January 2020 to all enterprises in Guangdong Province by the local authorities. The implementation of these government measures to curb the spread of COVID-19 led to business and supply chain disruptions due to enforced closures, travel restrictions and logistical issues. After receiving the requisite approvals, the Group's factory resumed operations partially on 10 February 2020 and attained normal operations from 24 February 2020.

Despite the disruptions, the Group registered higher sales across its three business segments - biaxially oriented polypropylene films ("BOPP films"), industrial specialty tapes ("IS tapes"), and general purpose tapes ("General tapes") in FY2020.

The BOPP films segment posted a 7.1% increase in sales from RMB155.0 million to RMB166.0 million in FY2020 in the domestic market.

Sales of IS tapes increased 4.2% from RMB127.6 million to RMB132.9 million in FY2020. This was attributed mainly to stronger sales performance in the first half of FY2020, which offset the adverse impact of weaker demand, particularly from overseas markets, in the second half of FY2020.

Sales of General tapes increased 5.5% from RMB94.3 million to RMB99.5 million in FY2020, driven mainly by higher demand in the domestic market.

As a result, the IS tapes segment's revenue contribution in FY2020 was 33.3% (33.9% in FY2019). The BOPP films segment accounted for 41.7% of total sales (41.1% in FY2019), while the General tapes segment contributed to 25.0% of Group revenue in FY2020 (25.0% in FY2019).

In terms of revenue by geographical markets, sales to the domestic market increased 8.7% from RMB292.4 million in FY2019 to RMB317.8 million in FY2020. This was driven by higher sales of BOPP films, IS tapes and General tapes. Sales to overseas markets decreased 4.6% from RMB84.5 million in FY2019 to RMB80.6 million in FY2020 due mainly to lower export sales of IS tapes in the second half of FY2020. As a result, the domestic market accounted for 79.8% of Group revenue in FY2020 (77.6% in FY2019) with the remaining 20.2% derived from overseas markets (22.4% in FY2019).

Group Gross Profit and Gross Profit Margin

The Group's gross profit more than doubled from RMB26.9 million to RMB55.3 million in FY2020. Gross profit margin increased to 13.9% in FY2020 from 7.1% in HY2019. The increase in gross profit margin was attributed mainly to lower cost of raw materials, production efficiency and cost management, as well as a write-back of provision for inventories. In accordance with the Group's stock aging policies, impairment is carried out on inventories which are more than one year old. In FY2020, there was a write-back of provision for inventories amounting to RMB6.7 million of which RMB1.1 million was sold and RMB5.6 million was consumed in production.

Other Income

Other income increased from RMB0.9 million in FY2019 to RMB5.1 million in FY2020. Around RMB4.7 million was related to recovery of trade receivables that were previously impaired.

Selling and Distribution Costs, Administrative and Other Operating Expenses

Selling and distribution costs were relatively stable at RMB16.6 million in FY2020 compared to RMB16.8 million in FY2019.

Administrative expenses increased 7.2% from RMB29.3 million to RMB31.4 million in FY2020. This was due mainly to higher staff salaries, directors' fees, staff welfare expenses, as well as administrative expenses incurred for the set-up of a new manufacturing facility in Hubei.

Impairment loss of trade and bills receivables declined substantially to RMB3.6 million in FY2020. This compares to RMB29.2 million in FY2019. Other operating expenses also fell to RMB0.2 million in FY2020 from RMB8.9 million in FY2019 which was due mainly to compensation paid to customers in FY2019. There was no such expense in FY2020.

Finance Costs

Finance costs declined 14.3% from RMB6.4 million in FY2019 to RMB5.5 million in FY2020 due mainly to a decrease in total borrowings.

Income Tax

Income tax expense of RMB3.0 million for FY2020 included payment of certain taxes allocated by the local provincial government.

Group Net Profit / Loss

Overall, the Group achieved break-even in FY2020 with a net profit of RMB64,000. This represented a reversal from the net loss of RMB64.8 million in FY2019.

