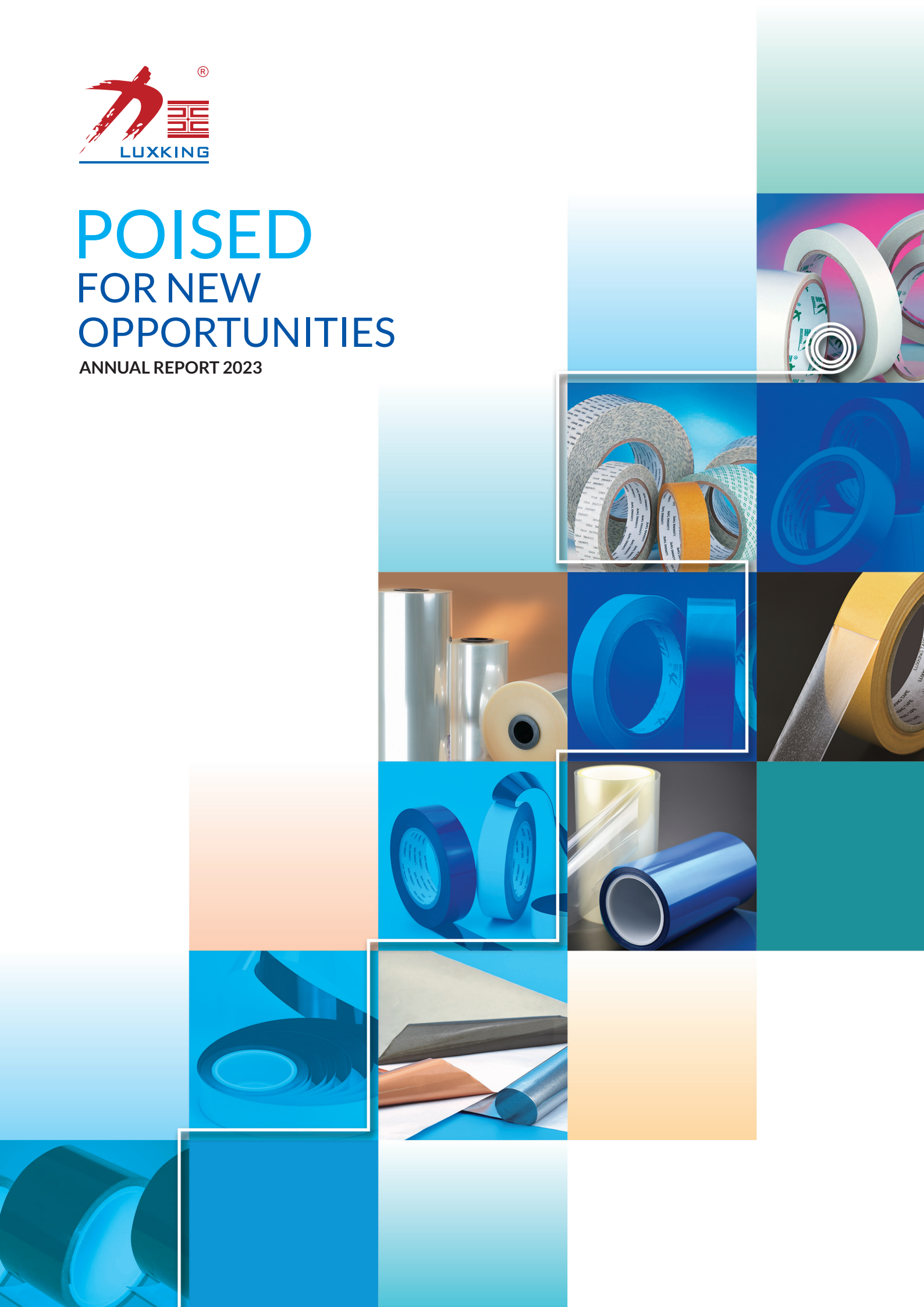




POISED FOR NEW OPPORTUNITIES

ANNUAL REPORT 2023



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CORPORATE PROFILE

Established in 1995, Luxking Group Holdings Limited (“Luxking”) is a reputable manufacturer of pressure-sensitive adhesive (“PSA”) tape products in the People’s Republic of China, excluding Hong Kong and Macau (the “PRC”).

Backed by strong research and development (“R&D”) capabilities, Luxking has developed a broad range of industrial specialty tapes (“IS tapes”) which are higher-grade products for use in the electronics and consumer electronics industries. The Group has established a sound reputation and track record for the supply of quality IS tapes, including PET spacers and optical clear adhesive tapes which are used in the production of consumer electronic devices. Luxking also manufactures general purpose adhesive tapes (“General tapes”), as well as biaxially oriented polypropylene (“BOPP”) films, including higher-grade products that are used for paper laminations and specialty industrial packaging.

Luxking’s products are used by more than 1,000 customers in the PRC and overseas markets from diverse industries spanning the printing, packaging, automotive and electronics sectors.

The Group’s large-scale and vertically-integrated manufacturing capabilities enhance its competitive edge. Luxking produces PSA tape products based on its proprietary formulations and also manufactures BOPP films which are used in the production of adhesive tapes. To deliver high quality and innovative products to its customers, Luxking continually invests in R&D programs, technical training, as well as state-of-the-art equipment at its manufacturing facilities in Zhongshan (Guangdong) and Anlu (Hubei), the PRC.

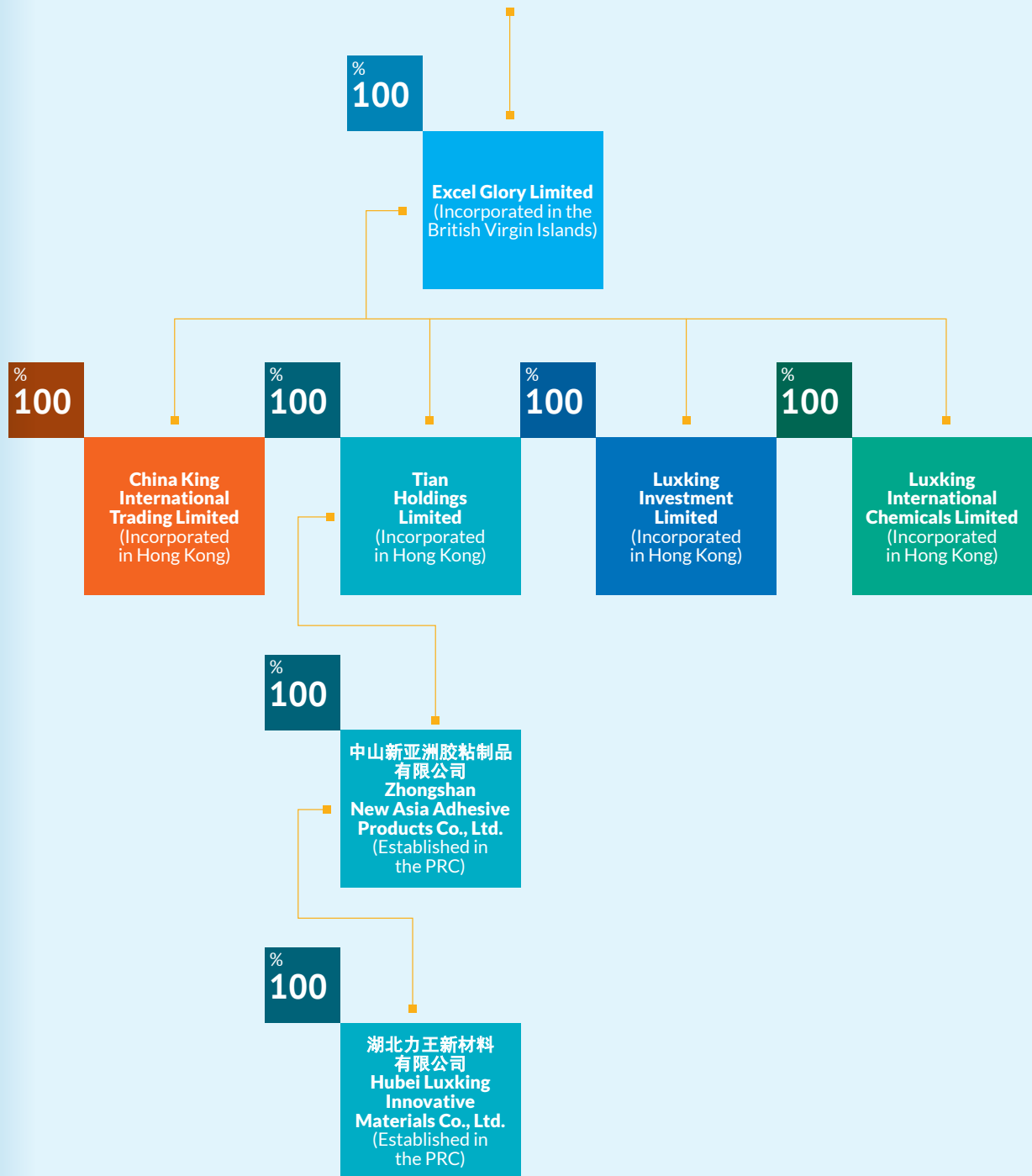
Luxking was listed on the Main Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) since 2005.



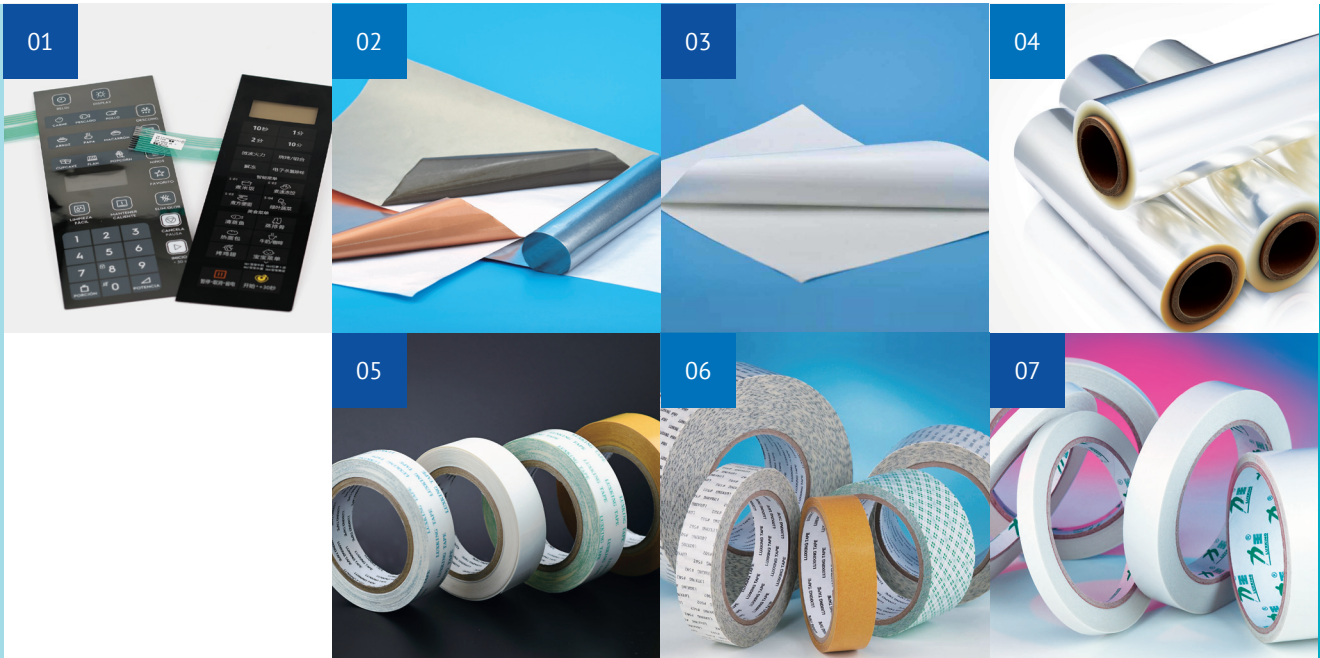
CORPORATE STRUCTURE



LUXKING GROUP HOLDINGS LIMITED
(Incorporated in Bermuda)



OUR PRODUCTS



01 PET Spacer

Characteristics:

Excellent adhesion, temperature resistance and good punchability

Applications:

Acts as a spacer in membrane switches used in consumer electronics such as home appliances.

02 Electrically Conductive Tape

Characteristics:

Excellent electrical conductivity, very good adhesion and holding strength

Applications:

Used in electrical conduction or electrostatic discharge applications, e.g. grounding.

03 Flame Retardant Double-sided Tape

Characteristics:

Very good resistance to flame, good adhesion and holding power

Applications:

Used in mounting of interior parts in automotive, and bonding of components in smart device.

04 BOPP Films

Characteristics:

High clarity, transparent, flexible

Applications:

Can be used directly or coated with other materials for packaging purpose

05 Low VOC Double-sided Tape

Characteristics:

Low volatile organic compounds and odourless, good adhesion and holding power

Applications:

Used in mounting of interior parts in automotive, and bonding of components in smart device.

06 High Performance Double-Sided Tape

Characteristics:

Excellent adhesion to various surfaces and materials, good punchability, temperature and repulsion resistance

Applications:

Used in mounting of metal or plastic name plates and in foam and films lamination

08

07 General Purpose Double-Sided Tape

Characteristics:

Good tensile strength, strong adhesion

Applications:

General applications in offices and homes

08 Light Shielding/Reflecting Double-Sided Tape

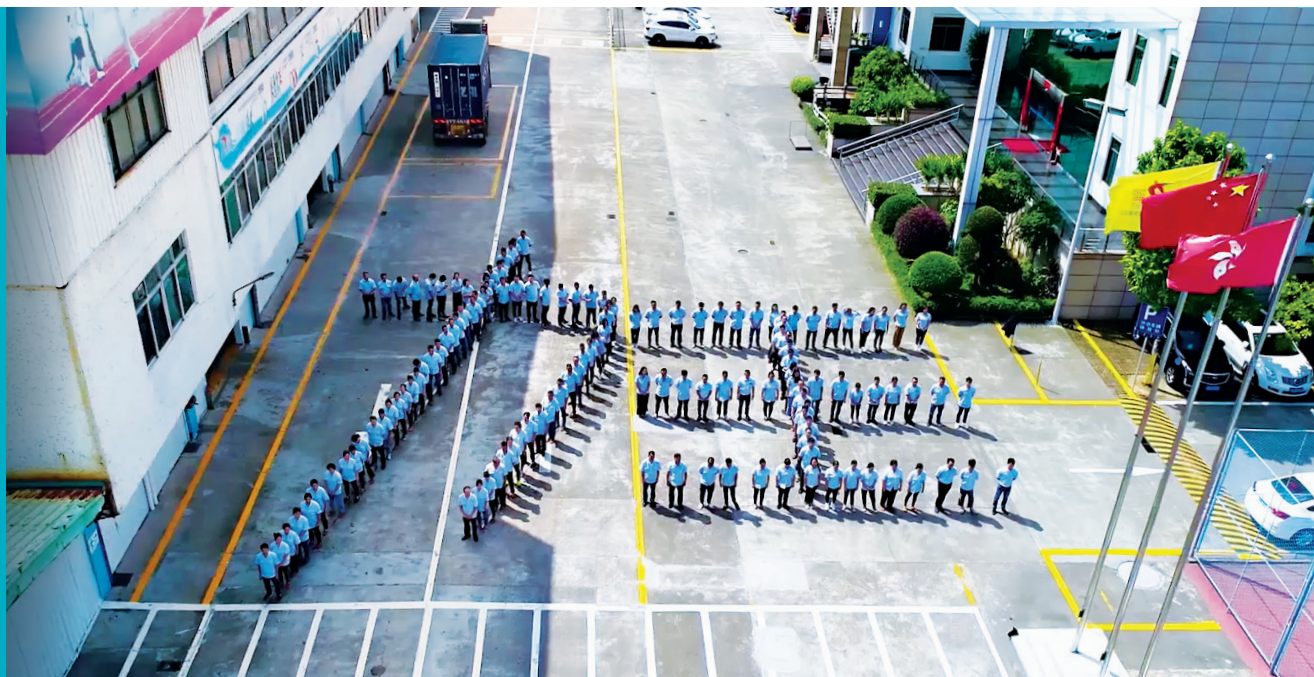
Characteristics:

Special black and white carrier, white side is light reflecting and black is light absorbing, strong peel adhesion and holding power to various substrates, good aging properties and is resistant to weather changes

Applications:

Used in mounting of LED units and backlight module of screen displays

MESSAGE TO SHAREHOLDERS



Dear Shareholders,

I am pleased to present the annual report of Luxking Group Holdings Limited (“Luxking” or the “Group”) for the financial year ended 30 June 2023 (“FY2023”).

The Group experienced a slowdown in business during FY2023 as the operating landscape continued to be challenging. Business activities in China, the Group’s domestic market, were dampened by pandemic-induced movement curbs during the first half of FY2023. While these restrictions were subsequently lifted, business conditions remained lacklustre in the second half of the financial year due to economic weakness in China. Moreover, demand from overseas markets was also weighed down by the prevailing geopolitical uncertainties in Europe and volatile USD/RMB foreign exchange rate.

As a result, business revenues were down in FY2023. While working to manage the effects of slower business conditions, the Group also took this opportunity to execute initiatives that will enable it to respond quickly to growth opportunities when the markets recover. To this end,

Luxking has been actively engaging existing and new customers to bolster its network, and also enlarged its manufacturing footprint as the first production lines come onstream at the Group’s second plant in Hubei during FY2023.

BUSINESS REVIEW

For FY2023, the Group recorded a 13.8% decrease in revenue to RMB495.8 million due to lower sales across its three key business segments. This was attributed mainly to slower customer demand and relatively lower selling prices which declined in tandem with the cost of raw materials.

The Group’s biaxially oriented polypropylene films (“BOPP films”) segment registered a 19.9% decline in sales to RMB188.6 million in FY2023. Sales of industrial specialty tapes (“IS tapes”) also eased 6.5% to RMB159.9 million in FY2023. Sales of general purpose tapes (“General tapes”) were down 12.8% to RMB147.3 million in FY2023.

As a result, the BOPP segment’s revenue contribution narrowed to 38.0% in FY2023 as compared to 40.9% in FY2022. The IS tapes segment accounted for a higher 32.3% of total revenue in FY2023 while revenue contribution from the General tapes segment increased slightly to 29.7% in FY2023.

Notwithstanding lower selling prices, the Group’s gross profit margin improved slightly to 12.1% in FY2023 compared to 11.6% in FY2022. This increase was attributed mainly to a decline in cost of raw materials and energy cost savings that arose from the installation of solar panels at its factory.

Profit before tax however fell to RMB1.0 million in FY2023 from RMB4.2 million last year, due mainly to the contraction in the Group’s revenue. After accounting for income tax, the Group recorded a net loss of RMB0.9 million for FY2023 as compared to net profit of RMB2.2 million in FY2022.

MESSAGE TO SHAREHOLDERS

BUSINESS OUTLOOK

Looking ahead, the recovery of the global economy remains fraught with uncertainties due to potential downside risks stemming from inflationary cost pressures, rising interest rate environment and geopolitical tensions. As the anticipated economic rebound after China's reopening fell short of expectations, the prevailing weakness in the domestic market may continue to curtail business demand. Coupled with the volatility of raw material costs and USD/RMB exchange rates, as well as intense competition, the Group expects the business landscape to remain challenging.

To navigate this current slowdown and ensure it is ready to ride on an upturn in economic momentum, the Group intends to focus on these key strategies – Strengthen customer network through active engagements and greater marketing efforts; Maintain competitiveness of its products through R&D and customisation; Continually raise production efficiency and optimise operational costs through appropriate equipment investments and upgrades.

For the Group's core business segments, market competition is expected to be keen while cost of raw materials is likely to trend higher going forward. With regards to its BOPP films business, the Group plans to adopt a flexible sales approach and align its production mix of standard and high-end BOPP films according to prevailing market demand.

As for the IS tapes business, Luxking is stepping up marketing efforts to deepen its relationships with existing customers and win new customers. The Group will continue to actively engage existing customers, which also helps the Group to gain a better grasp of customers' needs and keep its finger on the pulse of the market. At the same time, the Group is working to enlarge its customer base by growing its sales force and participating in trade shows.



Luxking has carved a sound reputation for its IS tapes business in the smartphone and home appliances industries. To remain ahead of competition in these arenas, the Group intends to continue developing and tailoring new products that cater to customers' requirements. To build an additional revenue driver for the IS tapes business in future, the Group is presently focusing its R&D work in the development of new products to make its foray into the automotive industry.

To drive the General tapes business, the Group will focus on improving its cost efficiency to raise the competitiveness of its products. In parallel with this, Luxking plans to pursue opportunities to expand its pool of customers and gain a larger market share for its General tapes business.

To enhance Luxking's long term growth potential, the Group has been working on the development of its second manufacturing plant in Hubei Province over the past few years. This Hubei plant shall extend the Group's presence from

Southern China to the Northern region. Besides improving its local support to existing customers, the Hubei plant will also serve as a strategic platform for the Group to acquire new customers in the region, and enlarge the Group's manufacturing scale in China.

The Group's first two manufacturing lines installed at the Hubei plant have commenced production during FY2023. These new manufacturing lines are namely, the Polyethylene ("PE") extrusion coating line and the silicone coating line for production of PE-coated paper and release liners respectively. The PE-coated paper and release liners are used by the Zhongshan factory for the manufacture of double-sided tapes, and/or sold to third parties. The Group believes it will be able to reap cost efficiencies as a result of this vertical integration, as well as extend its reach to a wider customer spectrum with the addition of PE-coated paper and release liners to its overall product mix.

MESSAGE TO SHAREHOLDERS

During FY2023, the Group also completed the construction of a second production unit/space ("Production Unit II"). This space has been built in preparation for IS tape production activities in future when new projects commence. With this purpose in mind, the Group will be looking to complete the interior installation of Production Unit II and build new ancillary facilities as required. Construction works are also underway for a Multi-use Complex (the "Complex") at the Hubei plant. On aggregate, the Group incurred capital expenditure of around RMB14.8 million in FY2023 for the silicone coating line, construction of Production Unit II and the Complex, as well as other structural developments at the Hubei plant.

Besides continuing with the interior works for Production Unit II and completing the Complex in FY2024, the Group plans to construct a new storage unit and develop peripheral facilities and systems as necessary. It also plans to make additional purchases of equipment and machineries that will be required to support future production operations of its Hubei plant. The Group will continue to develop the infrastructure of its Hubei plant in phases according to the market situation.

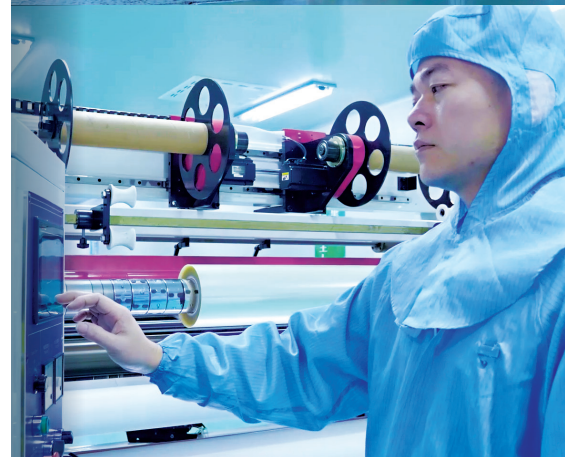
Over at the Group's factory in Zhongshan, Luxking plans to continue upgrading existing machinery and installing new equipment as and when required, to enhance production flow, efficiency, capacity and quality. For FY2023, the Group expended around RMB3.6 million for machinery and equipment upgrades at the Zhongshan factory.

Besides focusing on financial performance, the Group is also staying on top of the potential environmental risks of its business operations. As part of its commitment to combat climate change, the Group continues to embed sustainability and climate resilience factors into its business strategy to improve its resource efficiency and reduce the environmental impact of its operations. To this end, Luxking has embarked on its Taskforce on Climate-related Financial Disclosures ("TCFD") reporting journey to improve and increase reporting of climate-related financial information.

APPRECIATION

On behalf of the Board, I wish to express our appreciation to the management and staff for their unwavering service and contributions to Luxking. We also wish to convey our thanks to Luxking's shareholders, customers, suppliers and business partners for their continued support and patronage.

Leung Chee Kwong
*Executive Chairman and
 Chief Executive Officer*
 26 September 2023



FINANCIAL REVIEW

GROUP REVENUE

For the financial year ended 30 June 2023 ("FY2023"), the Group's revenue decreased 13.8% from RMB575.4 million in FY2022 to RMB495.8 million in FY2023. This decline was attributed mainly to softer demand in the domestic and overseas markets, as well as reduced selling prices which decreased in tandem with the cost of raw materials.

Sales in the domestic market during the first half of FY2023 were undermined by movement curbs triggered by a resurgence in COVID-19 infections. Although these restrictions were subsequently lifted, business demand in the second half of FY2023 remained muted due to weak economic conditions in the domestic market. The geopolitical uncertainties in Europe, coupled with volatility in foreign exchange rate of RMB to US Dollar, also dampened demand from customers in overseas markets.

The Group's biaxially oriented polypropylene films ("BOPP films") segment registered a 19.9% decline in sales from RMB235.5 million in FY2022 to RMB188.6 million in FY2023. This was due mainly to a marginal decrease in sales volume amid slower market conditions and lower selling prices of the Group's products.

Sales of industrial specialty tapes ("IS tapes") decreased 6.5% from RMB170.9 million in FY2022 to RMB159.9 million in FY2023. While the Group recorded a moderate increase in sales volume of IS tapes in FY2023, this was offset by lower selling prices.

Sales of general purpose tapes ("General tapes") were down 12.8% from RMB168.9 million in FY2022 to RMB147.3 million in FY2023. This was attributed mainly to weaker demand in domestic and overseas markets as well as lower selling prices of the Group's products.



As a result, the BOPP segment's revenue contribution narrowed to 38.0% in FY2023 (40.9% in FY2022) while the IS tapes segment recorded a larger 32.3% of total sales in FY2023 (29.7% in FY2022). General tape segment's revenue contribution increased slightly to 29.7% in FY2023 (29.4% in FY2022).

In terms of revenue by geographical markets, sales in the domestic market moderated 12.9% from RMB500.0 million in FY2022 to RMB435.6 million in FY2023 due to a broad-based decline in sales across the Group's business segments. Sales to overseas markets fell 20.2% from RMB75.4 million in FY2022 to RMB60.2 million in FY2023, owing to lower sales of IS tapes and General tapes. As a result, the domestic market accounted for 87.9% of Group revenue in FY2023 (86.9% in FY2022) while the remaining 12.1% of revenue was derived from overseas markets (13.1% in FY2022).

PROFITABILITY

The Group registered gross profit of RMB60.0 million in FY2023 which was a decrease of 9.7% from RMB66.5 million in FY2022. Although selling prices declined generally due to the competitive environment, the Group's gross profit margin improved to 12.1% in FY2023 from 11.6% in FY2022. This was attributed mainly to lower cost of raw materials and energy cost savings from the installation of solar panels. These cost reductions were partially offset by an impairment of RMB2.7 million for inventories with age of more than one year.

Other income increased from RMB0.6 million in FY2022 to RMB1.3 million in FY2023, attributed mainly to higher government grants and subsidies, as well as net foreign exchange gain. The Group recorded a net foreign exchange gain of around RMB0.4 million in FY2023, as opposed to a net foreign exchange loss of RMB1.3 million in FY2022.

FINANCIAL REVIEW

Selling and distribution costs remained unchanged at RMB21.1 million in FY2023. Administrative expenses were down 7.7% from RMB37.3 million in FY2022 to RMB34.4 million in FY2023, attributable mainly to a decline in depreciation costs and the absence of net foreign exchange loss.

The Group incurred higher other operating expenses of RMB0.2 million in FY2023 compared to RMB0.03 million in FY2022, owing to higher donations to charities and bad debts written off. Finance costs increased slightly by 3.9% from RMB4.4 million in FY2022 to RMB4.6 million in FY2023 due mainly to higher interest rates.

Income tax expense decreased 3.7% from RMB2.0 million in FY2022 to RMB1.9 million in FY2023 in tandem with the decrease in the Group's taxable income.

As a result of the above, the Group recorded a net loss of RMB0.9 million in FY2023 as compared to a net profit of RMB2.2 million in FY2022.

FINANCIAL POSITION

Non-current assets increased from RMB82.8 million as at 30 June 2022 to RMB85.7 million as at 30 June 2023. This was due mainly to an increase in property, plant and equipment for the Group's new manufacturing plant in Hubei Province ("Hubei plant") and its factory in Zhongshan, Guangdong Province ("Zhongshan factory"), offset partially by depreciation expenses and reduction in right-of-use assets.

Inventories decreased from RMB88.0 million as at 30 June 2022 to RMB84.2 million as at 30 June 2023 in tandem with business requirements and inventory impairment.

Trade receivables were relatively unchanged at RMB77.8 million as at 30 June 2023 compared to RMB78.0 million as at 30 June 2022. Debtor turnover lengthened to 57 days for FY2023 compared to 49 days for FY2022.

Prepayments, deposits and other receivables decreased from RMB26.1 million as at 30 June 2022 to RMB22.7 million as at 30 June 2023. This was attributed mainly to the declines in deposits paid to suppliers and value-added tax receivables that arose from the purchase of raw materials.



FINANCIAL REVIEW

Cash and bank balances decreased from RMB29.6 million as at 30 June 2022 to RMB24.0 million as at 30 June 2023 due mainly to purchases of property, plant and equipment and net repayment of bank borrowings. Total borrowings decreased from RMB106.0 million as at 30 June 2022 to RMB104.8 million as at 30 June 2023 due to repayments of borrowings and banks' invoice financing facilities that were utilised in FY2022 for certain purchases of raw materials.

Trade and bills payables decreased from RMB44.1 million as at 30 June 2022 to RMB35.1 million as at 30 June 2023 in line with lower level of sales.

Accrued expenses and other payables increased from RMB13.3 million as at 30 June 2022 to RMB16.8 million as at 30 June 2023. This was due mainly to higher accruals for salaries and increase in deposits received from customers.

The Group recognised lease liabilities of RMB2.0 million as at 30 June 2023 compared to RMB4.7 million as at 30 June 2022 due to a reduction in right-of-use assets and repayment of lease liabilities.

Income tax payables decreased from RMB1.0 million as at 30 June 2022 to RMB0.5 million as at 30 June 2023. Deferred income as at 30 June 2023 stood at RMB11.9 million, which arose from a local government grant for the Group's Hubei plant.

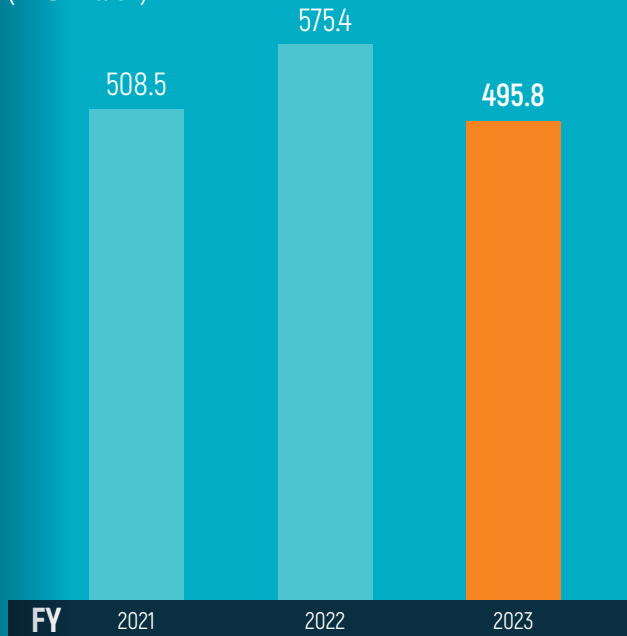
CASH FLOW

Net cash generated from operating activities during FY2023 amounted to RMB21.8 million. This was derived primarily from operating profit before working capital changes of RMB24.5 million, offset partially by net working capital outflows of around RMB0.3 million and income taxes paid of RMB2.4 million. Net cash used in investing activities amounted to RMB18.4 million in FY2023, attributed mainly to purchases of property, plant and equipment for the Hubei plant and Zhongshan factory. Net cash used in financing activities in FY2023 was RMB9.1 million, due mainly to the interest payments, net repayment of bank borrowings and repayment of lease liabilities.

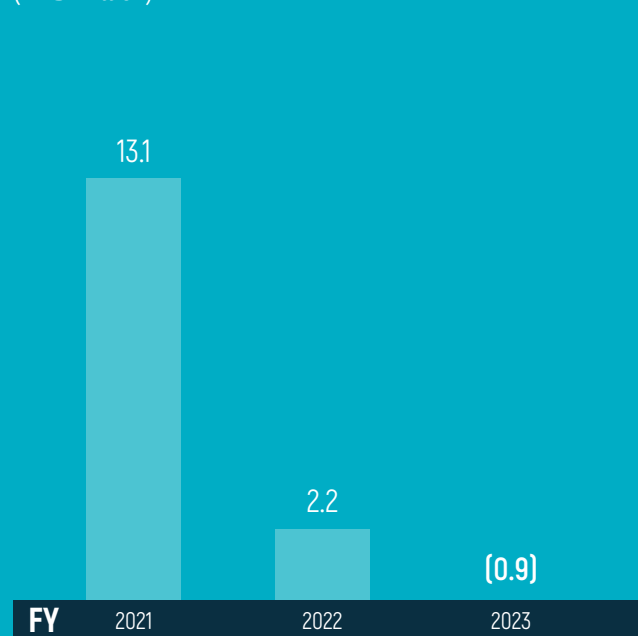


FINANCIAL HIGHLIGHTS

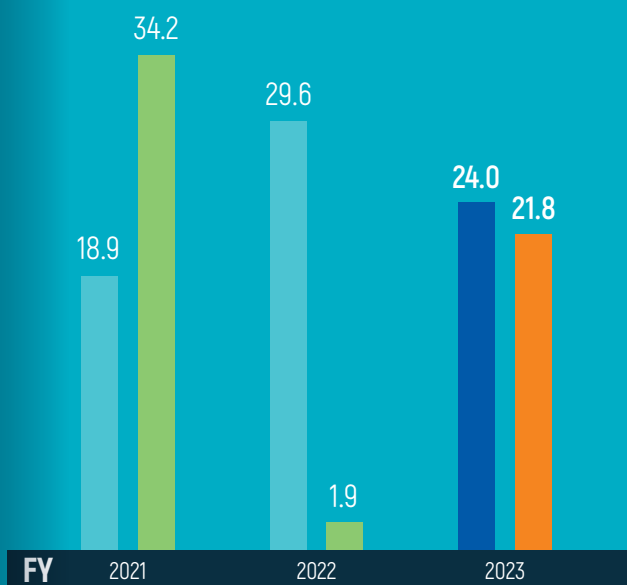
REVENUE
(RMB million)



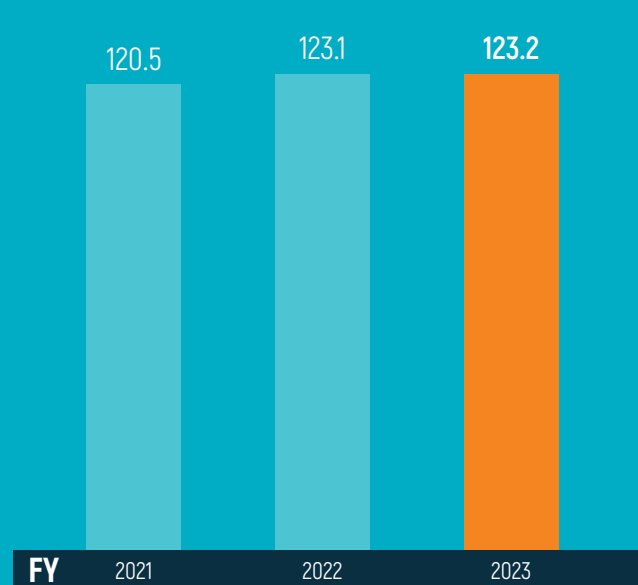
NET PROFIT/(LOSS)
(RMB million)



YEAR-END CASH AND BANK BALANCES AND NET OPERATING CASH INFLOWS
(RMB million)



SHAREHOLDERS' EQUITY
(RMB million)



■ ■ Year - End Cash and Bank Balances
■ ■ Net Operating Cash Inflows

BOARD OF DIRECTORS

MR LEUNG CHEE KWONG

*Executive Chairman and
Chief Executive Officer*

Mr Leung Chee Kwong is our Executive Chairman and Chief Executive Officer. He was appointed to the Board on 29 December 2004 and he was last re-elected on 29 October 2021.

Mr Leung is a founder of our Group and is responsible for the formulation and execution of overall business strategies and policies as well as the overall management of our Group. He is also directly in charge of sales and marketing of the Group. He has more than 30 years of experience in the adhesive tape business since 1984. Mr Leung was previously the Vice-Manager of Wingtai Adhesive Product Factory Co. Ltd. from 1984 and was subsequently promoted to General Manager in 1989. He also worked as a salesperson and an operations worker in several companies and factories in Zhongshan Yongning.

MS LEUNG HI MAN

*Executive Director and Chief
Sustainability Officer*

Ms Leung joined the Group in 2005 and was appointed as an Executive Director of the Company on 1 September 2017. Effective January 2022, Ms Leung was appointed as the Chief Sustainability Officer of the Company. She was last re-elected a Director of the Company on 26 October 2020 and will be seeking re-election at the forthcoming Annual General Meeting ("AGM") of the Company.

Ms Leung 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. She also assists in the marketing and sales of the Group's Hong Kong subsidiaries, Luxking International Chemicals Limited and China King International Trading Limited since 2005. She obtained her Master in Science (Honours) in Chemistry from Imperial College London, United Kingdom in 2005.

INDEPENDENT DIRECTORS

MR CHNG HEE KOK

*Lead Independent and
Non-Executive Director*

Mr Chng was appointed as an Independent and Non-Executive Director of the Company on 17 June 2005 and was re-designated as Lead Independent Director of the Company on 31 October 2019. He was last re-appointed a Director of the Company under the Two-Tier voting process for his continuation to be an Independent and Non-Executive Director of the Company on 29 October 2021. He will be seeking re-election at the forthcoming AGM of the Company.

Mr Chng had served as the Chief Executive Officer of Scotts Holdings Limited, Yeo Hiap Seng Limited, Hartawan Holdings Ltd., HG Metals Manufacturing Ltd. and LH Group Ltd, and Interim Chief Executive Officer of Chemical Industries (Far East) Ltd. He was a Member of Parliament of Singapore from 1984 to 2001. Mr Chng served on the boards of Sentosa Development Corporation and Singapore Institute of Directors. Currently he sits on the boards of a number of listed companies which include The Place Holdings Ltd, United Food Holdings Ltd, Full Apex (Holdings) Limited (undergoing delisting) and Debao Property Development Ltd (undergoing delisting). Mr Chng was awarded a Merit Scholarship by the Singapore Government and graduated with a BEng (First Class Honours) from the University of Singapore in 1972. He also holds a MBA from the National University of Singapore.

BOARD OF DIRECTORS

INDEPENDENT DIRECTORS *Continued*

MR ER KWONG WAH

Independent and Non-Executive Director

Mr Er was appointed as an Independent and Non-Executive Director of the Company on 9 September 2019 and was last re-elected on 28 October 2022.

Mr. Er spent 27 years in the service of the Singapore Government. Whilst in the civil service, he served in various ministries such as the Ministry of Defence, the Public Service Commission, Ministry of Finance, Ministry of Education and the Ministry of Community Development. He held Permanent Secretary Position first with the Ministry of Education from 1987-1994 and then with the Ministry of Community Development until his retirement in 1998. After his retirement from the civil service, he was appointed Executive Chairman of Sembawang Maritime and Logistic Ltd till 2001 when he left to take up the position of Executive Director of a leading private education institution in Singapore.

A Colombo Plan and Bank of Tokyo Scholar, Mr Er Kwong Wah obtained the Bachelor of Applied Science degree (BASc) with Honours in Electrical Engineering at the University of Toronto, Canada in 1970, and the Master in Business Administration (MBA) from the Manchester Business School, University of Manchester in 1978.

Whilst in the Civil Service, he was conferred the Public Administration Medal (Gold) in 1990. In 1991, he was conferred the Commandeur dans l'Ordre des Palmes Academiques by the Government of France.

For his contributions in serving the community, he was conferred the Public Service Medal (2004) and the Public Service Star (2009) by the Government of Singapore.

Currently, Mr Er is an Independent Director of Nutryfarm International Ltd.

MR CHAN WAI MAN

Independent and Non-Executive Director

Mr Chan was appointed as an Independent and Non-Executive Director of the Company on 8 November 2019 and was last re-elected on 26 October 2020. He will be seeking re-election at the forthcoming AGM of the Company.

Mr Chan is a practising Certified Public Accountant in Hong Kong and a partner of Chee Chan & Co., a firm of Certified Public Accountants. Mr Chan is a member of the Institute of Chartered Accountants in England and Wales and a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr Chan had worked in an international accounting firm in Hong Kong and has experiences in auditing, taxation and finance. Currently, Mr Chan is an Independent and Non-Executive Director of Sunny Side Up Culture Holdings Limited (HKEX stock code: 8082).



KEY EXECUTIVES

Mr Yuen Kwun Ki Anthony

Financial Controller

Mr Yuen joined our Group as Financial Controller in November 2006. He is responsible for all finance and accounts matters, statutory compliance and corporate governance of our Group. Mr Yuen is currently a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. He also holds a Master of Finance degree from the Curtin University of Technology, Australia.

Mr Yang Yongqiang

Vice General Manager

Mr Yang joined our Group in 2001 and was promoted to his current position in 2014. He is responsible for the production process of adhesive tapes, overseeing our Group's research and development activities including development of new adhesive tape products and improvement of existing products. Mr Yang graduated from the China Zhongshan Institute of Zhongshan University (中山大学孙文学院), specialising in Applied Chemistry.