(b) Review of Financial Position as at 30 June 2020

Non-current assets decreased from RMB82.2 million as at 30 June 2019 to RMB76.1 million as at 30 June 2020, due mainly to the net effect of depreciation of property, plant and equipment, and the recognition of right-of-use assets which also included the acquisition of land use rights in Hubei, PRC.

Deposits amounting to RMB4.1 million as at 30 June 2019 for the acquisition of land use rights in Hubei were reclassified to right-of-use assets as at 30 June 2020 upon completion of land registration. Following the adoption of the IFRS 16 Leases, the Group's operating leases are recognised on the balance sheet as right-of-use assets and lease liabilities and leasehold land and buildings in Hong Kong were reclassified as right-of-use assets. As at 30 June 2020, the right-of-use assets stood at RMB19.5 million.

Inventories decreased slightly from RMB53.9 million as at 30 June 2019 to RMB52.6 million as at 30 June 2020 in tandem with business requirements. Trade and bills receivables decreased from RMB117.8 million as at 30 June 2019 to RMB91.4 million as at 30 June 2020 as the Group stepped up its credit control and management to better manage risk of customer defaults that could arise from the challenges precipitated by the Covid-19 situation. The decline was also partly attributed to an increase in provision for Expected Credit Losses (ECL) on trade receivables. Debtor turnover days shortened to around 84 days from 114 days in FY2019.

Prepayments, deposits and other receivables increased from RMB12.4 million as at 30 June 2019 to RMB16.1 million as at 30 June 2020. This increase was due mainly to certain prepayments and deposits paid to suppliers to secure supply of raw materials, and payments for the Group's project to set up a new manufacturing facility in Hubei, the PRC.

Cash and bank balances increased from RMB19.2 million as at 30 June 2019 to RMB20.3 million as at 30 June 2020. This was due mainly to net cash generated from operating activities of RMB41.0 million, offset by net cash used in investing activities, interest payment, repayment of lease liabilities and repayment of bank and other borrowings.

Total borrowings declined from RMB124.5 million as at 30 June 2019 to RMB91.2 million as at 30 June 2020, due mainly to repayment of other borrowings of RMB12.5 million.

Trade payables decreased from RMB34.1 million as at 30 June 2019 to RMB27.8 million as at 30 June 2020 as there was a comparatively higher proportion of transactions settled on cash terms. Accrued expenses and other payables decreased from RMB14.2 million as at 30 June 2019 to RMB13.5 million as at 30 June 2020 due to settlement of outstanding expenses and payables. The Group recognised lease liabilities of RMB2.1 million as at 30 June 2020.

Income tax payables increased from RMB1.0 million as at 30 June 2019 to RMB1.7 million as at 30 June. The Group recorded an increase in deferred income from RMB4.1 million as at 31 December 2019 to RMB10.5 million, attributed to a local government grant for its new plant in Hubei, the PRC.

Group Cash Flows

Net cash generated from operating activities in FY2020 amounted to RMB41.0 million. This was derived primarily from operating profit before working capital changes of RMB17.4 million and net working capital inflows of around RMB25.8 million, offset partially by payment of income taxes.

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

Not applicable

10. 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 business environment for the Group is expected to remain challenging in FY2021 due to the impact of the COVID-19 pandemic on the world economy, ongoing trade tensions between PRC and the USA, and the possibility of the re-imposition of lockdown measures to combat COVID-19.

Given the uncertainties and the fluid nature of the current situation, it remains difficult to assess the Group's business and financial performance for FY2021.

To mitigate the higher risk associated with recoverability of trade receivables during this period, the Group has taken steps to strengthen its credit control. The Group assesses the impact of the COVID-19 pandemic on its clients' business and adjusts its credit limits and terms.

Due to the potential impact of Covid-19 on the Group's operations, the Group has also taken precautions to establish a safe and healthy working environment for its employees to safeguard its operations.

The Group has formed a health and safety committee to implement new measures before the factory resumed operations in mid-February 2020. These measures include daily temperature checks, use of face-masks and COVID-19 prevention training for all employees and submission of daily reports of potential COVID-19 cases by all departments. As at 30 June 2020, the Group has not reported any COVID-19 cases.