Mr Xiao Yichi

Vice General Manager

Mr Xiao joined our group in 2001. He is responsible for the production process, sales and marketing activities of our BOPP films and overseeing the operations of Hubei plant. He was promoted to his current position in 2014. Mr Xiao graduated with a Bachelor in Chemical Machinery from the Wuhan Institute of Technology (武汉工程大学) in 2001.

Mr Huang Zhilin

Purchasing Manager

Mr Huang is responsible for establishing and administering our Group's purchasing policies. He joined our Group in 1996 as a Manager of our Technical Department where he was responsible for quality control and technology development. Mr Huang was promoted to Research and Development Manager in 2003 and was subsequently transferred to his current position in 2006. Prior to joining our Group, he was the Production Head of Union Carbide (Guangdong Zhongshan) Co. Ltd. (联合碳化(广东中山)有限公司) from 1992 to 1995. Mr Huang graduated from the China Zhongshan Institute of Zhongshan University (中山大学孙文学院) in 1992, specialising in Applied Chemistry.

Mr Zhang Hongxi

Finance Manager

Mr Zhang assists our Financial Controller in overseeing accounting and financial matters of Zhongshan New Asia Adhesive Products Co., Ltd. Before joining our Group in 2000, he was a Finance Manager at the Zhongshan Mingtian Group (中山明天集团) from 1986 to 1995 and an Accountant at Zhongshan Xiaolan Industrial Company (中山市小榄镇工业总公司) from 1995 to 2000. Mr Zhang graduated from the Accounting Branch of the China Agricultural Broadcast and Television School (中央农业广播电视学校会计分校) in 1988 and was certified by the Committee of Science and Technology of Zhongshan City (中山市科学技术委员会) to be a qualified accountant in 1989.

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Leung Chee Kwong
(Executive Chairman and Chief Executive Officer)
Leung Hi Man

NON-EXECUTIVE DIRECTORS

Chng Hee Kok *(Lead Independent)*
Er Kwong Wah *(Independent)*
Chan Wai Man *(Independent)*

AUDIT COMMITTEE

Chng Hee Kok *(Chairman)*
Er Kwong Wah
Chan Wai Man

NOMINATING COMMITTEE

Er Kwong Wah *(Chairman)*
Chng Hee Kok
Chan Wai Man
Leung Hi Man

REMUNERATION COMMITTEE

Chan Wai Man *(Chairman)*
Chng Hee Kok
Er Kwong Wah

SECRETARIES

Cheng Lisa
Yoo Loo Ping
Conyers Corporate Services (Bermuda) Limited *(Assistant Secretary)*

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton, HM11
Bermuda
Tel: (441) 295 5950
Fax: (441) 292 4720

BUSINESS OFFICE

Unit 6, 12/F, Tower A, New Mandarin Plaza
14 Science Museum Road, Tsimshatsui
Kowloon, Hong Kong

Lianfeng Road, Jiu Zhouji, Xiaolan Town
Zhongshan City, Guangdong Province
People's Republic of China
Tel: (86) 760 2212 6315
Fax: (86) 760 2212 6267
Website: www.newasiatapes.com
Email: office@luxkinggroup.com

BERMUDA SHARE REGISTRAR

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton, HM 11
Bermuda

SINGAPORE SHARE TRANSFER AGENT

B.A.C.S. Private Limited
77 Robinson Road
#06-03 Robinson 77
Singapore 068896

JOINT AUDITORS

BDO Limited
Certified Public Accountants
25th Floor, Wing On Centre
111 Connaught Road Central, Hong Kong
Engagement Director:
Cheung Wing Yin
(Commencing from the financial year ended 30 June 2023)

BDO LLP

Public Accountants and Chartered Accountants
600 North Bridge Road
#23-01 Parkview Square
Singapore 188778
Partner In-charge:
Koh Yen Ling
(Commencing from the financial year ended 30 June 2020)

INVESTOR RELATIONS CONSULTANT

Octant Consulting
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CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2023

The Board of Directors (the “**Board**”) and Management of Luxking Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) are committed to maintaining high standards of corporate governance within the Company and the Group respectively and places importance on its corporate governance processes and systems so as to ensure greater transparency, accountability and maximisation of long-term shareholder value.

This report sets out the Company’s corporate governance framework and practices for the financial year ended 30 June 2023 (“**FY2023**”) with reference to the recommendations of the Code of Corporate Governance 2018 (the “**Code**”). The Board is pleased to report the compliance with the principles and provisions as set out in the Code except where otherwise stated and explained.

BOARD MATTERS

PRINCIPLE 1: THE BOARD’S CONDUCT OF AFFAIRS

Roles and Duties of the Board

The primary function of the Board is to provide effective leadership and direction to enhance the long-term value of the Group to the Company’s shareholders and other stakeholders. The Board is entrusted to lead and oversee the Company, with the fundamental principle to act in the best interests of the Company and hold Management accountable for performance of the Company and the Group. Apart from its statutory duties and responsibilities, the Board is primarily responsible for:

- providing entrepreneurial leadership, and setting strategic objectives, including appropriate focus on value creation, innovation and sustainability;
- reviewing regularly the business plans of the Company and the Group and approving the Group’s strategic decisions;
- reviewing and monitoring financial performance of the Company and the Group;
- working with Management for the long-term success of the Company and the Group, reviewing Management’s performance and holding Management accountable for performance;
- establishing and maintaining sound risk management framework and internal controls systems, to effectively monitoring and managing risks, and to achieve an appropriate balance between risks and the Group performance;
- reviewing the adequacy and improvement of internal control (including financial, operational, compliance and information technology controls) and risk management system annually;
- ensuring transparency and accountability to key stakeholder groups; and
- assuming responsibility of the Company’s corporate governance and sustainability issues.

The Group has in place internal guidelines on matters which are specifically reserved for Board decision including (but not limited to) the following:

- the financial results and corporate strategies of the Group;
- the appointment of directors of the Company (“**Directors**”) and key management personnel;
- material acquisitions and disposal of assets;

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- corporate or financial restructuring;
- policies relating to financial matters such as risk management and internal control and compliance;
- interested person transactions of a material nature;
- shares issuance and declaration of dividends; and
- conflict of interest for a substantial shareholder or a Director

To facilitate the execution of the Board's responsibilities, the Board has established various board committees, such as Nominating Committee ("**NC**"), Remuneration Committee ("**RC**") and Audit Committee ("**AC**") (collectively as the "**Board Committees**"). These Board Committees function within clearly defined terms of reference, which are subject to review on a regular basis. The Chairman of the respective Board Committees reports to the Board on the outcome of the Board Committee meetings.

Meetings of the Board and Board Committees

The Board conducts regular scheduled meetings at least half-yearly basis to coincide with the announcement of the Group's half-year and full-year results and to keep the Board updated on the business activities and financial performance of the Group. Ad-hoc meetings are also convened, when required, to address any significant issues that may arise. The Company's Bye-laws provides for telephonic attendance and conference via audio-visual communication at the Board meetings to facilitate Board participation.

All Directors had attended all meetings held during their tenure of services with the Company. The attendance of Directors at the meetings of the Board and Board Committees in FY2023 are summarised as follows:

Name of Director		Board	AC	RC	NC
No. of meetings held in FY2023		2	3	1	1
Mr Leung Chee Kwong	Executive Chairman and Chief Executive Officer (" CEO ")	2	N/A	N/A	N/A
Ms Leung Hi Man	Executive Director	2	N/A	N/A	1
Mr Chng Hee Kok	Lead Independent Director	2	3	1	1
Mr Er Kwong Wah	Independent Director	2	3	1	1
Mr Chan Wai Man	Independent Director	2	3	1	1

N/A: Not applicable

The Board is provided with financial statements and management reports of the Company and the Group on a regular basis. Management also provides updates on the Group's business, prospects and other developments impacting the Group, at scheduled meetings and, whenever circumstances warrant. Such reports enable the Board to be kept abreast of key issues and developments, as well as opportunities and challenges, to the Group and the industry.

Prior to each Board and Board Committees' meetings and when the need arises, Management provides the Board and the respective Board Committees members with complete and adequate information on a timely basis, to allow them to deliberate on issues which require consideration and to make informed decisions.

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Where a Director has a conflict or potential conflict of interest in relation to any matter, he/she will immediately declare his/her interest at the meeting of the Directors or send a written notice to the Company, setting out the details of his/her interest and the conflict and recuse himself/herself from any discussions on the matter and abstain from participating in any Board decision.

Directors' Orientation and Training

All newly appointed Directors will be given a letter of appointment or employment agreement setting out their duties, obligations and terms of appointment. They are also provided with information on the Group's business and are briefed on the business activities and the strategic direction of the Group. Directors also have the opportunity to meet with Management to gain a better understanding of the Group's business operations. Management had organised a site visit of the Group's Hubei plant in April 2023 for the Board and the auditors.

Newly appointed Directors who have no prior experience as a director of a listed company in Singapore will be provided with relevant training in the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. No new Director was appointed during FY2023.

As part of the continuing education and to keep the Board apprised and updated, the Company will arrange for the Board to be updated by the Company Secretary and other professional consultants on the continuing obligations and requirements of a public listed company whenever necessary. Further, Directors are encouraged to attend courses/briefings to complement their core expertise and to keep abreast of the ongoing regulatory changes and compliance, and are provided with opportunities to develop and maintain their skills and knowledge at the Company's expense.

All Directors had attended the Environmental, Social and Governance Essentials ("ESG") training. Besides the ESG training, updated sessions, seminars and training programmes attended by the Directors collectively for FY2023 include:

- the Company's external auditors updated the AC members on developments and/or changes on the accounting standards.
- Management updated on the business activities and strategic directions of the Group.
- The Directors are updated on changes to the listing rules, corporate governance and other regulatory requirements, on a regular basis.
- Relevant training courses organised by the Singapore Institute of Directors and other professional institutes/bodies.

During FY2023, the Executive Directors and Management attended training on Task Force on Climate-Related Financial Disclosures conducted by the external sustainability consultant.

Separate and Independent Access

The Board has separate and independent access to the Group's Management, the Company Secretary and the external advisers at all times. The Directors may also, in appropriate circumstances, seek independent professional advice concerning the Company's affairs at the Company's expense.

The Company Secretary and/or his representative(s) attend all Board and Board Committees meetings and ensure that Board procedures and other applicable rules and regulations are complied with. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

CORPORATE GOVERNANCE REPORT

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PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

Composition of the Board

The Board currently comprises the following five members:

Executive Directors

Mr Leung Chee Kwong
Ms Leung Hi Man

Independent and Non-Executive Directors (“Independent Directors”)

Mr Chng Hee Kok (Lead Independent Director)
Mr Er Kwong Wah
Mr Chan Wai Man

Majority of the Board comprises Independent Directors which the Board is able to exercise independent judgement on corporate affairs and issues and avoid domination by any individual or small group of individuals in the Board’s decision-making process.

The Board has reviewed the current composition of the Board and is of the view that the current composition of the Board remains relevant and nimble to meet the changing challenges in the industry which the Group operates in. Such reviews, which include considering factors such as the expertise, skills and perspectives which the Board needs against the existing competencies would be done on an annual basis or when circumstances warrant, to ensure that the Board dynamics remain optimal.

Details of each Director’s academic and professional qualifications, directorships in listed companies and other major appointments are presented on pages 11 to 12 and page 22 of this Annual Report.

The Company had adopted a Board Diversity Policy in FY2020. The Company understands and believes that a diverse Board will help to improve the overall performance and operation capability of the Company, as well as to avoid groupthink and foster constructive debate. It enhances decision-making capability and a diverse Board is more effective in dealing with organisational changes as well as giving diversified views thus enhancing Board discussion and ensuring that the decision made by the Board have been considered from all points of view. The Board comprises Directors who have expertise across areas such as accounting and finance, relevant industry knowledge or experience, business management and strategic planning experience. The Board will, from time to time review the succession planning, gender and age diversity, recompositing and refreshment of the Board.

The current Board composition provides a diversity of skills, experience and knowledge to the Company (including gender diversity with 1 female Board member), as follows:

Balance and Diversity of the Board

<i>Competencies</i>	<i>Number of Directors</i>	<i>Proportion of Board</i>
Accounting and finance	2	40%
Business management	5	100%
Legal or corporate governance	4	80%
Relevant industry knowledge or experience	2	40%
Strategic planning experience	5	100%

The Board has taken the following steps to maintain or enhance its balance and diversity:

- Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and

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- Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understanding the range of expertise which is lacking by the Board.

In FY2023, the NC and the Board has reviewed the composition of the current Board and Board Committees based on the aspect of diversity, and after taking into account the scope and nature of operations, and the size of the Group, is of the view that the current Board comprises experienced and qualified members with core competencies, such as business and management experience, relevant industry knowledge, accounting and finance and strategic planning experience who as a group provide capabilities required for the Board to be effective in serving its current business and operations needs and plans. To meet the changing challenges in the industry which the Group operates in, such reviews, which include considering factors such as the expertise, skills and perspectives which the Board needs against the existing competencies would be done periodically to ensure that the Board dynamics remain optimal.

As at the date of this report, there is one independent director who had served on the Board for more than nine years and will no longer be considered independent following the conclusion of the Company's Annual General Meeting ("**AGM**") for the financial year ending 30 June 2024 ("**FY2024**"). Given the potential Board renewal process in the coming year, the NC will continue to review and consider the size and composition of the Board for the proposed renewal process to ensure that the Board has the appropriate mix of core skills and experience commensurate with the nature, size and complexity of the Group's business, its operating environment, and its current and future targets and focus.

Full details of targets, plans and timelines will be set and be disclosed when they become available.

Independence of Directors

Independent Directors have made up a majority of the Board, where the requirement under the Code is satisfied. The Independent Directors contribute to the Board process by monitoring and reviewing Management's performance. Their views and opinions provide alternative perspectives to the Group's business and they bring independent judgement to bear on business activities and transactions which may involve conflicts of interest and other complexities.

The Board, through the NC, has reviewed and assessed the independence of each of the Independent Directors for FY2023. Based on the confirmation of independence provided by each of the Independent Directors, and based on the requirements set out in the Code and Listing Rules, the Board is satisfied that Mr Chng Hee Kok, Mr Er Kwong Wah and Mr Chan Wai Man to be independent for FY2023.

Each member of the NC has abstained from deliberations in respect of assessment of his own independence.

Mr Chng Hee Kok ("**Nine Years Director**") has been a Director for an aggregate period of more than nine years since the date of his first appointment. Despite being a Nine Years Director, Mr Chng has demonstrated strong independence in character and judgement over the years in discharging the interest of the non-controlling shareholders. He has expressed individual viewpoints, debated issues and objectively scrutinized and challenged Management. Accordingly, the Board is of the view that Mr Chng continues to be independent. The Board also recognises the contribution of Mr Chng as Independent Director who over time has developed deep insight into the Group's businesses and operations and who is therefore able to provide invaluable contributions to the Group. The Company noted the new rule set out in the Listing Rules whereby a director who has served on a board for an aggregate period of nine years will no longer deemed independent, with a transition period up to the conclusion of the Company's AGM for FY2024 for the application of the said new listing rule. Accordingly, Mr Chng will remain as Independent Director until the conclusion of the Company's AGM for FY2024. The NC and the Board will be undertaking a board renewal process and will appoint a new Independent Director in compliance with the relevant Listing Rules in due course.

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Independent Directors, led by the Lead Independent Director, meet without the presence of Management as and when necessary, and provides feedback to the Board and/or the Chairman as appropriate. The Independent Directors of the Company met once in the absence of Management in FY2023.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr Leung Chee Kwong is the Executive Chairman and CEO of the Company. As one of the co-founders of the Group, Mr Leung has in-depth knowledge of the adhesive tape industry. He is also experienced in managing the business.

As the Board Chairman, Mr Leung ensures the integrity and effectiveness of the governance process of the Board, representing the Board to shareholders, ensuring that Board meetings are held when necessary, setting the Board meeting agenda, acting as facilitator at Board meetings and maintaining regular dialogue with Management on all operational matters. He also ensures that Board members are provided with complete, adequate and timely information.

As CEO, Mr Leung manages and oversees the Group's day-to-day operations and implementation of the Group's strategic, plans and policies to achieve the planned corporate performance and financial goals.

Although the Company deviates from the requirement under the Code for the Chairman and CEO to be in principle separate persons, the Board believes that vesting the roles of both Chairman and CEO on the same person who is knowledgeable in the business of the Group provides the Group with a strong and consistent leadership and allows for more effective planning and execution of long-term business strategies. Mr Leung's dual role as Executive Chairman and CEO will enable the Group to conduct its business more efficiently and to ensure that the decision-making process of the Group will not be unnecessarily hindered.

The Board believes that there are adequate safeguards and checks in place to ensure that the process of decision making by the Board is independent with a majority of the Board make up by Independent Directors. All major decisions relating to operations and management of the Group are jointly and collectively made by the Board after taking into account the views of all Directors without Mr Leung exercising any undue influence on any decision made by the Board. As such, there is a balance of power and authority and no individual dominates the decision-making process of the Group.

The NC will, from time to time, review the need to separate the roles of Chairman and CEO and will make its recommendations, as appropriate.

Mr Chng Hee Kok, the Lead Independent Director of the Company, is available to address shareholders' queries where they have concerns, and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate and ensures the Company has no unfettered powers of decision.

PRINCIPLE 4: BOARD MEMBERSHIP

Composition of the Nominating Committee

The NC comprises four members, the majority of whom, including the NC Chairman, are Independent Directors. The Lead Independent Director is also a member of the NC. The Chairman of the NC is not related to any substantial shareholder of the Company.

The NC members are as follows:

Mr Er Kwong Wah (Chairman)
Mr Chng Hee Kok
Mr Chan Wai Man
Ms Leung Hi Man

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FOR THE YEAR ENDED 30 JUNE 2023

Roles and Duties of Nominating Committee

The NC is guided by its terms of reference, including but not limited to the key responsibilities as follows:

- To review regularly the Board structure, size, composition, diversity and skills of the Board and make recommendations to the Board with regards to any adjustments that are deemed necessary;
- To review and assess candidates for appointment or re-appointment to the Board (including alternate director), and determining whether or not such candidate has the requisite qualifications and whether or not he/she is independent, and make recommendations to the Board;
- To review succession plans for Directors, in particular for the Chairman and CEO, executive directors and key management personnel;
- To review on an annual basis, if a Director is independent in accordance with the guidelines of the Code and the Listing Rules;
- To review training and professional development programmes for the Board and Directors;
- To review each Director's adequately carrying out his duties as a Director of the Company, particularly when he/she has multiple board representations;
- To review and decide the process and criteria for evaluation of the performance of the Board, its Committees and Directors; and
- To assess the effectiveness of the Board and Board Committees as a whole and the contribution of each individual Director to the effectiveness of the Board.

Process for the Selection, Appointment and Re-appointment of Directors

The Board, through the NC, will assess and evaluate whether new Director(s) and/or retiring Directors will be appointed or re-appointed, taking into consideration their skills, experience and contribution. The NC, in consultation with the Board, would identify the current needs of the Board in terms of skills, experience and knowledge, to complement and strengthen the Board. Potential candidates are sourced from the network of contacts of the Board and Management, including engaging professional search firms and recruitment consultants if the appointment requires a specific skill set or industry specialisation. The NC, after having assessed each candidate based on the essential and desirable competencies for a particular appointment, will then nominate the most suitable candidate for the appointment to the Board.

In considering the nomination of Director(s) for re-appointment, the NC took into account the composition of the Board and the competency, performance and contribution of the Directors with reference to their attendance and participation in the Board and Board Committees as well as the contributions, time and effort accorded to the Group's business and affairs. Following the NC's satisfactory assessment, they would then recommend to the Board for consideration and approval. No director is involved in the discussion made in respect of his/her own re-appointment.

Under the Company's Bye-laws, all Directors are subject to retirement at least once every three years by rotation and all newly-appointed Directors are required to retire at the next AGM following their appointment. The retiring Directors may offer themselves for re-election.

Mr Chng Hee Kok, Mr Chan Wai Man and Ms Leung Hi Man who are retiring pursuant to Bye-law 86(1) of the Company's Bye-Laws, have offered themselves for re-election. The Board, having reviewed the recommendation from the NC, has nominated Mr Chng, Mr Chan and Ms Leung for re-election as the Directors of the Company for shareholders' approval at the forthcoming AGM.

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Information pursuant to Listing Rule 720(6) of the SGX-ST on Mr Chng, Mr Chan and Ms Leung can be found on page 95 to 102 of this Annual Report.

Directors' Adequacy of Commitments

The NC has reviewed at least annually, and from time to time, the competing commitments of Directors who serve on multiple boards and have other principal commitments. For FY2023, the NC is satisfied that all Directors have devoted sufficient time and attention to the affairs of the Group to adequately discharge their duties as Directors of the Company. Although there is no cap on the maximum number of multiple board representations which may be held by a Director, the NC will consider imposing a cap in future if they view that time commitment is lacking from any particular Director.

The details on the Directors' directorships in listed companies and principal commitments are set out in the table below:

Name of Directors	Present Directorships in listed companies	Present Principal Commitments
Leung Chee Kwong	<ul style="list-style-type: none"> Luxking Group Holdings Limited (Chairman and CEO) 	Nil
Leung Hi Man	<ul style="list-style-type: none"> Luxking Group Holdings Limited 	Nil
Chng Hee Kok	<ul style="list-style-type: none"> Luxking Group Holdings Limited Full Apex Holdings Ltd (undergoing delisting) United Food Holdings Limited The Place Holdings Ltd Debao Property Development Ltd. (undergoing delisting) 	Nil
Er Kwong Wah	<ul style="list-style-type: none"> Luxking Group Holdings Limited Nutryfarm International Ltd 	<ul style="list-style-type: none"> RHT Training Institute Pte Ltd
Chan Wai Man	<ul style="list-style-type: none"> Luxking Group Holdings Limited Sunny Side Up Culture Holdings Limited 	<ul style="list-style-type: none"> Chee Chan & Co., Certified Public Accountants (Practising) Chan Wai Man, Certified Public Accountant (Practising)

As at the date of this report, none of the Directors have appointed alternate director.

PRINCIPLE 5: BOARD PERFORMANCE

The NC has adopted a formal process to assess the performance and contributions of the Directors and the effectiveness of the Board as a whole, its Board Committees and Directors. The performance evaluation would be conducted for the Board as a whole and each of the Board Committees (namely the AC, NC and RC) and Directors annually. These evaluation exercise provides an opportunity to obtain feedback from each Director on whether the Board's and Board Committees' procedures and processes have allowed him/her to discharge his/her duties effectively and to propose changes to enhance the effectiveness of the Board and Board Committees.

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The assessment criteria focus on the effectiveness and efficiency on the Board's and Board Committees' access to information, evaluation of the size and composition of the Board and each Committee, processes, procedures and compliance, accountability, performance in connection to discharging its responsibilities and duties, and Directors' standards of conduct including his/her interactive skills, participation level at the Board and Committees' meetings, insight knowledge and preparedness as well as availability to attend meetings. In addition, the qualitative measures include the effectiveness of the Board in its monitoring role and the attainment of the strategic objectives set by the Board.

The review process involves:

- All Directors completing the evaluation questionnaires on the effectiveness of the Board, each Board Committee based on the aforementioned performance criteria;
- The Company Secretary will collate and present the questionnaire results to the NC Chairman in the form of a report; and
- The NC will deliberate the report and opine on the performance results during the NC meeting.

The NC would review the criteria on a periodic basis to ensure that the criteria is able to provide an accurate and effective performance assessment with the objective to enhance long term shareholders value, thereafter propose amendments if any, to the Board for approval.

The NC did not propose any changes to the performance criteria for FY2023 as compared to the previous financial year as the Board composition and the Group's principal business activities remained the same as the financial year ended 30 June 2022.

The performance evaluation for FY2023 was conducted by having all Directors complete questionnaires. The NC is of the view that the performance of the Board and Board Committees were satisfactory and had met their performance objectives during FY2023. No external facilitator had been engaged by the Board for this purpose.

Given the current size of the Board, the NC is of the view that individual performance evaluation is not necessary at this juncture. The NC has reviewed from time to time commitments and efforts contributed by each of the Directors to the affairs of the Company through their participation and contributions at Board and Board Committee meetings.

REMUNERATION MATTERS

PRINCIPLE 6: PROCEDURES FOR DEVELOPMENT REMUNERATION POLICIES

Composition of the Remuneration Committee

The RC comprises three members, all are Independent Directors. The RC members are as follows:

Mr Chan Wai Man (Chairman)
Mr Chng Hee Kok
Mr Er Kwong Wah

Roles and Duties of Remuneration Committee

The RC is guided by its terms of reference, including but not limited to the key responsibilities as follows:

- Review and recommend the remuneration framework for the Board and key management personnel, and determines specific remuneration packages for each Executive Director;

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- Consider all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, benefits-in-kind as well as the termination terms to ensure they are fair; and
- Review the level of remuneration that is appropriate to attract, retain and motivate the Directors and key management personnel.

The recommendations of the RC are submitted for consideration by the Board.

No member of the RC or of the Board participates in the deliberation of his own remuneration package.

PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

The remuneration packages of the Executive Directors and key management personnel are set to attract, retain and motivate them to run the Group successfully. As part of its review, the RC ensures that the Executive Directors and key management personnel are adequately but not excessive remunerated as compared with industry's benchmarks and other comparable industries. Elements of the Group's relative performance and the performance of the individual Directors and key management personnel form part of the remuneration packages so as to align their interests with those of shareholders and risk policies of the Company as well as to promote long-term success of the Group. The Executive Directors and key management personnel are paid a basic salary and are entitled to management bonus. The management bonus for the Executive Directors and key management personnel varies according to the performance of the Group/Company and the allocation would be based on the individual performance and their contributions towards the Group's performance.

The RC reviews the Company's obligations arising in the event of termination of Executive Directors' and key management personnel's service agreements, to ensure that such agreement contains fair and reasonable termination clauses which are not overly generous. The Company aims to be fair and avoid rewarding poor performance. The Board is of the view that as the Group pays management bonus based on the performance of the Group/Company (and not on possible future results) and the results that have actually delivered by its Executive Directors and key management personnel, "claw back" provisions in the service agreements may not be relevant or appropriate.

Independent Directors are paid Directors' fees based on their level of contribution, taking into account factors such as efforts and time spent, and responsibilities on the Board and Board Committees. The RC ensures that Independent Directors should not be over-compensated to the extent that their independence may be compromised. The Board supported the RC's recommendation for Independent Directors' fees of S\$160,415 (FY2023: S\$160,415) for the financial year ending 30 June 2024 to be paid quarterly in arrears. This recommendation will be tabled for shareholders' approval at the forthcoming AGM.

Notwithstanding that the Company currently does not have any long-term incentive scheme or share option scheme in place, the RC and the Board would consider incentive scheme for the Company in future.

The RC has reviewed and is satisfied that for FY2023, the remuneration received by the Independent Directors, Executive Chairman/CEO, the Executive Director and key management personnel are commensurate with their efforts and achievements. The RC has also reviewed and is satisfied that the overall performance conditions were met for FY2023.

No external facilitator had been engaged by the Board for advice and remuneration matters for FY2023. The RC may seek professional advice on remuneration matters, if required.

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PRINCIPLE 8: DISCLOSURE ON REMUNERATION

The remuneration of each Director has been disclosed in the respective remuneration bands.

Details of the remuneration of the Directors for FY2023 are set out in the following table:

Remuneration Band and Name of Director	Salary	Pension	Fee	Total
Above S\$400,000 but below S\$500,000				
Mr Leung Chee Kwong *	100.00%	-	-	100.00%
Below S\$250,000				
Ms Leung Hi Man *	98.17%	1.83%	-	100.00%
Mr Chng Hee Kok	-	-	100.00%	100.00%
Mr Er Kwong Wah	-	-	100.00%	100.00%
Mr Chan Wai Man	-	-	100.00%	100.00%

* In accordance with service agreements with the Company.

Details of the remuneration of the key management personnel of the Group who are not Directors for FY2023 are set out in the following table:

Remuneration Band and Name of Key Management Personnel	Salary	Pension	* Bonus	Total
Below S\$250,000				
Mr Yuen Kwun Ki Anthony *	98.29%	1.71%	-	100.00%
Mr Yang Yongqiang #	80.78%	3.07%	16.15%	100.00%
Mr Xiao Yichi #	80.78%	3.07%	16.15%	100.00%
Mr Huang Zhilin #	80.32%	4.06%	15.62%	100.00%
Mr Zhang Hongxi #	83.72%	-	16.28%	100.00%

* In accordance with service agreement with the Company.

Under the service agreements of the key management personnel (who are based in PRC), this forms part of their remuneration package and is not tied to the performance of the Group and/or the individual key management personnel.

The Board, taking into consideration the competitive business environment and the confidentiality and sensitivity of the remuneration matters, decided to deviate from complying with the recommendation for not disclosing the exact details of the remuneration of each individual Director, Executive Chairman/CEO and key management personnel. Although the deviation from Provision 8.1 of the Code required to disclose the amounts of remuneration of each individual director and CEO, the Company is of the view that providing full details of the remuneration of each Director, Executive Chairman/CEO and key management personnel is not in the best interests of the Company and may adversely affect talent attraction and retention and may seriously affect the competitive edge of the Group. The Company has, however, disclosed the remuneration of the Directors and key management personnel in bands of S\$250,000, and has on Principle 7 of this Report disclosed the Company's remuneration policies, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation. Accordingly, the Board is of the view that the practices it has adopted are consistent with the intent of Principle 8 of the Code as a balance is struck between the requirement for transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation, vis-à-vis the Group's need to maintain confidentiality of remuneration matters.

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Mr Leung Chee Kwong, the Executive Chairman and CEO of the Company, is also a controlling shareholder of the Company, is in the employment of the Group whose annual remuneration exceeds S\$400,000 but below S\$500,000 for FY2023. Ms Leung Hi Man, the Executive Director of the Company, who is the daughter of the Company's Executive Chairman and CEO and controlling shareholder, is in the employment of the Group whose annual remuneration exceeded S\$100,000 but below S\$200,000 for FY2023. Other than Mr Leung Chee Kwong and Ms Leung Hi Man, there was no other employees who are substantial shareholders of the Company, or are immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S\$100,000 for FY2023.

The annual aggregate remuneration paid to top five key management personnel of the Group, who are not Directors or the CEO, for FY2023 is equivalent to S\$367,907. (Exchange rate: S\$1 = RMB5.3442 quoted by State Administration of Foreign Exchange, PRC on 30 June 2023).

There is no termination, retirement and post-employment benefits that may be granted to the Directors, CEO or the key management personnel.

There is currently no share option scheme in place for employees of the Group.

ACCOUNTABILITY AND AUDIT

PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board recognises the importance of maintaining a sound system of risk management and internal control processes to safeguard shareholders' investments and the Group's business and assets and determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board acknowledges that no cost effective risk management and internal control system will preclude all errors and irregularities. All system of internal controls is designed to mitigate rather than eliminate risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss, occurrence of errors, poor judgement in decision making, fraud or other irregularities. The Board reviews all significant control policies and procedures and highlights all significant matters to Management.

The AC and the Board regularly reviews the adequacy and effectiveness of the Company's internal controls addressing financial, operational, compliance, information technology controls and risk management systems, relying on reports from the External and Internal Auditors. Any significant internal control weaknesses and non-compliances that are highlighted during the audit together with recommendations by the External Auditors and Internal Auditors are reported to the AC. The AC will follow up on the actions taken by Management in response to the recommendations made.

The Group's External Auditors, BDO Limited, Certified Public Accountants, Hong Kong ("**BDO HK**") and BDO LLP, Public Accountants and Chartered Accountants, Singapore ("**BDO LLP**") carried out a review on key internal controls relevant to the Company's preparation of its financial statements in the course of the audit.

Based on the internal controls established and maintained by the Group, and the reviews performed by Management and the Board Committees, the work performed by the Internal Auditors and External Auditors and taking into consideration the internal control procedures which were recommended by the Internal Auditors and External Auditors to be further strengthened as well as the action plans which have been put in place by Management, the Board, with the concurrence of the AC, is of the opinion that the Group's risk management and internal control systems in place are adequate and effective in addressing the Group's financial, operational, compliance and information technology risks for FY2023.

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2023

For FY2023, the Board has received:

- written assurance from the CEO and the Financial Controller (equivalent to CFO) that the Group's financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
- written assurance from the CEO and other key management personnel who are responsible, that the Group's risk management and internal control systems in place are adequate and are effective addressing in the financial, operational, compliance and information technology risks in the context of the current scope of the Group's business operations.

PRINCIPLE 10: AUDIT COMMITTEE

Composition of the Audit Committee

The AC comprises three members, all of whom are Independent Directors.

The AC members are as follows:

Mr Chng Hee Kok (Chairman)
Mr Er Kwong Wah
Mr Chan Wai Man

All AC members have many years' experience in senior management positions in commercial, financial and industrial sectors. The Board is of the view that the AC members, having accounting and related financial management expertise or experience, are appropriately qualified to discharge their responsibilities. None of the AC members was a former partner or director of the Company's existing auditing firm or auditing corporation: (a) within a period of 2 years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

Roles and Duties of Audit Committee

The AC is guided by its term of reference, including but not limited to the following functions:

- To review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- To review the half-year and annual financial statements before submission to the Board for approval;
- To review the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function;
- To review the audit plan of the external auditors and their evaluation of the system of internal controls and monitor Management's response and actions to correct any noted deficiencies;
- To review the internal audit plan and findings by the internal auditors;
- To review at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems;
- To review the assurance from the CEO and Financial Controller on the financial records and financial statements;

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2023

- To investigate any matter within its terms of reference, with full access to Management and full discretion to invite any Director or key management personnel to attend its meetings, and to be provided reasonable resources to enable it to discharge its functions;
- To review the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;
- To review interested person transactions falling within the scope of the Listing Manual of the SGX-ST, including transactions that fall within the scope of Rule 912;
- To recommend to the Board on (i) the proposals to the shareholders on the appointment and removal of the external auditor; and (ii) the remuneration and terms of engagement of the external auditor;
- To review the Company's Whistle-Blowing Policy and to ensure that arrangements are in place for concerns about possible improprieties in financial reporting or other matters to be safely raised and independently investigated, and for appropriate follow-up action to be taken; and
- To undertake such other functions and duties as may be required by statute or the Listing Manual, and by such amendments made thereto from time to time.

In performing its functions, the AC:

- meets at least once every financial year with the external auditor and internal auditor, without the presence of Management, and reviews the overall scope of the audit and the assistance given by Management to the external auditor and internal auditor;
- has explicit authority to investigate any matter relating to the Group's accounting, auditing, internal controls and financial practices brought to its attention with full access to records, resources and personnel to enable it to discharge its function;
- generally undertakes such other functions and duties as may be required by statute or the Listing Manual, and by such amendments made thereto from time to time; and
- has full access to and cooperation of Management and full discretion to invite any Director(s) or Executive Officer(s) to attend its meetings.

During FY2023, the AC reviewed the half-yearly and annual financial statements prior to approving or recommending their release to the Board, as applicable; the annual audit plan of the External Auditors and Internal Auditors and the results of the audits performed by them; interested person transactions (if any); effectiveness and adequacy of the Group's risk management and internal controls systems; audit and non-audit services rendered by the external auditors and the re-appointment of external auditors and their remuneration.

The AC also updated by the External Auditors on the changes to accounting standards and issues which may have impact on financial statements. The AC has met with External Auditors and Internal Auditors without the presence of Management in respect of the Group's FY2023 audit.

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2023

In the review of financial statements for FY2023, the AC discussed with Management, Financial Controller and the External Auditors the significant accounting policies, judgements and estimates applied by Management in preparing the annual financial statements. The AC focused particularly on:

- Adjustments resulting from the audit;
- The appropriateness of the going concern assumption in the preparation of the financial statements; and
- Significant deficiencies in internal controls over financial reporting matters that came to the External Auditors' attention during their audit together with their recommendations.

In addition, significant matters that were discussed with Management and the External Auditors have been included as Key Audit Matters ("KAMs") in the joint auditors' report for FY2023 in pages 41 to 42 of this Annual Report.

In assessing each KAM, the AC took into consideration the approach and methodology applied in the impairment assessment of trade receivables and net realisable value of inventories, as well as the reasonableness of the estimates and key assumptions used. The AC concluded that Management's accounting treatment and estimates in each of the KAMs were appropriate.

Following the review and discussions, the AC then recommended to the Board for approval of the audited annual financial statements.

External Audit

BDO HK and BDO LLP (an audit firm registered with the Accounting and Corporate Regulatory Authority) are acting as joint auditors of the Company. All subsidiaries incorporated in Hong Kong are audited by BDO HK for statutory and/or consolidation purpose. Zhongshan New Asia Adhesive Products Co., Ltd., (中山新亚洲胶粘制品有限公司) a subsidiary incorporated in the PRC, is audited by Flower Town Accountant Firm Ltd. of Zhongshan City, Certified Public Accountants for statutory purpose, and along with Hubei Luxking Innovative Materials Co., Ltd. (湖北力王新材料有限公司), a subsidiary incorporated in the PRC are audited by BDO HK for consolidation purpose.

The Board and the AC had reviewed the audit arrangements with Messrs BDO LLP, BDO HK and Flower Town Accountant Firm Ltd. of Zhongshan City, and were satisfied that the current arrangement had not compromised the standard and effectiveness of the audit for the Group and that the auditors had no objection on the current arrangement. The Company has complied with Rules 712 and 715 of the Listing Rules.

The aggregate amount of audit fees paid/ payable to BDO HK and BDO LLP for FY2023 is HK\$1,200,000. BDO HK had also rendered tax representative services to two subsidiaries of the Company and their fees were HK\$37,500. The AC has undertaken a review of all the non-audit services (tax compliance) provided by BDO HK for FY2023 and is satisfied that such services would not, in the AC's opinion, affect the independence of BDO HK as the external auditors.

The AC has reviewed the independence and objectivity of the External Auditors in FY2023 and is satisfied that the External Auditors remain independent and objective. The AC is also satisfied with the adequacy of the resources and experience of the External Auditors and audit engagement partner assigned to the audit. The AC recommends to the Board the re-appointment of BDO HK and BDO LLP as joint auditors of the Company at the forthcoming AGM.

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2023

Internal Audit

KAP Advisory Partners Limited, who is independent of the Group's business activities, is appointed as the Company's Internal Auditors ("IA") to undertake the internal audit function for FY2023. The IA has over 15 years of internal audit experiences for listed companies in Greater China region. The internal audit services provided by the IA are in accordance to the "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) ("COSO Framework"). The engagement team handling the Group's internal audit function comprises four members whereby the engagement leader has over 30 years of experience in external and internal auditing, financial management, corporate finance and governance advisory and currently is a fellow member of the Association of Chartered Certified Public Accountants; and the other three team members are qualified accountants and members of recognized professional accounting bodies, and all have over 10 years of experience in internal audit function.

The IA's primary line of reporting is to the AC, who also decides on the appointment, termination, and remuneration of the IA. However, IA also has an administrative reporting function to Management where planning, coordinating, managing and implementing internal audit work cycle are concerned. The IA has unfettered access to all the Group's documents, records, properties, personnel, including the AC and has the appropriate standing within the Company to discharge its duties effectively.

The IA has adopted a risk-based auditing approach in their internal audit review carried out for FY2023. Upon completion of the audit review, the IA reports the findings and recommendations to Management who would respond on the actions to be taken. A finalised report incorporating Management's response is submitted to the AC for review and discussion at meetings on a yearly basis.

The AC assesses the adequacy and effectiveness of the internal audit function annually. The AC is satisfied that the IA is adequately resourced with suitably qualified and experienced professionals with the relevant experience and have carried out their work effectively and independently. Accordingly, the Company has complied with Listing Rule 1207(10C).

Whistle-Blowing Policy

The Company has in place a whistle-blowing policy to provide a channel for staff as well as other persons to report and raise, in good faith and in confidence, their concerns about possible improprieties. To ensure that complaints can be submitted confidentially, the Company has set up a dedicated email address for such reporting purposes to which access is restricted to the Chairman of the AC and his designate. All information received will be treated as confidential. Every effort will be made to protect the complainant's identity. Employees who raise a concern in good faith, which is shown to be unsubstantiated by subsequent investigation, will not have action taken against them.

The AC is in charge of overseeing the function, monitoring and handling of matters being reported through the whistle-blowing channel. The AC ensures that arrangements are in place for the independent investigation of such matters and that appropriate follow up actions are carried out.

There was no complaints received under the whistle-blowing policy for FY2023.

SHAREHOLDER RIGHTS AND ENGAGEMENT

PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2023

PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

Shareholder Rights and Conduct of General Meetings

Shareholders are encouraged to attend and participate at the general meetings to ensure a greater level of shareholders' participation.

At general meetings, shareholders are given the opportunity to communicate their views and to direct questions regarding the Group to Management and/or the Directors, including the Chairmen of the AC, the NC and the RC. All Directors, and the external auditors are also present at the AGM to address any relevant queries from the shareholders before voting each of the resolution. All Directors attended the last AGM of the Company held for FY2022. The Company conducted poll voting for all resolutions tabled at the general meetings. The rules, including the voting process, were clearly explained to the shareholders at such general meetings. The detailed of results of the general meeting (including the number of votes cast for and against each resolution at the meeting) will be announced via SGXNET after the conclusion of the meeting. Minutes of general meetings (including key comments and queries from shareholders relating to the agenda of the meetings, and responses from the Board and Management) will be published on the SGXNet and Company's corporate website within one (1) month of the general meeting. The Company ensures that there are separate resolutions at the general meetings on each distinct issue. The Company's Bye-Laws allow shareholders to appoint proxies to attend and vote on their behalf at general meetings. As the authentication of shareholder identity information and other related security issues remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, email or fax.