Notwithstanding the challenging operating conditions, the Group will stay focused on its long term business strategy. It will continue to build up sales of its higher-grade BOPP films products, expand the customer base and develop new products for the IS tapes business. For the GP tapes business, the Group has plans to expand its market share in Northern and Western China. In addition, the Group is working on several initiatives to improve production efficiency, maximize production yields and minimize the costs of its operations.

The Group has also restarted its project to build a new manufacturing facility in Hubei Province. This new factory will enable the Group to improve its local support to existing customers in the Northern region and extend its market. The Group is targeting the first phase of the project to commence trial production in the second half of 2021, barring any unforeseen circumstances.

The Group will monitor the situation closely and shall keep shareholders informed of material developments.

11. If a decision regarding dividend has been made: -

- (a) Whether an interim (final) ordinary dividend has been declared (recommended).

No dividend has been declared or recommended for the current financial period reported on.

- (b) (i) Amount per share : Not applicable
(ii) Previous corresponding period : Not applicable

- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable

- (d) The date the dividend is payable.

Not applicable

- (e) The date on which Registrable Transfers received by the company (up to 5:00 pm) will be registered before entitlements to the dividend are determined.

Not applicable

12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for the year ended 30 June 2020 as the Group wants to conserve fund for working capital purpose during this challenging business conditions.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

There was no IPT mandate has been obtained under Rule 920(1)(a)(ii) in FY2020.

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers 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.

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

	2020					
	Manufacture of General Tapes RMB'000	Manufacture of Industrial Tapes RMB'000	Manufacture of BOPP films RMB'000	Trading of tapes RMB'000	Eliminations RMB'000	Group RMB'000
Revenue from external customers	46,890	104,910	165,975	80,662	-	398,437
Other income	6	8	10	-	-	24
Inter-segment sales	50,595	26,900	-	-	(77,495)	-
Reportable segment revenue	97,491	131,818	165,985	80,662	(77,495)	398,461
Reportable segment results	(1,305)	7,961	3,917	2,750	-	13,323

	2019					
	Manufacture of General Tapes RMB'000	Manufacture of Industrial Tapes RMB'000	Manufacture of BOPP films RMB'000	Trading of tapes RMB'000	Eliminations RMB'000	Group RMB'000
Revenue from external customers	41,306	96,142	154,976	84,449	-	376,873
Other income	76	86	127	-	-	289
Inter-segment sales	50,629	30,074	-	-	(80,703)	-
Reportable segment revenue	92,011	126,302	155,103	84,449	(80,703)	377,162
Reportable segment results	(17,428)	3,427	(42,098)	3,097	-	(53,002)

	Revenue from external customers	
	2020 RMB'000	2019 RMB'000
The PRC	317,775	292,424
Hong Kong	802	877
Other countries	79,860	83,572
	398,437	376,873

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable

17. A breakdown of sales.

	Group Year ended 30.6.2020 RMB'000	Group Year ended 30.6.2019 RMB'000	+ / (-) %
Revenue reported for the 1st half year	229,470	199,612	15.0%
Operating loss after tax for the 1st half year	(3,541)	(9,339)	(62.1%)
Revenue reported for the 2nd half year	168,967	177,261	(4.7%)
Operating profit/(loss) after tax for the 2nd half year	3,605	(55,485)	n/m

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	Year ended 30.6.2020 RMB'000	Year ended 30.6.2019 RMB'000
Ordinary	NIL	NIL
Total	NIL	NIL

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

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	39	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 assisting the Executive Chairman in overseeing the finance department, and the formulation and execution of overall business strategies and policies of the Group.</p> <p>She is also Assistant Sales Manager in the Sales and Marketing Department of the 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>	Ms Leung Hi Man was appointed as an Executive Director of the Company with effect from 1 September 2017.

BY ORDER OF THE BOARD

Yoo Loo Ping
Company Secretary

25 August 2020