The Company's forthcoming AGM will be held on 23 October 2023 ("**FY2023 AGM**").

Dividend policy

The Company does not have a formal dividend policy. The Board will consider various factors, such as Company's earnings, general financial position, capital expenditure requirements, cash flow, repayment of borrowings, general business environment, development plans and other factors may deem appropriate, to determine whether dividends are paid for the financial year.

The Company has not declared or recommended any dividend for FY2023 as the Company wants to conserve fund for working capital purpose during this challenging business conditions.

Engagement with shareholders

The Board believes in timely communication of information to shareholders and the investing public. It is the Board's policy that all shareholders and the investing public should be equally and timely informed of all major developments that impact the Group and the Company.

Information is communicated to shareholders and the investing public on a timely basis through the following channels:

- Details of all general meetings via SGXNET, notices published in newspapers and circulars/reports;
- Annual reports that are issued to all shareholders. The Board makes every effort to ensure that the Annual Report include all relevant information on the Group, including current developments, strategic plans and disclosures required; and
- Announcements of half-year and full-year results released via SGXNET; announcements relating to major developments of the Group made via SGXNET; press and analysts' briefings as may be appropriate.

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2023

The Group does not practise selective disclosure and ensures that price-sensitive information is publicly released on a timely basis.

To encourage communication with investors, the Company's corporate website and annual reports provide Investor Relations contact information as channels to address inquiries from shareholders and investors on a regular basis.

Engagement with Stakeholders

The Company's engagement with the key stakeholders, including engagement methods will be disclosed in the Company's Sustainability Report FY2023 which would be announced via SGXNet.

Stakeholders can know more about the Group's business and governance practices through the Company's website <http://www.newasiatapes.com/> and to communicate with the Company through Investor Relations whose contact details mentioned in the Company's annual reports.

RISK MANAGEMENT POLICIES AND PROCEDURES

As part of standard management procedures, Management monitors various risks which the Group is subject to and such risks extend to risks affecting the Group's business and industry. While not an exhaustive list, the following is a summary of key risks which the Group would like to highlight and which are monitored by Management during the course of the financial year.

Credit Management of Customers

The Group's financial position and profitability are dependent on the credit worthiness of its customers. Credit limits and credit periods are assessed by the Credit Risk Management Department and approved by the General Management Office, which is comprised of Vice General Managers, Mr Yang Yongqiang and Mr Xiao Yichi, and our Executive Chairman and CEO, Mr Leung Chee Kwong. In determining credit limits and credit periods granted, Management generally takes into account factors such as the working relationship, payment history, creditworthiness and financial position of the customers. The Group's Finance Department, Credit Risk Management Department and Sales and Marketing Department review outstanding debtor balances on a monthly basis and follow up with customers when payments are due. The Group does not impose interest charges on overdue balances.

Inventory Management

The Group's warehousing facilities are located at its headquarters at Lianfeng Road, Jiu Zhouji, Xiaolan Town, Zhongshan City, Guangdong Province, the PRC, Hubei plant at Jucheng Lu, Xiaolan Chanyeyuan, Nancheng Jiedao, Anlu City, Hubei Province, the PRC and its Hangzhou branch office at Jiang Jiabang Village, Kangqiao Town, Gongshu District, Hangzhou City, Zhejiang Province, the PRC. The total warehousing area is approximately 16,000 square meters. The warehouses are under surveillance by security personnel and inventories are insured.

Inventories comprise raw materials, work in progress and finished goods. To ensure accurate inventory records and monitoring of ageing of inventory, representatives from the Group's Finance Department, Production Department and Sales and Marketing Department conduct monthly stock counts.

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2023

Research and Development

The Group advocates the use of technology to enhance operations and improve competitiveness. Since the commencement of operations in 1995, the Group has placed great importance on research and development efforts. To this end, the Company set up a Research and Development Centre in 1999. It was recognised as a “Technology Centre of City-level Enterprise” by the Zhongshan Municipal Government in October 2002.

Intellectual Property Rights

The Group’s trademarks are significant to the branding of its products. To protect its trademarks, the Company registered its logo as a trademark in the PRC and Hong Kong. The trademarks “LUXKING” and “力王” have also been successfully registered with the Trademark Bureau of the State Administration of Industry and Commerce of the PRC.

Government Regulations

The Group’s business operations are not subject to any special legislation or regulatory controls other than those generally applicable to companies and businesses operating in the PRC and Hong Kong. It has all the necessary licenses and permits to operate in the PRC and Hong Kong.

DEALINGS IN SECURITIES

The Company had adopted a policy governing dealing in the securities of the Company for Directors and Executive Officers of the Group. Directors and Executive Officers of the Group, who have access to price-sensitive and confidential information are not permitted to deal in the securities of the Company for the periods commencing one month before the release of half-year and full-year results and ending on the date of the announcement of the results, or when they are in possession of unpublished price-sensitive information. In addition, the Directors and Executive Officers of the Group are discouraged from dealings in the Company’s securities on short-term considerations.

MATERIAL CONTRACTS

Save for the service agreements entered with the Executive Directors, there are no material contracts of the Company and its subsidiaries involving the interest of any Director or controlling shareholders either still subsisting at the end of the financial year or if then not subsisting, entered into since the end of the previous financial year.

INTERESTED PARTY TRANSACTIONS (“IPT”)

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interest of the Company and its shareholders. There were no interested person transactions entered into for FY2023.

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2023

SUSTAINABILITY REPORT SUMMARY

The Group believes that the management of environmental, social and governance factors is crucial in ensuring the sustainability and growth of the business in the long run.

The Group intends to publish its standalone FY2023 Sustainability Report in October 2023. The Sustainability Report comprises information relating to the Group's sustainability approach and governance, the material ESG factors that are relevant to our business and stakeholders, the policies and processes in place to monitor these factors as well as the performance against targets set for each factor. To adhere to the enhanced sustainability reporting requirements as outlined in the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Rules 711A and 711B, we have incorporated climate-related disclosures in alignment with the Taskforce on Climate related Financial Disclosures ("**TCFD**") reporting framework within the report. We are committed to a phased approach in the development and release of our sustainability reports, to progressively enhance our disclosures concerning the Group's climate governance, strategy, risk management, metrics, and targets in forthcoming years of sustainability reporting.

The Sustainability Report is prepared in line with SGX-ST's Listing Rules – Sustainability Reporting Guide and will be publicly accessible on SGXNet as well as the Group's website.

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DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

The Directors of the Company (the “Directors”) present their report together with the audited financial statements of Luxking Group Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) for the financial year ended 30 June 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are set out in note 15 to the financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the financial year ended 30 June 2023 are set out in the consolidated statement of profit or loss and other comprehensive income on page 45.

The Directors did not recommend any dividend in respect of the financial year ended 30 June 2023.

SHARE CAPITAL AND SHARE OPTIONS

The Company did not issue any shares during the year.

There is currently no share option scheme relating to the unissued shares of the Company.

RESERVES

Details of the movements in the reserves of the Group and the Company during the year are set out in the statements of changes in equity on pages 47 and 48 respectively.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 13 to the financial statements.

DIRECTORS

The Directors during the year and up to the date of this report are as follows:

Mr Leung Chee Kwong
Ms Leung Hi Man
Mr Chng Hee Kok
Mr Er Kwong Wah
Mr Chan Wai Man

In accordance with Bye-Law 86(1) of the Company's Bye-Laws, Mr Chng Hee Kok, Mr Chan Wai Man and Ms Leung Hi Man will retire by rotation and being eligible, will offer themselves for re-election at the forthcoming Annual General Meeting.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

DIRECTORS' SERVICE CONTRACTS

The Company had entered into separate service agreements with Mr Leung Chee Kwong and Ms Leung Hi Man, the Executive Directors for an initial period of three years. The service agreements will be subsequently renewable automatically for successive terms of one year each unless terminated by not less than three months' notice in writing served by either party expiring at the end of the initial period or at any time thereafter.

DIRECTORS' INTEREST IN CONTRACTS

Except for the service agreements detailed above, no contracts of significant to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTEREST IN SHARES AND DEBENTURES

According to the Register of Directors' shareholdings, none of the Directors who held office at the end of the financial year had an interest in shares and debentures of the Company and related corporations, except as follows:

	Shareholdings registered in name of Director		Other shareholdings in which the Director is deemed to have interest	
	1 July 2022	30 June 2023 and 21 July 2023	1 July 2022	30 June 2023 and 21 July 2023
Mr Leung Chee Kwong (Note)	Nil	Nil	2,382,500	2,382,500
Mr Chng Hee Kok	7,500	7,500	Nil	Nil

Note:

Mr Leung Chee Kwong is deemed to be interested in all the shares registered in the name of Fullwealth Trading Limited by virtue of his 100% shareholding in Fullwealth Trading Limited.

Except as disclosed above, no Director who held office at the end of the financial year had an interest in any shares or debentures of the Company or related corporation either at the beginning or the end of the financial year ended 30 June 2023 and on 21 July 2023.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company or its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

AUDITORS

The joint auditors, BDO Limited, Certified Public Accountants, Hong Kong and BDO LLP, Public Accountants and Chartered Accountants, Singapore have expressed their willingness to accept re-appointment as the Company's auditors at the Company's forthcoming AGM.

For and on behalf of the Board of Directors

Mr Leung Chee Kwong
Chairman

Ms Leung Hi Man
Executive Director

26 September 2023

STATEMENT BY THE DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2023

In the opinion of the Directors,

- i) the consolidated financial statements of the Group and the statements of financial position and statements of changes in equity of the Company together with the notes thereto, as set out on pages 45 to 87, are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023, and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and
- ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors authorised these financial statements for issue on 26 September 2023.

For and on behalf of the Board of Directors

Mr Leung Chee Kwong
Chairman

Ms Leung Hi Man
Executive Director

26 September 2023

INDEPENDENT JOINT AUDITORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023



**To the shareholders of Luxking Group Holdings Limited
(incorporated in Bermuda with limited liability)**

Opinion

We have audited the financial statements of Luxking Group Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 45 to 87, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2023;
- the consolidated statement of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statement of cash flows of the Group;
- the statement of changes in equity of the Company for the year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company give a true and fair view of the consolidated financial position of the Group and of the financial position of the Company as at 30 June 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group, and changes in equity of the Company for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore and the Hong Kong Institute of Certified Public Accountants ("HKICPA") Code of Ethics for Professional Accountants ("HKICPA Code"), and we have fulfilled our other ethical responsibilities in accordance with these requirements, the ACRA Code and the HKICPA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT JOINT AUDITORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Impairment Assessment of Trade Receivables

As at 30 June 2023, the carrying amount of gross trade receivables and loss allowances amounted to RMB79,797,000 and RMB2,025,000 respectively, resulting in net trade receivables of RMB77,772,000 which represented 37.3% of the Group's current assets.

The Group's operations are located in the People's Republic of China (the "PRC") with the Group's revenue mainly derived from individual customers located in the PRC. Taking into account the challenging market conditions in the PRC, credit risk poses a significant risk to the Group. In addition, the Group is exposed to a major concentration of credit risk as the Group's top five customers contribute approximately 27% of the trade receivables as at 30 June 2023.

Loss allowances for trade receivables are based on management's estimate of the lifetime expected credit losses to be incurred, which is estimated by taking into account the credit loss experience, ageing of trade receivables, customers' repayment history and customers' financial position and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgement. We identified the impairment assessment of trade receivables as a key audit matter because the impairment assessment of trade receivables and recognition of loss allowance are inherently subjective and requires significant management judgement, which increases the risk of error or potential management bias.

Related Disclosures

Refer to note 5(b), note 17 and note 30(c) to the accompanying financial statements

Audit Response

Our audit procedures included the following:

- Tested the trade receivables aging report which is used by management in its recoverability assessment;
- Discussed with management to obtain an understanding of the basis of management's recoverability assessment;
- Checked selected outstanding trade receivables to subsequent settlements with relevant supporting documents;
- Checked, on a sample basis, the historical payment and sales records of significant debtors with overdue trade receivables after subsequent settlements; and
- Assessed the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information.

INDEPENDENT JOINT AUDITORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

Key Audit Matters (Continued)

2. Net Realisable Value of Inventories

As at 30 June 2023, the carrying amount of inventories amounted to RMB84,222,000 which represents 40.4% of the current assets of the Group.

Inventories of the Group comprising raw materials of RMB39,370,000, work-in-progress of RMB23,904,000 and finished goods of RMB20,948,000, are carried at lower of cost and net realisable value. Inventories may be written down to net realisable value if they are slow-moving, become obsolete due to no market demand, or if their selling prices have declined.

Taking into account the challenging market conditions in the PRC, there is a risk that the Group's inventories may not be stated at lower of cost and net realisable value.

The determination of the net realisable value of inventories is based on current market conditions and historical sales experience for the estimated selling price and less estimated cost of completion and necessary to make the sale. This requires significant management judgement in assessing the market positioning of the Group's products which are dependent on factors such as customer specification requirements, demand levels and price competition in response to the industry cycles. As such, we determined that this is a key audit matter.

Related Disclosures

Refer to note 5(a) and note 16 to the accompanying financial statements.

Audit Response

Our audit procedures included the following:

- Tested the inventory aging report which is used by management to identify slow moving, excess and obsolete inventories on a sampling basis;
- Discussed with management to obtain an understanding of the basis of the management's inventory obsolescence assessment;
- Assessed the appropriateness of management's estimation of the net realisable value of the inventories by checking, on a sample basis, to actual sales subsequent to the financial year and estimated cost to complete and necessary to make the sale.
- Assessed the reasonableness of management's write-down for aged inventories by comparing against inventory of a similar nature and specification under other aging categories; and
- Evaluated the reasonableness of management's basis where no write-down was made for aged inventories with no recent sales activity or purchase activity.

INDEPENDENT JOINT AUDITORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

Other Information

The directors are responsible for the other information. The other information comprises all the information included in the Company's 2023 annual report, but does not include the financial statements and our joint auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a joint auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT JOINT AUDITORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

Auditors' responsibilities for the Audit of the Financial Statements (Continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our joint auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our joint auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our joint auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent joint auditors' report are Koh Yen Ling and Cheung Wing Yin.

BDO LLP
Public Accountants and
Chartered Accountants
600 North Bridge Road
#23-01 Parkview Square Singapore 188778
26 September 2023

BDO Limited
Certified Public Accountants
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong
26 September 2023

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 RMB'000	2022 RMB'000
Revenue	7	495,754	575,375
Cost of sales		(435,730)	(508,917)
Gross profit		60,024	66,458
Other income	7	1,303	585
Selling and distribution costs		(21,095)	(21,098)
Administrative expenses		(34,444)	(37,317)
Other operating expenses		(192)	(27)
Finance costs	8	(4,577)	(4,404)
Profit before income tax	9	1,019	4,197
Income tax expense	10	(1,929)	(2,004)
(Loss)/profit for the year		(910)	2,193
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of foreign operations, net of tax amounting to RMB NIL (2022: RMB NIL)		1,028	359
Total comprehensive income for the year		118	2,552
(Loss)/profit for the year attributable to:			
Owners of the Company		(910)	2,193
Total comprehensive income for the year attributable to:			
Owners of the Company		118	2,552
(Loss)/earnings per share for (loss)/profit attributable to the owners of the Company during the year			
- Basic and diluted (RMB)	12	(0.0719)	0.1734

STATEMENTS OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	Group		Company	
		2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	62,586	56,272	-	-
Right of use assets	14	20,270	23,182	-	-
Interests in subsidiaries	15	-	-	90,904	88,702
Deposits for acquisition of property, plant and equipment	18	2,845	3,317	-	-
		85,701	82,771	90,904	88,702
Current assets					
Inventories	16	84,222	87,971	-	-
Trade receivables	17	77,772	77,973	-	-
Prepayments, deposits and other receivables	18	22,666	26,083	4	4
Cash and bank balances	19	24,012	29,554	-	-
		208,672	221,581	4	4
TOTAL ASSETS		294,373	304,352	90,908	88,706
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	20	133,557	133,557	133,557	133,557
Reserves	21	(10,377)	(10,495)	(44,044)	(46,017)
Total equity		123,180	123,062	89,513	87,540
Current liabilities					
Trade payables	22	35,139	44,138	-	-
Accrued expenses and other payables	23	16,787	13,301	1,395	1,166
Lease liabilities	14	1,723	3,108	-	-
Bank borrowings, secured	24	104,808	106,002	-	-
Income tax payables		515	994	-	-
		158,972	167,543	1,395	1,166
Non-current liabilities					
Lease liabilities	14	322	1,592	-	-
Deferred income	25	11,899	12,155	-	-
		12,221	13,747	-	-
Total liabilities		171,193	181,290	1,395	1,166
TOTAL EQUITY AND LIABILITIES		294,373	304,352	90,908	88,706

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

GROUP

	Share capital RMB'000	Share premium* RMB'000 (note 21(a))	Other reserve* RMB'000 (note 21(b))	Exchange reserve* RMB'000 (note 21(c))	Accumulated losses* RMB'000	Total equity RMB'000
At 1 July 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 to the Group's presentation currency	-	-	-	359	-	359
Total comprehensive income for the year	-	-	-	359	2,193	2,552
Appropriation to other reserves	-	-	767	-	(767)	-
At 30 June 2022 and 1 July 2022	133,557	33,961	14,635	(16,564)	(42,527)	123,062
Loss for the year	-	-	-	-	(910)	(910)
Other comprehensive income, net of income tax						
- Exchange gain on translation of financial statements to the Group's presentation currency	-	-	-	1,028	-	1,028
Total comprehensive income for the year	-	-	-	1,028	(910)	118
Appropriation to other reserves	-	-	692	-	(692)	-
At 30 June 2023	133,557	33,961	15,327	(15,536)	(44,129)	123,180

* These reserve accounts comprise the consolidated reserves of a deficit of approximately RMB10,377,000 (2022: RMB10,495,000) in the consolidated statement of financial position.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

COMPANY

	Share capital RMB'000	Share premium* RMB'000 (note 21(a))	Exchange reserve* RMB'000 (note 21(c))	Accumulated losses* RMB'000	Total equity RMB'000
At 1 July 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 June 2022 and 1 July 2022	133,557	33,961	(33,184)	(46,794)	87,540
Loss for the year	-	-	-	(4,676)	(4,676)
Other comprehensive income, net of income tax					
- Exchange gain on translation of the Company's financial statements to RMB	-	-	6,649	-	6,649
Total comprehensive income for the year	-	-	6,649	(4,676)	1,973
At 30 June 2023	133,557	33,961	(26,535)	(51,470)	89,513

* These reserve accounts comprise the Company's reserves of a deficit of approximately RMB44,044,000 (2022: RMB46,017,000) in the Company's statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 RMB'000	2022 RMB'000
Cash flows from operating activities			
Profit before income tax		1,019	4,197
Adjustments for:			
Interest income	7	(36)	(24)
Interest expenses	8	4,577	4,404
Depreciation of property, plant and equipment	13	12,627	12,330
Depreciation of right-of-use assets	14	3,824	3,759
Amortisation of government grants	25	(256)	(256)
Inventories write-down, net	16	2,714	984
Gain on disposal of property, plant and equipment	9	(40)	(19)
Bad debts written off	9	60	-
Operating profit before working capital changes		24,489	25,375
Decrease/(increase) in inventories		1,035	(7,003)
Decrease in trade receivables		763	10,111
Decrease/(increase) in prepayments, deposits and other receivables		3,591	(8,191)
Decrease in trade payables		(8,999)	(14,930)
Increase/(decrease) in accrued expenses and other payables		3,344	(1,143)
Cash generated from operations		24,223	4,219
Bank interest received		36	24
Income taxes paid		(2,420)	(2,373)
<i>Net cash generated from operating activities</i>		21,839	1,870
Cash flows from investing activities			
Release of restricted bank deposits		-	1,452
Deposits paid for acquisition of property, plant and equipment		(2,016)	(1,983)
Purchases of property, plant and equipment		(16,459)	(17,092)
Proceeds from disposal of property, plant and equipment		46	31
<i>Net cash used in investing activities</i>		(18,429)	(17,592)
Cash flows from financing activities			
	28(b)		
Interest paid on bank borrowings		(4,380)	(3,948)
Proceeds from bank borrowings		110,427	135,104
Repayments of bank borrowings		(111,621)	(101,258)
Repayments of principal portion of lease liabilities		(3,329)	(3,246)
Interest paid on lease liabilities		(197)	(456)
<i>Net cash (used in)/generated from financing activities</i>		(9,100)	26,196
Net (decrease)/increase in cash and cash equivalents		(5,690)	10,474
Cash and cash equivalents at beginning of year		29,554	18,850
Effect of foreign exchange rate changes, net		148	230
Cash and cash equivalents at end of year		24,012	29,554
Analysis of balances of cash and cash equivalents			
Cash and bank balances	19	24,012	29,554

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

1. GENERAL 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 set out in note 15 to the financial statements.

The immediate and ultimate holding company of the Company to be Tamere Enterprise Investment Limited, a limited liability company incorporated in Hong Kong and Zhongshan Xiaolan Town Public Assets Management Center, incorporated in PRC.

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”). The consolidated financial statements have been 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’s financial statements are also RMB. Amounts are rounded to the nearest thousand, unless otherwise stated.

The consolidated financial statements of the Group, the statement of financial position and statement of changes in equity of the Company for the year ended 30 June 2023 were approved for issue by the Board of Directors on 26 September 2023.

2. BASIS OF PREPARATION

The financial statements on pages 45 to 87 have been prepared in accordance with International Financial Reporting Standards (“IFRS Accounting Standards”) which collective terms includes all applicable individual International Financial Reporting Standards and Interpretations approved by the International Accounting Standard Board (the “IASB”), and all applicable individual International Accounting Standards (“IASs”) and Interpretations as originated by the Board of the International Accounting Standards Committee and adopted by the IASB. The financial statements also include the applicable disclosure requirements of the Listing Manual of the SGX-ST (the “Listing Manual”).

The significant accounting policies that have been used in the preparation of these financial statements are summarised in note 4. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended IFRS Accounting Standards and the impacts on the Group’s financial statements, if any, are disclosed in note 3.

The financial statements have been prepared under historical cost convention. The measurement bases are fully described in the accounting policies in note 4.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 5.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

3. ADOPTION OF NEW OR AMENDED IFRS ACCOUNTING STANDARDS

(a) Adoption of new or amended IFRS Accounting Standards

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

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual Improvements to IFRS Accounting Standards 2018–2020

The new or amended IFRS Accounting Standards that are effective for the reporting period did not have any significant impact on the Group's accounting policies.

(b) New or amended IFRS Accounting Standards that have been issued but are not yet effective

At the date of this report, the following new or amended IFRS Accounting Standards have been published but are not yet effective, and have not been early adopted by the Group.

Amendments to IAS 1	Classification of Liabilities as Current or Non-current liabilities ²
Amendments to IAS 1	Non-current Liabilities with Covenants ²
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements ²
Amendments to IAS 8	Definition of Accounting Estimates ¹
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹
Amendments to IAS 12	International Tax Return – Pillar Two Model Rules ¹
IFRS 17	Insurance Contracts ¹
Amendments to IFRS 17	Insurance Contracts ^{1,5}
Amendments to IFRS 17	Initial Application of IFRS 17 and IFRS 9 - Comparative Information ^{1,6}
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback (amendments) ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an investor and its Associate or Joint Venture ⁴

1 Effective for annual periods beginning on or after 1 January 2023

2 Effective for annual periods beginning on or after 1 January 2024

3 Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022

4 The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined

5 As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

6 An entity that chooses to apply the transition option set out in this amendment shall apply it on initial application of IFRS 17

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

3. ADOPTION OF NEW OR AMENDED IFRS ACCOUNTING STANDARDS (Continued)

- (b) New or amended IFRS Accounting Standards that have been issued but are not yet effective (Continued)

The Group is in the process of making an assessment of the impact of these new or amended IFRS Accounting Standards upon initial application. Up to now, the Group considers that these standards will not have a significant impact on the Group's financial performance and financial position.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill, if any), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

4.2 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control, directly or indirectly. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, interests in subsidiaries together with advances from the Company which are neither planned nor likely to be settled in the foreseeable future are carried at cost less any impairment loss. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre- or post-acquisition profits are recognised in the Company's profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.3 Foreign currency translation

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into RMB. Assets and liabilities have been translated into RMB at the closing rates at the reporting date. Income and expenses have been converted into RMB at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in the other comprehensive income and accumulated separately in the exchange reserve in equity.

When a foreign operation is sold, such exchange differences are reclassified from equity to profit or loss as part of the gain or loss on sale.

4.4 Property, plant and equipment

Buildings held for own use which are situated on leasehold land, where the cost of the buildings could be measured separately from the cost of the leasehold land at the inception of the lease, and other items of plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Depreciation is provided to write off the cost of property, plant and equipment (other than construction in progress) less their estimated residual values over their estimated useful lives, using straight-line method, as follows:

Buildings	10 to 20 years or over the terms of the related land lease, whichever is the shorter
Equipment and machinery	3 to 10 years
Motor vehicles	4 to 7 years

The assets' estimated residual values, depreciation method and estimated useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.4 Property, plant and equipment (Continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Construction in progress is stated at cost less impairment losses. Cost comprises direct costs of construction as well as borrowing costs capitalised during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

4.5 Leases

All leases are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term of 12 months or less and do not contain purchase option. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

For the Group, leasehold land and buildings which is held for own use would continue to be accounted for under IAS 16 and would be carried at cost model. Other than the above right-of-use assets, the Group has also leased a number of properties under tenancy agreements which the Group exercise its judgement and determines that it is a separate class of assets apart from the leasehold land and buildings which is held for own use. As a result, the right-of-use asset arising from the properties under tenancy agreements are carried at depreciated cost.

The Group presents the right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.5 Leases (Continued)

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

The following payments for the right-to-use asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

The Group presents right-of-use assets and lease liabilities separately from other assets and other liabilities in the consolidated statement of financial position.

4.6 Research and development costs

Costs associated with research activities are expensed in profit or loss as they occur. Costs that are directly attributable to the development phase are recognised as intangible assets provided they meet the following recognition requirements:

- (a) demonstration of technical feasibility of the prospective product for internal use or sale;
- (b) there is intention to complete the intangible asset and use or sell it;
- (c) the Group's ability to use or sell the intangible asset is demonstrated;
- (d) the intangible asset will generate probable economic benefits through internal use or sale;
- (e) sufficient technical, financial and other resources are available for completion; and
- (f) the expenditure attributable to the intangible asset can be reliably measured.

Direct costs include employee costs incurred on development along with an appropriate portion of relevant overheads. The costs of internally generated product developments are recognised as intangible assets. These are subject to the same subsequent measurement method as externally acquired intangible assets.

All other development costs are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.7 Financial instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss ("ECL") on trade receivables and financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group measured loss allowances for trade receivables using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For those debtors past due over one year, the assessment is performed on an individual basis.

For other debt financial assets, the ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.7 Financial instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the written off. Subsequent recoveries of an asset that was previously written off are recognised as a reversal of loss allowances in profit or loss in the period in which the recovery occurs.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in accordance with note 4.15.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with IFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.7 Financial instruments (Continued)

(v) Derecognition (Continued)

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

4.8 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using weighted average basis, and in the case of work-in-progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and necessary to make the sale. Allowance is made for obsolete, slow-moving and defective inventories to adjust the carrying value of those inventories to the lower of cost and net realisable value.

4.9 Cash and bank balances

Cash and bank balances include cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. For purposes of the consolidated statement of cash flows, cash and cash equivalents comprise cash and bank balances.

4.10 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent liabilities are recognised in the course of the allocation of purchase price to the assets and liabilities acquired in a business combination. These are initially measured at fair value at the date of acquisition and subsequently measured at the higher of the amount that would be recognised in a comparable provision as described above and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of IFRS 15.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.11 Share capital and share premium

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Share premium includes any premiums received on the issuance of shares over the par value. Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

4.12 Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts and sales rebates.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

Sales of goods are recognised at a point in time when the goods are transferred and the customer has received the goods, since only by the time the Group has a present right to payment for the goods delivered.

There is no significant financial components for the contracts and the consideration is not variable.

Interest income is recognised on time-proportion basis using effective interest method.

Contract assets and liabilities:

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.13 Impairment of non-financial assets

Property, plant and equipment and right-of-use assets of the Group and the Company's investments in subsidiaries are subject to impairment test. These assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit ("CGU")). As a result, some assets are tested individually for impairment and some are tested at CGU level.

Impairment losses recognised for CGU are charged pro-rata to the assets in the CGU, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value-in-use, if determinable.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of impairment loss is recognised immediately in profit or loss.

4.14 Employee benefits

Retirement benefits

Retirement benefits to employees are provided through defined contribution plans.

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries.

Pursuant to the relevant regulations in the PRC, the Group has participated in a local municipal government retirement benefit scheme (the "Scheme"), whereby the Group is required to contribute a certain percentage of basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees in the PRC. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme mentioned above. The Group's contributions to the Scheme are expensed as incurred.

4.15 Borrowing costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.16 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of income tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition of assets and liabilities in a transaction (other than a business combination) that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

Deferred tax is calculated, without discounting, at the tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly to equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

- (a) the Group has the legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.16 Accounting for income taxes (Continued)

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (i) the same taxable entity; or
 - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

4.17 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major product lines.

The measurement policies of the Group uses for reporting segment results under IFRS 8 are the same as those used in its financial statements prepared under IFRSs, except that bank interest income, finance costs, income tax expense and corporate income and expenses which are not directly attributable to the business activities of any operating segment are not included in arriving at the operating results of the operating segment.

Segment assets exclude corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarter.

Segment liabilities exclude corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment. These include current and deferred tax liabilities and bank borrowings.

No asymmetrical allocations have been applied to reportable segments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.18 Related parties

- (a) A person or a close member of that person's family is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of key management personnel of the Group or the Company's parent.
- (b) An entity is related to the Group if any of the following conditions apply:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependants of that person or that person's spouse or domestic partner.

4.19 Dividends

When final dividends are declared and approved by the shareholders in a general meeting, they are recognised as a liability. Interim dividends are simultaneously proposed and declared and consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.20 Government grants

Grants from the government are recognised where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to expenses are deferred and recognised in profit or loss over the period necessary to match them with the related costs that they are intended to compensate. Government grants relating to the purchase of property, plant and equipment and land use rights are included in non-current liabilities as deferred income and are recognised in profit or loss on straight line method over the expected lives of the related assets.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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:

(a) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business less the estimated cost of completion and necessary to make the sale. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to severe industry cycles. Management reassessed the estimates at each reporting date. The carrying amount of the Group's inventories as at 30 June 2023 was RMB84,222,000 (2022: RMB87,971,000).

(b) Loss allowance for expected credit losses of trade receivables

Loss allowances for trade receivables are based on management's estimate of the lifetime expected credit losses, which is estimated by taking into account the credit loss experience, ageing of trade receivables, customers' repayment history and customers' financial position and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgement.

The loss allowance of ECLs is sensitive to changes in circumstances and of forecasted general economic conditions. The net carrying amount of the Group's trade receivables as at 30 June 2023 was RMB77,772,000 (2022: RMB77,973,000). The information about the ECLs and the Group's trade receivables are disclosed in notes 17 and 30(c) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(c) Impairment of property, plant and equipment and right-of-use assets

Determining whether the property, plant and equipment and right-of-use assets are impaired and the amount of impairment losses require an estimation of the value-in-use or fair value less costs of disposal of the assets or CGU to which the assets has been allocated. The value-in-use calculation requires management to estimate future cash flows expected to arise from the assets or CGUs and a suitable discount rate in order to calculate the present value of those cash flows. The fair value less costs of disposal calculation requires management to take reference with the transaction prices of the similar assets in the market. The net carrying amounts of the Group's property, plant and equipment and right-of-use assets as at 30 June 2023 were RMB62,586,000 (2022: RMB56,272,000) and RMB20,270,000 (2022: RMB23,182,000) respectively.

(d) Measurement of lease liabilities

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term. The Group has determined the discount rate by reference to the respective lessee's incremental borrowing rate when the rate inherent in the lease is not readily determinable. The Group obtains the relevant market interest rate after considering the applicable geographical location where the lessee operates as well as the term of the lease. Management considers its own credit spread information from its recent borrowings, industry data available as well as any security available in order to adjust the market interest rate obtained from similar economic environment, term and value of the lease. The weighted average incremental borrowing rate applied to lease liabilities as at 30 June 2023 was 4.75% (2022: 4.75%). The carrying amount of lease liabilities as at 30 June 2023 was RMB2,045,000 (2022: RMB4,700,000).

6. SEGMENT INFORMATION

The Group has identified the following operating and 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 ("Industrial 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 Industrial 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.

During the financial years ended 30 June 2023 and 2022, all inter-segment sales were transacted with reference to the costs incurred by respective segments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

6. SEGMENT INFORMATION (Continued)

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:

	2023	2022
	RMB'000	RMB'000
Reportable segment profit	11,195	12,578
Interest income	36	24
Unallocated corporate expenses	(5,635)	(4,001)
Finance costs	(4,577)	(4,404)
Profit before income tax	1,019	4,197

Unallocated corporate expenses mainly included directors' remuneration, staff costs and other expenses not directly attributable to the business activities of any operating segments.

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

	Revenue from external customers		Non-current assets	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
The PRC (domicile)	435,607	499,974	82,462	79,667
Hong Kong	2,205	1,434	3,239	3,104
Other countries	57,942	73,967	-	-
	495,754	575,375	85,701	82,771

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.

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

	2023	2022
	RMB'000	RMB'000
Customer A (Manufacture of BOPP films)	N/A*	60,465

* Less than 10% of the Group's revenue.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

7. REVENUE AND OTHER INCOME

Revenue from the Group's principal activities and other income of the Group recognised during the year are as follows:

	2023 RMB'000	2022 RMB'000
Revenue		
Sale of goods – at a point in time	495,754	575,375
Other income		
Interest income	36	24
Net gain on disposal of property, plant and equipment	40	19
Government grants (Note)	592	384
Net foreign exchange gain	394	–
Others	241	158
	1,303	585

Note: Government grants amounted to RMB256,000 are deferred income in relation to the Group acquisition of leasehold interest in land located in the PRC (note 25) for the financial years ended 30 June 2023 and 2022. For the remaining of the government grant, the Zhongshan city government provided a one-off subsidy on staff retention and a one-off rebate on land tax for the financial years ended 30 June 2023 and 2022 respectively. The Group has complied with the requirements and no unfulfilled conditions for both financial years.

8. FINANCE COSTS

	2023 RMB'000	2022 RMB'000
Interest charged on bank borrowings, wholly repayable within one year	4,380	3,948
Interest expenses on lease liabilities (Note 14)	197	456
	4,577	4,404

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

9. PROFIT BEFORE INCOME TAX

	2023 RMB'000	2022 RMB'000
Profit before income tax is arrived at after charging/(crediting):		
Auditor's remuneration		
- Audit services	1,044	950
- Non-audit services	35	31
Bad debts written off	60	-
Cost of inventories recognised as an expense	425,271	501,661
Depreciation of property, plant and equipment	12,627	12,330
Depreciation of right-of-use assets	3,824	3,759
Gain on disposal of property, plant and equipment	(40)	(19)
Net foreign exchange (gain)/loss	(394)	1,275
Short-term lease expenses	-	79
Research and development costs	2,697	1,879
Directors' remuneration:		
- Fee	818	729
- Other emoluments	3,056	2,632
- Retirement scheme contributions	16	15
	3,890	3,376
Retirement scheme contributions	4,782	4,261
Other staff costs	41,833	41,327
Total staff costs	50,505	48,964
Cost of inventories recognised as an expense includes the following expenses which are also included in the respective total amounts separately disclosed above for each of these types of expenses:		
- Depreciation of property, plant and equipment	10,610	10,131
- Depreciation of right-of-use assets	3,027	3,307
- Inventories write-down	2,714	984
- Staff costs	21,029	19,513
- Research and development costs	1,627	1,048

10. INCOME TAX EXPENSE

	2023 RMB'000	2022 RMB'000
The PRC:		
Current tax	2,483	2,629
Overprovision in respect of prior years	(588)	(684)
	1,895	1,945
Hong Kong:		
Current tax	25	77
Under/(over) provision in respect of prior years	9	(18)
	34	59
Total income tax expense	1,929	2,004

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

10. INCOME TAX EXPENSE (Continued)

Zhongshan New Asia Adhesive Products Co., Ltd. ("Zhongshan New Asia") and Hubei Luxking Innovative Materials Co., Ltd. ("Hubei Luxking"), wholly-owned subsidiaries of the Company, are subject to the PRC Enterprise Income Tax rate of 25% (2022: 25%).

Luxking International Chemicals Limited and China King International Trading Limited, wholly-owned subsidiaries of the Company, are subject to Hong Kong profits tax.

A two-tiered profits tax rates regime of Hong Kong Profits Tax applies to years of assessment commencing on or after 1 July 2018. Under the regime, the first HK\$2 million of assessable profits of qualifying corporation will be taxed at 8.25%, and assessable profits above HK\$2 million will be taxed at 16.5%. During the years ended 30 June 2023 and 2022, only one company under the group of companies can enjoy the tax benefit. Luxking International Chemicals Limited and China King International Trading Limited are subject to Income Tax rate of 16.5% and 8.25% respectively (2022: 16.5% and 8.25% respectively) on the estimated assessable profits for the year.

Income tax has not been provided by the Company and other subsidiaries as the Company and other subsidiaries did not derive any assessable profits during the year (2022: Nil).

Reconciliation between income tax expense and accounting profit at applicable tax rates:

	2023	2022
	RMB'000	RMB'000
Profit before income tax	1,019	4,197
Tax on profit before income tax, calculated at the rates applicable to profits in the tax jurisdiction concerned	91	1,032
Tax effect of non-taxable revenue	(8)	(6)
Tax effect of non-deductible expenses	2,425	1,688
Over-provision for tax in prior years	(579)	(702)
Income tax on concessionary rate	-	(8)
Income tax expense	1,929	2,004

No deferred tax liability has been provided for the Group and the Company as the Group and the Company did not have any significant temporary differences which gave rise to a deferred tax liability at 30 June 2023 (2022: Nil).

11. DIVIDENDS

The directors do not recommend the payment of a dividend for the years ended 30 June 2023 and 2022.

12. LOSS/(EARNINGS) PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately RMB910,000 (2022: profit of RMB2,193,000) divided by 12,650,000 (2022: 12,650,000) ordinary shares in issue during the year.

Diluted loss and earnings per share for the financial years ended 30 June 2023 and 2022 are the same as basic loss and earnings per share respectively, as the Group has no dilutive potential shares during the current and prior year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

13. PROPERTY, PLANT AND EQUIPMENT - GROUP

	Buildings RMB'000	Equipment and machinery RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 July 2021					
Cost	55,169	216,586	3,239	8,517	283,511
Accumulated depreciation and impairment losses	(48,526)	(182,512)	(3,085)	-	(234,123)
Net carrying amount	6,643	34,074	154	8,517	49,388
Year ended 30 June 2022					
Opening net carrying amount	6,643	34,074	154	8,517	49,388
Additions	7,102	2,336	594	9,194	19,226
Transfer	2,676	11,259	405	(14,340)	-
Disposals	-	(12)	-	-	(12)
Depreciation charged for the year	(3,185)	(8,954)	(191)	-	(12,330)
Closing net carrying amount	13,236	38,703	962	3,371	56,272
At 30 June 2022					
Cost	64,947	201,269	4,115	3,371	273,702
Accumulated depreciation and impairment losses	(51,711)	(162,566)	(3,153)	-	(217,430)
Net carrying amount	13,236	38,703	962	3,371	56,272
Year ended 30 June 2023					
Opening net carrying amount	13,236	38,703	962	3,371	56,272
Additions	881	8,099	40	9,927	18,947
Transfer	752	3,907	-	(4,659)	-
Disposals	-	(4)	(2)	-	(6)
Depreciation charged for the year	(3,262)	(9,141)	(224)	-	(12,627)
Closing net carrying amount	11,607	41,564	776	8,639	62,586
At 30 June 2023					
Cost	66,580	211,555	3,817	8,639	290,591
Accumulated depreciation and impairment losses	(54,973)	(169,991)	(3,041)	-	(228,005)
Net carrying amount	11,607	41,564	776	8,639	62,586

As at 30 June 2023 and 2022, all of the Group's buildings are situated in the PRC with remaining lease terms of from 26 to 48 years (2022: 27 to 49 years).

As at 30 June 2023, certain buildings of the Group with net carrying amount of RMB3,283,000 (2022: RMB4,309,000) were pledged to secure the Group's bank borrowings (note 24).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

14. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets - Group

	Land use rights RMB'000	Leasehold land and buildings RMB'000	Properties RMB'000	Total RMB'000
At 1 July 2021	15,475	3,116	7,819	26,410
Additions	-	-	448	448
Exchange difference	-	83	-	83
Depreciation	(368)	(96)	(3,295)	(3,759)
At 30 June 2022	15,107	3,103	4,972	23,182
Additions	-	-	674	674
Exchange difference	-	238	-	238
Depreciation	(368)	(103)	(3,353)	(3,824)
At 30 June 2023	14,739	3,238	2,293	20,270

As at 30 June 2023, the remaining lease terms of land use rights and leasehold land and buildings are ranging from 26 to 48 years and 31 years respectively (2022: 27 to 49 years and 32 years).

For the years ended 30 June 2023 and 2022, the Group leases a number of office premises, warehouses and staff quarters in the PRC for its operations. The leases run for an initial period ranged from one to three years (2022: one to three years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

As at 30 June 2023, right-of-use assets of RMB2,841,000 (2022: RMB2,952,000) were pledged to secure the Group's bank borrowings (note 24).

	Properties RMB'000
Lease liabilities - Group	
At 1 July 2021	7,498
Additions	448
Interest expenses on lease liabilities	456
Lease payments	
- Principal portion	(3,246)
- Interest portion	(456)
At 30 June 2022 and 1 July 2022	4,700
Additions	674
Interest expenses on lease liabilities	197
Lease payments	
- Principal portion	(3,329)
- Interest portion	(197)
At 30 June 2023	2,045

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

14. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

	2023 RMB'000	2022 RMB'000
Lease liabilities		
Current	1,723	3,108
Non-current	322	1,592
	2,045	4,700

Future lease payments are due as follows:

	Minimum lease payments RMB'000	Interests RMB'000	Present value RMB'000
At 30 June 2023			
Due within one year	1,764	(41)	1,723
Due in the second to fifth years	330	(8)	322
	2,094	(49)	2,045
At 30 June 2022			
Due within one year	3,290	(182)	3,108
Due in the second to fifth years	1,619	(27)	1,592
	4,909	(209)	4,700

The maturity analysis of lease liabilities is disclosed in note 30(d) to the financial statements.

The total cash outflows for leases for the year ended 30 June 2023 was RMB3,526,000 (2022: RMB3,702,000) (note 28).

15. INTERESTS IN SUBSIDIARIES - COMPANY

	2023 RMB'000	2022 RMB'000
Unlisted investments, at cost	1	1
Due from a subsidiary	90,903	88,701
	90,904	88,702

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

15. INTERESTS IN SUBSIDIARIES - COMPANY (Continued)

Particulars of the subsidiaries at 30 June 2023 and 2022 are as follows:

Name	Place of incorporation/ principal place of business	Nominal value of paid-up share/ registered capital	Effective percentage of equity interest attributable to the Company 2023 and 2022	Principal activities
Directly held:				
Excel Glory Limited	British Virgin Islands	US\$100	100	Investment holding
Indirectly held:				
Zhongshan New Asia ⁽¹⁾	The PRC	US\$11.6 million	100	Production of adhesive tapes and BOPP films
Luxking International Chemicals Limited	Hong Kong	HK\$1	100	Trading of polypropylene resin
China King International Trading Limited	Hong Kong	HK\$1	100	Trading of adhesive tapes and BOPP films
Tian Holdings Limited	Hong Kong	HK\$1	100	Investment holding
Luxking Investment Limited	Hong Kong	HK\$1	100	Investment holding
Hubei Luxking ⁽²⁾	The PRC	RMB 3 million	100	Production of Polyethylene coated paper

(1) Zhongshan New Asia is a wholly foreign-owned enterprise with operation period to 20 February 2045.

(2) Hubei Luxking is a wholly foreign-owned enterprise with unlimited operation period.

The financial statements of the above subsidiaries have been audited/reviewed by BDO Limited for statutory purpose and/or the purpose of the Group's consolidation.

Management assessed that the settlement of the amount due from a subsidiary is neither planned nor likely to occur in the foreseeable future and the directors considered that the amount forms part of the net investment in the subsidiary accordingly.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

16. INVENTORIES - GROUP

	2023	2022
	RMB'000	RMB'000
Raw materials	44,279	48,928
Work-in-progress	25,009	25,764
Finished goods	20,948	16,579
	90,236	91,271
Less: Write-down for inventory obsolescence	(6,014)	(3,300)
	84,222	87,971

For the year ended 30 June 2023, the Group recognised inventory write-down of RMB2,999,000 (2022: RMB984,000) in profit or loss. The Group has also recognised a reversal of RMB285,000 (2022: RMB Nil), being part of an inventory write-down made in previous financial years, as the inventories were sold above the carrying amounts during the year.

17. TRADE RECEIVABLES - GROUP

	2023	2022
	RMB'000	RMB'000
Trade receivables	79,797	79,998
Less: Impairment loss	(2,025)	(2,025)
	77,772	77,973

Trade receivables generally have credit terms of 7 to 150 (2022: 7 to 150) days and no interest is charged.

The directors of the Company consider that the fair values of trade receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

Impairment loss in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the outstanding are written-off as bad debts against trade receivables directly.

Impairment loss of trade receivables is as follows:

	2023	2022
	RMB'000	RMB'000
Impairment loss of trade receivables	2,025	2,025

Impairment loss of RMB2,025,000 (2022: RMB2,025,000) was made against the gross amount of trade receivables as at 30 June 2023. Receivable with a contractual amount of RMB60,000 written off during the year are still subject to enforcement activity. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 30(c).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES - GROUP AND COMPANY

	Group		Company	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Prepayments	2,781	2,381	4	4
Advance to suppliers	2,594	3,621	-	-
VAT receivables	15,491	19,085	-	-
Other receivables and deposits	4,645	4,313	-	-
	25,511	29,400	4	4
Less: Non-current portion				
Deposits for acquisition of property, plant and equipment	(2,845)	(3,317)	-	-
	22,666	26,083	4	4

19. CASH AND BANK BALANCES - GROUP

As at 30 June 2023, the Group had cash and bank balances of approximately RMB17,759,000 (2022: RMB16,859,000) placed with the banks in the PRC. RMB is not freely convertible into foreign currencies. Under the PRC's Foreign Exchange Control regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through the banks that are authorised to conduct foreign exchange business.

20. SHARE CAPITAL - GROUP AND COMPANY

	2023		2022	
	HK\$'000	RMB'000	HK\$'000	RMB'000
Authorised:				
50,000,000 ordinary shares of HK\$10.00 each	500,000	530,000	500,000	530,000
Issued and fully paid:				
12,650,000 ordinary shares of HK\$10.00 each	126,500	133,557	126,500	133,557

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

21. RESERVES - GROUP AND COMPANY

(a) Share premium

This represented the premium arising from the issue of shares of the Company. Under the Bye-Laws of the Company, the share premium account may be distributed in the form of fully paid bonus shares.

(b) Other reserve

The Group's other reserve represent appropriation of profits retained by the Group's PRC subsidiaries. In accordance with the relevant laws and regulations of the PRC, Zhongshan New Asia and Hubei Luxking are required to appropriate an amount not less than 10% of its profit after income tax to other reserve each year until the other reserve balance reaches 50% of its registered capital. Subject to approval from the relevant PRC authorities, this other reserve may be used to offset any accumulated losses or for capitalisation as paid-up capital. Other reserve is not available for dividend distribution to shareholders.

(c) Exchange reserve

This comprise all foreign exchange differences arising from the translation of the financial statements of the Company and subsidiaries whose functional currency are different from that of the Group's presentation currency which is RMB and is non-distributable.

22. TRADE PAYABLES - GROUP

Trade payables are non- interest bearing and are normally settled on 30 (2022: 30) days and 90 (2022: 90) days credit terms respectively.

All amounts are short-term and hence the carrying values of trade payables are considered to be a reasonable approximation of fair values.

23. ACCRUED EXPENSES AND OTHER PAYABLES - GROUP AND COMPANY

	Group		Company	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Accrued expenses	12,816	10,944	1,395	1,166
Contract liabilities (note)	2,608	1,894	-	-
Other payables	1,363	463	-	-
	16,787	13,301	1,395	1,166

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

23. ACCRUED EXPENSES AND OTHER PAYABLES - GROUP AND COMPANY (Continued)

The carrying amounts of accrued expenses and other payables are short-term and hence their carrying values are considered to be a reasonable approximation of fair values.

Note: Movements in contract liabilities:

	2023 RMB'000	2022 RMB'000
At beginning of year	1,894	1,508
Amount recognised as revenue during the year for contract liabilities recognised at the beginning of the year	(1,894)	(1,508)
Amount received in advance from customers during the year	34,036	37,650
Amount recognised as revenue during the year for contract liabilities arising during the year	(31,428)	(35,756)
At end of year	2,608	1,894

The Group received certain percentage of deposit on sales of goods as a contract liability until such time as the sales were completed. At each reporting date, the Group expects to recognise the remaining performance obligation as revenue for the delivery of goods are satisfied within the next 12 months depending on the contract terms.

24. BANK BORROWINGS, SECURED - GROUP

	2023 RMB'000	2022 RMB'000
Current portion		
Bank borrowings due for repayment within one year	104,808	106,002

As at 30 June 2023 and 2022, the Group's bank borrowings are personal guarantee by Leung Chee Kwong, a director of the Company, the pledge of certain of the Group's property, plant and equipment (note 13) and right-of-use assets (note 14) and the land use rights of the Company's substantial shareholder.

As at 30 June 2023, bank borrowings of RMB104,808,000 (2022: RMB89,895,000) bear fixed interest rate ranging from 3.5% to 4.2% (2022: 3.85% to 4.2%) per annum. As at 30 June 2022, bank borrowings of RMB16,107,000 bear floating interest rates ranging 1.10% to 3.09% per annum.

The Group's bank borrowings are denominated in the following currencies:

	2023 RMB'000	2022 RMB'000
RMB	104,808	89,895
United States dollar ("US\$")	-	16,107
	104,808	106,002

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

25. DEFERRED INCOME – GROUP

	2023 RMB'000	2022 RMB'000
At beginning of the year	12,155	12,411
Government grants recognised as other income for the year	(256)	(256)
At end of the year	11,899	12,155

Deferred income represents government grants received by the Group in relation to its acquisition of leasehold interests in land located in the PRC. Such government grants are treated as deferred income and are recognised in profit or loss in accordance with the Group's accounting policies shown in note 4.20.

26. CAPITAL COMMITMENTS

	2023 RMB'000	2022 RMB'000
Contracted but not provided for in respect of property, plant and equipment	3,248	748

27. RELATED PARTY TRANSACTIONS

In addition to those disclosed elsewhere in the financial statements, the Group had the following related party transactions:

Included in staff costs are key management personnel compensations and comprise the following categories:

	2023 RMB'000	2022 RMB'000
Directors' fees	818	729
Short-term employee benefits	4,979	4,470
Post-employment benefits	59	63
	5,856	5,262

There was no amount under which a director waived or agreed to waive as remuneration during the year.

28. NOTES SUPPORTING CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group entered into new leases and recognised addition of right-of-use assets of RMB674,000 (2022: RMB448,000) and lease liabilities of RMB674,000 (2022: RMB448,000).

For the year ended 30 June 2023, the Group's purchase of property, plant and equipment was partly settled by deposits paid in prior year of RMB2,488,000 (2022: RMB2,134,000) for acquisition of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

28. NOTES SUPPORTING CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Reconciliation of liabilities arising from financing activities:

	Bank borrowings (note 24) RMB'000	Lease liabilities (note 14) RMB'000
At 1 July 2021	72,156	7,498
For the year ended 30 June 2022		
Changes from cash flows:		
Repayments of principal portion of lease liabilities	-	(3,246)
Interest paid on lease liabilities	-	(456)
Interest paid on bank borrowings	(3,948)	-
Proceeds from bank borrowings	135,104	-
Repayments of bank borrowings	(101,258)	-
Total changes from financing cash flows	29,898	(3,702)
Other changes:		
Addition of new leases	-	448
Amortisation of government grants	-	-
Interest expenses on lease liabilities	-	456
Interest charged on bank borrowings	3,948	-
At 30 June 2022 and 1 July 2022	106,002	4,700
For the year ended 30 June 2023		
Changes from cash flows:		
Repayments of principal portion of lease liabilities	-	(3,329)
Interest paid on lease liabilities	-	(197)
Interest paid on bank borrowings	(4,380)	-
Proceeds from bank borrowings	110,427	-
Repayments of bank borrowings	(111,621)	-
Total changes from financing cash flows	(5,574)	(3,526)
Other changes:		
Addition of new leases	-	674
Amortisation of government grants	-	-
Interest expenses on lease liabilities	-	197
Interest charged on bank borrowings	4,380	-
At 30 June 2023	104,808	2,045

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

29. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The following table shows the carrying amounts of the Group's and the Company's financial assets and liabilities:

	Group		Company	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
<u>Financial assets</u>				
At amortised costs				
- Trade receivables	77,772	77,973	-	-
- Other receivables and deposits	1,800	996	-	-
- Cash and bank balances	24,012	29,554	-	-
	103,584	108,523	-	-
<u>Financial liabilities</u>				
At amortised costs				
- Trade payables	35,139	44,138	-	-
- Accrued expenses and other payables	13,919	11,162	1,395	1,166
- Bank borrowings, secured	104,808	106,002	-	-
- Lease liabilities	2,045	4,700	-	-
	155,911	166,002	1,395	1,166

30. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group does not have written risk management policies and guidelines. However, the directors of the Company meet periodically to analyse and formulate measures to manage the Group's exposure to market risk (including principally changes in interest rates and currency exchange rates), credit risk and liquidity risk. Generally, the Group employs conservative strategies regarding its risk management. The Group has not used any derivatives or other instrument for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

(a) Interest rate risk

The Group's exposure to interest rate risk mainly arises on bank deposits (note 19) and bank borrowings (note 24). The Group has not used any derivative contracts to hedge its exposure to interest rate risk.

The directors are of the opinion that sensitivity of the Group's profit after tax and accumulated loss to a reasonable change in the interest rates of 1% (2022: 1%) are assessed to be immaterial. Changes in interest rates have no impact on other components of equity.

As the Company has no interest-bearing assets and liabilities, the Company's income and operating cash flows are independent of changes in market interest rates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

30. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Foreign currency risk

The Group's transactions are mainly denominated in RMB, US\$ and HK\$. Certain trade receivables, deposits, bank deposits, trade payables, accrued expenses and bank borrowings of the Group are denominated in US\$ and HK\$ which are not the functional currencies of the group entities to which these balances relate, and the Group is therefore exposed to foreign currency risk. To mitigate the impact of exchange rate fluctuations, the management continuously assesses and monitors foreign exchange exposure.

The Group's foreign currency denominated financial assets and liabilities, translated into RMB at the closing rates, are as follows:

	2023		2022	
	US\$ RMB'000	HK\$ RMB'000	US\$ RMB'000	HK\$ RMB'000
Financial assets:				
- Trade receivables	6,897	-	9,922	-
- Cash and bank balances	5,965	288	12,511	184
	12,862	288	22,433	184
Financial liabilities				
- Bank borrowings	-	-	(16,107)	-
	-	-	6,326	184

The directors are of the opinion that sensitivity of the Group's profit after tax and accumulated loss to a reasonable change in the foreign currency rates are assessed to be immaterial. Changes in foreign currency rates have no impact on the Group's other components of equity.

As the Company does not have exposure to foreign currency risk, the Company's income and operating cash flows are substantially independent of changes in foreign currency rates.

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and financial assets. The Group's credit risk is primarily attributable to trade and other receivables, and cash and bank balances.

No other financial assets carry a significant exposure to credit risk. None of the financial assets of the Group and the Company are secured by collateral or other credit enhancements.

The carrying amounts of financial assets recorded in the financial statements grossed up for any allowance for losses, represent the Group's and the Company's maximum exposure to credit risk for the year ended 30 June 2023 and 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

30. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Credit risk (Continued)

The management has a credit policy and the exposures to credit risks are monitored on an ongoing basis. The Group trades mainly with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. Major concentration of credit risk arises from the Group's exposure to top 5 (2022: 5) major trade debtors who contributed approximately 27% (2022: 22%) of the trade receivables balance of the Group.

The management has made individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also forward-looking information, as appropriate. The Group has considered the consistently low historical default rate in connection with payments, and concluded that credit risk inherent in the Group's outstanding other receivables and deposits is insignificant.

All the Group's cash and bank balances are deposited with major financial institutions located in the PRC and Hong Kong, including an aggregated balance of approximately RMB20,593,000 (2022: RMB23,542,000) representing 86% (2022: 79%) of the reporting date balances maintained with 3 banks (2022: 3) which are rated A2 to A1, based on Moody's ratings.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The ECL on trade receivables is estimated using a provision matrix with reference to past default experience of the debtor, current market condition in relation to each debtor's exposure. The ECL also incorporated forward looking information with reference to general macroeconomic conditions that may affect the ability of the debtors to settle receivables.

As at 30 June 2023 and 2022, the Group recognised lifetime ECL for its trade receivables based on individually significant customer or the ageing of customers collectively that are not individually significant as follows:

	Expected credit loss rate	Gross carrying amount RMB'000	Loss allowance RMB'000
At 30 June 2023			
Current	1.87%	66,892	1,254
Less than 1 month past due	5.27%	9,996	527
1 to 3 months past due	7.22%	2,617	189
More than 3 months but less than 12 months past due	17.27%	139	24
More than 12 months past due	20.26%	153	31
		79,797	2,025
At 30 June 2022			
Current	2.17%	75,370	1,637
Less than 1 month past due	6.14%	3,148	193
1 to 3 months past due	8.42%	1,008	85
More than 3 months but less than 12 months past due	22.58%	431	97
More than 12 months past due	31.67%	41	13
		79,998	2,025

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

30. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and availability of funding through the ability to close-out market positions. In the opinion of the directors of the Company, the Group does not have any significant liquidity risk exposure.

The following table summarises the remaining contractual maturities at the reporting date of the Group's financial liabilities, which are based on contractual undiscounted cash flow and the scheduled repayments dates for bank borrowings and the earliest date the Group may be required to pay for other financial liabilities.

Group	Carrying amount RMB'000	Contractual undiscounted cash flows RMB'000	Less than 6 months RMB'000	6 to 12 months RMB'000	2 to 5 years RMB'000
At 30 June 2023					
Non-derivative financial liabilities					
Trade payables	35,139	35,139	35,139	-	-
Accrued expenses and other payables	13,919	13,919	13,919	-	-
Bank borrowings, secured	104,808	108,050	56,114	51,936	-
Lease liabilities	2,045	2,094	882	882	330
	155,911	159,202	106,054	52,818	330
At 30 June 2022					
Non-derivative financial liabilities					
Trade payables	44,138	44,138	44,138	-	-
Accrued expenses and other payables	11,162	11,162	11,162	-	-
Bank borrowings, secured	106,002	108,368	69,291	39,077	-
Lease liabilities	4,700	4,909	1,645	1,645	1,619
	166,002	168,577	126,236	40,722	1,619
Company					
	Carrying amount RMB'000	Contractual undiscounted cash flows RMB'000	Less than 6 months RMB'000	6 to 12 months RMB'000	1 year or above RMB'000
At 30 June 2023					
Accrued expenses	1,395	1,395	1,395	-	-
At 30 June 2022					
Accrued expenses	1,166	1,166	1,166	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

30. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Liquidity risk (Continued)

The table that follows summarises the maturity analysis of bank borrowings with a repayment on demand clause as set out in the loan agreements. The amounts exclude interest payments. As a result, these amounts were lower than the amounts disclosed in the above table.

Group	Carrying amount RMB'000	Contractual cash flows RMB'000	On demand or less than 1 year RMB'000
Bank borrowings:			
30 June 2023	104,808	104,808	104,808
30 June 2022	106,002	106,002	106,002

(e) Fair values

The fair values of the Group's and the Company's current financial assets and liabilities are not materially different from their carrying amounts because of the immediate or short term maturity of these financial instrument.

31. CAPITAL MANAGEMENT

The Group's capital objectives include:

- To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;
- To support the Group's stability and growth; and
- To provide capital for the purpose of strengthening the Group's risk management capability.

The Group achieves these objectives by actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

Management regards total equity as capital. The amount of capital at 30 June 2023 amounted to approximately RMB123,180,000 (2022: RMB123,062,000) which the management considers as optimal. The Group sets the amount of equity capital in proportion to its overall financing structure. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

31. CAPITAL MANAGEMENT (Continued)

Capital-to-overall financing ratio at reporting date was as follows:

	2023 RMB'000	2022 RMB'000
Capital:		
Total equity	123,180	123,062
Overall financing:		
Total equity	123,180	123,062
Bank borrowings, secured	104,808	106,002
Lease liabilities	2,045	4,700
	230,033	233,764
Capital-to-overall financing ratio	53.5%	52.6%

As disclosed in note 21(b), subsidiaries of the Group are required by the relevant laws and regulations in the PRC to contribute to and maintain a non-distributable statutory reserve fund which utilisation is subject to the approval of the relevant PRC authorities. This externally imposed capital requirement has been complied with by the above mentioned subsidiaries for the financial years ended 30 June 2023 and 2022.

The Group's overall strategy remains unchanged from 2022.

SHAREHOLDERS' INFORMATION

AS AT 12 SEPTEMBER 2023

Authorised Share Capital	:	HK\$500,000,000
Issued and fully Paid-up Capital	:	HK\$126,500,000
Number of Ordinary Shares in Issue	:	12,650,000
Class of Shares	:	Ordinary Shares of HK\$10.00 each
Voting Rights	:	One vote per ordinary share
Number of Treasury Shares and Subsidiary Holdings held	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	99	16.58	4,860	0.04
100 - 1,000	219	36.68	83,400	0.66
1,001 - 10,000	226	37.86	719,050	5.68
10,001 - 1,000,000	50	8.38	3,582,690	28.32
1,000,001 & ABOVE	3	0.50	8,260,000	65.30
TOTAL	597	100.00	12,650,000	100.00

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 12 September 2023)

Name of Substantial Shareholder	Direct Interest		Deemed Interest	
	No. of shares	(%)	No. of Shares	(%)
Tamere Enterprise Investment Limited	3,569,500	28.22	-	-
Tamere Industries Limited (Note 1)	-	-	3,569,500	28.22
Zhongshan Xiaolan Town Industrial Assets Management Co., Ltd (Note 1)	-	-	3,569,500	28.22
Zhongshan Xiaolan Light Industry Company (Note 1)	-	-	3,569,500	28.22
Zhongshan Xiaolan Town Port Services Company (Note 1)	-	-	3,569,500	28.22
Zhongshan Xiaolan Industrial General Corporation (Note 1)	-	-	3,569,500	28.22
Zhongshan Xiaolan Town Assets Management Company (Note 1)	-	-	3,569,500	28.22
Zhongshan Xiaolan Town Public Assets Management Center (Note 1)	-	-	3,569,500	28.22
Fullwealth Trading Limited	2,382,500	18.83	-	-
Choi Kathie Pik Yan	2,308,000	18.25	-	-
Powerup Assets Management Limited	950,000	7.51	-	-
Leung Chee Kwong (Note 2)	-	-	2,382,500	18.83
Hebe Finance Limited (Note 3)	-	-	950,000	7.51
Wang Lin Jia (Note 3)	-	-	950,000	7.51

SHAREHOLDERS' INFORMATION

AS AT 12 SEPTEMBER 2023

Notes:

- 1) Tamere Industries Limited ("**TIL**") is the holding company of Tamere Enterprise Investment Limited ("**Tamere Enterprise**"), a substantial shareholder of the Company holding 3,569,500 shares in the share capital of the Company.
Zhongshan Xiaolan Town Industrial Assets Management Co., Ltd. ("**ZSXLIAMCL**") is the holding company of TIL.
Zhongshan Xiaolan Industrial General Corporation ("**ZSXLIGC**") and Zhongshan Xiaolan Light Industry Company ("**ZSXLIC**") are holding 60% and 40% shareholdings in ZSXLIAMCL respectively. ZSXLIGC is also the holding company of Zhongshan Xiaolan Town Port Services Company ("**ZSXLTPSC**").
ZSXLTPSC is the holding company of ZSXLIC.
Zhongshan Xiaolan Town Assets Management Company ("**ZSXLTAMC**") is the holding company of ZSXLIGC.
Zhongshan Xiaolan Town Public Assets Management Center is the holding company of ZSXLTAMC.
(all the abovementioned entities are collectively known as "**Tamere Group of Entities**")
Accordingly, all Tamere Group of Entities are deemed interested in 3,569,500 shares in the share capital of the Company registered in the name of Tamere Enterprise.
- 2) Mr. Leung Chee Kwong is deemed interested in 2,382,500 shares in the share capital of the Company registered in the name of Fullwealth Trading Limited by virtue of his 100% shareholding in Fullwealth Trading Limited.
- 3) Hebe Finance Limited and Wang Lin Jia are deemed interested in 950,000 shares in the share capital of the Company registered in the name of Powerup Assets Management Limited.

TOP TWENTY SHAREHOLDERS AS AT 12 SEPTEMBER 2023

	No. of shares	%
1 TAMERE ENTERPRISE INVESTMENT LIMITED	3,569,500	28.22
2 FULLWEALTH TRADING LIMITED	2,382,500	18.83
3 CHOI KATHIE PIK YAN	2,308,000	18.25
4 POWERUP ASSETS MANAGEMENT LIMITED	950,000	7.51
5 UOB KAY HIAN PTE LTD	495,350	3.91
6 CITIBANK NOMINEES SINGAPORE PTE LTD	400,000	3.16
7 OCBC SECURITIES PRIVATE LTD	215,900	1.71
8 PHILLIP SECURITIES PTE LTD	195,300	1.54
9 IFAST FINANCIAL PTE LTD	176,150	1.39
10 RAMESH S/O PRITAMDAS CHANDIRAMANI	149,900	1.18
11 MAYBANK SECURITIES PTE. LTD.	97,050	0.77
12 CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	66,840	0.53
13 ZENG JIANHUA	52,250	0.41
14 SEACARE FOUNDATION PTE LTD	46,500	0.37
15 GOH GUAN SIONG (WU YUANXIANG)	45,600	0.36
16 TEO BOON CHYE	40,500	0.32
17 LEE WEE KOK	30,000	0.24
18 LIM TIONG KHENG STEVEN	30,000	0.24
19 ROMIEN CHANDRASEGARAN	30,000	0.24
20 TEO THONG SOON	29,000	0.23
TOTAL:	11,310,340	89.41

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on the information available to the Company as at 12 September 2023, approximately 27.13% of the issued ordinary shares of the Company were held by the public.

Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“**AGM**”) of Luxking Group Holdings Limited (the “**Company**”) will be held at Furama City Centre, Level 2, Heritage Room, 60 Eu Tong Sen Street, Singapore 059804 on Monday, 23 October 2023 at 9.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Report and the Audited Financial Statements of the Company for the financial year ended 30 June 2023 together with the Independent Joint Auditor’s Report thereon. **(Resolution 1)**
2. To re-elect the following Directors of the Company who retiring pursuant to Bye-law 86(1) of the Company’s Bye-Laws.

Ms Leung Hi Man **(Resolution 2)**
Mr Chng Hee Kok **(Resolution 3)**
Mr Chan Wai Man **(Resolution 4)**

[See Explanatory Note (i)]
3. To approve the payment of Directors’ fees of S\$160,415 for the year ending 30 June 2024, to be paid quarterly in arrears. (FY2023: S\$160,415) **(Resolution 5)**
4. To re-appoint Messrs BDO Limited, Certified Public Accountants, Hong Kong and BDO LLP, Public Accountants and Chartered Accountants, Singapore as the Company’s Auditors to act jointly and severally and to authorise the Directors to fix their remuneration. **(Resolution 6)**
5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution as Ordinary Resolution, with or without any modifications:

6. Authority to allot and issue shares up to 50 per centum (50%) of the issued shares

That pursuant to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), authority be given to the Directors of the Company to issue shares whether by way of rights, bonus or otherwise, and/or make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares at any time and upon such terms and conditions and for such purposes to such persons as the Directors of the Company may in their absolute discretion deem fit and (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force, provided that:

NOTICE OF ANNUAL GENERAL MEETING

- (a) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (b) below);
- (b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
- (i) new shares arising from the conversion or exercise of any convertible securities;
 - (ii) new shares arising from exercise of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
 - (iii) any subsequent bonus issue, consolidation or subdivision of shares;
- (c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Bye-Laws of the Company; and
- (d) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (ii)]

(Resolution 7)

By Order of the Board

Cheng Lisa
Yoo Loo Ping
Company Secretaries
Singapore, 3 October 2023

Explanatory Notes:

- (i) Ms Leung Hi Man, if re-elected, will remain as an Executive Director and a member of the Nominating Committee of the Company.

Mr Chng Hee Kok, if re-elected, will remain as a Lead Independent Director, Chairman of the Audit Committee, and a member of the Remuneration Committee and Nominating Committee of the Company. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**Listing Manual**").

Mr Chan Wai Man, if re-elected, will remain as an Independent Director, Chairman of the Remuneration Committee, and a member of the Audit Committee and Nominating Committee of the Company. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual.

Their profiles can be found under the sections entitled "Board of Directors" and "Corporate Governance Report" of the Annual Report.

NOTICE OF ANNUAL GENERAL MEETING

- (ii) The Ordinary Resolution 7 proposed in item 6 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed, and any subsequent bonus issue, consolidation or subdivision of shares.

IMPORTANT NOTICE FOR SHAREHOLDERS:

The Company's AGM is being convened, and will be held physically at Furama City Centre, Level 2, Heritage Room, 60 Eu Tong Sen Street, Singapore 059804. There will be no option for shareholders to participate virtually or by electronic means.

Annual Report 2023, Notice of AGM, Proxy Form and the Annual Report 2023 request form ("**Request Form**") have been made available on SGXNet and the Company's corporate website and may be accessed at the following URLs:

- (i) <https://www.sgx.com/securities/company-announcements>; or
- (ii) <http://www.newasiatapes.com/en/investor-relations/financial-report>

Printed copies of this Notice of AGM, Proxy Form and Request Form will be despatched to shareholders. The Notice of AGM will also be published on The Business times on 4 October 2023.

Shareholders who wish to receive a printed copy of the Annual Report 2023 may do so by completing the Request Form and sending it to the Company latest by 10 October 2023 through any of the following means:

- (i) Via email to main@zicoholdings.com; or
- (ii) In hard copy by sending personally or by post and lodging the same at the Company's Share Transfer Agent, B.A.C.S Private Limited, 77 Robinson Road #06-03, Robinson 77, Singapore 068896.

Shareholders are strongly encouraged to send their completed Request Form electronically via email.

Shareholders should take note of the following arrangements for the AGM:

(a) Participation in the AGM

Shareholders, including CPF and SRS investors, may participate in the AGM by:

- (i) Attending the AGM in person;
- (ii) Submitting questions in relation to any agenda item in this Notice of AGM in advance of, or at the AGM; and/or
- (iii) voting at the AGM by (i) themselves; or (ii) through duly appointed proxy(ies).

Details of the steps for registration, asking of questions and voting at the AGM by shareholders, are set out in notes (b) to (e) below.

(b) Register in person to attend the AGM

Shareholders, including CPF and SRS investors can attend the AGM in person.

To do so, they will need to register in person at the registration counter(s) outside the AGM venue on the day of the event. Please bring along your NRIC/passport to enable the Company to verify your identity. The Company reserves the right to refuse admittance to the AGM if the attendee's identity cannot be verified accurately.

For investors who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore) (the "**Relevant Intermediary**"), please refer to note (e) for the procedures to attend and vote at the AGM.

NOTICE OF ANNUAL GENERAL MEETING

(c) Asking Questions

Shareholders and Investors who have questions in relation to any agenda items in this Notice of AGM can ask questions during the AGM physically or can submit their questions to the Company in advance ("**Advanced Questions**"), by 10 October 2023, through any of the following means:

- (i) via email to office@luxkinggroup.com; or
- (ii) in hard copy by sending personally or by post to the Company's Share Transfer Agent, B.A.C.S Private Limited, 77 Robinson Road #06-03, Robinson 77, Singapore 068896.

Shareholders and/or Investors must identify themselves when posting questions through email or in hard copy by sending personally or by post, by providing the following details:

- (i) Full Name;
- (ii) Contact Telephone Number;
- (iii) Email Address; and
- (iv) The manner in which you hold shares (if you hold shares directly, please provide your CDP account number; otherwise, please state if you hold your shares through CPF or SRS, or are a relevant intermediary shareholder).

Shareholders and/or Investors are strongly encouraged to submit their questions electronically via email.

The Company will address all substantial and relevant Advanced Questions through announcement on the Company's corporate website at the URL <http://www.newasiatapes.com/en/investor-relations/financial-report> and on the SGX-ST website at the URL <https://www.sgx.com/securities/company-announcements> by **17 October 2023**.

Follow up questions which are submitted after 10 October 2023 will be consolidated and addressed either before the AGM via an announcement on SGXNet and the Company's website or at the AGM. The Company will publish the minutes of the AGM, which will include responses from the Board and management of the Company on the substantial and relevant questions received from Shareholders and Investors via an announcement on SGXNet and the Company's website within one (1) month after the AGM.

(d) Voting at the AGM

For investors who hold shares through relevant intermediaries (including CPF/SRS investors) please refer to note (e) for the procedures to vote at the AGM.

Shareholders will be able to vote at the AGM in person, or by appointing proxy(ies) to vote on their behalf.

Duly completed Proxy Forms, together with the power of attorney or other authority under which it is signed (if applicable) or a notarially certified copy thereof, must be submitted through any of the following means not later than **20 October 2023 (Friday), 9.00 a.m.** (being no later than 72 hours before the time appointed for holding the AGM) and in default the proxy form shall not be treated as valid:

- a) if sent personally or by post, be lodged at the Company's Share Transfer Agent, B.A.C.S Private Limited, 77 Robinson Road #06-03, Robinson 77, Singapore 068896.; or
- b) if submitted by email, be received by the Company at main@zicoholdings.com.

The Proxy Form (including Depositor Proxy Form) are also made available on the SGXNet and on the Company's corporate website, <http://www.newasiatapes.com/en/investor-relations/financial-report>.

Please refer to the detailed instructions set out in the Proxy Form.

(e) Voting at the AGM by Relevant Intermediary Investors (including CPF/SRS Investors)

The Depositor Proxy Form is not valid for use by investors holding shares through Relevant Intermediary (including CPF/SRS Investors) and shall be ineffective for all intents and purposes if used or purported to be used by them.

Investors holding shares through Relevant Intermediary (other than CPF/SRS Investors) who wish to appoint proxy(ies) should approach their Relevant Intermediary as soon as possible to submit their votes.

CPF/SRS investors who wish to appoint proxy(ies) to vote at the AGM, they should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 11 October 2023, being at least seven (7) working days before the AGM, in order to allow sufficient time for their respective relevant intermediaries to in turn submit a Proxy Form to appoint the proxy(ies) to vote on their behalf.

NOTICE OF ANNUAL GENERAL MEETING

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

INFORMATION ON DIRECTOR SEEKING RE-ELECTION

Pursuant to Rule 720(6) of the Listing Manual, the following is the information relating to the Directors seeking re-appointment (as set out in Appendix 7.4.1 to the Listing Manual) –

Name of Person	Chng Hee Kok	Leung Hi Man	Chan Wai Man
Date of Appointment	17 June 2005	1 September 2017	8 November 2019
Date of last re-appointment (if applicable)	26 October 2020	26 October 2020	26 October 2020
Age	75	42	58
Country of principal residence	Singapore	Hong Kong	Hong Kong
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	<p>The Board has considered, among others, the recommendation of the NC and has reviewed and considered the experiences and contribution of Mr Chng for re-election as Lead Independent Director of the Company.</p> <p>The Board considers Mr Chng to be independent for the purpose of Rule 704(8) of the Listing Manual.</p>	<p>The Board has considered, among others, the recommendation of the NC and has reviewed and considered the contribution and performance of Ms Leung for re-election as Executive Director of the Company.</p>	<p>The Board has considered, among others, the recommendation of the NC and has reviewed and considered the experiences and contribution of Mr Chan for re-election as an Independent Director of the Company.</p> <p>The Board considers Mr Chan to be independent for the purpose of Rule 704(8) of the Listing Manual.</p>
Whether appointment is executive, and if so, the area of responsibility	Non-executive	Executive. Responsible for (i) assisting the Executive Chairman in overseeing the finance department, and the formulation and execution of overall business strategies and policies of the Group and (ii) managing business relationships, overseeing sales operations, formulating marketing strategies and assisting product development of the Group's Hong Kong subsidiaries.	Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Lead Independent Director, Chairman of the AC, members of NC and RC.	Executive Director and member of NC	Independent Director, Chairman of RC and members of AC and NC.
Professional qualifications	<p>(i) Bachelor of Engineering (1st Class Honours) – National University of Singapore</p> <p>(ii) Master of Business Administration – National University of Singapore</p> <p>(iii) Program for Executive Development – International Institute for Management Development, Switzerland</p>	Master in Science (Honours) in Chemistry from Imperial College London, United Kingdom	Fellow member of HKICPA (Practising), ICAEW and Fellow member of ACCA

INFORMATION ON DIRECTOR SEEKING RE-ELECTION

Name of Person	Chng Hee Kok	Leung Hi Man	Chan Wai Man
Working experience and occupation(s) during the past 10 years	<p>(i) 2012 to 2016 - Managing Director of LH Group Ltd</p> <p>(ii) 2021 to 2022 - Chief Executive Officer, Chemical Industries FE Ltd.</p>	<p>Ms Leung 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 is Assistant Sales Manager in the Sales and Marketing Department of the Hong Kong subsidiary, Luxking International Chemicals Limited since October 2005.</p> <p>She is also responsible for the Sales and Marketing Department of the Hong Kong subsidiary, China King International Trading Limited since October 2006.</p>	<p>(i) 2009 to current - Practising Certified Accountant</p> <p>(ii) 2017 to current - Partner of Chee Chan & Co</p>
Shareholding interest in the listed issuer and its subsidiaries	7,500 ordinary shares	No	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Daughter of Mr Leung Chee Kwong, Executive Chairman and Chief Executive Officer and controlling shareholder of the Company	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes

INFORMATION ON DIRECTOR SEEKING RE-ELECTION

Name of Person	Chng Hee Kok	Leung Hi Man	Chan Wai Man
Past (for the last 5 years)	<ol style="list-style-type: none"> 1. China Flexible Packaging Holdings Ltd 2. LH Group Ltd 3. Samudera Shipping Line Ltd 4. Chaswood Resources Holdings Ltd 5. Ellipsiz Ltd 	None	<ol style="list-style-type: none"> 1. Golden Bright Technology Development Limited 2. Goodway Technology Development Limited 3. Lelege (HK) Art & Cultural Limited 4. Lelege (HK) Mining Limited 5. Lelege Development Research Limited 6. Trendy Global Investments Limited
Present	<ol style="list-style-type: none"> 1. Full Apex Holdings Ltd (undergoing delisting) 2. Luxking Group Holdings Ltd 3. United Food Holdings Limited 4. The Place Holdings Ltd 5. Debao Property Development Ltd (Undergoing de-listing) 6. Rational Pricing Technologies Pte. Ltd. 7. Quantrarian VCC 	Subsidiaries of the Group: <ol style="list-style-type: none"> 1. Luxking Intentional Chemicals Limited 2. China King International Trading Limited 3. Tian Holdings Limited 4. Luxking Investment Limited 5. Excel Glory Limited 	<ol style="list-style-type: none"> 1. Chee Chan & Co., Certified Public Accountants (Practising) 2. Chan Wai Man, Certified Public Accountant (Practising) 3. Sunny Side Up Culture Holdings Limited 4. Allied Rainbow (Hong Kong) Limited 5. Interpearl Consultants Limited 6. Kingsmark Secretaries Limited 7. Newmax Enterprises Limited 8. Smart Focus Limited
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No

INFORMATION ON DIRECTOR SEEKING RE-ELECTION

Name of Person	Chng Hee Kok	Leung Hi Man	Chan Wai Man
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	<p>Yes</p> <p>Mr Chng is an independent director of Full Apex (Holdings) Limited ("FAHL"), a company listed on the Mainboard of the SGX-ST. A winding up petition was filed against FAHL on 8 February 2018 (the "Petition") by certain creditors. The Petition was subsequently withdrawn on 3 November 2020 and an order dated 5 January 2021 was issued by the Supreme Court of Bermuda Companies (Winding Up) Commercial Court.</p> <p>For more details, please refer to FAHL's announcement dated 15 January 2021.</p>	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No

INFORMATION ON DIRECTOR SEEKING RE-ELECTION

Name of Person	Chng Hee Kok	Leung Hi Man	Chan Wai Man
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No

INFORMATION ON DIRECTOR SEEKING RE-ELECTION

Name of Person	Chng Hee Kok	Leung Hi Man	Chan Wai Man
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:—			
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	Yes In 2013, Sage International Group Limited ("Company"), where he is an independent Non-Executive Director, was inquired by the Stock Exchange Hong Kong Limited and was investigated by the Financial Reporting Council for prior period adjustments made in the Company's consolidated financial statements for the year ended 31 December 2012 to correct errors in accounting treatment of the Company's transactions in the financial statements for the year ended 31 March 2011 and period ended 31 December 2011.
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No

INFORMATION ON DIRECTOR SEEKING RE-ELECTION

Name of Person	Chng Hee Kok	Leung Hi Man	Chan Wai Man
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	<p>Yes</p> <p>Mr. Chng was fined S\$5,000 in August 2007 under Section 156 of the Companies Act 1967 and was given a warning under section 28(B)(b) of the Prevention of Corruption Act 1960.</p>	No	<p>Yes</p> <p>Mr Chan is an independent Non-Executive Director and the Chairman of the Audit Committee of Sage International Group Limited ("Company"). He was investigated by the Hong Kong Institute of Certified Public Accountants ("HKICPA") in 2013 for prior period adjustments made in the Company's consolidated financial statements for the year ended 31 December 2012 to correct errors in accounting treatment of the Company's transactions in the financial statements for the year ended 31 March 2011 and period ended 31 December 2011. The HKICPA has issued a Letter of Disapproval - Failure to comply with the Code of Ethics for Professional Accountants to him for failure to identify accounting errors in the financial statements of the Company for the year ended 31 March 2011 and period ended 31 December 2011. The Disapproval Letter does not amount to a formal disciplinary censure. The Disapproval Letter does not disqualify him from acting as a director.</p>

INFORMATION ON DIRECTOR SEEKING RE-ELECTION

Name of Person	Chng Hee Kok	Leung Hi Man	Chan Wai Man
Disclosure applicable to the appointment of Director only.			
Any prior experience as a director of an issuer listed on the Exchange?	This relates to re-appointment of Director.	This relates to re-appointment of Director.	This relates to re-appointment of Director.
If yes, please provide details of prior experience	N.A.	N.A.	N.A.
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	N.A.	N.A.	N.A.
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable)	N.A.	N.A.	N.A.



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